"Control Print Limited
Q4 FY2020 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to the Control Print Limited Q4 & FY2020 Earnings Conference Call hosted by Asian Market Securities Limited. We have with us today from the management, Mr. Shiva Kabra, Joint Managing Director; Mr. Rahul Khettry, CFO. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Khettry. Thank you and over to you, Sir!

Rahul Khettry: Thank you. Welcome everyone to the fourth quarter earnings conference call of Control Print. We appreciate you all taking out your time from the busy schedule to attend the call. Mr. Shiva Kabra, Joint Managing Director also joins me on this call.

Let us start with a brief on Control Print followed by specific analysis of the financials of the current quarter and end with Q&A session.

For those who are probably reviewing the company for the first time, the detailed presentation has already been put up on our website as well as the investor presentation for this call wherein we have given a hyperlink for the company overview.

Control Print is in the niche coding and marking segment, which is an oligopolistic market with four major players, three of whom are MNCs and Control Print is the only Make in India manufacturer. This gives us the advantage to sell our products locally and compete strongly with the other multinational players. We are the only integrated manufacturer of printers as well as consumables in India giving us the advantage to share the benefits with our customers. This also gives the confidence to the customers for the long-term partnership with Control Print.

We have our manufacturing facilities in Nalagarh in the State of Himachal Pradesh for the manufacturing of printers and the second plant in Guwahati in the State of Assam for the manufacturing of consumables. Both our manufacturing location are state-of-the-art facilities to produce good quality products. All our consumables are manufactured in Guwahati plant and in addition we have also started manufacturing some printers in that location.

We have a strong sales and service team of 350 plus engineers, which gives us the advantage to service our customers efficiently because predominantly aftersales service is very critical to maintain the customer satisfaction. With 10 branch offices across North, South, East, West and Central India, it gives us the advantage to be in direct contact with all our customers through our own employees and build our relationship for repeat orders and continuous supply of materials.

Service support for the printer has to be delivered in terms of AMC or CAMP as well as consumables, which our customers have to procure on a regular basis based on their production volumes. This gives us a continuous direct interaction with the customers and we get to know the pulse of the market as well as the improvements that we need to make in terms of enhancing our services.

We are having complete end-to-end accounting in our SAP, ERP system starting from PO processing to collections followed by the integration of the CRM and other ancillary modules, which gives the confidence to the team as well as the customers.

We have a widespread of customer base catering to multiple industries like pipes and cables, metals, automotives, food and beverages, pharma, FMCG etc., and we continuously endeavor to customize our products to reach out to other industries to increase our installed base. We have the entire range of products in our portfolio to meet the coding and marking requirements of the industry, the details elaborated in our company presentation.

We are very confident that we have the best in class in products to meet the requirements of most of the substrates, which give additional advantage to the customers to do businesses with Control Print. With a strong foundation and the five pillars that are man, machine, material, technology and finance, well established to augment our business plan, we are continuously striving for greater heights.

Let me give you a brief analysis on the financials of Q4 and 12-months of the financial year 2019-2020. There was a good momentum during this quarter as we came in from a strong nine-month performance. We were in line to complete our target sales and achieved the highest revenue and profitability of Control Print by crossing Rs.200 Crores mark in sales. However in this quarter as we all know we could achieve similar sales of year-on-year basis and fell slightly short of Rs.200 Crores mark due to the national lockdown announced in the peak last six days of the financial year. Complete lockdown of the country was unparalleled to any disruptions experienced in the past several decades.

To be specific the growth in revenue for the quarter is flat but increased by 11.6% for the 12 months of the financial year. The reason for revenue being flat is again due to the loss of the peak last few days of sales in March due to national lockdown. The revenue growth for the financial year has been 11.6% reflecting a more appropriate analysis of the performance as we had good volume growth in printers as well as consumables for the 12-month period.

Operational profit for the quarter was low due to the loss of profit as a result of unexecuted orders worth Rs.6 Crores at the year-end, high consumption due to change of product mix, marginal increase in raw material cost and cost incurred for improvement of printer technology as per market dynamics. The operational profit for 12-month is a better reflection of our performance which increased by 12%.

The EBITDA, PBT and the PAT decreased year-on-year primarily due to MTM loss on Exceptional Items and OCI as compared to previous year figures where there was a gain. These are notional entries and not real loss and will hopefully get neutralized in the coming financial year.

The reason for growth in revenue was due to volume growth of printers as well as consumables, which is a positive sign for increase in momentum of industrial production. We believe it will be good to share some details for better understanding of our operational performance in Q4 and financial year 2019-2020. Probably the revenue and profitability figure at first glance do not reflect very encouraging but the fact is that we were unable to complete our sales target due to loss of invoicing in the peak last six days of the financial year due to national lockdown.

I have given some details also in our investor presentation. I think you can refer to slide #6. As per record we had approved sales orders worth Rs.6 Crores uploaded in the system by the sales team, but it could not be executed in spite of having adequate inventory as the dispatch of the material was not possible. The approved orders worth Rs.6 Crores if executed would have reflected the true operational performance for the quarter and the year as it would have increased the revenue and generated additional profits of Rs.3.5 Crores for the company.

We have calculated the adjusted figures for some of the key parameters for a better analysis. This is important because we feel that these orders were to be executed and this is what would have been the performance of the company. It is also part of the investor presentation so the revenue for Q4 would have increased from Rs.46.21 Crores to Rs.52.21 Crores and the year-on-year growth of 13.4% whereas existing figure shows no growth. Q4 was also going strong till we had that last-minute disruption. The revenue for 12 months for financial year 2019-2020 would have gone from Rs.194.91 Crores to Rs.200.91 Crores, which means we would have acrossed 200 Crores mark and the year-on-year growth of 15.1% whereas existing figure shows 11.5%.

Similarly, the operational profit for Q4 would have increased from Rs.6.21 Crores to Rs.9.71 Crores and a year-on-year growth of 33% whereas existing figure is showing a negative growth of 14.6%. The operational profit for the 12-month periodone is Rs.37.35 Crores and the adjusted figure would have been Rs.40.85 Crores which means the year-on-year growth of 23% whereas existing figure is showing only 12%. Similarly in the presentation you can have a look at the inventory days would have also improved because inventory would have reduced and would have had a marginal impact on the receivable. So we believe that these adjusted figures are very important for understanding of the analysts and the investors because this is what would have been the situation if we did not have the unprecedented lockdown.

Now to continue with the other details, the flagship division the CIJ had a degrowth of 4% in Q4 due to loss of sales at the yearend but a growth of 10% in the financial year due to consistent growth in all the first three quarters mainly due to normalized production of some of the industries where we have a strong hold, like pipes, cables, steel, food, beverages Healthcare and was also encouraging to see growth in some of the upcoming sectors like packaging, agrochemicals etc.

The margins are healthy with operational profits at 19.1% and EBITDA at 22% for the financial year with some scope of improvement because this year as I just mentioned has been little disruptive. The main reason for the margins are good revenue growth and stringent cost control. Our product launches of CIJ printers, High-Res printers, and TTO printers continue to grow exponentially and we are confident of their potential in the coming years.

The dedicated national level manager are driving these vertical with focus on specific sectors. We hope to cement our leadership position in these applications. We have realigned our sales team to specialize in these segments which will give these products the desired impetus. We have also assigned separate managers to focus on OEM sales and key account customer account and the strategy showing encouraging results and should give us good quantum of business.

The LCP business although reported a decline but we are changing our focus to non-LCP business and the team is confident of generating business in the coming quarters in some of the industries where we have been pegging for business. The High-Res business, which is also handled by the LCP has shown good growth of 165% and this has boost the morale of the team and kept the combined LCP plus HR figure on a positive note.

Laser business has also show encouraging results and is climbing back as product technology is being improved and the team has been changed. This yielded good dividend with 27% growth in Q4 and expected to remain strong during the next financial year.

The company has strong free cash flows and the trend is expected to continue.

Considering the strong adjusted figures of the financial year with 15.1% year-on-year revenue growth and 23% year-on-year growth in operational profits we hope the financial year 2021 will be on similar trend with a quick recovery due to slowdown from COVID-19.

The impact of COVID-19 cannot be ascertained immediately and we will have to watch for a few months for the demand by the industries and consumers though we expect a quick comeback. Fundamentally, the company remains strong and we are continuing to work on our planned strategy as we are confident of the growth potential to deliver positive result.

I would like to end on a proud note that Control Print has entered the list of top 1,000 companies on the stock exchanges by market capitalization.

That was the brief of the financial results and now we are open for the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Keshav Garg from Counter Cyclical Investments. Please go ahead.

Keshav Garg: Sir, first of all promoter holding in 2017 used to be 55.9 which came down to 53.5 and Sir last quarter again, it fell to 51.78 so why exactly other promoters selling and it really becomes large for outside investors who have confidence in the people running the company only our existing?

Rahul Khettry: No I think there are two reasons firstly the promoters have not sold any shares. The first shift from 55% to 53% was because of QIP which we did in January 2018. We did the QIP and that is where the promoters holding had come down and recently from 53% to 51% because the promoter grouping has changed as Miss. Nyana Sabharwal who was in the promoter grouping is no longer part of the promoter family so her exit has reduced it by 1% as we are seeing now. I would like to reiterate that the promoters have not sold any share.

Keshav Garg: Okay Sir that is very reassuring. Sir and also company used to be very high-growth company and Sir we had very great track record of increasing turnover with increasing margins. Sir but unfortunately since the past two years, , our EBITDA after picking out at around Rs.54 Crores in FY2018 then it has fallen for I mean last two years. I mean, even if we adjust for fourth quarter the dispatches that could not be made still our margins are significantly lower than what we did in FY2018 so what exactly the reason and Sir do you foresee again reaching of 30% operating margin?

Rahul Khettry: I would say that in terms of growth slowing down we are still growing at about 15.1% which is not something that is very discouraging and as I mentioned that if it was not for the lockdown we would have crossed Rs.200 Crores in sales, which is what we had targeted at the beginning of the year, so I am not very discouraged based on the revenue. Operating profit yes, sometimes it does have some fluctuations but as of now we are still at 19% operational profit where they are still strong and for the year it has shown a growth of 23% in this financial year. So there is nothing to worry. I think the fundamentals that you mentioned are strong. It could be some product mix do change at times and if we sell our consumables by increasing our installed base, the margins will follow them, it has no major change in our strategy and I think any long-term investor can have full confidence on the company.

Keshav Garg: Are you seeing any hit on our receivables due to may be some customers holding up and the general disruption in the market?

Rahul Khettry: Nothing as of now that has come back from the team. We did have meeting with all the branches who have been in direct contact with the customers and from the company side, we extended our support to our customers with the intention that, because of this disruption some customers could be having issues in starting up so we will not try to put extreme pressure on them for recovery. If we feel that they are good customers in the long-term we will extend some extra credit terms. But at the same time our team was really cautioned that if you have any doubt on any customer going down or the company's money going bad so there we will put our strict credit terms and try to recover our existing outstanding but we have not really got any big feedback as of now. I believe that we want to maintain our relationship with our customers and this is the period where you have to support each other. It is something that no company has gone through before or envisaged and Control Print wants to use this opportunity as customer relationship building rather than annoying the customer with a long-term business prospect.

Keshav Garg: Sir basically customers is it B2B directly or are we selling to distributors who in turn are selling to the end customer?

Rahul Khettry: As I mentioned we have all direct employees who are in touch with the customers through our branches in 10 locations across the country. We do not have any distributor or C&F model.

Keshav Garg: Okay, so basically Sir let us Sir basically I just wanted to understand customer is like maybe some FMCG companies who are basically using your printers for basically printing the MRP etc., is it like that?

Rahul Khettry: It is a very basic question maybe we can handle that sometime later. So you would rather stick to the financial otherwise, it would be a long discussion, but you are correct is basically FMCG companies, which do the printing for their batch number and their expiry date and MRP code.

Keshav Garg: Thank you very much Sir. I will again join the queue.

Moderator: Thank you. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead

Agastya Dave: Thank you for the opportunity. Sir just one question I understand this Rs.6 Crores unexecuted order by the end of the quarter, but you have also mentioned that there was a mixed change and a hit to the margin because the raw materials so this mix change is also understandable because you cannot control what orders will not execute it towards the end of the quarter. Am I right in that assumption or is it something which we will see for the remainder of this year? Second how are things now like the level of recovery in various end user industries all over the place but what is your commentary? What are you hearing from your customers? Thank you.

Rahul Khettry: Like you correctly mentioned that product mix is sometimes not in our control. But if we would have done the executed orders, it would have definitely improved because mostly consumables were pending to be dispatched and that would have increased our profit margin also, which I mentioned so overall I think that it is not something to be worried on the long-term. I did mention that you know changing the raw material prices, but that is again it does not twist very high because we have high margins so though, it is a general statement where do have some prices increased but it is not something that we go back to our customers and try to get price increase because of this. So overall we are able to absorb it through some cost-cutting or other value engineering and that is a continuous trend. So it is not something that you should be much worried upon. COVID like to be honest April was a challenging and washout everybody because there was lockdown all across the board. But May and June we how seen good recoveries for our product because most of the industrial facilities have opened up and we will see the results soon in the next few weeks but to be honest without being too optimistic we have seen better revenue than we expected considering the all around gloom. So we are on a positive note and hope the recovery will be even quicker though it is not pre-lockdown level, but definitely better than we expected.

Agastya Dave: Should you also mention the receivable part can you give a similar comment on the pricing part? Are you expecting any pushback or are you preparing for any pushback on pricing will that we are difficult thing for the next let us say one-year or where we could see raw material the bulk commodity prices going up maybe but you somehow not able to pass on. Should we be prepared for that?

Rahul Khettry: I would not give much weightage to it, though some customer's regular discussion keep happening, but we do not see a major impact coming on our side of it. We will respect customer request but at the same time we are able to balance it with other benefits so I do not think from Control Print perspective we will see major impact on our financials but again, it is something that it is too premature to be sure on but as a trend, I feel that we will be able in a better position than maybe some of the other companies.

Agastya Dave: Perfect and one final question you said that the exceptional items there are some probability of them reversing. Could you describe exactly what mechanism I mean what things should happen for the hit on the OCI and the exceptional items to reverse the OCI part the equity instruments are you still holding onto them or have you sold them? Would that be the reason why we would not see OCI hitch.

Rahul Khettry: Both exceptional and OCI are related like I mentioned. This is related to the MTM which we did on our equity share that is the reason and as we all know that the markets crashed towards the end of the financial year. As I mentioned it is the only a notional entry for the IndAS compliance and now since the markets have recovered this quarter hopefully we will see a reversal of that.

Agastya Dave: Sir my question was more under MTM part you understand my question was are you still holding on to the shares?

Shiva Kabra: Some of them yes.

Agastya Dave: Thank you very much Shiva. All the best and stay safe. Thank you.

Moderator: Thank you. The next question is from the line of Vaibhav Doshi from HDFC. Please go ahead.

Vaibhav Doshi: Good evening team. I have three questions first could you walk us through different industries and how they are performing for you because you operate in several industries Siemens, Pharma, FMCG so what is happening over there? Which industry you feel is going good and not going good what is happening?

Shiva Kabra: Do you want me to answer that question or you want Rahul to answer that question?

Rahul Khettry: As I mentioned that our stronghold is in the pipes and the cables, the food, the steel, FMCG segment these have been quite good for us this year that is the reason why we had three strong quarters in this financial year and the fourth quarter also was going great for us till the last week of the financial year so apart from cement where we have been seeing a decline for us in the last few years all the other segments have definitely shown as a good growth.

Vaibhav Doshi: Okay have they revived post Q4?

Rahul Khettry: It is premature to analyze it so I would not get into early predictions, but we will just wait for the Q1 results that is most of the industries are in rural India they are not in the cities there are in the peripheries so we find that all our customers are operational and even though some cities like Chennai or Guwahati have had extended lockdowns the company's production facilities are running so even though if the branch or the head office or some other offices are affected our main source of revenues comes from the factories, which are operational and both our own factories are also operational so for us dispatches and everything is taking place since we all are logged onto to the SAP system there is no problem in our execution of orders whether it is at any branch level or metro and collections are also mostly online. We have a little physical cheque collections so overall our work as such is not affected from any site.

Vaibhav Doshi: Sure thanks that was helpful. Secondly during the QIP you had said that you would be exploding export markets and the money raised will be utilized for entering stroke enhancing our foothold in growing markets so how has been progress over there?

Rahul Khettry: We did some groundwork in a couple of markets but there was so much happening in the Indian side as our focus remained here and you know now with this global disruption so maybe those plans will be shelved for the moment, but we will be looking at some market to be opened up then if we can be able to start up.

Vaibhav Doshi: So was their money deploy continue to export?

Rahul Khettry: We continue to export in our existing countries of Nepal, Bangladesh, Sri Lanka and partners in Germany.

Vaibhav Doshi: Thanks. One last question if I am squeeze so in the notes to the account you had mentioned that there were some disclosures for payment relating to court order could you slightly highlight what is that number?

Rahul Khettry: Even in the previous quarter we have discussed about it. It was a court order which is subjudice and in this quarter, we had filed an appeal against arbitration award which the court has admitted and we have deposited Rs.2.3 Crores bank guarantee for that order so basically the initial amount that was reported of Rs.6 Crores plus interest has quite been substantially reduced by the court by accepting Rs.2.3 Crores bank guarantee. So I think as of now we are in an improved position against that arbitration award. Just to elaborate the hearing was supposed to be in the month of April because of this lockdown it has got extended and we hope once it opens up our side of the argument will also be heard and we would like to see the order being reversed in our favor.

Vaibhav Doshi: Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir what is the printer population now we have and how much printers we had in the year gone by?

Rahul Khettry: We did the highest printer sales in spite of losing some printers in the last week the financial year we sold about 2400 plus printer and the population would have crossed 12,000 printers.

Pritesh Chheda: Our market share would be?

Rahul Khettry: As per last what we had reported was 18% but since we do not have the latest results of all the other competitors, we are not sure if we have increased as of now, but we hope that with our strong current financial year, we would have gained some market share, but we have to wait for other results to be published.

Pritesh Chheda: We sell to let us say steel customer, cable customers, pipes customer essentially customer any broad mix you can give which can give us some indication when we make some projections for growth?

Rahul Khettry: To be honest, we do not get into the industry wise details because you know, it is not in public domain even for our competitors and we would not like to share extra information.

Pritesh Chheda: Lastly any progress that we have done on, they were two printer types, which we were one is TTI and High-Res printers any progress there?

Shiva Kabra: We saw a good traction last year. In all honesty this Coronavirus hit us really at a very bad time because we were gaining market share and we were doing good revenue last year and I think that was the last momentum going into this year. It is still okay. It is not bad in May and June although April was wipe out but I think that definitely it would have been a good opportunity for us to pick up market share normally towards the end of last year but also in the same entire year if the market was more normal and sort of safe, but still we will do our best in this, but what I can say like all the product categories for us getting a good reception in the market that is almost one of the positive growth last year, but I think now the situation is a bit dicey because obviously like Indian in all honesty, like a lot of people have ordered lines in advance so your expansions two months, six months or whatever so I think there are a lot of those things are in orders from continued expansion and I think whole FMCG, dairy and those types of food, pharma business will continue well. On the industrial side where bit more concerned like cement companies expand capacity at all this year maybe do planning something before and those orders are still coming in as they had some expansion before the steel companies, so what is going to happen for the regular so it seems like it is going to be more packaging driven this year is what I my own belief is we are trying to ensure that our products are more focused on that those applications right now sales.

Pritesh Chheda: Lastly Sir we have invested a lot in the fixed assets in the last three to four years that is what the data that I am looking at where have been invested in the last three to four years in terms of asset creation?

Shiva Kabra: It is after Guwahati plant has started or before that?

Pritesh Chheda: I am trying to compare between 15 and 20 so last for four to five years?

Rahul Khettry: From 2015 onwards the main addition has been on the Guwahati facility, which was capitalized in 2016. The increase has been because of Ind-AS coming in we had to value all our properties at market rate so that had to come in line. So reevaluation was done to all the properties and of late also, you know, we have concept of Ind-AS 116 which has come for the right of use of assets wherein even if you have a rental office or leased asset you have to show it as part of your fixed asset and not on the rental income so it is basically accounting entry. Apart from the Guwahati facility we have not had any major capex done. We have got a few offices for our use apart from that it has just been maintenance capex and some expansion and debottleneck in machinery. We have recently taken up some expansion in Nalagarh, but that will probably get capitalized more in the next year. But again, if it was few Crores it is not like Rs.10 Crores of plan.

Pritesh Chheda: So the Guwahati capex was how much?

Rahul Khettry: Guwahati happened in 2016.

Pritesh Chheda: What was the quantum of capex Rs.25 Crores to Rs.30 Crores?

Rahul Khettry: Yes around that range.

Pritesh Chheda: Thereafter whatever you have done is maintenance?

Shiva Kabra: The rest of the expansion are also, we have put in some more lines and expansion on the site and everything it most have been Rs.7 Crores to Rs.8 Crores since that time out think maybe, side building, for whatever raw material store, we expanded the finished goods storage we built some new area of the important bunch more lines for manufacturing the smaller, we would have spent money. I do not know how much exactly but we would were spending in few Crores.

Rahul Khettry: Yes over the last three to four years that would be spend.

Pritesh Chheda: Rs.8 Crores, Rs.9 Crores?

Rahul Khettry: But lot of it that you are seeing to be honest the bulk of it that you are seeing is basically because of this Ind-AS 116 and you know our rental printers which was earlier shown in inventory are now shown in assets so this is part of our business model where we gave out printers on rent so all that gets capitalized but it is not like realistically it is a deferred revenue more than capital expenditure.

Pritesh Chheda: Perfect lastly what is the cash in the balance sheet and debt that you have?

Rahul Khettry: For the benefit, give others a chance.

Pritesh Chheda: No problem I will come back.

Pritesh Chheda: What is the year end debt and cash on the balance sheet?

Rahul Khettry: We are debt free company. We do not have any debt. Mostly to be honest we gave highest dividend in this financial year for about two interim dividends. The first one was Rs.3.5 per share and then in the month of March, we gave another Rs.4.5 per share so total we gave about Rs.8 per share and most of the cash has been utilized to give it back to the shareholders. So as of year end we do not have any debt, and there has been minimum cash in the books.

Pritesh Chheda: Thank you.

Moderator: Thank you. The next question is from the line of the Deepen Shankar from Trustline PMS. Please go ahead.

Deepen Shankar: Thanks a lot for the opportunity. Just wanted to get some revenue contribution from this printer consumables and spares and services division, for the full year?

Rahul Khettry: For the full year it is printers is about 21% and consumable 55%-57% and the rest is spares and service.

Deepen Shankar: How has been the capacity utilization of the plant for us now?

Rahul Khettry: Nalagarh plant which makes the printers is at about 75%-80% of the capacity and Guwahati we have in the range of 45%-50% we still have enough capacity to expand .

Deepen Shankar: One question on this margins we are seeing this mix of printers going higher over the last two to three years and consumables not increasing so there is some pressure on margins receivables so earlier we used to do some 25% to 28% kind of operating margins. Now we are around even for adjusted for Q4 Rs.6 Crores and Rs.3.5 Crores on EBITDA so then also we are around 20%, 21% so when do we see even over a medium term? When are we expecting this EBITDA margins increasing to the levels back to 28% kind of margins?

Rahul Khettry: Silver lining is that we are selling more printers and the business in the long term is driven by installed base so as I mentioned 2400 printers is the highest that we have sold in any of the previous year of this only built for our future so we should not get discouraged by maybe quarter wise margin in the long-term these printers are the one which will give us more revenue and this is what will add to our consumables, so anybody looking for a long-term perspective definitely should be happy with the number of printers increasing and nothing to worry we will be once as you mentioned the consumable percentage increases too close to 58% to 60% you will see that the margins are back on track. Value wise the margins are increasing percentage wise maybe it is there, you know, these printers will add to the value so you will continuously see an increase of course this would might be an exception year because of COVID we cannot make any early prediction, but we will be fast to bounce back and I am definitely not worried on margin as long as we sell our printers.

Deepen Shankar: Definitely we are happy to be printers growing but are we seeing this active printers also growing year-on-year to that extent or if we are expecting in future this active printers to grow at a faster rate than at current level?

Rahul Khettry: I think currently continuously the printer volumes have increased in the last two to three years and like Mr. Shiva said that we have the best in class printers the whole range is covered we are gaining market share in our new launches so I think we are on a positive note.

Shiva Kabra: I also want to just say that in the last call and what also may be affected margin two things one is that we will getting before it was excise free and Rahul can explain that the Guwahati part so that also post withdrawn when the GST was launched, there was some conversion so we had a lot of incentives that is the reason basically even Guwahati and there is no reason for Control Print to go to Guwahati. We do not have any problems with Guwahati because there is no reason to go to Guwahati except for the tax incentives, but because of the GST of the government withdrew those tax incentives you know not like a big company like, Godrej or Unilever or Tata Steel or whatever, this does not set up like a factory somewhere else or something, we were there and we are now there, because it was too late to pull out so that was a thing that definitely affected or other increased margins at one point of time, but that there was one year ago hit and I think got over very fast, but the other than in the last three to four years lot of money in our product range in our product development, in research and development and stuff, I do not know where the expenses shown clearly or not or something but it is some of those costs will come because you do not really take them as an asset so expensive and once you know, if would come even cost of goods sold somewhere in the line and all in terms of people who are using or consultants or whatever you are being so maybe in terms of salaries maybe in that SG&A so I think that we spent a lot of effort and money into developing these product lines. Like I said last time we are getting the benefit of it, you know of maybe two to three years what happens when you build something and it is like 80% they were know that some things are missing, you make something and you know, someone always wants some different features than what you made you know, so like I have invested a lot in the AC and I wanted to make it like Five Star, and there is a guy said no, I want to inverter function, so the people would not like if different type something, you get the product perfectly right, everything is moving but it was a good year for us. I will say that last year definitely some of the growth that happened was because of the new products and we are getting traction on that and like I said it is unfortunate this has happened but at the wrong time for us, because it was really our time to really pick up a good chunk of market share is what we felt, and this year like I said a lot of times to sell first 15-20 printers, 10 printers is the most difficult thing. Once you have enough time or reference is it is much easier to go and tell some of now you go to a better technology for this type of application so then that sort of builds on itself. So that a little bit that has been killed in the last three months or so, you know like we are doing okay, I have to say yes we are not being as bad as a for I thought the situation will be because maybe we are sitting in Bombay. So I am feeling totally locked down something and rest of the company seems to be working much more. But what I think is that there was a lot of invisible investments in those sorts of situations and this is the time I think that we will see the benefit might be in the coming I mean this year is very tricky so there is no predictions of this year anything like this in my entire life but I think you know if the GDP of the country normalizes in a few months, right now going to be there is lot of uncertain as to how long this Coronavirus itself last. I have to be honest like in March. We thought it three to four weeks we will be back at work everything back to normal. I can only imagine that three months later the government will still be under like a lockdown but also restricted situation or whatever you want to call this. I think that is the essential situation so there has been a lot of investments that has happened or in these other situations and like I said, there was something in a certain time which was Guwahati manufacturing benefit which got withdrawn whatever their GST started so I do not know when the GST started and when their benefit was withdrawn, but that is because the material in separate areas of the same time.

Rahul Khettry: Mr. Shiva is saying if you compare from 2017 to 2019 that benefit would be at least Rs.4 Crores to Rs.5 Crores on our topline as well as directly on the bottomline, and that was a big impact, but I think now we have been improving our volume so some of that impact has been neutralised.

Deepen Shankar: As the contribution of this newer printers get increased and then active base increases than consumers bills also increases.

Deepen Shankar: Okay, so as the contribution of these newer printers gets increased and active base increases then consumer bills also increases then we will see that margin increase right?

Rahul Khettry: Absolutely that is already happening so you will see that volume wise it is increasing, the percentage wise we will catch up do not worry on that.

Deepen Shankar: Okay, sure Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Devanshu Sampath from YES Securities. Please go ahead.

Devanshu Sampath: There are three questions, One on a very broad basis right so on a post COVID there are the more focus on local sourcing and the whole anti-China thing that we have so does it change the dynamics for us or any of the other three major players in terms of duties any advantage, disadvantage that you have been think of, is there something that we look into use at the marketing tool or something. What I am basically asking is in this post-COVID era now there is a lot of focus on local sourcing and this whole anti-China trend that is there so does that change the dynamics for us or specifically or maybe for the other three players who do not really make in India our own source locally so just want to get your views on that?

Shiva Kabra: I think as of right now. I have not seen any customer turn to us because they do not want to buy, all are three major competitors all primarily Chinese manufactures sourced type printers so the thing is I have not seen so far from any of our customers frankly any direct like this is may be proper retailed type of a feeling it is on the business to business side, may be this thing is not there so maybe in my view. So I do not think I have seen anyone say that I do not want to buy a Videojet TIJ or Domino CIJ or laser or something because it is manufactured in China or parts are substantially sourced from China and they just put a label on top of it and send it so for example all of the guys even like government does have manufacturing assembly and they basically had get a kit from China like a more like mobile phones like the whole thing is coming in and usually putting it together and make some QC testing so I think I am not reading, I think this maybe more on the newspapers more to be honest this is my own view. I could be wrong, but maybe this is more on the newspapers and more on the whatever especially because some people are unhappy with China for starting the virus so to say some people obviously unhappy right now with the current political situation as far as whatever is happening in the Kashmir area, Ladakh area and stuff but I think the businesses as of now right now do not see that console okay I mean like I have not seen any such harm or any such case myself so I mean and that is the situation, are the real situation is like I think this is what it is so…

Rahul Khettry: Shiva if something more accelerates it will probably affect the competitors more than Control Print.

Shiva Kabra: Definitely so I think see the thing is like the government is, something ad hoc in stop some imports and done some stuff but I think if they really then they have to just increase the duty rates that will automatically change the game not only on the printers but on the components obviously make it on the printer people just get the thing but on a label out you or something. I think if the government is serious about that then they have to increase the customs rates and or have an antidumping duty or like minimum transfer price of whatever they want to call that. I have not seen anything like from the government it just seems pretty more like political posturing with what is happening and I cannot expect this to go from more than a week or two. I have not seen anything from the government specifically saying so this is a one year plan to reduce our dependence on China and other countries or we say there is nothing like that out there so we do not say something like that and we do not have a real plan this is all like by in the sky, part in my language and would like very skeptical about all this.

Devanshu Sampath: Second question is if you can just please explain again what exactly is the main issue that we are having with the cement space because there is going to decline in this business at least what you have been seeing for a while now I mean I had a discussion earlier where you mentioned that there is going to change in the ink that they use which is why they will hit on realizations but there has be to basically a base that forms and eventually number should start stabilizing but that is not what we have been hearing from you so what exactly the issue there, have we been losing business to other players or is it just lower demand?

Shiva Kabra: I think I said that earlier so one is that of few companies, first in terms of requirement of printing red ink for PPC batch which is Portland Pozzolona cement you can see like the bulk of the cement one that mixed with fly ash and for OPC cement you could print in black ink and for slag cement you supposed to print with orange ink then because of the cement guys were strong lobby they sort of change their entire thing that you print everything in black ink so in general the red and the orange inks were like about 25% different may be in the red and the black and maybe about 35% in the orange and black so that sort of revenue declined reasonably for us so it affected both the margin and the revenue on that side I do not know that the exact Rahul would give you.

Rahul Khettry: So Devanshu for sure our dependency has come down it is because previous times I have mentioned that we lost business so now we are not as dependent on cement and I did mention that it is probably bottomed out and we will gain some so I also hear that now we are able to get some good contracts up till 2023 like, Birla's Corporation, UPS I hear about five, seven new customers that the team has developed and hopefully this will give us dividends in this year but at the same time the cement industry as of now is running only at 60% capacity. So as of now we have gained some accounts but our focus is clearly non-cement business as the team is same and they are working hard on HR ptinters and gaining customers there so both size and a group cumulatively has grown this financial year after the past two years, so last years there have been no negative trajectory this year they have grown if you had LCP and HR together. As I mentioned we gained some business so hopefully this year would also be better.

Shiva Kabra: I think this year you can expect in the business to be down in that segment because I think the cement volumes seem to be down to me because of course like I mean at the end of this not much construction going on that will affect obviously the cement demand to some extent and I think in a few months from now because what is happening is some people have started again like I said they completing existing project that is my own view even not started taking new projects except for like government sponsored infrastructure projects so I think as and when people complete the existing projects for the progress with it because of that that hangover goes I think that the cement demand will remain subdued I feel for few months so this whole economic situation is resolved or whatever the animal spirits are back that all you know.

Moderator: Thank you. The next question is from the line of Vinay Pandit from IndiaNivesh. Please go ahead.

Vinay Pandit: I had on question pretty much similar to the previous guy, on the ink side, some superior inks coming in from China and other places similarly are existing three competitors are not at all making in India completely importing their inks as well as printers. Do you think owing to the current scenario there could be a bit of a hit in terms of logistics and supplies for these guys from other countries as well as China and could benefit us and could this be a good chance for us to grab new business?

Shiva Kabra: My own view is like see I think are all things that we have discussed, I always felt this probably, so I am like maybe I am coming from very skeptical side but I think that till for there is no Indian pride let me be very specific about this so like if you go to Germany people want to buy German equipment or in Europe, they want to buy European things in Japan they want to first buy Japanese equipment and only if they find some 10% benefit in terms of cost or something else if you want to buy something else. Out here in India honest we are dealing with like a 25% negative, if you want to ask my honest opinion that is the reality of the situation here. Second is thing I think there is a negative sourcing effect because Indians do not have the real pricing but of course in my view because of old reasons, past reasons or whatever but I think lot times even good companies or good products offer for that that is the reality in life and I am just seeing like even somebody is buying an air conditioner, all of I would not purchase guy will say I want a Japanese air conditioner I do not want Voltas, you do not say want it from India. I will ask him what buy Hitachi air conditioner or LG whatever they want so I am just saying this is the reality of the situation that is there in India and so I feel the actual ground perception when it comes on a putting money is different reality and the second thing is that as far the logistics and the government planning I am not messing with the government, but I think people have to have a specific plan of action as to how they want to enable Indian manufacturing until they do not do that it is not really going to change so I think like it might be in certain things there will be IT industry there was a growth and I do not know whether the government encouraged you to have just happened by a few but there was a plan there it seems like these, but if there is no specific plan of action like this is how you are going to build this industry or how we are going to reduce our dependence on foreign companies or foreign countries at least where it is not necessary I do not think it is a lot of tie I mean like I said it is not a hot air, there is nothing going to happen. This is my own view. People get this stuff when it actually comes to putting money on the table people will not really care about all this stuff and I think that as far as like I said lot of guys from all side is going to act tough but that is not really going to change the ground situation in terms of reducing our country's dependence on China or other imports or something. So I think if it is not a real plan of action I do not see this going a year.

Vinay Pandit: Do you see these competitors I am looking at it is that sourcing could be hit from China not because of anti-India or any other issues but because of probably logistical issues and the pandemic issues in China these companies may have to look at other areas for sourcing their requirements and therefore they may not be able to continue to stay low on printers as they have been in the past which could kind of help companies improved their margins on printers. Do you think this scenario could pan out in the next 6 to 12 months?

Shiva Kabra: Right now I do not see any logistic issues in China. I mean we are some small supplies from China also like few electronic components from Taiwan and I have seen absolutely no issue I think they are much recovered than their logistics probably in a better situation and that is my own review right now it is probably easier to frankly import something from China or somewhere else than to get from India because we are having more issues with people going in entry passes and type of thing when something else. To be honest like I am saying the intention is one thing but the actualities is easier to import right now they stopped the imports because of recent situations and developments but that is ad hoc thing I think it is people staring a reach and they are waiting for someone to blink that is separate thing.

Rahul Khettry: But look at it differently, Vinay I think your question was not an immediate import level but is going down six months, 12 months down the line if there is a change in the Indian policy or China imports become even more tougher, then yes our competitors will have a tough time because if they have to bring it from an alternate country which is not originating from China, country of origin should not be China, then their margins will be affected if they bring it from Europe. Also they will struggle with quantities, I believe because China they have large set ups and to get it from Europe will be much more expensive so their margins as well as supplies might get disrupted. Again we do not want to make any negative predictions for our competitors but in this whole scenario if anything changes then Control Print I think would be the gainer and we will wait for an opportunity.

Shiva Kabra: I think again like I said also depends on the way it is executed so we have just change it for the printers, that is not going to make a difference because what the people just get like a kit where I do a lot of screwdriver technology and I get the things assembled by slapping on a couple of things altogether so I think if they are it depends like I said there is a comprehensive plan of action an obviously it will make a big impact and if there is not then obviously it is not really going to make that much big difference but we are not counting on it because there is still hopefully if the government does something or in general given then it can make a difference.

Vinay Pandit: Another question is in short span of time from the time when you have distributors you got into manufacturing we have reached revenue of Rs.200 Crores on and adjusted basis what is the vision for the next five years?

Shiva Kabra: I think that our aim was very simple. It was to continue to expanding in this business to take it to the next level in all honesty we are like the number four player in India and the idea was to be the number one player like some which Domino is so my idea was to being the number one player in India and also see an explore other emerging markets in countries where we felt we could have because of the similar business mentality in the speed of operation we could have a competitive edge so I think the idea was to try to grow like a compounded 20% plus over a five year period of course out of which the first year seems to be difficult situation but that was a basic idea that what we were looking at of course now will be evaluate and see what we have to do to get so idea was to be innovative, the idea was to take advantage of the market and I think that the important thing is the foundations in terms of the products, the people, the systems, the processes, all those things are in place, now the market is slightly affected but there is no doubt in my mind if the market is normal or when the market recovers we will continue to gain market share as things go forward.

Vinay Pandit: That is from my side.

Moderator: Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.

Sunil Jain: Good evening Sir, most of questions have been answered but only one thing you had mentioned something in your presentation about the mask so what specifically we are doing in that?

Shiva Kabra: Right now it is nothing major. I mean we set up a couple of lines that is more for our CSR contribution at that specific point of time for the COVID situation and of course our company when we are making a products it is a very quality product so I think that we are frankly better than Venus or Magnum on that level already so I think the idea was to make a high quality mask because I think that there was a slot there and it is also more of product so I think it was something that we had the ability, we had the space in Nalagarh and we have a team who know how to do it, we had some machine difficulty but there is nothing extraordinary, it is not the printing business, it is something, it is there which, it is not like a major thing, it is not a like a major I do not think you will lose any money and I do not think you will make any major money on it, we will do this, we will also give more stuff out free or cost or whatever try to do best to help.

Sunil Jain: No major investment we had?

Shiva Kabra: I do think it is not overtly significant if you ask, not for Control Print side it is not significant it depends on what people think. In relationship to our company size and fixed assets and other things it is not major it is not significant.

Sunil Jain: Thank you.

Moderator: Thank you. The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: My question is you said you have 18% market share, how does that breakup between printers and consumables and second is of all our 12000 installed printer base or we the sole caterers and there are other as well cater to this segment of our installed base?

Rahul Khettry: The breakup of printers to consumables I have mentioned in 2019-2020 was 20%, 21% was printers and consumables was about 55%, 57% and our installed base is completely ours, others cannot basically supply consumables because we have an RIFD chip in most of our printers, so our printers are protected to that aspect.

Shiva Kabra: But not the older printer neither the LCP printer which on the cement business so that is where there is a bit of catering to our printers by other people in some of the printers in 2015-2016 may be four years ago I think we started the chips.

Anuj Sharma: Is it that case with competitor as well that you cannot cater to their printers because of the same technology and hence our consumables will be limited to our set of installed base is that a fair presumption?

Shiva Kabra: We are not catering to any we only focusing on our own OEM supplies we do not cater to anyone that besides on printers. It is just our policy so there is nothing do with it and so far three competitors are also only cater to their own OEM business that is the way the business is for all four of us right now.

Anuj Sharma: All right and one more question is the intensity of consumable in the new generation printers versus the printer cost, is it the same or the value of consumables are higher in the new generation printers some thought on that so as you have mix evolves how does the share between consumable and printer cost change?

Rahul Khettry: I do not think there is much of a variation in the new generation versus the old generation so some new printers are being launched some are different technology of cartridge and ribbon printing so that could have this change in the product mix but consumables, overall consumption remains on the same pattern.

Anuj Sharma: All right. Thank you so much.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Good evening Sir. Thank you for giving me the opportunity. I just point out to the balance sheet part in the current investments last year our current investments stood at Rs.33.42 Crores which included the mutual funds as well as equity investment now the same has shrunk to Rs.14 Crores so will you explain all these to the dividend part only or have been also redeemed our investments.

Rahul Khettry: So as you know there are lot of dividends have been paid out in this financial year so our liquid investments have come down basically which is showing this disruption and the mark to market these are the two main factors.

Saket Kapoor: That means we have sold out that is what the new price is?

Rahul Khettry: The mark to market is not sold out.

Saket Kapoor: I am talking about the size Sir we have investment primarily into the Kotak liquid funds to the tune of Rs.13.4 Crores and we have investment in six of these scripts, Reliance, GIC Housing, the Arvind Mills and Tata Elxsi these were the basic investment as per the annual report so just wanted to have the color what currently the status is?

Rahul Khettry: As I mentioned that some of these investments mark to market has come down and our liquid investments have been used to do our in-house expansion as well as the payment of dividend primarily because dividend was paid out in three tranches. One was last year dividend which got paid after the AGM then secondly was the interim dividend and then the third, the payout of dividend was about Rs.25 Crores and all of it went to the shareholders like you.

Saket Kapoor: Correct Sir and the capital work in progress?

Rahul Khettry: You should be happy Saket.

Saket Kapoor: Yes Rs.8 dividend definitely but going forward now it will be all taxable income for both of us even the promoters and the shareholders?

Rahul Khettry: Not in control of any of our hands.

Saket Kapoor: I am telling that you had told that we should be happy that is why, I think it is only limited period only.

Rahul Khettry: We have tried our best to give you before March.

Saket Kapoor: Yes it has happened Sir and we really appreciate that and for capital work in progress the amount has risen from Rs.128 to Rs.5 Crores, so will you explain this, where this money has gone?

Rahul Khettry: Like we did some expansion in our Nalagarh facility which is still to be completed it was to be done before but because of this lockdown and everything got extended by few months but we are extending our stores facility and making a building so that will cost about Rs.4 to Rs.5 Crores in Nalagarh apart from that we purchased some offices but that has already been capitalized as not part of the WIP.

Saket Kapoor: Very small points about the legal case which you have mentioned. The court has asked you to pay bank guarantee of Rs.2.3 Crores so have we ascertained any amount on the basis of that because there were two points in it one was you receiving some money and other you need to pay some so where is the conclusion Sir. How are you concluding? Has the conclusion been made?

Rahul Khettry: The court did make it is own assessment and net amount came to Rs.2.3 based on the arbitration award and they have pruned it down to that level for now and which is the award which was in favor of Videojet now once the hearing starts our counterclaim is not yet built into this Rs.2.3 is what I was trying to explain earlier also so this Rs.2.3 is probably the claim of Videojet which has been pruned down and our counterclaim which was not honored in the arbitration is yet to be heard so as I mentioned we are hopeful that if this whole thing can go reversely in our favor. So as of now it is better not to go in detail but Rs.2.3 is what the court has asked us to deposit.

Saket Kapoor: The maximum liabilities to the tune of Rs.2.3 this we can summarize in the interim order from the court?

Rahul Khettry: We cannot summarize anything because it is subjudice but court has done its assessment as of now and that 2.3 should be deposited by Control Print.

Saket Kapoor: I am just pressing on the point but they have not factored in what you will gain out of it because there were two parts to the story?

Rahul Khettry: Yes you are right.

Saket Kapoor: That is what you are saying there is also upside from where?

Rahul Khettry: That is what I said we are hopeful that things could go reverse.

Saket Kapoor: Correct Sir and any outlook on Liberty Chemical Sir we have made investment long back I think so earlier Shiva Sir told that it was in the prejudice of Mr. Basant Kabra so any update on that when are we trying to redeem it what is the market value, what is the court actually?

Rahul Khettry: When you are saying already uncertain, I do not think Liberty right now is our priority.

Saket Kapoor: Correct Sir. Thank you for all the answers.

Moderator: Thank you. The next question is from the line of Ashok Shah from L.F.C. Securities. Please go ahead.

Ashok Shah: Thanks for taking my questions. Sir we have started around 2007 or 2008 after separating from the Videojet Sir we had a plan to move in number one position so our last 10 to 12 years can you just summarize or say something that why are not still number three or number two for the last 10 to 12 years after taking two to three technical collaborations and we have established two extra plants and everything?

Rahul Khettry: See competitive market or competitors, we have been there for 8 to 10 years, our competitors have been there for 25 to 30 years so as you know there is a strong customer loyalty which is there in one of our business segment so it takes time and we have achieved 18% in the short time competing with the best players in the global presence so it is an achievement we can be proud of, though we would have preferred it to be a little better, but we are working towards it of course as we said that now we have launched more products we are able to probably inroads into more industries and that will give us results but things are quite volatile so we will not like to project but we have been trying to reach that 25% mark which still is our medium term goal. Let us not undervalue our competitors because they are strong global players.

Ashok Shah: Sir do you feel that after the COVID this problem and all other three being a outsider and not having any plant or anything in India so is it an opportune time to expand our situation and grab the market aggressively also there is OE price has come down so our consumer maybe margin may have increase although we may have a some cushion to reduce the price and capture the market with strength and aggressively?

Rahul Khettry: I think this was discussed that we do not know how the future will be with the imports for our competitors but if something changes adversely then Control Print should be the gainer but as of now as Mr. Shiva said it is not visible on the ground level because it is still more of political statements being made there are some delays in imports but it is still very premature to take advantage of it. We have fully geared up. We are fully ready we have our capacities in place and our team is vigilant. If there is any opportunity we will be able to take advantage of it so let us just wait for the right time and if we see anything that is going to change the situation we will update you.

Ashok Shah: Sir have we increase our number of service centers during last year and also the number of engineers for the servicing?

Rahul Khettry: To be honest with our branches we are able to cover pan India basis so the number of engineers do increase at times but no additional branches have been incorporated we extend our wing from our existing branches and try to reach if there is some uncovered territory.

Ashok Shah: Sir we have currently around 12000 printers being in the market so are this all 12000 printers buying a consumable or all the inks are under ISID technology or what is the situation currently?

Rahul Khettry: I am mostly talking about active printers who are buying consumables. The numbers is much larger which we have sold earlier.

Ashok Shah: So all are consumables?

Rahul Khettry: As of now that is what I would believe.

Ashok Shah: Thanks and best of luck for the current year.

Moderator: Thank you. The next question is from the line of Vinay Gupta, individual investor. Please go ahead.

Vinay Gupta: Thanks for providing the opportunity. Actually just as a shareholder I was just looking at the current investment part as some previously participant also pointed out I understand that you have an equity investment of about Rs.14 Crores more or less. I just wanted to understand if the promoters are actually looking at sort of liquidating those and getting the cash back into company because essentially when you look the profit and loss account for the whole year every year there is some sort of other income which can be obviously both negative and positive based on the market action but as a shareholder I would rather see cash in the branch than this sort of equity investment which will obviously set the bottom end, though I understand it is a part of the other income which does not really is an operational sort of an income but for the shareholder I think this is marrying the bank and direct reflection of the performance of the company would be really beneficial so if you could just clarify some point here?

Shiva Kabra: I think that in principle for the last couple of years, you not really increased our equity investments as you aware and I think that was Mr. Kabra is looking into directly but we have not increased it or decreased it in that given situation there might have been some market fluctuations but we have not primarily changed it up. The plan is to decrease it first and I think anyways the plan was to increase our dividend as you might have noticed in the last call. I am not giving any guarantees on anything on as to what is going to happen because we ourselves, there is a lot of uncertainty right now as like I said things are looking okay but we do not know what is going to happen in three months or six months down the line but I think the idea was to increase our dividends and we increased equity base, we also increased the dividend percentage and the government has constantly increased taxes under some disguise or the other so the actual outgo has been significantly increased. I think the focus which is to run the business efficient, generate more cash and distribute more fit out maybe increase the dividend the payout percentage as a percentage of profits. If I want an investment cycle in terms of product available and other things but we will not be slowing that down I will be very honest we will continue spending good amount of money on our own developments or product developments and innovations that is not going to slowdown even this year. I do not think that we want to do that right now for Control Print if you want to shift that number target in India and also have reasonably good export or market in at least certain number of countries so the issue is as far as the equity goes it is not really something we have changed but there is nothing against cash of course I agree with you but the first situation was I think this was increasing in equity investments. Second thing was to increase our dividend payments and I think those are two things that we have been doing. I think Mr. Rahul will check with Mr. Kabra again on that specific question of yours I think for the last three months I have been very straightforward I do not think there has been much discussion on strategies on certain things in the last three, four months. May be like in we can discuss all these face to face but right now I do not think.

Rahul Khettry: It is on the diminishing trend and mostly the exceptional item you would have seen has been coming down and hopefully over the next quarter most of it will be not in exceptional item but maybe some of it remains in OCI so we are consciously trying to see it on a diminishing trend.

Vinay Gupta: I am just to clarify it the promoters are not holding or looking to invest more in the equity probably this will narrow down over the next couple of quarters?

Shiva Kabra: I think as the times for liquidation and story we are not reinvesting it, right now we have not liquidated nor increased up, but there is some significant changes in the mark to market as you might be seeing. So let us just let the opportunities come to slowly liquidate this holding and at that point I do not believe we will be looking at reinvesting into other shares or equity investments. This year I do not know because I will be very straightforward like Mr. Kabra is not very comfortable selling at the losses and something and I think that obviously the market is taking a bit of hammering although certain stocks are bounced back so let us see how the whole market is over the whole year but what we are focused on between at least for me is the business and I am not really looking at these. .

Vinay Gupta: I understood. Thank you so much for taking the question. That is all from my side.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to Mr. Karan Bhatelia for closing comments.

Karan Bhatelia: Thank you so much Shiva and Rahul to spare some time for the investors. That is it from my end. From Asian Market Securities we conclude this concall.

Shiva Kabra: I want to thank everyone for coming on board and I hope everyone is safe and sound that is my wish for everybody.

Rahul Khettry: Thank you everybody and we will see you for the next Q1 call sometime in July or early August.

Moderator: Thank you. On behalf of Asian Market Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.