



CONTROL PRINT LIMITED

Q2 & H1 FY26

POST EARNINGS CONFERENCE CALL

November 14, 2025 02:30 PM IST

Management Team

Mr. Shiva Kabra - Joint Managing Director

Mr. Jaideep Barve - Chief Financial Officer

Call Coordinator



Strategy & Investor Relations Consulting

Disclaimer: - This transcript is edited for factual errors.

Presentation

Vinay Pandit:

Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q2 and H1 FY 2026 Post Earnings Conference Call of Control Print Limited. Today on the call from the management team, we have with us Mr. Shiva Kabra, Joint Managing Director; and Mr. Jaideep Barve, Chief Financial Officer.

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

I would now request the management to brief us about the business and performance highlights for the period ended September 2025, the growth plan 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. I'm Jaideep Barve, the Chief Financial Officer of Control Print Limited. Welcome you all to the earnings conference call for the second quarter or the first half of the financial year 2025-2026. We appreciate that you have taken out your time from your busy schedule to attend to this. 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 timers who are joining us on the earnings call, more information about our company can be obtained by visiting our website. For your 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 H1 of FY 2025-2026.

On a standalone basis, the total revenue for H1 is approximately ₹210 crores. This represents a good growth from approximately ₹185 crores this year. Just for information, the total revenue for financial year 2024-2025, 2023-2024 and 2022-2023 is ₹395 crores, ₹347 crores, and ₹295 crores respectively.

Regarding the operating revenue, the H1 shows an operating revenue of ₹202 crores in FY 2025-2026. The corresponding revenue for the previous period was ₹181 crores. Coding and marking continues to be

the dominant share in the revenue. Almost 89% of the revenue comes from coding and marking. This particular segment has seen a steady growth. Pipes, food, health care, dairy, steel and metal, cable and wire are our top performing business verticals. We continue to be one of the market leaders in cement, plywood, sugar and dairy. The T&T business outlook remains good for the division in FY 2025-2026.

In the first half H1 year, we have already implemented two new solutions in Track and Trace division.

We started sales of packaging machines in the first quarter. Pipelines are being generated for new machines, laminates and the co-packing activities. In the second quarter, we've undertaken several co-packing activities.

For the mask lab, along with the masks, we are also engaging in the trading of hard hats, helmets, gloves, blankets, etc. The outlook remains good and positive for the remainder of the year.

Exceptional income in the Q1 was approximately ₹4 crores. This is related to the capital subsidy for the 30% investment in plant and machinery. On the costs, the cost of goods sold is around 42% and 43% for Q2 and Q1, respectively. On an annual basis for the last year, it was around 42%.

That said, we remain committed to optimise the procurement costs and also look closely into the economy, efficiency and effectiveness of operations. This we feel should definitely lead to reduction in the operating costs. Manufacturing costs remain approximately at 3% of the operating revenue. This is similar to the earlier periods. Employee costs are 16% and 18% of the operating revenue in Q2 and Q1. Depreciation remains consistent at 4% of the operating revenue. EBITDA, the PAT and the PBT, excluding exceptional items have grown at 14.1%, 18.5% and 11.7% on a YoY basis.

Regarding the consolidated revenue. In H1, the operating revenue is ₹223 crores. The corresponding figures for the last year was ₹200 crores.

The way forward is we want to consolidate the existing coding and marking business. We would like to increase the installed base and provide robust solutions. There is also a price increase which has been announced by management recently.

We would like to capitalise opportunities in the Track and Trace segment. We expect increase in the revenue in the packaging business, both in India and overseas through machine sales, co-packing and laminate sales. Our overseas subsidiaries will continue to be monitored with focused good targets. Business plans have already been made and signed off for execution.

The floor is now open for questions. We'll be happy to address them.

Question-and-Answer Session

- Moderator:** Thank you. We will start the question-and-answer session. Anybody who wishes to ask a question, please use the option of raise hand. Alternatively, you can also post your questions in the chat box. We'll take the question from Neelu Singh. Please go ahead.
- Vinay Pandit:** We will take the first question from Vineet Thakur. Vineet, you can go ahead, please.
- Vineet Thakur:** I just wanted to know what would be the revenue breakup that you estimate going forward for this year and for the future years.
- Jaideep Barve:** Shiva, would you like to answer this question?
- Shiva Kabra:** No, no I think it's better you answer. I'm not sure what revenue breakup exactly is the question, but I think you can answer it.
- Jaideep Barve:** [Technical Difficulty] revenue for the H1.
- Moderator:** Jaideep, I think your voice is not clear.
- Jaideep Barve:** Hi, Vineet. To answer your question, we've already done (₹202) crores of operating revenue in the H1 on a stand-alone basis. The revenue outlook remains good. The previous year, the revenue was about ₹395 crores and we definitely expect you going to cross that and show improved performance by 2025-2026 year.
- Vineet Thakur:** Actually, I wanted to know more about the breakup. For example, how much percentage of revenue do you expect consumables, printers and spares?
- Jaideep Barve:** So I can tell you the numbers for the Q1 and Q2, so between printers, consumables, spares and services, which are the four verticals under

the coding and marking business. For the Q2, we did a business of 14%, 60%, 9%, 16%, respectively. Yeah, Vineet, was I audible?

Vineet Thakur: You did cut out a bit, but could you just repeat again?

Jaideep Barve: Yes. So between printers, consumables, spares, and services, the proportion is for the Q2, it is 14%, 60%, 9%, and 16% respectively. The comparable for Q1 of current year was 11%, 62%, 12%, and 14% respectively

Vineet Thakur: And do you expect any changes in that? Or are you expecting this year now?

Jaideep Barve: It all depends upon the mix of the sales, honestly, because what happens is that the sale of consumables is depending on the momentum in the production in the market. So too early to predict about the Q3 and Q4. But given this continuing stand, I mean you could calculate what kind of revenue we will be generating by 2025, 2026.

Vineet Thakur: Okay. And are we looking to sort of explore any other business opportunities other than coding, marking and V-Shape?

Shiva Kabra: No, we are not doing that. Our focus right now is growing the coding and marking. We are also in the Track and Trace business, and we're also in the Digital Printing business, more like an advancement of the current Coding and Marking business. So not like in digital printing presses, but more for in-line type of solution.

So we are in the coding and marking space, the coding and marking space/digital printing at a certain level, which is more in the in-line packaging solutions. We are in the Track and Trace business. And then we are, of course, in the Packaging business through V-shapes. And those are the only four verticals that we are going to be focusing on. There has been some expansion geographically in one or two sectors, and maybe we'll be looking especially at the V-Shapes business more on that aspect.

Vineet Thakur: Okay. Perfect. And when do you expect a turnaround in your Europe operations? Like what do you -- when do you expect the margin expansion to sort of start...

Shiva Kabra: Okay. So in our last con call, I said we had lost about EUR 2.5-something million last year, ₹25 crores or something. This year, we

had predicted somewhere between EUR 1 million to EUR 1.2 million. Now in the second quarter, we lost about EUR 670,000, something like that, I can't remember approximately.

So like I said, all other businesses besides the V-Shapes business are profitable. That is Codeology and Markprint are already profitable (in operations). Only V-shapes is making a loss. It's partly because we have come out with a more modern model, but some slight issues in the performance being just some fine-tuning needs to be done. So we couldn't deliver some of the machines that we were supposed to in Q2. So hopefully, it will happen in Q3, if not and then we catch up with the backlog in Q4. So we are still sticking to that EUR 1 million to EUR 1.2 million loss in the Italian operations overall.

Like I said, Markprint and Codeology are already profitable. So that's not a big operational issue for us, although we're expanding both. And yeah, so this is one change that's also partly because we've also been developing a lot of new products and we're increasing certain other types of expenses in terms of manpower so much, but like in terms of R&D and certain other costs in Italy, some stuff that was ignored over the last few years.

So I think hopefully, next financial year that is we should be at least breakeven, if not profitable, but we should at least be breakeven. So like I said EUR 2.5 million to like between EUR 1.1 million, EUR 1 million to EUR 1.2 million this year and hopefully breakeven next year if not more.

Vineet Thakur: So the decrease in EBITDA and gross margin in H1 over H1 consolidated and stand-alone, is it because of the Italian operations? Or is there any other reason for that?

Shiva Kabra: Can you repeat that again, please?

Vineet Thakur: The decrease in EBITDA and gross margins over last year in H1. Is they decrease because of the Italian operations?

Shiva Kabra: Not sure if it's decrease compared to last year because last year. I think there is no decrease compared to last year.

Vinay Pandit: Yes, there's no decrease compared to last year. It's similar to 60%, last year was 60.2% consol. This time at 59.9%.

Shiva Kabra: I think what happened is depending on the situation, fundamentally, I don't think there's any gap between the two in the consolidated. But what's happened is, of course, like if you look at the loss in the last year versus this year, it's somewhat similar. In fact, I think it's slightly higher. So there are some other fluctuations in Forex and certain other things. I cannot -- like Jaideep will have all the numbers on his fingers. But fundamentally, our stand-alone business is increasing.

Our profitability is increasing, and we should comfortably cross the ₹100 crores stand-alone P&L in my opinion, like I'm talking about profit before exceptional items and tax, the profit before tax rather. We should cross ₹100 crores quite comfortably in our opinion this year in stand-alone business in India. And then, of course, depending on how the consolidation works out, there will be some minus.

And then there's also some issues in terms of foreign exchange type things up and down, which Jaideep can explain. But so fundamentally, our stand-alone coding and marking on the Indian business is doing fine, even the Track and Trace business has picked up. And yeah, I think I'm not sure exactly where the consolidated versus this margin is. But Jaideep, maybe you can just take a look at this about the consolidated results versus the stand-alone results and the margins and that sort of thing. What I'm seeing is that we did 39.56% consolidated in the first half if everyone can see...

Jaideep Barve: Yeah, you're right Shiva.

Shiva Kabra: And we did 33.04. But okay, if I go one step up, what is this 4.06 in exceptional items. So 35.49 versus 33.0 would be one of those two. Either way, we are up, but I think like part of it is like certain expenses that have occurred, which like I said, I think our standalone business is doing well. If you can maybe get this back, Jaideep, I think this is one of the question is from everyone.

Jaideep Barve: So the gap between the consolidated and standalone numbers is basically some losses what we've incurred in the Italian operations. Barring that, like both the Codeology even that is doing well. Markprint has also turned out to be profitable and the smaller Indian companies like even they are into profits now. So the gap is purely as a result of the Italian losses.

Vineet Thakur: Okay. Since there's no MAT anymore, do you expect the taxation to be lesser?

Jaideep Barve: Yeah, Vineet, I could not get your question.

Vineet Thakur: Since there's no MAT anymore, do you expect the taxation to be lesser?

Jaideep Barve: No, it would be at the rate what is about 17.5% what we've been carrying on. So the MAT benefit we had till 26th of May 2025, and now we'll go back to the normal regime.

Vineet Thakur: Okay, that would be all from my side. Thank you very much.

Jaideep Barve: Yeah.

Moderator: Thank you, Vineet. Anybody who wishes to ask a question, please use the option of raise hand. We will take the next question from Preeti Kadam. Please go ahead.

Preeti Kadam: Yeah. So we have seen your revenue crossing ₹100 Cr in India this time, which is a new threshold. Can you explain the percentage breakup between printers and spares since your margin excluding Forex has improved?

Jaideep Barve: So Preeti, to answer your question, see, we've got four different types of revenues under the coding and marking. So one is printers, consumables, spares and services. So for the Q2, it is 14%, 60%, 9% and 16%, 16%, yes. Preeti, you could get what I meant?

Preeti Kadam: Yes.

Jaideep Barve: Yeah, 14%, 16%, 9% and 16% for printers, consumables, spares and services.

Preeti Kadam: Okay, thank you.

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

Tushar Talwar: Thank you. My question was mainly around the Italian operations, V-Shapes. The question is that in terms of how we see this business panning out in the future, are we following a similar model as we have in India, where we are going to sell the machine and then also have consumable sales on top of that?

- Shiva Kabra:** Yeah, absolutely. So I don't know how much you guys have read about the machine, but it's a patented technology of ours. So the machine -- okay, previously, they were selling machines and you were required to buy materials from them, but it was not enforced.
- We have locked the machine with certain sort of electronic countermeasures so that when you buy the packaging material, it is connected to our machine. You cannot use anyone else's packaging material in our machine. So the lock is enforced. Anyways, we have the patent, but just in case, we also have the electronic lock. So once you buy a machine, you have to use our packaging materials. Does that answer your question?
- Tushar Talwar:** Yeah, it does. Yeah. So we'll be following a similar blueprint as we have done in India over the past few years, right?
- Shiva Kabra:** I mean there are two different models, of course, like one is a coding and marking business, and this is more like a Tetra Pack type of business, which is cost. So yeah, I mean, you can say both of them have an aftermarket business, which is significant. But yes, I mean, of course one is a packing industry business and one (is a coding and marking).
- Tushar Talwar:** Yes. That's primarily what I wanted to understand. And second and last question, you mentioned that there were some deliveries and all that were a little delayed. Are we following a strategy, are we making a margin on these initial machines that we are selling? Or are we just trying to drive adoption at this point in time?
- Shiva Kabra:** No, no. We make a margin on the machines, similar to all packaging, machinery companies also.
- Tushar Talwar:** All right, thank you so much. That's all from my side.
- Moderator:** Thank you, Tushar. We'll take a question from the chat. It's from Aniket Sapre. He's saying, congratulations on great set of numbers. I wanted to understand from the management on impact on sale and revenue of revised packaging that may be required to reflect post GST reduction price tags on FMCG goods. If this will increase revenue since when is the impact likely to reflect?
- Shiva Kabra:** I don't think anyone has recoded the pricing or anything from at least my knowledge. It would be too cumbersome to take material that you've already manufactured and reprint the price, the MRP on it. So

I'm not sure how exactly it was managed. But if you've taken your biscuits, you pack it in a bag, you pack that in a carton, you've taped it, you put it in your warehouse, it's going to cost you more to get that material back to reduce the price by whatever ₹1 or something then to trade the GST.

I don't know how the government has handled it, but I don't think it's of any, at least to my knowledge, I cannot see any impact or customer requests for this specific thing. I don't know how it's been handled by the customers, but I don't see it being an impactful issue. What I do see is that the reduction in GST has somewhat definitely given a boost to the Packaging segment.

So I feel there's a bit of bullishness in that space, in the FMCG or the pharma space, whichever guys who've gone from 12% to 5% or however they were positively affected in terms of GST rates.

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

Disha Seth: When you talk about V-Shapes turning around, so clearly, when you're saying a ₹12 crore loss for the full year, so for second half, we expect the V-Shapes to be in profit because in H1 only it has done a ₹12 crore loss?

Shiva Kabra: I mean CP Italy has done a loss of less than ₹12 crores, about ₹9.5 crores to ₹10 crores. And what I said is so like about (Euros) 950,000 approximately for H1. Jaideep, is that correct? So I think it's about (Euros) 950,000 approximately. And according to us, it will do between 1 -1.2. That's what we predicted.

Like I said, we expected this quarter to be a lower loss, but it's also because we're not able to execute some machine orders because so we need to have some technical issues which are about to be resolved, if not already resolved. So we should be doing the FATs, the factory acceptance tests pretty soon, if not already begun.

Disha Seth: Okay. And in terms of order book for V-Shapes, how are we getting the orders and how is that placed?

Shiva Kabra: How are we getting the orders as in like...

Disha Seth: As in which sector is giving order? And how is the order book? Like how much orders have we received and how much is there for the near future?

Shiva Kabra: Yes. So I can't tell you about the order book specifically. Where we are seeing more traction is in the Nutraceutical segment in honey specifically, stuff like honey, Shilajit, some pharmaceuticals like Viagra, Kamagra type things. So it's a bit broad-based. a lot of people, co-packaging, we were not doing co-packaging much. Now we've started that in the last few months.

So I think there's a lot of orders coming in that space now. So there are smaller orders because a lot of customers are not comfortable buying a machine, even the small machine is ₹1.8 crores and the big machine is like close to ₹5 crores. So a lot of people are not comfortable talking down ₹2 crores without testing the market first. So by opening the option for co-packaging small volumes for them, we're opening the market.

So in our Nalagarh factory, we started a food packaging. It's like a Unit 2, so to say, Nalagarh Unit 2, which is basically for food, co-packaging. So if some people come to us for small orders for packaging food and honey and mayonnaise or whatever it is, then we can execute that order from there and also one tie-up for the cosmetics space. So we're doing some of those packagings here and a lot of orders coming where people want 50,000 pieces, 100,000, 200,000 pieces.

So it's more about seeding the market. For us, it's more of a marketing strategy, but it's to grow the business. And in terms of the first part of the question, so I can't give you the order book, of course, but in terms of the orders, of course, we've got a sales team, and we meet customers in marketing, digital marketing strategies and LinkedIn ads and there's some different tools that are being used to create the demand for this.

Disha Seth: Okay. And in terms of Codeology and the Markprint and QR tracing, which pharma company has done mandatory, so in that, how are we gaining traction? Can you brief us on that, please? And how much would be the revenue from that in the standalone business?

Shiva Kabra: Yeah. So we don't actually give any (division wise) breakup as yet of our revenues. Jaideep, is this correct?

Jaideep Barve: Yeah, correct. The divisional revenue, we don't give.

Shiva Kabra: But yes, I mean still fundamentally the coding and marking business is by far the largest business, I can say that. (Track and Trace) has picked up. I think it's hit a breakeven point, if not profitable. And we are working on two very large projects, so that's occupying all our mind space.

If hopefully, if this is successful, then automatically, we would be on a different trajectory. Both these cases are more on a technology platform, the big two types of projects that we're trying to prove. And so if it's something we may not try to just meet the essential track and trace requirement from a compliance perspective, but doing something additional. So if that happens, then I think it could have a positive impact for us throughout the industry.

Disha Seth: Good to hear that. And last question, we grew around like 12% for H1. So for coming three years, how much growth do we see because we have already sold our printers, so we can easily calculate the consumable sales. So at what rate do you plan to grow the company FY 2026 and going forward three years, 12%, we have grown H1, that's why.

Shiva Kabra: So looking after the consolidated as of now all segments, So I don't know, I think we were like ₹202 crores in the standalone operations and ₹3.48 crores was the other income and ₹181 crores and ₹3 crores. So about similar like ₹185 crores and ₹206 crores, if I'm correct. And then in the consolidated, it was like about ₹20 crores additional, if I'm very approximately. So on a standalone basis, we still expect, like I said, if the market is growing 10%, 11%, we expect to grow faster than that in the coding and marking business.

And depending on how the pickup of the track and trace business happens, these are the two primary businesses housed under Control Print. The digital printing part is sort of integrated into the track and trace and especially into the coding and marking. So it's not really separate. So yes, we're definitely expecting we would like to grow faster than the market.

We would expect that if the market is growing at that 10%, 11% range, we should be at about, I think in the past, we said our target is 15%, but yes, at least at the market growth rate. So we would expect to be about that rate on an annual basis. And on a consolidated basis, like I said, it's a different type of a situation because that's more of

course, we've got the track and trace, rather we've got the Markprint business and the Codeology business, which is more similar to the Indian business in terms of coding and marking in digital printing.

The packaging business, which is the bigger part of the business is a very different business. So it's very difficult for us to predict how that's going to happen because even yeah, it's moving along. It's not exploded as yet, but we're making progress. That's the situation. We would definitely, I don't lie, and say that we would expect to have done better than what we are doing. There's a lot of interest, but converting that interest into sales has been a bit more difficult than what we envisaged. But yeah, there is sales, there is progress.

Disha Seth: Sure. And just a last question. The Codeology and Markprint is in a subsidiary and Track and Trace is in stand-alone. Am I right?

Jaideep Barve: No. See Track and Trace is a division of Control Print Limited. There's no stand-alone entity for Track and Trace.

Disha Seth: So that is a part of stand-alone results.

Jaideep Barve: Yes, it's a part of stand-alone results, correct. And Codeology is a subsidiary as well as Markprint is a subsidiary.

Disha Seth: Great. Thank you. That's it from my side.

Moderator: Thank you Disha. We'll take the next question from Awanindra Singh. Awanindra, please go ahead.

We'll move on to Madhur Rathi. Madhur Rathi, please go ahead.

Madhur Rathi: Thank you for the opportunity. I wanted to understand regarding the GST benefits. And it seems that we were earlier a dominant player in the industrial segment. So can we expect to grow further just because the FMCG segment can provide us a good opportunity and we have less presence versus the industrial segment. So how should we expect about our growth going forward?

Shiva Kabra: I'm a bit confused because there was something about GST in there.

Jaideep Barve: Yes, he went actually the change in the GST rates, would that impact our sales? I mean would we going for another...

Shiva Kabra: We're still 18% in both cases. So I don't think it makes an impact to us. What has happened is recently because of the cut of GST rates, a few of the segments where the -- it's been a price cut as a result because the GST has reduced from 12% to 5% or so on. I think that those sectors are a bit bullish is what we feel, the customer a little bit bullish and we feel that there's a bit of a demand pickup.

The second, how that translates into our sales, of course, is like a bit down the line. So if their product sales increases, then hopefully, the number of prints increases and that would result in some revenue growth for us.

The second part is that, yeah, the industrial sales segment is still definitely the bigger segment for us. And we're still working on the Packaging segment, and we're still growing our sales in the Packaging segment. So we're growing in both segments. And yeah, we see growth in both segments. So like I said, if the market is growing at 10%, 11%, we're expecting to grow at 15% or so in the -- that's what our target is in the stand-alone business, 15% plus. And like 15% for the coding and marking and then something extra because of the Track and Trace and whatever it is. So, yeah, that's sort of where we hope to be.

Madhur Rathi: So are we able to acquire more customers on the FMCG side where we were earlier -- that was a lower portion of our machine portfolio. So have we been able to acquire customers because growing at a faster rate than market would require us to at least gain market share in some segments. So I'm trying to understand on that front.

Shiva Kabra: I think we're gaining customers. But, yeah, I mean, obviously, if we are growing faster than the market, then we're gaining customers. Some on the packaging side, I think in specific areas of the packaging side, definitely, we are gaining faster, not across the board, but it's very specific applications or some industries, yes.

Madhur Rathi: So when we say packaging customers, we mean FMCG packaging customers for the Coding and Marking segment, right?

Shiva Kabra: Packaging is defined as food which would include everything under food, dairy, biscuits, ready-to-eat, staples and so on and so forth. Then it would be beverages, which again would be aerated beverages, alcohol, beer and then so on and so forth. The third segment would be personal care and home care, which would be what the traditional FMCG companies are like Unilever and the like. And the fourth

segment would be pharmaceutical. So for us, these are the four broad industries which comprise the packaging sector.

Madhur Rathi: Got it. I wanted to understand...

Moderator: Madhur, please rejoin the queue.

Madhur Rathi: I'll do that. Thanks.

Moderator: We'll take a question from chat from Rahul Koti. He says I see that we have done a record EBITDA margin in stand-alone business. Is this due to increased share of consumables? And if so, does this indicate the new normal in terms for sales of consumables?

Shiva Kabra: Overall, like it's -- I don't think it's any specific thing, but it's maybe because of the operational leverage that we are getting in terms of the SG&A growing at a slower rate than the business. Jaideep, I think maybe you can explain this better.

Jaideep Barve: So quite frankly, what happens is that the mix of the sales that actually is a determining factor for -- because the quality of the revenue improves, like consumables obviously give us like a continuous sales, but an increase in the printer business also leads to like a better product in printers. Like if we sell more of laser printers, obviously, the margins are going to be higher.

But yes, we are definitely keeping a track on not just the procurement costs, but we're also keeping a track on the selling and general and administrative costs. So that's the reason why like we have an increase in the margin. But that said, we definitely want to outdo ourselves and do a better show and make sure that we are very lean in our operations going forward.

Moderator: Thank you. His second question is on CapEx. Do we have to incur any CapEx with respect to consumables or printers?

Jaideep Barve: Yeah. To answer your call, see, for the current existing Coding and Marking business, we are well within the capacity utilisation. So another one or two years, we don't foresee any major capital expenditure plans for the Coding and Marking business.

Moderator: Okay. We'll take the next question from Anuj J. Please go ahead.

- Anju J:** Yeah. So it seems that your market share and your competitive market share is constant from a long period of time. I've seen that usually [Technical Difficulty] each competitor has some kind of moat or monopoly or a niche. If that's the case, what's your niche that none of the competitors are able to make a major dent in each other's market share? [Technical Difficulty].
- Shiva Kabra:** We're not hearing anything clearly.
- Moderator:** Anuj, you're not clear.
- Anuj while you sort out the mic issues, let us first take a few questions from the chat. So first Neelu Singh would like to ask some questions. Neelu, you can unmute and ask.
- Neelu Singh:** Thank you. I had two questions. One, Shiva just informed that we are seeding the market in small lots of ₹50,000 to ₹1 lakh for the V-Shapes's pouches, right? So I just wanted to understand if -- is that a good revenue stream until we actually scale up the machinery business of V-shapes. This was the first question.
- Shiva Kabra:** Yeah. So I think, of course, it's a big revenue stream potentially. The main issue we were reluctant to do it is just because mentally we were not geared towards servicing like a lot of small orders and taking the responsibility of all that stuff rather than the customer buying the machine, taking the responsibility.
- So yeah, it is a good revenue stream, to be honest. It's not bad at all. There are customers who want to make even like lakhs a month and stuff like that. So it's not like a simple thing. It's just that for us taking the licenses, doing the other stuff, doing things off. First, we didn't want the distractions, but we have no choice. We have to do what we have to do.
- Neelu Singh:** And is that income being booked in the Indian entity or V-Shapes Italy? How is that being accounted for?
- Shiva Kabra:** So we're doing co-packaging here now. We've just started. And even in Italy, we have started. So before they didn't have the permission to do beyond sampling. Obviously, we couldn't do it in India, because we didn't have the licenses. We can also even right now only do specific products, which don't require a very high compliance in terms of the -- definitely in India, we've got taken something for the food, say we

don't do pharmaceutical or nutraceutical type products out here or there.

So, yeah, it would be booked inside the companies. But, yeah, I think that the major, whatever we've done is now going to come more in the revenue and probably Q3, Q4 because something that we were not entertaining. Now we've gone back to customers and said that, okay, we can try to do it once for you.

Neelu Singh: And there's an amount of work in progress of ₹764 lakhs, what is this amount for in the stand-alone numbers, capital work in progress?

Jaideep Barve: That actually relates to like some of the softwares development things what we are doing in the company, some enhancements to the SAP and the BI/BO projects. It also includes some portions of money which we have paid like as advanced lease for some facility. So we are taking a close stock of that. And yes, by the next quarter, we'll update you on the developments.

Neelu Singh: Thank you. Best of luck. Thank you.

Moderator: We'll take the next question in the chat from Awanindra Singh. The first question is, what is the status of developing domestically manufactured consumables for V-Shapes machine?

Shiva Kabra: Yeah. That project is very much on. So like I said in the earlier meetings, one of the big issues for us, especially in the European sales has been the lack of recyclability of our current packaging materials. And we've been working on developing a recyclable material. We think we've got something that's working at a certain level.

Like I said, it's, of course, it's all a pilot, so nobody can predict what's going to happen. I just want to be very clear about that. It looks promising. It's looking like initially that it's working, but till everything is not proven, nothing is proven. But, yeah, so we wanted to go in India straight for the manufacturing, straight for the recyclable material rather than really invest in the current packaging material, which is not recyclable.

And if our trials are successful over the next I don't know this quarter maybe, then if everything is through, then we'll be moving ahead on -- we lock into the current, so we're doing a variety of structures around a base structure, which we think is working to fine-tune exactly the exact final formulation and product. Once we do that and we put that

in, then we'll be starting to manufacture the same in India. And that should hopefully get the cost of the material down significantly.

Also we are patenting the formulation that we are developing for our recyclable pack. So it will also be another lock on top of the systems for our existing patent, which is expiring in 2036 for the machine. But the recyclable material patent will also go from 2024 to 2044. So that will be another part...

Moderator: Okay. His second question is, where are we with Track and Trace adoption since last time, you were talking about some pharma companies working on the implementation? And are we offering the service to other pharma companies as well?

Shiva Kabra: No, we are offering it across the board, but we're doing two intense cases like with two of the top five pharmaceutical companies in India. So those are two high potential cases because they're not conventional implementations, but this is more of a system solution. So I think if it works, it will be not necessarily a game changer, but it will definitely be like something significant, which will give us traction across the pharmaceutical industry.

So right now, all our resources are focused on ensuring that these pilot projects are implemented perfectly. And of course, we've been going back and forth with some technical ups and downs on that area. But I think hopefully, we should have the option. If everything goes well, again, there's always a risk. But everything goes well, hopefully, we should have adoption and that will be the best marketing tool for the rest of the industry and in fact, globally also.

Moderator: Sure. We'll take the next question from Saket. Saket you're requested to keep your questions down to two in the first round. Thank you.

Saket: Yeah. Namaskar. I joined at the fag-end only. Just to put a very small question or perspective. With the type of investment that we have made and as Shiva has always communicated to us that we are in the mid of creating a very different organisation from the traditional and the conventional coding business. So how satisfied firstly, you are with the progress that we have achieved? And how soon, we will be reaching this critical mass, post which the aspect or the recognition will come into play. This is my question for Shiva. And for Jaideep...

Shiva Kabra: Saket, just one question. Let's just take one question, then you can hold on to the next question. So as we discussed, we're an Indian-

focused Coding and Marking business. And obviously, there's a ceiling in terms of what we can do. So for example, our estimation of the market this year is about ₹2,200 crores or something. So if you're already doing a certain business last year, I think we did ₹375 crores to ₹385 crores or ₹370 crores, ₹375 crores of turnover was coding and marking on about ₹2,100 crores, ₹2,200 crore market.

So there's a ceiling in terms of how big we can just grow because, A, the customers are sticky. We are gaining market share and we are growing faster than the market. But, yeah, I mean there's a market size limitation and there's a stickiness limitation. So you cannot grow fast enough.

And therefore, we entered more into the digital printing area for innovation and of course, also in terms of the track and trace and the packaging business. And also, we had a couple of foreign acquisitions and subsidiaries for the same. So what's happening is that in terms of coding and marking, we're quite happy.

But we had the second half of the previous year and the first two, three months of this year were a bit slow, but we've given everyone a kick up their ass, frankly speaking. And I think some of the bigger cases and the other things are now really coming through, and we're expecting hopefully an accelerated run rate in the second half. And as you can see from our standalone results, it's also showing in terms of the financials.

So I think we should comfortably, it seems that on a standalone basis, we should comfortably cross (profit of) ₹100 crores plus this year. Of course, it seems is my point. And we should continue that growth rate. And even looking at the pipeline, hopefully, that should continue over the next year or so. So that's a positive part.

In terms of the track and trace, like I said, we've got two big things going on. They're very exciting. Now what's the final outcome, like I said, we've got some key patents out here, whether those customers are valuing those patents, obviously, they're doing this project at the very highest level. But till everything doesn't happen, nothing has happened. So again, like I'm saying we will see.

I think maybe in six months, everyone will have a much better idea of what is happening out here. But we're very positive about what we've done. And the third thing, which is in the packaging business, definitely, like I said, there's a lot of interest still, whether for different

reasons in Europe, maybe some of the older V-Shapes machines, which were sold, they didn't get the service support, especially in the breakup. So people are not like when they went under liquidation, so people are not happy with them.

But definitely, the lack of a recyclable option in a lot of cases in Asian countries and especially India, the cost per pack. So different issues that different people are facing but there's interest. And like I said, a lot of customers just aren't that keen to go straight into the machine because they've got an existing investment, either thermoform or sachet machines rather than going for our monodose or something else.

So we're trying to now we pivoted towards like, okay, we will do some co-packaging for those customers so we can get more visibility in the market, put the product in the market and then prove the concept, and that will be a sort of self-sufficing growth. And the customer, if he's getting a success in the market, he's getting a better traction with our monodose compared to whatever the conventional packaging is, then automatically, he would be more inclined to purchase machinery from us and do the packing in his own factory, which is the best thing for everybody.

So yes, I think that's still a challenge. It's still got a bunch of work to do. But I think in terms of the fact that -- in the fact that we've gone from a coding and marking company, which was licensing the technology mainly for their staff to the fact that we've got a whole bunch of developed technology, we've developed or acquired or we own. And most of our stuff is what we're looking forward is patented and has significant IP barrier.

I think in terms of that journey, I'm very happy. And yeah, like personally, I'm very relaxed, like whether we get the rewards sooner or later, I know as a shareholder, it's a very different thing. But we definitely feel that if we have high-quality innovative solution combined with the reliability and the service that Control Print provides, we're going to be successful.

Saket:

I will ask my next question afterwards. Let the other person ask.

Moderator:

Thank you. We'll take the next question from Hardik Bora. Please go ahead.

Hardik Bora: Hi, Shiva, Jaideep. Congratulations on a good result. This is just a small clarification from a discussion we had last quarter on the GST benefit at the Guwahati facility. You mentioned there was some ₹10 crore per annum benefit, which has gotten over, and it's already reflecting in the current financials. I just wanted to confirm which line item in the P&L was that GST benefit coming?

Shiva Kabra: Jaideep, did you get the question? This is relating to the Guwahati GST benefit.

Moderator: I think Jaideep got disconnected.

Shiva Kabra: Okay. Hardik, can you come back to that question later, please? Should we move on further. Is he back by the way?

Moderator: Not yet, but we'll answer the question once he's back.

Hardik Bora: No issues, Shiva. If he's on call, I'll take it from him. Otherwise, I'll take it offline.

Shiva Kabra: Yeah, no worries.

Hardik Bora: Thank you.

Moderator: Saketji, you can ask your question.

Saket Kapoor: It was also again to Jaideep only. So I will also wait till he comes up. So Shiva, just to conclude to what the very elaborate answer you gave that for our core business of coding domestically, we are now on a very, very strong footing with the type of sale of printers and now also the consumable sales and the gross margin inching up for the balance part of the year.

And in terms of the other ventures, if I may use the word quote unquote there also, we are on verge of gaining good business to reach the critical mass in times to come. So this should be the good understanding of what you narrated to us currently.

Shiva Kabra: So I think that like I said, the current coding and marking India business is doing well, and it is definitely generating certain amount of profitability, which is paying for everything else and still delivering shareholder results and the rest of it. But obviously, we've been investing that money and our time and bandwidth in the last two to

three, and in fact, in the last many years in R&D and other types of things.

And that was to, like I said, to grow the other businesses. Now like my point, which I've made earlier is like when you're doing something that's different, so we expect that the India Coding and Marking/digital printing, which is almost like an add-on of our coding and marking business. So we know that well. That's not a problem. We have the technology for that. We've been developing it for years. We're happy with that part.

Specifically regarding the track and trace business and the packaging business and then obviously, the international subsidiary, it's a longer-term play, and it's an innovation-based business. So we hope that it will be successful. But like I said, there's always a risk because in terms of execution, in terms of competition and stuff like that.

But right now, it's looking positive, and I see nearer-term results in the QRiousCodes division. And in the packaging business, of course, it's got even much bigger potential, but it may take a bit more time because we are going step by step, it's seeming that, yes, that's what it is. I think Jaideep is back on. And now everyone can put their questions to Jaideep.

Saket Kapoor:

Jaideep, for this quarter, we have done this reclassification for foreign exchange fluctuation. And then again, in the cash flow, there is one mention of about transfer from exchange fluctuation translation reserve. If you could explain these two line items and where will we see this reserve line item in the balance sheet?

Jaideep Barve:

Correct. So the reason why we have done this is like to make or to ensure a better presentation of the foreign exchange fluctuations. Normally, it goes and sits as part of the other income. But what has happened is that the dollar has actually depreciated vis-a-vis the euro in the Q2 as a result of which like the fluctuations were very severe.

And we did not want to you like club it either into the other income or the other expenses figure so as to distort that. So just for the sake of a better presentation, what we've done is that we have disclosed it as a separate line item in the figures which we have disclosed. Because what happens is that in the next quarter, the trend might get reversed. So we don't want our operating revenue or our operating expenses to get distorted by virtue of these particular fluctuations. And that's why we have inserted a separate line item over here.

Saket Kapoor: Okay. I'll take it offline. This is a large difference, standalone and the consol level.

Jaideep Barve: Yeah, yeah, sure.

Moderator: Thank you, Saket. Hardik, you can unmute and ask your question.

Hardik Bora: Yeah, hi. Jaideep, actually, the question was that there was some GST benefit on our Guwahati facility, I believe, for five years probably. And that got expired and it's not there anymore. Last quarter's call, you guys had mentioned it was about ₹10 crores per year. So my question was, which line item in the income statement was that benefit coming through? So we can understand when we do the YoY comparison that it's not there.

Jaideep Barve: So I tell you, this benefit got over on the 26th of May 2025. And the yearly benefit was about ₹8.5 crores. And what we should do is that we used to include it as part of the sales. So you would find that in the revenue from operations.

Hardik Bora: Okay. So to that extent, the year-on-year comparisons would look a little weaker because there is no GST benefit in our revenue going forward? At least in the time that is in the base?

Jaideep Barve: Yeah. Actually, it would look better because like we would not have the GST benefit in this year. So that would be a fair comparison. So the performance in this year would be like better because last year's performance did include that GST benefit.

Hardik Bora: I understood. Got it. That was the tune of ₹8 crores to ₹8.5 crores.

Jaideep Barve: Yeah, ₹8.5 crores, yes.

Hardik Bora: And it is fair to say that would completely be flowing down to the profit level because there's no associated cost with it. So that's the...

Jaideep Barve: You are right. We do not have any associated costs. You're right.

Hardik Bora: Okay, that's it from my side. Thank you for the call and the commentaries.

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

Rahul Koti:

Hello, team. Congratulations on the good set of numbers. So I had earlier asked a question regarding the EBITDA margin. So the answer what I got was like it is due to maybe operating leverage and not one segment is responsible for the record EBITDA. So this standalone, we have done like around 28% EBITDA. That's what I saw in the presentation. So my question would be, if going forward, if our run rate is around similar ₹200 crores right? So would our EBITDA be on the similar level going forward?

Shiva Kabra:

Yeah. Fundamentally, if the revenue levels are maintained, we should see a similar EBITDA. It's very difficult to completely predict. I don't think the EBITDA has risen as much as compared to last year. I think that it's just that some, part of it is also the fact that we are funding losses for one or two other divisions like the QRiousCodes and the other stuff. And like I said, we don't give exact breakup division by division.

H

So yes, unless other things fall back -- like we also invest in the Indian packaging business for the Indian part of the V-Shapes and so on. So those things don't aren't in a loss, then fundamentally, this is yeah, the coding. Right now, they're not making money, I can tell you that, but they're not, I don't think they're losing money. So I think fundamentally, this is yeah, what we're seeing is the coding and marking business.

Rahul Koti:

Yeah. Because if you look at our like history, right, so on a standalone, we are always around like 23% to 25% EBITDA, right? So we always have like done around that. I don't think so we have crossed 25%, maybe we reached 27%, but 28%, I have never seen like -- I have been invested in your company from last like almost eight years. So I have been like tracking your numbers from like long back. So I have never seen like 28.5% EBITDA. So that's why I was curious on knowing that.

And in future, right, maybe in the next 12 months, we would be crossing beyond ₹100 crores on a standalone basis quarterly. So would that operating leverage kick in and EBITDA would be like even higher? Like any guidance, any ballpark what you guys are working with, like any number you guys are targeting going forward?

Shiva Kabra:

You said that, so I think that our revenue would grow, like I said, in our coding and marking business. I don't know if you were there earlier in the call, but we said that we should continue growing at

about 15-ish percent. In this year, at least, we don't know what's going to happen in the future and the market is growing at about 10% to 11%.

So yeah, we would hope that the operating leverage continues to improve. Like I said, part of it is an operating leverage effect and part of it is the fact that we were funding losses for the last couple of years.

So maybe the numbers were actually better last year and the year before that. But I don't know I think I mentioned quite clearly in our investor con call that some of the divisions and some of the other things were at a loss and we were more investing in it.

Now a couple of things have -- so even if the QRiousCodes business breakeven, and we don't have to fund it like it's not negative, it would have shown up as negative. So I think it's a bit of both. So obviously, fundamentally, what you're saying is it sustainable. And I think that, yeah, unless some other things slip back into some issue in terms of the packaging or the QRiousCodes or whatever, I think it's sustainable.

Rahul Koti: Okay. Yeah, that's what I wanted to know whether this is sustainable because these are like record numbers from your end and wait to see those numbers back. Thank you.

Moderator: Thank you, Rahul. Since that was the last question, would you like to give any closing comment?

Shiva Kabra: I just want to thank everyone for taking time to attend our call and very happy to answer these questions. My best wishes to everyone.

Jaideep Barve: Yeah. Thank you, everybody. Thanks a lot.

Moderator: Thank you. Thank you to all the participants for joining on this call. This brings us to the end of today's conference call. Thank you.