

May 09, 2023

**To,**  
The Listing Compliance Department  
**Bombay Stock Exchange Limited**  
P. J. Towers, Dalal Street, Fort,  
Mumbai – 400 001  
**Scrp Code – 522295**

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

**Sub: Transcript of Q4FY2023 Earnings Conference Call**

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

Dear Sir/Madam,

With reference to above mentioned subject and pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, read with para A of part A of Schedule III thereof, please find attached Transcript of the Conference Call with the Investors / Shareholders of Control Print Limited (the Company) fixed through Asian Markets Securities Private Limited (AMSEC) held on **Tuesday, May 02, 2023 at 5.00 p.m.** on **Q4FY2023** of the Company.

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

This is for your information and record  
Thanking you,

Yours faithfully,

For **Control Print Limited**



**Akshay Satasiya**  
**Company Secretary & Compliance Officer**

**Place: Mumbai**



“Control Print Limited Investor Call For Results  
Discussion Of Q4 FY2023 Earnings Conference  
Call”

May 02, 2023



**ANALYST: MR. KARAN BHATELIA - ASIAN MARKETS SECURITIES LIMITED**

**MANAGEMENT: MR. SHIVA KABRA - JOINT MANAGING DIRECTOR – CONTROL PRINT LIMITED**  
**MR. JAIDEEP BARVE - CHIEF FINANCIAL OFFICER - CONTROL PRINT LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the of Control Print Limited investor call for results discussion of Q4 FY2023 hosted by Asian Market Securities Limited. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual results may differ from such expectations, projections etc., whether expressed or implied. Participants are requested to exercise caution while referring to such statements and remarks. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, 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. Karan Bhatelia from Asian Markets Securities Limited. Thank you and over to you Sir!

**Karan Bhatelia:** Thanks Darwin. Ladies and gentlemen good evening and welcome all to the Control Print Limited fourth quarter and 12 months FY2023 earnings conference call hosted by Asian Markets Securities Private Limited. From the management side, we have with us Mr. Shiva Kabra, Joint Managing Director and Mr. Jaideep Barve, CFO. Now I would like to hand over this call to Jaideep Sir for his opening remarks, post that we shall open the floor for Q&A. Thanks over to you.

**Jaideep Barve:** Hello good evening. My name is Jaideep Barve, and I work as a Chief Financial Officer of Control Print Limited. Welcome everybody to the earnings call for the fourth quarter of the financial year 2023 of Control Print Limited. We appreciate you have taken of time from your busy schedules to attend this one. Hope you and your loved ones are safe and healthy and wish you all a happy financial New Year. Mr. Shiva Kabra, the Joint Managing Director of Control Print Limited also joins me on this call. The detailed presentation has been put up on our website as well as the investor presentation before this call. For those who are probably reviewing the company for the first time, Control Print Limited was founded in 1991. It operates in the niche coding and marketing segment which is an oligopoly market with four major players out of which three are MNCs are we, that is, Control Print Limited is the only make in India manufacture. We have our manufacturing facility in Nalagarh which is in the state of Himachal Pradesh for the manufacturing of printers and in Guwahati in the state of Assam for the manufacture of certain type of printers and consumables. Both these manufacturing locations have state-of-the-art facilities where we produce good quality products. We manufacture and supply a wide range of printers such as CIJ, TIJ, high resolution printers, thermal transfer printers, laser printers, etc. Apart from these printers we also manufacture and supply consumables like inks,



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ribbons, and cartridges. The industry that we serve are cable, wires, pipes, cement, sugar, dairy, FMCG, health care, steel and metal and plywood. We have strong sales and service team of 350 plus personnel across our 10 plus branches across India. Our domestic presence is served through 1,600 cities in India with over 2,500 pin codes in it. As of today, we have an installed base of over 70,000 printers across industries. This enables the sale of consumables across the lifecycle of the printer. Post our printer sales we believe there is a continuous demand for consumables over its life which typically lasts for about 5 to 8 years depending on its operating condition. Moreover, our company has a robust network to ensure we provide high-up time and good after-sales service which eliminates customer concern. We also have an end-to-end ERP system which is SAP which supports our finances, production, purchase, sales and the CRM. This ensures maximum transparency in accounting, sales, and after sales as well as the total control for the inventory management and order to receive processes. Our systems and processes give confidence to the teams, vendors, customers, bankers, and to the investors. We periodically conduct theory programs to ensure that all our employers remain efficient in operating and maintaining the machines. We constantly endeavor to customize our products to reach out to other industries to increase our install base. With a strong foundation and five pillars like man, machine, material, technology, and finance we are well established to augment our business plan which we feel we are continuously striving for better and better heights.

Let me give you a brief analysis of the standalone financial statement of Control Print Limited for the financial year ended 2022-2023. On overall position, India has marked its position as one of the fastest growing economies globally. This growth trajectory is expected to continue in 2023 also. Towards the end of 2022, the manufacturers had scaled the production mainly on the rise of rising international and domestic demand for Indian products. This trend also was observed in the first quarter of 2023 indicating a sustained improvement in the business environment. Coding and marking systems were crucial in the manufacturing supply chains of both industrial as well as consumer goods. According to several industry reports, our industry in India is expected to witness a substantial growth with a CAGR of 9.85%. Food, beverages, health care, electronics, chemical, construction, automobiles industries are expected to be the major growth drivers of the coding and marketing market in India. On the opportunity side, we feel that there are certain rules and regulations which require companies in the FMCG food and the pharma sector to give more information to the consumer goods about the products, about the industry from where it is manufactured. We ourselves have also gone into certain robust collaborations during the course of this year. In December 2022, we entered into JV agreement with an Italian company called V Shapes. This is engaged in the manufacture and sale of packaging machines. This is also famous for its ecofriendly single door slashes. In July 2022 we



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acquired a company in Netherlands called Markprint BV. This company does high speed printing and coding solutions, and it is well established in the European market. This is affecting the area of high-quality single path printing for packaging and industrial applications. We believe that partnering and having a synergy with Markprint we will be able to offer better solutions and a diversified portfolio.

On the revenue front operating revenues for this quarter were around 84 Crores. The overall operating revenue for FY2022-2023 is 291 Crores which is an increase of 15% from the previous year's operating revenue of 254 Crores. While our base products happen to be CIJ printers it is heartening to note that the non CIJ printers also showed an increasing trend in sales this year. We continuously expand our footprints in dairy, cement and plywood industries. We have also launched new products during the course of this year.

On the expenses front we can note that consumption has remained steady at approximately about 40%. It is more or less in line as compared to previous financial year however we can definitely hope for improvement in reducing this in the coming financial year with optimized buying strategies. Manufacturing operating costs are at a consistent rate of around 3% of sales. This is in line with prior years. Our employee cost is around 50 Crores which we see a decline of 2.5% as compared to the previous financial year. This is largely as a result of increased sales of this current year. Depreciation is steady at 5 to 6% and our other expenses are in the range of 13 to 14% as in the last two years. The Q4 EBITDA, PBT, PAT and EPS that are exceptional items, grew by 10.9%, 13%, 18.2% and 18.2% year on year respectively. Whilst we are proud of all these achievements, we always feel that there is still room for continuous scope of improvement. We will aim for better revenues, higher revenues, and also enjoy high consumable sales. The way forward for us is high consumable sales with improved industry production, newly launched products during the year, and a focused market plan. We have an inside sales team which will be given targets. We will focus on the key accounts also to try to put more focus on the installed base and increase our larger market share and also look at the European company acquisition we have done so as to achieve better sales and synergy in this year. The floor is now open for questions. Thank you so much.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gunjan Kabra from Niveshaay.

**Gunjan Kabra:**

Hi thank you for the opportunity. Sir, I am comparatively new to the company so wanted to understand the business model like what is the active printer base that we have today and what is the number that we expect to reach in the next two years.



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- Jaideep Barve:** I did not get the first sentence ma'am.
- Gunjan Kabra:** Sir I am saying I am comparatively new to the company and wanted to understand what is the active printer base that we have today and what is the number that we expect to reach in the next two years.
- Jaideep Barve:** We have got an installed base of about 70,000 printer bases at the moment and if you look at fairly conservative estimate of 3% growth every year to get your numbers.
- Gunjan Kabra:** Sir, How do you estimate the requirement of the consumable for a printer? Like if I want to understand that we are selling one printer today then what is the consumable that we can estimate in terms of our increased margin from that printer that is coming and if we are selling the printer is it certain that at least for next five to six years the ink requirement for that printer will be catered by us and that sale is going to be there so how can we estimate that ink requirement.
- Jaideep Barve:** So the way we see is that if we sell a printer to a customer and he operates in normal operating condition because if we stay on the production facilities and without any abnormal wastages we feel that he going to enjoy the usual printer for the next five to eight years so we can like rest assured that the consumable business we can get from a particular printer would be for the next five to eight years.
- Gunjan Kabra:** Five to eight years is fine. I mean the printer's life would be five to eight years.
- Jaideep Barve:** Once he purchases a printer, he has to necessarily buy the consumables from us.
- Gunjan Kabra:** Sir that is correct but if I am talking about say if he orders a printer how much worth of ink will be sold for one year on one printer is what I am trying to understand that metric I wanted to understand.
- Jaideep Barve:** Let me tell you is that we are in oligopoly and though we have the machine run rate consumption for the ink at this moment it is a little bit confidential data because since we are operating oligopoly.
- Gunjan Kabra:** Okay. No, not an issue. Like if you can bifurcate our revenue like different sectors what is the contribution like major sector is contributing how much revenue and is sector wise also the usage of other consumption of ink changes with different sectors if you can kindly explain me that.



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**Jaideep Barve:** On the overall basis our line of business is consumable centric and then what we can do is that we can say let us say about 55 to 60% of our business comes from the sale of consumable and roughly about 15 to 20% comes from the sales of printers. We also have something called as service income which is the annual maintenance contracts or comprehensive maintenance contracts what we do so about 10 to 15% comes from that business and for the sale of spares what we do that is about 8 to 10% so that is a brief distribution of the entire business what we do.

**Gunjan Kabra:** Sir I am talking about sectors. I mean how much is FMCG, how much is pharma, how much is plywood, MDF, how much is these sectors contributing.

**Jaideep Barve:** I mean if you look at this there is no major concentration of business sector wise, but we believe that pipes, dairy, these are the top three segments for us and that contributes about 40% of the business for us. The others are at least about 6 to 7% each.

**Gunjan Kabra:** Okay. Sir, what would be the total capacity of consumables?

**Jaideep Barve:** Capacity as in.

**Gunjan Kabra:** In tonnes.

**Jaideep Barve:** It is at 60% usage of the capacity.

**Gunjan Kabra:** Sorry.

**Jaideep Barve:** 60%.

**Gunjan Kabra:** Sir that is the utilization right.

**Jaideep Barve:** That is the utilization.

**Gunjan Kabra:** You cannot tell me the total capacity or how much capacity.

**Jaideep Barve:** We will not be able to share with you at this moment.

**Gunjan Kabra:** You cannot share. Okay Sir. Sir any metrics on which you can guide us that okay if this is the number of printers sold like last year if we sold around 30,00 printers, this year if we are selling and how can we estimate okay this is going to be the total consumable sales, if not directly you want to tell but anything like metrics that we can judge on or anything from that sort if you can explain.



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**Jaideep Barve:** We have year on year let us say about 10% growth is the number of printers what we sell each year that we can do.

**Gunjan Kabra:** That you can do.

**Jaideep Barve:** Yes, we can do that.

**Gunjan Kabra:** Okay thank you so much and good luck for your future.

**Moderator:** Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** Hi Sir. Congratulations on a great set of numbers. So, Sir, I would just like to know that we have been growing at a pretty good rate currently so what would be our revenue targets for the upcoming year, maybe next two years, and are our margins stable at 25%.

**Shiva Kabra:** So, I will answer that question. We do not give any projections or targets out so I cannot tell you anything now. Obviously, we hope that we continue unsustainable growth. I think as far as margin grows you would have all probably seen of course I do not know what happened in the COVID time, it could have dipped but it has been sort of consistent over an extended period of time so we are pretty sure we can maintain that. In fact, on a bigger basis, it is much easier to maintain the margins but as far as the revenue is concerned it is not possible for us to project that right now.

**Darshil Jhaveri:** I would also like to know how our JV and our new acquisitions are so how are they being contributing to the business, are they more margin accretive or how is the demand in Europe so could you give some colour on our acquisitions.

**Shiva Kabra:** As far as the acquisitions goes, I think Jaideep has got the numbers. It will give you a better idea, but it has been consistent since last year and they were about 2 million odd euro in turnover if I am correct approximately from the profit contribution, so we are still working on integrating some more of the products. It has been a bit delayed and we are actually just finding to see the first set of printers and now we are going to test them on certain applications here so far it has not been bad, but it has not been like the integration is slightly a bit slower than expected on both sides because they have been busy with some stuff and our teams were busy with some other things and as far as the joint venture goes, it is a little bit early we have activated everything now and it is not actually contributing to the bottom line or the top line at all but it is looking active now and now it should actually give us some numbers in the coming quarter maybe not in this quarter but we should start seeing



some business being done. All of these types of things we do I understand the excitement, but normally we have a pretty longer-term planning horizon in lot of these types of strategic activities, so our thought is we will be looking at a three to ten year type of thing.

**Darshil Jhaveri:** Okay thank you so much Sir and all the best for the upcoming quarters. Thank you.

**Moderator:** Thank you. The next question is from the line of Abhishek Agarwal from Naredi Investment. Please go ahead.

**Abhishek Agarwal:** Good afternoon, Sir, my first question. Company will run by maintaining a cash balance of 50 Crores for which you have also made investment this is a good thing, but why have you invested in direct equity, why you did not go through mutual fund and also you are not an investment company and it is not our job so what is the purpose, please tell us.

**Jaideep Barve:** Sir I got your question. We know we are not a financing company, but the reason we are keeping well in the industry as of now is that we are always in the lookout for new acquisitions and we would like to keep our funds ready whenever the acquisition happens to be a good one for us to invest and the legal leverage and operational financial leverages is done properly the target company is identified so we get the funds to investing over there so that is the reason why we have kept it in equity.

**Abhishek Agarwal:** I agree but why do you have direct investment in equity?

**Shiva Kabra:** We have gone through this before. If obviously someone takes our con call in the past and just goes through it so I do not want to stop that, I think we announced clearly that normally we are keeping this current cash sort of liquid balance of about 50 and beyond that we would redistributing the money unless there is some immediate acquisition or investment in line. I think we have been reasonably clear with our policy, our distribution policy I mean of course and there can be endless amount of questions as we discussed in the past whether it should be a liquid fund or it should be a FD whether you should keep it in mutual fund, we looked at it very closely as discussed Mr. Kabra had also given this in a broader discussion in the AGM and in our own past history we have on average done reasonably well. We were expecting that this money is going to be consistently available because we are generating cash so even if we use it for something we will rebuild that cash balance so there is no direct pressure on requiring this money for some immediate thing and considering that we have got a reasonably better return to consider the dividends and investment and also I will point out that the dividends we can redistribute tax free I believe, Jaideep will explain it to you so we have done a calculation of that. We felt we were getting a reasonable risk weighted thing compared to this but like I said it is not like our main



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business. We have made that very clear that once we get to a certain level, we will redistribute that money whatever form the Board decides upon that.

**Abhishek Agarwal:** So, in future you will also invest in direct equity.

**Shiva Kabra:** No, I think that we discussed that at the Board level. When we evaluate in the past, we had a better return on that and in the future, there is no reason why we will take a specific take on it. We will see what we feel as best. I think the Board has given a clear direction which we have communicated, if there is excess cash and there is no specific acquisition or investment that we are looking at, we will return that. I think that is what I can say. To me it covers all of that.

**Abhishek Agarwal:** Okay thank you so much Sir and second and last question what is CAPEX plan for FY2024?

**Shiva Kabra:** It is margin, I think the depreciation normally covers the capex so something like that. Normally there is not really much capex at all in our business so the depreciation normally covers the capital investment if any so the net block should be about the same is what I say, Jaideep anything to add out there.

**Jaideep Barve:** No, it is a fair answer, Shiva. Nothing major is planned as of now but then if it is there the depreciation will cover it.

**Abhishek Agarwal:** Okay thank you so much.

**Moderator:** Thank you. The next question is from the line of Naysar Parikh from Native Capital. Please go ahead.

**Naysar Parikh:** Hi Shiva and Jaideep. Congratulations and thank you for taking the questions. Couple of questions. First can you talk about what were the printers' sales in Q4 and the full year?

**Jaideep Barve:** You are talking just about the Q4.

**Naysar Parikh:** Q4 and the full year so if you can tell me number of printers sold in Q4 and full year.

**Jaideep Barve:** In Q4, we sold approximately about 950 printers and the year around 3,200 to 3,300 printers in a year.



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**Naysar Parikh:** I know you will not give future guidance but just as we are looking for this year in FY2024 how are you seeing the traction on this especially in context of the competition because what we understand is competition also going very aggressively both in terms of the new technology they are bringing in, people they are hiring etc so what is the sense of competition and how do you see the printer sales say from FY2024 if directionally if you can talk about that.

**Shiva Kabra:** So, I cannot comment but I mean the competitive intensity is the same as what it was in the past. Like we have maintained before also essentially the bigger customers in India are the ones who want to take the least amount of risk will go for either us or of course Videojet and Domino, Markem-Imaje and we are competing pretty well with all three of them. We do not see any major changes in the competitive intensity but of course the first month was fair. We talked about April. We will obviously see how the rest of the year pans out, but it looks positive. I mean it is looking in line with last year so far.

**Naysar Parikh:** Got it and in terms of your mix of printers between CIJ, TIJ, laser can you give that for the year.

**Jaideep Barve:** Please do not ask about the breakup. This is too proprietary of information. We have those numbers but breakup of the CIJ and non CIJ is little bit confidential as of now.

**Naysar Parikh:** You did talk about your packaging JV, I just want to understand what the modus operandi over there is, is it a JV company that we sell together, or do we have distribution rights that you will sell or how does that work.

**Shiva Kabra:** So essentially, we make some packaging machines which have some unique features to it and the packaging materials are also proprietary to the machine. Similar in the tetra pack type of things, the tetra pack we sell the machine, and we also sell the tetra pack which is all in top of selling the machine so that is something similar and what we are doing is we will be manufacturing some part of the range of machines here. We are not keeping a diary, but some part of the range and we have already started on manufacturing the proprietary packaging material, the flexible packaging material out here so we have made one type. There is another type which is fully recyclable and this takes time so we have to make sure everything works perfectly and second thing we have to get done in place and there is a third one which is more compostable one like so far we have started working on that so basically we will make the materials out here or rather we get it sourced for our sales from specific manufacturers and we will sell it directly to the customers in India and other areas of operation and we also be making the machines ourselves in our factory in Nalagarh so that is the scope of JV and this is covering India and a few neighboring countries.



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- Naysar Parikh:** And the economics how is it do you have to pay some royalty or is there a profit share.
- Shiva Kabra:** We have equity in this company. Obviously, we will make some profit and we might have to reinvest and all but entry I am assuming if there is upsell plus we will get either that equity will be valuable and they can get dividends of it.
- Naysar Parikh:** Right and it is a 50:50 JV right.
- Shiva Kabra:** It is right now 90:10 because we are still awaiting some RBI permission and some compliances so right now, we own the company. We still have to get some clearances before we can issue the equity to them for 10% and then they will take it up to 30%. This is the way it is, so they have to pay in then to take it from 10 to 30 eventually it will be 70:30, right now it is 100% with us. Of course, we still have to get some clearances from RBI.
- Naysar Parikh:** And how big is this company in terms of the home market or something, is this new technology just getting started or is it big thing in the home market or something like that.
- Shiva Kabra:** It is pretty nascent.
- Naysar Parikh:** Okay got it and track on trace right I think you were talking about that also so are we able to get any of the products like finalized on that and when can we sales on that actually picking up.
- Shiva Kabra:** We have had some sales recently so it is picking up and of course because of the pharmaceutical industry requirements the demands are increasing out there so we are getting some benefits of that, but it is in process it is a ready product, it is a ready solution from our side so anyone calls up we have a solution ready.
- Naysar Parikh:** And last and then maybe I will come back in the line again FY2025 your target was 400 Crore now with where you stand today with all the JVs and everything that you have how do you look at it, is that something that you still achieve you go above beyond any sense.
- Shiva Kabra:** I mean we cannot say anything. The board had set us a 400 Crores standalone targets so it is not related with the other ventures so obviously we have that target set to us I mean to say that it was the board that put it out in the AGM to the share holders and obviously it has become optic thing but obviously that means there is an expectation from the board and we are working towards that. We have standalone numbers, so it is not anything to do with obviously. It is easy to buy a company of 50 Crores and add to that target. It is a standalone

controllable number. Our target is distributed 292 or something 291 so that is the number we have to stick to.

**Naysar Parikh:** Okay thanks Shiva I will just come back if there is something.

**Moderator:** The next question is from the line of Devanshu Sampat an individual investor. Please go ahead.

**Devanshu Sampat:** Yes, Sir thanks for the opportunity. Mr. Shiva, just a question for you. Can you tell me what is the cash and cash equivalent right now as of March end?

**Shiva Kabra:** I could not hear you again could you repeat that please.

**Devanshu Sampat:** I am saying the cash and cash equivalent currently.

**Shiva Kabra:** Jaideep you have those numbers, but I think it is there in the balance sheet right there. I think we are about 70 Crores between cash liquid investment whatever financial investment, but the exact number was published so if someone looks it will be there, the cash, bank balances and investments and all three of them are liquid.

**Jaideep Barve:** 15.5 Crores.

**Devanshu Sampat:** Total investment and excess cash of book basically is around 65 to 70 if I am not mistaken right.

**Jaideep Barve:** Which includes cash and cash equivalents and investments etc

**Devanshu Sampat:** So, one question I have. There was a comment that Mr. Shiva had made very clearly right so ideally we should have returned everything in excess of 50 Crores that we should have maintained and we have only paid about 15 Crores of dividend if I look at the payout ratio it is the lowest since 2016 so I am little confused because the payout should ideally move out right because we have more money than what we had sought to keep in the cash and cash equivalent so is there any change from what Mr. Kabra mentioned earlier that we will be returning out the money of this number. You mentioned that you will be needing some funds for some acquisition but should not that 50 Crores amount be taken care of that, or I am looking at whatever number is above 50 is what will be the acquisition. I am little confused so if you can help clarify this.



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**Shiva Kabra:** So, I will clarify that again. What I did say was that the board will take the most tax efficient manner possible. I want to say that there is an expectation of a dividend that if you give X then it is there every year so maybe there is views that maybe other methods will be more tax efficient or more suitable to return of cash back.

**Devanshu Sampat:** Okay so that is something that we can still expect some announcement from the company as.

**Shiva Kabra:** If the trend continues, I am sure that it could be that in the Q1 you could see.

**Devanshu Sampat:** I mean we are generating about anywhere around 45 to 55 Crores free cash a year. This is obviously regarding the cash balance we have right now. Okay I got your message. Thank you very much and wishing you all the very best. Thank you.

**Moderator:** Thank you. The next question is from the line of Raaj from Arjav Partners. Please go ahead.

**Raaj:** So, what you said is the average life of printers is 5 to 8 years right.

**Shiva Kabra:** Yes, It is somewhere between 5 to 8 years. It can be 5 years definitely in cement, steel and some other industry the printer life is about 5 to 6 years only but on average like food, dairy or a ply company it will be between 5 to 8 years in some industries it will be more than 5 years.

**Raaj:** Understood so in those 5 to 8 years time so how much is the amount of ink which you can sell it to your client on a roughly basis.

**Shiva Kabra:** You will understand that different clients have different rates of production.

**Raaj:** I understand but just still on average. Just a very rough figure would be good.

**Shiva Kabra:** Jaideep has got the number. I think it is there in the presentation.

**Jaideep Barve:** We have the numbers but Shiva because we are oligopoly, we do not share numbers.

**Raaj:** So, what is the average ticket size of the printer, like the average order size of one single printer.

**Shiva Kabra:** It goes from about a lakh to about four and half lakh on average like the standalone range of printers.



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- Raaj:** One lakh to four lakh range.
- Shiva Kabra:** Yes, one to four and half.
- Raaj:** And in this AMC which you have so can we expect a higher EBITDA on AMCs.
- Shiva Kabra:** Our businesses you can clearly break up into three parts like the sales of the printers and then what we call the installed base business which is broken up into further two parts one is the consumable part, and one is the service, spares and filters part. I think 21% something like that, the 80% is aftermarket business. There is no secret that almost all our margin is the aftermarket business.
- Raaj:** Sorry I did not get you.
- Shiva Kabra:** There is no secret that almost our entire gross margin is on the aftermarket business.
- Raaj:** Aftermarket is the highest one, alright.
- Shiva Kabra:** So that includes the spares, services, filters and the consumables.
- Raaj:** Alright thank you so much. One more thing if I could squeeze in. In the JV opportunity which you spoke about, how big can that opportunity actually grow and how are investors supposed to look at that opportunity.
- Shiva Kabra:** Right now, it is just an opportunity till we do not make anything concrete out of it, it is not possible to comment, I think.
- Raaj:** So, can we expect in future calls you will be able to give some clarity on this.
- Shiva Kabra:** Maybe towards the backend of this financial year it will be much better.
- Raaj:** Alright and also can we expect FY2024 growth rate to be similar to the historical because since you are not going to do any more expansion and all those things.
- Shiva Kabra:** I think it is not possible for us to know. I think this question was asked.
- Raaj:** But you can always give a tentative answer to this.



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**Shiva Kabra:** April has been good and the number of cases active is not bad. It is in line with what has happened so far last year, but we do not know what is going to happen in the rest of the year.

**Raaj:** Alright Sir thanks. All the best. See you in the upcoming call.

**Moderator:** Thank you. The next question is from the line of Karan Bhatelia from Asian Market Securities. Please go ahead.

**Karan Bhatelia:** Thank you for the opportunity. Sir, I think last year for most part of the year we had supply side challenges so how do you see the situation shaping as of now.

**Shiva Kabra:** It has definitely improved, that is a positive. Still some niggling issues for sure, but I will say it is down by 80% ratio that has been resolved. Still some things we are having but it has been resolved to an extent so that has definitely helped us in the last few months.

**Karan Bhatelia:** Right and on the cost escalation have we been able to pass on whatever cost increase we had seen for last year till now or are we still negotiating with customers for that.

**Shiva Kabra:** No, we have started on the prices increase. I mean the majority would be through, but it might not be completely done so it is still in process, but I will say the majority of price increases have taken place in the last few months.

**Karan Bhatelia:** Right and Jaideep Sir if you can help me out with the break of 291 Crores in printers, spares, consumables, and others.

**Jaideep Barve:** If you want in pure percentage shares, I can only say that about 18 to 20% is in printers, about 57 to 58% is in consumables, spares contribute about 8% and the service 15%. We also have a small portion of the marked business which is around 2% so that is the entire 291 break up you want.

**Karan Bhatelia:** Right. Got it. Thanks. That is, it from my end. I will join back in the queue.

**Moderator:** Thank you. The next question is from the line of Deepan Sankara Narayanan from Trustline Investment Solutions. Please go ahead.

**Deepan Sankara:** Hello good evening, everyone. Thanks a lot for the opportunity. So firstly, in the opening remarks you mentioned that there is some increased regulation for FMCG and pharma





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sector to put more information on content production so any deadlines mentioned for this sector when this could be implemented which could be a key driver for our growth.

**Shiva Kabra:** You might have seen that recently we have to print like the price per gram or price per 100 ml of something like that so that has been sudden thing which they increased the amount of information to be printed so in some cases where people were changing the pack size they have to use the printer to print this information. The second situation was regarding the pharmaceutical industry where there were some regulations where they had to trace their product through the supply chains, through QR codes in the full track and trace system where we have supplied a bit but that has been delayed by the government. The regulation has not been withdrawn. It was originally for this year I believe in August. It has already been postponed. I do not know exact details of when it has been postponed to, but the pharmaceutical industry is strong, but it has been postponed but it has not been withdrawn.

**Deepan Sankara:** Okay. So Q4 growth there has been a good improvement in gross margin, but EBITDA got impacted because of sharp jump in other expenses so what is the reason for that sharp jump any extraordinary involved there.

**Jaideep Barve:** So, if you look at the other expenses as a percentage of sales, we do not have much of increase, but we can look up to that particular segment as a necessary improvement in the coming years.

**Deepan Sankara:** So, this run rate will continue.

**Jaideep Barve:** Well, we can always look at cost optimization which will definitely add focus on to the next year so we will have better margins in the next year in that.

**Deepan Sankara:** Okay thanks a lot and all the best.

**Moderator:** Thank you. The next question is from the line of Harsh Beria an Individual Investor. Please go ahead.

**Harsh Beria:** Hi congrats on a good set of results this year. In your presentation I think on a slide it was mentioned that new products have been introduced for industrial and non-industrial verticals, can you talk a bit about these new products?

**Shiva Kabra:** So these are more specialized applications where we fine tune some of our existing products or employ some technologies for some more specific type of applications for more for steel marking, more for certain things in the wood sector or the plywood sector so this is when



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people want to do something beyond the standard so what we are doing is we are doing coding in mark specific if you look at this batch numbers, date code, expiry date, MRPs and stuff but then a lot of customers also rely on some branding and of course for their track and trace for printing QR codes and tracking their bar codes and tracking their dealers through the supply chain so on the branding front for a lot of customers they are looking at different option which is to print may be multi colour and they want higher resolutions and they want better quality of codes and so on. We have got some different products that we have been working on developing. I will say it is like a very nascent stage of the sales part but obviously what happens is if someone is spending I am just giving an idea so obviously Rs.100 printing so what I can do is I can rely on volume growth or I can try to go back to the customer and offer him something better and maybe he is willing to pay Rs.200 for that also so we work on both fronts so our idea was to see if we can up sell also to some of the existing customers so maybe they are willing to pay for more per print.

**Harsh Beria:** So, this is in line with what we have been doing like building a software team to track a supply chain and giving customized services to end customers, so this is kind of line with that.

**Shiva Kabra:** So that is part of track and trace thing and that we are developing and we actually had some more success on that front in the recent past like I said mainly more through the pharmaceutical industry requirement so that of course has some different aspect that the software aspect that we are working on and of course we combine the software and the hardware and also all the other things so it is like a single point of contact for the customer but I am talking more on the printing side only like with the printers part giving some more options to the customer so where they feel their products stands out more in terms of the branding that we do.

**Harsh Beria:** Got it. Can you talk a little bit about your Sri Lanka operations. How it is doing right now.

**Jaideep Barve:** With the Sri Lankan operations we have regrouped our team over there and the sales are not on very high growth but some sales are happening and week on week we are experiencing new sales both in consumable goods as well as in our spare parts and we intend to review the situation again and prior to employing new people both in the sales and the service and try to revive operations in much more focused manner going ahead.

**Harsh Beria:** And my last question is on inventory. It is commendable how much we have done on optimizing the inventory in the past few years. What is the optimized inventory base for our business?



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**Jaideep Barve:** See inventory will obviously depend upon some timing also if you look at the print lot of the purchases happened in the last 15 days of March 2023 in this year so which you will find a substantial increase in the inventory as compared to the previous year otherwise it is line with whatever the cost of goods that you are having to the sales.

**Harsh Beria:** For reaching our target of 400 Crores in standalone sales so you can do this with 70 to 80 Crores of inventory.

**Jaideep Barve:** Because of some many tensions like Taiwan and China tension or the Ukraine-Russia tension so the global supply of key components like board and circuits and all the chips that was quite constrained so from a risk mitigation point of view we try to build up the stocks so that we do not fall shortage of anything and we keep on delivering our printers to our customers based on the orders.

**Harsh Beria:** Perfect. Thanks for that clarification. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Ashok Shah from LFC Securities. Please go ahead.

**Ashok Shah:** Thanks for taking my question. I am very thankful for excellent performance. Sir in the presentation we have started that we are serving 2,500 pin codes so how many pin codes pending to be served and already 70,000 printer we have got installed base so can you throw some light on how many printers of competitors are in market and also do we know some data about our competitors or there are not giving data or it is not available for us.

**Jaideep Barve:** See our three competitors are closely held subsidiaries of the foreign counterpart so very little information is available in the public domain about them so they are private entity so not much of information we can get about their operating statistics.

**Ashok Shah:** So is it safe to disclose so much data from our side because we may be facing some competition over the data to our competitors.

**Jaideep Barve:** This data what we share is not a confidential data. Whatever we can restrict we are restricting.

**Ashok Shah:** And Sir during the quarter how many new customers we acquired.

**Jaideep Barve:** In terms of customer, we cannot say but during the quarter we sold about 950 odd printers.



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**Ashok Shah:** Any specific new company we have added towards the supply or something like that because new customer is most important because that could help us to grow in future substantially via new addition.

**Jaideep Barve:** See we have got blue chip clients or the customers who keep on giving businesses because they increase in size but yes to answer your question, we have made a foray into new customers and that is what I can tell you on this call. We cannot disclose the names of the customers or the kind of volumes with them.

**Ashok Shah:** And sir one suggestion last three AGM was held virtually so currently physical AGM is allowed please hold AGM physically if possible. Thank you, Sir.

**Moderator:** Thank you. The next question is from the line of Rajneesh Behl, an individual investor. Please go ahead.

**Rajneesh Behl:** Good afternoon and congratulations on a good set of numbers. So I have two to three questions one is like what is the current market size of the printers and how much is our market share and second you have told that you have kept some cash for further acquisition so it will be on the printer side or will be diversifying to some other sector.

**Shiva Kabra:** I am going to answer this question. The thing is we are in the coding and marking business and basically that is sort of subsector of digital printing and one of the reasons of the Markprint acquisition is we want to get into some more higher end applications in the coding and marking space or it is beyond coding and marking, it is sort of undefined sphere but you can say it is like a higher end version of coding and marking and that is definitely a diversification that is happening. Yes we have spent on the acquisition to do and of course we are also beefing up our own internal development capabilities to meet up some of those applications. We have diversified in the packaging sector where there is an overlap of our customers and this is through the V Shape joint venture and we have diversified into the track and trace which is an integration of our printers all the way down into the software and also we are now working on fine tuning so essentially what we are doing is we were providing traceability to the customer and now we are actually working on dissolving customer issues so which could mean inventory control through free flow. It could mean preventing the diversion of goods from one area to another area. It could mean dealer incentives or other type of incentives that are managed through the system and so on, and of course to get in touch with the end customer and to resolve the issue the size of course so there are diversifications which are related to our core business but I would not say like they are major diversification in the end, we are just selling more solutions to the same set of customers but yes it is a diversification, all three would be considered whether you are



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talking of the track and trace and providing a full solution, whether you are talking of getting past coding and marking into more higher end digital printing type of solution or whether you are talking about the packaging industry the specific V Shape opportunity that we have started. All three of them are diversifications and strictly defining would be hard but not exactly our card.

**Rajneesh Behl:** Got it and how big is the total market size and what is our current market share for our current business and how big is the market for coding and marking space.

**Shiva Kabra:** We are number four in the industry. We are still number four but the gap between us and the number three player is quite small, at least on a standalone basis. We are a little bit less than them but not that much less so the four of us the mine would be about 40 to 50 Crores in sales the four of us. The total market will be 1800 and 2000 somewhere there.

**Rajneesh Behl:** And how about the coding and marking space market size.

**Shiva Kabra:** That is what I said. The four of us combined would be about 40 and 50s is my rough estimate give or take like 50 Crores or plus minus and the entire market would somewhere between 1800 plus.

**Rajneesh Behl:** Understood and coding and marking space before this high technology business and this operating margin will be higher than your current business or would be similar margins will be there?

**Shiva Kabra:** I did not understand that question. Could you repeat that please?

**Rajneesh Behl:** The operating margins for coding and marking space of business will be similar to your current business or will it be higher?

**Shiva Kabra:** But we are in the coding in marking space.

**Rajneesh Behl:** Okay and another question is on the V Shape business. When do you think the revenue for this business in this financial year or next financial year?

**Shiva Kabra:** I am expecting to have some revenues in our joint ventures this year.

**Rajneesh Behl:** Okay and in last concall you said you are going to bring some technology from the Mark Print BV to the Indian markets, so what is the status on that and how big market we can



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capture through mark print business line, because it is different from our current business line?

**Shiva Kabra:** Yes, so that is a delay. I had mentioned earlier, we have just about got first set of printers from there and now we will be running it some customers and lots of customizations, we need for the Indian market, obviously the cost needs to come down, frankly it has been slower than what we all expected, but it is still moving for all the operator, it has been much slower than what you are expected, more teams on their side and our side, there is not that much extra manpower available or resources and bandwidth available to focus on every single thing to do. I am hoping that the coordination is much better this year and we at least have more of a developing this year and then start getting benefits from the next financial year.

**Rajneesh Behl:** And last concall you said you have been invested some more money in marking, so you already invested more money, or you are yet to invest that money?

**Shiva Kabra:** So, they already have a pile of cash with them. We were looking at it to grow further and that is something we need to discuss with them, but they do have financial resources themselves and also a surplus cash balance on their side. Jaideep, if you want to add some specifications.

**Jaideep Barve:** Marking works from healthy operating margin, the net profit margin is a 15% so they have got good enough cashes at the moment to augment their operations, but in case whatever they need, if they want to expand it to European markets or the American market will be obviously there to help them out in case substantial thing coming out.

**Rajneesh Behl:** Thank you for your answers and the last question, you have surplus cash on books, are you thinking of any buyback for the like tax efficient purpose?

**Shiva Kabra:** We mentioned that the board will be looking at different things and we talk above that 50 crore limit of we did do an acquisition so we wanted to do that of course in case there are other things in dimensional thing is called then we will talk about that also so obviously like I said it was a more decision what to do, but if there is an excess cash on the books and there is no capital investment or acquisition, we will return that.

**Rajneesh Behl:** Thank you very much for the detained answers and I wish you the best of luck for this financial year.



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**Moderator:** Thank you. We have the next question from the line of Pawan Kaul from Compound 26 Capital. Please go ahead.

**Pawan Kaul:** My question was around the fact that you mentioned that the industry is an early quarterly industry, so how difficult or how easy is it for you to kind of source customers and what is the decision-making process for a customer, when they are procuring these printers?

**Shiva Kabra:** So typically customers tend to stick to one or two suppliers that are established and what happens is that if they have some new requirements that is normally when they look at somebody else, everyone occasionally has some problem with their service and supplies or rather not their supplies but their services and printer performances and at that point of time if the customer experiences downtime then they will look at changing. In general, the single most important decision making factor for customer is what the perceived reliability or the actual reliability of the product and the service, so what they want is, they want the product, they want these printers to work and they do not want that their line goes down at any cost because of our printers or this type of coding and marking so that is the single most important decision making fact and on a second note yes, the market sort of or the customer sort of perceive the four of us as available and they do not want to do experimentation.

**Pawan Kaul:** A lot of these printers' kind of off the shelf or are there a lot of customization built in because you mentioned earlier than the price point is between Rs.1 lakh to Rs.4 lakhs to each printer, so would it be mostly?

**Shiva Kabra:** Yes, this is the range of printers, but they are largely off the shelf, the inks change in case to case, but the way we install it on the line is what really changes from every customer to from one, so like I said we have a range of printers, we have six different lines of printers and in that we have like multiple printers or different models for different so we have like a range of products just like you have air conditioning and you will have Window AC and Split AC and Cassette ACs and VRF type ACs or whatever and whatever depending on what the different people require, so I guess it is something like the similar situation here, we have a range of products but there is a sort of standardized products and then the way we install it on the line. The inks that are there again to somebody even mentioned right in the beginning about the capacity but we have like about 50 to 70 different types of inks that we sell so there is no capacity it is more about a technology barrier and yes there is a capacity of course but it is not difficult for us to increase capacity, because we already have that set up and so running eight hours a day we can just run 10 hours a day, so create the ink, qualify the ink on our printer to make sure it runs reliably to make sure that it is stored for 12 months and even if people forget to use it and then the 13<sup>th</sup> month and it still works perfectly for those all different like much more difficult things to do, so that it works.



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**Pawan Kaul:** And when you look at in terms of planning your production schedules, what kind of visibility do these customers give you, is it like three months, six-month visibility that you have on your order book?

**Shiva Kabra:** For the ply is more like x stock like is a customer's expectation or unnecessary specialty and then we tell the customers that for these things we will only make it to order and then the customers know but the standard 20 to 30 should be available x stock and the printers normally ER customers expect everybody 4 to 12 weeks for delivery depending on the situation, depending on the type of product or depending on whether it is a project or it is just like a replacement and some various factors.

**Pawan Kaul:** Understood and last question. Which is in the fact that it is in oligopoly industry and only four players so what do you think would be the value to entry in this industry or is it easy for anyone to kind of set up operations in this industry?

**Shiva Kabra:** So I think reliability and perceived reliability is most important things obviously first the person needs to have a technology of a high level and what I am saying is like we provide, we measured our time we were given like 99.4% something of time, the gap between us and say like some of the Chinese, the other types of guys have reduced and some of the other people also have good products, but you cannot just provide the uptime through the product, the product, the service, the space, the expertise that they build over generations even if two engineers leave, you have to replace them without losing a beat and so on and so forth in that given area so it is about having that entire system, so in the sort of customers basic feeding is that I like you as long as I do not have to call you because some things are going wrong, so that is probably the customers think about us, obviously there is a technology barrier and then the second thing is I do believe if you ask me personally I think that it's not high value enough for customers to frankly care about and explore multiple alternatives outside us, because it is a small part of budget so it is not going to over think about this is what my personal view is, so once they feel that they have got like say two suppliers that they believe, sometimes they are not even interested in third or fourth one so even that sometimes a challenge for us because if some customers already satisfied with Domino and Markem-Imaje they might not even consider us or Videojet until they want to replace one of these two because they are not happy in between and the same for us in above cases so that is the sort of situation that it is like a minor thing, it is not like a major cost or a major production cost by any stretch of the imagination or the cost of a product, it has a limited bandwidth also unless the printer does not work and the line stops.

**Pawan Kaul:** Understood. Thank you so much for taking my question.





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

**Saket Kapoor:** Thank you for the opportunity. A couple of points on the balance sheet part. Please explain this goodwill account of Rs.10 Crores? This has been generated over the last year, last year it was Rs.48 Lakhs and this year Rs.10.21 Crores. Secondly Sir we have also seen this manufacturing and operating cost line item going up from Rs.1.5 Crores to Rs.3 Crores, so this is only in commensurate to the revenue from operations or what should we look into it?

**Jaideep Barve:** So, I will answer the first question first. The goodwill has come is in the consolidated financial statement and it is basically coming off of the acquisition what we have done in Netherlands that pertains to that entity, so it is marked in for goodwill which we have taken care is a consolidation account for Control Print BV.

**Saket Kapoor:** So, the Netherland acquisition, what are we holding at the equity percentage in Control Print BV

**Jaideep Barve:** Control Print Limited holds 100% of the shares in Controls and B.V. which in turn own 75% shares in Marking BV, Mark Print BV have started out its operation in 2015 and in the position of their existence from 2015 onwards, they had goodwill in their books of accounts, this is of which it has been transferred to our books and accounts.

**Saket Kapoor:** This will get amortized whenever what should be the end use of this? How is this line item going to be

**Jaideep Barve:** As per their accounting policy, they are saying it is going to be for 10 years and I would imagine it is about six to four years to go for that.

**Saket Kapoor:** More six years?

**Jaideep Barve:** Six years more.

**Saket Kapoor:** Okay, then this will flow to the P&L part or only the reserve?

**Jaideep Barve:** It will go to the P&L plan part.

**Saket Kapoor:** Right, so there will be an impact on the P&L on the consolidated numbers going ahead?

**Jaideep Barve:** At the consolidated numbers.



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- Saket Kapoor:** This year, there is any impact of the sale?
- Jaideep Barve:** For the consolidate numbers?
- Saket Kapoor:** Yes sir, on account of goodwill amortization?
- Jaideep Barve:** If you look at the schedule you can see it.
- Saket Kapoor:** It is a goodwill amortization expense is totally to Rs.15 Crores for the year, it is same as it was last year.
- Jaideep Barve:** Yes.
- Saket Kapoor:** So, there is no such impact.
- Jaideep Barve:** Let me come back to you.
- Saket Kapoor:** Okay. Shiva Sir, I think so it is the increase in the consumable percentage that now we should be looking forward with the installed base talking to 17,000 number now, so the growth drivers would be the increased consumable only that should be the key number that we as investors should be looking going ahead, that should grow from here the percentage in the revenue mix?
- Shiva Kabra:** Saket ji, I definitely agree with you, but we send the printers to several consumers, so we cannot, it is not depending on us right, at the end of the day, the customer decides how much he wants to print, once we supply him the printer so we have no choice in that.
- Saket Kapoor:** Correct, in the Innovative code part, how is performance of that subsidiary, how are they performing the printers, their work will be aligned to our Indian operation so what is the update and any investment we are going ahead with the innovative also?
- Jaideep Barve:** So Innovative has about Rs.8 Cores of revenue this year and if you add up depreciation then in fact it is ending in a cash profit, a minor cash profit though about Rs.30 odd lakhs but then that company has got a good potential to grow, so the next year the turnover is about Rs.13 Crores for them.
- Saket Kapoor:** Okay, Rs.8 Crores is what we got from innovative and from Mark Print BV, the Netherland one what was the turnover?
- Jaideep Barve:** Rs.9 Crores from there.



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- Shiva Kabra:** Its contribution to the bottomline? I think mark print was only from July, right?
- Jaideep Barve:** July 5.
- Saket Kapoor:** Correct Sir, it was not for the full year and impact on the bottomline Sir?
- Jaideep Barve:** Impact on the bottomline is Innovative ended in no losses and bottomline if you can look at it is about Rs.2 Crores of additional amount.
- Saket Kapoor:** This is for the Markprint one?
- Jaideep Barve:** The Markprinter as well, Rs.2 Crores of additional amount.
- Saket Kapoor:** For the depreciation part, I will get back to you later if you want, I will get connected. On the V Shape part this would be only the equity, the benefits will be pertaining to the shareholders only in the form of the profit that will be generated in the JV so operationally we would not be consolidating any numbers from them. It will be only the performance the equity part that will come into play?
- Jaideep Barve:** Are you talking about the V-shape JV?
- Saket Kapoor:** V-shape JV part.
- Jaideep Barve:** V-shape JV got incorporated March 25, 2023. So, for six days of time, there has been no financial transaction in the particular company.
- Saket Kapoor:** Correct, next year sir, will it be only a below the line item wherein we will be getting the profit or the loss number as JV contribution or the topline, so all the numbers will flow to the topline?
- Jaideep Barve:** Shiva you want to take this question on the V-shape thing?
- Shiva Kabra:** You are saying that will it contribute to the topline or the bottomline?
- Saket Kapoor:** Will it flow to the topline part, or will it be a single line item, just as have been come with the contribution from JV?
- Shiva Kabra:** That is a consolidation question, it would be up to you in order to I really do not know. I am assuming that it would be consolidated in our statements, because we own 100% right now,



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it will be 90% then 70%. I believe more than 51% something then we consolidated, I am not sure.

**Saket Kapoor:** What is the business plan for this year?

**Shiva Kabra:** We have just started this business, we are marketing, it is looking promising, but it is too early to say. I think there were some questions on the coding and marking business and I said it is difficult to predict down the line and we have been doing business for years something new it is really difficult for me to predict.

**Saket Kapoor:** I was speaking about the royalty part, when is the royalty percentage revision due and about the product launch in terms of the IOT printers?

**Shiva Kabra:** Our contract with KBA is till 2026, so the royalty percentage should remain the same for 2027 or something, but at least for the next few years it is the same, so I do not foresee the percentage of the royalties changing up or down and of course as the percentage of non-CIJ business increases that is substantially royalty free if not entirely royalty free, as a percentage of revenue the royalty should decrease slightly, but as a percentage of CIJ business, it remains the same and at least possibly for the next few years because our partnership is doing well on both sides and we are happy with it. The second question again if you could just repeat it Saket ji.

**Saket Kapoor:** Yes Sir. On the internet of things type printers, the printers of IOT based?

**Shiva Kabra:** So, in all our printers which are new automatically, the LAN cabling or the wireless or something is enabled. Wireless we tend to use less because it is not totally reliable in continuous communication, so if you need to have a controller separate and this intelligent printed we just have to send the message once and the printer can continue then it is useful if we need to continuously send our data off it back and forth then we do not tend to use RS485 but it is already there in most of our products as each generation comes out we keep updating user interfaces, other features so on and so forth.

**Saket Kapoor:** Any further update on the Videojet case and the liberty chemicals, the land part, anything you want to share or the status?

**Shiva Kabra:** Nothing, no movement. It is really quite stagnant to be honest.

**Moderator:** Thank you. We will take the next question from the line of Naysar Parikh from Native Capital. Please go ahead.



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**Naysar Parikh:** Thanks for the follow up, just a couple more. One is that the pharma and F&B side when we are trying to obviously grow, how are those verticals doing for us and are you seeing any more traction over there?

**Shiva Kabra:** I think it has been doing fairly good like dairy has become a pretty big industry for us from operating minuscule industry and of course we put a lot of focus on that. Pharmaceutical, we have not had that much traction, now because of the track and trace and the fact that we give our entire solution end-to-end, we are seeing some more on the track and trace side rather than just selling printer side, we think of some more traction there and personal care, we have always been strong in for some reason without being strong in the food, beverage and pharmaceutical space, so the personal care we continue to do well if not do better and food outside of dairy is a little bit of black spot or whatever, when we are working on different things it is improving, of course we see is like food and all but actually it is very sub-industry or specific application type thing that is there so for us bakery will be very different from dairy which would be very different from ready to eat, so each thing is there, but it is gradually improving as well.

**Naysar Parikh:** And building products would be how big for us like what percentage will be building products for us roughly?

**Shiva Kabra:** It also depends how you define, what is there, is cable and wire part of building products, it is like pipe part of building products, so thing is construction such a broad category that it depends how you define it, cement part of building products something else, what I am just saying that something you have to understand obviously our definition of what these construction materials and it could be different from your thing and Jaideep, now you can answer that question.

**Jaideep Barve:** Basically, for the building material what I would consider is that cement, steel or the plywood or the construction material, laminate even the pipes use, so all of these if you put together, we have made moved like into this kind of industry which is the building segment industry.

**Naysar Parikh:** Then what percentage of revenue that would be?

**Jaideep Barve:** Our revenue is queued all over the segments, there is no major concentration, I can really pinout to anything, we do not have a major concentration of business except for the pipe industry, there is about 17% but other more or less everything is like for sub 10%.



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**Naysar Parikh:** Understood. Okay and generally I think last year we have done around 1.4 lakhs for printer if you look at like consumables, spares may be all put together, so going forward how do you see that number shaping up and are you looking at any price increases or are you seeing competition take price increases on the consumable side and do you think that we could see some price pop in FY2024 or in general how will that 1.4 lakh number shape up in your sense?

**Shiva Kabra:** It is not possible to predict anything, because like I said we had undertaken some price increases and I do not know 1.4 lakhs reflects that or not or to what extent but the thing is that we have got a basket of products that number sort of quite misleading because if I take all printers do not give out the same amount of business corporate and we said for proprietary stakes we do not actually disclose the business or the aftermarket business per type of printer that we receive, again because you are aware that some of our competitors so it depends on the mix or the basket of products that we are selling, because we are selling a lot more non-CIJ products especially the Thermal Inkjet and a lot of them I use to print on the cartons so what happens when you say if you make a pack of cans and then the core cans and then packed in a carton and we are printing on the carton so the cotton printing is maybe a large number of Thermal Inkjet specially and that tends to have less business for printer because although the print is quite large, you also have less cartons as compared to the primary product, so the secondary printing like that can change the mix a little bit slightly downward but the price increases or the other things have shipped to slightly, it is a bit in balance but it is really difficult for us to predict and we cannot target it because the target is to increase the overall volume of install based business rather than you can look at the specific averages which means we said what we can sell as easily as we can sell it rather than get obsessed with maximizing those averages.

**Moderator:** Thank you. The next question is from the line of Karan Bhatelia from Asian Markets Securities. Please go ahead.

**Karan Bhatelia:** Jaideep, other manufacturing overheads in this quarter are Rs.16 Crores which is slightly higher compared to any other quarter or any other year, so what expense this, which expense has gone up significantly?

**Jaideep Barve:** You are talking about not the manufacturing overheads or talking about other expenses, right?

**Karan Bhatelia:** Rs.16 Crores for this quarter?

**Jaideep Barve:** Yes, this is other expenses, right?



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- Karan Bhatelia:** Yes.
- Jaideep Barve:** Other expenses basically, the reason is if you look at the expenses as compared to sales, the ratio is much the same.
- Karan Bhatelia:** I do not see that because the ratio is somewhere at 19%.
- Jaideep Barve:** 14% if you take it on sales basis.
- Karan Bhatelia:** How is this possible, other expenses 19% of sales, if I take Rs.16 Crores on Rs.84 Crores it is somewhere at 19% compared to much lower numbers for any other quarter historically, so just wanted to understand which cost element under his basket has gone up significantly?
- Jaideep Barve:** It is basically about the same as compared to sales it is more the same thing. We are looking at your better economies, better rationalization of the costs, which will definitely go down in the next year. I am seriously concerned that if you are counting at 16%, how did you arrive at 16%?
- Karan Bhatelia:** I am arriving at 19%.
- Jaideep Barve:** Basically, you have added, grouping of expenses?
- Karan Bhatelia:** Yes.
- Jaideep Barve:** The answer is sales, but there exists sufficient, opportunity for us to optimize it much better way so actually do our margins in the next year also.
- Karan Bhatelia:** That is correct that is going ahead right.
- Jaideep Barve:** But if you look at percentage of sales, there is not much of difference.
- Karan Bhatelia:** Okay and on the mask business I believe for FY2023 the total yearly sales is not more than Rs.5 Crores, Rs.6 Crores. So how do we take this business going ahead any outlook on that?
- Jaideep Barve:** We cannot plan right, anything depends upon the COVID situation and the government initiatives in getting the disposable mask so this is quite things depending on the health awareness and the conditions favoring, so at the moment we do not have much ever visibility on that, but at the end of the day we just pure hygiene factor, the use of mask like started so wherever possible we have got six customers like Amazon or somebody



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supermarkets, they keep on ordering it so unless there is a major pandemic coming and we cannot have any visibility.

**Karan Bhatelia:** And we have capitalized the entire investment we made historically?

**Jaideep Barve:** Yes, we have capitalized it and then we have depreciated also.

**Karan Bhatelia:** Thanks for the detailed answer. Any closing remarks Jaideep, Shiva anyone?

**Jaideep Barve:** We would like to thank all of you for supporting our company and encouraging us and we will keep on doing better and we hope to see you in the next quarter which is the first quarter for 2023-2024. Thanks a lot.

**Shiva Kabra:** From my side also thanks to everyone. I think a lot of great questions are coming up, it is good for us to get a lot of points of view. Like I said there are some things it is difficult for us to project or predict we do not avoid doing that I know that frustrates some people and some things we cannot share very detailed information because our competitors are not obliged to do so and we do not want to be back forward to them for certain reasons and as far as some things like I said we have got a longer term viewpoint when it comes to a lot of strategic initiatives like whether it is the V-shapes or digital printing or the track and trace, we are looking at over, when we are looking at these types of investments, so we are really looking at whether this would benefit us in 2030 or something like that so I understand there is a lot of questions and of course we are also looking at whether we are going in the right direction, but in general we have got a slightly longer view on things because we want to do we want to make sure that we are able to execute in the longer term it is not short-term driven so just an idea because I know that there has not been as much movement but some of these things as what everyone would want but we have a different sort of timeline in some of these cases mentally obviously limited amount of bandwidth so maybe that is what something we need to improve upon. Thank you.

**Moderator:** Thank you. Ladies and gentlemen on behalf of Asian Market Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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