

February 04, 2026

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

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

Ref: Transcript of Q3FY2026 Earnings Conference Call

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

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, read with para A of part A of Schedule III thereof, please find attached Transcript of the Conference Call with the Investors / Shareholders of Control Print Limited ('the Company') fixed through Kaptify Consulting held on **Friday, January 30, 2026 at 02:00 P.M. IST** on **Q3FY2026** of the Company.

Further, the said Transcript will be made available on Company's website at www.controlprint.com.

This is for your information and record.

Yours faithfully,
For **Control Print Limited**



Murli Manohar Thanvi
Company Secretary & Compliance Officer

Place: Mumbai



Control Print Limited

Q3 & 9M FY26

POST EARNINGS CONFERENCE CALL

January 30, 2026 02:00 PM IST

Management Team

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

Call Coordinator



Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, on behalf of Kaptify Consulting Investor Relations team, I welcome you all to the Q3 and Nine Months FY26 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 risk and uncertainties. Also, a reminder that this call is being recorded.

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

Jaideep Barve: Yeah. Good afternoon everybody. My name is Jaideep Barve, and I work as the Chief Financial Officer of Control Print Limited. Welcome you to the earnings conference call for the third quarter of FY '25-'26. At the outset, let me wish you a happy and prosperous 2026.

We appreciate that you have taken off time from your busy schedule to attend this call. Mr. Shiva Kabra, the Joint Managing Director of Control Print Limited also joins me on this call.

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

So let me provide you some highlights of the performance of CPL on a standalone basis for the third quarter of FY '25-'26. On a standalone basis, the total revenue till Q3 is approximately INR322 crores, which is a good growth from approximately INR280 crores till quarter 3 of FY '24-'25. Just for information, the total revenue for FY '24-'25, '23-'24 and FY '22-'23 was INR395 crores, INR347 crores and INR295 crores respectively.

Regarding the operating revenue, this is INR109 crores for the third quarter. Corresponding period of FY '24-'25, this was INR94 crores. Coding and marking represents 92% of the business. There has been a

steady growth in the coding and marking segment. Pipes, food, healthcare, dairy, steel and metal, cable and wire continue to be our top performing business verticals. We are market leaders in cement, plywood, sugar and dairy. The business outlook remains bold for the track and trace division in FY '25-'26. We have developed new solutions and acquisition of new customers has been another plus point.

We are getting good traction in the co-packing activities in the packaging division. A pipeline is also being generated for new machines, laminates and co-packing.

The mask lab has now been re-established into a safety division along with masks, hard hats, ARC fast shoes, helmets, gloves, blankets etc. were also sold this quarter. On a standalone basis, the cost of goods sold is around 41%, 42%, 43% of the operating revenues in Q3, Q2 and Q1 respectively. Just for comparison, for the entire year of FY '24-'25, the COGS was approximately 42%. That said, we remain committed to optimize the procurement costs and also look closely into the economy efficiency and effectiveness of operations. This we feel can definitely lead to reduction in the operating costs thereby increasing the gross margin.

Manufacturing costs are approximately 2% of the operating revenue. In the earlier periods, this was around 3%. Employee costs are 19%, 16%, 18% of the operating revenue in Q3, Q2 and Q1 of this year respectively. Depreciation is 4%, and this is in line with the previous periods. Other expenses are 14% of the operating revenue in Q3. On an annual basis, this has remained steady at 13% to 14% in the previous periods.

Overheads will also be closely tracked with an aim to increase the overall profitability of the company. The EBITDA growth is at 21% Y-o-Y. PBT excluding the exceptional items was at 35% Y-O-Y growth. The PAT growth was lower at 19% due to higher tax provision in this quarter.

The way forward, we wish to consolidate the existing coding and marking business. We would like to increase the install base, provide more robust solutions. An increase in prices has already been implemented. We want to develop new solutions and capitalize the available market opportunities in the track and trace segment. Similarly, the packaging business, both in India and overseas, will be closely monitored and the emphasis will be towards increasing machine sales, co-packing and the laminates. The overseas subsidiaries will definitely

be continued to monitor with focused growth targets. We have already provided them business plans and they have been asked for execution.

I will now leave the floor open for questions. We will be happy to address them.

Moderator: Thank you, sir. We will now begin the question-and-answer session , All those who wish to ask the question please use the option of raise hand. We will wait for a moment till the question queue assembles.

We will take the first question from Mr. Saket Kapoor. Please go ahead.

Saket Kapoor: Yeah. Namaskar, Jaideep ji. Namaskar, Shiva sir. And thank you, Kaptify team for hosting the call. I hope I am audible.

Moderator: Yes, Saket.

Jaideep Barve: Yes, Saket. Yes, Saket, we can hear you.

Saket Kapoor: So Shiva sir, firstly, if you could just explain to us, all the investors, how have our foreign subsidiaries and the consolidated results, performance? What factors have again led to these lower profits on consolidation? And what's the roadmap ahead for you? And I'll just come up with follow up once you start answering.

Shiva Kabra: So, last time I said that, we should have a lower loss in this quarter and almost like a breakeven in the Q4 in our foreign subs, mainly the Italian one. You know, Codeology and Markprint are like combined about breakeven. So it's not that important. And what's happened is that we had, you know, we've come up with a new model, a new machine, a new packaging machine in Italy. But -- okay, so what happened in the past, I'll explain it to you.

It's a long story. The reason why -- a lot of these machines were sold in the past. And I think that the quality control and that, you know, getting from a 90% machine to 100% machine takes a little bit of more effort. So what happened is we didn't want to make or repeat the same mistake. So we're using more of a Control Print style of quality control and working out here to make sure the product is extremely reliable and robust. Because if that doesn't happen the customer's not going to have the confidence to take the production on it.

So we've not been able to execute orders or like besides one machine or something, I think in the last quarter, this Q3 and Q2. So, because of

that, we have a little bit of a backlog. So it would have -- the numbers would have looked better if we were able to execute the orders and hook the revenue and then have got the profit. So now we are almost, like we're pretty much through the machine. We've got that first one out, we've got the second one. For the first time in Italy, I think we're making two machines which are exactly the same. And if this happens, and hopefully we should start actually executing a few of the orders we have, which will help make the numbers in Q4 and maybe Q1 of financial whatever this '26-'27 better.

So I'm expecting that it's not like we're not on target, but there's some execution issues, where we as a company -- and obviously for us, the technology is first, and then comes all the other aspects of it. So as we do that, I think that we're going to get a much better result going forward. So and it's so like, I think the results are slightly worse than the reality. But like I said, it's not like we're not losing money, but we should have been losing less money than what we were.

So I don't think we're too far off our guidance. I think I had said something like a INR1 million something, maybe it's more like a INR1.5 but we're not, we should do better.

Saket Kapoor:

So to just understand it, it is the lower absorption of cost, fixed cost that has resulted in these lower profits on a consolidated level and going ahead with the dispatch of the machinery, which is there in the order book and already ready to be dispatched, we will be seeing better operating numbers. This is a correct understanding, sir?

Shiva Kabra:

Yeah, that's correct. That's correct. So I mean, I can also tell everyone, see, we have like about an INR800,000 Euro R&D cost. This is like the direct R&D, people are just assigned for R&D only, and something else. So there's also other expenses associated. So if you, if we actually, whatever R&D they're going to do is going to benefit us globally, because those same products are available for sale in India and Asia Pacific, and you know, maybe in the future, North America and other places.

So, I will say that it's also because we expense all R&D, we don't capitalize anything. Because this is what we do in India. And I think Jaideep may be better. So, I do think that also, and I don't want to make an excuse that it's an accounting style or anything. Because we've followed this for a very long time. So I think -- but it's also making the Italian performance look a bit worse, because they're not portioning the cost of their development to the other areas where the machines are

being sold. So that's where the difference is. But the technology is benefiting Control Print worldwide, if you understand. So the technology they're developing is benefiting Control Print worldwide, but all the costs are being apportioned to Italy. So, it's also making them look a bit worse than what they are.

Moderator: Thank you, sir.

Saket Kapoor: Yeah, I will join the queue for the follow up. Thank you, sir.

Moderator: Yes. I request all the participants to limit your questions to two per participant. We'll take the next question from Rushikesh Bhise. Please go ahead.

Rushikesh Bhise: Thanks for taking my question. And congratulations on good set of the top line numbers. So my question is to Mr. Shiva Kabra, we spoke in July, wherein you said that the gross margins were impacted due to the higher raw material costs in the packaging business. And at that time, you had said that you're doing some R&D wherein you are trying to crack something wherein -- which can help you in some cost saving. And that could lead to better gross margins. So now when we see the numbers, the gross margins have actually become better for the consolidated numbers, but then the EBITDA has actually gone down. So I just wanted to know, like what exactly is the scenario over here?

Shiva Kabra: Yeah. So to answer your question, what the situation is as such, we're still working on development of the single polymer recyclable material. It's now under final trials. That's also one reason the machines are being delayed, because the machine needs some modifications to work with this material. It doesn't work at full speed, but it at least gives us an option of recyclability. So as a result there are also like I said, partly machines are delayed. Now, we are purchasing the materials from elsewhere and selling it, reselling it, as per the customer's requirement. And definitely when we manufacture the material, it will be cheaper, but also we have no focus on the recyclable material.

So the margins have not changed much in this meantime. If anything, with the euro going up or something, I don't know exactly, something or the other. It might have slightly increased, our prices would have slightly increased, but with a slight lag. So I don't know if -- I don't know till now if there's any benefit of all of these things. I think it's going to take another four months, because we have some pilot line that we're starting in Nalagarh, which we'll shift later. So the line itself will

only be delivered in March and probably by the time it's commissioned, it's going to be like April or May.

So, it's more of a pilot line, but we'll still be taking some production out on it. But it will be relatively cheap to operate. It's just a lower volume, but we're talking about our volume, it will still work.

The second question you had, what was the margins? And then you said something about the EBITDA, slowed down the EBITDA. So yes, there is a question that's there and Jaideep and me are looking at very closely, because both the other expenses and the employee costs have increased sharply. I know some part of the employee costs or something like gratuity and some provisions or something that has been made, which Jaideep will give you a better read on that. So that's some part of the salary cost. But even if I take that out, there is a salary -- there's a significant employee benefits cost increase. And the second part is that the other expenses have also increased. So we're actually taking a look at both of them quite closely. Jaideep, I don't know if you've got that number somewhere in this presentation.

But so, yeah, so the gross margin, okay, it's sort of dipped to 58.1% from the previous, but I wouldn't give it too much importance right now. What I think is that the most important thing is that both the cost increase, the other expenses and the employee benefit expenses. And now I said like, I said that some part of the employee benefit expenses was some sort of increase in some sort of provisions, which Jaideep will tell you.

And then the bigger part of the cost is there's some major part of the cost is an increase in the employee benefit cost. So we need to really go deep into that, to be honest, to understand what's -- where all these things have happened from and how this came about. And then the other expenses also increased. So on both of these things, Jaideep is doing a deep dive. So, maybe Jaideep can answer that question.

Rushikesh Bhise:

All right, that's quite helpful. Essentially, broadly, you're trying to say that at a gross margin level, the projects that we were -- trying to say it's yet to be fruitful. It is going to take like another four months to another reflected into the gross margin, if I'm understanding it correctly.

Shiva Kabra:

Yeah, it will take four months to introduce the product. And then obviously, once we introduce that and our cost of manufacturing is significantly lower, then obviously what we are importing from Europe is basically much higher than what we get from here. So it will

definitely make the margins better. But what's important is the volume of the business should increase, in the meantime, for which the machines need to be placed and work perfectly. So I think that that's also, so both things are important, but the margins will improve in the packaging business as a result of manufacturing locally.

Rushikesh Bhise: All right. Thank you so much. That's very helpful.

Moderator: Thank you, Rishikesh. We'll take the next question from Vikram Hirawat. Please go ahead.

Vikram Hirawat: Hello, everyone. Good afternoon. My question is to you, Mr. Shiva. So, this is more product related. I was wondering if laser printers pose any significant risk to the consumable business. Now I'm aware that Control Print does manufacture laser printers, but they don't -- from my assumption, they don't really have the same sort of recurring revenue from consumables. Because once you supply that, there's no ink that goes into laser printers. And I'm aware that certain industries are, for example, the pipe industry is now using laser printers for marking solutions. Is laser printer a threat to the consumables business or to the inkjet printers?

Shiva Kabra: Yeah, so if I can answer that question, the lasers have been around for about two decades now. And I don't deny that, at least what I've seen in the 90s, or even in the late-90s, they started especially in certain high speed bottling lines and certain things. So they have some fundamental limitations. And I'm going to go through this. So this is technical. So, the first thing is they don't work on all materials. Okay.

The second thing is they don't give a contrast. So for a lot of people who want a branded type of print, they're not going to get a contrast. So like you said, when you print on a pipe, it won't give a contrast on it if it's a LLDPE drip or HDPE drip irrigation pipe. What it'll do is like an engraved print, which doesn't work for most people's branding.

The third issue with, for our own purpose, in terms of the laser business, it's a different model, because there are less people, so the cost is less, because you also need less of a service thing. But there is also an AMC element to it. And the lasers have a life of about five years. So what you do is the frequency of replacement of the laser's more -- or more frequent.

And there is like an IBE in terms of maintaining the fume extractors and changing the filters of the laser and doing some other things. So there's

a lot of direct consumers more for service type of a contract and a spares contract that for the services and spares that you're selling. And then the life of the machine being a bit less, you keep replacing the machine every four or five -- I mean, of course, in the pharma industry and other things with a low usage, it might even be seven, eight years, but fundamentally, in most companies, you replace like every four or five years.

So from an earnings perspective, it's not that much different to us. But yeah, there is an element in both things. But the most important thing that the lasers don't work on everything. There's a big safety issue with lasers, specifically when you mentioned pipes, or all chlorinated compounds or halogenated compounds, iodine, bromide type compounds, chlorine, what will happen is the moment you use a laser on it, it will create a chemical reaction on the surface. So it will, for example, release chlorine gas at that point of time. And the chlorine gas will attack someone's throat and eyes and also convert into hydrochloric acid by reacting with the moisture in the air. So both things are very dangerous.

Now, in India, so if you look at the laser, fundamentally, it's a class 1 safety that's around it. It comes under some IEC rules, I've got all the technical details, but I'll have to explain later. So the laser needs to be completely enclosed. It releases a whole bunch of small micron size fume particles when you print. So we capture them with a fume extractor, but still some are released. Now what happens is like abroad, what we've seen is that the laser is growing, but it's not increasing because in a lot of lines, people find it a struggle to enclose the entire line.

So if I have a form fill seal machine, or even a pipe machine, where the laser's there, it needs to be enclosed completely. It needs to be that if the safety is open, the entire line is interlocked. So the laser will switch off at the power level itself, and the line will stop and so on. So in India, see, none of these things are being followed, even though we are also part of the same rules. So I don't know what's going to happen. But in general, like when we talk to the larger customers, and I agree that even they look at other people. So I'm not sure what's going to happen. In general I will say that even the so called big companies out here don't follow the same sort of safety norms that they in their own markets of Europe and America or something. But I think they're more cognizant of these issues.

So I think even as awareness grows, these things will happen. So in the pharmaceutical industry, again, when they have a lot of particles out there, it's in a clean room environment. So they have issues of using lasers. So there are pluses and minuses in this whole situation. So a technical question of what you're asking, but fundamentally, whatever we're seeing abroad, in Europe, in Japan, in America, and of course, also in India, that the Chinese guys are very aggressive in using laser for everything without any safety measures or any thought. But elsewhere in the world, people are much more circumspect, they're cognizant of the safety issues, and the technical issues.

And the other thing with the laser specifically on some materials, it will, because of the thermal energy, it sort of engraves into the material. So when you have certain thin materials, or where the barrier property is very critical, it will also cause pinholes in that material. So like I said, there are multiple issues.

We also in the packaging industry, and people are being forced to use more recycled material, even though nobody's doing it right now. But that's going to happen. So what happens is recycled materials behave differently than the virgin materials. So when you print on the recycled material, you might not get the same print quality, might be much more uneven. So there are various pluses and minuses in this whole aspect, but I think laser will keep increasing at a gradual rate. I think for us in our business model, it's not really an issue.

But I don't see from your fundamental question, I guess it's been around for a long time, unless there's some method of overcoming, especially the safety issues, and then the issues in terms of contrast on the material, there's no -- I don't see it ramping up very fast.

Vikram Hirawat:

To sum it up, you're saying that you this is not -- for now you don't really see a big threat to the fundamentals of the business. And also, there's some sort of industry risk or substrate risk. And you cannot really apply laser to every particular product is what I'm trying to -- it's what I've understood.

Shiva Kabra:

Yeah, so the laser is restricted, definitely to certain products where it's there. Like I said, certain people specifically, because you mentioned pipe, I've answered that. I'm seeing in certain places, people can use the laser, but it has safety issues. So some people are still using the laser. So you can use it on LLDP drip irrigation pipes, for example, but you can't really use it on any of the PVCC, PVCU, PVC, or any of the chlorinated pipes. So I'm just trying to say that there is an element to

the whole thing. On a LLDP drip irrigation, or HDP pipe, when you do it, you need a lot of energy to get a small engraved print.

Now for a lot of customers who want to brand their product, the contrast, they want much more contrast and visibility. You get my point, because if it's just for internal traceability, that type of print is fine. But if you want that the customer should know that it's a Supreme Pipe, for example, and see it and you want a great logo, or whatever then you need to have a high contrast print on it, which you can't get with a laser.

So what I'm saying is, there are multiple issues in the laser adoption. And therefore the laser has picked up slowly. In China, it's picked up faster, because in certain cases, a lot of cases, most cases, they're ignoring a lot of safety-related issues around the laser. The safety regulations are already in place. And obviously -- but it's still, even in China the coding market has not decreased. It's just maybe a higher percentage of lasers has happened. But the rest of the market, even including the CIJ market is still growing, or at least stable.

Vikram Hirawat: Okay. All right. I think that's -- you've answered my question. Thank you so much.

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

Ansh Khimavat: Thank you for taking my questions sir. Sir building on the previous participant's question, just trying to understand as to where was the delta in the gross margins and the employee cost? Can you just throw some colour on that? Also on the other expenses?

Moderator: There is a lot of background noise.

Ansh Khimavat: I'm sorry, can you hear me now?

Moderator: There's background noise.

Ansh Khimavat: Just a moment. Is it clear now?

Moderator: Yeah, better now.

Ansh Khimavat: Yeah, hi. My question was regarding the decline in gross margins and the increase in employee costs and other expenses. Can you just throw some colour on that as to where have we seen the delta over there apart from the gratuity and the other provisions that we've made? There

seems to be a considerable movement in the employee costs per se. So that would be my first question.

Shiva Kabra: Jaideep, please?

Jaideep Barve: Yeah, hi. I think I'll take this question, Ansh. So what's happened is that as you rightly said, the employee costs have risen in the Q3 as compared to the Q2. And that is basically a result of adjustment of provisions. So you are aware of the new labour code, which has been mandatorily applied. So since 21st of November, now we are under the new regime of the new labour code.

So as per the mandate given, we have to absorb all the past service costs also. So we had a major impact because of the gratuity provision. And also we made some kind of staff incentive provision. So that's the result why like the staff costs, the employee costs have risen. Other expenses are on the higher side. But definitely we are looking at more cost control measures, like basically business promotion expenses or travel expenses have grown as compared to the past quarter.

We would like to concentrate more on the control aspect. And definitely we'll try our best to get a reduction on this and optimize the cost. So in the Q4, we'll make sure the results are better in terms of the overheads as well.

Ansh Khimavat: But sir, in your note 5, you have said that there is no material impact on the new labour code. So there seems to be some kind of mismatch over here, sir.

Jaideep Barve: I'm not getting the last, Ansh.

Ansh Khimavat: I'm sorry. I'm saying, sir, in your note number 5, to notes to the accounts, you have mentioned that there is no material impact because of the labour code. So I'm just trying to understand as to then...

Shiva Kabra: A couple of crores. It may be increasing in terms of the delta, but it's not a material impact on our overall results. Do you understand what I'm saying? If we're saying like the increase is -- what I think is -- because I don't know what the exact numbers are again, but I think that the employee cost increased by something, but okay.

So about a couple of crores was the provision is my approximate idea.

Ansh Khimavat: It increased by INR5 crores.

Shiva Kabra: Its part of the delta, like he said, but it doesn't explain the entire delta. That's what I said before. But if you take out that amount, then the delta looks less, but it's not material now overall results. I mean, you have to be honest about that.

Ansh Khimavat: Okay. And sir my next question would be on the impact on the India-EU FTA. Where do we see ourselves placed because of this? And do we see the foreign players being able to enter the market per se, and being able to take our share in the market? Can you give some colour on that as well?

Shiva Kabra: I can't hear you clearly. Could you please repeat this again?

Ansh Khimavat: I'm sorry. Is it better now?

Shiva Kabra: A bit better now. Yeah.

Ansh Khimavat: Yeah. I was just asking regarding the India-EU FTA, do we see any foreign players entering the market post this FTA? Do we see any kind of movement coming from Europe in this space? Do we see anyone taking our market share, taking our business from us? Can you just throw some colour on this?

Shiva Kabra: It's absolutely of no consequence either way. It may make our exports a bit cheaper. I don't know actually what the duties were previously on stuff from India to there. The three main competitors, B2J, Domino and Markem-Imaje are all manufactured in China primarily. And then Domino and MI have an assembly line right at the end for Europe. So they get the entire kit and they get like a sort of CKD or SKD or something and they just assemble it here. But since none of the three are manufactured in Europe anyways to begin with, none of the imports are going to come via Europe. So I don't think that fundamentally anything changes.

And more importantly in our business, like I said, it's a sticky business because most people have a printout. Everyone is competitive. The service network needs to be there. Everything else needs to be there. And those are, I'd say the most important critical factors for people to be successful in this business. So I don't think we are going to benefit much. I don't think we're going to in any way be impacted definitely negatively. We're not going to be impacted negatively. I don't think it makes a difference to our three key competitors. Yeah, I don't see this, I'd say not really having an impact on our business per se.

Moderator: Thank you, Ansh.

Ansh Khimavat: All right. Thank you.

Shiva Kabra: One year down the line, if it happened before, it could have helped a little bit in that the packaging machines and the packaging materials that we import from Europe would become a bit cheaper. But by the time I think this FTA is ratified, we'll already have all the production of the packaging materials. I don't see it being useful in that aspect.

Ansh Khimavat: Okay, sir. That's all. Thank you.

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

Vinit Thakur: Hi, sir. Good afternoon. Thank you for the opportunity, sir. I actually wanted to know a couple of numbers. So what would be our segmental performance in volume, as sales volume? What would be the sales volume of printer and installed base for nine months?

Jaideep Barve: So Shiva, I can answer this question. The printer sales for the nine months are a little over 2,100 printers. And our installed base is about 22,000 plus printers.

Vinit Thakur: And sir what's our revenue breakup by region and by segments?

Jaideep Barve: So within the coding and marking, we have four different streams of revenue. So one is the printers, the other is the consumables, then the spares and the services. So the breakup for the Q3 is 18%, 58%, 7% and 15%.

Vinit Thakur: Oh, thank you, sir. And sir, what would be our opinion about the Europe operations? When can we see a reversion of EBITDA margins?

Jaideep Barve: Yeah Shiva, You want to take this question?

Shiva Kabra: Can you just please repeat that question.

Vinit Thakur: I wanted some clarity, sir, since we were doing '23, '25 and '24 and FY22 to '24. And since Europe, we have fallen down to around 19%, what would be -- when could we assume we could get back to the original margins or we would stop bleeding money in Europe operations?

Shiva Kabra:

So I think, okay, I mean, I cannot say anything to everyone, but like if I look at it on a standalone basis, which is what is more important for us, the standalone basis carries, like I said, the track and trace business is breakeven. It might even be making money, depending on how we apportion the overhead. It's making money -- I'd say on a marginal basis it's profitable now.

The packaging business, even in India and Asia, is loss making as of right now. And obviously, in Italy and stuff like that, we have a much bigger losses that we are taking on that account. Now there are three different businesses fundamentally or four different businesses. One is a coding and marking. I'd put the digital printing in that. That's like one business. That is still growing. The profits are there and the margins are consistent and the profits have increased. Although we are still doing a breakup exactly of where the other expenses and the employee benefit expenses have increased, but we believe that the business has grown further in profit, in line with the revenue, if not more, okay.

I don't want to give the exact breakup because we're not providing it in the presentation. But fundamentally, that business' grows margins and revenue -- there's revenue growth of, I don't know, like 14%, 15% or something of that sort in the standalone business. Some part of it has come from the packaging and the track and trace, which have grown faster, but from a much lower base. And that business is a profitable business. And the margins are increasing because our costs are not increasing that fast. But we're doing exact check up, because the other expenses is something that we are confused about, because we've not looked at in that depth.

From the employee costs, I can say most of the employee costs which have increased have increased in the packaging business, maybe the track and trace business and the other things, and especially international business. Now, as the packaging business ramps up in volume, like I said, we get past some of these technical niggling issues, which we believe we've resolved and we're able to execute the orders in this quarter and the next quarter, it's a slightly lengthy process because even though the machine is now fixed, the customer still has to come to the factory, do a factory acceptance test and all these other types of things, which is a bit of a different, longer drawn out process as compared to what we do in our coding and marking business, where we just -- it's like a ready-made product and we just ship it.

So my view is that as the packaging business moves up in terms of revenue, and I do believe that in Q3 or Q4 of this financial year, this coming financial year, even in Italy, it's going to be breakeven. And in India, it will be profitable, hopefully by Q1 or Q2 of next year -- no, Q1 of next year. So I think as that happens, and the losses of the packaging business come down, even if we're not making money, the standalone and the consolidated will sort of merge. So my gut feeling is that if you can make as much money in India in the packaging business as what they may lose in Italy in Q1 and Q2, at least we'll be sort of on a breakeven basis on the overall thing.

And then we'll see a sort of homogenization of the standalone and the consolidated. And then the margins across the board will be quite similar. And then obviously the longer term plan is that the packaging business will grow and will be profitable in and of its own. And so will the track and trace business, I definitely expect them to contribute significantly to the bottom line in the coming financial year.

So if I looked at the business and I sort of x-rayed and I looked at different segments, then I think that the core coding and marking business is still as profitable on a gross margin basis, surely. I can say that. But I think even if -- because we've not done that deep dive and apportioned the expenses perfectly between the businesses, but even if -- from whatever I can see from the employee point of view and other direct costs which are measurable for us, it has grown in profitability. It has grown in percentage margin in an EBIT basis. It has grown.

Vinit Thakur: Thank you, sir. And one last question.

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

Vinit Thakur: Okay, we'll rejoin.

Moderator: We'll take the next question from Shubham Jain. Please go ahead.

Shubham Jain: Hello. Am I audible?

Moderator: Yes, Shubham.

Shubham Jain: Sir, my question would be, if we are operating in an oligopoly market itself and we have so much of unutilized capacity, why has our market share remained or capped at around 20%-odd? Is it the barrier to taking share from Videojet or Domino a matter of technology or is the lock-in

of consumables at the competitor side stronger than what we could have anticipated in the past?

Shiva Kabra: Oh, Shubham, can you hear me clearly?

Shubham Jain: Yes, sir.

Shiva Kabra: Yeah. So, I mean, I think this question has been answered in many concalls. Fundamentally, it's a very sticky business and we have actually grown our market share slowly over the last few years. But because it's a sticky business, it's difficult for the competitors to take our customers and for us to take our competitors' customers. So it happens, but it's a bit of a slower business. But technology-wise, I think we've got the best product stack right now, definitely.

Shubham Jain: So, what could trigger a market share increase, let's say, hypothetically?

Shiva Kabra: So definitely one of the gains we've had is more like in our non-CIJ products and where, especially the Thermal Inkjet and the Piezo where we've gained market share. So as technologies change, like some earlier person was talking about laser. So sometimes people are more open to using someone else's CIJ and then a second supplier's laser going forward or a second person's thermal transfer or Thermal Inkjet. So, I think that's one area where we feel maybe that's some opportunity to gain market share. And the second is to just continuously perform a bit better and just taking these small market share gains because they're very profitable.

So, even though the market is growing at 10% and we're growing at 14%, that's still quite profitable for us. It's -- because an extra 4%, 5% is -- yeah, it's a lot of money.

Shubham Jain: Right. Sir, and the second question would be, we are running some pilot projects with Pharma cos. And what is the typical gestation period from, let's say, pilot to getting a full scale rollout? And what could be our potential, let's say, value addition in top line and bottom line, if you could, from that, if you could just...

Shiva Kabra: I cannot answer the top line and bottom line part, because it's all hypothetical. But right now, the pilots are sort of over. But there's a lot of negotiation going on right now. Some contractual elements to the negotiation, it's not just a commercial negotiation, there's also legal aspects to it. So we are in the process of trying to finalize those deals. But it's one of those things that we have to go carefully because it's --

this is not a regular type of a sale of product. This is a patented technology we are giving and there are certain restrictions in what the customer expects us to do and what we can provide and so on.

So I think, given that we have two of the top 5 or 10 customers in India and in previous thing, so, I think we have closed it now to in the finalization stage, commercial negotiation stage. But we are trying to close that hopefully in this quarter.

Shubham Jain: Okay. Sir lastly, what is the...

Shiva Kabra: It'll be soon. It'll be soon. But like I said, there's a little bit of back and forth, because both people have given it, us and our customers have also given to their legal teams just to make sure. So when lawyers get involved, everything slows down and it costs a lot more money.

Shubham Jain: Okay. Okay. Thank you, sir. I'll join the queue.

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

Nitin Grover: Yeah. Good afternoon, sir. My question is for Mr. Jaideep Barve. I hope I'm audible.

Jaideep Barve: Yeah, you are. You are.

Nitin Grover: Okay. Okay. Thank you for that. So, first of all, congratulations for an impressive growth in the top line, okay. You have published the numbers. I'm sure you can throw some colour on the significant increase that we are seeing in the employee cost. Okay. I think you did mention that some part of it relates to the change in the labour codes and another is on account of the increase in the provision on the side of incentive, right? Just wanted to understand what is the policy that you are following in terms of making a provision for incentive? Are you making an upfront provision for incentive before the sales happen? And because of that, there is a mismatch because the increase is quite significant. When I look at the numbers, it is a 28% increase in employee cost over last year and 22% over the previous quarter. And it is definitely impacting the overall profitability that we are seeing for Control Print for the third quarter. Okay. So, yeah, thank you.

Jaideep Barve: Yeah. So Nitin, I would like to address your question this way. See, incentives are always a result as of like a planned structure process. So we identify the employees who need to be incentivized. We also have

sales incentives policies. We've got incentive policies for the service managers plus we've got incentive schemes for the back office team. So as and when, I mean, for the people where the results can be quantified like sales and services, I mean, everything is calculated. For the others where it is more of a non-quantified basis, what we do is that based on our experience and based on the performance, we prepare a list and we get it approved and then the provision is made according to that.

Nitin Grover: Thank you for that. See, your overall employee cost is like 23% of sales. I am looking at the consolidated numbers. Do we expect a similar percentage to continue as we move forward?

Jaideep Barve: See, we are definitely looking at optimization of not just the employee costs, but we are also looking at optimization of even the cost of goods sold and the other worlds. So definitely, we will see some kind of a good improvement in the periods to come.

Nitin Grover: Okay, fine. Thank you. Thank you, Mr. Jaideep. I appreciate it. Thank you.

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

Prateek Jha: Yeah. Hi. So sir, my question is, like could you share some guidance on the printing core business? What kind of industry growth do you expect over like, let's say, three to five years? And how do you see your company growing in that period? Also, if you could, like, give us some colour on the track and trace business, how you see that evolving?

Shiva Kabra: Yeah. So Prateek, to answer your questions, now specifically looking at the coding and marking business, it's going to grow at 10%, 11%, 12%, depending a little bit on the Indian economy, like we're assuming that India is going to grow, so like 6%, 7%, and then coding and marking is going to be like 1.5 times that and so on. And we've been doing a bit faster than that. We feel that our product portfolio is better than the competitors. So we will continue growing at that.

Right now, considering our line-up and everyone else's line-up and our edges compared to everyone else's, for the next year or two, I think like, because I can't predict five years down the line, but I'm sure we'll grow at the market. But maybe in the next year or two, if we still maintain our product edges in, the thermal engine and the PSO and certain other things, we may be able to grow it faster than the market, like about 15%

growth rate, according to me, give or take, a couple of percent here or there.

And obviously, if we maintain that edge, which we feel we've got a strong -- organization is strong, everything, maybe we'll maintain that 15%-ish growth rate for a longer period. Like I said, it's going to -- there is a technical element to it, although I know I said that it's very sticky. But you know, it's also -- there's a technical aspect to it also. The product does matter.

The second part of the thing was the question regarding the track and trace business and how it's evolving. So, I said, like I said, it's already a few hundred crores, like Jekson, ACG, those types of people are there. We're coming with a slightly different strategy. We're doing some more plain vanilla stuff right now. Now we've sort of finalized certain elements where we should be able to go for more high value added business. And for us, it's more of a fusion of the track and trace into something which is going to give much more business intelligence to the customer, rather than just meeting a compliance requirement. Because anyway you have to meet the compliance, but how can we sort of connect that to resolve some of the customer issues?

So first, let me try to conclude those two contracts, let's try to conclude them and roll them out. They're pilots, they're big pilots, like the pilot has to be commercialized now. And if that happens, we'll be busy with that anyways for quite a long time. And then we'll have to see what the market reaction is and whether -- what we believe we're providing the customer as a benefit, what the customer believes he's getting, if he's getting it, the market is big. And if he's not actually -- the theoretical benefit versus the practical benefit is not there, then yeah, we'll still sell stuff, but then you might not grow at that same rate. So, it's very difficult to say.

We're making a technology platform play in both the packaging business and the track and trace business and digital printing. So they're very different from the coding and marking business, where it's a very established platform and everyone knows what they're getting.

Prateek Jha:

Thank you, Shiva. Just a small follow-up question.

Shiva Kabra:

So it's difficult to predict is my point because these are like, they can be hockey stick type of growth or they can just not take off. It's very difficult for us to predict.

Prateek Jha: Just a small follow-up question on track and trace. So, as of now, the demand that you are seeing, is it purely from the compliance perspective or you are also seeing companies doing it by themselves? The reason I'm asking is that I've seen a couple of organic players, they are putting QR codes on their products so that you can see that from where it's been, the exact factory it is coming from and etc.

Shiva Kabra: Yeah. So those are all like children's things. No. So the reason is the compliance. So, there's a thing called L1, L2, L3, L4, L5, which means, when L4 and L5, the information that you print is connected to that of the regulators, and people down the line in the supply chain and so on and so forth. So what people are printing a little QR code or a thing and it's leading to a website link, that's just basically a little bit of marketing type stuff that they want people to go onto the website and claim 10% and get his information or something.

But no, what the pharmaceutical companies are regulated or the top 300 brands or something of the sort is regulated and for these customers, it's a regulatory and a compliance matter. So they don't have any -- so they have to comply with the norms and even in the export segments in some countries, there is a requirement of this. So fundamentally, like it's a compliance-based business. And then we are trying, which is our strategy, that if you're doing the compliance, and we're getting so much data, we're printing so much data, why can't we do more things on top of that and really resolve some of your burning issues.

So that's what our fundamental take is, but it's a compliance-based business in pharmaceutical. Other people are doing it. Those are like, not, these are not mission-critical applications, I'll put it that way.

Moderator: Thank you, sir. We'll take the next question from Trushank Jani. Please go ahead.

Trushank Jani: Yeah, hi. Thanks for the opportunity. Sir, earlier you mentioned that we've taken price hike on our printers. So are we the only ones who have taken a price hike or our competition has also taken a price hike and whether these price hikes are to match the commodity inflation or should this price hike result in any sort of gross margin expansion?

Shiva Kabra: I think, Jaideep, you can take that one. But it is more not on the printer so much as the materials or the consumables and the services. And it was just lagging from our side. We had -- there has been some cost increases, my belief, but I think Jaideep could answer this better. Jaideep? I think maybe he's gone off the call.

Trushank Jani: Sure, I'll ask my next question. I've recently met a company who had a packaging solution similar to V-Shapes, but it was not V-Shapes. It was some Chinese supplier. So I wanted to know if you're aware of any such Chinese competition there in the market and how does our patent protect us against such competition?

Shiva Kabra: Yeah. So, the patent protection is quite fundamental. There are two companies that are there in this business. One is Easysnap, which was founded by the person who's founded V-Shapes. And that uses an older patent. Now that patent itself is being violated by the Chinese companies. And they do have a patent in China, but someone needs to go to China and sue those people and so on. And it's not easy to do that with a small Chinese company, because the guy will shut it and his brother or sister will open a new company or something.

So we'll have to go after the customers or something of that sort. But we don't have any, to be honest, real presence in China. So we don't know how to get all this stuff done. We do have patents in other countries. And we are not afraid to take legal options. So for a large customer out here, employs one of those machines, we're not afraid to go to court. Now the Easysnap patent will expire.

Trushank Jani: In terms of those printers and as well as the per unit price, how would that work with us?

Shiva Kabra: Finish this thing on the packaging machine. Now if the Easysnap patent will expire at the end of the year, so the Chinese people will be able to copy that type of machine. It has fundamentally some limitations, which is the reason we purchased V-Shapes because we figured out that this technology is going to have a benefit. And we have a patent still 2036 in all major jurisdictions. We've also filed a whole bunch of patent extensions and different types of patents to cover like packing powders in our format or using the single polymer like a homo-polymer recyclable material, for example, or switching to a paper-based material, which is more than 70%.

So we've also been filing a bunch of other or working on a bunch of other projects. So we expect that with an ecosystem of IP, things around this, it will make it difficult for people to get into the business because you cannot service all the needs of the customers and so on. So right now, the Chinese guys who are selling are fundamentally as of right now out of patent of the Easysnap. People are not copying the V-Shapes machine as of yet. It's more complex, much more complex to make.

They will copy it. Whenever they do, we will sue them, that's as simple as it is.

Trushank Jani: Okay. And currently, the Easysnap technology, which is there, how is it competitive in terms of pricing wise, say per unit sachet and the printer -- the packaging machine itself versus our solution?

Shiva Kabra: They're very similarly priced. The main difference is that Easysnap is running on an older technology. So the speeds are much lower. And also, because the way they cut the material without a shape, it's much more difficult to do that consistently. So the material tolerances have to be much lower. And if the material tolerances aren't perfect, and the setting of the machine is not perfect, then the chances of you making too deep a cut and the material leaking, or you're making too shallow a cut and the product not snapping increases quite disproportionately.

So, yeah, Easysnap is not the main issue out here. The main issue right now is for us to just grow the market. It's not a sort of, competitive situation. It's more of I think all customers know that our product is not superior.

Trushank Jani: Okay, I understand. Thanks. I'll get back in the queue.

Moderator: Thank you, sir. We'll take the next question from Samarth Singh. Please go ahead.

Samarth Singh: Yeah, thank you for the opportunity. Just a question on our cash flows. Assuming our packaging business breaks even and we're doing about INR50 crores of cash flow a year, how much of that were going to CapEx to maintain the 15% growth in the coding and marking business? And how are we thinking of the balance and plans to utilize the same?

Shiva Kabra: So I think, approximately what we depreciate, we spend about that much as maintenance and other types of CapEx. We don't even spend that much. But part of the depreciation is also certain things that we've invested in certain tooling, certain other things that we do. So I don't think that fundamentally, the CapEx is required. There is some CapEx that we are doing in terms of the development of the homopolymer for the packaging material, and its manufacturing and certain other things. But we don't expect either. We don't expect -- for our coding and marking, digital printing, track and trace business, there's no CapEx needed. The capital investment out here is the R&D, frankly speaking, and whatever projects we do on those fronts.

- Samarth Singh:** So but the R&D...
- Shiva Kabra:** The cash flow is probably higher than INR50 crores. I'm not sure what it is. Jaideep will give you a better number. But yeah, I think we continue to maintain that, I think.
- Samarth Singh:** So, the R&D is expensed, or is it capitalized? That's the first one. And the INR50 crores was from the presentation that you have posted for this quarterly results. So I got the number.
- Shiva Kabra:** So it might be on a consolidated basis, I think. Our standalone profits are higher. What's happening is some of that money is going into funding the losses and the other things of our subsidy, but Jaideep will -- Jaideep, are you here?
- Jaideep Barve:** Yeah, I'm there.
- Shiva Kabra:** Yes, if you can just answer this question about the cash flows.
- Jaideep Barve:** So Samarth, what happens is that R&D costs are expensed out in the books of accounts.
- Samarth Singh:** Okay.
- Shiva Kabra:** Yeah. Other expenses in the BSE filing, it will come under other expenses. Is this correct, Jaideep?
- Jaideep Barve:** Yeah. And regarding your question on whether any capital expenditure is required for the core coding and marking, I mean, there's nothing major as planned for the core coding and marking, which Shiva has also mentioned, because we are at the moment running at about 65% to 70% of our capacity. So we don't foresee anything like a major CapEx in the coding and marking.
- Samarth Singh:** So just to understand, so out of the INR50 crores or INR60 crores of cash flow, we are paying about a dividend of INR15 crores a year. What is the plan for the balance? Are we looking at more acquisitions or...?
- Jaideep Barve:** It's very early to say whether we are looking for acquisitions, but I mean, if we come across, we might consider, I mean.
- Samarth Singh:** Okay, thanks. And the second question was just on our expansion into the Middle East, who are the competitors there right now?

Shiva Kabra: So if I may answer that question, fundamentally this expansion in the Middle East is not really -- it's for a very -- it's a small type of setup that we're doing. It's not a major setup. So it's just meant to help service the customers that we already have in certain segments where we are very strong. So for example, you know, it could be in stuff like steel or something. So it's purely like about four or five people working for that entire market. And it's meant more to be in certain niche industries and applications where we have some like definitive technological advantages compared to our competitors and to sort of replicate the same across the Middle East and Africa.

So it's not like a heavy duty. We don't want to have like even 20 people that we are going to -- like we have like four, five people, I think, assigned to that area.

Samarth Singh: Got you. Thank you so much.

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

Nikunj Bhanushali: Hi, am I audible?

Shiva Kabra: Yeah, yes.

Nikunj Bhanushali: Thank you for the opportunity. So I just wanted to understand how are we standing today on the packaging business? So I think we have established a machine in India and we are trying to seed the market. So what sort of response are we getting from our customers? And what is the market telling us right now?

Shiva Kabra: Could you just repeat that again? I'm sorry.

Nikunj Bhanushali: So for the packaging business, the V-Shapes business, right, we have established it in India as well to seed the market, right? We have put up a machine and we are doing co-packaging for our customers. Is that right?

Shiva Kabra: That's correct.

Nikunj Bhanushali: Yeah. So what are we hearing right now from the market? What are our customers telling us and how is the traction there? And are we seeing any demand and any growth there?

Shiva Kabra:

Yeah, so I think what happened was, there is demand. We have more machines installed in India also. But all of them are not working completely because of some niggling issues. So what's happened is as we got more into the business, we found out more issues because what's happening is people want to take like 100,000 packs to test the market and see how the format is and to test everything. Now what happens in that given situation is that they have a lot of technical issues because we struggle to print that much in such small quantities and certain other things. So as a result of this whole thing it's been a bit strange.

But the market is good. It's actually quite positive. And I have no problems with the way the market is shaping up and it's definitely picked up in the last couple of quarters. Now we're really working on trying to execute the orders that we have, especially for co-packaging and get the guys who bought the machine streamlined so that -- because even they have the same thing that a lot of -- like those guys are exporting but then the customers they are not taking one product and continuously running it. They have a range of different serums and face creams and I don't know whatever stuff that they use. And it's a bit painful because we need to fundamentally provide for all of those different situations.

So to print it, to test each material, test the compatibility, do the stuff, whether you make a billion or you make like 10 pieces, it's the same amount of work for us. So to get the artwork to qualify that. So we've been working a lot on streamlining the process. We especially had a lot of problems in printing smaller batches and our turnaround times, because it takes three months for us to get something reverse printed and laminated and sent back. And most customers want everything in 30 seconds.

So we've been working a lot on streamlining our own supply chain because getting the machine installed and the stuff, getting the licenses, all those things was one part. But we were not so equipped maybe to get those quick turnarounds for a lot of customers. But the demand is definitely increasing both here and in Italy. So I think now the things are much more streamlined. Even our own team is a lot more confident that we can execute the co-packaging orders. And as a result, they are much more comfortable in taking a lot more orders. So yeah, that's what the thing is.

Nikunj Bhanushali:

Right. You mentioned four machines we have established, right?

Shiva Kabra:

Can you say that again, please? Can you say that again?

- Nikunj Bhanushali:** In India, we have sold four machines, right? Is that what you said?
- Shiva Kabra:** Yes.
- Nikunj Bhanushali:** Okay. And just in case of our acquisitions, how are each one of them doing? If you could share some numbers, like Codeology and Markprint, what are their nine month numbers?
- Shiva Kabra:** Jaideep, if you can help out on this, please.
- Jaideep Barve:** Yeah. So the nine month numbers for Codeology is like, they're picking up the business, in fact, but there's still something to catch up. So for Codeology, I mean, the entire consolidated Codeology Group, we are having a loss of about 147,000 pounds as of now. And for Markprint, I mean, it's a good position, though not a great position. Markprint generates profits. So we are not overly worried about that. However, the scale of business can definitely be improved for Markprint.
- Nikunj Bhanushali:** Right. Majority of the losses are coming from the V-Shapes, right, the Italy business?
- Jaideep Barve:** The major losses are coming from Italy. You're right, correct.
- Nikunj Bhanushali:** Okay. That's it from my side. Thank you.
- Moderator:** Thank you. Thank you, Nikunj. Sir, due to time limitations, that was the last question. Would you like to give any closing comments?
- Shiva Kabra:** I think we can take the rest of the questions, if its there. No problem.
- Moderator:** Okay. We'll take the next question from Moksh Ranka.
- Moksh Ranka:** Hello, sir. I just wanted to ask about your international subsidiaries.
- Shiva Kabra:** Sorry. I just wanted to say because, I mean, obviously, someone is waiting a while to ask a question. It would not be fair to not let them ask questions. So sorry about that. Please continue, Moksh. Sorry.
- Moksh Ranka:** Yeah. I just wanted to ask about our international subsidiaries. When is the turnaround expected for all our subsidiaries? And could you provide some more colour as to the current operations and or any other timeline for the turnaround there?

Shiva Kabra: So, Moksh, like I said, Codeology is profitable in their current business. Not massively so, not minorly so. They're just like a bit profitable because the UK market has been a bit down. The losses they're making are marginal. It's mainly because they are also -- we have asked them to invest in the V-Shapes business. And we are establishing a co-packaging and a full marketing setup in the UK also. And that's why they're taking some expenses for licenses, for other things and whatever to start off.

The marketing business is already profitable and we expect to not only to remain profitable, but to grow in profitability. And we're working on that. So we've got some great applications. There's some good stuff that we're working with them. Although Italy business is fundamentally what we're all talking about because that's the major loss-making entity. I mean, Codeology market is not really that relevant in terms of the overall factor, although Italian business is the main one. And I'm expecting in Q3 and Q4 of financial year '26-'27, they will be breakeven. And I'm expecting that Indian business in packaging will be breakeven at least in Q1 and Q2 and profitable by Q3 and Q4.

And so hopefully, I'm hoping that next year, the packaging business as a whole will be breakeven if I combine it across India and Italy and even the UK and so on. Does that answer your question?

Moksh Ranka: Yeah, yeah. That's it from my side. Thank you for answering my question.

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

Madhur Rathi: Sir thank you for the opportunity. Sir, I wanted to understand regarding the solution that we are offering in track and trace and how is it different from ACG and the other players because I understand none of these players manufacture printers as we do. So if you could just help us understand how is our strategy different, and can we do a partnership with the likes of ACG who do packaging and all by supplying our solutions to them?

Shiva Kabra: So that's a very good question. Our solution is quite different to what they're doing. Like I said, everyone is doing the compliance. The big players in that are ACG, Jackson and PharmaSecure and Optel, which is more of an international player. And we're also one of those guys who has the entire solution from L1 to L5 and we get entire compliance done. The difference between us and the other players is that we are focused

more on meeting the compliance needs like them, but also using our printing capabilities, our software capabilities and other stuff to offer a more comprehensive solution to those pharmaceutical customers, so they can tackle other business issues of theirs. I can't tell you exactly what it is.

Like I said, if we finish this negotiation and we roll out the pilot and I get a permission from the customer, I will make a presentation on this. Like we make a white paper and a presentation which we'll provide to everyone, maybe whatever it is. So let me just finish this thing. Hopefully, I will conclude everything and move ahead.

Madhur Rathi: Got it. And sir the second question was, recently there was a publication that your seed companies need to have a barcode and they need to have traceability on their packaging. So can that be an additional market for our track and trace solution along with our printers and the consumables that we provide?

Shiva Kabra: Definitely agrochemicals, including like pesticides and seeds, and also I believe to some extent fertilizers in the future are also going to come under this regulation. But what I know is like, I don't know if it's been notified, but not like it's been delayed or something has happened. So if you're saying it's official now. So people have started doing it, especially in the agrochemical industry for the pesticides. But I don't know if everyone is already executing. Obviously, if that happens, then the addressable market increases. But normally, in our past experience, the government doesn't mandate it and say you have to do it.

It's a different business. And so yeah, I don't know if the -- from what my knowledge is that the government has not mandated as yet. It's something that is supposed to happen, but delayed once or twice and you don't say like we're going to pull your product from the shelf. Past experience shows that people don't really -- but yeah, it will increase the addressable market for sure.

Madhur Rathi: Got it. Sir just a final question from me. Sir, how do we plan to scale up these labour applicators and the barcode scanners that Codeology produces in India? Because I suppose that there will be a lot of customer synergy, product synergy versus the printing solutions that you are providing.

Shiva Kabra: In fact, I'm in the Nalagarh factory right now, and the Codeology team is here and they've come specifically to give the training on the entire print and apply, manufacturing and setup. So it was a bit delayed, but

now we expect to really go ahead and move on it. So they will keep that, because you do it, you have some issues. And now we're ready for the second round of real training and manufacturing out here. So hopefully after this, we'll be in a much better position to actually execute and start selling the solution to customers rather than being a hypothetical tool in our kit.

Madhur Rathi: Got it. Sir, that was from me. Sir, thank you so much and all the best.

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

Rahul K.: Hello. Yeah. Thanks for the opportunity. Yeah, just a few questions from my side. So for the first one is like, I would like to understand on the standalone basis, right, this time, our EBITDA is lower compared to last time. Is it due to the product mix or something else? Because, yeah, our revenue is also like higher from last quarter. Yeah, that is my first question.

Shiva Kabra: So Rahul, this has been addressed earlier in this conference call. But Jaideep, if you want to repeat the thing.

Jaideep Barve: See, I'll tell you what, Rahul, I mean, as we've been saying, there has been an increase in the costs related to employee benefit expenses, as well as other expenses. And you've explained the reasons why they are and management is definitely committed to take a closer look and monitor them. And we hope for a better Q4 in terms of the margins achieved to optimize the costs.

Rahul K.: Okay, sorry, I joined a bit late. Sorry, if I have repeated the question. The second question is on the V-Shapes, right? So I think so last concall also I attended like, we were expecting somewhere around Q4 to breakeven on V-Shapes, if I'm not wrong, that was -- so like, now it is delayed. Sorry, if you have already addressed it. But if I can recollect, yeah, that was what was said in the last call.

Shiva Kabra: Yeah. So we said earlier that what happened was we had some slight technical issues in terms of being able to send out the machines. Because we wanted to, like I said, some minor improvements need to be made on the machine. And therefore, we couldn't really ship that many machines in Q2 and Q3. We've shipped one machine, I believe, finally. And in this quarter and next quarter, we should ship the remaining machines that we had like a few machines, like not a huge backlog, but we have a few machines that we need to ship out that will reduce the losses in Q4 and Q1 or help us do it.

So that will definitely help improve the overall performance. And at the same time, we're also getting a strong push in the co-packaging business. I won't say it's particularly profitable, it's more to help popularize the product and scale people up so that they start becoming machine customers and/or do the co-packing elsewhere with our package, and so on.

So I think from that perspective, it's looking positive. Yeah, and I said, I had given a specific guidance in Q1 and Q2 in India will be breakeven in the packaging business and profitable by Q3 and Q4. And in Q3 and Q4 of this coming year, I expect Italy to be breakeven. So there will be losses, but they'll be on a declining platform from now on.

Rahul K.: Okay, and one last question. Like, do we maintain the current like mid-teen growth, what you like projected in the earlier calls? So we maintain that guidance?

Shiva Kabra: Can you repeat that again, please?

Rahul K.: So I was saying, like, we projected mid-teens growth, right, in the previous concall. So do we like project that we stand on that projection, right, or do we have...?

Shiva Kabra: Right now, I think we've got the nine month figures and so on. Jaideep, I don't know but we -- like some 16% growth or something, something like that.

Jaideep Barve: Yeah, it's 16% growth, correct.

Shiva Kabra: So yeah, hopefully, we'll continue on a standalone basis in that zone or something. So yeah, I mean, for three quarters, and obviously, like I said, if the coding and marking market is going at a certain pace, and then hopefully, we'll be able to go faster than that. So we'll probably maintain that for this year for nine months. And of course, next year, we'll definitely see for next year.

Moderator: Thank you, sir.

Shiva Kabra: Okay, thank you.

Moderator: Thank you. Sir, since that was the last question, would you like to give any closing comments?

Shiva Kabra: Just want to thank everyone for participating and really appreciate your time. Obviously, I think a lot of questions regarding the gap between the standalone, the consolidated, and then because of some tax reasons, the PAT looks a bit poor. But we're quite convinced that the standalone and the consolidated will start merging in this coming financial year.

Jaideep Barve: Yeah, thank you so much, everybody. It was nice to have you on the call and keep supporting us.

Moderator: Thank you. Thank you to the management team. And thank you to all the participants for joining on this call. This brings us to the end of this conference call. Thank you.