Management: Revenues. On a standalone basis, total revenue in Q2 FY27 was approximately 134 crores. As of H1 this year, it was 241 crores. For information, the comparative figures for total revenue for FY 25-26, FY 24-25, and FY 23-24 were 460 crores, 395 crores, and 347 crores, respectively.

Regarding operating revenue, on a standalone basis, it was 131 crores in Q2 FY 26-27. As of H1, it was 235 crores. For comparison, this was approximately 100 crores in Q2 of the previous year and 202 crores in H1 of the previous year.

Coding and marking continues to be the most significant business segment. It contributes approximately 94-95% of total operating revenue. The business outlook for the coding and marking segment for the next half is exciting, with new customers being added to our portfolio. We are also in the midst of developing new technologies in printers, inks, and cartridges. Furthermore, we are hopeful of improving the contribution margin.

This particular segment has seen steady growth. Pipes, food, dairy, cable, wire, FMCG, steel, and wood continue to be our top-performing verticals. We are one of the market leaders in cement, plywood, sugar, and dairy.

The business outlook for our track and trace division for FY 26-27 is very positive. We continue to develop new solutions, and we have also acquired new customers.

We are getting good traction in co-packing activities in the packaging division. A pipeline is being generated for new machines for the laminates business as well as for co-packing activities. The management of this division is being strengthened, and operations are now being more tightly controlled.

On a standalone basis, the cost of goods sold was about 41.65% of operating revenue in Q2. Compared with the previous quarter, this was 42.32% of operating revenue. Manufacturing costs were approximately 2.26% of operating revenue. This is in line with earlier periods. Employee costs were 17% of operating revenue in Q2 FY 26-27. In the comparative period of the previous year, they were approximately 18%, and for the entire FY 25-26, they were approximately 19%. Depreciation was approximately 3.5% of operating revenue. This remains in line with previous periods. Other expenses were approximately 15% of operating revenue. In the comparative period of the previous year and for the entire FY 25-26, they were about 13% of operating revenue.

On a consolidated basis, operating revenue was about 144 crores in Q2 FY 26-27. Correspondingly, in Q2 FY 25-26, it was 112 crores. The cost of goods sold was 44% of operating revenue. Compared with Q2 FY 25-26, it was about 40%. Manufacturing costs remained at about 2-3% of operating revenue. These are in line with prior periods. Employee benefit costs were approximately 20% of operating revenue. Depreciation was approximately 3.5% of operating revenue in Q2, which remains in line with prior periods. Other expenses were 14% of operating revenue in Q2.

Management focus will now be on increasing revenue from the overseas subsidiaries. Obviously, we will also optimize costs in these overseas subsidiaries.

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Overall, management remains committed to optimizing procurement costs and also looking closely at the economy, efficiency, and effectiveness of operations. We feel this can definitely lead to a further reduction in operating costs and an increase in profitability.

The way forward for our company is that we shall consolidate the coding and marking business, increase the installed base, and provide more robust solutions. We have already implemented certain price increases. With a reduction in input costs and overheads, we feel that our profitability will definitely improve.

The track and trace segment is looking very positive. There are opportunities in both the domestic and international markets. We aim to capitalize on these opportunities by focusing on better marketing and sales strategies. We have a good pipeline of orders, and delivery will take place over the next 2 quarters.

We expect increased revenue in the packaging business, both in India and overseas. However, as I said earlier, we will focus more closely on the overseas subsidiaries. We have given them business plans and have strictly mandated them to execute those plans.

The floor now opens for questions from the audience. Thank you very much.

Operator: Thank you. All those who wish to ask a question may use the raise-hand option. In case you are unable to raise your hand, please drop a message in the chat window, and we will invite you to ask a question. We will take the first question from Mr. Madhur Rathi. Please go ahead.

Madhur Rathi: Sir, thank you for the opportunity. Firstly, I wanted to understand the consistent delay in the V-Shapes subsidiary breaking even. What is happening? Every quarter, you mention that it will break even in the next 1 or 2 quarters, and then it gets postponed. If you could help us understand this, and at what level of investment or losses do we expect to stop this subsidiary or shut down its operations?

Management: Madhur Rathi, your question was that, quarter on quarter, you would like to understand what exactly is happening with the V-Shapes business and when management would take a decision on the V-Shapes business. Is that right, Madhur? [pause] Vinay, are you audible?

Operator: Yes, sir.

Management: Yes.

Operator: Certainly. We will move on to the next participant, Keval Shah. Keval, you can go ahead.

Management: No, are we going to answer this question, or are we just waiting for a confirmation? What exactly is happening?

Management: No, we can answer the question because he is still raising his hand.

Management: Madhur, I think we have been very clear that, so far, this is more of an execution issue. There is no demand issue, and the scope of this business is extremely large. If we need to continue investing in development, from my perspective, I am happy. The more difficult this is, the bigger our moat is if anyone else wants to enter. Obviously, we have a patent moat, but in terms of

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the actual practical ability to copy it, it becomes more difficult.

Normally, it may seem counterintuitive to most people, but we like businesses that are very difficult to develop rather than easy businesses where we can enter and then have 4 competitors in no time. Such businesses become me-too solutions.

The demand for this product is there. Our execution capability leaves a lot to be desired, but things are improving. I know that this is not showing up in the numbers, but in terms of where we should be, or perhaps where we were compared with where we should be, we are definitely moving in that direction and improving on a year-on-year and quarter-on-quarter basis. There is progress happening for sure.

We are well aware of the return on investment and the other aspects, but as I said, right now we believe that this is still going to be a very lucrative investment for us.

Madhur Rathi: No, Mr. Kabra, if it is really such a great business, then it should show in the numbers because there has to be some endgame. Is there a defined period within which, if it does not turn around, we will think about divesting or shutting it down? Or is it like a government company where, no matter how much loss there is, it will continue indefinitely?

Management: No, Madhur, I think you are using the wrong analogies here. As I said on previous calls, to me, companies such as TCS or Infosys have run their businesses poorly because they missed the SaaS opportunity. They did not develop product software like SAP or Oracle, or even SolidWorks or any of these other types of products. They missed the AI opportunity and other opportunities.

At Control Print, we are taking a conscious decision that we want to invest. We are looking at long-term technology investments, and we want to have IP-protected products. Suppose there is a company such as Shaily Engineering with its injectable pen or something similar. I do not know whether it was developed overnight. If I look at Wockhardt, for example, the same situation occurred, where they spent years on new chemical entity development and it took a long time. Of course, we are not operating at that scale, but we are following a very specific thought process in which we want to develop products with a high level of IP and a certain moat around them.

There are wonderful companies such as Cosmo, Polyplex, Max Specialty Films, TOPPAN, and {? Parksons ?} in this type of packaging business. Those companies have a different type of USP, where it is about a certain type of manufacturing and their ability to scale it up. They can make relatively low-margin, cyclical businesses work, and they deserve full credit for that. However, that is not our core identity. Do you understand what I am saying?

We have a mature business that is generating cash and which we are running very well. We want to build 3 more businesses. One is the international aspect of our business, the second is the track and trace or QR codes business, and the third is the packaging business. We are willing to invest in these businesses and create sustainable, long-term, high-margin or high-return-on-capital-employed businesses as a result.

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That is the way we look at it. We do not look at it as though we are wasting money or doing something wrong. The question is whether the technology exists and whether that technology will generate a significant return. Today, by some logic, why should people have invested in the cloud when Amazon or Microsoft was developing it? I think the way American investors thought about it was very different. Today, people are investing in AI. Tomorrow, there may be companies such as Anthropic and Claude, OpenAI, and other companies. I do not really know anything about them, but they are all burning money extensively. Obviously, they have a certain belief that, ultimately, they will create a long-term franchise or something similar. Even Facebook was burning money for years before it became profitable.

They were thinking from a different perspective. The first objective was to create a business with a strong moat, and it was obvious that there was a network effect. I am simply saying that there are different approaches everywhere. If you are looking at a technology investment, I have to think differently. That is the way I look at it.

I look at the coding and marking business very differently. It is also a technology business, but it is mature, and we are seeing the results of that type of business. I have the option to create 2 or 3 businesses that will be larger and may generate better returns than this business. If it takes some time and effort, that is acceptable. Even in the track and trace business, we have invested more than 100 crores over the last 6 years. You do not see it because it is part of Control Print on a standalone basis. That is all it is. If someone asks whether we made the wrong decision, I will say no. It will generate a payoff. The product we are trying to develop is differentiated.

Management: I am taking a little time with this answer because I think the same thing might be a concern for some other participants. I want to be very clear again that this is a technology development process. It is more difficult in terms of timelines, optimization, pilots, and many other factors. I just want to say that, ultimately, if you are successful, you create something with an outsized, long-term moat, which can generate good value for shareholders, in my view. I hope that answers the question.

Operator: Thank you. Our next participant is Mr. Keval Shah. Keval, please go ahead.

Keval Shah: Hello. Thank you for the opportunity. If I look at the losses coming from subsidiaries at the PBT level, the March quarter was around 12 crores, the June quarter was around 8 crores, and in September, this quarter, it was around 5 crores. Is this reduction in losses from subsidiaries structural, or can there still be lumpiness, with losses potentially increasing again next quarter? I wanted some more detail on this.

Management: Fundamentally, we believe that the trend is in the right direction, but of course, there will be quarter-to-quarter variations. Sometimes, especially in smaller businesses, when we book a couple of large sales or certain other items, it can increase or decrease the number. The overall trend is to constantly reduce the losses, improve sales, and improve the business.

It is moving in the right direction, but from quarter to quarter, and even from half year to half year, there will certainly be some positive or negative variations.

Operator: Mr. Keval, we will take our next question from Mr. Saket Kapoor. Saket, please go ahead.

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Saket Kapoor: Greetings, Shiva sir. Greetings, Jaideep. I hope I am audible.

Jaideep: Yes. Hello.

Saket Kapoor: In your opening remarks, you referred to some new business assignments and also to something relating to the consumables business that will happen in the second half of the year. Could you elaborate further on your opening remarks, firstly with respect to our main coding and marking business?

Jaideep: Saket, as I said, we continue to undertake substantial development in our consumables as well as our printers. We develop new solutions for our customers, and they are high-value propositions. We are very upbeat about this, and it should bring good results for the company. We cannot openly discuss exactly what we are doing, but we are definitely undertaking innovation in the products we offer to our customers.

Management: In the coding and marking business, when we do those types of things, it gives us [trails off]

Jaideep: And it gives [crosstalk]

Management: [crosstalk] It gives us more operating leverage, relatively speaking.

Jaideep: Right.

Operator: Saket?

Saket Kapoor: Yes, sir. There was background noise, so I muted myself. If we consider the EBITDA margin trajectory, what should be the sustainable number? With the contribution and operating leverage coming in going forward, how should our core business perform? What is the current outlook for H2?

Secondly, as the earlier participant also mentioned, regarding the future contribution from our foreign subsidiaries, could you elaborate on the type of business environment currently taking shape and our preparations for first reducing the losses and then improving the performance of our investments in the foreign subsidiaries? A broad indication of the thought process would suffice. I have a third question as well, if you allow me to ask it [crosstalk].

Management: Saket, I can take only one question at a time because I will [crosstalk]

Saket Kapoor: [crosstalk] Certainly. Certainly.

Management: ...answer it before you come to the next question. Regarding your first question, we normally target 60% gross profitability in our core coding and marking business. This includes direct expenses such as warranty, wastage, royalty, and similar items. It does not include R&D and certain other expenses. This is our own definition of what we consider a gross profit margin. We target approximately 60% gross profit and approximately 30% EBIT. Of course, the market is not really interested in all these other details; it comes to the same thing. This applies only to the core coding and marking business.

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There are investments that we make in other developments, opportunities, and other activities, and those reduce the EBIT margin somewhat. The depreciation is not very significant now, Jaideep, although I am not sure [trails off]

Jaideep: Yes, and of course [trails off]

Management: That is our rough target for our core businesses, and it is also the target we would have for our future businesses.

Jaideep: Outlook for H2. Outlook for H2.

Management: Regarding the second half, I think the first quarter was somewhat affected, mainly because of the Iran situation and all of that, and that issue is still there. Obviously, nobody can predict the outcome because these things continue to move up and down. It is not a closed issue.

However, assuming there are no negative surprises, I think we should be able to maintain our good performance. As I said, the coding business itself is steady, and we expect that some of the Qurious Codes pilots are coming to a conclusion. Hopefully, we will have either positive or negative news, but one way or the other, the pilots will be concluded, and we will be able to understand what is happening.

In the V-Shapes business, development is progressing. I do not think we will see major numbers between now and Q4 of this year, to be direct. However, in terms of developing our platform and addressing the gaps that existed, we are steadily addressing those gaps. The international business is developing steadily, and I think we have the right type of structure in place for it, which will hopefully scale up in the next financial year.

Operator: Thank you. We will take the next question from Mr. Praneet Bominsetti. Please go ahead.

Praneet Bominsetti: Hello, sir. Thank you for the opportunity. I am fairly new to the company, so I want to ask a few basic questions. I wanted to understand what happened from the inception of Control Print that led to the company being built into what it is today in terms of technology and industry. If we were to divide it into 2 decades, or consider the last 2 decades, what exactly happened? How did we start, and what changed in the industry to bring us to where we are today? Could you give us a broad sense of what happened and what you think is going to happen in terms of the industry and the company?

Jaideep: Mr. Praneet, you have asked a very wide and open question, but I will try to summarize it. We started in 1991. We are in the niche coding and marking segment. When we refer to the coding and marking segment, we mean variable printing, such as date codes, batch codes, prices, QR codes, and so on.

To date, we have 2 manufacturing facilities in India. We have 12 offices in India, a branch in Sri Lanka, and subsidiaries in the Netherlands, Italy, the UK, and the UAE. In the domestic coding and marking market, we operate in an oligopoly. Along with the other 3 players, we dominate approximately 80% of the domestic coding and marking market.

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Our business consists of selling printers, selling consumables, providing spares, and providing after-sales annual maintenance services. That answers the question in a nutshell. Does that help you, or [trails off]

Praneet Bominsetti: Yes, sir, I understand. I will ask some deeper questions. Regarding the international subsidiaries, could you explain why management chose to go in that direction? Was it only for technology, or was demand also a factor because Indian demand had plateaued and that was the reason we had to expand overseas?

Management: I think there are 3 very different and specific lines of business here, just as coding and marking is a specific niche. As I said, one area is where we started setting up international operations. There is {? CP MEA ?}, and we were in Sri Lanka. That was somewhat unsuccessful because Sri Lanka had its own issues. However, it is now profitable and working well, along with 1 or 2 other operations.

We are doing well in our international business. We have tried to put the right structure in place so that we can scale it up and leverage the Control Print knowledge and base that we have here. That is one part of the business, and it is the most straightforward part. It is an extension of our coding and marking business.

However, it is not a broad-based strategy like what we do in India, where Control Print is present everywhere and serves every type of customer. It is much more focused on specific applications, opportunities, or industries where we have a genuine technology advantage compared with our competitors and can therefore provide outsized value. Otherwise, to be honest, customers would prefer the large local supplier in most cases, and we are not a price competitor.

The second part of the business, Qurious Codes, is a track and trace business. It is more of a software and logistics business. We acquired it approximately 5 or 6 years ago. We brought in a team. We did not buy the business; we bought the assets, so to speak [trails off]

Jaideep: The people.

Management: ...and the people. Yes, the main assets were the people. We have been working on it for approximately 6 years and have been carrying out integrated development between that team, our own printing team, some elements that we acquired from Markprint, and camera and development work undertaken by this team itself.

It is a combination of various elements as an integrated solution for the customer. As I said, we have certain specialties that we cannot discuss at present. We have a couple of pilots underway, and we are waiting to see the outcome at the end of the day.

This is a separate business. Pharmaceuticals are definitely the main target area because of regulatory compliance, but virtually anyone who needs traceability through their supply chain, anti-counterfeit solutions, or other types of intelligence in their logistics solutions could be a customer of ours.

The third business, V-Shapes, is a specific packaging solution. Markprint, V-Shapes, and Codeology were all technology acquisitions. V-Shapes involved acquiring a specific set of patents

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relating to a packaging concept and a packaging machine concept for a single-snap monodose. It is an evolution of the Mitsubishi Packaging {? Dispen Pack ?}, which is available in Japan, with some significant benefits.

As I said, we have a technology and patent moat. The only issue is that the actual performance of the machine and the cost element need to be improved further, and that is what we are working on right now.

This is taking more time than we expected because we have understood that there are several issues, including substantial replacement of the team members there. All 3 acquisitions in Europe are fundamentally technology acquisitions. MEA, which is our own subsidiary, is fundamentally a geographical expansion, and Sri Lanka has been present for a long time. In India, Sri Lanka was the first geographical expansion undertaken by Control Print. That broadly covers all the subsidiaries and everything else.

Jaideep: Yes, it does.

Management: I think you now have an idea. They were basically technology acquisitions, but, especially for the packaging business, we intend to become a global player. For the Qurious Codes business as well, we will explore international opportunities once we understand the success of these pilots. We will take that decision then.

Again, I want to be very clear that we have a ring of patents in that business as well. It is also a protected business, with an IP layer that we have created around it. Otherwise, we may not have been as interested in that specific opportunity.

Operator: We will take the next question from Mr. Samar Singh. Samar, please go ahead.

Samar Singh: Good afternoon. Thank you for the opportunity. Regarding V-Shapes, last time you mentioned that we were working on 3 or 4 aspects. One was machine reliability. The second was reducing raw material costs. The third was reducing costs in the Italian subsidiary and strengthening the sales team. Finally, you were working on sales growth through co-packing and the laminates sales pipeline. Could you provide more details on all these aspects and what [cut off]

Samar Singh: ...the progress has been? That would be helpful.

Management: Absolutely. I will start with what we have done. If I look at V-Shapes originally, our cost base is down by approximately 25% from where it was originally, which is why some of the losses have been reducing.

We have replaced approximately 65-70% of the original staff. We replaced them with better people. That was the first thing we understood. It is not that there were no capable people there; there were some very intelligent people, but there were also many people who were not at the Control Print level, either in terms of attitude or aptitude. A lot of people were therefore replaced.

It is somewhat difficult in Italy. It was a lengthy process because everyone's contracts had to be bought out if they did not resign on their own or find another opportunity on their own. It took us some time to identify the people and complete the entire process.

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We have brought in new people. Almost everyone is on a contract, so we have much more flexibility. We now use many more external consultants rather than trying to do everything in-house.

There have been fundamental structural changes, with a significant improvement in average productivity per employee and in the quality of the employees. As I said, a lot of excess has been removed. [clears throat] The sales team, which previously consisted of 0 people, now has 3 quite good people. [clears throat]

That is a fundamental change in terms of management, structure, and other aspects. There is still a lot of room for improvement. They are still not on our SAP system. They still have different types of processes, and they are slower in many ways. The quality control, structure, and other systems are being built up in the way they should be.

These are major projects because implementing our SAP system there is a significant task. We do not know how to do it without stopping everything else for 3-4 months. At present, we do not have that option. [clears throat] There are still some things that need to be changed, but a certain amount of improvement has been achieved.

The second aspect relates specifically to the machines. Many machine-related issues have been identified. A lot of them were basic issues where changes were made and released without adequate improvement.

A significant amount of work involves ensuring that the drawings are absolutely accurate for the machines being built. We have carried out specific analysis to identify where breakdowns or inconsistencies are occurring in the machines, particularly those affecting the end customer. That is our priority, and we have been working on fixing those issues.

We have developed a number of designs for the fixes. We are now trying to retrofit those fixes. We also have a second project. When we carry out the retrofit, we will probably know by the end of this year, if not earlier, and perhaps the actual test will take place in January, whether the retrofits are completely successful.

We expect to improve and reach 70-80% of the required level. We may be at approximately 30% right now.

The third thing we have done is develop the next set of machines that we have to sell. We have more flexibility because this is not a retrofit. We can make adjustments to the design of the machine itself without restarting the machine from scratch.

That project is underway, and our target is to complete it in January or February. We will have a blueprint for the next set of machines we produce. [clears throat] The entire way we develop the machines has changed. Everything is modelled first, checked in the software, and developed differently. Only after we see how it works in the software, such as SolidWorks or whatever software these people use, do we move to the next level.

That covers the machine development. Coming to the materials, I am not sure how many people were aware that we had an Unnati project in Guwahati, in Assam. It has been somewhat unsuccessful because they claimed that the incentive had run out. The programme has not been

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stopped, but it has been suspended, and we are somewhat in limbo.

We have ordered some machines, and they will soon be ready for commissioning or testing. We have to take delivery of them. [clears throat] In fact, immediately after this call, I am going to the factory, and I am also going to another location. We have identified 2 different locations where we can establish a temporary manufacturing setup. Hopefully, this will reduce the cost of materials and also give us much greater consistency and control over manufacturing.

Now, regarding the third point, there was a fourth question as well. Could you please remind me what it was?

Samar Singh: Increasing sales. How do we increase sales?

Management: [clears throat] The sales aspect is somewhat different. We have some good projects, but we need to streamline the other parts first to be able to step on the gas. As I said, we are not the type of company that would focus on going out and bombarding the market with a large number of projects. We would not take on many projects until we feel that we can scale up without facing numerous issues.

Otherwise, we will multiply the issues. We do not currently have that level of service and team support, and these machines are being installed in many different locations. That is somewhat of an issue.

Samar Singh: The last point was co-packing.

Management: Co-packing is going well. That is not a problem. It is definitely progressing, and we have regular orders for it.

Operator: We will take the next question from Mr. Jayesh Gandhi. Please go ahead.

Jayesh Gandhi: Am I audible?

Management: Yes, you are.

Jayesh Gandhi: My question relates to track and trace. When I go through your presentation, it says that this segment is expected to gain strong momentum. Could you explain in some detail how we are positioning ourselves for the next 2-3 years? What could be the size of the opportunity, and what could be our market share? Specifically, is there a deadline for pharmaceuticals to be included in this requirement by the government?

Management: Should I answer this question, or is there anything else left to cover?

Jayesh Gandhi: I am sorry.

Management: Is there anything you want to add?

Jayesh Gandhi: This is the only question I have.

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Management: Continuing with the regulatory aspect, the government mandated 300 brands in India to implement full track and trace. [clears throat] Of those 300 brands that have started implementation, we are servicing some.

The government then issued another mandate, I think sometime in 2027, perhaps August or September, although I am not sure, under which the top 1,000 brands in India would have to implement it.

There is a third mandate covering all anti-infectives, including antibiotics, antivirals, vaccines, and any type of medicine with psychotropic or narcotic-type properties. I think the psychotropic and narcotic categories are also going to be covered in 2027. Anti-infectives, antibiotics, vaccines, and similar products will be covered in 2028.

I am not sure of the exact dates, so please treat this with some caution. However, 2027 and 2028 will be 2 significant deadlines because the number of SKUs and brands covered by the government's regulations will increase substantially beyond the existing 300 brands.

A change is taking place in the thinking of many large customers. They feel that, rather than focusing on implementing the system on the 3 lines covered under the 300-brand mandate, they should implement it across the board. If they have 20 manufacturing lines and 10 or 11 of them are already covered, they are thinking that they should implement it across all lines because, gradually, the requirement is likely to apply to every SKU. It does not make sense for them to adopt differentiated solutions.

The second aspect is that we have obviously been working on a specific track and trace implementation. We are combining some technology that we acquired from Markprint, developing our own digital printers manufactured here, and combining them with advanced software from our track and trace team, the Qurious Codes team that we acquired. [clears throat]

We have been working on this for approximately 6 years. We have been conducting pilots for about 1 year and some months, as I said, with 2 top-10 or top-5 Indian customers.

We are now coming to the end stage of those pilots. We are going to receive feedback on the actual field performance. We are targeting a certain performance rate. [clears throat] We will see what we achieve in reality and identify any gaps, if there are any, and determine whether our solution is ready to be launched.

Obviously, several iterations have been required in the meantime. We are waiting for this process to conclude. We believe there will be significant anti-counterfeiting, anti-duplication, and several other benefits from our solution, in addition to meeting all the government norms.

There are also other secondary benefits that we provide. I cannot give much more detail because we are under NDAs with the companies we are working with. The project is still in the pilot or development stage. Once it is determined whether it is successful or unsuccessful, I can request permission to disclose the details and decide whether I can discuss them on a call. Until then, we are restricted and cannot discuss these specifics. I hope you understand.

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Jayesh Gandhi: I understand. I wanted to know what the opportunity size could be in, say, 2028 or 2029. Will it be larger than 200 or 300 crores for a company?

Management: Currently, the market is approximately 600-something crores, or 600-700 crores. ACG and JaXon are part of this market, and then there is Prophezy. There are many players, including us. We also do business of approximately 20-odd crores even today.

The market is currently between 600 crores and a maximum of approximately 700 crores. It is growing. As I said, this is a government-legislated business. If the government does not change the rules, the market may not grow very quickly.

If the government implements the requirement for the top 1,000 brands, the market will increase. The requirement for the new SKUs has already been gazetted. Therefore, the new SKUs will significantly increase the market size.

If customers choose a solution such as ours, it will be more expensive because it has more features and capabilities, and that would further increase the market size. It depends on what solution customers choose.

For a basic solution, it is a 600 crore market covering the top 300 brands, along with certain export-related and other SKUs. It is difficult for me to estimate what will happen when the requirement expands to 1,000 brands and all the other SKUs, but I would say that it will definitely increase the size of the market.

Operator: Thank you. We will take the next question from Mr. Parag {? Hemdev ?}. Parag, please go ahead.

Parag: Hello, sir. Good afternoon. I had 2 questions. One question relates to the latest FSSAI issues affecting the food industry. As I understand it, unorganized players also have to provide packaging dates and other information. Are we seeing any traction because of the FSSAI mandate requiring the food industry to adopt more track and trace, or perhaps coding solutions? Do they require support from companies such as Control Print? That is the first question. The second question is [cut off]

Management: Can I answer that question?

Parag: Yes.

Management: First, we are not seeing much in the market. I do not think this has been gazetted or fully implemented yet, based on what I know. We normally check whether there is a proposal, but what matters is whether it has been gazetted, which means it has become a regulation.

The second point is that, in general, and I am not saying this applies 100% of the time, 99.99% of Control Print's focus is on the largest customers with the most complex requirements, the highest-speed production lines, and the highest productivity. [clears throat] Even among Videojet, Domino, and Mark [trails off]

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Shiva: Give me the margin. We are an A-group player. We generally do not deal with smaller customers. Our approach is to let them start, deal with their initial issues, and graduate to us when their businesses grow. Understood? Therefore, we would not expect to see much of an increase from this.

So far, based on my knowledge, I have not seen it in the other gazettes. We normally track this type of development. We are just keeping you informed about it. Now, you had another question.

Parag: Regarding the international subsidiaries, the losses in FY 20 were in the range of 20 crores, and last year they were 36 crores. What broader level of losses should one expect this year from the international investments or subsidiaries?

Shiva: In FY 20, we did not have any international subsidiary.

Parag: No, I meant FY 25. There was a loss of approximately 20 crores in FY 25, and last year, FY 25-26, there was a loss of approximately 36 crores in the international business.

Shiva: As I said, we are looking at a curve that is trending downward. Obviously, the objective is not to remain in a loss-making position; our objective is to be profitable.

As I said, we are still going through an investment phase, particularly a heavy investment phase in V-Shapes, the packaging business. We are comfortable with this because we believe it is a technology platform that will generate an outsized return for the next 2 decades once we bring it to the level we require.

In the meantime, there is nothing preventing us from growing sales, improving margins, and doing other things. As I said, we have equipment with which we will manufacture our materials. We are working on recyclable packaging. We are working on making the existing machines lower-maintenance and more reliable.

Customers who have these machines will therefore be able to produce more packs and do so more consistently. We are doing multiple things while also working on longer-term projects that require high-speed machines and lower-cost materials.

As I said, losses are trending down, and we have also reduced some structural costs. If things remain positive, we expect losses to continue coming down because sales are currently quite low. As sales increase, they will directly flow to the bottom line because we do not need to add people or costs to service the sales we are generating.

Operator: Thank you. We will now take the next question from Mr. {? Moksh Shah ?}. I request all participants to limit themselves to 1 question per participant. Moksh, please go ahead.

Moksh: Hello. Could you provide a breakup of the losses incurred in our international subsidiaries, such as Markprint, Codeology, and CP Italy, on a segment-wise basis?

Management: Do you want the breakup segment-wise or company-wise?

Moksh: Yes, sorry, company-wise.

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Management: We do not normally disclose company-wise results. However, if you require further information, you are welcome to write an email to me or visit my office in Mumbai. We can share those results with you.

The trend is clearly that losses are declining. I can tell you that Markprint is a company that generates a profit year-on-year, so it is probably the least of our concerns.

The Middle East operations, which are the CP MEA operations, started only recently, in January 2025. They are obviously going to grow, and we will definitely reach break-even this year.

Regarding the Codeology and V-Shapes businesses, Shiva has already mentioned twice or 3 times on the call that we are closely monitoring the activities. We are optimizing costs, and, as is evident from the results, losses are currently on a declining trend.

Operator: Thank you. We will take the final question from Mr. Aryan Kadam. Aryan, please go ahead.

Aryan Kadam: Hello, sir. I wanted to understand how you are planning to minimize the losses in your subsidiaries, especially Markprint and the other subsidiaries, including Codeology.

Management: Mr. Aryan, I just mentioned that Markprint is essentially not a loss-making company. Year-on-year, it has generated a healthy profit. It is not a huge profit compared with the results of Control Print Ltd., but Markprint is the least of our concerns. It is a profitable company, so that is not an issue.

The second subsidiary we started recently is the Middle East operation, which began in January 2025. We have a good pipeline of orders that will be executed. I am very positive that by the end of the year, the Middle East operation will definitely be profitable.

Shiva has mentioned the V-Shapes and Codeology operations during the call. We are undertaking a focused exercise relating to the way processes and operations are run. We are taking a very close look at operating expenses, including personnel costs.

We are also developing strategies for marketing and sales. Hopefully, we would like to generate a surge in revenue, which is the top line, while also optimizing costs. We are seeing the results so far.

We have already reduced the number of people in the Italian and UK operations, so the team size has decreased. Therefore, personnel costs will definitely be lower over the next 2 quarters.

The key point is that if we generate a good level of sales, the top line will improve and the bottom line will also improve. We are taking 1 cautious step at a time. Hopefully, we should be on a better footing in H2 compared with H1.

Operator: Since that was the last question, would you like to give any closing comments?

Management: Thank you very much. On behalf of Control Print, I would like to thank all of you for taking the time to join the call. We hope to continue putting our best foot forward, and we hope to deliver better results in H2. Thank you very much. Shiva will also give his closing remarks.

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Shiva: Absolutely. As I said, this is a technology development platform that we have undertaken. It is a conscious, long-term decision, and we are confident about our path. If I felt that we were fighting a losing battle, I would definitely think twice, but we are doing well.

I sincerely hope, and am quite confident, that we should maintain our momentum in Q2, Q3, and Q4, and hopefully end this year well. Thank you everyone for your time and support.

Operator: Thank you to the management team for your valuable time, and thank you to all the participants for joining the call. This brings us to the end of today's conference call. You may all disconnect now. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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