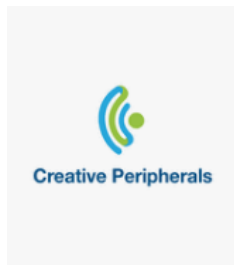
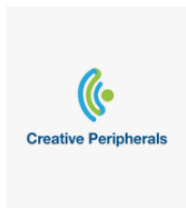


“Creative Peripherals & Distribution Limited Q2 FY2021 Earnings Conference Call”

November 12, 2020



MANAGEMENT: MR. KETAN PATEL - MANAGING DIRECTOR - CREATIVE PERIPHERALS & DISTRIBUTION LIMITED
MR. ABHIJIT KANVINDE - CHIEF FINANCIAL OFFICER - CREATIVE PERIPHERALS & DISTRIBUTION LIMITED
MR. VIJAY ADVANI - WHOLE-TIME DIRECTOR - CREATIVE PERIPHERALS & DISTRIBUTION LIMITED



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Moderator:

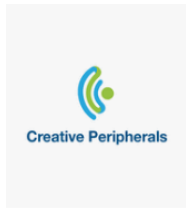
Ladies and gentlemen, good day and welcome to the Creative Peripherals & Distribution Limited 2Q first half of FY2021 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks, and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ketan Patel, Managing Director of Creative Peripherals and Distribution Limited. Thank you and over to you Sir!

Ketan Patel:

Good afternoon everyone. Welcome to Creative Peripherals and Distribution Limited earnings conference call of second quarter of FY2021. I would like to begin the expressing my gratitude to you all for taking the time to join us. On the call with me today is Mr. Abhijit Kanvande, Chief Financial Officer, Mr. Vijay Advani our Whole-time Director of our company and Bridge IR, our investor relations team. Before we get into the business and financial performance of last quarter, I would like to share a brief insight into our company.

We have come a long way and crossed several milestones over the recent past. Today we are not just market entry specialist for niche experiential brands across India and international markets, but also contract manufacturer for a Fortune 50 global giant Honeywell. Our company specializes into market entry for global brands and work closely with its clients to achieve optimal market penetration and growth. Our network encompasses all three channels online, retail, and general trade thereby giving us a strong leverage to reach out to a wider market place. Furthermore, our value-added business model covers end-to-end solution from market research and competition analysis to formulating and executing region specific marketing and presale strategy for brands.

We are using a multi-pronged approach to grow our business on three pillars strategy. The first key aspect of our business is brand licensing and contract manufacturing. With Honeywell we have a longstanding agreement for contract manufacturing and distributing over 29 countries in APAC and the Middle East. The product portfolio with Honeywell is also growing substantially with air purifiers being the latest addition. We aim to expand this licensing line of business by adding more international brands. Contract manufacturing is



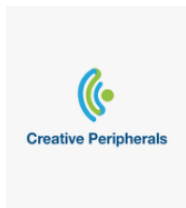
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an attractive model of business for various global brands wherein they can leverage local players' market reach to increase and grow their products' market share. We plan to utilize our experience gained with Honeywell for other international brands wishing to follow similar model.

The second pillar is our expertise and strong hold in market entry and penetration of niche brands. Currently we have strong long-term association with 20 globally renowned brands, which are leaders in their field. These are categorized into three broad divisions, IT, imaging and Lifestyle and Security products. Our value added services like executing brand's marketing strategy and post sales service along with this wide spectrum of products has helped our company achieve economies of scale and become a signal sourcing point to our customers. We continuously enhance our bouquet of brands with new and high margin products. One of the high potential segments among this is gaming products, which is gaining fast adoption in the Indian market.

The third pillar of our growth strategy is our latest offering Ckart, our own online digital B2B e-commerce market platform. Ckart is a game changer in our industry and will play a crucial role in expanding our business with new and existing customers with minimal additional costs. Overall our focus on the three main growth triggers offering experiential products and enabling niche global brands to enter and establish in new markets, expanding our licensing business and become an online one-stop-shop for all customers through Ckart. We continue to aim for higher operational efficiencies and adding high margin, value added products to our portfolio. Associations with Honeywell, BaByliss, GoPro and Cooler Master, etc., are step towards that direction.

I would now like to take you through some key recent developments. As you all are aware most of the year 2020 faced headwinds from COVID-19 virus. The outbreak of this pandemic has got entire economies to halt. It has impacted every aspect of our life including personal life and industries across the globe. Like every other business we also faced the impact of the lockdown and its effects are likely to be seen over the coming months as well. However, we took this opportunity to further refine our internal practices and improve our operational efficiencies and skill sets through various online trainings, etc. In fact we stepped up during this hour of need and launched a range of personal medical products over the brand B-safe. The product range includes thermal scanners, thermometers, pulse oximeters, face mask, wall thermometers and other products. Since the lockdown has been easing up we are witnessing a strong uptake in demand especially as more activities are going online.

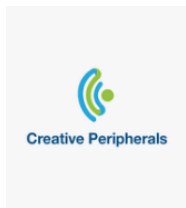


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Moreover it gives me immense pleasure to share that in August we launched our much awaited digital platform Ckart. As I briefly mentioned earlier Ckart is our digital online B2B e-commerce platform built in-house by a dedicated team. Ckart hosts all our customers in the supply chain and enables them to transact, discover and share products and brands to their buyers in their own company's name. This platform also assists them to showcase their inventory and trade amongst each other, facilitating higher volumes and expanding the product portfolio being offered through Creative Peripherals. We will also be able to host their white label micro-site on our platform. We even showcased the speed and ease of use of Ckart when we demonstrated the first order online during the launch event. This platform will fortify our presence as a one-stop-shop for customers as well as improve our working capital cycle and profitability. One of the key purposes of this platform is to help our customers expand their reach and make it easier for them to do business. On the other aspect, we recently renewed our contract manufacturing agreement with Honeywell for another five years as well as expanded our distribution scope with them to 29 countries outside India. This gives us access to Middle East and APAC region. Our deep association with a Fortune 50 company like Honeywell would serve as a guiding example for other brands wishing to leverage their licensed manufacturing model.

We continually update and expand our brand portfolio to keep it fresh and relevant. As industries reopen and business regains momentum, we look forward to continue expanding our brand portfolio. In fact since August 2020 we won distribution rights for Honeywell's wireless audio products, entered into an agreement with ZEISS to distribute their range of nature observation products like binoculars and monoculars, signed an agreement for Honeywell air purifiers, tied up with Edelkrone to distribute their range of photography and videography accessories and more recently launched the GoPro Hero 9 series camera. These associations is not only diversify and expand our portfolio but also enhance and testify the company's recognition among global brands. As the consumer sentiments improve, we are expecting strong demand for such products in the Indian market both online and offline. As Ckart gains momentum we foresee a strong growth in customer base without much additional cost, which should translate into higher topline and profitability. In fact we are already receiving significant new orders from existing as well as new customers on Ckart.

Lastly I would like to share with you all that we have an exciting new corporate development that we would be announcing next week. This new development will create new business opportunities and new profitable products to our portfolio, expand our geographical reach and take our company to a newer heights. So from overall business perspective that is all from my side. I will now hand it over to Mr. Abhijit Kanvinde, our



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CFO who will take you through the financial performance of the company in Q2 and H1 FY2021. Thank you.

Abhijit Kanvinde:

Thank you Sir and a very good afternoon to you all. I will share highlights of our consolidated financial performance after which we will be glad to respond to your queries.

Our financials reported are as per Ind-AS guidelines. Q2 FY2021 financial results: in the quarter ended September 30, 2020 our company achieved net revenue of Rs.114.45 Crores growing 18.54% year-on-year. This is mainly due to a strong uptake in demand for IT, gaming and imaging products like Samsung, Cooler Master, PNY and GoPro. The EBITDA stood at Rs.4.11 Crores as against Rs.3.72 Crores in the previous corresponding period, an increase of 10.37% year-on-year. We have undertaken various cost control exercises to improve the internal operational efficiency. The net profit for the quarter is at Rs.2.06 Crores as compared to Rs.1.99 Crores in the Q2 FY2020, year-on-year growth of 3.51%. Our EPS for the quarter was Rs.1.79. Now I turn to H1 FY2021 financial results. In the first half year ended September 30, 2020, our company achieved net revenue of Rs.178.98 Crores down 11.11% year-on-year, this is mainly due to the nationwide lockdown during the first quarter. Business reopened at a lower capacity, but has been gradually gaining momentum. The EBITDA stood at Rs.6 Crores as against Rs.8.02 Crores in the previous corresponding period. We continued to incur employee and other fixed expenses during the lockdown, which offset the impact of high margin brands such as Cooler Master and GoPro thereby resulting in margin contraction. Raw material cost also grew due to a change in the product mix during the period. The net profit for the six months is at Rs.2.64 Crores as compared to Rs.3.98 Crores in the H1 FY2020. Our EPS for this period is Rs.2.24 this is all from my side and we can now open the floor for questions.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Nayan Gala from Ertiga Wealth. Please go ahead.

Nayan Gala:

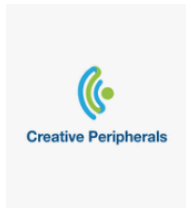
Good afternoon Sir. Congrats Sir on a very good set of numbers in Q2 after Q1 disaster due to COVID. Sir if you can just share the revenue breakup of three segments?

Abhijit Kanvinde:

I am trying to share with you the consolidated half year segmental breakup of revenue, imaging products we did around Rs.38.99 Crores, IT products we did a topline of Rs.102.17 Crores and at lifestyle and other products we did revenue of 37.07 in products so we have Rs.178.24 Crores.

Nayan Gala:

Is it like imaging products segment has contributed on a lower side?



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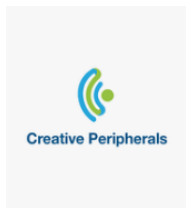
Abhijit Kanvinde: Yes this time imaging products segment has contributed to the lower side. There are two reasons one was clearly the COVID because of that the travelling and other things of people have gone down and therefore the demand for imaging products was lower. The second important reason was that GoPro is going to likely to launch its new camera, so there was a phasing out of GoPro 8 in the second quarter and that is the reason there has been a lower revenue from the GoPro side; however, we are happy to say that GoPro 9 has been already launched in November and we are expecting great traction in GoPro.

Nayan Gala: In fact IT segment and lifestyle segment have improved, so which brands contributed to this both?

Vijay Advani: I will answer that question Mr. Nayan. This is Vijay Advani here. Basically yes the brands which have shown the tremendous increase in the sales is Samsung is one and Honeywell has given us a traction, Cooler Master as a IT component has given as traction and PNY the graphic card has given, so they are the few brands, which probably the sales has increased and given us a good traction.

Nayan Gala: Any guidance in terms of full year revenue?

Ketan Patel: As soon as somebody asked the question for guidance Abhijit looks at me, so I can only say that we are on the track to our projected numbers and we should easily be able to beat last year's numbers and roughly around between Rs.500 Crores and Rs.550 Crores we should be able to close this financial year. And October, November, December so we already in mid of November and this quarter also looks great because the consumer sentiment is very high plus this year also all our festivals were delayed by a month, so everything has come into October, November, December and this quarter seems to be very positive and we are looking at the market demand for products, we think that we will have good numbers this year and from October onwards the effect of COVID will slowly diminish. The only challenge Nayan bhai is the international logistic situation because freights for air and for sea is very high because the whole supply chain because of COVID got disrupted and because of the China-India, China-US the capacity of freight forwarding has to be realigned that is the only challenge, otherwise if that also settles it will help us to increase further that is what it looks like. And this quarter we started Honeywell air purifiers also so the sale has started for air purifiers in the month of November and Honeywell air purifier business is only from November till June next year because that is when in the north side air quality and air pollution becomes a problem, so we are very optimistic for the second six months, the second half should be very well.



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Nayan Gala: For the air purifier product, you will be focusing on northern region or it will be for whole of India?

Ketan Patel: Air purifier is actually focused for whole of India, so air purifier nobody buys in south that much, most of the people for their home base will buy in northern part of India, some houses in Mumbai, obviously institution like hospitals and offices will definitely buy, with air purifier we have car air purifier also, which displays the pollution level in the car, so we are hopeful that the car air purifier will definitely sell across India very well. Plus we are available on Amazon, we are available on Flipkart, we are available on Croma and Reliance, so if it is online it does not matter where its from because the delivery is in two days time and that is the case.

Nayan Gala: Thank you Sir and all the best Sir.

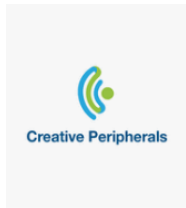
Moderator: Thank you. The next question is from the line of Shivani Mehta who is an Individual Investor. Please go ahead.

Shivani Mehta: What kind of EBITDA margins do we expect from a new product like Edelkrone, Zeiss and Honeywell purifier?

Abhijit Kanvinde: The gross margin in Edelkrone is around 30%, Zeiss is around 12% and Honeywell is around 30% to 35%, these are the gross margins, so EBITDA margins would be much higher than our pure IT business and Edelkrone we feel that it will be in the range of 15% to 18%, Honeywell will be in the range of 15% to 19% and Zeiss would be 5% that would be our estimate. These products are niche products Shivani, they have been just introduced, Edelkrone and Zeiss especially, so we will slowly get the traction for these products.

Shivani Mehta: Do we plan to enter any new geography?

Ketan Patel: Honeywell now for air purifier they were given 10 countries and for rest of the products we have 30 countries, so we have already started Middle East, but we have not gone to Saudi Arabia, Egypt, Qatar and other places so for the next six months we are aiming to first move to Middle East and then first quarter for next financial year move to South East Asia that is Singapore, Thailand, Malaysia and that region that is what we have planned and currently in Honeywell portfolio we have passive networking, we have mobility products, we have line conditioning products, we have air purifier, so we want to build up on the inventory first to move to these geographies and we will slowly start that in the second half.



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Shivani Mehta: Do we also have any financial plans in place?

Ketan Patel: Financial?

Shivani Mehta: Plans to enter these new geographies in place?

Ketan Patel: We have rolled out a five year projection on that and currently because margins on these products are high and we have got good traction for Honeywell currently in India so from the internal accruals we think we will be able to fund the whole Middle East expansion and then with the Middle East and India we will slowly move to South East Asia based on our results. The bank may extend us extra facility of Rs.8 Crores to Rs.10 Crores that is what we may use, that is what we are not going for any external borrowing currently.

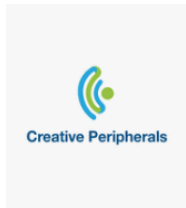
Shivani Mehta: Is Honeywell also helping us to penetrate these new markets?

Ketan Patel: Yes, Honeywell helped us in a couple of ways because Honeywell is a specialty material company also so right from the specification of the product to what material to use they help us, plus Honeywell participates in lot of exhibitions worldwide so they allow us to put our material into their stalls and keep our people there present, so currently COVID is there, so no exhibitions are happening this year, but right now the Canton fair happened virtually, so we were virtually present at the Honeywell booth during the Canton fair and we generated quite some interest on our product, and Honeywell just awarded us the air purifier also, so as it keeps existing the consumer business it keeps adding that business to our portfolio.

Shivani Mehta: Have we started any sales or where do we first expect these international sales to happen?

Ketan Patel: It is not a long-term plan, during this quarter we will get good traction in Honeywell air purifiers and other products, Edelkrone and Zeiss we just started last quarter, but they have also seen good traction, everything is moving from photo to video and currently Edelkrone products helps you into videography and other stuff, so I think it is not a long term process, we will get to see some good results for this product in this quarter and in the third and the last quarter we should start seeing significant contribution from this product.

Shivani Mehta: Last question how are we evolving our market strategy in terms of consumer behaviour and adaptability?



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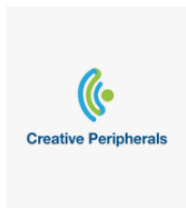
Ketan Patel: Because of COVID one biggest advantage that India got was people really moved to digital very well and consumers now are prone to digital experiences also and now their mind is set that they can buy online and also have digital experiences online, so we launched our own platform Ckart where our customers could transact, discover and share products to their buyers and this is a complete digital platform whereby in future our customers will also be able to host their microsite, will be able to upload their inventory which they will be able to sell to our customers also who are part of the Ckart platform, so this whole digitization formally was just up to the use of 30, 35 years, but currently it has expanded to the age group of up to 50 years that is the case and people now are really serious and they attend your virtual launches, they attend your virtual training programs and all this digitization really helps you in getting your cost down, so with our new initiative Ckart we are going to take advantage of this digital platform very well and get our operation cost lower by 1.5%. I think by second quarter we will see almost 70% of our business moving to Ckart and that will definitely add almost 1.5% to our bottomline.

Shivani Mehta: Thank you so much.

Moderator: Thank you. The next question is from the line of Chirag Patel from Adinath Shares. Please go ahead.

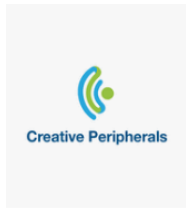
Chirag Patel: I have a few questions. I am attending your concall for the first time like I want to know regarding the thought process that how we select the product from this renowned brand that it is going to make a good impact or likely to have a good market share in India, is there any strategy which you follow?

Ketan Patel: First of all I would like to tell you it is a very good question you have asked, so usually before selecting a product we will look at two, three criteria. First of all for us to engage with any brand we want that they should give exclusive to us then we should be able to value add to that brand otherwise that exclusivity does not remain forever because if we are not value adding to that brand and that brand should give us a certain fixed margin, that are the criteria to engage with the brand, but how do we select a brand, so for example whenever a brand approaches or we approach a brand or so we have our product team, which studies a lot of products, so usually either we will approach our brand or a brand will approach us, but when a brand approach us we see that the brand should be at least having 70% to 75% market share worldwide that is the first criteria we have. Second criteria is that the brand also should have a similar market share in Asia pacific region excluding Japan and Korea because Japan and Korea are much evolved economies than us, so probably



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Thailand, Malaysia, Singapore and other places which should have that much brands share. Third is there should be a growth potential so for example when GoPro came to us GoPro used to do \$350 million in whole of South East Asia, in that \$350 million Japan used to do around \$84 million and then Korea used to do close to \$40 million, Thailand used to do close to \$25 million, and what is the Indian share of GoPro, so three years back when GoPro came here they were doing half a million dollars in India that was 500K, so we saw that there is an opportunity, so GoPro fit into the criteria that it has 70% to 75% market share worldwide on 300 plus dollar product, in Asia also it has 75% market share plus it can also move from 500K to 25 million because Thailand does similar, Singapore does similar and that is how we selected GoPro, once that selection happens we also have to see that the brand strategy fits for India very well because for example GoPro is more about surfing, skiing, outdoor sports that was what GoPro was all about, when they came to India they were ready to really tweak that strategy to capture festivals, capture emotions, capture colour and capture influencers to transmit their stuff what they create at home so that is what happened to product like GoPro, for example when we took BaByliss, BaByliss is a personal hygiene and grooming brand, so we thought that it was an underpenetrated category in India, so in India out of every 100 personal grooming products what sells 85 are Philips and out of every 100 products what sells 65 are sold by Amazon, the category is increasing at 22% CAGR, so we said it is a very low hanging fruit because the category is growing well, you can easily become number two, number three brand by just exploiting your relationship or leveraging on your relations with Amazon and Flipkart and there is no obsolescence in this product, the technology does not change very much so that is why we took BaByliss, BaByliss also is a number one brand in Paris, the products are made in Italy, so that also came to that place. Last to answer your question is when COVID happens we saw that people had a great problem in mopping and in brooming the house so then we reached out to Lenovo, Lenovo is into laptop, but Lenovo also has robotic vacuum cleaner, so then Lenovo had not launched the vacuum cleaner in India and there is only one US brand, which was selling vacuum cleaners by the name of RoboVac, so then we launched robotic vacuum cleaners for Lenovo in India, it is the high ASP product, which is a robotic vacuum cleaner it is close to Rs.48000 to Rs.50000, but the sales has been happening, so that is how we pickup the brands and then of course there is various other elements about how do you reach the customer, how do you service, what is your go to market strategy then we decided with the brand, but we do not just pick up any products abruptly, there would usually be five or six things we will look at it and if it fits that criteria then we will go ahead with it.



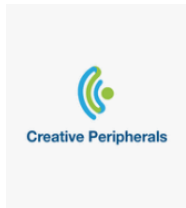
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Abhijit Kanvinde: Mostly what we will be picking up is the experiential products and because that is the key, the world of marketing is moving and the product is moving to more to experiential products where the consumer gets an experience and that he prefers nowadays because most of the other products are 'me too', so experiential products are going to get the value addition for a brand and also for a distributor.

Chirag Patel: Just wanted to know your view on the substitution of products like government one by one imposing ban on Chinese or the imported products across industries for even chemical, electronic and one by one various industries in which India is a good market, so how we will keep this opportunity?

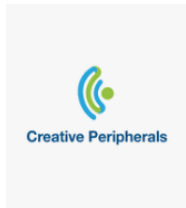
Ketan Patel: There are couple of things the brands are very resilient for example, so brands which were manufacturing to China because US is also their biggest market, they moved their manufacturing to Vietnam, they moved their manufacturing to Brazil for American companies, they moved their manufacturing to Mexico so that is how they moved up and we have a lot of suppliers from Taiwan also supplies that, so most of the owners of the Chinese companies were actually Taiwanese and because of the cheaper labour in China they had moved their manufacturing there, but that is what they have moved back, so that is how our supply chain currently is doing there. Second is government has now started giving a lot of incentives for companies to come to India under the Make in India program and there is a lot of consumer sentiment also that they do not want to buy Chinese products. As a company we have always kept the strategy that we want to be asset light, but for example the contract manufacturing companies where we get manufactured our Honeywell products we are inviting them to start manufacturing in India and if the capacity is sustainable for them to supply to us and then to supply to other parts of the world through here then these companies will definitely come to India. It is still much sooner because still lot of policies are not very, very clear, so all this should be clear in another six to eight months time that can happen and then we could also have JV with a company where technology they can provide and machinery could be there and the management, the labour, the infrastructure could come from our side and that could also happen, but on a long run we think that Make in India would start picking up, but it still a lot of time because still the economies of scale and still the balance sheet does not look as profitable by manufacturing in India.

Chirag Patel: Going forward is there any client to forward integration or kind of backward integration on manufacturing side for a major product, which we are currently offering?



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- Ketan Patel:** BaByliss has that plan because they are in Italy and their manufacturing cost is high and if they want to serve to the Asia market then they would have to have their manufacturing somewhere in Asia, so these can kind of companies are coming to us. I will be very candid that our skill set does not permit us to become a manufacturer ourselves, so if we get the right partner and if it is the right alignment then we may need the Board's permission to go about it, but currently nothing is on their plan except helping with the companies to get connected with various government agencies we are not doing anything else.
- Chirag Patel:** So broadly our plan is to mainly focusing on distribution side only right?
- Ketan Patel:** Yes, distribution and contract manufacturing not getting into being a contract manufacturing ourselves, but finding factories getting them certified with Honeywell, giving them the specification, having ownership of the design ID and getting the product manufactured and also a value-added distribution.
- Abhijit Kanvinde:** We have two manufacturers in India for Honeywell, one is Sterlite and another is Orient, both are suppliers who are Honeywell audited factory, so developing such manufacturers in India will also help and we are going to do that.
- Chirag Patel:** What usually we can get from this kind of collaboration?
- Ketan Patel:** Can you be more specific I did not understand the question?
- Chirag Patel:** As your colleague mentioned that with Sterlite and Orient we have a manufacturing collaboration right?
- Abhijit Kanvinde:** No, we are sourcing products from India that is what we said. For Honeywell we source products from India, we have started sourcing more products from India as compared to China, the question was the focusing on China manufacturing if that creates a problem what would happen to us, so we have started focusing on Indian manufacturers that is what I answered.
- Chirag Patel:** Of course sourcing our product right?
- Ketan Patel:** Yes, we will go to Sterlite, we will give our specifications, they will manufacture the products with the Honeywell brand and we will then procure, market and distribute that product under the Honeywell brand, so Sterlite works as a contract manufacturer for us.



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Chirag Patel: Just one more question on this like if we manufacture from this Indian player like Sterlite and Orient vis-à-vis we import from other countries whether it is China or Taiwan what cost advantage we get or what additional cost we require to pay in case of Indian manufacturer?

Ketan Patel: In the case of this year we are manufacturing our fibre and CAT6 cables here, so the raw material in the CAT6 cable is 80%, 85% copper so in that case the Indian manufactures are at par with a manufacturer in Asia, so we do not face much issues there plus they have the economies of scale and plus they have the large volume to do that, but for example if you want to manufacture a C-type docking station then you do not have any manufacturer who has got that scale and we also do not have that scale to get the manufacturer come to India. Once we open Asia and we can actually give the manufacturing workload for two shifts then we can actually collaborate and get somebody here and at that point of time the Board permits we can of course enter into a JV with them and then we also start getting the margin of manufacturing what the partner might be right now adding up so you get a share of that might that could be the case, but still it is a long drawn shot because there has been a lot of flip flops on this policy, so we will have to wait and see how this goes.

Chirag Patel: Okay Sir. Thank you.

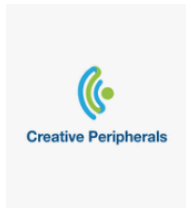
Moderator: Thank you. Next question is from Ankit Patka who is an Individual Investor. Please go ahead.

Ankit Patka: Very good afternoon Sir. I have a couple of questions. My first question is how does the product mix look like going forward, do we have any particular product segment in focus like gaming or others?

Ketan Patel: Currently our products are divided into three categories, one is IT, second is imaging and third is lifestyle and our gaming also falls into IT because the components, which we use for gaming, are actually high performance computer components only, so gaming falls into that category. Gaming is really increasing very, very well due to this lockdown also a lot of people have moved to Esports. Esports has become now medal sports in Asia that is the case, so that is doing well, so I think between IT, imaging and lifestyle, IT will be 50% and imaging and lifestyle will be 50%.

Ankit Patka: Okay.

Ketan Patel: The licensing brand like Honeywell it falls into almost all the three categories, some products falls in IT, some products falls into lifestyle, so that is how that is the case, and



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just for your information the IT the margins are now close to 6% to 8% and imaging and lifestyle the margins are between 12% to 14%.

Ankit Patka: Sir my next question with our new brand, which are non-IT kind of brands, would we consider as a mobility product?

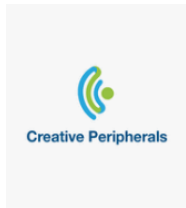
Ketan Patel: A couple of things I will tell you nowadays the convergence is so much that the distance between IT and non-IT is almost not there, so what an IT product does and what a gaming product does or what a product like so for example GoPro was there so same products was used for Zoom conferences by a lot of teams because then you could use GoPro 8 for your Zoom conferences, the advantage with to do a Zoom conference with a GoPro is that if three people are sitting say at a distance of two feet also GoPro 8 can capture because of the wide angle lens so currently we are saying that there is a lot of traction into the video space because there are lot of influencers who want to relay their content live in 4K so a product like Edelkrone really helps them to automate that process so currently new added products Edelkrone, Zeiss, Honeywell and the GoPro 9 are all kind of non-IT products but they are high margin products and we will see a good traction to them, so before Honeywell air purifier was moved to us, Honeywell India themselves were selling close to Rs.90 Crores of air purifiers every season, so if we do a good job then from the next season we will also have Rs.90 Crores in air purifier as a portfolio.

Ankit Patka: Okay, got it Sir. My next question how are our long term financial targets factored in?

Abhijit Kanvinde: Our funding mostly what we will need is additional working capital to finance our business. The reason behind is that we are an asset light company so we are not looking at any long-term debt to finance the asset for the business, so we will be financing the additional working capital needed with our internal accruals and we feel that additional working capital will be in the range of Rs.12 Crores to Rs.18 Crores to manage this additional growth in business what we project in next year up to that level.

Ankit Patka: Okay. Sir my last question compared to the niche experiential brands what is your view on the common demand products, since they are having a lower price and they fetch high volumes?

Ketan Patel: Brands, which are at high volume and lower margin, so Samsung can be one of the brands which is there. We are seeing a lot of traction on Samsung especially monitors because of the lockdown everybody started doing the work from home and initially required only one device from your home, so people had one laptop but now they have four laptops, they have



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two desktops I think most of the people have a tablet also, so the Samsung monitor sales have really gone up to the sky and on a lower margin also if you have a higher volume then it definitely gets you a lot of bottomline because you get economies of scale so there has been a lot of traction on product like Samsung in fact our sales for Samsung would almost double so we were doing close to Rs.4 Crores a month in Samsung, I think in the coming quarters we will almost do 8.5 to Rs.10 Crores in just Samsung per month that is the case. The sale of iBall also is a value for money brand and it is entry level product that is also doing well, so iBall also started doing almost Rs.2.5 Crores to Rs.3 Crores per month during this lockdown period.

Ankit Patka:

Okay Sir Thank you so much.

Moderator:

Thank you very much. The next question is from Chirag Patel from Adinath Shares. Please go ahead.

Chirag Patel:

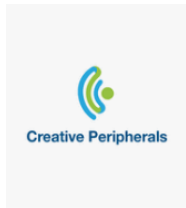
My question is that other than common products in IT like Samsung monitor you mentioned to earlier participant what hardware components for the computers and IT related equipments we are also distributing especially like mother board and RAM and hard disc?

Ketan Patel:

I will tell you in the IT range we have AOC. AOC has all the monitors, which go into that, similar into the IT we have Philips, Philips has large format displays, which usually go for airports and restaurants for signage and that will also be a part of IT. Then we have ViewSonic projectors and intelligent display panels, so these intelligent display panels are extensively used at schools, which are digitized so that is also a part of IT then we have high performance computer components from Cooler Master and Thermaltake and then we have GPUs that is graphic processing units from PNY, hard disc we have some two brands, we have Transcend and we have PNY, which manufactures SSD and external hard drive so that is also a brand, which we have. Then for input devices we have two brands Rapoo and iBall and Honeywell cuts across a lot of this category because we have a lot of products of Honeywell, which goes into IT, we have brand called Printronix and Epson, which are printers, Printronix printers are used by all manufacturing companies and logistics companies and Epson printers are used by corporates who are environment friendly who want to use the ink tank technologies so they use that, so our portfolio on the IT side we would have at least 10 to 12 brands, which are typically used in IT.

Chirag Patel:

Out of this 10 to 12 items how many of them we have exclusive rights?



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Ketan Patel: Most of the brands what we do or almost 100% of the brands we do, are actually exclusive across India, or exclusive to some product categories, so when you consider Samsung so Samsung at least in almost 22 states we are exclusive for the 22 inches and above monitor, so Samsung in these 22 state markets their 22 inches and above monitors through us only and similar Printronix is 100% exclusive, Rapoo is 100% exclusive with us, AOC in the whole west is completely exclusive with us, Thermaltake is exclusive with us.

Chirag Patel: What time period they would allow us for exclusivity inclusive peers?

Ketan Patel: Usually all brands have different format, so Honeywell renews its license every five years exclusively, GoPro renews its license every two years exclusively, Samsung, Philips, Rapoo, AOC they renew their license every one year, so usually the license has a clause that it licenses renew till perpetuity till somebody gives the one month notice either we give them a notice or they give a notice their license is renewable and as you start adding territories or when you start adding products there is an annexure, which goes with the agreement that in these territories these products are added, so that is how it goes, so to answer your underlining question is that is there any risk in any of the brands going, yes, there is a risk that some brands may not renew after one year, but our track record is that almost every brand, which we have started have stayed with us for more than 10 to 12 years.

Chirag Patel: Thank you.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management team for closing comments.

Ketan Patel: Vote of thanks. I thank the entire team of Creative for their untiring effort, hard work, sincerity and dedication, also I appreciate all of you for participating in our conference call, please do get in touch with our investor relations team for any other further questions. Thank you so much for attending this call.

Abhijit Kanvinde: Thank you very much for attending this call.

Moderator: Thank you very much. On behalf of Creative Peripherals and Distribution Limited that concludes the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.