



Result Update Presentation Q3 & 9M FY24

Creative Newtech Limited

(Formerly known as Creative Peripherals and Distribution Limited)

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Company at a Glance

Diversified

Product Portfolio

1. Licensee of **Honeywell** Inc.
2. **25+ Brands** under various segments (FMMSG+FMCT+FMPEG+EB)
3. **8,000+** Trusted partners

Total **20+** branches in India

Over **300** skilled workforce across India

25+
Brands

3,200+
Products

1992
Started
Journey

1,167 Cr*
Market Cap

8,000+
Happy Channel
Partners



Business Structure

Diversified, Value Added Business

Brand Licensing

- **Honeywell License Holder** offering vast suite of products across consumer to enterprise segments
- Exclusive trademark license covers 38 countries spanning South & South East Asia, Middle East Asia & Africa
- Enhancement products for laptops, smartphones & TVs, Audio products, Air Purifiers, enterprise class infrastructure through Structured cabling systems
- Two-Fold Expansion – adding more product categories, expanding geographically

Niche Brand Distribution

- **Market entry specialist for niche brands** offering experiential products to enable niche global brands to enter & establish in new markets
- **FMSG:** Niche Products that appeal to younger demographics, driven by social media penetration
- **FMCT:** Established and fast-moving consumer products that cater to personal as well as organizational demands
- **EB:** High volume products supplied to enterprises
- **FMEG:** Offers quick selling Electronics Goods

B2B E-Commerce

- **Ckart** – Online digital B2B eCommerce platform
- Captive marketplace for subscribed business partners.
- Boosts customer-base and transaction volume without much additional manpower

About

Brands



Samsung, Cooler Master, Insta360, Fujifilm, Hyperice, PNY, BaByliss, Olympus, Zeiss, Transcend, Samsung CE, iBall, ViewSonic, BPL, Printronix, pTron among others



ABOUT HONEYWELL



~\$36 BILLION
in sales for 2022

53%
of sales outside U.S.

~1,300 Sites, ~70 Countries

More Than 129,000 Employees

Charlotte, N.C. Headquarters

Fortune 100

NYSE: HON



AEROSPACE



PERFORMANCE
MATERIALS AND
TECHNOLOGIES



SAFETY AND
PRODUCTIVITY
SOLUTIONS



BUILDING
TECHNOLOGIES

WHO IS HONEYWELL?

Business Overview



Aerospace

\$11.8 Billion



Building technologies

\$6.0 Billion



Performance materials and technologies

\$10.7Billion



Safety and productivity solutions

\$6.9 Billion

Great Positions In Good Industries



Honeywell developed the first autopilot flight controller (1914), first commercial weather radar system (1954), first business jet turbofan engine (1975), and is still the leader in developing revolutionary technology for aerospace today



Honeywell began the Smart Homes project to combine heating, cooling, security, lighting, and appliances into one easily controlled system. They continued the trend in 1987 by releasing new security systems, and fire and radon detectors.



Honeywell is the leader in gas detection, fire systems, personal protective equipment, building controls, home comfort and security and scanning and mobility



Honeywell's technology is used to produce 40% of the world's liquefied natural gas, 60% of the world's gasoline, 70% of the world's polyester, and 90% of the world's biodegradable detergents

Highly Diversified, Technology-Driven Industrial Company

Honeywell License



Brand Licensing

#1

Licensed by Honeywell for contract manufacturing

#2

Rights on many product designs/casts

#3

Can manufacture and sell Honeywell branded products in many APAC & EMEA countries

#4

Aiming to get more international brands under the licensing and also expand Honeywell business line

#5

Maintain Asset light model while expanding the business



Creative – Honeywell

Exclusive rights to sell across 38 countries



Honeywell Business

Tough Entry Barrier & Robust Growth Ahead

Entry Barrier

One of the biggest entry barrier to breakthrough in Honeywell is the long-drawn compliance process and product approval including certifications

Approval Process

The process of getting approval for each product is time consuming and expensive

Launch of Products

Creative has invested 4-5 years in getting approvals for the products and now is launching several new products periodically



*above certifications are approved



Niche Product Portfolio



A great business idea



A great business idea



A great business idea



A great business idea

FMSG + FMCT + FMEG + EB

- #1 Specialist in end-to-end solutions of FMSG for global brands in India
- #2 Well positioned in a fast growing country like India with an aspirational young population and established network and market reach
- #3 Portfolio of 25+ world renowned brands, most of which are market leaders in their categories
- #4 Command niche value in market
- #5 Continually enhancing portfolio with high-margin, high growth-potential products
- #6 Multi channel network

FMSG: Fast Moving Social-Media Gadgets FMCT: Fast Moving Consumer Technology FMEG: Fast Moving Electronics Goods EB: Enterprise Business



Our Brand Partners

FMSG

Fast Moving Social-Media Gadgets

Honeywell



PNY

OLYMPUS

cricut



COLORFUL

hama

instax
FUJIFILM

Lexar



RAZER

FMCT

Fast Moving Consumer Technology



SAMSUNG

ViewSonic
See the difference™

rapoo

msi

Transcend

FMEG

Fast Moving Electronics Goods



POLYCARB

EB

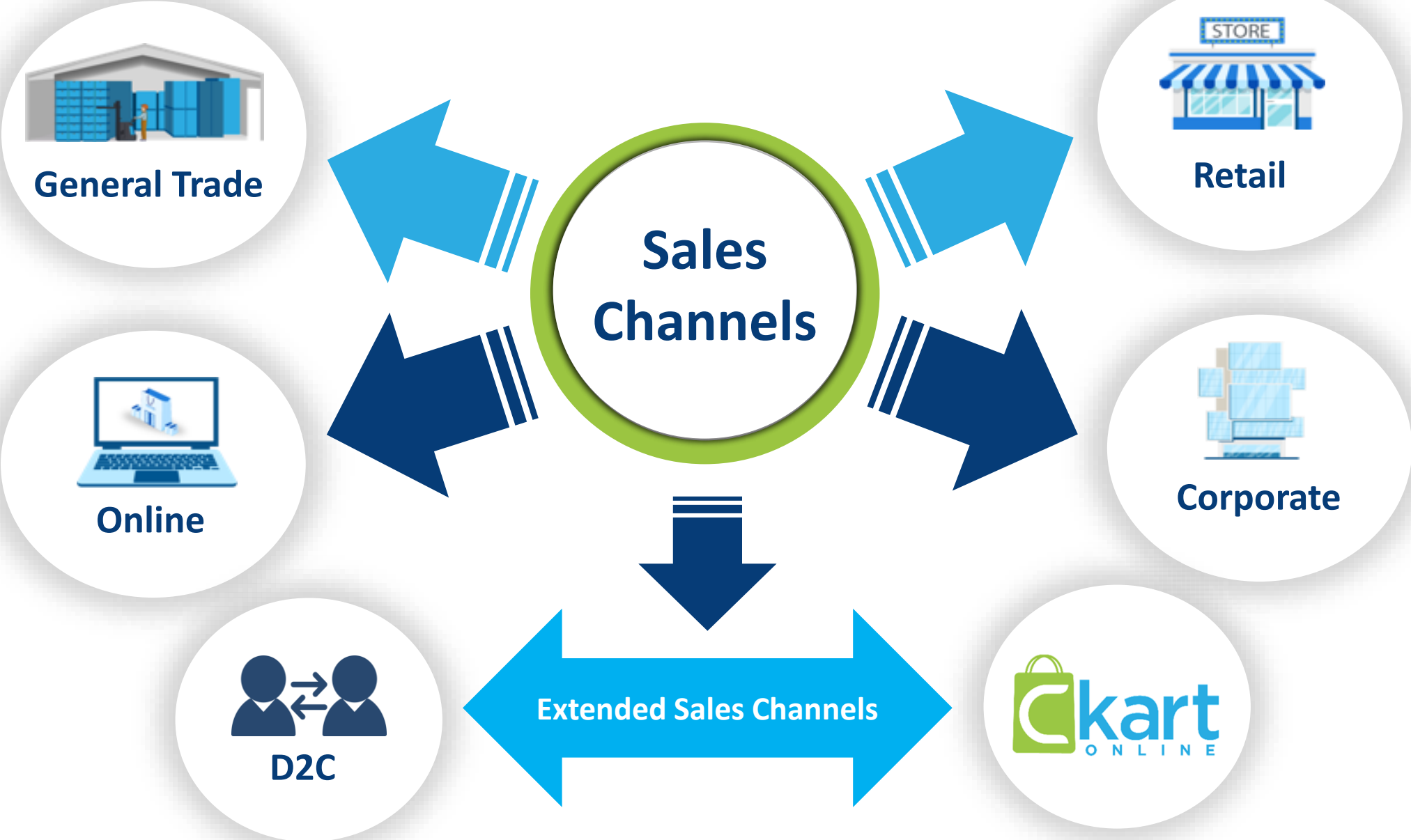
Enterprise Business

AOC

PHILIPS



Omni-Channel Sales



B2B E-Commerce



CKart

- #1 Online digital B2B eCommerce platform
- #2 Captive marketplace for subscribed business partners
- #3 Expands the Company's product domain
- #4 Boosts customer-base without additional manpower
- #5 With growing digitization in industry, CKart paves the way for a future-ready growth



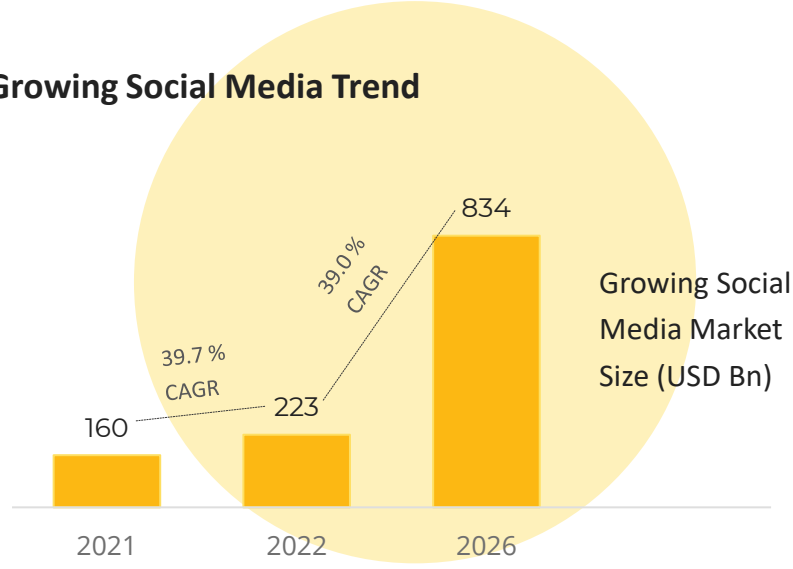
Target Addressable Market



FMSG – Key Drivers for Growth

- Consumer trends to capture every moment of social life & post live events has led to multi-fold growth in personal-use, Internet connected devices
- Millennials tend to follow **multiple hobbies** which has led to growth in pursuing trekking, wildlife photography/tours, sports, cooking, music etc., making this segment one of the fastest growing segments globally
- Consistent increase in sedentary work & increased health & beauty consciousness has led to exponential rise in demand for home recovery equipment (**HYPERICE**), grooming products (**BABYLISS**)
- Rising popularity of online gaming is triggering demand for Gaming accessories (**Cooler Master**)

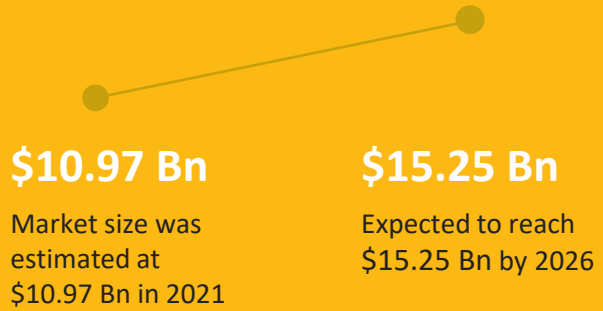
Growing Social Media Trend



Global Fitness Equipment Market

Industry has been growing substantially worldwide in recent years, mainly driven by

- Stress & sedentary lifestyle among urban population
- Rising awareness regarding fitness



Global Gaming Industry

Growth in global gaming sector has been fuelled by

- increasing trends of online/digital gaming, urbanisation & faster network infrastructure
- Robust growth in smartphone penetration

\$300 Bn
Gaming industry presently exceeds \$300 Bn

400 Mn
Over 400 Mn new gamers estimated to have joined by 2023

2.7 Bn
Currently there are 2.7 Bn people in the gaming sector

CAGR 11.9%
Sector expected to grow at CAGR of 11.9% between 2020-26

Q3 FY24 Financial Highlights – Standalone & Consolidated

INR Crore	Standalone			Consolidated		
	Q3 FY24	Q3 FY23	YoY %	Q3 FY24	Q3 FY23	YoY %
Revenue from Operations	490.18	405.89		510.80	421.24	
Other Operation Income	5.51	7.73		5.51	7.73	
Total Income	495.69	413.62	19.84%	516.31	428.97	20.36%
Total Raw Material	474.42	391.33		481.88	400.94	
Employee Cost	3.67	3.36		4.09	3.36	
Other Expenses	7.12	8.22		14.07	11.98	
Total Expenditure	485.22	402.91		500.04	416.28	
EBIDTA	10.47	10.71	(2.24%)	16.27	12.69	28.23%
EBIDTA Margin %	2.11%	2.59%	(48 bps)	3.15%	2.96%	19 bps
Interest	2.42	2.73		2.46	2.75	
Depreciation	0.34	0.35		0.34	0.35	
Exceptional Items	0.00	0.00		0.00	0.00	
Profit Before Tax	7.71	7.63		13.47	9.59	
Tax	1.92	1.90		1.92	1.90	
PAT	5.79	5.73	1.04%	11.55	7.69	50.16%
PAT Margin	1.17%	1.39%	(22 bps)	2.24%	1.79%	45 bps

- Strong sales growth driven by Honeywell and EB product segments
- High demand for Samsung, Viewsonic, Cooler Master and Honeywell
- Higher contribution from Honeywell boosted consolidated margins



9M FY24 Financial Highlights – Standalone & Consolidated

INR Crore	Standalone			Consolidated		
	9M FY24	9M FY23	YoY %	9M FY24	9M FY23	YoY %
Revenue from Operations	1360.83	939.87		1408.97	979.09	
Other Operational Income	11.50	20.19		11.50	20.19	
Total Income	1372.33	960.06	42.94%	1420.47	999.28	42.15%
Total Raw Materials	1311.26	899.47		1328.30	920.70	
Employee Cost	11.03	10.42		11.75	10.42	
Other Expenses	21.59	22.83		39.25	34.54	
Total Expenditure	1343.88	932.72		1379.30	965.66	
EBIDTA	28.45	27.34	4.08%	41.17	33.62	22.44%
EBIDTA Margin %	2.07%	2.85%	(78 bps)	2.90%	3.36%	(46 bps)
Interest	7.12	6.83		7.23	6.89	
Depreciation	0.99	1.15		0.99	1.15	
Exceptional Items	0.00	0.00		0.00	0.00	
Profit Before Tax	20.34	19.36		32.95	25.58	
Tax	5.06	4.79		5.06	4.79	
PAT	15.28	14.58	4.81%	27.89	20.80	34.11%
PAT Margin	1.11%	1.52%	(41 bps)	1.96%	2.08%	(12 bps)

- Strong sales growth driven by EB and FMSG segments
- Higher demand for products from Samsung, Cooler Master, Honeywell & ViewSonic among others
- Operational efficiencies offset by change in product mix, impacting margins



Consolidated Balance Sheet Highlights as on 30th September 2023

INR Crore	As on 31 st March 2023	As on 30 th Sept 2023
Equity	126.16	193.10
Equity Share Capital	12.60	14.05
Other Equity	104.80	157.71
Money Received Against Share Warrant	0.00	10.19
Minority Interest	8.76	11.15
Non-Current Liabilities	10.04	9.15
Long Term Borrowings	9.13	8.12
Other Long Term Liabilities	0.00	0.00
Other Long Term Provisions	0.91	1.02
Current Liabilities	151.78	126.71
Short Term Borrowings	79.80	61.50
Trade Payables	46.88	49.81
Other Financial Liabilities	13.75	8.93
Other Current Liabilities	10.67	5.94
Short Term Provisions	0.35	0.35
Current Tax Liabilities (Net)	0.33	0.18
Total Equities & Liabilities	287.98	328.96

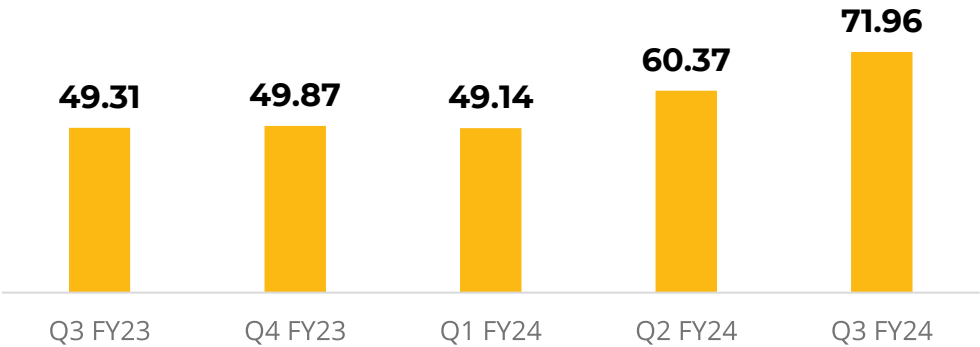
INR Crore	As on 31 st March 2023	As on 30 th Sept 2023
Non-Current Assets	9.97	9.76
Property, Plant & Equipment	9.57	9.34
Intangible Assets	0.14	0.12
Non-Current Investments	0.00	0.00
Net Deferred Tax Asset	0.25	0.30
Long Term Loans & Advances	0.00	0.00
Other Non Current Assets	0.00	0.00
Current Assets	278.01	319.19
Inventories	81.26	95.51
Trade Receivables	92.19	134.72
Cash & Cash Equivalents	2.59	14.22
Bank Balances other than above	6.60	9.82
Other Financial Assets	0.09	0.17
Other Current Assets	95.28	64.76
Total Assets	287.98	328.96



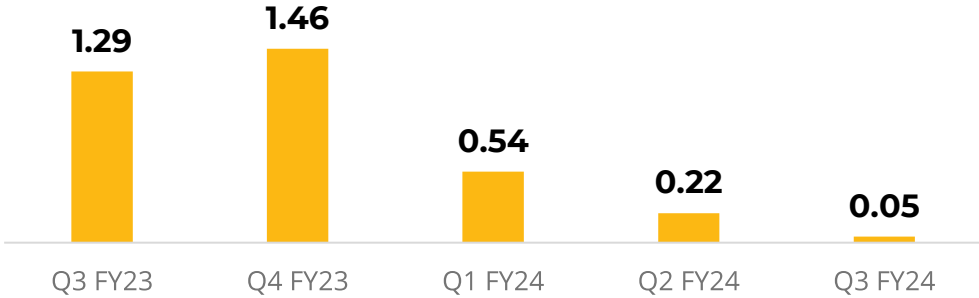
Segmental Revenue

*Sales in Crore

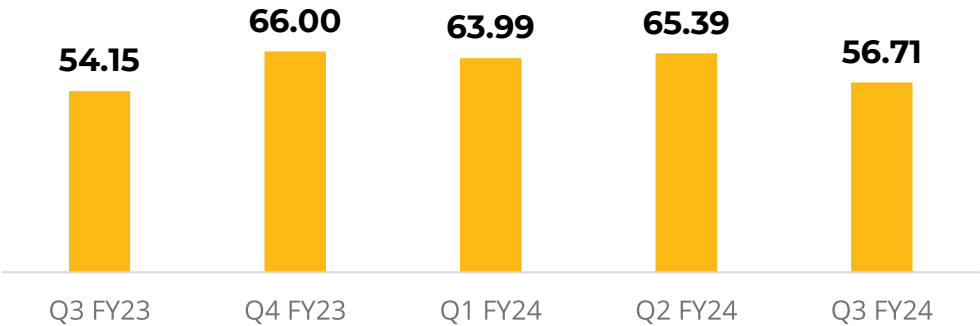
FMSG



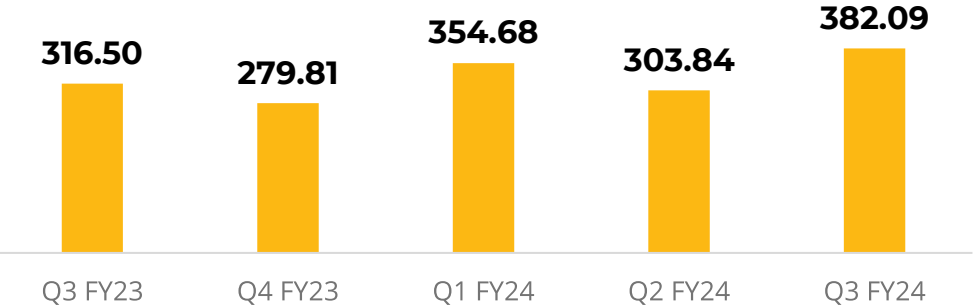
FMEG



FMCT



EB



FMSG : Fast Moving Social-Media Gadgets

FMCT: Fast Moving Consumer Technology

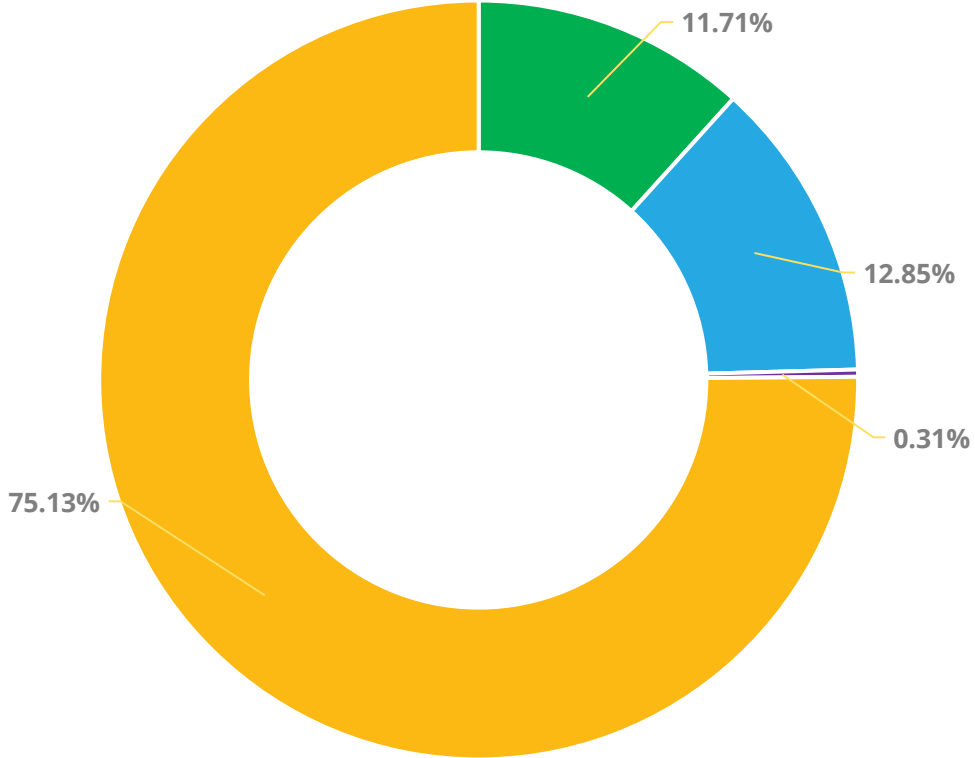
FMEG: Fast Moving Electronics Goods

EB: Enterprise Business

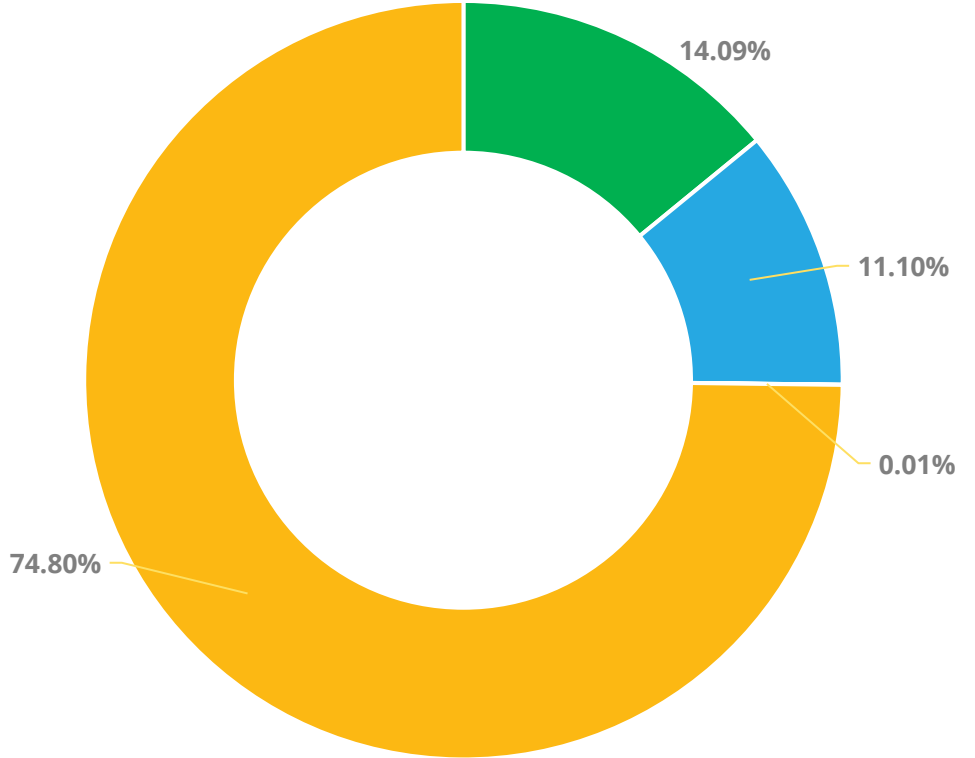


High Growth, High Margin and Small Working Capital cycle – the Criteria

Q3 FY23



Q3 FY24

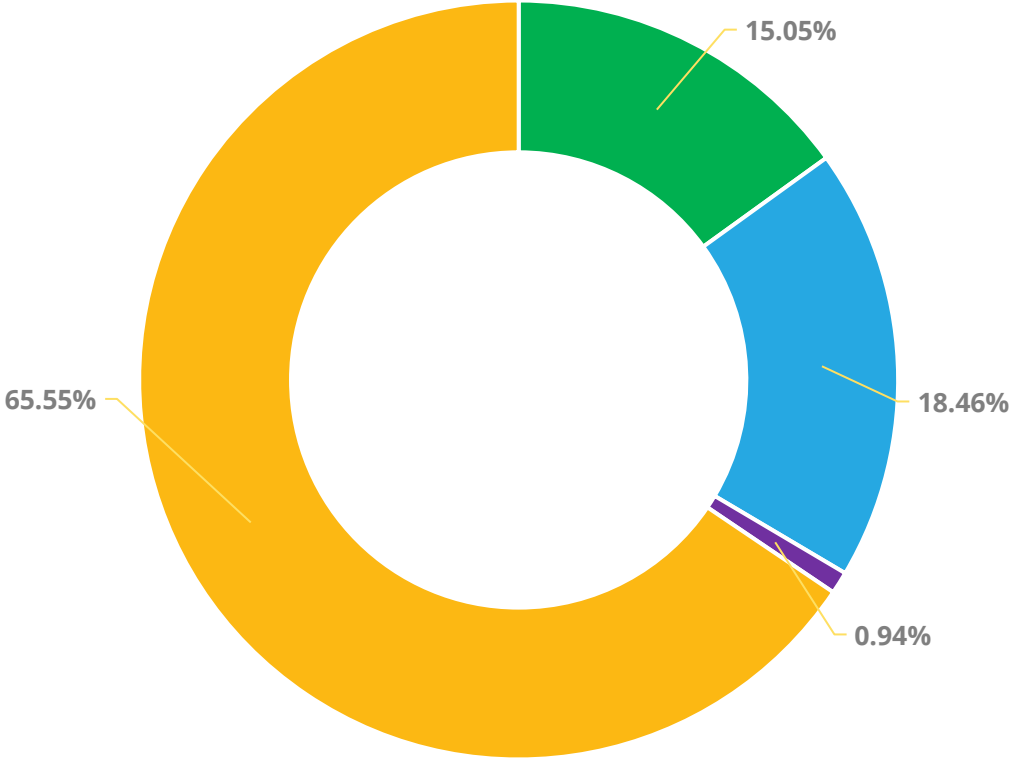


FMSG FMCT FMEG EB

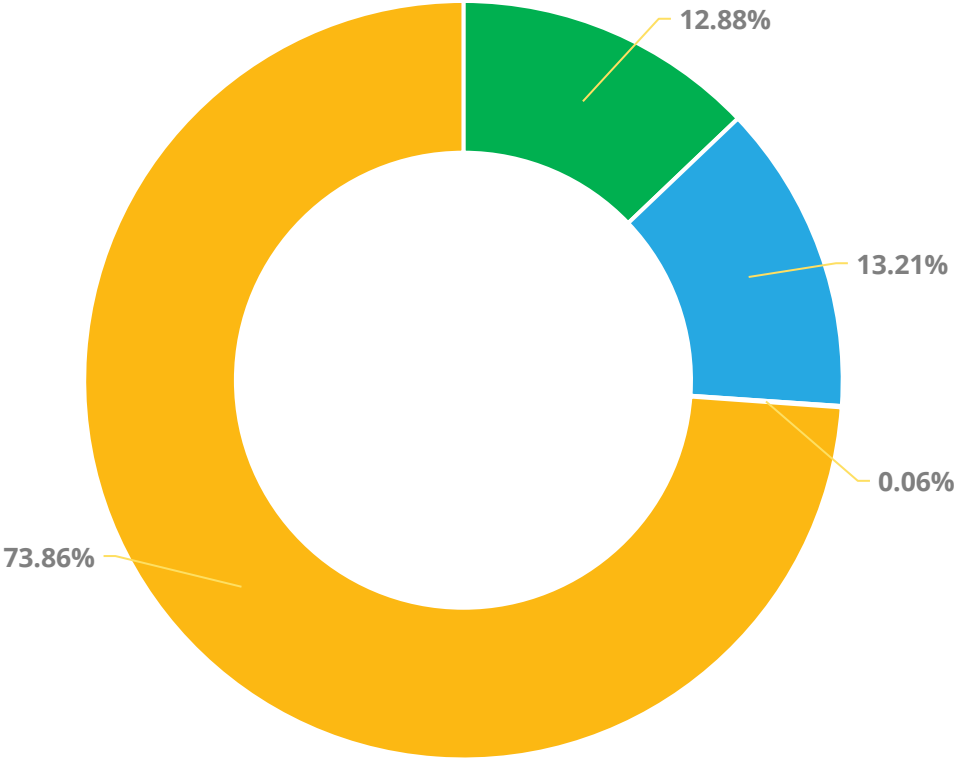


Segmental Revenue 9M FY23 vs 9M FY24

9M FY23



9M FY24

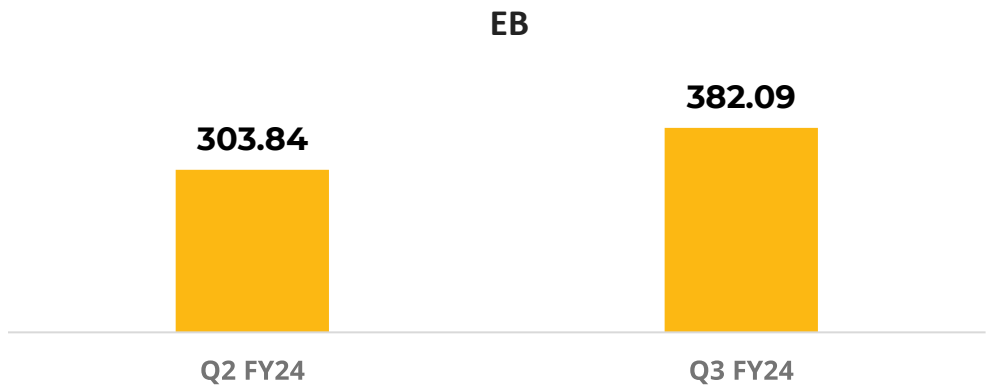
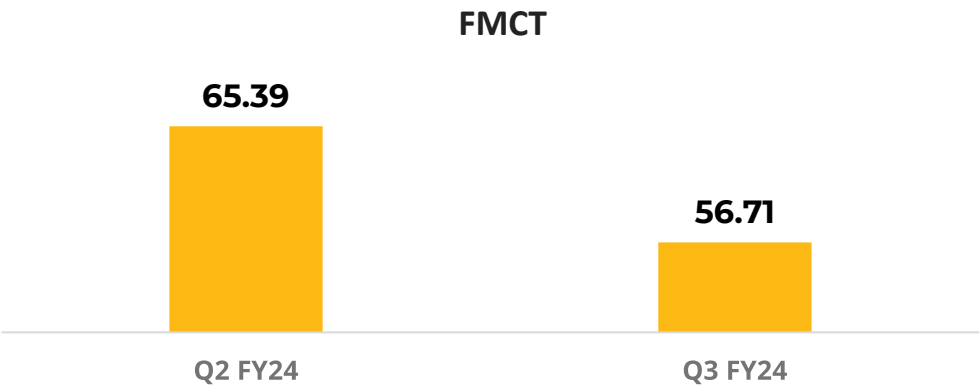
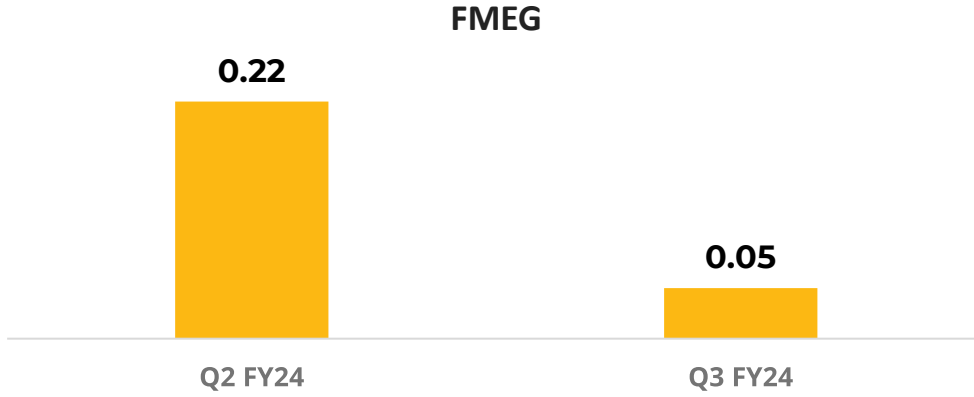
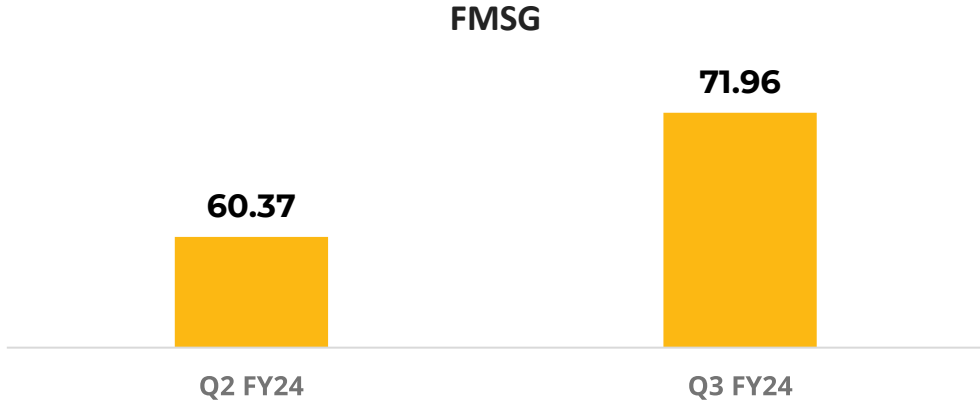


FMSG FMCT FMEG EB



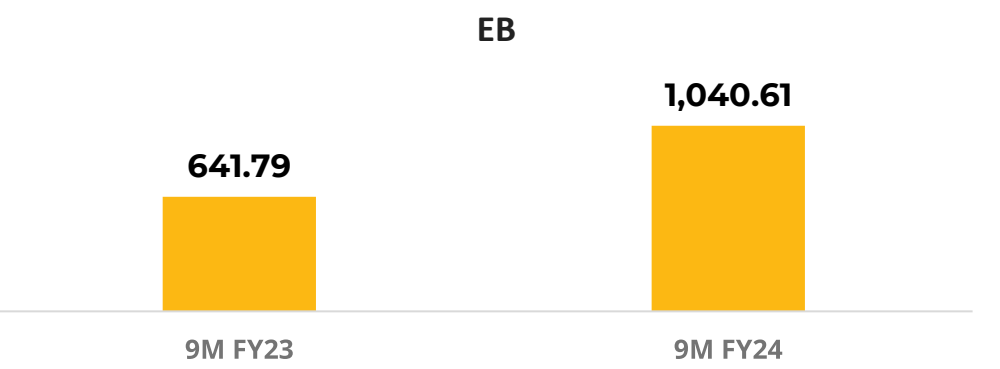
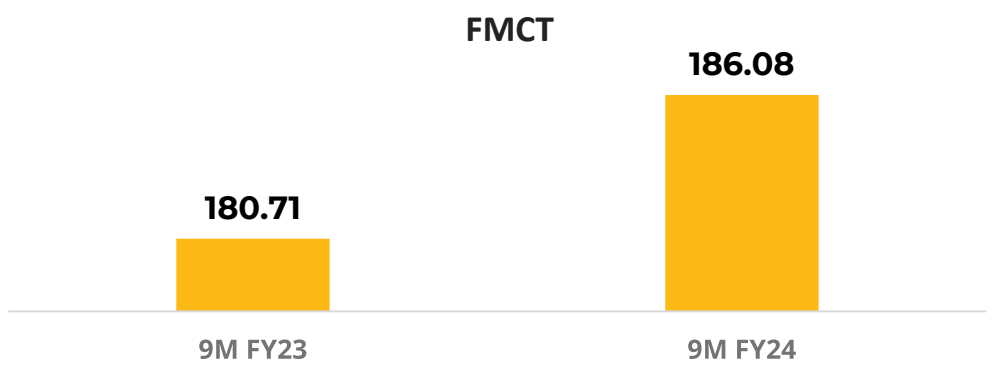
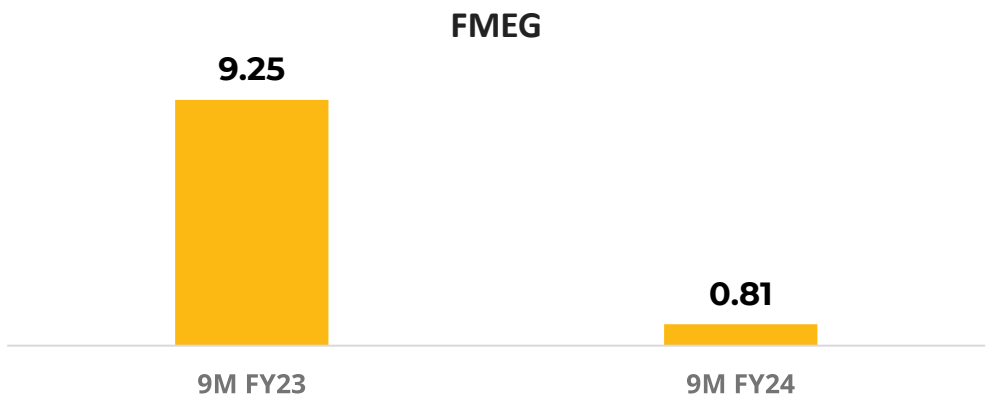
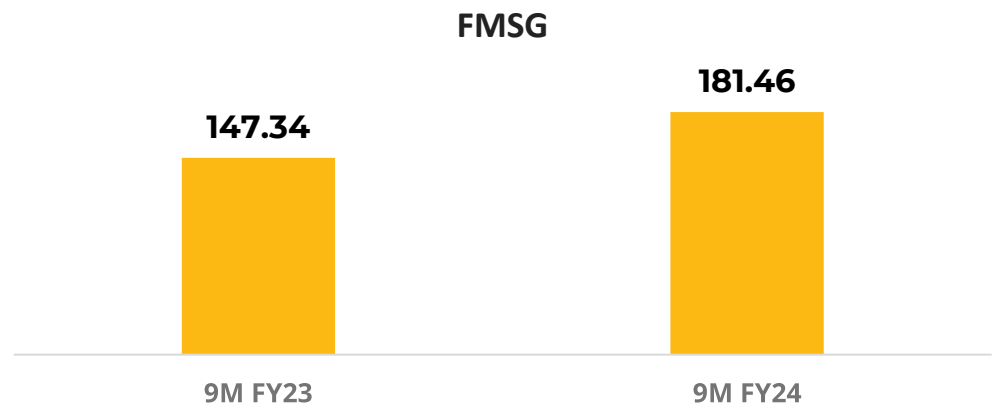
Quarterly Segmental Revenue QoQ

*Sales in Crore



Nine Months Segmental Revenue YOY

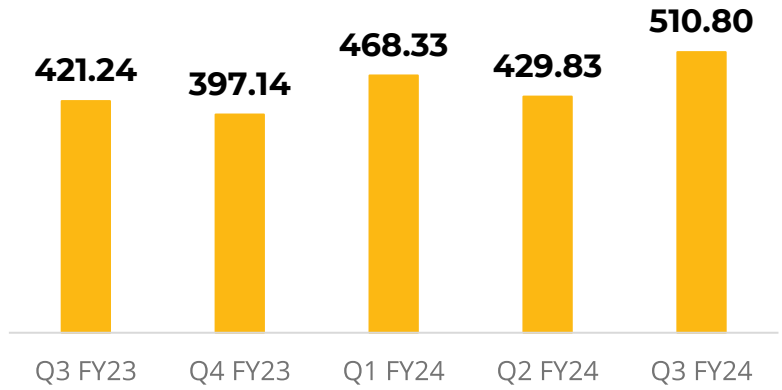
*Sales in Crore



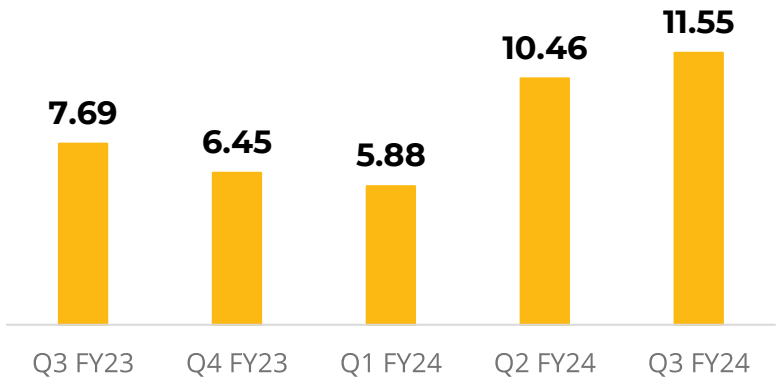
Q3 FY24 Consolidated Financial Highlights in Charts

Sales in Crore

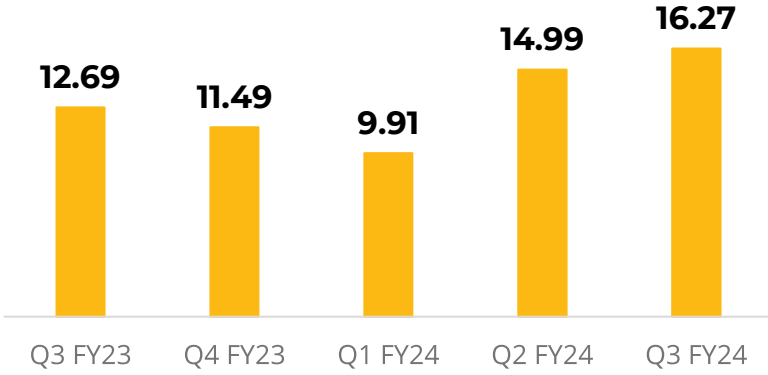
Revenue from Operations (in Cr)



PAT (in Cr)

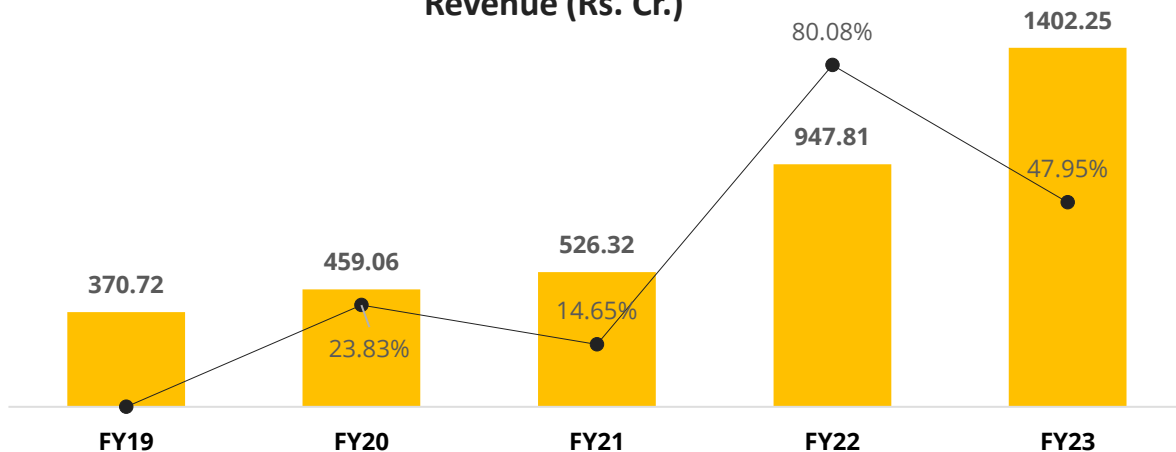


EBITDA (in Cr)

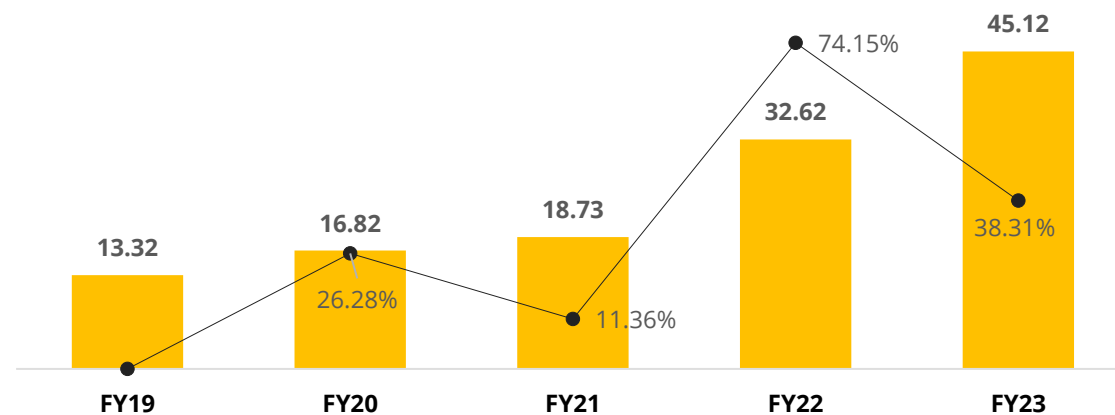


Annual Consolidated Financial Highlights FY23

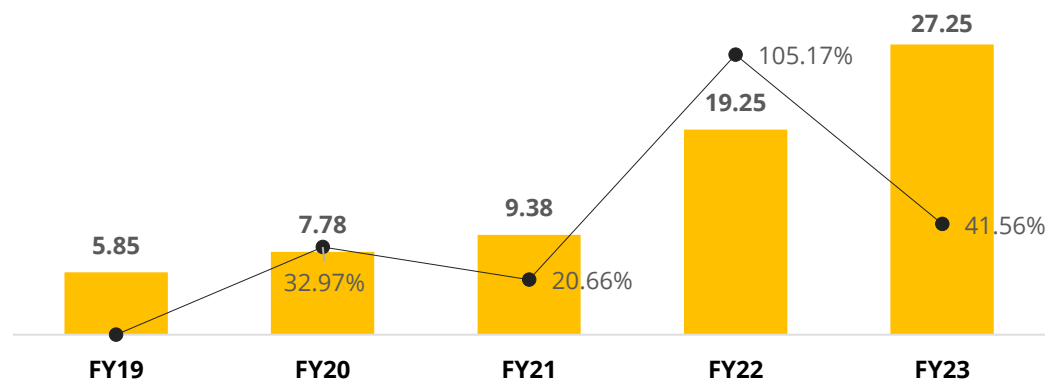
Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

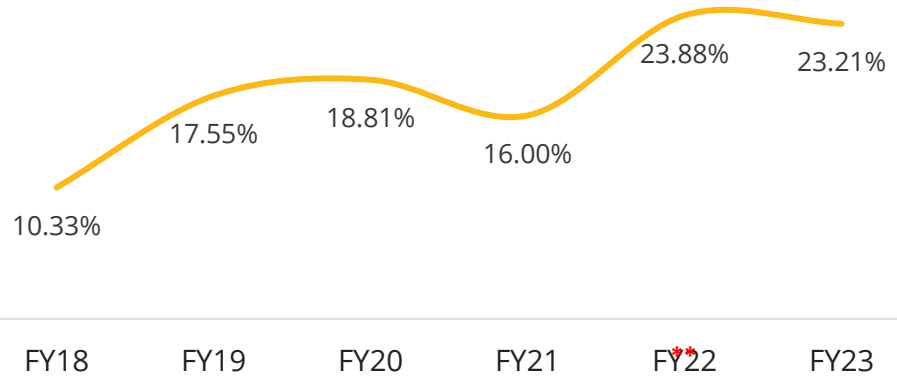


PAT (Rs. Cr.)

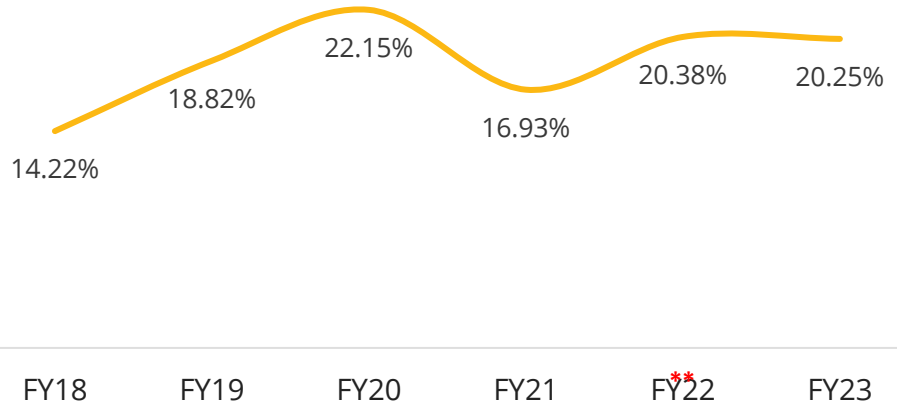


Consolidated Key Return Ratios

RoE %



RoCE %



Focus on improving RoCE and long-term value creation

*RoE = Net Profit/Net Worth | RoCE = EBIT/(Shareholders Fund + Long-term Borrowing + Short-term Borrowing-Non-Current Investment)

** FY21 Covid Year



Key Strengths & Investment Rationale



Mix of experienced & young dynamic workforce

Focus on Products with High Growth, High Margin & Small Working Capital cycle

Exclusive licensee for Honeywell
➤ Significant growth from higher volumes in Honeywell Consumer products portfolio
➤ Creative is exclusive licensee in 29 countries spanning SAARC, Middle East & APAC

Strong return ratios & Asset-Light
➤ Creative has an ROCE of ~20.38%, outpacing the average of 10% earned by companies in similar industry
➤ Asset light business with outsourced contract manufacturing

Addresses niche growing market across segments
Partner to leading brands – Samsung, Cooler Master, BPL, Olympus, Fujifilm Instax, Hyperice, Philips, Rapoo, Insta 360, Transcend, ViewSonic, Printronix, Zeiss, BaByliss, Colorful, Edelkrone, InVue etc.

One of India’s leading Brand Licensee and Market Entry Specialist
One of the few national players in this space to provide end-to-end solution from contract manufacturing to retail distribution and brand licensing

Good entry point for well-known foreign brands
Provide strategic intel to foreign players to enter & tap into Indian market

An Omni-channel network that spans Online, offline and retail trade channels
25+ brands, 3,200+ products, 8,000+ happy channel partners and 50,000+ metric tons (across product range) of monthly import and export

Way Ahead

**Brand
Licensing in
New
markets**

**Bringing
Cutting-edge
Technologies
through high-
margin brands**

**Digitizing
business for
optimal
profitability**



#1 Brand Licensing & Geographical Expansion

- Growing brand licensing line of business with long-standing association with Honeywell with extensive product portfolio
- Expanding geographically in new countries across Middle East & APAC with required approvals & certifications in place



#2 Diversifying product portfolio across new high-potential verticals

- Bringing diverse product ranges across various consumer verticals such as gaming & lifestyle, to stay ahead of trends
- Focus on fast moving high-margin brands such as Cooler Master, Hyperice etc.
- Utilize & expand omni-channel network to capitalize on maximum reach across India



#3 Ckart to boost profitability & working capital

- Online B2B eCommerce platform to help expand customer-base substantially without additional manpower
- Seller module making the platform a virtually open marketplace for all supply chain partners
- With addition of new channel partners on the platform, working capital cycle to improve



Annexure



Management Comment



Commenting on the Company performance, Mr. Ketan Patel, Chairman & Managing Director of Creative Newtech said:

“Performance in the third quarter of this fiscal was in line with expectations. Our growth trajectory has continued through this period, despite uncertainties in the global markets on a macro-level. We are seeing steady demand for several products which contributed to growth. Our brand selection strategies and niche portfolio help us stay a step ahead in the industry.

In the quarter ended December 2023, our consolidated total income grew 20.36% YoY to Rs. 516.31 cr. EBITDA and PAT increased 28.23% and 50.16% YoY to Rs. 16.27 cr and Rs. 11.55 cr, respectively. Growth came in from demand for products from Samsung, Honeywell, Cooler Master and ViewSonic, among others. Higher contribution from Honeywell helped improve profit margins. Our EB segment continued to perform well this quarter as well, with revenue growing substantially.

We remain very selective in terms of building our brand portfolio to leverage our wide networks for brands which have high scope for growth.

During the quarter, we added pTron, a domestic brand under Palred Electronics, to our portfolio. This is a high volume product line covering a range of mobile accessories like Bluetooth audio, power banks, smart wearables etc.

Moreover, in a major milestone, we tied up with US-based Cyberpower Inc. under a brand licensing agreement for their CyberpowerPC brand. CyberpowerPC is a globally renowned name for high performance gaming computers and accessories. We are excited about this new tie up to bring their products to the Indian markets where there is already a high demand for e-sports products. CyberpowerPC joins Honeywell in our brand licensing portfolio and should help further boost profitability.

We have entered the last quarter of this fiscal on a positive note. Our focus remains on keeping a lean business model and ensuring long-term, sustainable growth for all stakeholders. I would like to thank the entire team for their dedication, which drives the Company forward.”



Management Team



Ketan Patel

Founder and CMD

A technologist with a humble background and an experience 30+ of years. With capital not an option, he had to choose a long gestation period for success. He firmly believes that in the technology business, operating leverage is substantial but always back ended.



Purvi Patel

Co-Founder and Whole Time Director

A woman with exceptional foresight, Purvi Patel manages Logistics, HR, Marketing, Operations and Administrative functions to enable smooth functioning of the business.



Vijay Advani

Whole Time Director

Mr. Advani is a seasoned Professional with 30+ years of experience since 1998 in Product, Sales & Operations. He looks after the complete sales of the organization and all major B2B relationships with an ease and competence like no other.



Mohit Anand

Co-Founder and CEO - Secure Connection

As the CEO of Secure Connection, he is responsible for all facets of the business including, Sales, Marketing, Finance & Operations. He is currently building and scaling out Honeywell licensing business in over 29 countries. Ex-Microsoft, Ex-Belkin



Management Team



Abhijit Kanvinde
Chief Financial Officer

Chartered Accountant with over 25 years of strong and multi-industry experience. Worked in companies like Garnier India, Novartis Consumer Health, Shringar Cinemas, etc. He was the CFO of a listed company for over 8 years, also successfully completed two IPOs in his career.



Amol Patil
Vice President - Product

MBA in Marketing with Engineering in Electronics and Telecom, with over 20 years of experience in IT industry. Mr. Patil's prowess lies in identifying latest market opportunities. With his excellent team management and execution skills, he is responsible for profitable management of products portfolio



Upendra Singh
Vice President - Sales

Bachelor of Commerce from Ranchi University, with nearly 30 years experience in Sales & Marketing. His expertise lies in vendor management, sales generation & market penetration. He has been in the IT hardware industry for over 11 years and he drives the national channel & corporate sales.



Quadrant Segmentation of Business

Products have been ranked into Quadrants based on returns and working capital turns:

Focus is on **Quadrant 1** by dedicating best resources towards it. Simultaneously, Company is also maintaining existing business – Quadrant 2 to Quadrant 4 – as it gives visibility & foot-in-the-door to large brands & distributors.

QUADRANT 1 HIGH MARGINS AND QUICK CYCLE	QUADRANT 2 HIGH MARGINS AND MEDIUM CYCLE
QUADRANT 3 LOW MARGINS AND MEDIUM CYCLE	QUADRANT 4 LOW MARGINS AND LONGER CYCLE

As part of a **Sustainable Growth Strategy**, incremental resources would be step-by-step diverted towards Quadrant 1, without disrupting current business

Quadrant 1 business is primarily **FMSG** and **Enterprise Businesses** like – Honeywell, Cooler Master, ViewSonic, Fujifilm Instax, Invue, MSI, Rapoo, iBall, Insta360, to name a few

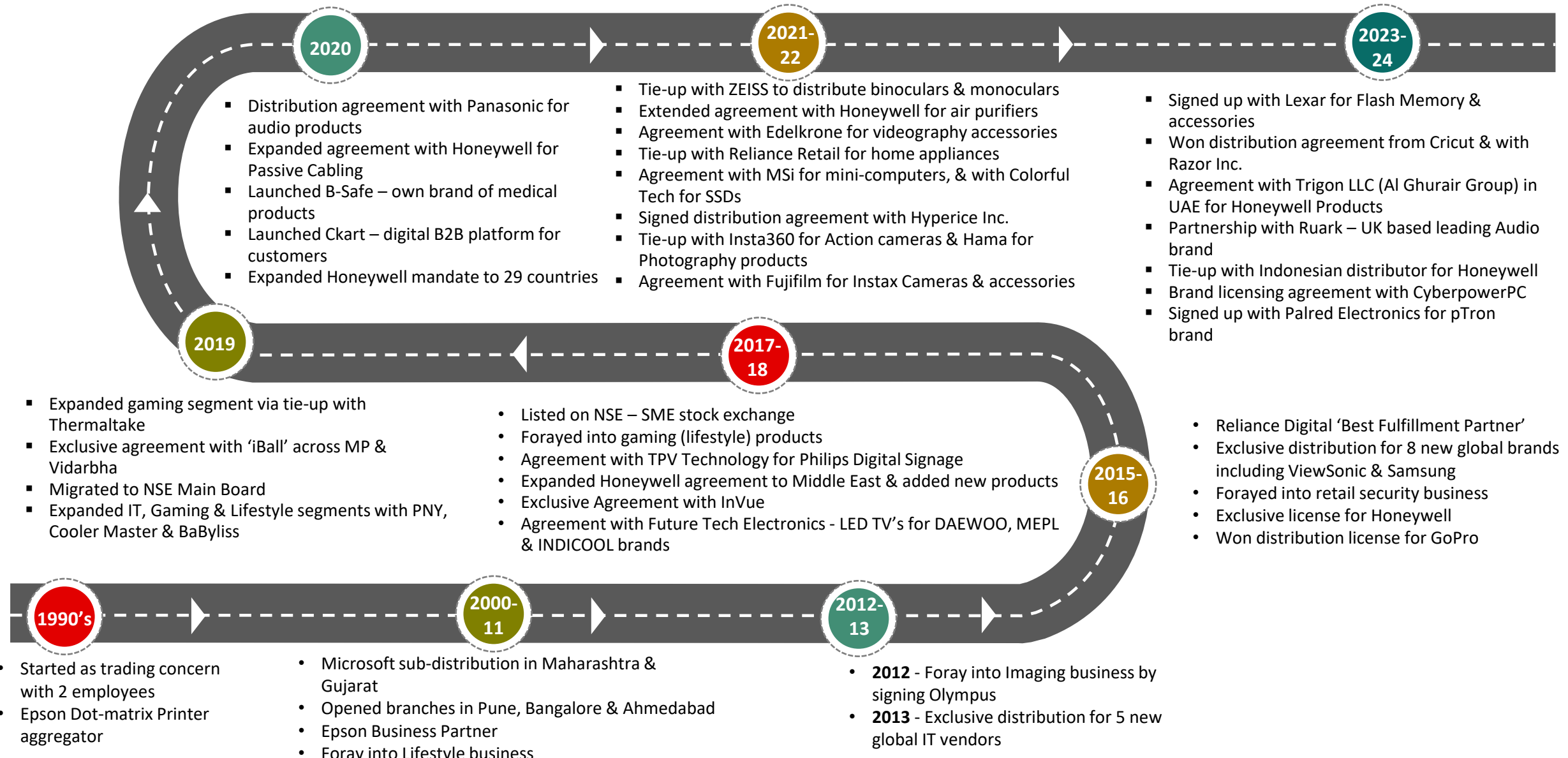


Strategic Focus Area & Criteria

- Creative's business model is primarily of optimizing working capital. Success of our business depends on achieving higher growth through higher margin products and quick working capital cycle
- Over last few quarters we have continuously shifted our resources towards higher profit products (Honeywell, Cooler Master, Hyperice, Samsung etc.) with faster sales cycle and agile team
- We gauge every opportunity through below key lenses:
 - ✓ Return on Investment
 - ✓ Return on Management time
 - ✓ Whether it's a Experiential Brand



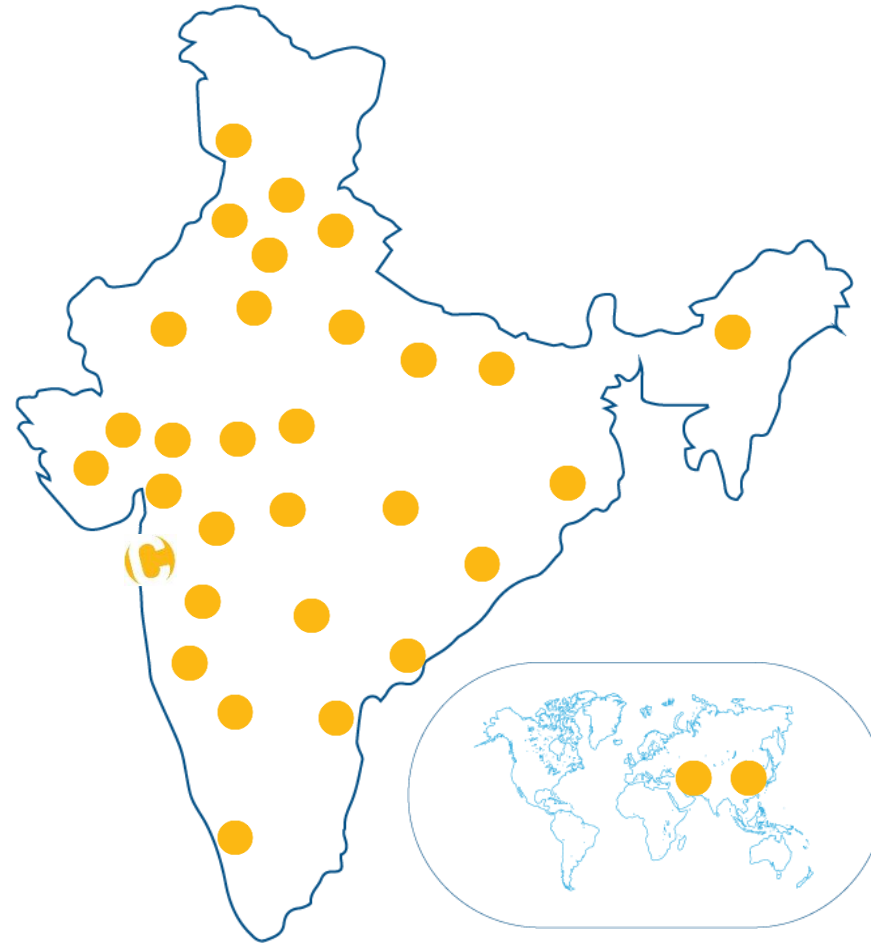
Journey so far...



Geographical Presence

Our Network

We are present at following Locations



Domestic

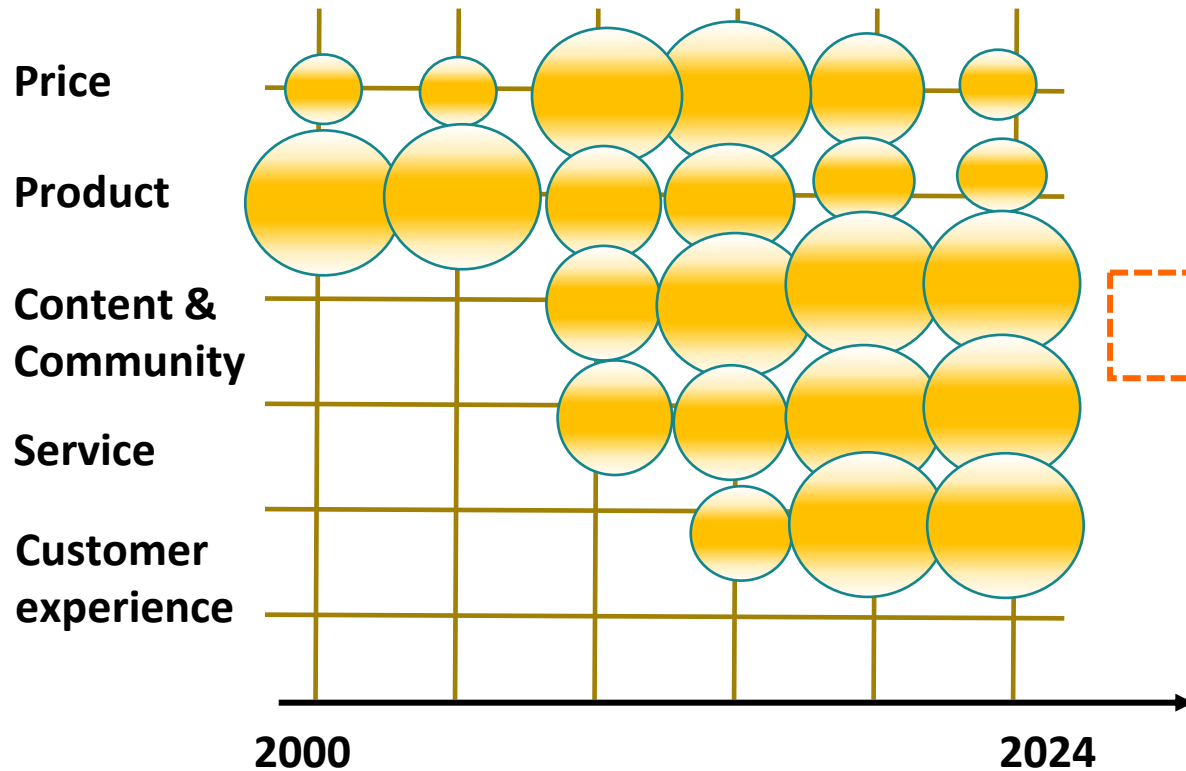
- Pan India presence.
- 31 branches across India.
- Over 320-strong highly skilled workforce across India – mix of young and experienced talent.

International

- Subsidiary in Hong Kong.
- Strong distribution tie-up in Middle East.
- Expanding network across SAARC countries.

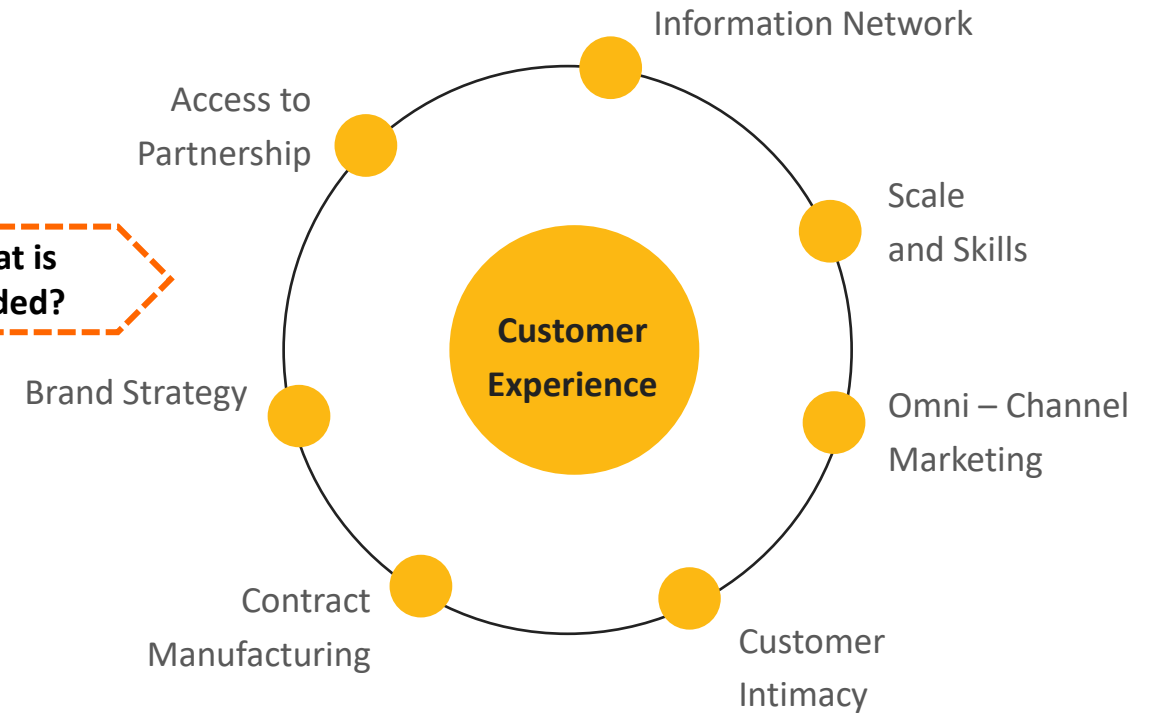
Strong network of 8,000+ partners across India

Driving Social Media Transformation through Digital Offerings



What is needed?

Our Value Edition



By 2024, **Customer Experience** will overtake **Price & Product** as the key brand differentiator, a shift that is already in progress.



Key Developments

Fund Raise Activity

In July 2023, Creative raised Rs. 80.10 cr through preferential allotment of warrants to members of the promoter and non-promoter group, including some employees of the Company.

Honeywell

- Partnered with leading distributor in **Indonesia** for Honeywell products
- Signed licensing agreement for Honeywell **Air Purifiers** across 10 countries worldwide
- Expanded Honeywell distribution agreement to include **38 countries across APAC, Middle East and Africa**
- Added range **Home Audio products** to Honeywell product portfolio

Geographical Expansion

Other than our presence in existing regions we are now also available at Varanasi, Dehradun, Chandigarh and Jammu to cater demand for fast growing Eastern UP, Uttarakhand, Himachal and Jammu & Kashmir. We have spread our wings to these new Geographies in the recent past

Recent Brand Agreements

- Signed agreement with **Hyperice Inc.** to distribute massage & muscle recovery products
- Tied up with **Insta360** to distribute range of cameras
- Signed Distribution Agreement with **Fujifilm** for their **Instax** range of Cameras and its accessories
- Signed Distribution Agreement with **Lexar** for Flash Memory and relevant accessories
- Expanded the Category in **Samsung** brand by adding their Samsung Flash Memory products into our existing arrangement with them
- Won distribution agreement with **Cricut** to offer their range of craft and cutting products in India
- Tied up with **Razor Inc.**, a leading global gaming brand, to distribute its products in India
- Tied up with **Ruark** to bring premium audio products to India
- Signed Brand Licensing agreement with **Cyberpower Inc.** for CyberpowerPC brand
- Panned distribution agreement with **Palred Electronics** for distribution of 'pTron' products





THANK YOU!

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