



Result Update Presentation Q1 FY25

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 (FMSG+FMCT+FMEG+EB)
3. **10,000+** Trusted partners

Total **32+ regions** in India

Over **350+** skilled workforce across globe

25+
Brands

4,000+
Products

1992
Started
Journey

1,011 Cr*
Market Cap

10,000+
Happy Channel
Partners

*Market Cap as on 12-08-2024



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

About

Brands



Samsung, Cooler Master, iBall, Fujifilm , Om System (Olympus), Holoware, Samsung CE, Cricut, Nokia, Ptron, Lexar, ViewSonic, Dahua, among others



ABOUT HONEYWELL



~\$36.7 BILLION
in sales for 2023

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



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

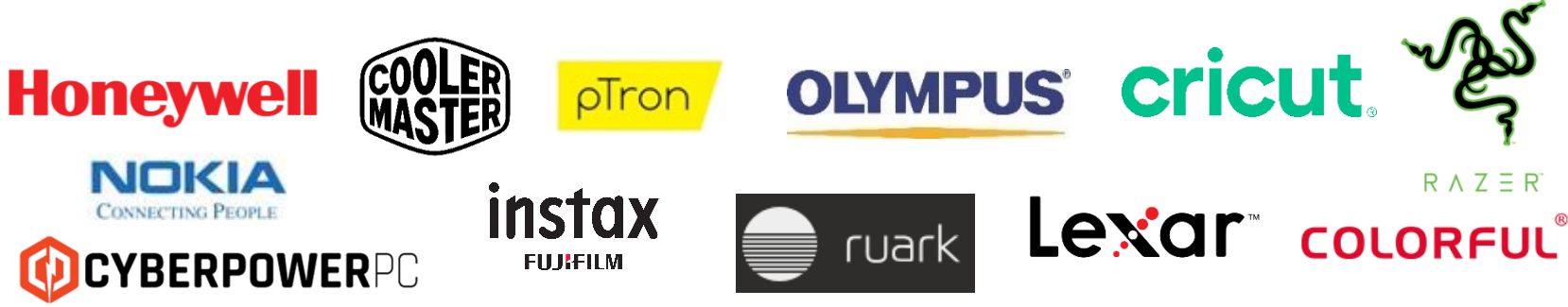
FMSG: Fast Moving Social-Media Gadgets **FMCT:** Fast Moving Consumer Technology **FMEG:** Fast Moving Electronics Goods **EB:** Enterprise Business



Our Brand Partners

FMSG

Fast Moving Social-Media Gadgets



FMCT

Fast Moving Consumer Technology



FMEG

Fast Moving Electronics Goods

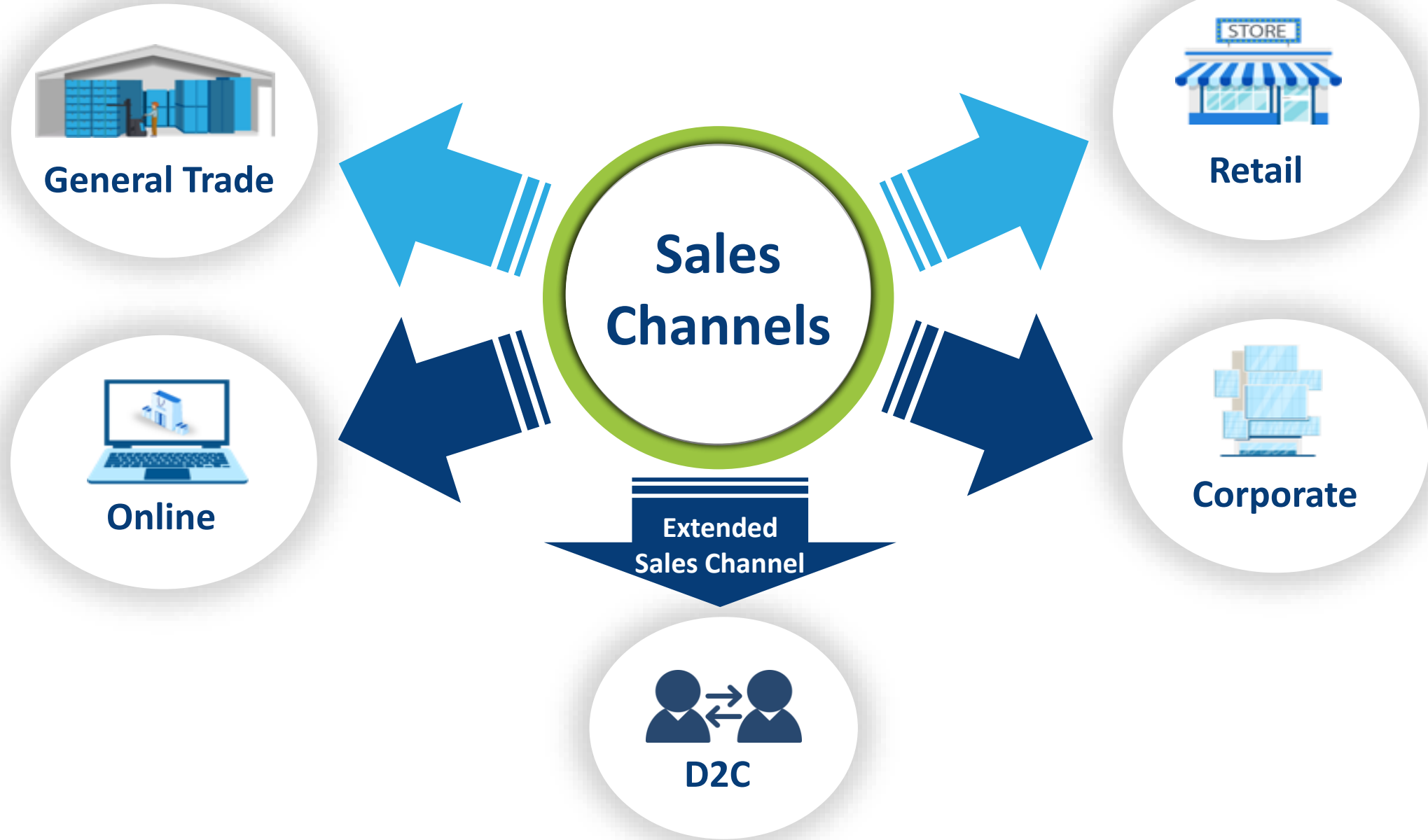


EB

Enterprise Business



Omni-Channel Sales



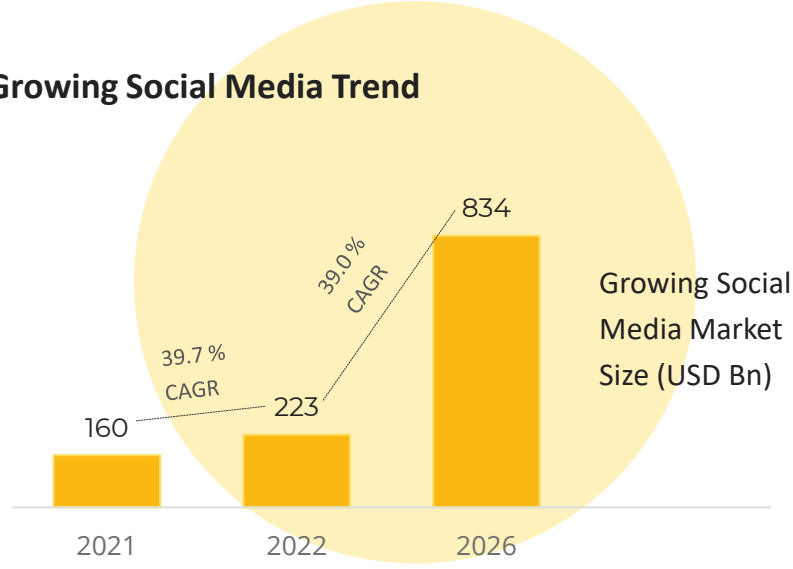
Target Addressable Market



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**)

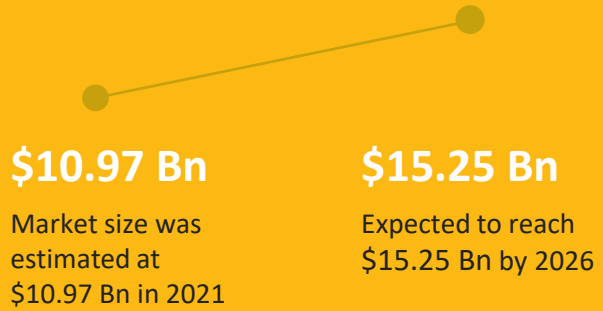
Growing Social Media Trend



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

Q1 FY25 Financial Highlights – Standalone & Consolidated

INR Crore	Standalone			Consolidated		
	Q1 FY25	Q1 FY24	YoY %	Q1 FY25	Q1 FY24	YoY %
Revenue from Operations	277.27	456.10		301.01	468.33	
Other Operation Income	4.48	3.01		4.48	3.01	
Total Income	281.75	459.10	(38.63%)	305.49	471.34	(35.19%)
Total Raw Material	261.94	440.54		273.45	446.14	
Employee Cost	4.18	3.93		4.82	3.93	
Other Expenses	7.13	6.52		14.71	11.36	
Total Expenditure	273.25	450.99		292.97	461.43	
EBIDTA	8.51	8.11	4.82%	12.51	9.91	26.29%
EBIDTA Margin %	3.02%	1.77%	125 bps	4.10%	2.10%	200 bps
Interest	1.42	2.40		1.45	2.43	
Depreciation	0.26	0.31		0.27	0.31	
Exceptional Items	0.00	0.00		0.00	0.00	
Profit Before Tax	6.83	5.40		10.80	7.17	
Tax	1.71	1.29		1.71	1.29	
PAT	5.11	4.12	24.24%	9.09	5.88	54.55%
PAT Margin	1.81%	0.90%	91 bps	2.97%	1.25%	172 bps

- Relatively slower growth in EB & FMCT segments offset growth in FMSG segment year-on-year
- Higher contribution from Honeywell boosted margins



FY24 Financial Highlights – Standalone & Consolidated

INR Crore	Standalone			Consolidated		
	FY24	FY23	YoY %	FY24	FY23	YoY %
Revenue from Operations	1,638.54	1,331.76		1,713.12	1,376.22	
Other Operational Income	27.79	26.03		27.79	26.03	
Total Income	1,666.34	1,357.80	22.72%	1,740.91	1,402.25	24.15%
Total Raw Materials	1,569.26	1,274.80		1,599.09	1,296.01	
Employee Cost	14.42	13.70		15.71	13.70	
Other Expenses	31.13	30.68		56.89	47.43	
Total Expenditure	1,614.81	1,319.18		1,671.69	1,357.14	
EBIDTA	51.52	38.62	33.41%	69.22	45.12	53.42%
EBIDTA Margin %	3.09%	2.84%	25 bps	3.98%	3.22%	76 bps
Interest	9.50	9.31		9.66	9.40	
Depreciation	1.33	1.57		1.33	1.57	
Exceptional Items	0.00	0.00		0.00	0.00	
Profit Before Tax	40.70	27.74		58.23	34.15	
Tax	9.97	6.90		9.97	6.90	
PAT	30.72	20.85	47.38%	48.25	27.25	77.08%
PAT Margin	1.84%	1.54%	30 bps	2.77%	1.94%	83 bps

- Strong sales growth driven by EB and FMSG segments
- Stable demand for products from Samsung, Cooler Master, Honeywell & ViewSonic among others
- Margin improvement from operational efficiencies & higher contribution from Honeywell



Consolidated Balance Sheet Highlights as on 31st March 2024

INR Crore	As on 31 st March 2023	As on 31 st March 2024
Equity	126.16	224.05
Equity Share Capital	12.60	13.48
Other Equity	104.80	192.07
Money Received Against Share Warrant	0.00	10.16
Minority Interest	8.76	8.34
Non-Current Liabilities	10.04	8.34
Long Term Borrowings	9.13	7.28
Other Long Term Liabilities	0.00	0.00
Other Long Term Provisions	0.91	1.06
Current Liabilities	151.78	128.99
Short Term Borrowings	79.80	66.28
Trade Payables	46.88	52.12
Other Financial Liabilities	13.75	5.09
Other Current Liabilities	10.67	2.82
Short Term Provisions	0.35	0.38
Current Tax Liabilities (Net)	0.33	2.31
Total Equities & Liabilities	287.98	361.38

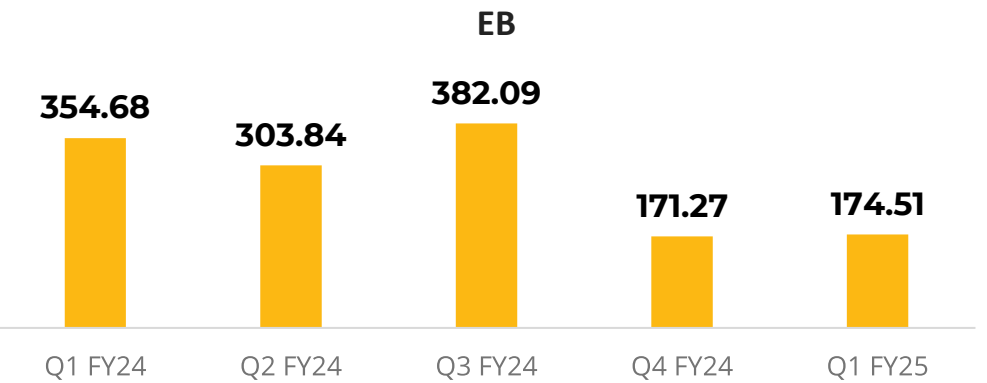
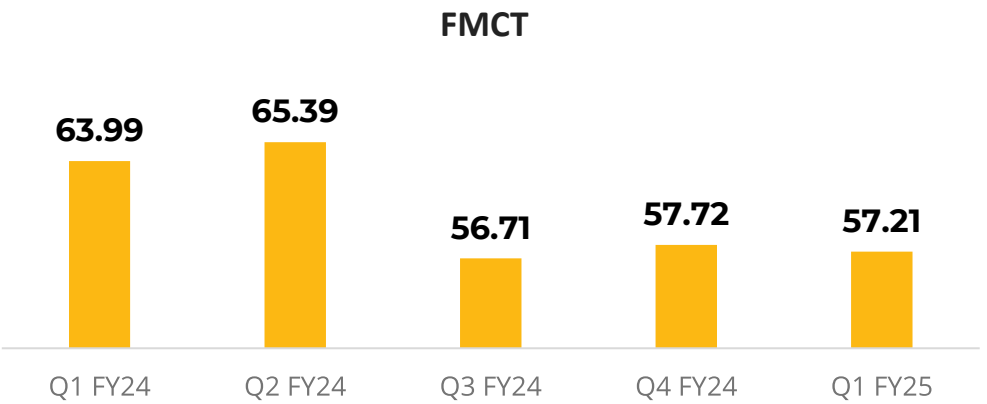
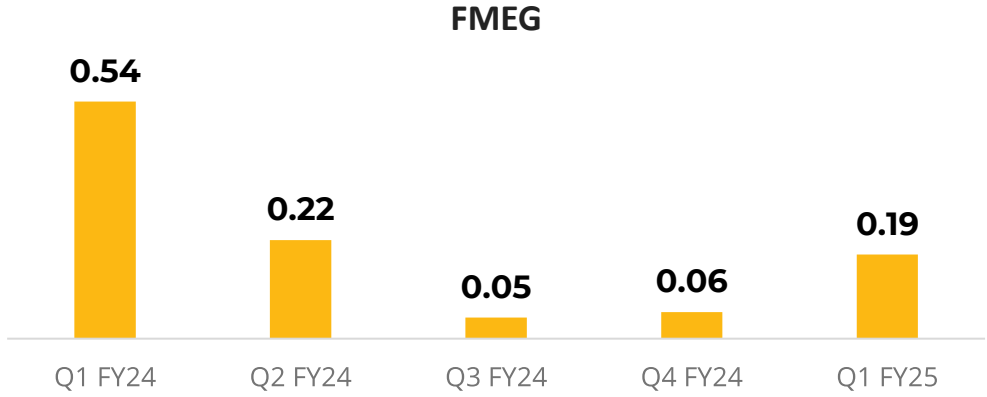
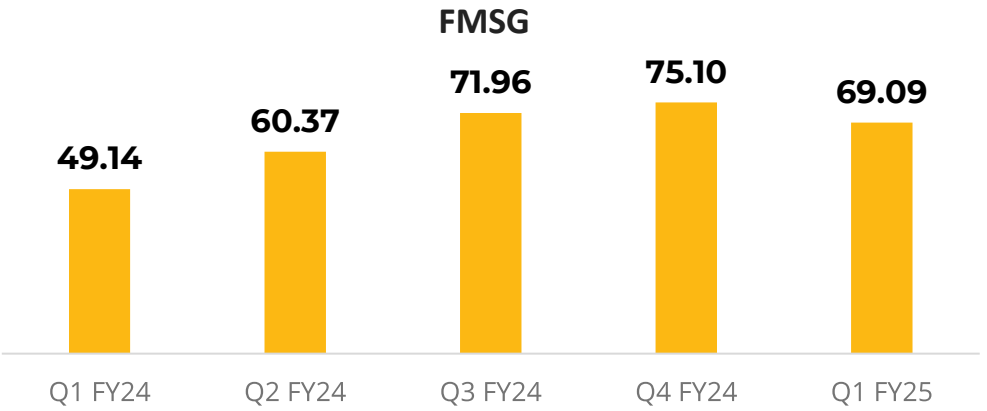
INR Crore	As on 31 st March 2023	As on 31 st March 2024
Non-Current Assets	9.97	9.15
Property, Plant & Equipment	9.57	8.83
Intangible Assets	0.14	0.00
Non-Current Investments	0.00	0.00
Net Deferred Tax Asset	0.25	0.32
Long Term Loans & Advances	0.00	0.00
Other Non Current Assets	0.00	0.00
Current Assets	278.01	352.22
Inventories	81.26	77.75
Trade Receivables	92.19	147.02
Cash & Cash Equivalents	2.59	7.20
Bank Balances other than above	6.60	9.99
Other Financial Assets	0.09	1.42
Other Current Assets	95.28	108.84
Total Assets	287.98	361.38

Board recommends final dividend of Re. 0.5/- per Equity Share of face value Rs. 10 each, subject to shareholders' approval



Consol Segmental Revenue

*Sales in Crore



FMSG : Fast Moving Social-Media Gadgets

FMCT: Fast Moving Consumer Technology

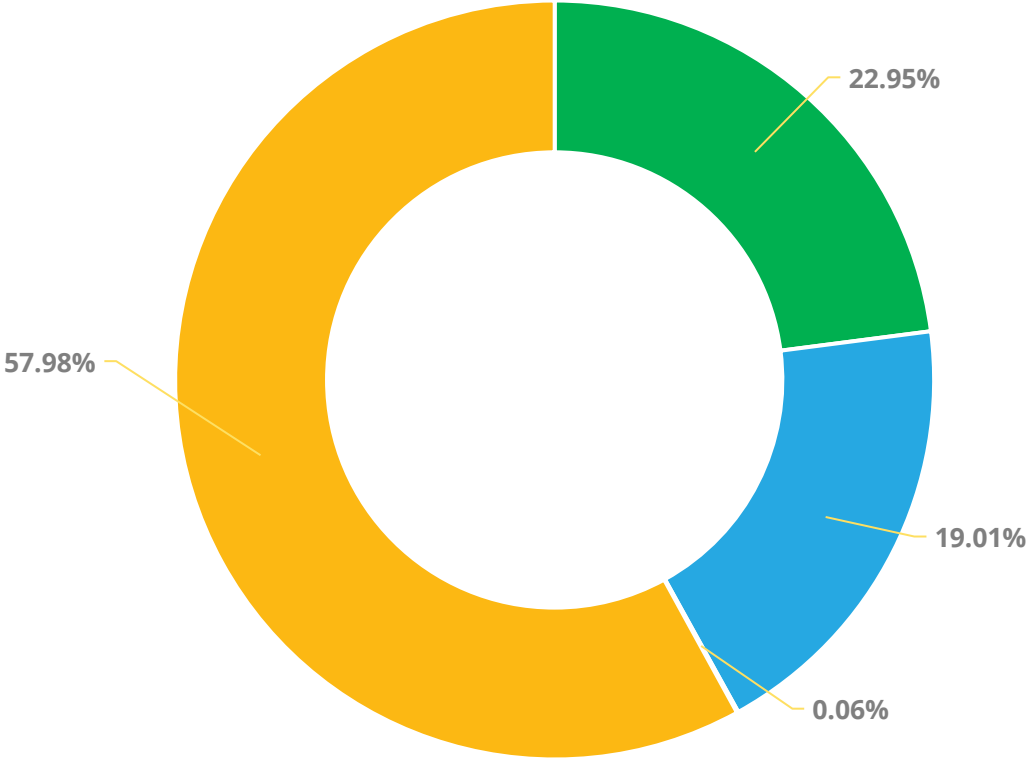
FMEG: Fast Moving Electronics Goods

EB: Enterprise Business

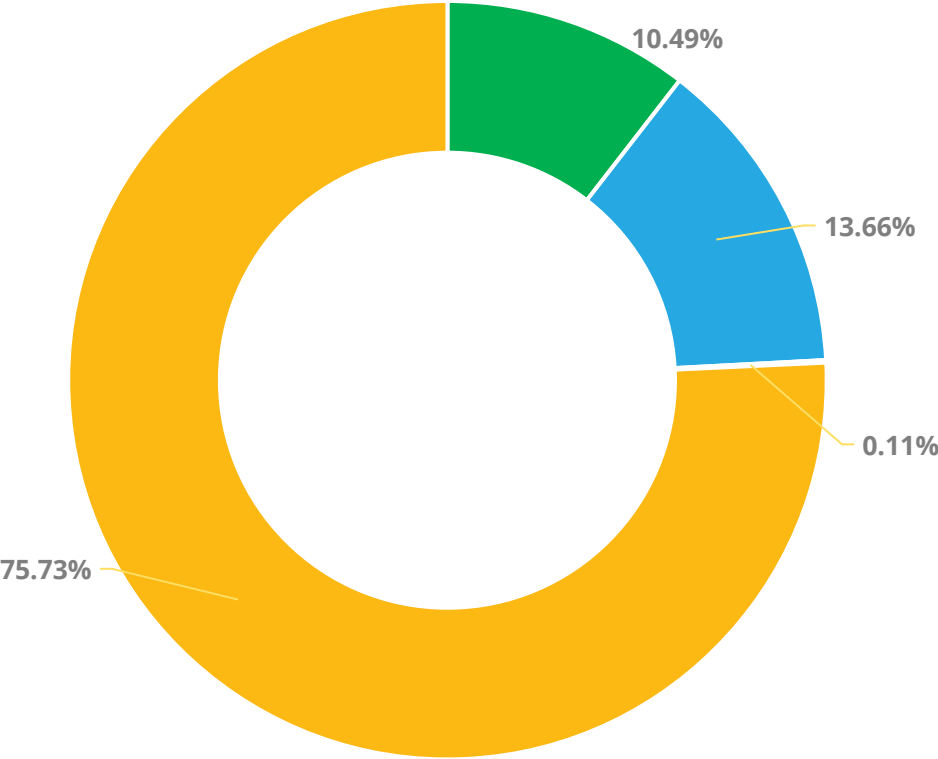


High Growth, High Margin and Small Working Capital cycle – the Criteria

Q1 FY25



Q1 FY24

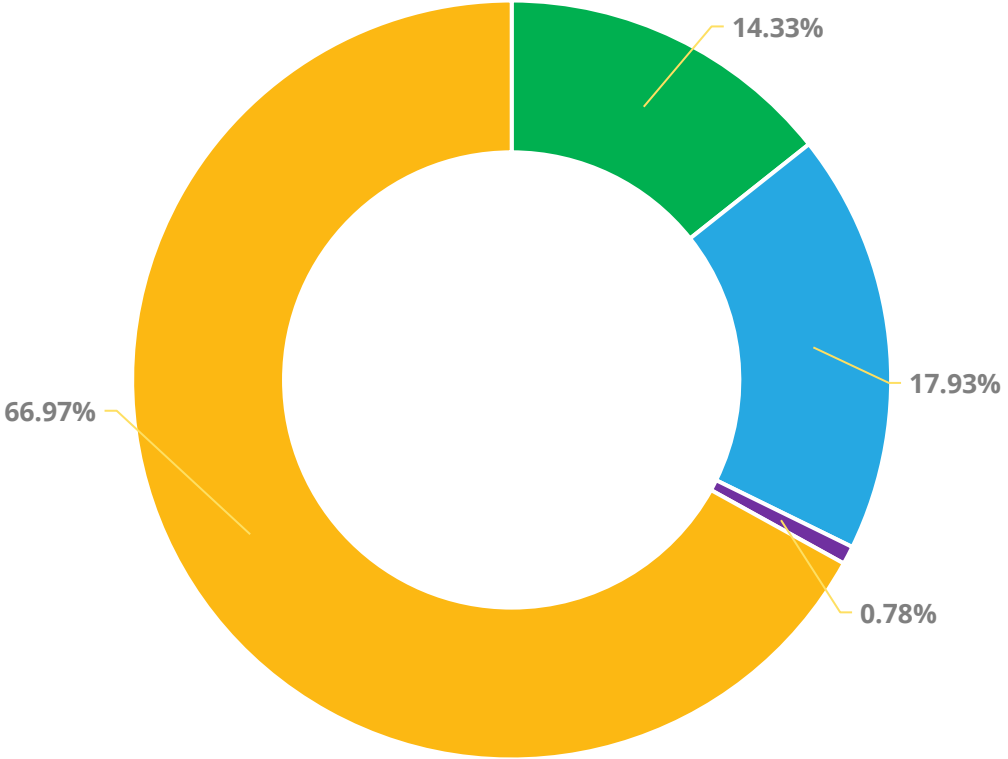


FMSG FMCT FMEG EB

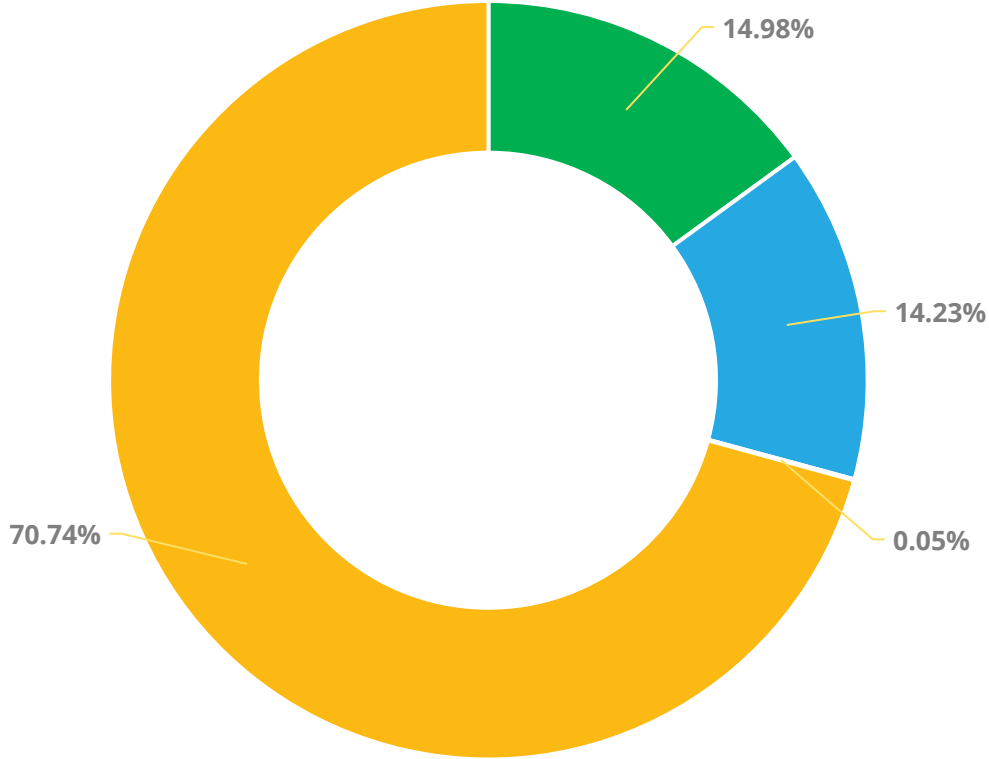


Segmental Revenue FY23 vs FY24

FY23



FY24

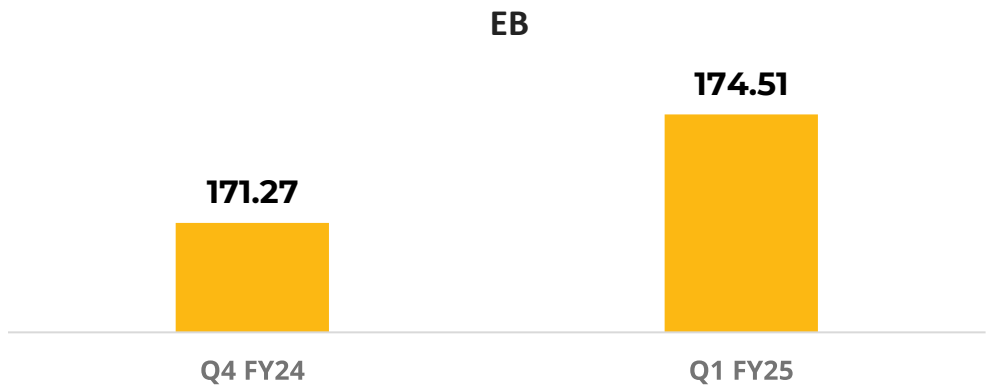
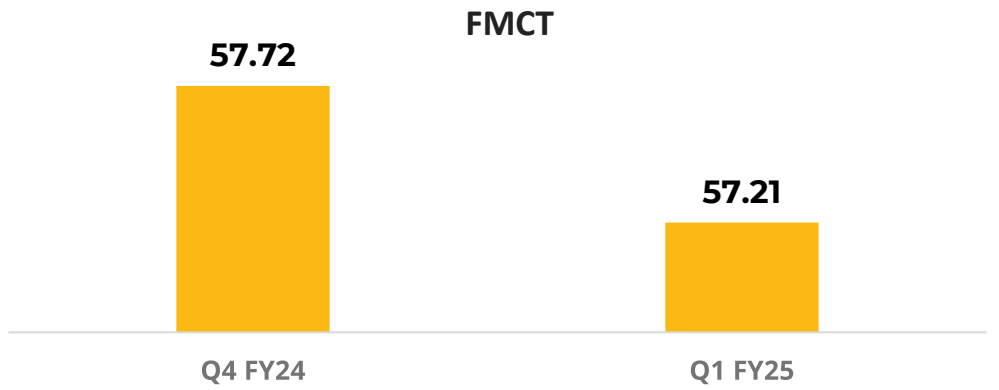
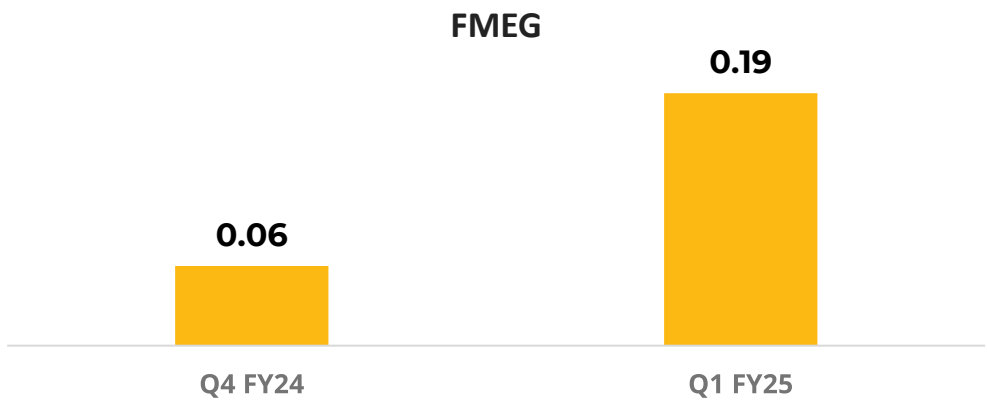
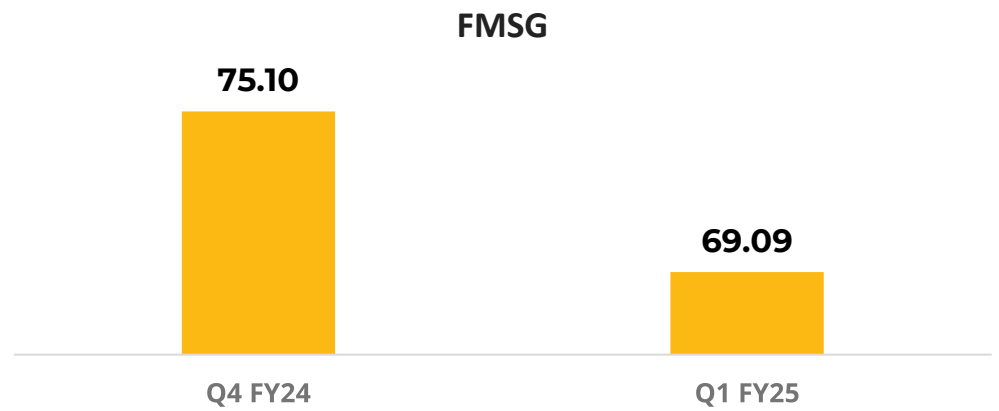


FMSG FMCT FMEG EB



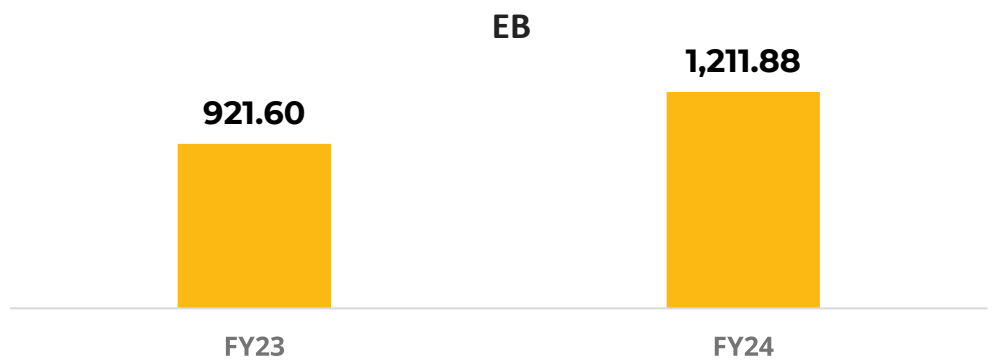
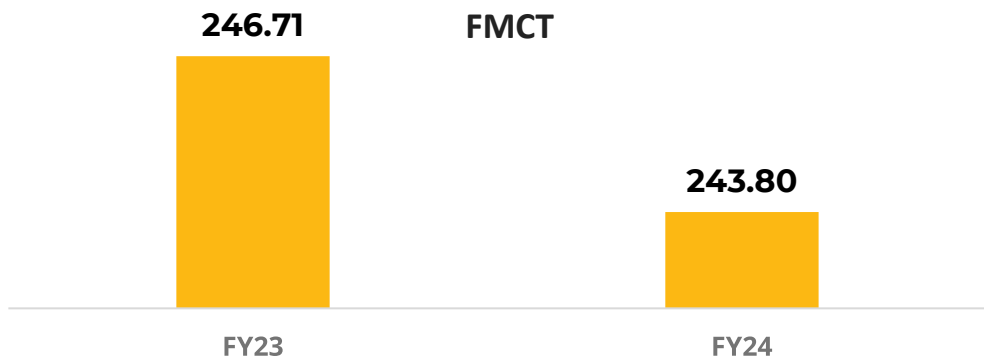
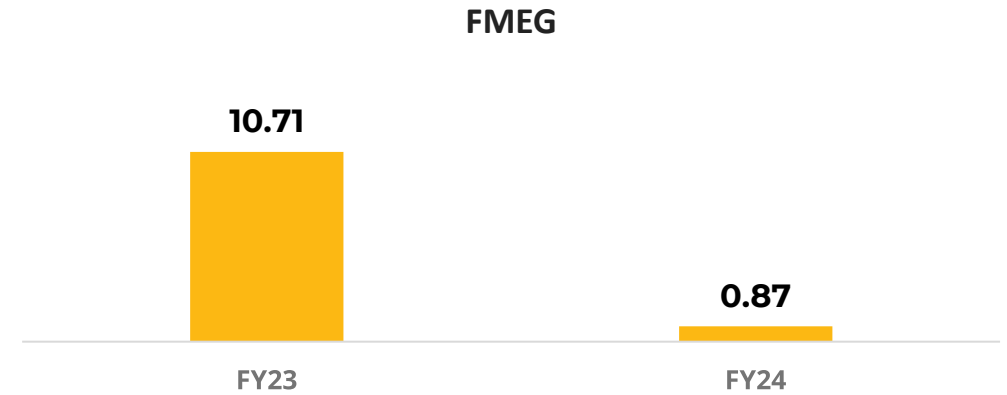
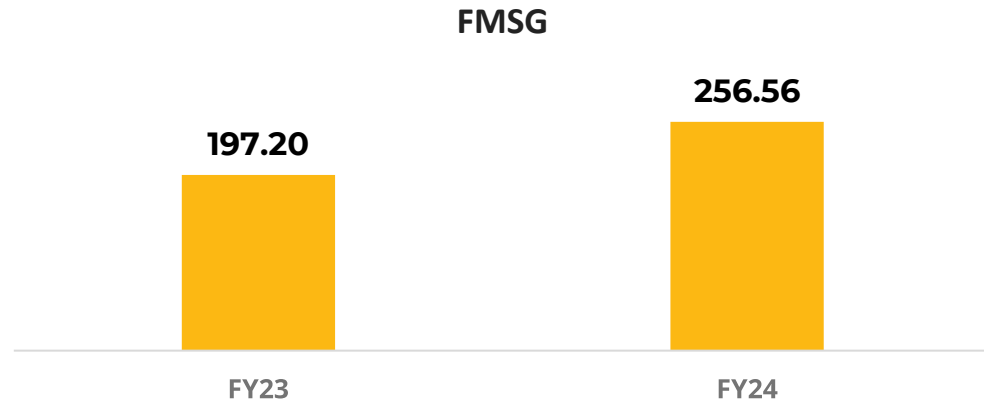
Consol Quarterly Segmental Revenue QoQ

*Sales in Crore



Annual Segmental Revenue YOY

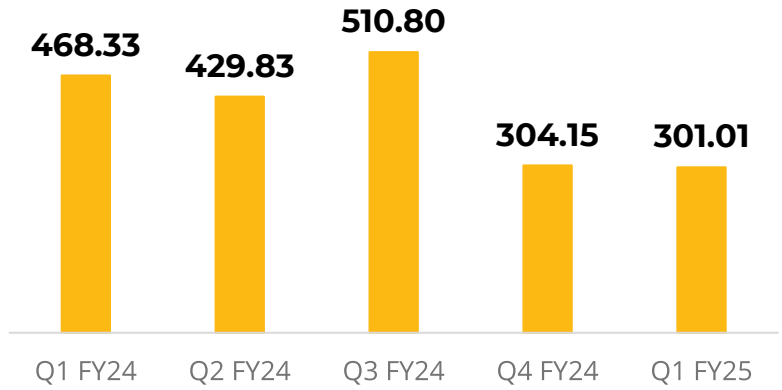
*Sales in Crore



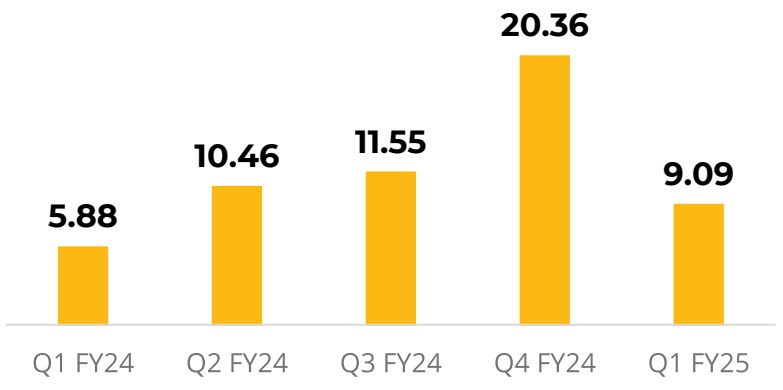
Q1 FY25 Consolidated Financial Highlights in Charts

Sales in Crore

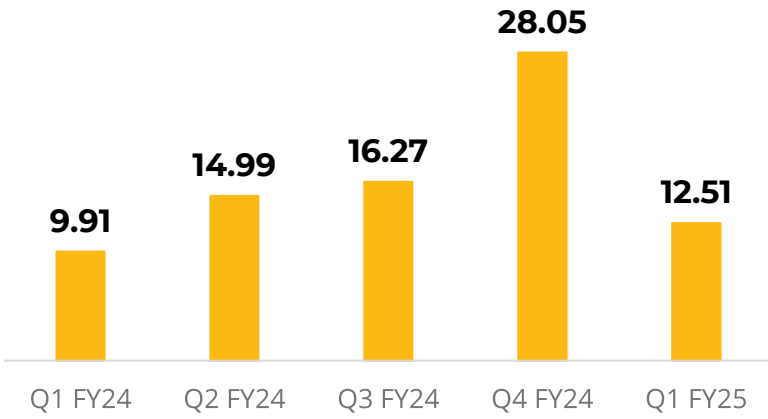
Revenue from Operations (in Cr)



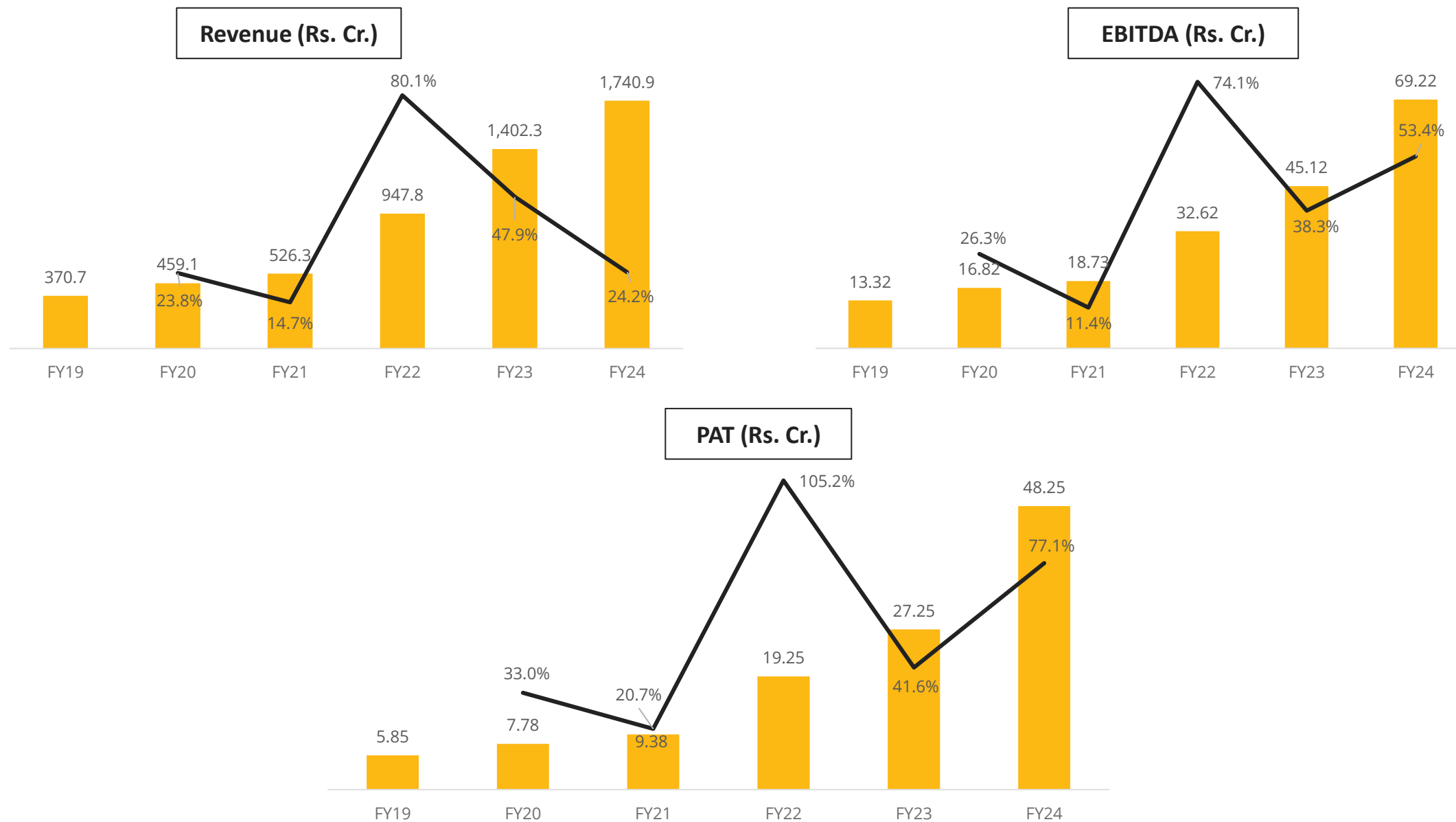
PAT (in Cr)



EBITDA (in Cr)

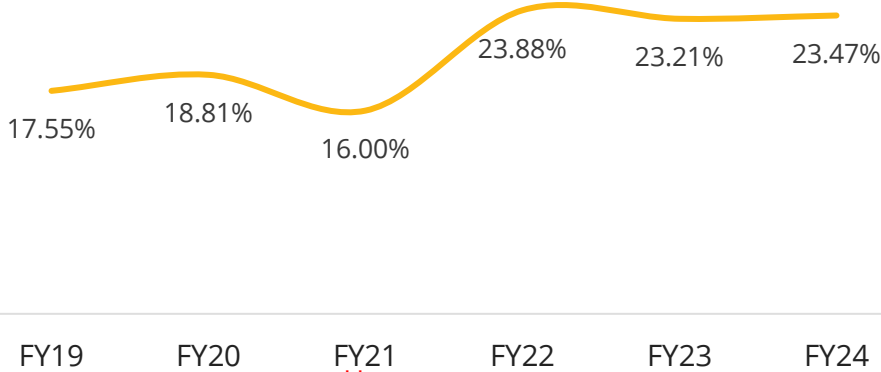


Annual Consolidated Financial Highlights FY24

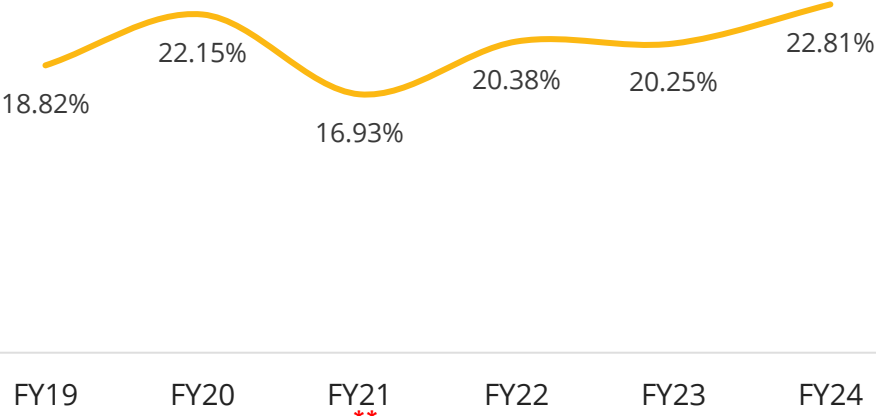


Consolidated Key Return Ratios

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 38 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, iBall, Fujifilm , Om System (Olympus), Holoware, Samsung CE,Cricut, Nokia, Ptron, Lexar, ViewSonic,Dahua, among others.

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
Recently added CyberPowerPC to licensing portfolio

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, 4,000+ products, 10,000+ happy channel partners and 50,000+ metric tons (across product range) of monthly import and export

Way Ahead



#1 Brand Licensing & Geographical Expansion

- Growing brand licensing line of business with addition of new brands to leverage the licensing model
- CyberpowerPC joins Honeywell in Creative’s portfolio of licensing agreements
- Expanding geographically across Middle East & APAC with required approvals & certifications



#2 Diversifying product portfolio across new high-potential verticals like Gaming

- 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 Honeywell to boost top line and profitability

- Long-standing association with Honeywell with extensive and increasing product portfolio
- Adding new countries under purview for sale of Honeywell products



Annexure



Management Comment



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

“The first quarter of this fiscal witnessed temporary sluggishness in demand for some product segments. Despite this, we have demonstrated resilience and improved our profit margins year-on-year.

In the quarter ended June 2024, our consolidated total income stood at Rs. 305.49 cr. Whereas, EBITDA and PAT increased 26.29% and 54.55% YoY to Rs. 12.51 cr and Rs. 9.09 cr, respectively. Operational efficiencies and higher contribution from Honeywell helped improve margins.

During the quarter, we made significant strides in our partnership with TPV Technology Limited, a leading LCD manufacturer. TPV Technology, has doubled down on their commitment to elevating AOC's status as the top gaming monitor brand in India. As their distribution partner, this collaboration is key to our strategy, enabling us to tap into the growing demand for gaming monitors in the market and strengthen our gaming products portfolio.

Our other recent brand additions, such as pTron and CyberpowerPC continue to gain traction in the market, while contribution from Honeywell also continues to grow.

Overall, we are building a robust gaming and licensing portfolio. 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, Rapoo, iBall, to name a few

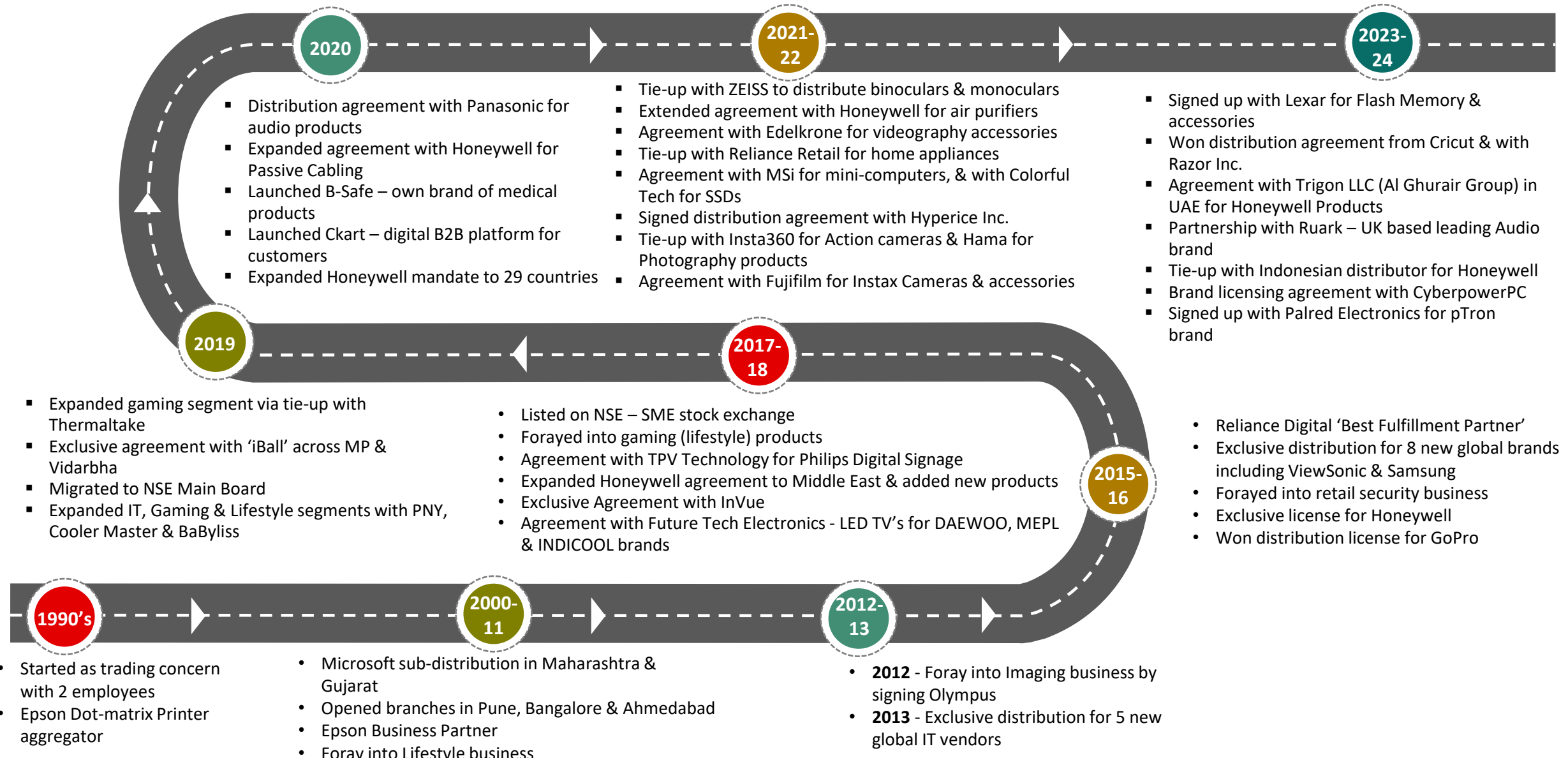


Strategic Focus Area & Criteria

- 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, 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



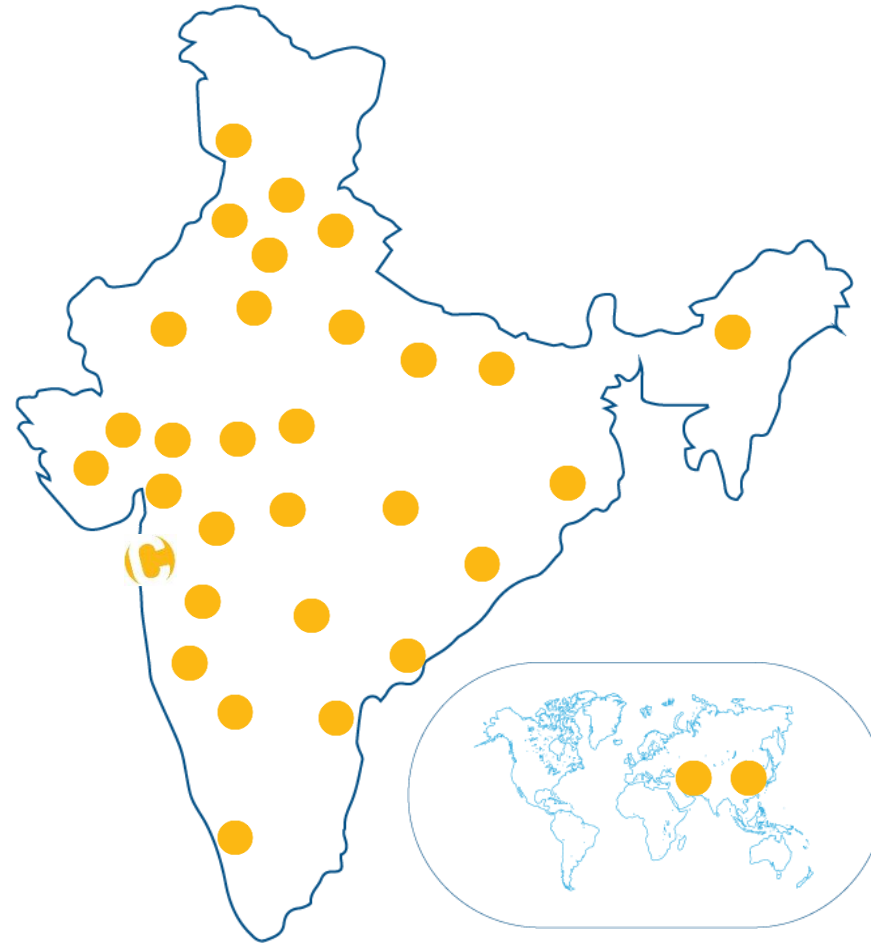
Journey so far...



Geographical Presence

Our Network

We are present at following Locations



Domestic

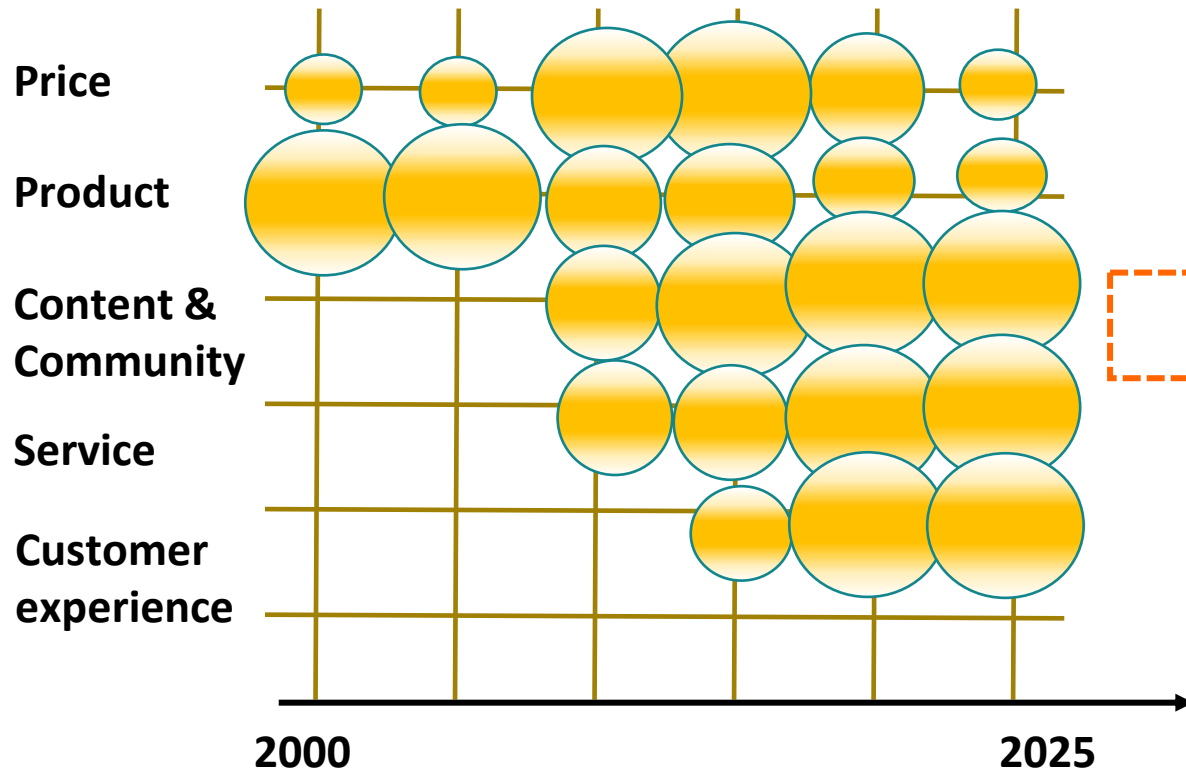
- Pan India presence.
- 32+ regions across India.
- Over 350-strong highly skilled workforce across India – mix of young and experienced talent.

International

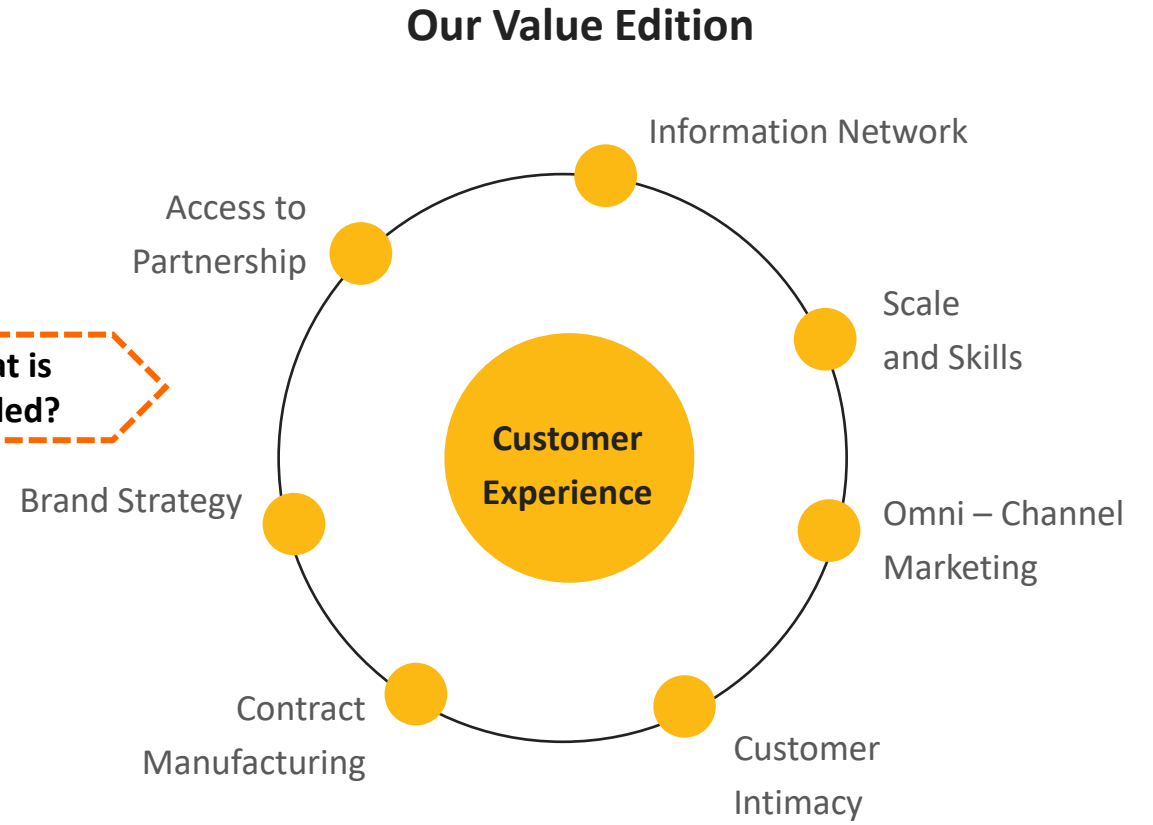
- Subsidiary in Hong Kong.
- Strong distribution tie-up in Middle East.
- Expanding network across SAARC countries.

Strong network of 10,000+ partners across India

Driving Social Media Transformation through Digital Offerings



What is needed?



By 2025, **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 to demand in fast growing markets in Eastern UP, Uttarakhand, Himachal and Jammu & Kashmir. We have spread our wings to these new Geographies in the recent past

Recent Brand Agreements

- 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
- Partnership with **TPV Technology** to boost distribution of **AOC** monitors

Other Developments

- In February 2024, Creative strategically undertook a slump sale of its Ckart division for a consideration of Rs. 10 cr. The Company earned Rs. 9.90 cr of profit from this, which was included in Other Income in Q4 FY24
- The Company acquired 1,066 shares of Secure Connection Ltd (Hong Kong subsidiary) on preferential basis for a non-cash consideration against share swap of 57,325 equity shares of Creative Newtech at a rate of Rs. 785/- per equity share





THANK YOU!

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