



**“Creative Newtech Limited
Q2 FY '26 Earnings Conference Call”
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Moderator:

Good afternoon, ladies and gentlemen. On behalf of Creative Newtech Limited, we extend a warm welcome to all participants joining us for the Q2 FY '26 Earnings Conference Call. We sincerely appreciate your presence as we discuss this quarter's performance, highlight significant achievements and share our vision for the future.

This conference call may contain forward-looking statements that are based on the company's beliefs, assumptions, and expectations as of the date of this call. These statements are not assurance of future results and are subject to risk and uncertainties that remain difficult to foresee.

As a reminder, all participant line will remain in listen-only mode until we open the floor for the question-and-answer session. Please note that this conference is being recorded. If you need any assistance during the call, please press star followed by zero to signal the operator.

With that, it is my privilege to hand the call over to Mr. Ketan Patel, Chairman and Managing Director of Creative Newtech Limited. Thank you and over to you, sir.

Ketan Patel:

Good afternoon, everyone. Thank you for joining us today. It's always inspiring to connect with our investors, partners and well-wishers who continue to share our belief in the Creative Newtech vision.

Joining me on the call are Mr. Abhijit Kanvinde, our CFO; Mr. Vijay Advani, our Whole-Time Director and SAAA Consultants, our Investor Relations team.

Over the past few quarters, our business model has continued to evolve as we transition from traditional distribution to well-enhanced brand-led growth. Today, Creative Newtech operates through two growth pillars; the brand business and the market entry specialist, giving us sharper focus on profitability, greater control and clear path to long-term scalability.

In recent months, our Make in India partnership has strengthened our alignment with the national manufacturing drive and expanded local value creation, improving agility across operations and enhancing our position in high growth category. This quarter, we sharpened our focus on surveillance and data center solutions, two pillars shaping the future of connected infrastructure.

In surveillance, our partnership with Matrix and Sparsh, two of India's major STQC-certified brands, along with Honeywell structured cabling, reinforced our leadership in building India's smart and secure technology ecosystem.

We will continue to deepen our focus in both these areas as they evolve, also evolve into key engines of long-term growth for Creative Newtech. The road ahead is even more exciting. We are preparing to launch our own brand in India and abroad, extending our global reach, while reinforcing our identity as a brand creator. Alongside this, we are evaluating selective brand acquisition and investing further in digital capability and design-driven product development.

Each of these initiatives align to our larger vision to evolve from being an enabler to becoming a creator of value, a value that strengthens brands, empowers partners, and contributes meaningfully to India's technology-led growth story. At Creative Newtech, we see growth not just as an outcome but as a responsibility to our partners, our people, and to vision of a stronger, more connected India. Thank you for your trust and support.

With that, I will now end the call over to Mr. Abhijit Kanvinde, who will take you through the financial highlights of the quarter.

Abhijit Kanvinde:

Thank you, and good afternoon, everyone. Q2 FY26 has been a quarter of steady progress and focused execution. We did not just grow; we refined, realigned, and strengthened the foundation of our transformation journey.

Every quarter, our focus remains on improving quality within growth, deepening financial discipline, and ensuring that each strategic step compounds value for our shareholders. We maintain stability across our key business pillars, while steadily expanding into higher value categories. We are also making thoughtful investments in technology, marketing, and partnerships that strengthen both, our top-line visibility and bottom-line quality.

Above all, we remain confident in what we are building. Our ambition is not just to grow but to create a next-generation enterprise powered by our brand, guided by purpose, and committed to long-term value creation. I will now take you through the key highlights of our consolidated financial performance, following which we will open the floor for questions.

Please note, our financials are prepared in accordance with Ind AS guidelines. Looking at consolidated Q2 FY '26 results, the company reported a total income of INR659.59 crores. The quarterly EBITDA stood at INR26.72 crores and EBITDA margins for the quarter stood at 4.05%. The PAD for the quarter is INR18.95 crores.

Looking at consolidated half-yearly results, the company's total income in the first half FY '26 stood at INR1056.78 crores. The EBITDA for H1 FY '26 stood at INR41.84 crores and EBITDA margins for this period stood at 3.96%. The PAD for H1 FY '26 stood at INR29.13 crores. This marks a healthy performance across revenue and profitability.

Q2 FY '26 has been quite a strengthening momentum, building quality growth and ensuring every metric reflects the depth of our transformation. While stable margins improve profitability and strong financial foundation, we are well positioned for the next phase of growth. That concludes with the financial review. Thank you everyone. Now you can ask question. I'd glad to open for question-and-answer session.

Moderator: Thank very much. The first question comes from the line of Sudhir Bheda from Bheda family Office. Please go ahead.

Sudhir Bheda: Hi, yes. Good morning and hearty congratulations to entire Creative team for outstanding results.

Ketan Patel: Thank you so much, sir.

Abhijit Kanvinde: Thank you, sir.

Sudhir Bheda: Sir, I have three questions. One is I am very delighted to see that our branded business in H1 is close to around INR150 crores. So just wanted to understand the outlook for our branded business, particularly Honeywell, how the things will move forward and what is the expected turnover for this current year and next year? And what we are doing to expand our geography, product mix? That is the first question.

Second, with respect to data center, how we are placed? And the third one is surveillance system, which we have just acquired, what is the outlook on that? So these are the three questions, sir.

Ketan Patel:

All right. So Bheda Bhai, thank you so much for being on the call every time. And the question which you asked was about the Honeywell business. And we have achieved close to INR150 crores. And you asked what is the outlook for the next two quarters? So as you know, Honeywell, we have four categories of business. The first category is air purifier. The second category is accessories, that is electronic essentials.

When I say electronic essentials is basically, today our life is surrounded by four screens all the time. It could be your mobile screen, your tablet screen, your laptop screen and your TV screen. And we make great products around these four screens. That's our electronic essential business. Then we have home video business. And last is the Honeywell structured cabling business or networking cables business. Honeywell, it looks like that we should be around close to INR360 crores, INR370 crores at the end of the year, and that's what we have planned to.

The current season and the current air purifier uptake because of the pollution and also because of lifestyle changes, today it's not just about indoor-outdoor pollution. People really want to build clean air. So that category is really picked up for very well. So if this season goes better, we may have some upswing in the air purifier business. We will add overall to the Honeywell total business, we think, which will be close to between INR365 crores to INR370 crores.

Honeywell business also besides the four categories, we have close to 40 countries where we can go and sell these products of Honeywell. And we are seeing good traction in all the categories in Middle East and in South East Asia. So, if that business fires well, then we should be closer to the INR390 crores - INR400 crores. But pessimistically we can say we will easily cross INR365 crores - INR370 crores for the Honeywell business.

Coming to your second question is of data center. As you know that the data center space is booming and in the Honeywell we have the structured cabling business, which is mainly the ELV cables, which goes for networking, which

goes for data center product. And we have a huge offering for the passive data center product.

We have a fairly good team, which is working with consultants, with large system integrators to port into the data centers and we are seeing good traction in that space also. And we are also enhancing the product categories for data centers. So we are sowing the seeds now for data center. So, for the next two to three years that business becomes a very robust business.

Coming to the surveillance part, as you know the Modi government started the Make in India thing from 2014, and it has spread very well. Out of that, there are three categories basically. One is the camera category, second is your drones as a category, and third is robotics category. This category it is government agnostic.

Anywhere in the world, all the countries want these products to be made inside the company with software, which is developed by engineers. Cyber security threats are checked upon completely through certification. And surveillance is in India now at a CAGR of almost 17%, 18% is growing.

In the surveillance space, what we found is there were only four to five companies which had STQC. And out of that two companies, Sparsh and second is Matrix, both are Indian grown manufacturers with R&D, with decent turnover. For Matrix, it would be around INR250 crores last year, and for Sparsh, it could be INR400 crores, which they did last year.

So with both these companies, we have tied up to take their product pan India in the distribution space and also look after the supply chain. With this also, we are looking in the surveillance space that whether if there is any brand which can be acquired in that space or there are any other brands which can work in this space.

Railways have already floated a tender worth almost INR24,000 crores plus to put surveillance cameras in all the railway coaches. And similarly, surveillance, the Smart City initiative of the government and then the society is the other part. And today, in the surveillance, the camera is no longer just a capturing device. With AI on the backside, they also help us to kind of gather data, process data and take immediate results.

So in the surveillance space, software also now plays a major role in the quality of the surveillance and also the action to be taken on that part. So we are building that SBU very, very well. And we think that besides Honeywell, data centers and surveillance can be our growth engines for the coming four to five years.

And they can add subsequent bottom-line and top-line to the overall balance sheet and our Honeywell cable also goes into the surveillance category very well. So the same customer, the same FI can take Honeywell, can take the various camera brands which we have tied up. And in our endeavor is that we want to tie up with all the four major STQC players in India in the surveillance space. So thereby, I hope, I have elaborately answered your questions.

Sudhir Bheda: Yes, yes, this is very helpful. And so my last question, there is a concern on high receivables this time. The receivables have increased even in a number of days or so. So can you throw some light on it?

Abhijit Kanvinde: Yes, this is Abhishek. Sir, on the standalone the receivables have gone up from INR208 crores to INR440 crores. However, sir, if you see the creditors or say, payables, they have gone up from INR118 crores to INR284 crores. Okay. So technically, sir, receivables and payables have gone up both. But I would like to elaborate a little bit on our working capital cycle.

We, right now, last year, when we ended the year, our working capital cycle was 51 days and in a standalone basis, and which has gone up to 58 in the first half of this year. So the number of days has gone up by almost seven days. Yes, the receivables have gone up and therefore the number of days for latest collection period is higher.

What has happened is enterprise business, nowadays, we need to give a credit of almost 60 days to 65 days and that is the reason our working capital cycle has gone up a little bit.

Management: September INR320 crores. This year is INR420 crores.

Abhijit Kanvinde: Yes. So interestingly, again, on your data's point, I would like to say that in the month of September sir, our share was almost INR320 crores. Okay.

Sudhir Bheda: Okay. That can be the main reason.

- Abhijit Kanvinde:** If I add GST to that, okay – sorry, INR360 crores. If I add GST to that it becomes almost INR424 crores. So sir, that way, the impact is really on the data because of the September month.
- Sudhir Bheda:** Yes, yes. Yes, yes. That is very helpful and thank you for the opportunity and all the best for the future.
- Management:** Thank you so much.
- Abhijit Kanvinde:** Pleasure, sir. Pleasure is mine. All the best.
- Moderator:** Thank you. The next question comes from the line of Mulesh Savla from Shah & Savla LLP. Please go ahead.
- Mulesh Savla:** Thanks for taking my questions. Heartiest, congratulations, Ketanbhai and your team for excellent result.
- Ketan Patel:** Thank you.
- Mulesh Savla:** Sir, my first question is on sales mix. As we have seen that our branded sale is also increasing and our own product and other sales are also growing. So what would be the tentative sales mix going forward from here on?
- Ketan Patel:** So our endeavor is that in the next – so by 2029 endeavor is 50% from our own brand and 50% from market entry business. That is our target First quarter. And why I say so is though the profit margin in the market entry business is lower, they give us four distinct advantages.
- First and foremost, advantages is amortize our cost completely. Second advantage is it gives a foot in the door. So the channel knows us because of the products. So in that same channel, we can go and sell our own brands. That's the case. Third, it gives us a lot of visibility. And fourth, it gives us a lot of market intelligence also about what kind of products, what is happening into that market.
- So we want to continue that business. But in that business also, we want to get more and more consumer-facing experiential products. And in that business, since Make in India is becoming very popular, so you understand five years back -- so two years back, the government says laptop, you cannot import and you have to assemble in India, right? So till two years back, you could only

import laptops as finished product and you were selling. Now there is an opportunity that you can also sell components of laptop in a larger way. Similarly, for drones, you could do that, that's the.

So over a period of time in the market and the specialist business, we want to do components to the finished product. And we want to manage the supply chain for the Make in India company and also distribute because the Make in India companies don't have a large distribution base in India and abroad.

So that way, while we are helping them in the component sourcing and we are helping them in distribution from a technical relationship, it becomes more of a strategic relationship. So that's why we want to continue that business. On the brand business, why we are confident that it would be 50-50 is that because now still our balance sheet size is not so big, but still we can now afford to have our own brand.

Already, we have Honeywell as our licensed brand, Cyberpower PC as our JV brand. We are in the process of launching our own brand in India and abroad. It should happen in the first quarter of the next year. And probably if we get the right opportunity to either collaborate or acquire a brand, we should go for that. So this brand business over a period of time will start giving 50% of our overall business. how the times are. So six months here, six months there, but that's our thought process that by 2029, we should be 50-50.

Mulesh Savla: That's really very nice to hear. And sir, can you share some ideas on margins of both these businesses, EBITDA margins?

Abhijit Kanvinde: Good. Yes. So right now, the EBITDA margins for brand business, we are getting around 15% to 16%. However, we need to spend on a lot of marketing, and we need to spend on a lot of people. We are -- we operate in at least 13 countries now. So the manpower in those countries is very expensive. Our strategy is to first have people in place, then we give them the product and then we make the profits.

So if we want to open a country, we would start with a country head first. You can imagine the salaries of those people in Asia Pacific or Dubai or Middle East where we are operational. So the synergy, okay, of these expenses would come in next one or two years and our EBITDA margins from 15%, 16%, 17%, we hope to grow it to 21% in brand business.

Right now, our consolidated EBITDA with distribution business this quarter was 3.96%, okay? We hope that in next couple of years, one or two years, we will be at PAT, not at EBITDA, but at PAT level of around 4.5% to 5%. That is going to be our endeavor.

Mulesh Savla:

Okay, sir. That's good. So basically, right now, you are in a growing phase and you are expanding your geographical reach and therefore, some onetime expenses also may be coming up. Is that the understanding, right?

Ketan Patel:

Yes. So, Mulesh bhai, it's the right understanding from your side. So as a company, we have also decided not to have a lot of capex, and we want to be a very asset-light company.

So, currently, when we launch newer products or for example, a newer brand, you have a lot of upfront expense in terms of creating your own design ID, then creating your own guys, working with design companies to get your product designed, right? This is all expense out in the product.

Then second is once that happens, you go for certification. So, there are at least 20 certifications necessary, like India has BIS, which costs close to INR2 lakh per product. And then if you are going to launch 100 products, 100 into INR2 lakh would be the cost. Then there is STQC, which the government has put into the surveillance business.

Similarly, you have UL, ETL certification, which are international certification. So, like a CB certification costs almost INR10 lakh. So, all these certifications also are now in place, right?

Second to the time in the market for anybody, for a salesperson to remember my product, to offer it to their customer or for an Amazon case to gather the reviews so that when you go on Amazon and look at my products and see my reviews and become happy. And then if the reviews are good, you buy my product. That cycle is also almost 12 months to 14 months cycle overall.

So, that's the time you are investing and you are not plowing back the profit. So, if you see with a positive bottom line, we have created all this many of products. And over a period of time, these all investments will start paying very well because these are upfront one-time investments. That's the thing.

Mulesh Savla: Great, great. So, we have expensed out all those expenditure. We have not capitalized or deferred them.

Abhijit Kanvinde: The reason behind it is that it is very difficult to capitalize on **gold**. Okay. We don't know how many products it will produce. We don't know really if the product bombs. It's possible in a multi-product business. We are into around more than 350 products. So, we took this call when we started it, this annual venture to expense it out. All this....

Mulesh Savla: Good, good. So, at least the benefit will flow now.

Ketan Patel: Absolutely, absolutely. Yes, yes. So, for example, Mulesh bhai just to give an idea, air purifier is a seasonal business, right? And last year, we had good traction in air purifier. But this year, whether you should have 20,000 air purifier in your warehouse or 60,000 air purifier in your warehouse, that if the season works well, then it happens, right? So, as a company, we take a call that we think the season should go well and got 60,000 air purifier for example.

And looking at what's happening in Delhi and what's happening in Bombay and other places and overall how the awareness for air quality, what we breathe is becoming. We are almost replenishing stocks every day on quick commerce, on e-commerce, on our shops, and we are seeing a very, very rapid sale there. So, if you get a couple of good seasons, then whatever efforts you have done, that gets fructified very fast.

So, I think as Honeywell business grows, as our sales to manpower ratio stabilizes, and as the customer affinity and stickiness for our product rises, we will see a lot of traction in that space. Plus, all air purifiers have filters in that. So, over a period of time, the filter business also should start adding to the bottom line straight. That's what we are seeing currently.

Mulesh Savla: Great. So, that's good to hear. Thank you so much for answering all my questions in details and I wish you all the very best. Thank you.

Ketan Patel: Thank you Mulesh bhai for finding time to be on the call. Thank you so much.

Moderator: Thank you. The next question comes from the line of Sagar Pulwani, an Individual Investor. Please go ahead.

Sagar Pulwani: Hello. Hi. Am I audible?

Ketan Patel: Yes, you are.

Abhijit Kanvinde: Yes, you are, Sagar.

Sagar Pulwani: Sir, I wanted to know, your brand business is 15%-16%. So, your EBITDA for 1H was INR41 CR, right? So, can we comfortably say that the EBITDA from brand business was somewhere INR20 CR-INR21 CR?

Ketan Patel: One second. I will transfer it to Mr. Abhijit.

Sagar Pulwani: Hello, hello?

Abhijit Kanvinde: Just a minute, I will just re-verify your numbers. What you are saying is, on a conserved basis, we had an EBITDA of INR41.73 crores, correct, in this half. So, you said the percentage of EBITDA was 3.98. Now, please, can you ask the question again?

Sagar Pulwani: Yes. So, your brand business revenue was INR150 CR around, right, for the 1H?

Abhijit Kanvinde: Correct.

Sagar Pulwani: Correct and 15%-16% is EBITDA. So, that should be somewhere INR22.5 CR, right?

Abhijit Kanvinde: Yes. Yes. Yes.

Sagar Pulwani: So, brand business contributes almost half the EBITDA, right?

Abhijit Kanvinde: Correct. Correct.

Sagar Pulwani: Okay. So, if you remove the brand business and EBITDA margin for the Enterprise business is very low. I mean, it was very low.

Abhijit Kanvinde: So, I lost you in the line. I couldn't hear your sentence clearly at the end. But, you want to know where you will end?

Ketan Patel: On the EBITDA level.

Abhijit Kanvinde: On the EBITDA level. So, sir, we have estimated roughly at a pack level, we have estimated, and that's likely to be at between INR62 crores to INR63 crores by the year end. Okay. And...

Sagar Pulwani: No, no, no, sir, my co-worker wants to hear advice on 1H.

Moderator: I'm sorry to interrupt you, Mr. Sagar, but your voice is breaking in between. Can you please go to a better network area?

Sagar Pulwani: Hello, am I audible now?

Moderator: Sir, it's still breaking.

Abhijit Kanvinde: Yes Sagar, you are slightly better audible now.

Sagar Pulwani: Hello, yes, now it's better?

Ketan Patel: Much better.

Sagar Pulwani: Yes, so I was saying that if you remove the EBITDA of the brand business and if you take the enterprise business revenue and their EBITDA, right, the margin is extremely low, like 0.2530%, right?

Abhijit Kanvinde: What margin are you referring to, Sagar?

Sagar Pulwani: EBITDA margin.

Abhijit Kanvinde: EBITDA margin is 3.98%, okay.

Sagar Pulwani: For consolidated, right, but for Enterprise?

Abhijit Kanvinde: Enterprise. We have distribution margin and EBITDA margin.

Ketan Patel: Then brand...

Sagar Pulwani: Distribution.

Ketan Patel: If you remove brand business margin, if you remove, then what is the EBITDA for this? That's the question.

Abhijit Kanvinde: Yes, I mean, you... We can say that our... If you remove, say, INR20 crores, INR20 crores, say, INR20 crores, half, 41 divided by 2 is INR20 crores, on, say, INR899 crores.

Sagar Pulwani: Right. Right.

Abhijit Kanvinde: So, my EBITDA margin is 0.2%. You...

- Sagar Pulwani:** Right.
- Abhijit Kanvinde:** You are absolutely on the right now, if it works like that. It will be...Yes, however...
- Sagar Pulwani:** Yes.
- Abhijit Kanvinde:** However, please appreciate that, you know, this is the middle of the year thing, okay, and on a standalone basis, on a standalone basis, you...if you see my EBITDA margin, okay, let's not... Let's not remove... Add the consolidated number. On a standalone basis, my EBITDA margin for the half year is 2.58%.
- Sagar Pulwani:** Okay. So, sir, this EBITDA margin in the Distribution business will stay the same or, you know, it can increase in the future?
- Abhijit Kanvinde:** It can increase. It depends on the product mix, and there are two components to the distribution business, one is the enterprise business and one is the channel business. So overall gross margins -- I'm talking about gross margins now. The overall channel business gross margins are in the range of 6% to 7%, and enterprise business are in the range of 2% to 2.5%. So, the blended gross margin for this half year was 3.88%, and the EBITDA for this half year was 2.58% on a distribution business.
- Ketan Patel:** Sagar, you have to really look at the market entry or the distribution business. You'll have to just look at the return on capital employed, because that's a fairly risk-free business where your risk of inventory, risk of excellence is not there, plus that business also helps you to amortize the cost for all the other businesses. So actually, that's the backbone, on which you can build other business profitability.
- So our case is on the -- if it would be around 20% to 22% on return on capital employed, then it's a good business for us. That's the metric currently we follow. What happens in this business is sometimes you may have a higher turnover, and that's why the EBITDA would look less, but the absolute money, which you would put in the bank would be much higher. So that's how we are looking at it.
- Having said that, we are 100% cognizant of the fact that it is a good business, but not a great sustainable business if the margins are lesser. So that's why the whole surveillance, data center thing, and then the whole component supply to

finished product supply chain, and that will -- if you see in the next six, seven months, you will see a much different balance sheet and metrics for the market entry business also. That's what we would see.

Abhijit Kanvinde: Also, Sagar, our business is seasonal. So, third quarter is better than the second quarter. So that's how it works. And the major two quarters are second and third. So, the metrics would change in the coming quarter.

Sagar Pulwani: Sir, on top of this, so your brand business, how much comes from India and how much comes from other nations?

Ketan Patel: All right. So, for example, in the first half, if you see, the Honeywell business, overall it is close to INR148 crores. And in that INR148 crores, INR65 crores is India and INR82 crores is outside India.

Sagar Pulwani: Okay, great.

Ketan Patel: And for Honeywell, the season for our accessories, accessories is not a seasonal business, but air purifier and the audio business is third quarter, this quarter.

Sagar Pulwani: Right, because 3Q is expected to be strong, right, for air purifier. So, on top of this...?

Ketan Patel: For audio also it's a bit stronger, because that's the time gifting happens and also the air quality matters, so a lot of people buy.

Sagar Pulwani: Okay. Understood. So, sir the competition is increasing in India. I mean, there are a lot of now air purifier companies.

Ketan Patel: Correct.

Sagar Pulwani: So how you are preparing for that and how you are challenging -- have you facing any challenge in that segment and stuff?

Ketan Patel: Okay. Nice question, Sagar. So first of all, the category creators always get rewarded 10 times more than anybody who has not created the category.

Second, this business of consumer requires a lot of online presence, a lot of reviews online, a lot of influencers who talk about their product and this can't be built in a two-month, three-month, six-month cycle. It requires a larger term to building it. So, we have that advantage in the air purifier space special.

Second, in India, we look at the market from pollution, internal, outdoor point of view. But what we have found that countries which have absolutely good quality of air like Singapore, countries like US has a much larger market than India. For example, Indian air purifier market roughly is around INR2,000 crores while US air purifier market is roughly around INR24,000 crores. Amazon itself sells almost 33%, 34% that is approximately INR8,000 crores of air purifier in US alone.

And the moment you start launching your products in this kind of countries and I'll just caution you, we don't have the Honeywell air purifier license to sell in US and that's why we want to have our own brand with which we can go to the US with that space. So, that is also a kind of which will help to build that space.

Second, and also as I told you that you should have secure contracts with all retailers also for your -- this and air purifier is a category retailer will not have space for more than three brands. So, if you are the defender brand and your products are already there then the new brand will take certain amount of pressure to get into that space. So, I think that's the way we are defending and of course, later if you can add humidifiers, dehumidifiers, oxygenators, better design in your product then that could also be a differentiator.

Sagar Pulwani:

Great. And so the last thing, I mean, so, so this data center thing. So, are you supplying any accessories to data centers and you know, what are your thoughts on increasing that business going forward and your plans for this segment, if you have any?

Ketan Patel:

So, currently Honeywell has four categories as I mentioned and one of the category is the structured cabling business and the structured cabling business is also where this all fiber optic cables, your CAT-6, CAT-5 copper cables, your LIUs, this all goes into building the data centers. That's the space. And currently as you know, the market for data center is growing at a 60%, 16% CAGR and all states, because of the data localization effort, everybody wants to have that data within the country, within the state.

That's the push from the government. So, data center business is going to expand and there are leaders in the data center space which are into this passive structured cabling and there are entrants like us also with the brand name like

Honeywell, which are in this space, which will get a lot of opportunity because nobody, one company can or two company or three company can meet that demand, that space. Only the sales cycle is slightly higher.

You speak to consultants, you go to large system integrators like CMS, L&T and then you get your product and panel then come back. So, that's the activity we started approximately nine months back and today if you see, we have very good client in that space, in the data center space. So, you require to also have certain pre-qualifications, right? Certain proof of concepts, certain POCs done that the system integrators can truly take your product. So, that's also happened very well for us. So, I think in the coming time data center business for us will grow very well.

Sagar Pulwani:

Okay. On CCTV camera, lot of new players have IPO themselves in the market and they have got really good response and the growth is good. So, if I'm not wrong, then you are the distributor of matrix, but do you have any plans of taking the license of some brand and increase the margin there? Because I believe there your margins would be lower, right?

Ketan Patel:

So, there are three things. First, you should know the channel, right? The target audience, that's the first part. Then you should have the right kind of product which goes into that same target audience, right? And then you can build it upon by having your own brand or having a license in a certain case of brand. That's the case.

So, what we did was that our structural cabling products of Honeywell also goes into surveillance industry and we have a large base of customers there. Now, we are tying up with Sparsh and Matrix. Both are STQC certified.

Both kind of cater to the enterprise and also cater to the SOHO consumers. So, these products can go very well into that space. Sparsh also goes a bit into city surveillance, that's the part. So, if we have to take a license or we have to do some kind of acquisition or JV, we will look at a brand which is at the top level which does perimeter security, airport security, which could be used in ITMS. So, intelligent transport management systems and that. So that's where we will look at. So, you have a bouquet of entry-level to high-end cameras, that's the thing.

But for the camera thing to happen, STQC is the biggest hurdle and then you have to have your sourcing right, nothing can be Chinese product. You should have your coding software made in India, your PCB designing should be made in India and then when you get STQC certified. So, we are looking at some company of that kind, if we can get, we will definitely partner with them or do a JV or do a brand licensing with them.

- Sagar Pulwani:** Great, okay. Thank you so much, sir, for your answers. Appreciate it.
- Ketan Patel:** Thank you so much.
- Abhijit Kanvinde:** Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Sonia Keswani from Coheron Wealth. Please go ahead.
- Sonia Keswani:** Hi, thanks for the opportunity. I had a couple of questions. Firstly, on your own brand that you are planning to launch in FY '27, which product category are we targeting and how are we planning to differentiate ourselves?
- Ketan Patel:** Sonia, your voice is slightly echoing. So, Sonia Keswani, I heard and which wealth is your company?
- Sonia Keswani:** Sir, I'm from Coheron Wealth. One second.
- Ketan Patel:** Monika, her voice is breaking, it's echoing for us.
- Moderator:** Yes, sir, just give me a second. Ms. Sonia has left the call. So, we'll move on to the next participant which is Maitri Shah from Sapphire Capital. Please go ahead.
- Maitri Shah:** Yes, hello. Am I audible?
- Ketan Patel:** Yes, Maitri, you are audible. Good afternoon.
- Maitri Shah:** Yes, good afternoon. So, I'm a bit new to the business. So, I just want to have ask a few basic questions. Firstly, on the own brand side, so currently we are just working with Honeywell, is that correct? That's the main business from the branded business?

Ketan Patel: Two brands, one is Honeywell and one is CyberpowerPC in the brand business. Honeywell is a licensed brand and CyberpowerPC is a JV brand. When I say JV is that Cyberpower also is equity holder in the JV and the brand until the JV is there resides into that.

So, we don't pay any licenses there and they also give us technology transfer. While in Honeywell's case, they look at the quality of the products, they look at the factories where we manufacture the product, they look at the specification, but then everything is on to you to develop and market the products.

Maitri Shah: Okay. And on the Honeywell, the licenses do exclusively distribute only in India or do we have other countries that we have these rights?

Ketan Patel: So, we have whole of Southeast Asia, South Asia, Middle East and Africa. So, it will be close to 40 countries.

Maitri Shah: Any other brands? So, the Sparsh and Matrix that we've added, that is also going to be added to our brand business or will that be from the...

Ketan Patel: No, that is currently the market entry business and what can happen is that you build your through. So, at a very low capex and at a low -- very low cost, you can build the surveillance business much better with this Indian brands and then you could have your own license or you could help these brands to go to Southeast Asia, South Asia, Middle East, Africa because these brands are originating out of India over a few years they will also have ambition to go to at least Middle East, Africa because supply chain, everything works very well for Middle East and Africa from the Indian context. So, that's where -- that would be the trajectory with our relationship to that brands.

Maitri Shah: So, possibly we'll be moving from -- moving them from market entry to the brand business in like a couple of years. Is that what we are signifying?

Ketan Patel: Yes, kind of.

Maitri Shah: Okay. And on the own brand that we are supposed to launch, any guidelines on when this brand will be launched or when are we going to acquire it?

Ketan Patel: We are planning to launch it in the first quarter of February 26. There is no acquisition because it's our own brand. So, we will contractualize the name and

then launch it, have the trademark register across various countries, get the products, get the design IDs, manufacture the product, get the certification and go ahead. All this process takes around eight to nine months and we are saying that we want to launch it in the first quarter of the 2026. So, we are at a very advanced stage in launching of the brand.

Maitri Shah: Okay. And these products are in which categories? They are related to the surveillance mostly, data center?

Ketan Patel: Initially, we will start with the consumer category which sells on Amazon because we want to be online first in the countries where we are not present. So, we will start with the consumer category first and then probably...

Maitri Shah: Which includes what products you could possibly...

Ketan Patel: Similar to what we have in Honeywell but because we don't have the license of Honeywell in that category, it makes sense to have our own brand in that category.

Maitri Shah: And how many countries do we have -- like, have we acquired the licenses for our own brand?

Ketan Patel: So, our brand is -- then you don't require a license. You can just go to countries. So, initially, we want to learn, so we would have India and one country. Two countries we would start with. For the six months, we will look how the trajectory goes because we don't want any stress on the balance sheet. We want to launch the brand very frugally and we don't want to take any risk where we have any loss on the balance sheet.

So, we will cautiously approach. We will do two countries first. India is our playground, so we know it very well, so we will have it in India and one more country abroad and once we learn from there, then we will take it forward.

In this, there is a lot of support from the Amazon global team. There is a lot of support from our manufacturers. So, that's the space.

Maitri Shah: So, this will primarily be through the Amazon, not through the distribution channel that we already have built for like the licenses.

Ketan Patel:

Every country works in a very different way. India has 8% to 10% online and still 80%, 90% is offline. Of course, quick commerce is eating into online, offline both. That's the space. When you go to Middle East, Middle East has only modern retail or large format retail and 2% online. That's the space.

So, and when you go to Indonesia, they sell through TikTok, that's live commerce space. So, every country has a very different go-to-market strategy. Also, it depends upon your distributor strength and which market they can take you. So, that's where we are currently.

Maitri Shah:

Okay. Thanks. Also, on the market entry side, you mentioned that you want to start with component sourcing as well as well as like finished products. So, do we have any brands in here who are like ready to source their components with us? Have you onboarded any of them?

Ketan Patel:

Started that. We already started with surveillance companies and drone companies. We already started that. So, we created a separate team, because when you want to do components, it is a lot of technical knowledge you should have, which components will go where, what's the variation, what's the duty cycle, everything. So, we are building a team on that space and we are working closely with smaller brands so that we can understand this space very well.

Maitri Shah:

And you mentioned that you want to take the PAT margins to 4.5% to 5%. So, this is on the entire -- like the entire business level or just in the market entry side?

Ketan Patel:

Entire business level. The end of year is at another two, three years. Three years from now, we should be close to 4.5% to 5% as in PAT.

Maitri Shah:

Okay. And for this year, we are targeting INR60 crores of PAT for FY '26. Is that correct?

Ketan Patel:

Yes. It looks like we will end up there or slightly better.

Maitri Shah:

End up there or slightly better. And our brand business with the addition of our own brand, where do you see in like just a year, it's scaling up? So, we have the target for 50-50 by FY 2029, but just a year from now, where do you see that scaling up, because we will have our own brand as well?

- Ketan Patel:** Just from now. FY '29 is two years from now, I am saying, not a year from now, two years from now.
- Maitri Shah:** I am asking, where do we see it a year from now?
- Ketan Patel:** Okay. So, it also depends upon how the category grows and how is the receptiveness of that, right? While you are doing that, you could also have an opportunity to either have another license. For example...
- Maitri Shah:** Are you working on another license?
- Ketan Patel:** If a renowned company comes to you for license, you might take the license in the consumer space. So, it's a very evolving thing and at a time you work on, say, six initiatives and at least one can materialize. That's the principle. So, that's what we are doing currently. So, it is not...
- Maitri Shah:** Do we have any brand in the pipeline that we are planning to have the license for, exclusive license for...
- Ketan Patel:** So, averagely, if you see Maitri, you will always have conversations on different sides. Right from -- you will have conversation on licensing side, you will have conversation on acquiring a brand side, so that the team constantly does that, right, what will fit, then the cultural fit should happen, then the balance sheet should support, then we can go forward.
- That's okay. So, in business, you will do a lot of -- take a lot of initiatives and then whichever materializes and which works with your playbook, you will go ahead with that. So, usually we have a lot of conversation. Let's see how it goes.
- Maitri Shah:** Okay. And sorry to ask you one last question. This India Plus one, are we expecting the country to be in Asia or maybe you're targeting in the US?
- Ketan Patel:** We want to go to either Europe or either -- so, ideally Europe or US that would be the case.
- Maitri Shah:** Europe or US. Okay. Yes, that is it from my side. Thank you so much.
- Ketan Patel:** Maitri, I'll also suggest you get in touch with our IR. Sejal is there and SAAA is the company's name. They will be able to explain you the company very well, yes, if you're interested.

Maitri Shah: Yes. Thank you so much.

Ketan Patel: Yes. Thank you so much for being on the call.

Abhijit Kanvinde: Thank you, ma'am.

Maitri Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Sonia Keswani from Coheron Wealth. Please go ahead.

Sonia Keswani: Hi. Sorry, I got disconnected earlier. Am I audible now?

Ketan Patel: Very well. Loud and clear, ma'am.

Sonia Keswani: Yes. So, most of my questions have been answered. I just had one last question on the contract renewal that was supposed to happen with Honeywell. What is the progress, if you could share?

Ketan Patel: So currently, the contract with Honeywell is up till 2017 end. Honeywell, they are now getting split into three companies. Sorry, not 2017, 2027. And Honeywell itself is as a conglomerate; they had split initially into two companies. Now they want to again split into three companies, which should get over by the first quarter of 2026, then we will come to know about which company we are part of and then it will go further. So currently, up till end of '27, we don't have any issues.

Sonia Keswani: Got it. And any discussions that you are having with Honeywell with respect to...

Ketan Patel: Your voice is not clear. Go ahead, please.

Sonia Keswani: Is this better?

Ketan Patel: No. It was much better.

Moderator: I am sorry to interrupt. Ms. Sonia, can you please speak through a handset if possible?

Sonia Keswani: Yes. Is this better?

Ketan Patel: Yes. Yes, Sonia.

Sonia Keswani: So I wanted to understand even I believe the fitting of the companies is fine, but are we in any early discussions with respect to increasing the number of countries that we will be servicing or any products that we are planning to add with Honeywell?

Ketan Patel: So with Honeywell, we already have 42 countries and range of categories of products. Now as they will -- so for example, air purifier, they used to do. And when they decided they didn't want to do, they went to their existing licenses and asked about it. So tomorrow, for example, Honeywell decides it doesn't want to do a particular category, then that may come to you.

Or for example, we think that we want to get into certain categories, we could go to Honeywell and ask for the same. So, Honeywell has a separate trademark licensee team. That team decides, and it is Honeywell Inc. in the U.S.

Sonia Keswani: Right. Okay, sir. That was very helpful. Thank you.

Ketan Patel: Thank you, Sonia.

Moderator: Thank you. A reminder to all the participants that you may press star and 1 to ask a question. Thank you, ladies and gentlemen. With that, that was our final question. I now request Mr. Ketan Patel, Chairman and Managing Director of Creative Network Limited, to address us with the closing thoughts.

Ketan Patel: Yes. Thank you, everyone, for joining our Q2 FY '26 earnings conference call. We continue to focus on innovation, operational excellence and sustainable value creation for all stakeholders. In case of any further queries, you may reach out to SAAA consultants. Thank you for being part of our journey ahead. Thank you so much. Thank you so much.

Abhijit Kanvinde: Thank you so much.

Moderator: On behalf of the entire team at Creative Newtech Limited, thank you for being with us today. We truly value your time and engagement. The conference has now concluded and you may now disconnect your lines. Thank you.