



Creative Peripherals

Creative Peripherals

Creative Peripherals and Distribution Limited

**Result Update Presentation
Q3 & 9MFY18**





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Creative Peripherals

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Financial Highlights



Management Comment



Creative Peripherals

*Commenting on performance for the Third quarter & Nine Months ended FY18, **Mr. Ketan Patel, Chairman & Managing Director** of Creative Peripherals & Distribution Ltd. said*



“This quarter, we have delivered 7 % revenue growth year on year basis and we have been successful in delivering a profit. This has come from adding new products with higher margins as well as focusing on cost rationalization. The positive impact of GST has started to show and we believe that this would translate into further margin expansion over time.

Our goal remains to be the best market entry specialist for niche brands seeking entry into the Indian markets. Our pan India presence helps us provide a unique solution to our clients. It is a matter of pride to be associated with such prestigious brands that we partner with and promise to deliver on the trust they place in us. I would like to thank our channel partners, our business partners, and our employees for their invaluable support and belief in us which drives us to deliver robust performance every quarter”.



Developments During Q3 FY18

- ✓ **Received “Licensing Partner of the Year – 2017” award from Honeywell Annual Licensing Summit Shanghai**
 - Awarded amongst 33 Brand Licensees of Honeywell across Asia

- ✓ **Signed Agreement with DgFlick Solutions Pvt. Ltd. to distribute their software products nationally**
 - DgFlick Solutions Pvt. Ltd. – Leading Indian Software Company formed to make “Digital” in favour of Photo Business by developing software’s to create & customize various interesting articles using photos
 - With this association - added very significant and important category to product portfolio - Software Products
 - Exclusively selling some of very niche software’s from portfolio of DgFlick brand

- ✓ **Signed Agreement with ASRock Inc.to distribute their motherboards in India**
 - ASRock Inc. – Taiwan, based electronics manufacturer which focuses on development of the motherboards, industrial PCs and HTPCs
 - With this association - offers almost all synergistic components of PC to distributors and clients under ASRock Brand



Q3 FY18 Performance Highlights – YoY comparison



Creative Peripherals

7 %



Revenue Rs 61.17 Cr

3,933 %



EBITDA Rs 2.30 Cr

188 %



PAT Rs 0.83 Cr

New Products with higher margins drive profitable growth



Q3 FY18 Key Financial Highlights



Creative Peripherals

Rs. Cr	Q3 FY18	Q3 FY17	YoY%	Q2 FY18
Income from Operations	60.76	57.19		61.18
Other Operating Income	0.41	(0.03)		0.27
Total Income from Operations	61.17	57.16	7 %	61.45
Raw material	54.58	54.69		55.98
Employee Cost	1.50	1.24		1.33
Other Cost	2.79	1.29		2.29
Total Expenditure	58.87	57.22		59.59
EBITDA	2.30	(0.06)		1.85
EBITDA Margin%	3.76%	(0.10%)		3.01%
Interest	1.00	0.82		0.61
Depreciation	0.04	0.04		0.03
Other Income	0.00	0.00		0.00
Profit Before Tax	1.26	(0.92)		1.21
Tax	0.43	0.02		0.39
PAT	0.83	(0.94)		0.82
PAT Margin%	1.36%	(1.64%)		1.33%
EPS in Rs.*	1.44	(2.37)		1.42



9M FY18 Performance Highlights – YoY comparison



Creative Peripherals

16 % ↑

Revenue Rs 172.78 Cr

158 % ↑

EBITDA Rs 5.30 Cr

512 % ↑

PAT Rs 1.99 Cr

New Products with higher margins drive profitable growth



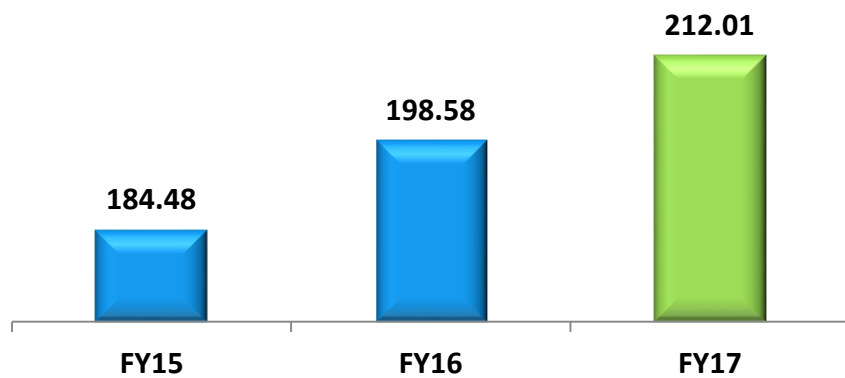
9M FY18 Key Financial Highlights

Rs. Cr	9M FY18	9M FY17	YoY%
Income from Operations	171.83	148.16	
Other Operating Income	0.95	0.46	
Total Income from Operations	172.78	148.61	16 %
Raw material	156.77	139.60	
Employee Cost	4.17	3.62	
Other Cost	6.54	3.34	
Total Expenditure	167.48	146.56	
EBITDA	5.30	2.05	158 %
EBITDA Margin%	3.07%	1.38%	169bps
Interest	2.22	2.18	
Depreciation	0.10	0.11	
Other Income	0.00	0.00	
Profit Before Tax	2.98	(0.23)	
Tax	0.99	0.25	
PAT	1.99	(0.48)	512 %
PAT Margin%	1.15%	(0.32%)	
EPS in Rs.*	3.45	(0.08)	

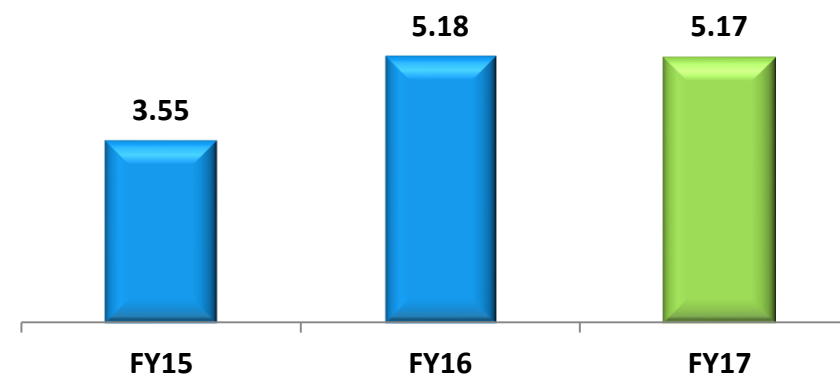


Annual Financial Highlights

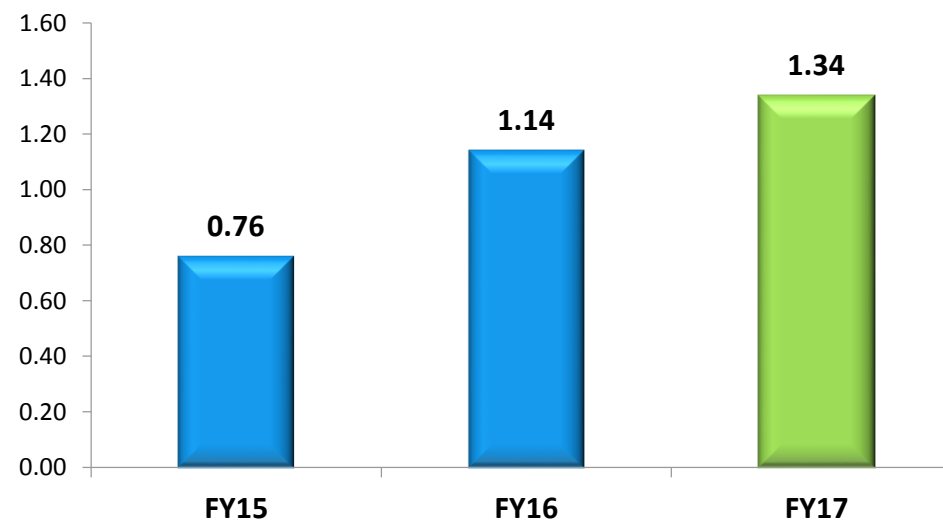
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



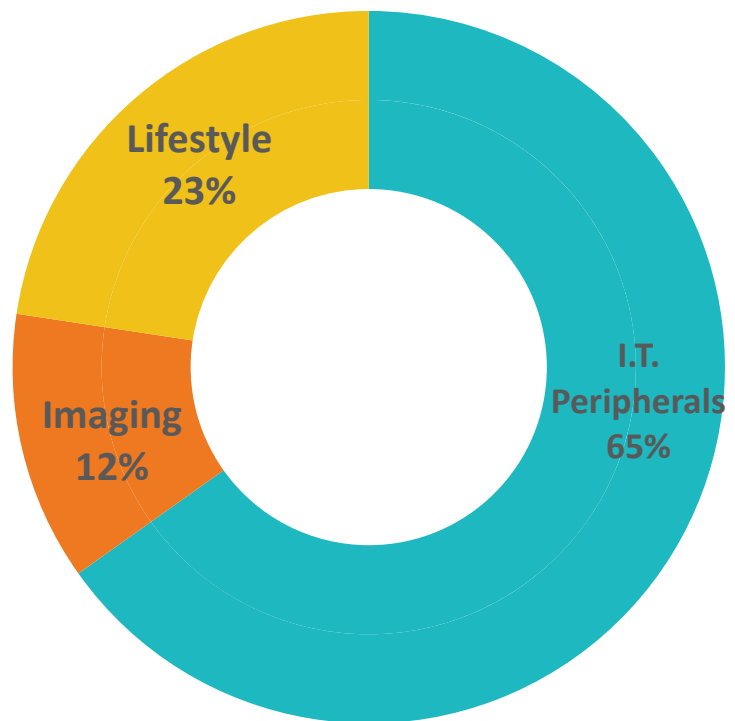


Revenue Contribution – Business Segments

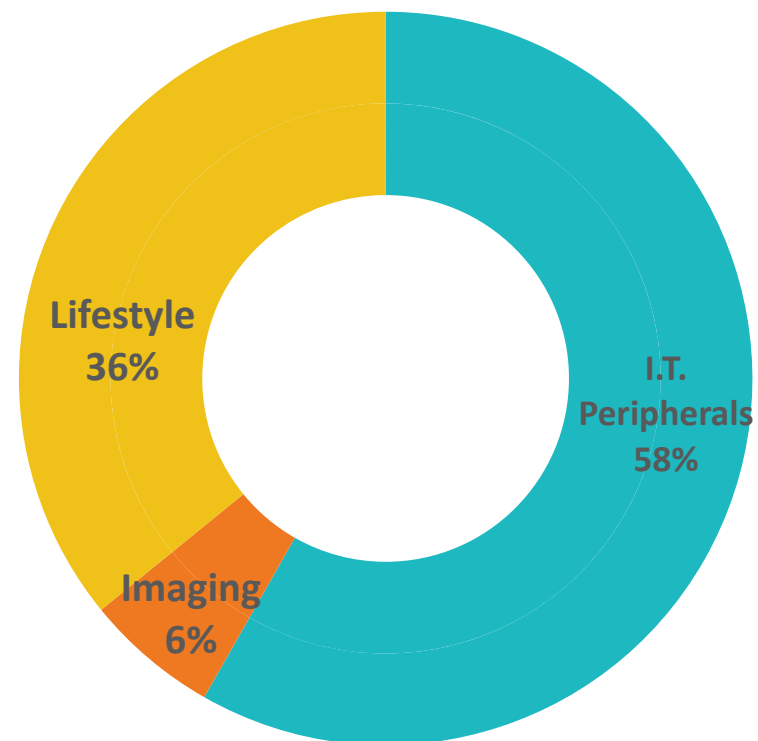


Creative Peripherals

FY2017



FY2016





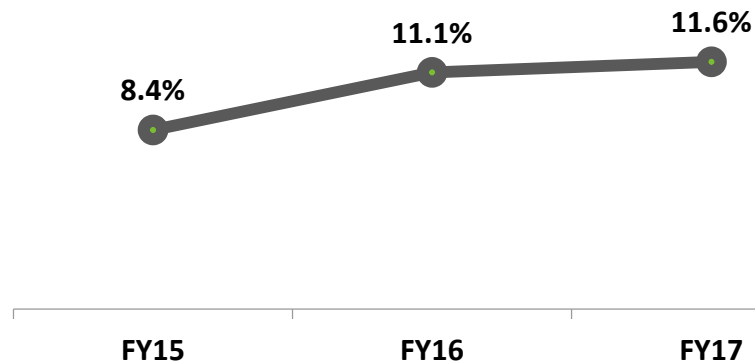
Annual Key Financial Highlights- FY 17

Rs. Cr	FY17	FY16	YoY%
Income from Operations	210.95	198.58	
Other Operating Income	1.06	0.0	
Total Income from Operations	212.01	198.58	6.76%
Raw material	196.88	182.52	
Employee Cost	4.99	5.90	
Other Cost	4.98	4.98	
Total Expenditure	206.85	193.40	
EBITDA	5.17	5.18	-
EBITDA Margin%	2.44%	2.61%	
Interest	2.91	3.36	
Depreciation	0.15	0.21	
Other Income	0.00	0.00	
Exceptional Item	0.00	0.00	
Profit Before Tax	2.11	1.61	
Tax	0.77	0.47	
PAT	1.34	1.14	17.72%
PAT Margin%	0.64%	0.57%	
EPS in Rs.	5.75	4.46	

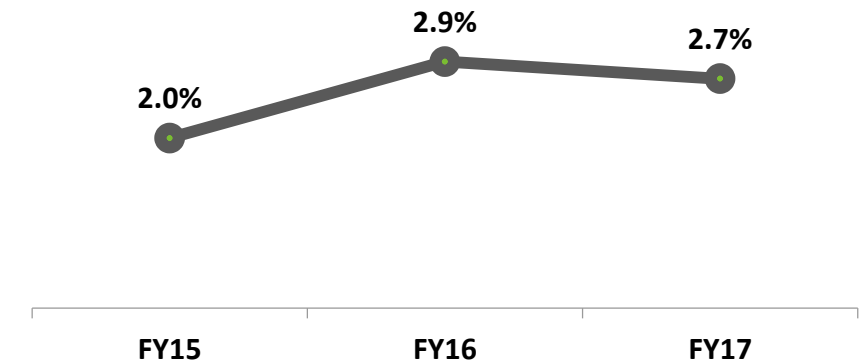


Consolidated Key Return Ratios

RoE(%)



RoA(%)



Return on Assets reflects impact of new high-end product additions in existing and new Security business segment during the financial year

RoE = Net Profit/Net Worth | RoA = Net Profit/Average Total Assets



Balance Sheet Highlights- As on 30th Sept'17



Creative Peripherals

Rs. Cr	As on 30 th Sep 2017	As on 31 st March 2017
Shareholder's Funds	26.22	11.56
Share capital	5.80*	4.00
Reserves & Surplus	20.42	7.56
Non-current liabilities	0.09	0.09
Long term borrowings	0.09	0.09
Defer Tax liabilities	0.00	0.00
Other Long-Term liabilities	0.00	0.00
Long-Term Provisions	0.00	0.00
Current liabilities	55.85	50.16
Short Term Borrowings	27.75	23.21
Trade Payables	21.99	23.16
Other Current liabilities	5.08	3.10
Short-term provisions	1.04	0.70
Total Equities & Liabilities	82.15	61.81

Rs. Cr	As on 30 th Sep 2017	As on 31 st March 2017
Non-current assets	2.10	0.55
Tangible Assets	0.27	0.27
Deferred tax assets	0.21	0.19
Non-current Investments	1.25	0.00
Long-term loans & advances	0.00	0.00
Other non-current assets	0.00	0.00
Miscellaneous Expenses	0.36	0.09
Current assets	80.05	61.25
Inventories	21.37	20.94
Trade receivables	32.30	28.29
Cash & Cash equivalents	3.03	1.73
Short-term loans & Advances	23.35	10.29
Other Current Assets	0.00	0.00
Total Assets	82.15	61.81

* Company raised Rs. 13.5 cr via IPO of 1,800,000 equity shares of face value Rs.10 in H1FY18



Company Overview



Who we are



Creative Peripherals

Specialists in Market Penetration & Distribution

in IT, Imaging, Lifestyle and Security domains

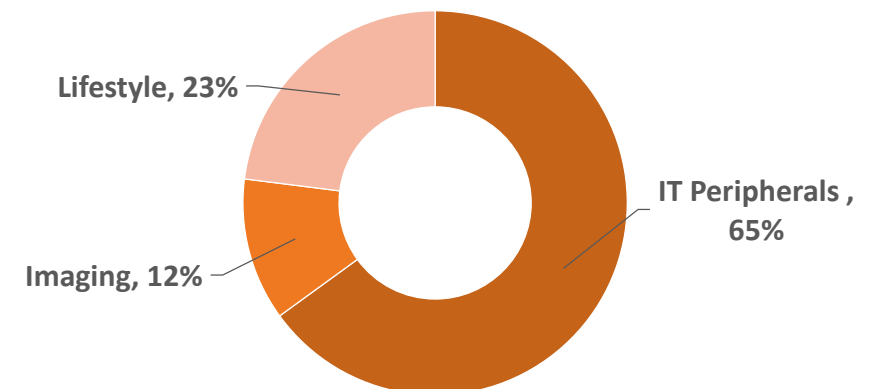
- ❑ Industry leader specialising in market entry for **global brands** in India
- ❑ Specialist in leveraging partners' market positioning and **enhancing partners' business value**
- ❑ **Fastest growing** national distributor 2014-15 (Digital Terminal)
- ❑ **Unique** distribution model, well-placed to capitalise on market opportunities
- ❑ FY17 Revenues of Rs 212 Crores

25
Brands

3200+
Products

5000 +
Partners

Share of Revenue – FY17





Journey so far

- Started 'Creative Computers' - proprietary trading concern with 02 employees

2007

- Epson Business Partner
- AOC Asia -Pacific- Excellent Distributor Award

2010

- Foray into Lifestyle business
- SENNHEISER Best Distributor Consumer Segment Of the Year
- BELKIN Jo Jeeta Wohi Sikandar Award

2015

- Reliance Digital 'Best Fulfillment Partner'
- Exclusive distribution for 8 new global brands

2016

- Distribution license received for GoPro

- Change to Public Limited- Listing on NSE- SME Platform
- Forayed into Security and Surveillance business
- Exclusive license for Honeywell
- Received 'Licensing Partner of the year 2017' award from Honeywell
- Addition of 5 new Honeywell branded products
- Renewal of partnership agreement with Samsung
- Agreement with Shyam Telecom Ltd. For distribution of Motorola accessories
- Signed Agreement with DgFlick Solutions Pvt. Ltd. to distribute their software products in India

1992

2017

2005

- Change to Creative Peripherals & Distribution Pvt. Ltd.
- MICROSOFT Best Retailer Award
- EPSON Best Channel Partners Award, Best Performer award for Inkjet printer & All in One

2013

- Foray into Imaging business
- Exclusive Photo Distribution from Vitec Group of Italy for Manfrotto
- Exclusive distribution for 5 new global IT vendors

- Signed Agreement with ASRock Inc. to distribute their motherboards in India
- Received "Best Fulfilment Partner 2017" award from Reliance Digital
- Renewed National Authorised Distribution Agreement with Apple India Pvt. Ltd.
- Renewed distribution agreement with Vitec Group of Italy for their top brands Manfrotto and Gitzo for 5th Consecutive year
- Awarded for 'Best Trade Show Execution' by Vitec Group



Key Team



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Mr. Ketan Patel

..... **Chairman & Managing Director**

- IIM - B Alumnus with Engineering in Computer Technology from Mumbai University
- With over three decades of experience, he has built expertise in business strategy, planning, product marketing and people management
- Responsible for maintaining vendor relations & new product development



Mrs Purvi Patel

..... **Whole Time Director**

- She holds a Diploma in Pharmacy with graduation in Computer Programming
- Responsible for human resource, administration and logistics functions



Abhijit Kanvinde

..... **Chief Financial Officer**

- Chartered Accountant with over 20 years of strong and multi-industry experience
- Worked in companies like Garnier India, Novartis Consumer Health, Shringar Cinemas, etc
- Has been CFO of listed company for over 6 years, also successfully completed the IPO 2x in his career



Vijay Advani

..... **Whole Time Director**

- Bachelor of Commerce from Mumbai University, with over 32 years of experience
- His expertise lies in business planning, execution and key account management. He has over a decade's experience in Value Added Distributors Industry, including companies like General Electronics



Upendra Singh

..... **National Sales Head**

- Bachelor of Commerce from Ranchi University, with nearly three decades experience in Sales & Marketing
- His expertise lies in vendor management, sales generation & market penetration. With over 11 years' experience in IT hardware industry, he drives national channel & corporate sales



Amol Patil

..... **National Product Head**

- MBA in Marketing with Engineering in Electronics and Telecom, with over 20 years' experience in the IT industry
- His expertise lies in identifying latest market opportunities with excellent team management and execution skills. He is responsible for profitable management of products portfolio



Awards & Recognitions



Creative Peripherals



"Most Valuable Partner"
- **ADATA**



"Excellence Distributor"
- **AOC Asia Pacific**



"Best Distributor in the Consumer Segment"
- **Sennheiser**



"Microsoft Best Retailer Award"



"Long Term Partnership & Best Distributor"
- **Sennheiser**



"Reliance Digital Brand of the Year & Best Fulfilment Partner"



"Smart Photography Award 2016" - **Olympus**



"Jo Jeeta Wohi Sikandar" – **Belkin**



Industry Overview



Technology distributors have evolved, navigating challenges



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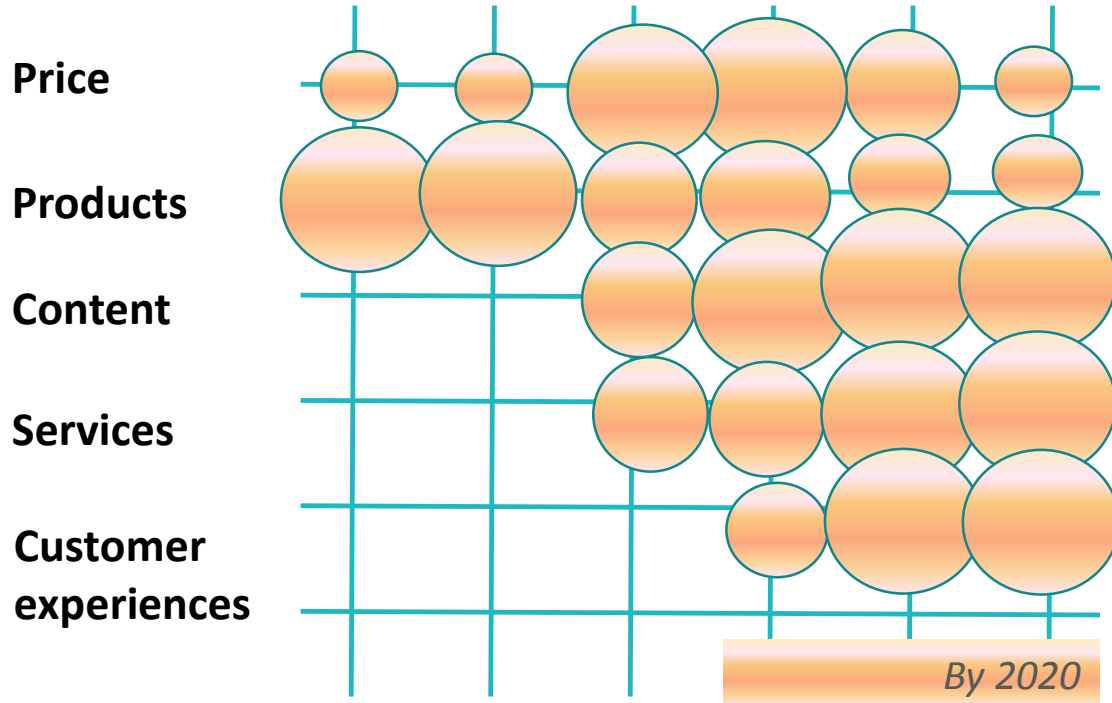
	Cycle I 'Dawn of the PC era'	Cycle II Internet Grows Globally	Cycle III MSPs, Mobility advance	Cycle IV Digital disruption
	1970s-1980s	1990s	2000s	Current
Key Characteristics	• "Pick, pack and ship" • End-users chained to desktop	• Distributor financing programs fund channels • Wireless technology, e-Commerce models	• Shift to "problem solving" • Managed services • Internet enabled solutions and services	• Market shift from "products" to "experiences" • Connected ecosystems • Big Data, device management, Cloud and IoT
What was needed to succeed	• Capital • Scale	• Innovation • Skilled developers	• Capital • Expertise • Information sharing	• Access to partnerships • Scale & Skills • Customer intimacy, information network
Addressable market size	<\$100 BN	<\$300 BN	\$650 BN +	\$900 BN +
Key challenges	• Capital Intensive • Monolithic • Unresponsive	• Complex environment • High cost • Skills gap	• Extreme price-sensitivity • Lack of innovation • Skills gap	• Widening skills gap • Transformation pressure • Poor execution of brand strategy



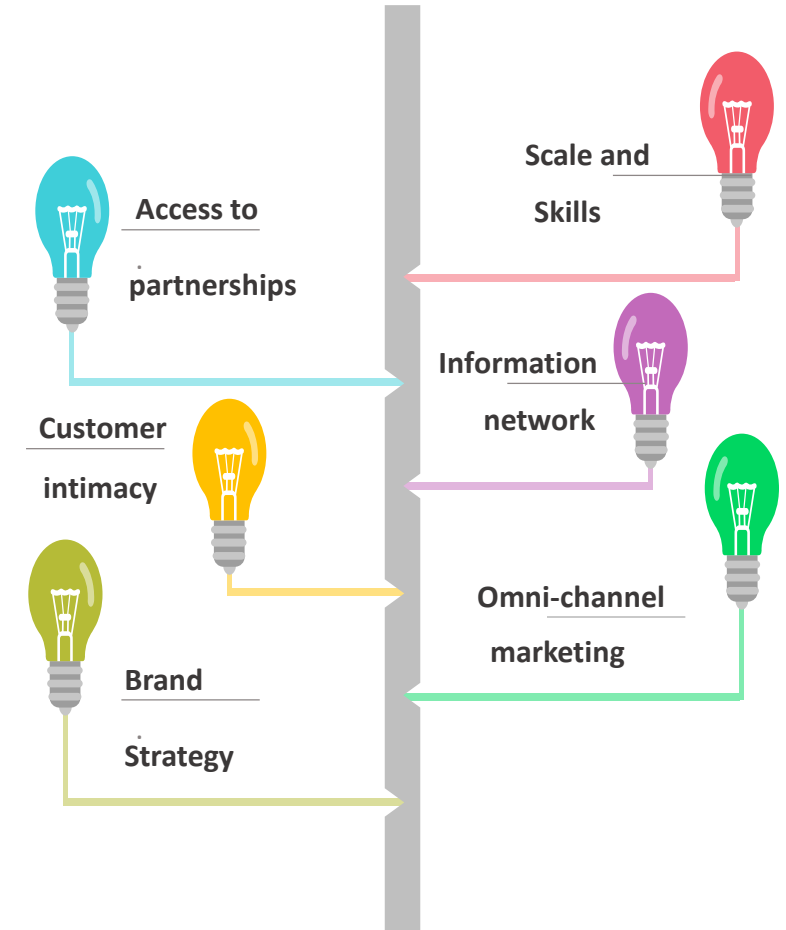
Digital Transformation : From “Product” to “Experience”



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What is needed?



By 2020, **CUSTOMER EXPERIENCE** is set to overtake **PRICE** and **PRODUCT** as the most important **BRAND DIFFERENTIATOR**



We are leading the Digital Disruption Cycle

Scale & Skills

5000+ Partners

3200+ Products

26 Branches

135+ employees

25 Brands

Integrated Distribution Model

100+ Trained,
professional sales
staff

Region-wise sales
targets



Building customer intimacy and improving partnerships

1200+ Trainings conducted at shop level
annually

POP Installations at point-of-sale locations

150+ On-ground events conducted for brand promotion

Reseller workshops and product demos

Technology – driven innovations and brand strategy

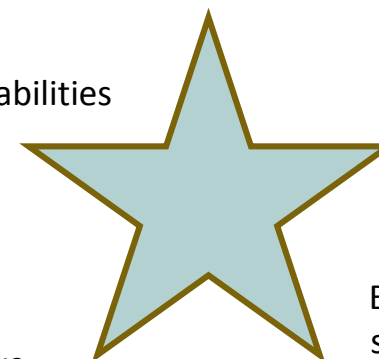
Enabling
newcomers/channel
partners leverage their capabilities

Identifying right vendors & partners

Continually vetting tech
landscape for ideal
products and solutions

Supporting ramp-up in
multiple countries/
regions with cost-effective
scalable processes

Ensuring vendors have right
structure for global channel
programs

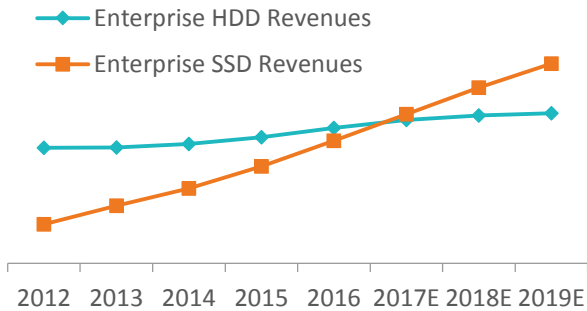




Key trends – Business Segment : IT



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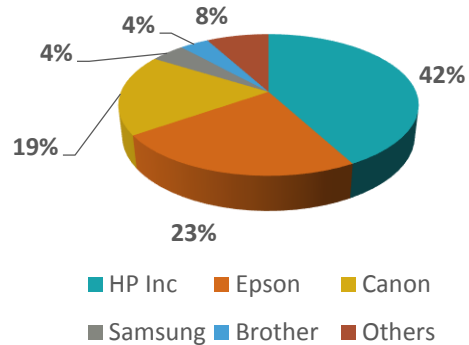
India Storage Market Growth

17.5%

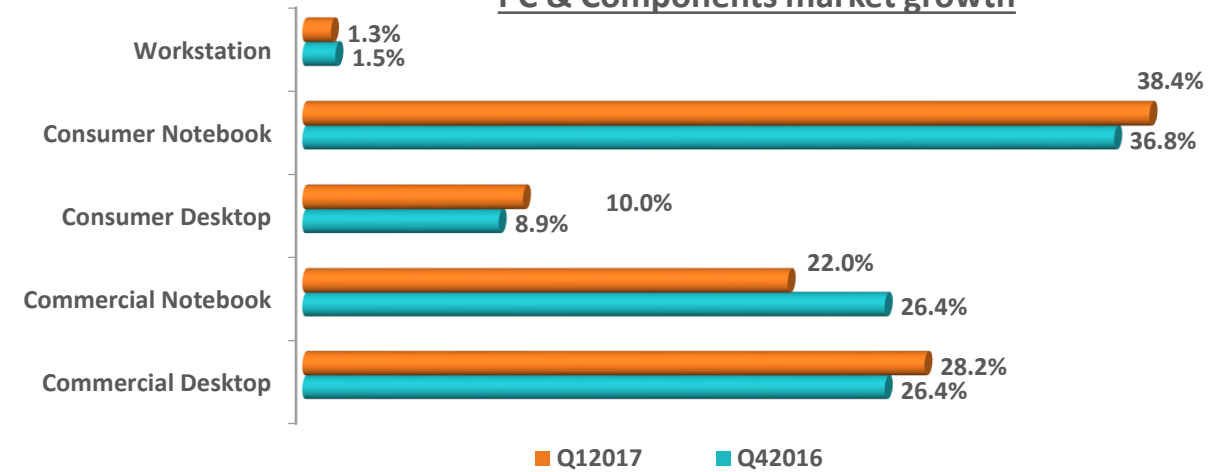
Storage: Enterprise SSD storage revenues crossover HDD data

India Market – Hardcopy Peripherals	
Q42016	7,95,188
Q1 2017	7,99,164
Growth %	0.5%

Top vendors by Market share

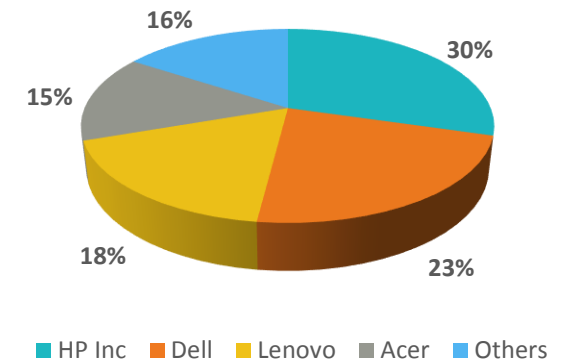


PC & Components market growth



PC & Components:
Desktop shipments
growth bouncing
back

Top vendors by Market share

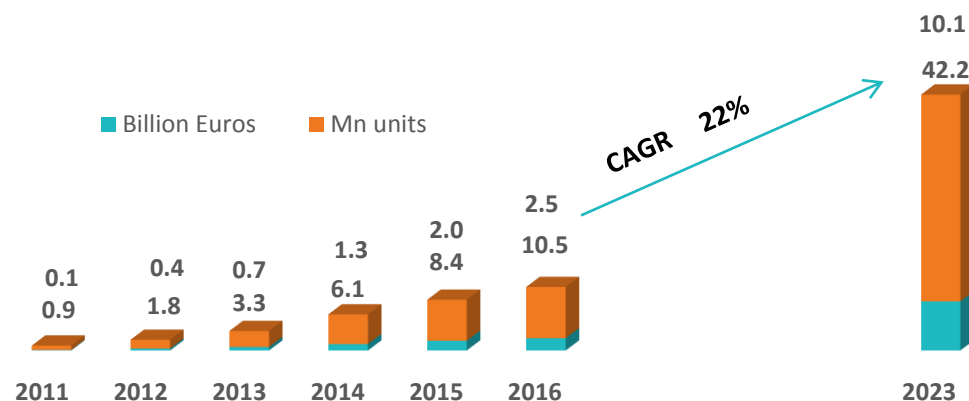


Peripherals: Steady growth in Printers & Monitors

Source: Gfk Nielsen Retail Audit Data, Dec 2016; Industry Reports

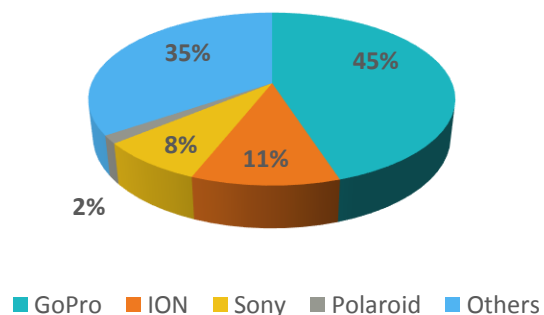


Key trends – Business Segment : Imaging



Global Action Cameras market seen at over 10 Bn Euros by 2023

Top vendors by Market share



Growth drivers

Product Innovation

Innovations like Flash higher storage, VR/AR, 360 degree images, longer battery life, connectivity through Wi-fi, bluetooth driving growth

Social Media Marketing

Facebook, Twitter, Instagram, YouTube, other social media platforms used for product promotions

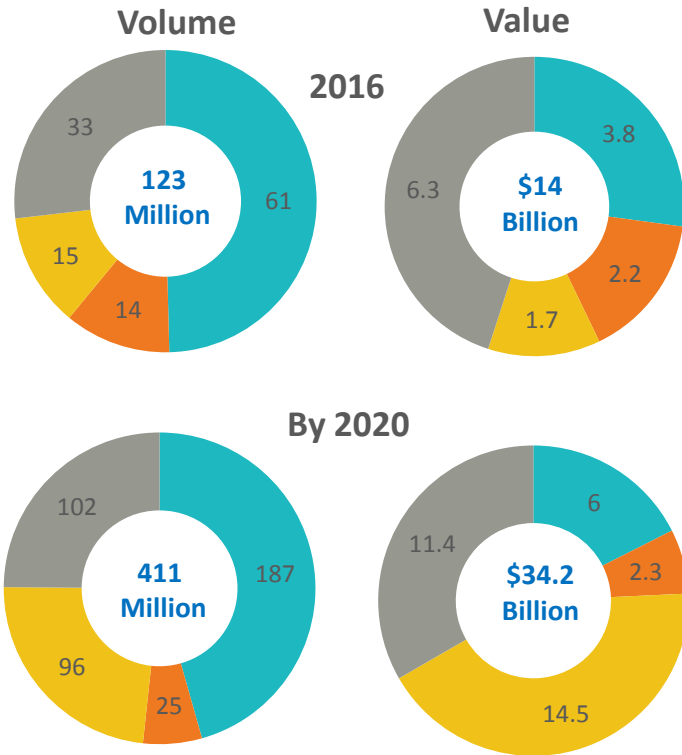
Imaging for Business

- Virtual Reality (VR) Glasses can fit into any hardware or PC
- Augmented Reality (AR) reads bar codes in a warehouse and acts as virtual monitor
- Security systems for monitoring buildings, properties
- Media, healthcare, automotive, industrial usages

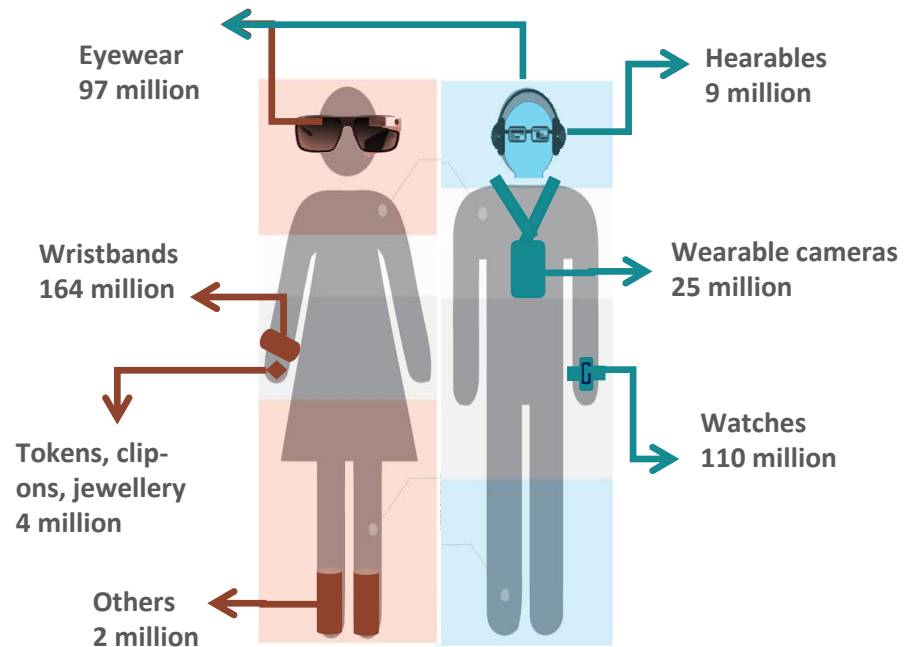


Key trends – Business Segment: Lifestyle Gadgets

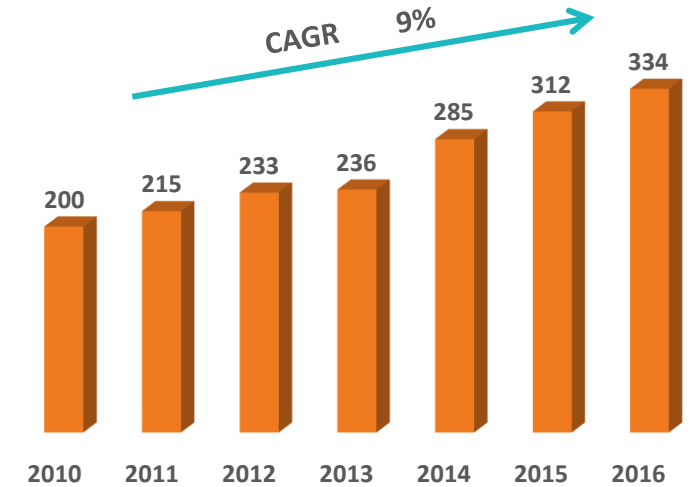
Global wearables market size



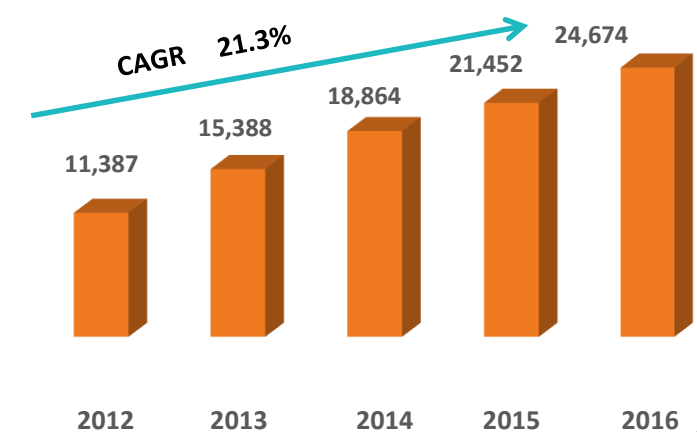
Device sales by 2020



Headphones & Earphones Market Opportunity



Panel TV Market Opportunity



Smartphones market has stabilized, incremental growth driven by durables like Panel TVs
Smart audio, headphones and ear phones market to see exponential growth



Business Overview



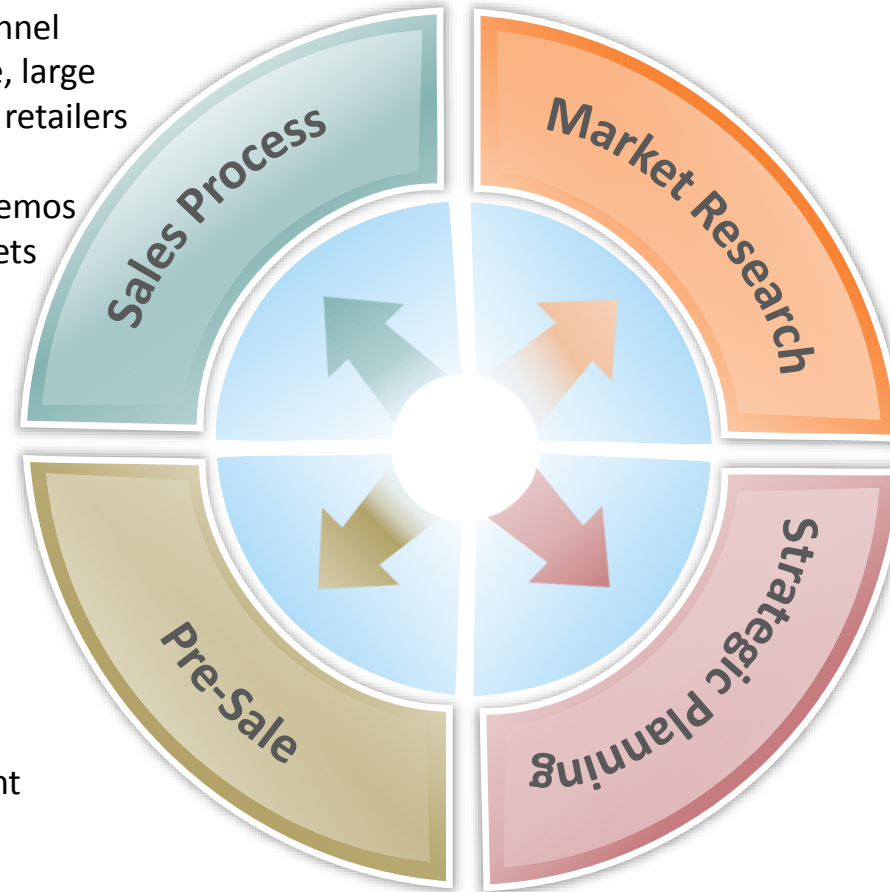
Integrated Distribution Model



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- Relationships with channel partners : E-Commerce, large format and specialized retailers
- Corporate Sales team
- Reseller workshop & demos
- Region-wise Sales targets

- Digital Cataloguing
- POP Installations
- Brand Awareness
- Customer Engagement



- Generating Brand Interest
- Location-wise market demand
- Market demand Analysis
- Competition Analysis

- ***Dedicated product sales specialists***
- ***Identification & Training of partners***
- ***On-site product implementation & support***
- ***Bundling products with ISVs***
- ***Marketing activities***

- Channel Strategy
- Sales Planning
- Quarterly Tracking
- Promotions
- Training & events



Brands we work with



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Information Technology

- Samsung, AOC, Transcend, Net Protector, Printronix, Rapoo, Honeywell, Viewsonic, Bandridge, Asrock, Photofast, Philips Signage, DgFlick, Smart, NZXT



Imaging

- GoPro, Manfrotto, Olympus, GITZO



Lifestyle

- AOC TV, Sennheiser, Beats, Skyworth TV, Motorola, Belkin



Security

- Vintron



Brands we work with



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AOC

ASRock

SAMSUNG

Net Protector
NP AV
Total Internet Security

belkin

BANDRIDGE®

Transcend
Exceeding Your Expectations

rapoo

ViewSonic®
See the difference™ 

PRINTRONIX


MOTOROLA

Honeywell

OLYMPUS®

GITZO


Manfrotto

DgFlick®
Photo Software Specialist

GoPro

 **smart™**
smarter steps

PhotoFast®


SENNHEISER


beats. by dr. dre.

PHILIPS
sense and simplicity

NZXT.™

Skyworth

Vintron
.....the name you trust



Geographical Presence; Network

Current Presence

- Mumbai- Lamington Road, Borivali.
- Ahmedabad
- Aurangabad
- Bangalore
- Bhopal
- Chennai
- Delhi
- Goa
- Hyderabad
- Haryana
- Hubli
- Indore
- Jaipur
- Kolhapur
- Kolkata
- Kerala,
- Ludhiana
- Lucknow,
- Noida
- Nasik
- Nagpur
- Pune
- Raipur
- Rajkot
- Surat



Extensive Reach

A network of 5,000+
partners

26 branches

135+ employees



Operations – Process Improvements



Creative Peripherals

Training



- **100+** Trained, professional sales staff
- **1,200+** Trainings conducted at shop level annually

Events



- **150+** On-ground events conducted for brand promotion

Promotions



- Digital Catalogues
- POP Displays



Infrastructure & warehousing



Creative Peripherals

Mother Warehouse @ Bhiwandi, Maharashtra



Dispatch all over India from Central warehouse

- Services offered: Warehousing and Transportation
- Area : 40,000 Sq. ft.
- Transactions handled: 3,500 tonnes per annum
- Safety measures: Camera and Fire fighters
- Systems & processes: Systems for inward & outward, packing and stock keeping (Bar Code system for outward)
- Semi-automatic warehousing

Key features

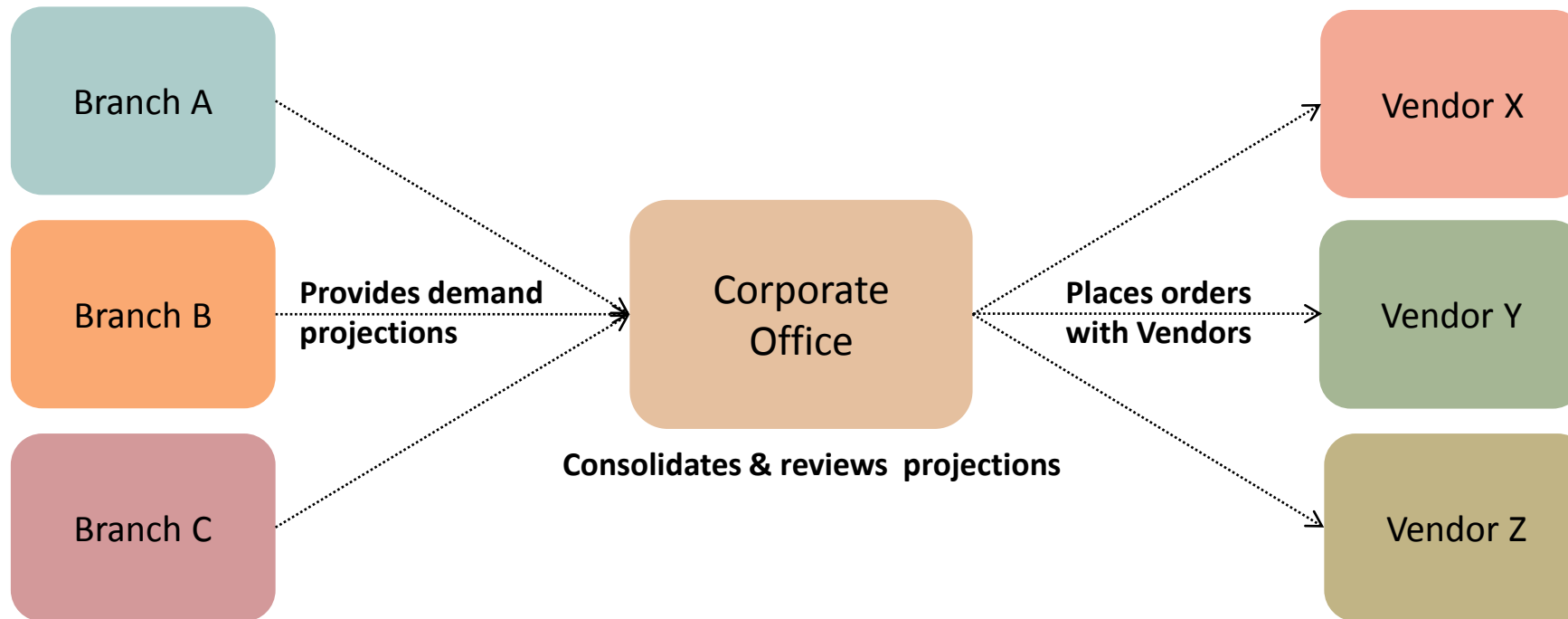
- Fast and on-time delivery
- Can arrange dispatch from single unit to container
- Tie-ups with reputed transporters and couriers
- Trained and experienced staff



Inventory and Receivables Management



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Inventory Management

- Continuous monitoring of stock over-ageing
- Physical verification by internal and external audit team
- Annual audit of each warehouse

Receivables Management

- Credit assessment to assign dealer credit limit
- Dealer accounts reviewed & monitored periodically
- Credit team present across India



Key Achievements

01

60% growth in number of partners year on year for Sennheiser, along with 42% growth in turnover for retail since partnering with CPDPL

02

40% growth in number of partners over the years, with 35% increase in turnover for retail for Beats (exclusively distributed by Creative Peripherals)

03

25% growth in turnover for retail was seen by AOC monitors and TV, after partnering with Creative Peripherals

04

48% increase in turnover in retail for Bandridge, after partnering with Creative Peripherals



Way Ahead



Expanding on Exclusive Partnership with Honeywell

Product Designing and Manufacturing

- Contract manufacturing of Stock Keeping Units (SKUs) in Honeywell certified and approved factories.
- Designing and packing products as per Honeywell global packing guidelines
- Design ID's owned by Creative Peripherals

Honeywell

Exclusive Distribution, Premium Pricing

- Supplying, merchandising across India in modern retail, E-commerce and traditional channel stores
- Warranty and after sales service for Honeywell products
- Premium pricing of products

International Markets

- Distribution agreement for India and SAARC countries
- Currently selling via large format retail, e-commerce and traditional channels
- Plans to target SAARC countries in FY18

Scalability

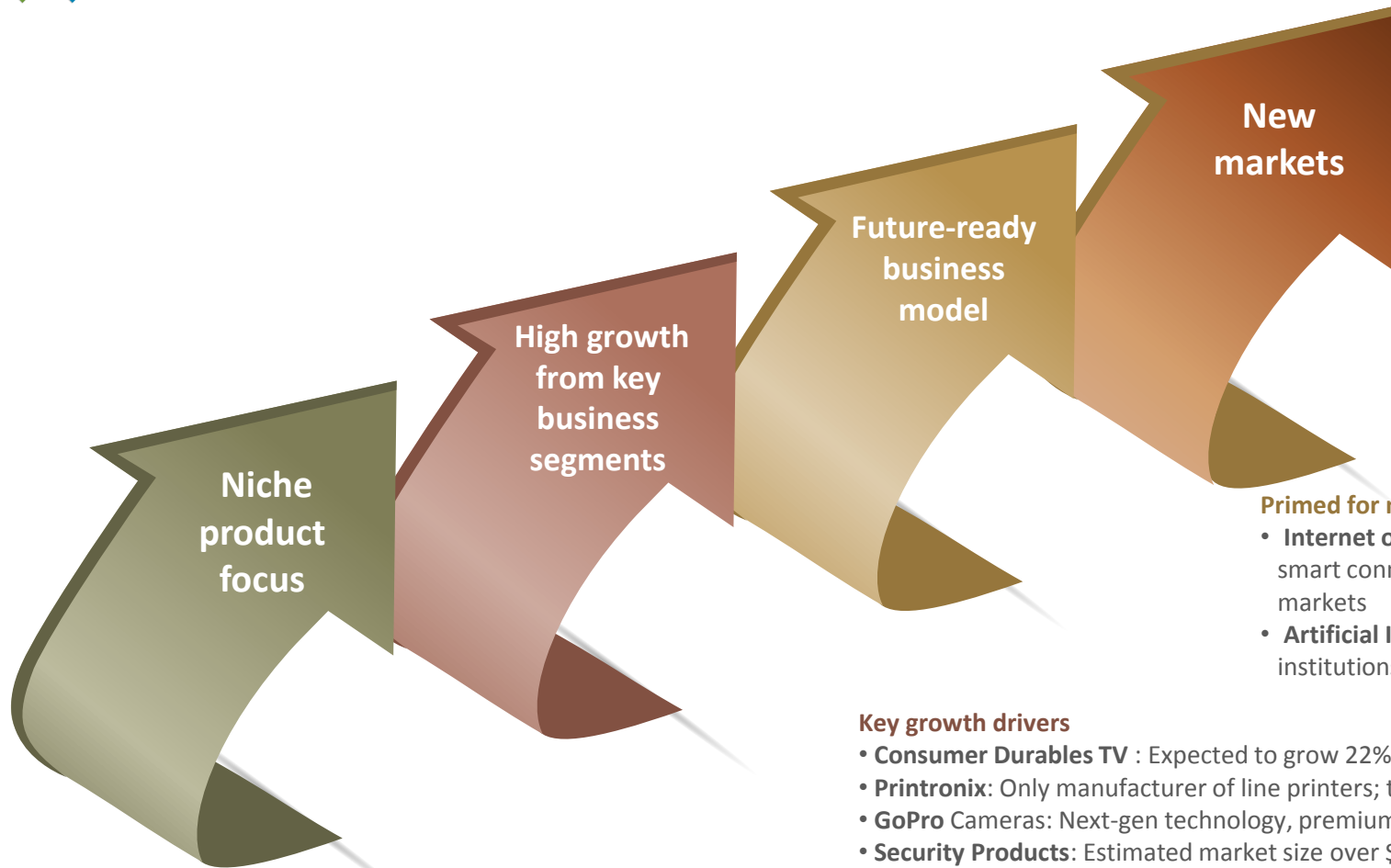
- Going forward, plan to manufacture in India under the 'Make in India' initiative
- Strong demand for networking, specialty technology products



Future-ready business growth



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Expansion in new markets

- **Domestic market:** Smart Cities and Make in India boosting demand from OEMs as well as service providers; Smart Homes, Vehicles; Big Data and Analytics, Intelligent technology & hardware to drive future growth
- **International market:** Expanding in the Middle East and SAARC Countries

Primed for new-age customer behaviour

- **Internet of Things (IoT):** Asia-Pacific investment projected over \$2.5 trillion by 2020; smart connected machines, augmented reality, cloud connectivity in enterprise markets
- **Artificial Intelligence(AI):** Machine learning solutions and applications used across institutions ; advanced robotics, wearables market size currently over \$35bn

Key growth drivers

- **Consumer Durables TV :** Expected to grow 22%, as smartphone market stabilizes
- **Printronic:** Only manufacturer of line printers; target BFSI, logistics, pharma industries
- **GoPro Cameras:** Next-gen technology, premium pricing, target high-end users
- **Security Products:** Estimated market size over \$350 bn; exclusive distribution of premium brands

Value-add, high-end, high margin products

- Focus on select brands like GoPro, Manfrotto, Olympus
- High-margin, high-volume products
- Creating “Retail experience zones” for value add
- Target elite channel partners and end-user segments



Thank You



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