Creative Peripherals and Distribution Limited

Investor Presentation

May 2017

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Creative Peripherals

Company Overview

Who we are

Specialists in Market Penetration & Distribution
for IT, Imaging, Lifestyle* and Security Companies

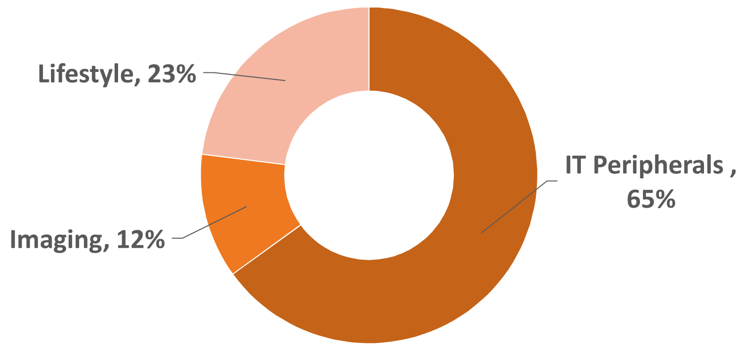
- Industry leader specialising in market entry for **global brands** in India
- Specialist in leveraging partners' market positioning and **enhancing partners' business value**
- **Fastest growing** national distributor 2014-15 (Digital Terminal)
- **Unique** distribution model, well-placed to capitalise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

22+ Brands

3200+ Products

5000 + Partners

Share of Revenue – FY17



* Electronic gadgets

Journey So Far

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

- Star Business Award
- MICROSOFT Best Retailer Award
- EPSON Best Channel Partners Award

- Bestowed with SENNEISHER Award

- Distribution license received for GoPro

- Exclusive Distribution received from Honeywell

1992 | 2000 | 2004 | 2005 | 2011 | 2012 | 2016 | 2017

- Microsoft Aggregator

- Constitutional Change to Pvt Ltd.
- Name changed to Creative Peripherals & Distribution Pvt. Ltd.
- EPSON-Best Performer award Inkjet printer & all in one

- Received Distribution for Olympus Imaging India Pvt. Ltd.
- Forayed into imaging with distribution for Olympus
- Exclusive Photo Distribution from Vitec Group of Italy

- Change to Public Limited
- Listing on NSE- SME Platform
- Renewal of partnership agreement with Samsung

Key Team

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Ketan Patel
Founder

- IIM - B Alumni with Engineering in Computer Technology from Mumbai University
- Expertises in business development, business strategy, planning, product marketing and people management
- Responsible for maintaining vendor relations & new product development

Purvi Patel
Chairman & Whole Time Director

- She holds Diploma in Pharmacy with graduation in Computer Programming
- She also has various certificates in soft programming
- Her responsibilities include looking after human resource and finance

Vijay Advani
Managing Director

- He holds a degree in Bachelor of Commerce from University of Bombay
- His expertise lies in business planning & execution and key account management
- He has an experience of about more than 10 years in Value Added Distribution Industry.
- He has overall experience of more then 25 years in IT industry.

Ansuya Prasad Purohit
Chief Financial Officer

- He has done L.L.B. (Taxation) from Garhwal University
- Post graduation in Economics has 32 years experience in the field of Accounts and Finance in various segments of the industry.
- He possesses relationship management skills with abilities in liaising with Government bodies & banks for ensuring statutory compliances & smooth business operations
- He looks after the administration and finance operation of the Company

Awards & Recognitions

"*Best Channel Partners 03-04*"
- Epson

"*Best for printer*"
- Canon

*"**Samsung** Platinum Partner"*

"*Best distributor for year 2011*"
- Sennheiser

"Best Fulfilment Award 2014"-
Reliance Go Digital

"CEIF Photo Fair 2015"

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

"Long Term Partnership Award 2017" ***– Sennheiser***

Industry Overview

Top trends in technology distribution industry

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Advances in Cloud	• Distributors aiding Unified Cloud-based Billing for vendors • Creating Cloud marketplaces for channel, including financing
Mobility Solutions	• Smart end-to-end channel solutions from warranties, servicing to reverse logistics • Added value is margin accretive for businesses
Vertical Market Specialisation	• Dedicated teams for products and services, adding value for SME businesses • Recruitment, education and integration of security solutions
Enterprise Focussed Services	• Developing complex solutions bundles on behalf of multiple vendors • Helping solution providers migrate to Cloud, virtualisation, Big Data

Indian electronics and hardware industry is expected to reach $112-130 billion by 2018

Source: Global Technology Distribution Council, Industry Reports

Top trends in technology distribution industry

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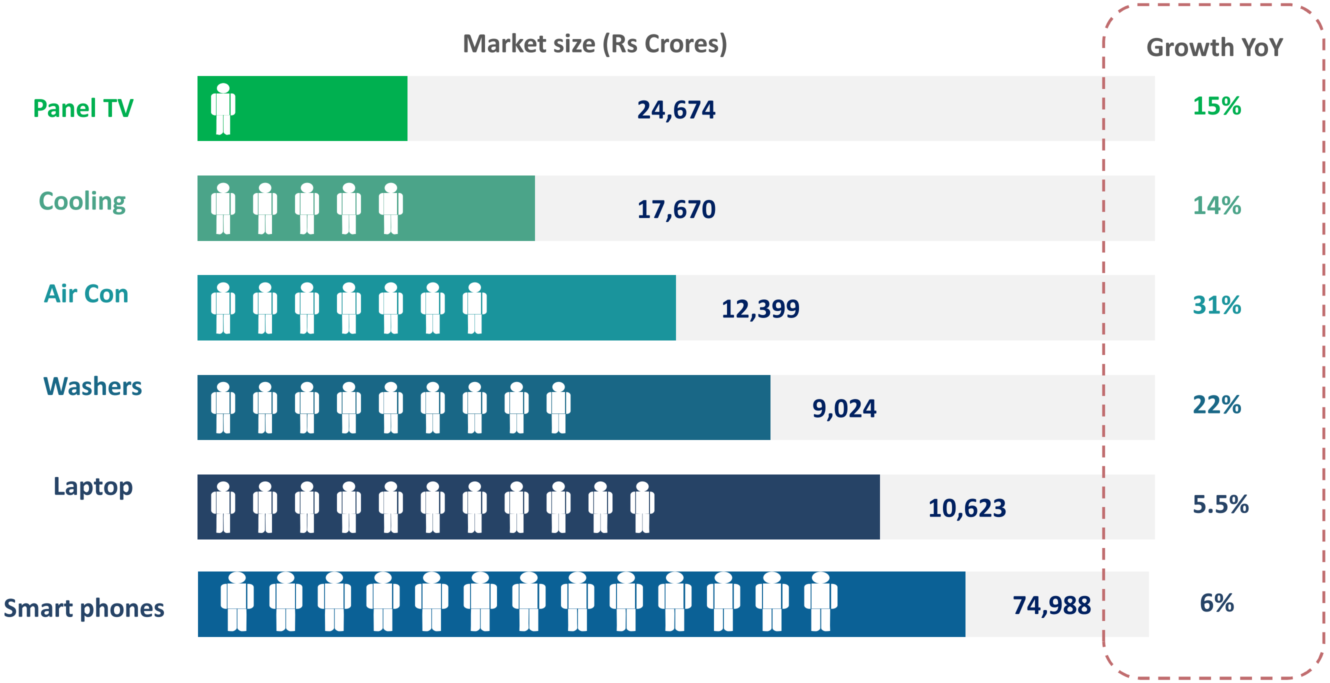

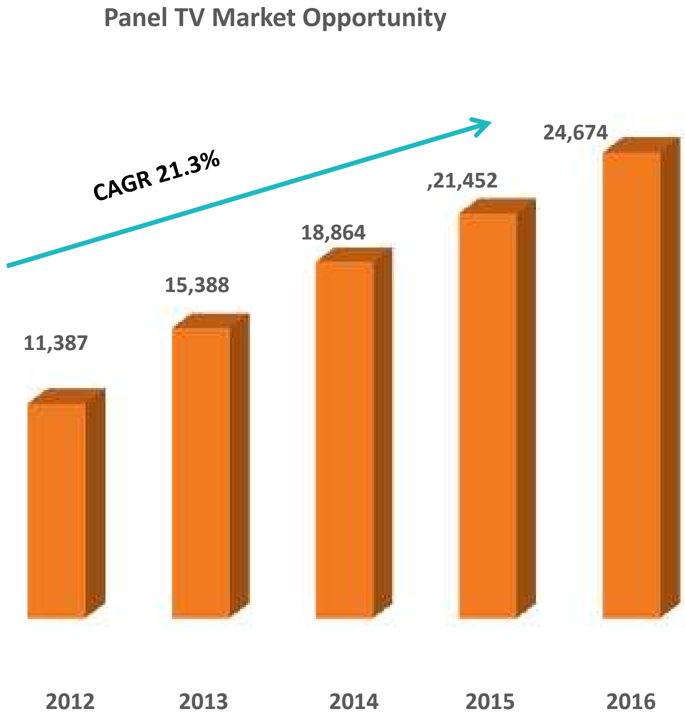

Smartphones market has stabilized, incremental growth driven by Panel TVs, appliances and Laptops

Source: Gfk Nielsen Retail Audit Data, Dec 2016

Technology distributors have evolved, navigating challenges

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	Cycle I 'Dawn of the PC era' 1970s-1980s	Cycle II Internet Grows Globally 1990s	Cycle III MSPs, Mobility advance 2000s	Cycle IV Digital disruption 2010- Current
Key Characteristics	• "Pick, pack and ship" • End-users chained to desktop	• Multivendor solutions • Distributor financing programs fund channels • Wireless technology, e-Commerce models	• Shift to "problem solving" • Mobile solutions • MSP models by retailers • Advanced services	• Distributors evolve in top categories • Converged infrastructure • 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 • Lack of brand strategy

Source: Global Technology Distribution Council, Industry Reports

Changing industry dynamics and distribution model

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Risks & Challenges


E-tail allows vendors to skip distributors


Highest financial risk borne by distributors


Cloud delivery - possible substitute


Large retailers dictate price & conditions

What is needed?

Adjusting the distribution business model

Cross-Channel Distribution

Vendors

- Opportunity to boost retail
- Favours familiar products

- Integrate online & offline
- Co-operation not competition
- Brand strategy
- Improve close partnerships

Channel Partners

- Direct contact for guidance
- Favours unfamiliar products

- Address skills gap
- Customer intimacy
- Information network
- Build Scale

Source: Global Technology Distribution Council, Industry Reports

Business Overview

We are leading the Digital Disruption Cycle

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Scale & Skills

5000+ Partners

3200+ Products

26 Branches

135+ employees

22+ Brands

Integrated Distribution Model

100+ Trained, professional sales staff

Region-wise sales targets

Market Research

Strategic Planning

Pre-Sales

State-of-the-art Sales Processes

Building customer intimacy and improving partnerships

1200+ Trainings conducted at shop level

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 to leverage specialized practice groups

Identifying right vendors & partners

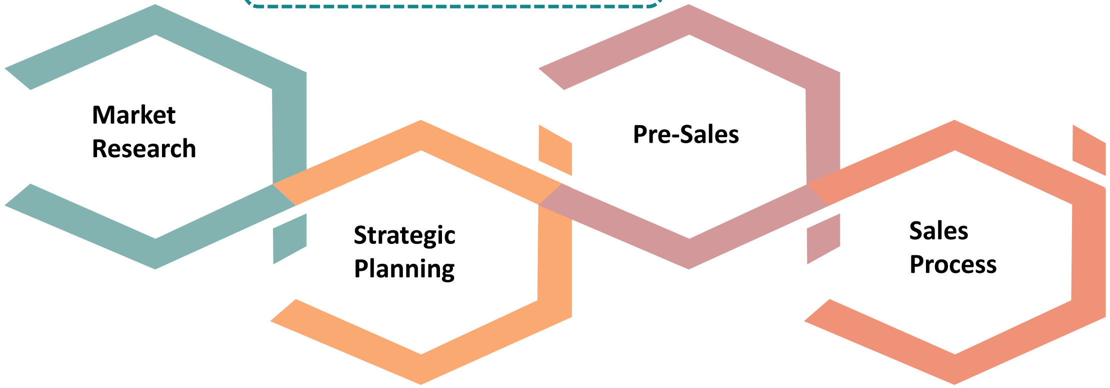
Continually vetting tech landscape for ideal products and solutions

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

Ensuring vendors have right structure for global channel programs

Our Unique Distribution business model

Value Business



- Focused resources, dedicated sales & marketing specialists
- High-end, high value products
- Part of entire package sold to mainly corporate customers

Volume Business

- Fast-moving, high volume products
- Delivery at cost-effective prices
- Requires stocking across branches

Business Segments	IT - Consumer	IT - Enterprise	Imaging	Lifestyle	Security

Integrated Distribution Model

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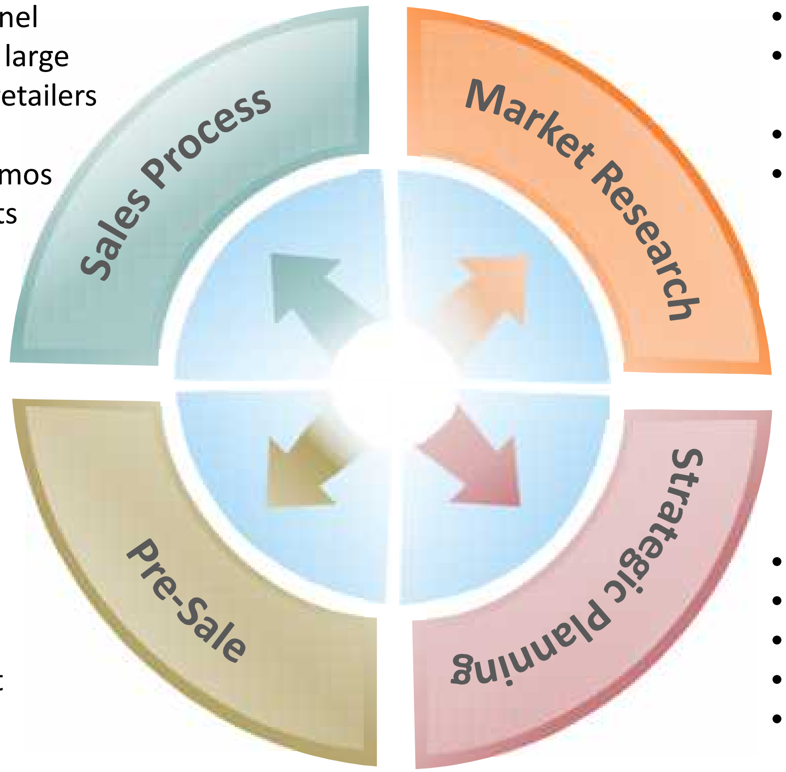
- Relationships with channel partners : E-Commerce, large format and specialized retailers
- Corporate Sales team
- Reseller workshop & demos
- Region-wise Sales targets



- 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***

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

- 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
- Belkin
- Honeywell
- Viewsonic
- Bandridge
- Totolink

Imaging

- GoPro
- Manfrotto
- Olympus
- Nzxt
- Data Color
- GITZO

Lifestyle

- AOC TV
- Sennheiser
- Beats
- Skyworth TV
- Photofast
- Philips Signage

Security

- Vintron

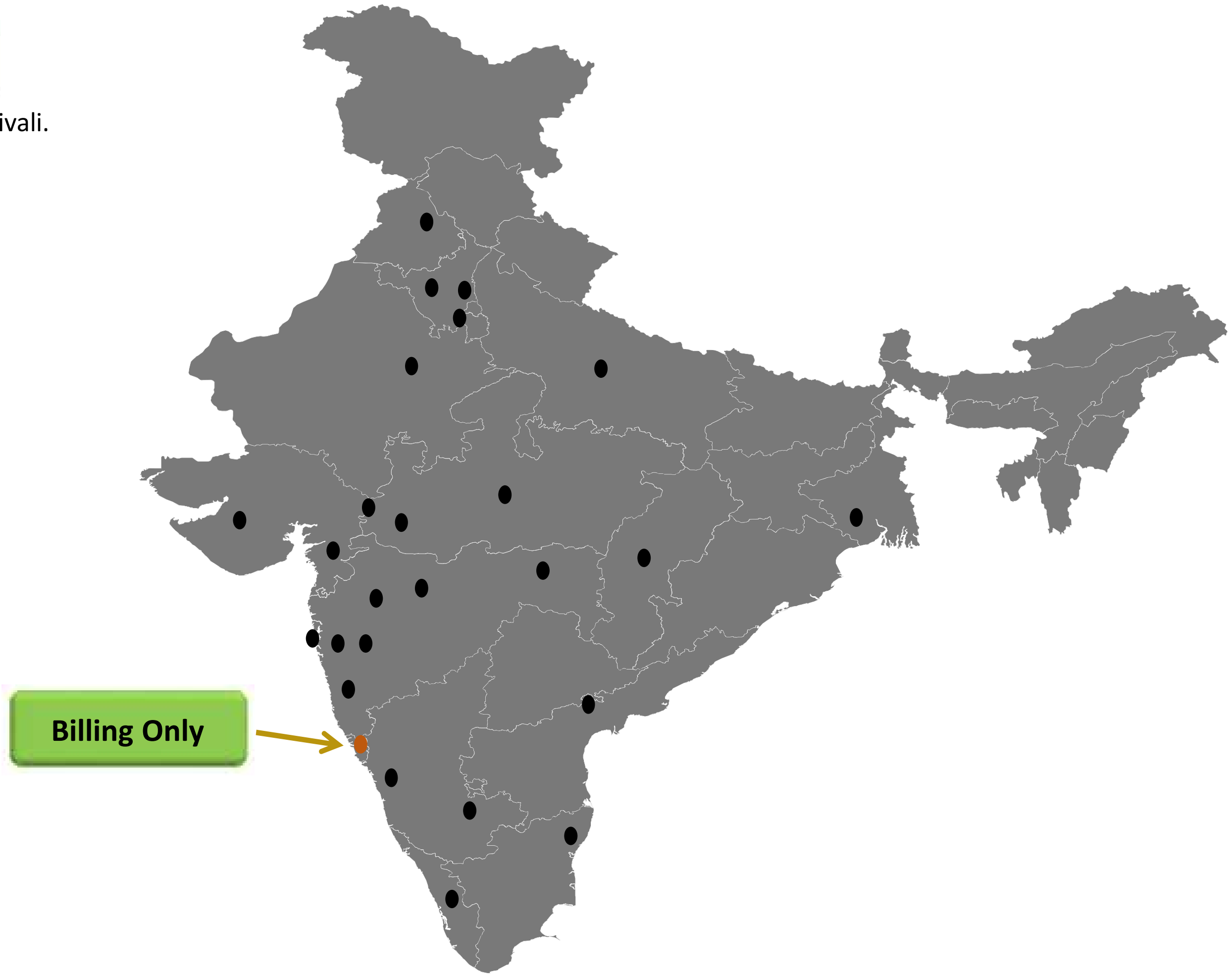
Brands we work with

AOC	BANDRIDGE	beats by dr. dre	belkin	GITZO
GoPro	Honeywell	Manfrotto	NZXT.	Net Protector NPAV Total Internet Security
OLYMPUS	PHILIPS	PhotoFast	PRINTRONIX	rapoo
Skyworth	SENNHEISER	smart smarter steps	SAMSUNG	Transcend
	TOTO LINK The Smartest Network Device	ViewSonic	Vintron ....the name you trust	

Geographical presence, network

Current Presence

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



Extensive Reach

A network of 5,000+ partners, 26 branches, 135+ employees

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Operations - process improvements

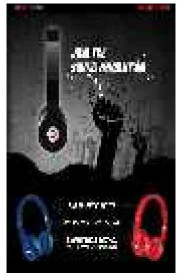
Training

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

Events

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

Promotions



- Digital Catalogues
- POP Displays

Infrastructure & warehousing

Mother Warehouse @ Bhiwandi, Maharashtra




Dispatch all over India from Central warehouse

- Services offered: Warehousing and Transportation
- Area : 12,000 Sq. ft.
- Transactions handled: Dispatches of 1,000 tonnes per annum, Inward transactions of 2,500 tonnes per annum
- Safety measures: Camera and Fire fighters
- Systems & processes: Systems for inward & outward, packing and stock keeping (FIFO system for outward)

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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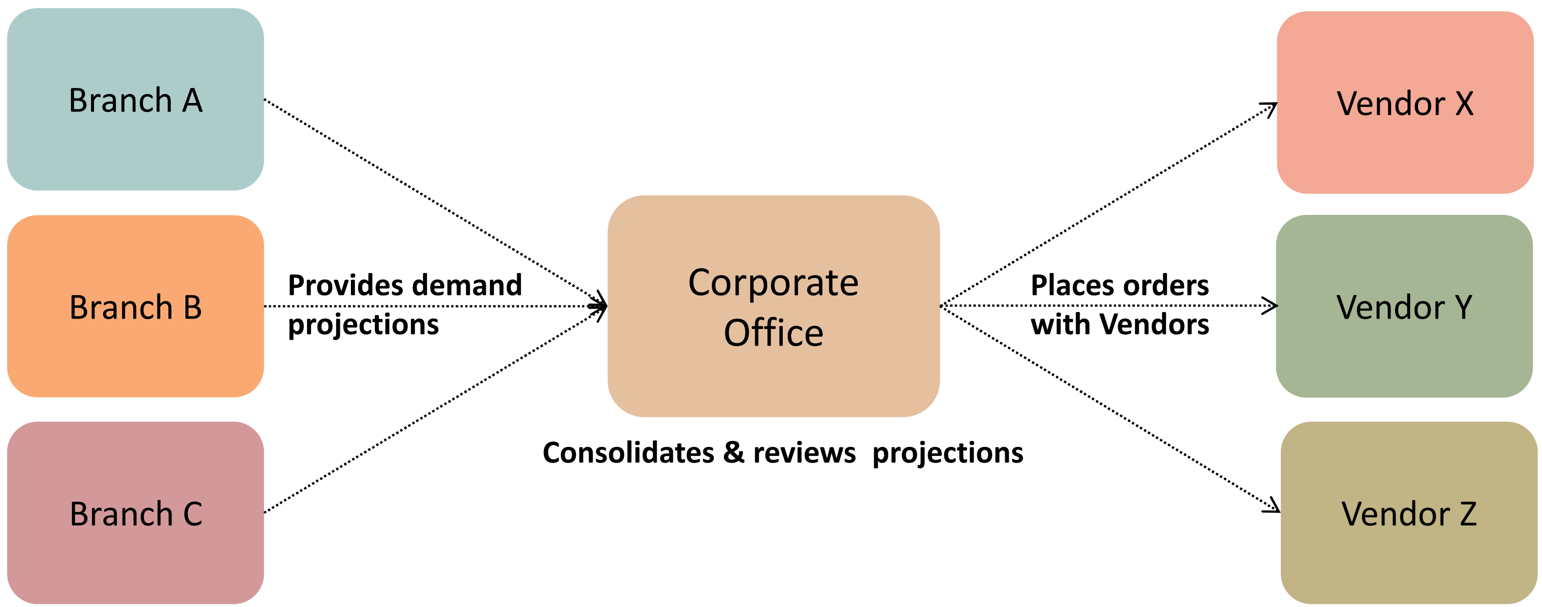


Inventory Management

- Continuous monitoring of stock over-ageing
- Physical verification by internal team from finance dept
- Annual audit of each warehouse

Receivables Management

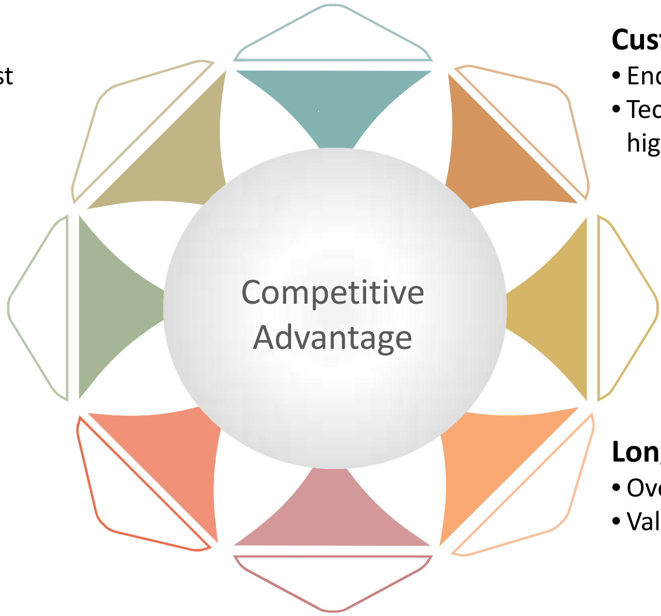
- Credit assessment to assign dealer credit limit
- Dealer accounts reviewed & monitored periodically
- Credit team present across India

Key Competitive Advantages

Comprehensive product range
- Offers entire range of
  - ✓ IT ,Imaging , Lifestyle, Security Products

Building Strong trusted Brand
- Creating committed relationships based on trust
- Long-standing vendor and channel associations

Customer support presence
- End-to-end services including warranty and post-warranty
- Technical response centre, parts logistics, reverse logistics, high level repair services for cameras



Prudent risk management
- Periodic monitoring & audit of stock
- Pan-India team to assign limit & review dealer credits

Wide reach and superior logistics capabilities
- 17 Branches with warehouse facilities
- Robust IT infrastructure to manage network

Strong credit controls
- Dedicated Risk management team
- Bad debts (including provisions) maintained at 0.01% of sales (average)

Long term vendor/client relationships
- Over 23 vendor associations, many for over 5 years
- Value added services helped build diverse vendor base

Robust IT infrastructure and sophisticated MIS
- Customized systems to address unique needs
- Real time info to take timely & accurate decisions

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

Half Yearly & Annual Financial Highlights

Performance Highlights

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H2 FY17 v/s H1 FY17

32% ↑
Revenue Rs 120.56 Cr

44% ↑
EBITDA Rs 3.05 Cr

92% ↑
PAT Rs 0.88 Cr

FY17 v/s FY16

7% ↑
Revenue Rs 212.01 Cr

32% ↑
PBT Rs 1.34 Cr

19% ↑
PAT Rs 1.34 Cr

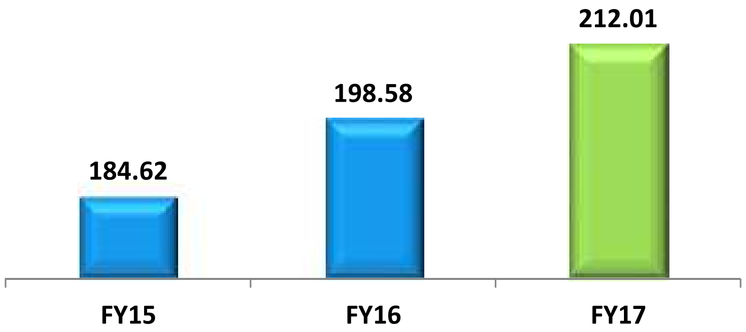
Robust growth across segments, particularly Imaging products

Key Financial Highlights

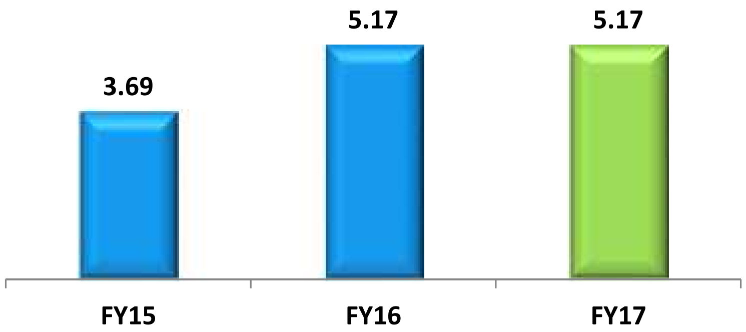
Rs. Cr	H2 FY17	H1FY17	HoH%	FY17	FY16	YoY%
Total Income from Operations	**120.56**	**91.45**	**32%**	**212.01**	**198.58**	**7%**
Raw material	111.98	84.91		196.88	182.52	
Employee Cost	2.61	2.38		4.99	5.90	
Other Cost	2.93	2.05		4.98	4.98	
Total Expenditure	117.51	89.34		206.85	193.41	
EBITDA	**3.05**	**2.11**	**44%**	**5.17**	**5.17**	**-**
EBITDA Margin%	**2.53%**	**2.31%**		**2.44%**	**2.60%**	
Interest	1.55	1.36		2.91	3.36	
Depreciation	0.08	0.07		0.15	0.21	
Other Income	0.00	0.00		0.00	0.00	
Exceptional Item	0.00	0.00		0.00	0.00	
Profit Before Tax	1.42	0.69		2.11	1.60	
Tax	0.54	0.23		0.77	0.47	
PAT	**0.88**	**0.46**	**92%**	**1.34**	**1.13**	**19%**
PAT Margin%	**0.73%**	**0.50%**		**0.63%**	**0.57%**	
EPS in Rs.	**3.31**	**2.29**		**5.75**	**7.51**	

Annual Financial Highlights

Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)

Revenue contribution – Business segments

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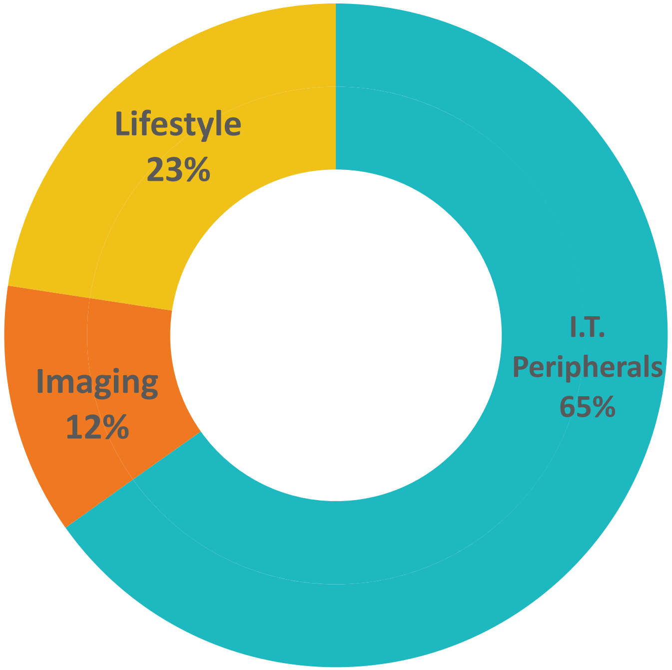
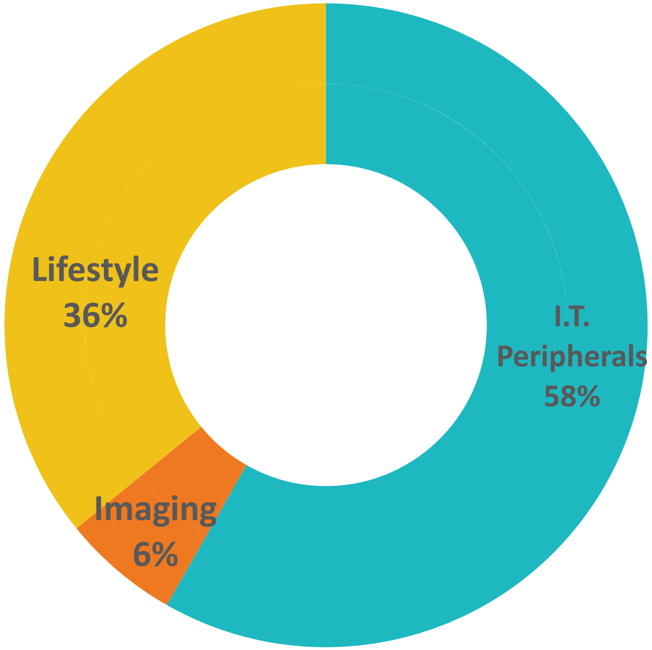
FY2017

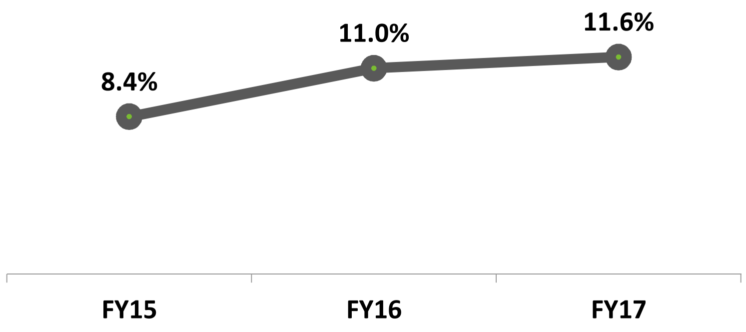


FY2016

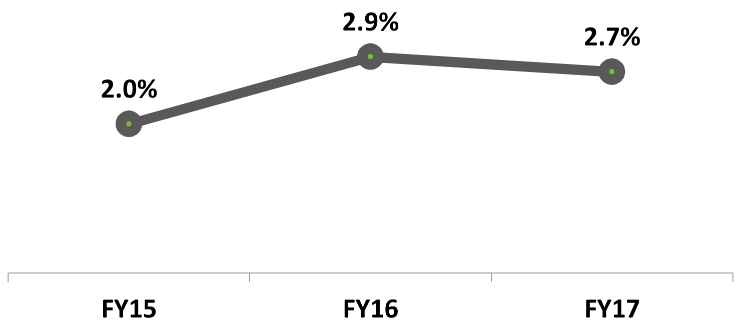


Consolidated Key Return Ratios

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

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Rs. Cr	Mar-17	Mar-16
Shareholder's Funds	**11.56**	**10.22**
Share capital	4.00	2.00
Reserves & Surplus	7.56	8.22
Non-current liabilities	**0.09**	**0.14**
Long term borrowings	0.09	0.14
Defer Tax liabilities	0.00	0.00
Other Long-Term liabilities	0.00	0.00
Long-Term Provisions	0.00	0.00
Current liabilities	**50.15**	**26.91**
Short Term Borrowings	23.20	17.44
Trade Payables	23.15	6.20
Other Current liabilities	3.10	2.75
Short-term provisions	0.70	0.52
Total Equities & Liabilities	**61.80**	**37.27**

Rs. Cr	Mar-17	Mar-16
Non-current assets	**0.55**	**0.47**
Fixed assets	0.27	0.30
Deferred tax assets	0.19	0.17
Non-current Investments	0.00	0.00
Long-term loans & advances	0.00	0.00
Other non-current assets	0.00	0.00
Miscellaneous Expenses	0.09	0.00
Current assets	**61.25**	**36.80**
Inventories	20.94	12.95
Trade receivables	28.29	17.20
Cash & Cash equivalents	1.73	2.36
Short-term loans & Advances	10.29	4.28
Other Current Assets	0.00	0.00
Total Assets	**61.80**	**37.27**

Way Ahead

Expanding on Exclusive Partnership with Honeywell

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Honeywell

01 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

02 Exclusive distribution, Premium pricing

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

03 International Markets

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

04 Scalability

- Going forward, plans 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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Niche product focus

High growth from key business segments

Future-ready business model

New markets

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 stabilises
- **Printronix**: 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
- Creating “Retail experience zones” for value add
- Target elite channel partners and end-user segments

Thank You

Creative Peripherals

For further information, please contact:

Company :	Investor Relations Advisors :
Creative Peripherals Limited.	**Bridge Investor Relations Pvt. Ltd.**
Mr. Ketan Patel Founder	Ms. Savli Mangle Savli@bridge-ir.com
ketan@ecreativeindia.com	Ms. Ritu Jindal Ritu@bridge-ir.com
ecreativeindia.com	www.bridge-ir.com