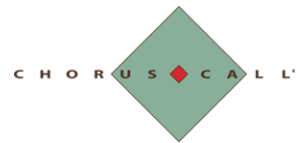




“Creative Newtech Limited
Q4 FY26 Earnings Conference Call”

May 15, 2026



MANAGEMENT:

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CREATIVE NEWTECH LIMITED**

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MR. ABHIJIT KANVINDE – CREATIVE NEWTECH LIMITED

**SAAA CONSULTANTS AND INVESTOR RELATIONS – CREATIVE
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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 Q4 year ended FY26 Earnings Conference Call. We sincerely appreciate your presence as we discuss this quarter and year's performance, highlight significant achievements and share our vision for the future.

This conference call may include 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 assurances of future results and are subject to risks and uncertainties that remain difficult to foresee. As a gentle reminder, all participant lines will be in the listen-only mode, until we open the floor for the Q&A session.

Please note that this conference is being recorded. If you need assistance during this conference please press star followed by 0 to signal the operator. With that, it's 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. Welcome to Creative Newtech Limited Earnings Conference Call for the fourth quarter and year ended March 31, 2026. I would like to begin by thanking all of you for joining us today. Every year brings its own milestones, learning and opportunities. And this call gives us a chance to share that journey with all of you.

Joining me on the call are Mr. Ajit Thakur, our CFO; Mr. Vijay Advani, our Whole-time Director; Mr. Abhijit Kanvinde and SAAA Consultants our Investor Relations team. This year, I believe we made choices that will matter for the long term. We entered stronger categories, build deeper partnerships and move CNL closer to the future of connected technology.

The world of technology is entering a more intelligent and connected field. Surveillance is moving beyond cameras into visibility, analytics and action. AI is improving decision-making. IoT is connecting devices,

infrastructure and people with purpose. And this is exactly where CNL is building this next chapter.

During the year, we strengthened our presence across surveillance, AI, IoT, cybersecurity, drones, data center solutions, high-performance computing and connected infrastructure. Each development during FY '26 was aligned with this larger direction. Our BSE main board listing was another proud milestone, strengthening our visibility among a wider investor community.

We have already built a strong base in surveillance and FY '26 helped us deepen that position through partnerships with Sparsh, Matrix and Dahua. AI and IoT are now emerging as the next layer for this ecosystem, and we are moving in that direction with clarity. Along this, our partnership with EIZO has a special layer to our portfolio, taking us into mission-critical professional display solutions for health care, industrial and enterprise environments.

Our B2G entry is another important movement for CNL, opening doors in public infrastructure and response-led technology. Our partnership with Kaspersky and PDRL strengthen CNL's presence in cybersecurity and drone technology. On the computing side, we strengthened our presence across memory storage, high-performance computing and data center categories.

We also expanded our brand portfolio and widened our reach across emerging markets such as Varanasi, Dehradun, Chandigarh and Jaipur. Honeywell continued to show the strength of our brand building capability. We expanded its reach over 38 countries in APAC, Middle East and Africa, signed air purifier licensing across 10 countries.

Added home audio products enter new markets, including Indonesia, Singapore and the Philippines, recorded over 100% growth in quick commerce across India, UAE and Saudi Arabia and sold 1 product every 60 seconds online in FY 25-26. As I look back at FY '26, I can see that

CNL has moved with intent, built new depth and earned a stronger position in the technology lens.

As we head in FY '27, our focus is to keep raising the bar by converting our momentum into stronger execution and deeper market presence. We know the direction, we have the momentum and now our focus is to execute the best. Looking ahead, our ambition is to make Creative Newtech stronger in every sense, stronger in the categories we choose, stronger in the brand we build, stronger in the partnerships we create and stronger in the value we give.

We are building a business that is aligned with the next phase of technology demand from surveillance and AI to IoT, cybersecurity, drones, connectivity and infrastructure solutions. At the same time, we are building more value through our own brands, licensed brands and strategic brand partnerships.

What we are building today is not only for the next quarter or the next year. We are building an institution with depth, trust and global ambition. I want to thank our teams, partners, customers and stakeholders for their continued belief in CNL. We move forward with disciplined clarity and a strong commitment to a long-term value creation.

Now I will hand over to Mr. Ajit Thakur, who will take you through the financial highlights for the quarter and the full year.

Ajit Thakur:

Thank you, and good afternoon, everyone. Creative Newtech has concluded FY '26 with a strong financial performance and a broader operating base. The year reflects the company's ability to scale meaningfully while continuing to build strength across technology categories that are becoming more relevant for enterprises, institutions and consumers. What stands out for us is the quality of progress across the year.

The business has moved to a higher revenue base. EBITDA has crossed an important threshold and profitability has continued to expand in absolute terms. This gives us a strong platform as we move into the next phase of growth. The fourth quarter was a strong closing quarter for the year.

It reflected healthy business activity across our portfolio. Supported by wider market participation, category expansion and continued momentum across areas such as surveillance, cybersecurity, data center solutions, high-performance computing and connected technology infrastructure.

I will now take you through the key highlights of our consolidated financial performance. Please note that our financials are prepared in accordance with Ind AS guidelines. Looking at consolidated Q4 FY '26 results. The company reported revenue from operations INR740.01 crores and total income of INR740.44 crores, reflecting a year-on-year growth of 81.16% in total income.

The quarterly EBITDA stood at INR29.39 crores, registering a year-on-year growth of 52.15%. EBITDA margin for the quarter stood at 3.97%. Profit before tax for the quarter stood at INR21.72 crores. PAT for the quarter came in at INR17.79 crores, reflecting a year-on-year growth of 29.5%. PAT margin for the quarter stood at 2.4%.

Now looking at consolidated full year FY '26 results. The company reported revenue from operations of INR2,699.77 crores and total income of INR2,717.51 crores, reflecting a year-on-year growth of 50.85%. The EBITDA for FY '26 stood at INR104 crores, registering a year-on-year growth of 41.7%.

EBITDA margin for the year stood at 3.83%. Profit before tax for FY '26 stood at INR81.76 crores. PAT for the year came in at INR70.29 crores, reflecting a year-on-year growth of 32.35%. PAT margin for FY '26 stood at 2.59%. For Creative Newtech crossing INR2,700 crores in

total income, INR100 crores in EBITDA and INR70 crores in PAT marks an important financial milestone.

These numbers reflect the scale we are building, the consistency of execution across the business and the strength of our existing portfolio. As we move ahead, our financial priorities remain focused on efficient operations, disciplined capital allocation, working capital management and steady value creation for all stakeholders. That concludes the financial overview for the quarter and full year. Thank you.

Moderator: Should we open for Q&A?

Management: We can take questions now.

Moderator: Thank you. We are now opening the floor for the question and answer session. The first question is from the line of Amit from RoboCapital.

Amit: Sir, my first question is on the Honeywell business. That business, if you see the growth margins, ROE, everything is much better than our legacy business. So have you considered demerging that business to unlock value?

Ketan Patel: Amit bhai, thank you very much for always being on our conference call from RoboCapital. What I understood from you, you are saying is since Honeywell business is better, can we merge it here in this? That's what you're saying?

Amit: See, that business has a much better ROE, much better growth profile. Everything is better than our legacy business, which has lower margins, lower growth, etc. And typically, if you see the branded businesses trade at maybe 30, 40x multiple?

Ketan Patel: Correct.

Amit: So if you demerge with that business, which has a fairly good EBITDA, PAT. So that will unlock value for shareholders?

Ketan Patel:

So Amit bhai, the long-term plan is that in the next 2 to 3 years, we will be on that path where we'll have the brand business separate and market entry business separate. That's the plan. Because this business -- while we were building the brand business of Honeywell, it was very dependent on the market entry business because the cash flows, the infrastructure, everything was used of this business.

As this business has now reached a significant milestone, our idea is that we should at least have -- in the near-term future, 3 to 4 brands and in the long-term future, 6 to 7 brands, which becomes the part of this business, and that business can operate at a scale. So for the next 15 months, there is no plan.

But then probably after that, we could initiate this because that's also another, I think, 12 to 15 months process to demerge that. So we are thinking that once that business also -- so for us, the brand is something which is at least INR1,000 crores business. So once we start reaching there, when we will plan on.

Amit:

So my next question is on the -- I just wanted to understand the impact of Middle East war and how do you see growth going forward? And we're also looking to expand in Middle East. So are those plans still in place? How do you see on the ground, what do we expect going forward?

Ketan Patel:

Yes. So short answer to your question is that the Middle East war, yes, it is impacting the business currently because our material moves from China to Middle East by ships. And now you can only move the material through the Red Sea, where the initial, say, the freight cost was between \$1,500 to \$1,700, which has now gone to \$7,500 to \$8,000.

Plus the availability of containers and ship plus the congestion at the port, that's the case. So if the war stops, say, in the next week time, there would not be much disruption because we had material there. Usually, the partner stocks 45 to 60 days material. Usually, you have in your warehouse or the depot 45 to 60 days material. So that works very well.

Coming to our plans, we think that if this continues, it will be the new normal then, right? And we have our people there, we have our manpower there, we have our offices there. So then I think the growth or I think the pricing of the products may get affected. A little bit of consumer sentiment and hence, consumerism can get affected.

But otherwise, in the current scenario, we will keep continuing what we want to Plus also, we have to understand that Middle East also becomes your main supply chain hub for Africa. So it is very important for us to be in Middle East. Currently, Saudi keeps buying. We are present at all large format retail, quick commerce, on e-commerce. There a few of our material is stocked out, but otherwise, still material is there. Same is the case with Dubai, Abu Dhabi and other places. But if this continues, it will have some material impact for sure.

Amit: Right, sir. And my last question was on the revenue growth. How do you see revenue growth going forward?

Ketan Patel: So revenue growth for us, our internal thing is that we want to grow by at least in a year by 25%, 30% for sure. And the profit also, we want to, in absolute terms for the next 5, 6 years, growth by 30% for sure. So -- and in India, the demographics for the consumer business is really in our favor.

And the government push on AI, digital infrastructure, make-in-India on the enterprise business also that is in. So I think we may have some price escalation, but I don't think demand will go less for the next 3 to 4 years. And looking at our base, right, we are not at a significant base. We are still, say, not a INR10,000 crores company also. So for us, because of our small footprint, I think for another 3 to 4 years, growing at this rate would not be a problem.

Amit: Right, sir. And last question -- and my last question was on the margins. As we scale the business, say, how do you think it will impact margins? Can we scale it to, say, INR900-1000 crores top line on Honeywell and

still maintain these type of margins or we'll have to -- the margins will dilute as we scale?

Ketan Patel:

So over a long-term period, if you look at -- so if we take averages, the margin will keep going higher. You will have a year like this where your margins get impacted because of logistics cost. Two things have happened. The logistics costs have gone higher. The raw material cost has also grown higher.

So the customer can't digest a price increase above a certain percent immediately. So in that year, your margin could be lower. But in our case, since our operational efficiency will start taking a hit close to INR450 crores, INR500 crores, our margin will become better in a business like Honeywell. So for example, if we are operating at, say, 12% to 13% EBIT now, once we cross the INR1,000 crores mark, we should operate at is 18%, 19% EBIT. That's why the brand business is so important for us because that's the rule almost all brands operate on. Thank you so much Amit.

Moderator:

The next question is from the line of Maitri Shah from Sapphire Capital.

Maitri Shah:

Am I audible?

Ketan Patel:

Good morning. Yes, you are audible.

Maitri Shah:

Yes. Great results. We had a great growth. And also in Q4, we had quite high gross and EBITDA margins. Any sort of reason or one-off this happened because of?

Ketan Patel:

Yes, Mrs Shah, so last 2 quarters, we have started focusing on Make-in-India companies. And this Make in India companies are mainly into surveillance and AI. And the end customer at some point is either a PSU or government or somebody. And in this case, because the suppliers or the vendors whom we are dealing with, their size is much smaller and that's why you get a higher percentage margin.

And here in the Make-in-India products because you get a chance to also participate in the supply chain scenario, the margin is higher. While the margin is higher, your expenses are also a bit higher because these are smaller customers, so they can't really have a lot of money for larger orders cash flow.

So I think over a period of time when this also becomes a significant part because of the government's push on AI, IoT, operational efficiency, digital infrastructure, data centers, this margin -- higher margin will also start showing in the bottom line.

Maitri Shah: That is great. Secondly, you mentioned we'll have 25%, 30% growth annually. This year, we grew more than 50%. So is this on the conservative side you're guiding? Or do you see this Middle East crisis kind of lowering the consumption going ahead?

Ketan Patel: So 50% -- any criteria is an ambitious target. What is in our favor is that our base is small. So crisis like Middle East may impact a little bit on the bottom line in terms of percentage, not absolute margin. That impact will be there. But otherwise, the demographics of India is in our favor and the digital push is also in our-- Maitri, it's also -- if you see our businesses, because it's a market entry business, like you added surveillance, tomorrow.

You add servers, which goes into data center. Immediately, you get a 10%, 15% push for your top line because of a new category, what you added into that. So that will help. The biggest threat for us is right now supply chain disruption and the cost of raw material because the cost used to go up in IT used to go down. But right now, the cost has gone up by 30%, 40%, especially memory and storage and CPUs. That's where the cost is.

Maitri Shah: Are we able to pass on these costs or this happening with a lag? And also, are we like planning to increase our inventory to kind of help with these price increase that are happening month-on-month?

Ketan Patel:

So, whether we are able to pass the cost, yes, we are able to pass the cost to the customer. Whether the customer is able to absorb the cost, now it's the time when the customer is starting to feel the heat of it because the cost has moved higher a lot. So the consumption decrease that. Second question to you is whether we have to have higher inventory.

So when the material is in shortage, you keep buying whatever material is available and also you pass it with you for, say, a period of 30 to 40 days so that your commitment with various customers can be met what you have done that. So yes, the inventory level also goes higher because then you don't have the availability. Plus passing the inventory also helps that the future escalation on the price we are able to manage. That's the case.

Maitri Shah:

Okay. And secondly, now we have these 2 businesses. We have the market entry, one is the brand business. You said we are in near term going to have 3 to 4 brands. Any acquisition on the line that is going to happen in FY '27? Also, how do you see this brand business growth coming in? Because you said 25%, 30% on a console basis. If maybe you could mention the number on the -- just the brand business for FY '27?

Ketan Patel:

Yes. So a couple of things. Number one, we are in active lookout of looking at any brand which we can look in the surveillance drone AI space. So the brand which has some legacy, which has a good team, so we can then just get operational efficiencies built in and use our balance sheet to grow.

So we are looking at that kind of Second, with our Honeywell brand, this month you will hear that we launched our own brand also in this space. This brand category, we have launched -- we are planning to launch it in U.S. and in India. Same categories of products what we do in Honeywell, but different models and slightly similar specification.

Honeywell business is not available in U.S. for us as a licensing. So it would be good for us to try that business in the U.S. We will move in

the U.S. first online and then we will go into large format retail there because there is no general trade there. So material is already in the U.S., in the warehouses of Amazon already.

Material is already in India in this, Pre-launch is happening in another 2 to 3 days and the material will be available for the market from the 22nd or 23rd of May. So that will also help us in two ways. One is to have our own brand. So we have freedom of communicating in a way we want to communicate because Honeywell has this own design language system in which we have to communicate that one.

Second, it also helps us to go into the biggest market that is U.S. And just for your -- just to give you an idea, the Indian air purifier market is close to INR3,000 crores. U.S. last year, air purifier market was INR28,000 crores. And out of that INR28,000 crores, INR8,000 crores of material or \$1 billion of material was sold just on Amazon.

So this year, at least in our portfolio, we have right now 2 brands, CyberPower and Honeywell. CyberPower is a UPS brand and CyberPower has also started giving result because of government's push on the orange economy and AVGC, the new term is the government coined. AVGC community, that's the audiovisual games and comics community where the government thinks they can at least create 2 million jobs in the future. So these 2 brands are there. Plus if we are lucky to acquire a brand and then plus the launch of Vertual, then we will at least have 4 brands in the brand category.

Maitri Shah:

That is great. And again, on the -- like you explained how we're going to drive the growth of the brand business. This INR1,000 crores target that you mentioned, when do you expect to kind of reach that maybe 2, 3 years down the line? And also, what sort of, I would say, split would you have proportionately from the brand side and from the market entry side? Because again, we have quite high margins on the brand side. So just to see how the EBITDA is also scaling up with that?

Ketan Patel:

So if you talk about our vision, by 2030 we want to be a 50% market entry and a 50% brand business company, whatever is the turnover side. And you are smart enough to export it at what we are today. And if we grow at, say, 25% also, what would be the business? That's the first thing we want to do.

Second. As I told, for us, any brand which is not doing INR1,000 crores is not a brand. So we, in that space would at least require 2 to 3 brands which are above INR1,000 crores in that portfolio, right? In the market and dispatches business also, we want to have more and more technology products where AI is a component or whether IoT is a component or whether we are trying to go to data centers, the digital push is there. So we should be there.

So surveillance is again one category where we think the government will never allow a foreign company to come in, drones is another. So there also as we start working with more and more making India companies and we start working with more and more AI technology company in this space, I think there also the margins will start improving.

Plus it would also give a competitive advantage because you are not selling a product, then you are selling an appliance, a product with some amount of software, hardware with it. So I think we planned this with the team this year and similar kind of skill sets we also got into the company, people who understand servers, people who understand surveillance.

People who understand AI. And now with the operating leverage what we have and the scale we have all the met prices also will start falling into play. So like your manpower cost will not be about 2%, 2.5%. Your logistics cost will be around 1%, 1.1%. Your admin cost will be less than 1%. Your finance cost will be less than 1%. So that will also give us a lot of cost leverage. So what we could do in Honeywell in 7 years time

for our own brand, we will be able to -- or we aspire to be able to do it in 3.5 to 4 years. That's the plan.

Maitri Shah: That is quite good. And just a clarification, you mentioned 12% to 13% margins in the brand business, is the EBITDA margin or the EBIT margin?

Ketan Patel: I'll ask Ajit to answer that because Ajit is our new CFO thinking that I'm taking all the questions. Over to you, Ajit.

Ajit Thakur: Yes. So in the brand business, we are expected to have the EBITDA of 13%.

Maitri Shah: Okay. EBITDA

Ketan Patel: And because we are in Hong Kong, there is no tax. So that 13% comes the PAT.

Maitri Shah: Okay. And we're going to scale it up to 17% to 18% once we have INR1,000 crores business on this side?

Ketan Patel: Because then what happens is your manpower cost, which is 6%, 7%, drops to, say, 4%, 5%, you get a couple of percentage from there. Your marketing cost and your Amazon online cost, which is close to, say, 16% over a period starts falling to 12%, 13%. So that also gets to an advantage. Last is your supplier starts trusting you a lot, so he gives you an extended credit.

So I think at INR1,000 crores about 1000 -- from INR500 crores, INR600 crores, we will start any -- so for example, the new brand is also a part of secure connection where Honeywell reside. So some capital will go in building the brand. But because the same team is doing everything and you're not really spending a lot of money for new manpower, new logistics and all that, you'll start seeing that in the coming years.

Moderator: The next question is from the line of Sarang, an Investor.

- Sarang:** Congratulations for great set of numbers to you.
- Ketan Patel:** Thank you, Sarang.
- Sarang:** My question is around -- if you can share some of the -- if you can share the numbers for Honeywell. I mean, overall brand business and within that, what's Honeywell India and Honeywell overseas?
- Ketan Patel:** Ajit would take that.
- Ajit Thakur:** Yes. Brand business in India was INR231.98 crores and outside India was INR137.6 crores. Total Brand business we achieved INR369.61 crores.
- Ketan Patel:** Almost INR370 crores. Brand business is currently 14%. 86% is still.
- Ajit Thakur:** So total brand -- share of brand business is 14.1% in our total size of the business and 85.89% is the market entry business.
- Sarang:** Got it. No, I think that was -- our guidance somewhere around INR350 to INR360 crores. So it's good to see that our numbers are kind of...
- Ketan Patel:** Sarang, your voice is not clear. Sarang, your voice was not clear. Sorry, what did you say?
- Sarang:** Is this better? Yes, it's flat. Is this better?
- Ketan Patel:** Yes, yes, it is better.
- Sarang:** Okay. Yes. No, I was saying that our guidance was around INR350 crores to INR360 crores. So it is good to see that...
- Ketan Patel:** Yes. Our guidance was INR359 crores, INR360 crores. We did INR370 crores.
- Ajit Thakur:** INR370 crores.
- Ketan Patel:** So in certain categories, we did very well on the audio category.

Sarang: Got it. Also, can you talk a little bit about the receivables? I think this quarter, we had a little higher receivables?

Ajit Thakur: Yes. So the receivables has gone up from INR237.7 crores to INR565. So if you understand from the turnover point of view, so that was 13.41% of turnover in the last year. And now currently, that is coming around 20%. So mainly because of in the last quarter, our turnover has got doubled against the same quarter of the last year, that is INR721 crores from the INR393 crores.

And we are also getting into the new area of businesses like AI, surveillance and data center product line, where to get into the new area, we have to extend the extended credit. So this is the reason you can see our debtors are a little bit on the higher side because we are settling down in the new businesses, and that is going to get normalized in the coming years.

Sarang: Got it. Okay. One last question is on that Honeywell. I know I think we got into this Honeywell licensing around mid of '21, and that was for 5 years. So safe to assume it's coming up for renewal?

Ketan Patel: Yes, it will come for renewal in March 2027.

Sarang: Got it. That's it from my side.

Ketan Patel: Thank you so much Sarang. Thank you.

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

Sonia Keswani: Am I audible?

Ketan Patel: Yes, Sonia. You are.

Sonia Keswani: Sir, congratulations on a really good set of numbers. I had a question on the intangibles. The have increased quite a bit. What has been the reason behind it?

- Ketan Patel:** Sonia, Ajit will take that question.
- Ajit Thakur:** So intangible has gone up to 406. So that is a large expansion in terms of the network office and everything. We have all the systems and all the software licenses and everything what we have purchased. So this is the reason you are seeing this growth in the intangible asset.
- Ketan Patel:** So last year, what we did was we moved to a new ERP. So Microsoft, we moved from...
- Ajit Thakur:** Business center.
- Ketan Patel:** We moved to Microsoft Business Center. Plus we also wanted to incorporate CRM and supply chain into that. So that is one expense. We also had to change the servers and the license we had to increase for this. So that's the cost.
- Sonia Keswani:** Got it.
- Ketan Patel:** Sonia, we also opened one distribution center in Noida. And we made - - because of the Honeywell air purifiers in the season, we can't. So I think that was also the...
- Ajit Thakur:** Yes. So the way we explain you because we are into the new area of businesses, we are opening the new offices. We have our new setup team in development in Delhi offices and other offices. So we have to spend on the intangible and new kind of software and everything. So that is -- that's why the expenses you are seeing this kind of growth.
- Sonia Keswani:** Understood. Okay. That explains. And on the finance cost bit, if I see the debt -- short-term debt has increased to INR300 crores in the last quarter. But then if I see the finance cost has not increased as much. I mean, how are we able to get such low interest cost on such a high amount of debt, if you could just explain that?
- Ajit Thakur:** Yes. So if you see the debt -- so debt has increased from INR69.53 crores to INR83.72 crores. Rest of the thing, INR171 crores is the supply chain

vendor financing for the MSME payment. So that is getting reflected in the balance sheet under the short-term debt liabilities.

Ketan Patel: Government has introduced a platform called the platform where MSMEs can be paid in 45 days through that platform. So that amount is close to INR171 crores, which gets reflected as debt into the balance sheet. That's what Ajit is saying. This is all at around an interest cost of 8%, 8.5%, 9%. So that's why you don't see any increase in the finance costs.

Ajit Thakur: And to answer your other question is the activity we had was in the last quarter and the second quarter. So basically, you are seeing an impact for around 8 months of interest.

Ketan Patel: Not 12 months.

Ajit Thakur: Not 12 months.

Sonia Keswani: Got it. And if you could also help me with the revenue breakup within Honeywell. How much was IT accessories, structural cables, air purifiers and audio?

Ketan Patel: So Sonia, from -- because we want to overall protect investors, everything from the competitive data, we said that we will not disclose numbers in Honeywell in the 4 categories of accessories, air purifier, home audio and Honeywell networking cable. But we can definitely say that in the air purifier and in the accessories space, we plan to be number2 and number1 in India and abroad. And currently, we are closer number2 in their purifier space.

Sonia Keswani: Okay, sir. Those are my questions.

Moderator: The next question is from the line of Krupa, an Individual Investor.

Krupa: I joined late, so I don't know if I'm repeating. But I wanted to know your thought process behind starting your own brand. So why now? And like if you could give some insights on it?

Ketan Patel:

All right. Long term, your brand will always get you flexibility. Get you higher profitability. And long term also, it will help you to go to countries or territories where you want to go to because sometimes it happens then when it's a licensed brand, you can't get to all the territories. That's one.

So in the -- but to launch your own brand, you should have the right skill set, the right resources and infrastructure and the right connection. With the Honeywell business and being in the market for the last 7 years, we have now absolutely the right knowledge of how to build a brand.

We also have the right distributor connects across various territories. We have the right supplier connect also. When we're looking at the markets where we are present in Honeywell, one of the most important markets in the world is U.S. And in the space of consumer electronics, if you are, say, number 1, number 2 in the U.S., then you are number 1, number 2 in the whole world.

And if you are also a number, say, 12th or 14th in the U.S., still you will be the number 1 in Asia because of that. So in Honeywell's case, we can't do certain categories in the U.S. because it has already been given to a U.S. company. So we said that this is the right time. And brand building, again, we know that it's a 3, 4 years process now.

First one was 7, but now we think that we'll be able to do in 3.5 and 4 years. So launching it now and while Honeywell is scaling up, we can slowly scale this up also and it becomes Second, it also helps us to protect our own brand. For example, today, air purifier is a buzzword category today. Data center is a buzzword.

So a lot of brands from abroad want to enter India and into the territories where we are, right? So if you have your 2 brands, then obviously, you can defend the 2 brands on the marketplace better than having just one brand. So that's one part of it. Second, your messaging, right? So we want the messaging to have flexibility on our messaging.

Flexibility on the kind of influencers we can use for various territories because now brands are being first built by influencers and online and then they come to the real world. So that flexibility we get with the world. Third is, for example, we have been spending -- so last year, we would have spent close to INR32 crores to INR33 crores on marketing and -- of the Honeywell brand, right.

Which finally in terms of profitability, you still can get advantage because Honeywell gets you that premium, but we will never be able to use the marketing because that's not for your own brand. So as we will spend marketing money to build this brand, we have that advantage. Last is air purifier is a newer category still there are not leaders in that market.

So before a category gets associated with the brand, if our brand can take that space into the consumer mindset, it would be better. So that's the space. So that's why we internally talked about it. And we category created our brand in a way that it will not eat anyway into the Honeywell share, but it will help us to take market share and also it will help us to grow the market. I hope I answered your question well, Krupa

Krupa: Yes. And the other thing was the kind of capital that will be needed to build brand?

Ketan Patel: Yes. So except the inventory, we will not require any other capital because the same team is building that. And I think over a period of time, we'll get an advantage because we'll become a strategic company for a lot of contract manufacturers because 2 brands are coming out of them. So except the working capital, we don't think we'll require any money.

Yes, we'll require at least INR10 crores to INR12 crores in marketing initially, but I think the balance sheet can easily support that in the next 12 to 14 months. This is also one of the learnings that you go aggressive on marketing initially because you build a base on that base, you can grow faster than wait for a period of time.

Moderator: The next question is from the line of Chandra, an Individual Investor.

Chandra: I am audible?

Ketan Patel: Yes, Mr Chandra. You are audible.

Chandra: Sir, I missed how much do you see the brand business growing next 2 years, FY '27 and '28?

Ketan Patel: All right. So our aspiration is that the brand business should at least grow between 50% to 60% every year and the new brands should also add a little bit to what we are doing there because the base is smaller. In the categories, what we are, if you see the market, say, for just audio is close to INR25,000 crores in India and abroad.

The market for air purifier is INR3,000 crores in India and abroad. Audio the market for data center cables is close to INR4,000 crores in India. One of our another networking company, which is also listed almost INR1,200 crores of cables only. So there is a huge market which we can address in this space. Only that why this time is required is to build that brand confidence into the people. So we have aggressive plans to at least grow in the brand space also by 50%.

Chandra: Yes. This question was -- you have guided for 50% to 60%, but due to this Middle East war, so can we -- we are confident that it will be growing at 50% still on?

Ketan Patel: Middle East war can definitely affect the brand business because a lot of our business is in Middle East for Honeywell. So if the supply chain does not get restored faster, it can get affected in that space. But because we are launching our own brand also, and that's not Middle East, that's U.S. and India.

So I think that will help. So for us, Chandra, what happens is usually you have a plan A, that you want to grow this time, you have brand B, that you want to grow your own brand and plan C is to acquire a brand. So any one plan hits the nail, you will exactly get where you want to be. So there is a lot of margin built in, I think.

But territory-wise, Middle East can become a problem because of the war. Raw material cost can become the biggest problem because of the war. And third is the logistics cost also can become. So you may grow, but your margins will erode for that year for sure because the consumer cannot digest a 30%, 40% price hike.

Chandra: Yes. And can you help me out regarding the huge increase in trade receivables, how can it will be reduced going forward?

Ajit Thakur: So I had explained you the debtors has gone up from INR237.76 crores to INR565.11 crores. That is coming 13.4% last year of turnover to 21% current year of turnover. Our turnover has gone up by 50%. In the last quarter, we did the 100% growth in our revenue as compared to last quarter.

So that is getting converted into receivables. And another area is the new kind of businesses what we are getting into in the AI data center and surveillance product where a little bit of extended credit, we have to extend to the customer. So that is a new territory we are getting into, new set of businesses we have started. So extended credit that is going to get settled down in the going forward. So we are very confident that later days and better is going to reduce in coming days.

Chandra: In the coming days, going forward, we get reduced.

Moderator: The next question is from the line of Tanmay from Shine Star Build-Cap.

Tanmay: So first of all, congratulations on a very healthy set of numbers for the full year. So while going through your investor presentation, I'm seeing a lot of traction given on the surveillance part and also there have been a few hints given that we're looking to sort of work with different brands or increase our portfolio more in the surveillance part. So any sorts of strategies do we have to acquire any kind of a brand or a company or what kind of strategy we are looking to increase that as a share of our whole portfolio?

Ketan Patel:

So, I will just elaborately answer so can also get -- our Prime Minister, Pradhan Mantri Narendra Modi when we had this Make-in-India initiative, right? I mean in Make in India, we started with electronic mobile, consumer goods, right? And then it went to surveillance and other products.

We, as a company, feel that there are 3 or 4 categories where we will never have any company from abroad coming to India or any player from outside will get an opportunity. One is surveillance because it's a case of national security. Second is drone also similarly, it goes in defense. It also is the case of national security.

The government is really pushing very much on digital. So with the help of AI, data center, we will be able to do that. So we decided that if we want to really work with Indian companies on Make-in-India and we want to have our own brand, we should target the surveillance. Now we also have that because of AI, cameras are no longer just video capture in device.

They are actually data collection device and the normal camera after having, say, AI GPU on its back-end can actually do a lot of health and safety monitoring, it can do audit, it can do a lot of other stuff. So as a company, we said that because we have a lot of AI partners who buy our CyberPower PCs, we get access to their solution. And we have a lot of camera companies we have partners first.

We get inquiries from customers for camera and then we understand the solution and pitch our partner solution. So that's the space we think is a very protected space from outside from different companies. So surveillance makes a sense. Now when you are -- when you want to enter new business, you'll require a right skill sets to run that business.

So we are looking at in the surveillance space and in the surveillance AI space, if we can acquire a company which is a brand which has a certain amount of SI and certain amount of sales that business. So we are

actively looking at that space. And in that space, over a period of time, we think a lot of growth will come. That's what we think.

Tanmay:

And my second question would be, as we are seeing a lot of issues towards the Middle East concerns and also we anticipate some kind of an inventory going spiking up and also a lot of marketing initiatives and distribution initiatives coming up. So are we in talks for any sort of a fundraise because I believe the cash on the balance sheet and the debt enablement would not let us go beyond the limit. So any sorts of plans on raising any sorts of funds?

Ketan Patel:

So currently, we think through debt and internal accruals, we will be able to look at the working capital for the next 15 months for sure. If there's a large opportunity which comes to acquisition or at least 30% of our size. And if we look at that kind of acquisition, then only we'll require money.

Otherwise, banks and NBFCs are quite supportive on your working capital. So if the capital expenditure has to be done, say, an acquisition of a brand or something, then only we will look for a fund. But for the working capital cycle, I think we'll be able to manage it through the bank.

Moderator:

The next question is from the line of Shreyans Jain from Svan Investments.

Shreyans Jain:

Congratulations on a good set of numbers, sir. My question is when you're guiding for 50%, 60% of growth in the branded business, what kind of growth are we kind of building in the Honeywell piece because you also add your own brand. And also, we have the camera business that will come in this piece as well. So ideally, what kind of growth rates are we working with for Honeywell piece of this business?

Ketan Patel:

So Shreyans bhai thank you so much for being on this call. In the Honeywell space, we are also looking to grow the business at least by 40%, 50% because there's a large opportunity in that space. And that

category can be really driven by accessories, that is our electronic essentials category, air purifier and the Honeywell data center solutions.

So these 3, we will definitely look at that business. When we come to our own brand business, it's a new launch. So we understand it will take another 8 months or 9 months for the brand to get its footing and into that category. But that will help us to -- U.S. definitely will be a newer business, so it can definitely add to whatever we are doing.

In India space, that business -- whatever we will add as a turnover will become the brand turnover because there is no base into that. So to answer your question, Honeywell, we will keep looking at growing at 50% because that brand resonance and the brand acceptance among the consumers is very, very real. So that we will try to grow at least by 50% this year also.

Shreyans Jain: Got it. And just last question on this piece again. So your own surveillance as well as your own brand should ideally do INR100, INR120-odd crores going forward in FY '27?

Ketan Patel: I cannot say FY '27, but I can say that if we get full 14 months -- 12 months for -- after we get a brand, yes, between INR80 crores to INR100 crores is definitely possible. And I'll break it up for you because if we look at the surveillance business. We think that if we get a business which is already running.

Then we could -- with our cash flows and with our team, which is already selling Matrix, which is already selling Dahua which is already selling Sparsh, which is already selling Honeywell data cables, Honeywell surveillance cables, Honeywell Signal cables into the same category. So the same team will be able to go that.

So, for example, I'm just saying if that company is doing, say, INR5 crores, we think we will be easily able to take it to, say, INR10 crores in a year, the same company if we get it. That's one. In our brand space,

our only thought is that whatever we did in Honeywell, say, in air purifier, we can do 25%, 30% of that also, it will be significant business.

So it could be at least INR25 crores, INR30 crores for sure. So if we get the full 12 months, so if we say talk from this May to next May and we get the surveillance also, then it is easily possible to get INR80 crores, INR100 crores. And this time also, the advantage will be that we don't have to really invest a lot of money because the same teams are doing. The same surveillance team is trying to do the new brand of surveillance, which we get and the same Honeywell team will do the new brand business we get. On the product guys for both the teams are separate. Thank you so much Shreyans.

Moderator: The next question is from the line of Bharat Aggarwal, an Individual Investor.

Bharat Aggarwal: My question is regarding receivable days. So as a percentage of turnover, we have touched 20%, which is quite high from the previous year, which I think it was 13% previous year. So going forward in FY '27, so will this number remain as high as 20%? Or like what is the expectation of the company to bring this number down?

Ketan Patel: No, no, it should fall back to the original number. This is 2 things. One is because it's also a part of March where we did INR700 crores in sales, plus our average receivables is close to 48 to 50 days. So you get the February, which is 28 days and then the March turnover is there. So in May, it has come down. I will also agree that we have to do a better job in the debtor receivable days. And with our CFO, we will really work to get it back to the normal 13%, 14%.

Bharat Aggarwal: Understood. So your debt level will not -- like the debt level currently has increased a lot, including the TED debt. So that will also reduce because the receivable days will reduce?.

Ketan Patel: Two things is there. One is the TED has become a very important platform for the MSME. And the government norm says that all MSMEs

have to be paid in 45 days. If you see at our business, we used to deal with all MNC companies only for a large period of time. Now when surveillance has come and only surveillance Make-in-India companies can be there in loan tech also Make-in-India companies can be there. That's why the TED is coming. So if you think -- so the supply credit is almost up to INR171 crores INR1 crores. And this buy spread, if we remove that, then we are doing a better job. I'll...

Ajit Thakur: If you see the debt level other than the traded supply chain finance, that has gone up from INR69.53 crores to INR83.72 crores. So that has only increased by INR14 crores against the increase of turnover of INR50 crores -- 50%. So this is INR171 crores is the supply chain finance that is in the short-term loans. So that is going to get normalized once our receivables are also going to get normalized in the coming days.

Bharat Aggarwal: Understood. And sir, my next question is regarding the license renewal of Honeywell. So how confident are you to get this renewal?

Ketan Patel: So Honeywell, over a period of time, their average licenses are all 22, 23 years plus. Honeywell has a very small team of 4 people who do the licensing business, but they get a large revenue into that place. So we are very sure that the Honeywell license will get renewed after March '27.

Honeywell themselves are also now splitting into 5 companies of their own. So the Aero division is separating, the building materials -- Building division, Honeywell Building Solutions is separating productivity division is separating and the materials division is separating. Two companies have separated, 2 will separate by this July, August. Once that clarity is there, then in whichever the trademark licensing business will follow, they will start initiating the renewal for the next 5 years. So currently, we are very confident that it will happen.

Bharat Aggarwal: Okay. Sir, one last question from my side. So currently, in Q4 FY '26, the brand business has seen a decline. I think you mentioned earlier that

it was due to Middle East situation. So what would be the possible impact of this Middle East situation, if you can quantify?

Ketan Patel:

So for example, India business is INR231 crores. And outside India business is INR137 crores. Outside India business is again divided 50-50% between Southeast Asia and Middle East. In Middle East, because ships are not moving and with air, we cannot send anything, plus there is a problem. So we have to send material through Red Sea, the freight is much higher.

So if the material does not start moving there, then we will definitely have a problem in this quarter. If people start accepting the higher freight also from Red Sea, then -- but to give you a ballpark figure, it's a chance that we could do only 50% of our business what we are doing there currently. We have started measures that we will start improving the -- we'll focus on the Southeast Asia business more this year so we can really grow that business.

Moderator:

Ladies and gentlemen, with that, we'll take that as the last and final question. I now request Mr. Ketan Patel, Chairman and Managing Director of Creative Newtech Limited, to address us with the closing thoughts.

Ketan Patel:

Thank you once again to everyone who joined us today. Creative Newtech closes FY '26 with stronger momentum, wider market reach and a clearer path for the future. Our focus is now built on this progress with disciplined speed and responsibly. We value the confidence placed in us by our shareholders, our partners, customers and teams. For any further queries, please contact SAAA Consultants or reach out to us directly. Thank you so much.

Moderator:

Thank you very much, sir. 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.

