

CEREBRA INTEGRATED TECHNOLOGIES

Marching Towards Green Growth

Investor Presentation May 2017



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Agenda



Company Overview



E-Waste Space: New Growth Area



Hardware Manufacturing



Financial Highlights



Company Overview



Cerebra Integrated Technologies ...



Leading hardware manufacturing company ...

- ❖ Design & manufacture motherboards, memory modules, servers, workstations etc.
- ❖ Commenced operations in 1992 in Bangalore
- ❖ Manufacturing facility in Peenya, Bangalore
- ❖ Reputed diversified clientele across industry
- ❖ Nationwide presence with over 100 channel partners for distribution



... Forehead into E-Waste Recycling

- ❖ Set-up one of India's largest integrated E-Waste recycling facility at Narsapura
- ❖ Capacity of 96,000 Tons per annum
- ❖ Obtained necessary consent from Karnataka State Pollution Control Board
- ❖ Commenced Commercial Production



Veteran management team ...



Mr. V. Ranganathan, MD

- ❖ An Electrical & Electronics Engineer, has ~29 years of experience in manufacturing & trading of computers and electronic products
- ❖ Founded Elco Systems in 1987, which manufactured Personal Computers and traded in Electronic components
- ❖ Leading the marketing initiatives at Cerebra, he is a driving force behind the team at Cerebra



Mr. Shridhar S Hegde, ED & CFO

- ❖ A Law graduate, started his career in 1982 with a leading pharmaceutical company
- ❖ He is responsible for obtaining major orders from Government, PSU and Corporate



Mr. P. Bharath, COO

- ❖ A Civil Engineer, started his own business by trading in Air conditioners
- ❖ Responsible for setting up the factory at Peenya and is currently leading production activities at SMT Division



Mr. P. Vishwamurthy, ED

- ❖ A Mechanical Engineer, started his career in Vishwa Bharathi Electronics, in 1991
- ❖ His role include resource management, client relationships and engagements



Mr. Asit Ahuja, CEO, Cerebra ME

- ❖ One of the Founder Directors of Cerebra Middle East FZCO, he is responsible for day to day operations
- ❖ He has 24 years experience in IT Sales & Marketing, of which 6 years have been in the Middle East



... transforming business towards growth

Backward Integration – started manufacturing Motherboards, Add-on Cards, etc.

Started in May 1992 with manufacturing of Personal Computers and solutions built around PCs

1992

1994

2000

**Maiden Public Issue subscribed by 6 times;
Set-up SMT division**

Global downturn & expansion into Software rapidly in USA & Europe led the Company to heavy losses – Company reported to BIFR

2004

2007

2017

Restructure of Company; Share capital increased from Rs. 7.2 Crores to Rs. 15 Crores

Commenced commercial production of one of the India's largest integrated E-Waste recycling facility in Narsapura, Bangalore



Catering to prestigious clients across industry

Banks



PSUs



Govt. Agencies



Other Major Clients



E-Waste Space: New Growth Area



One of India's largest E-Waste Recycling Facilities

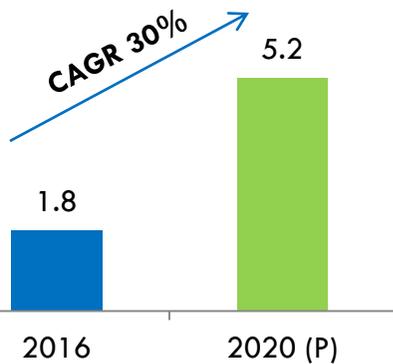
Cerebra's E-waste facility:

- E-Waste Recycling Facility pans over an area of **12 acres**; with built up area of more than **40,000 sft**
- Current capacity of the facility is **36,000 tons p.a.**; with potential to reach **96,000 tons p.a.** in future

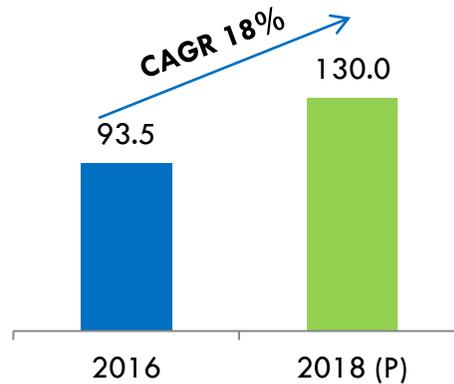


India is emerging as one of the world's major electronic waste generators

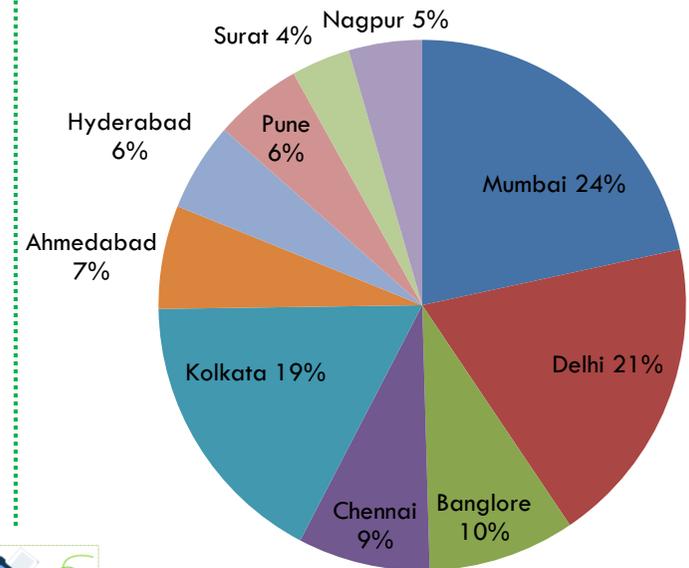
Generation of E - Waste in India
(Million Metric Tonnes) p.a



Global Generation of E - Waste
(Million Metric Tonnes) p.a



City wise E-waste generation



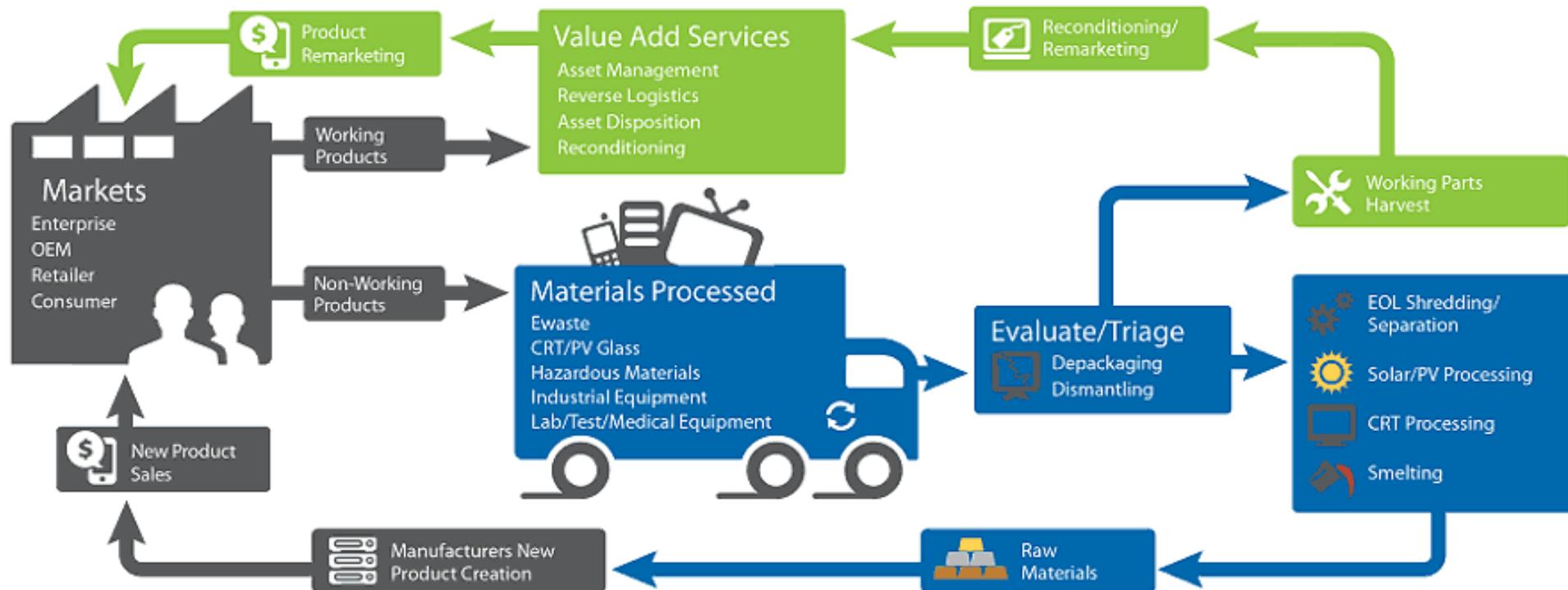
Source: Dept. of Information Technology



Source: ASSOCHAM-cKinetics study (June 2016)



E - Waste Value Chain

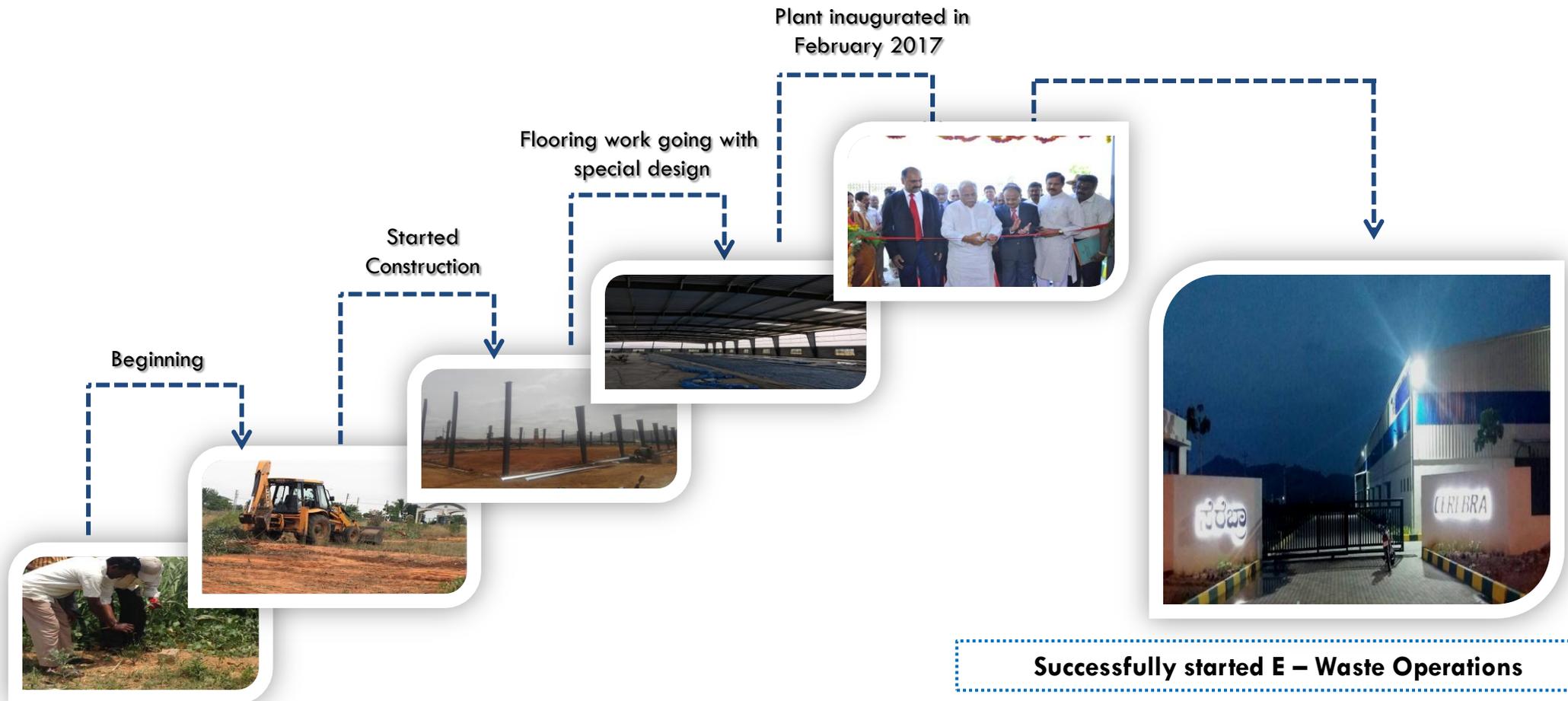


Key offerings by Cerebra:

- Collection, Segregation (Re-usable & Non-Reusable) Repair, Recondition, Refurbish for Reuse, Re-marketing, Data Wiping, Data Destruction & Data Recovery Process
- Recovery Services offers Recycling & Separation of Metals, Plastics & Glass Recovery

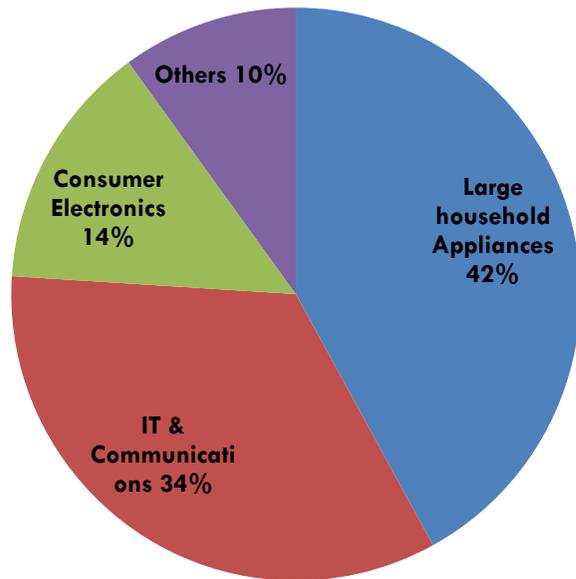


E-Waste Recycling Plant – Progress in Images



.... Large opportunity for “Urban Mining”

E-Waste Contributors



Source: Pollution Control Board

Urban Mining

1 MT of E-waste

Rs. 15 – Rs.20 per Kg.

Material	Weight (in gm)
Gold	16
Silver	189
Copper	69,287
Aluminum	141,723
Tin	10,078
Lead	62,988
Zinc	22,046
Iron	204,712
Plastics	229,907

Sufficient metals & non-metals can be recovered from E-Waste to put back into supply chain

Management estimates assuming material recovery from 1 MT Computer e-Waste



... Large opportunity for CEREBRA



- ❖ Fully operational and successfully commenced trial runs
- ❖ Obtained necessary consent from Karnataka State Pollution Control Board



- ❖ Plant capacity to process 96,000 tonnes of e-Waste per annum
- ❖ Equipped for 100% recycling of collected e-Waste with zero landfill



- ❖ Signing channel partners & large corporate to expand network of e-Waste collection
- ❖ Plant to facilitate Refining & Recycling & Refurbishment of e-waste
- ❖ Recovery of Precious metal such as Gold, Silver, Lead, etc

Cerebra E-Waste Business Process

Collection & Segregation

Salvage Component



E-Waste material recovery process



Advantage Cerebra

01

Pioneer in hardware manufacturing with strong skill sets in repair & refurbish

02

**Location Benefit: (i) Around 1,500 Software & BPO companies in Bangalore
(ii) Chennai manufacturing hub for Electronics & Automobiles**

03

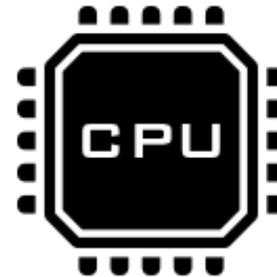
Strong vendor alliances and partnerships with IBM, Dell, HP, Oracle etc

04

Extensive dealer network already in place due to existing line of business



Hardware Manufacturing



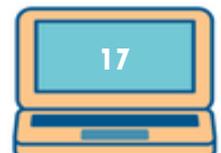
One of the Pioneers in Hardware Space in India

Electronic Manufacturing Service (EMS)

- ❖ State-of-art SMT machines at Ultra modern facility in Bangalore
- ❖ Manufactures motherboards, memory modules, graphic cards
- ❖ Manufacturing plant at Peenya Ind. Area, Bangalore
- ❖ Installed capacity – 30,000 units / month

Enterprise Solutions Division (ESD) & Infrastructure Management

- ❖ Offers complete solutions for IT infrastructure based projects
- ❖ Provides networking, servers, storage, endpoints, operating systems, application software
- ❖ Automating process of conducting driving tests for Transport Department, Karnataka
- ❖ To Manufacture Cerebra branded storage server & other Storage products

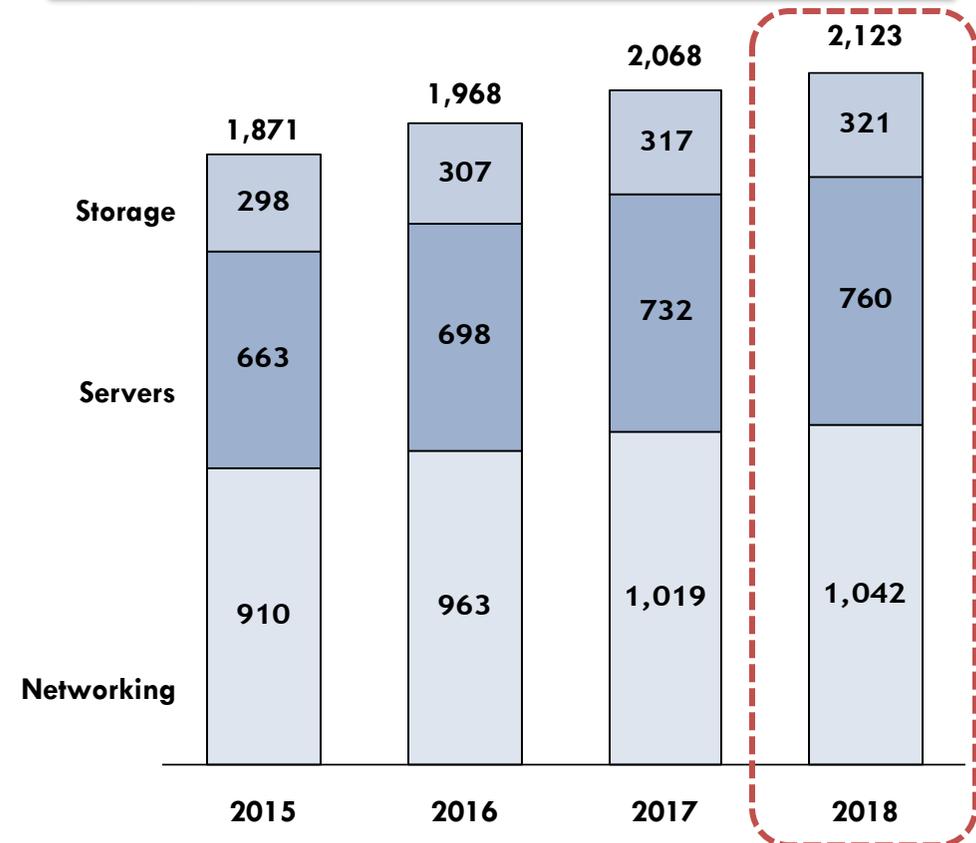


Huge opportunity in Indian IT Infrastructure market

Indian IT Infrastructure: Key Facts

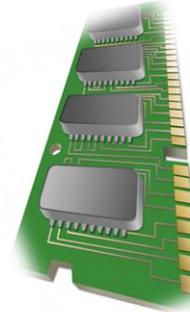
- 1 Indian data center infrastructure market estimated at \$2,123 mn in 2018
- 2 Key drivers: storage modernization & consolidation, backup & recovery, disaster recovery
- 3 Escalation of both public as well private cloud adding huge data and driving storage needs

Revenue By Technology (\$ mn)



1. Electronic manufacturing service (EMS)

- ❖ Offers Box building & testing capabilities to customers
 - » Strategic tie-ups to offer full fledged In-Circuit testing
- ❖ Line consists of 7 zone Reflow oven from Vitronics Soltec, USA
 - » Line Speed of machines - ~20,500 components / hour
 - » Fully RoHS compliant SMT Line
 - » Adding two more lines to augment capacity
- ❖ R&D team for new product development & Indigenization
- ❖ Provide services to national & multinational companies
 - » Sectors like automotive, electronics, data communications and engineering



2. Infrastructure management & ESD

Automated Driving Test System Project for RTO, Bangalore

- ❖ Unique order win for Automated Driving Test System (ADTS) from Transport department, Government of Karnataka
 - » To automate process of conducting driving tests & issuance of licenses at select RTO center
 - » 5 year contract to implement, Operate and maintain
 - » Project value estimated at Rs 21.6 Crore - includes software, servers & other related hardware
- ❖ Multiple advantages of ADTS
 - » Removes subjective opinion, Same yardstick to assess every candidate
 - » Separate dedicated tracks for Heavy Vehicle, Light Motor Vehicle & Motorcycle
- ❖ Cerebra in discussion with other state Governments to implement ADTS



3. Security Surveillance – large market in GCC

Distributor for Canon in UAE for Security Surveillance

- ❖ Canon (Japan) appointed Cerebra Middle East FZCO (Subsidiary of Cerebra) as a value added distributor for UAE region
- ❖ Cerebra ME will supply regional channel with Canon camera offerings for personalized control of security surveillance
- ❖ UAE's security and surveillance market to witness rapid growth due to EXPO 2020 in Dubai

Other Partnerships as Value Added Distributor



Exploring entry into storage servers market

❖ Offers complete range of storage solution

- » Tie up with **Hitachi** for medium to large storage solutions
- » Tie up with **Dell** enables to offer Server and entry level storage solutions

❖ Manufacture Cerebra branded storage server & other storage products for India & MENA regions

- » Signed MOU with Echostreams Innovative Solutions, CA, USA
- » Echostream to provide engineering & design expertise

❖ Government initiatives to fuel growth

- » Make in India policy to favor products manufactured locally



Leverage its extensive dealer & sales network and target customers all over India & MENA region

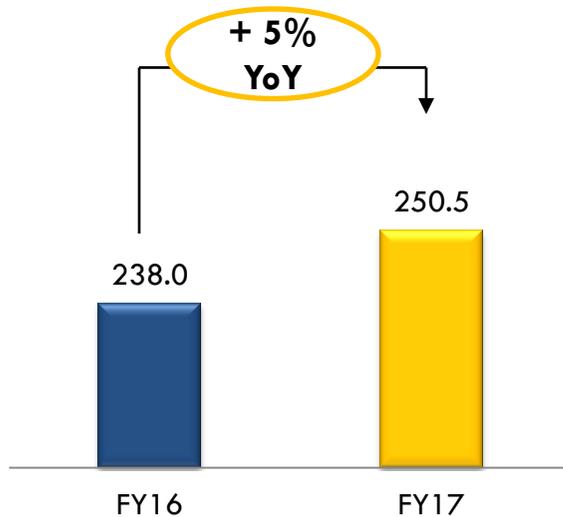


Financial Highlights

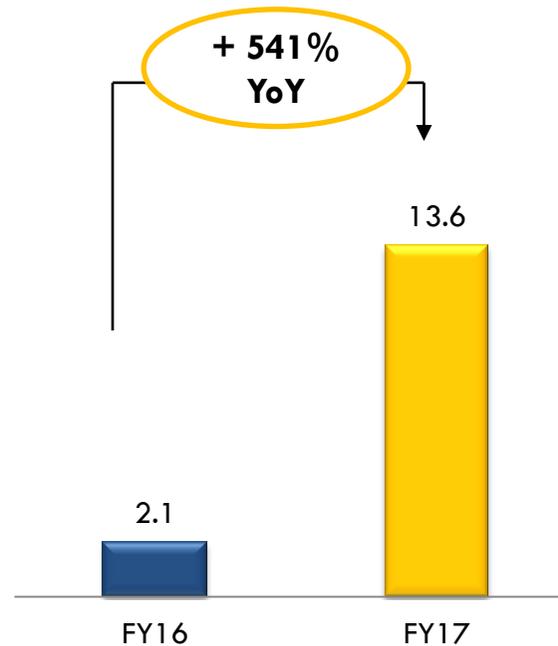


Financial Highlights – FY17 (Consolidated)

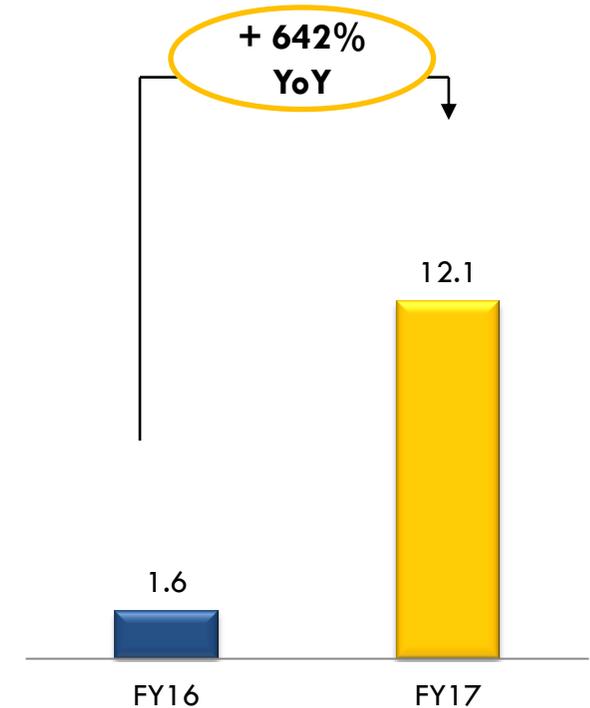
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)



Profitability Highlights – Q4 & FY17 (Consolidated)

Rs. Crore	Q4 FY17 #	Q4 FY16	FY17	FY16
Revenue from Operations	67.9	60.0	250.5	238.0
Raw Material & Fuel costs	60.1	54.9	218.3	217.6
Employee Cost	1.8	1.5	6.2	6.1
Other costs	3.4	6.1	12.3	12.2
EBIDTA	2.5	-2.5	13.6	2.1
EBITDA Margin (%)	3.7%	-4.2%	5.4%	0.9%
Other Income	-4.9*	0.3	0.1	3.9
Depreciation	0.0	0.0	0.2	0.5
Interest	0.3	0.2	1.5	2.5
Exceptional items	0.0	0.0	0.9	-1.0
Tax	-1.6	-1.1	0.9	0.3
Profit After Tax	-1.1	-1.4	12.1	1.6
Minority Interest	0.2	-0.2	0.9	0.0
PAT after MI	-1.3	-1.2	11.2	1.7

* Negative other income is due to exchange fluctuation losses on account of strengthening of INR

Figures for the quarter are arrived at, by deducting the results for the 9MFY17 from the audited results of FY17



Balance Sheet (Consolidated)

Rs. Crore	Mar - 17	Mar -16
Shareholder's Funds	175.7	148.9
Share capital	108.5	96.4
Reserves & Surplus	65.5	51.7
Minority Interest	1.6	0.8
Non-current liabilities	1.6	15.6
Long term borrowings	1.3	15.3
Long-Term Provisions	0.4	0.3
Current liabilities	154.8	16.7
Short Term Borrowings	0.0	0.3
Trade Payables	148.0	9.4
Other Current liabilities	5.9	6.7
Short-term provisions	0.9	0.3
Total Equities & Liabilities	332.1	181.2

Rs. Crore	Mar - 17	Mar - 16
Non-current assets	42.3	44.9
Fixed assets	8.9	6.0
Non-current Investments	0.0	0.8
Long-term loans & advances	33.3	38.1
Other non-current assets	0.0	0.0
Current Assets	289.8	136.3
Current Investments		
Inventories	2.2	2.4
Trade receivables	216.1	62.4
Cash & Cash equivalents	70.0	69.7
Short-term loans & Advances	1.4	1.8
Other Current Assets	0.1	0.1
Total Assets	332.1	181.2





LET'S CONNECT



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