



Active Clothing Co. Limited

To

Date: 10.06.2025

**BSE Limited
Listing Compliance
P J Towers, Dalal Street,
Mumbai - 400001, India**

Sub: TRANSCRIPT OF EARNINGS CONFERENCE CALL — Q4 FY25

Ref: Scrip Code 541144 (Active Clothing Co Limited)

Dear Sir / Madam,

Pursuant to the provisions of Regulation 30 read with Part A of Schedule iii of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith transcript of the earnings conference call of the Company held on June 06, 2025 to discuss Q4FY25 results.

We request you to kindly take this in your record.

**Thanking You,
Yours truly,
For Active Clothing Co Limited**

**Managing Director
Rajesh Kumar Mehra
DIN: 00026176**

CIN NO: L51311PB2002PLC033422

REGISTERED OFFICE:
Plot No. E-225, Industrial Focal Point, Phase 8 B
SAS Nagar, Mohali 160059
Punjab, India. Phone: +91-172-4313300

FACTORY :
Village Badali Ala Singh, Ghel Link Road
District Fatehgarh Sahib 140406, Punjab, India
Phone: +91-1763-506000



“Active Clothing Company Limited Q4 FY'25 Earnings Conference Call”

June 06, 2025



**MANAGEMENT: MR. RAJESH MEHRA – MANAGING DIRECTOR, ACTIVE
CLOTHING COMPANY LIMITED**
**MODERATOR: MR. GANESH NALAWADE - KIRIN ADVISORS PRIVATE
LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to Active Clothing Company Limited, Q4 and FY'25 earnings conference call hosted by Kirin Advisors Private Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ganesh from Kirin Advisors. Thank you and over to you, sir.

Ganesh Nalawade: Thank you. Good afternoon, everyone. On behalf of Kirin Advisors, I welcome you all to the conference call of Active Clothing Company Limited.

From the management team, we have Mr. Rajesh Mehra – Managing Director of the company. With that, now I hand over the call to Mr. Rajesh Mehra for the opening remarks. Over to you, sir.

Rajesh Mehra: Good afternoon everyone. It gives me immense pleasure to welcome you all to the Earnings Conference Call of Active Clothing Company Limited to discuss our Financial Operational Performance for the 4th Quarter and the full Financial Year ended 31st of March 2025. At the outset, I would like to express my sincere gratitude to all of you, our shareholders, analysts, customers, brand partners, employees, for your continued trust and support throughout our journey. We deeply value your confidence in our vision and it's your encouragement that continues to inspire our progress and long-term growth.

Just an overview:

Active Clothing Company Limited, headquartered in Mohali, Punjab, has grown over the past 2 decades into one of India's leading integrated design to self-apparel solution providers. With the legacy spanning over 25 years, we offer comprehensive solutions from conceptual design and prototyping to manufacturing, quality control, logistics, and multi-brand detail. We cater to diverse range of categories, which includes flat-knitted sweaters, circular-knitted t-shirts and sweatshirts, outerwear jackets, flyknit shoe uppers, soft woven garments, knitted beanies and gloves, soft knitted ties, and athleisure and leisure wear products.

Our infrastructure includes a state-of-art manufacturing facility in Fatehgarh Sahib, Punjab with an annual production capacity of 46.5 lakh garments utilizing advanced technologies from Japan and Germany. This fully integrated production ecosystem ensures stringent quality control, rapid turnaround, and efficient order management all under one roof. Our skilled workforce of over 2,300 employees forms the backbone of our operations. Their expertise combined with our investment in technology and innovation ensures we remain agile and quality focused.

Global brand partnerships what we have done, we are proud to be preferred by fashion and strategic design partners for several leading global fashion brands. This includes Levi's, Adidas, Skechers, Tchibo, Bestseller group who owns only brands like only Jack and Jones, Vero Moda, next, George, Guess, Puma, Ted Baker, TJ Maxx, and many, many other brands. Our longstanding 22-year partnership with Levi's stands as a testament to our reliability and commitment to excellence. From being their manufacturing partner to driving design, marketing, and the retail strategy in India, this collaboration has significantly contributing nearly Rs. 100 crores in annual business.

For Adidas, we are manufacturing cutting edge flyknit shoe uppers, replacing imports and contributing to the Make in India movement. For Tchibo in Germany, we serve as a single source partner for infant clothing in sweaters, helping them scale operations across Europe's top retail markets.

Technology-driven Innovations:

In today's fast-paced fashion environment, where digital speed and sustainability define competitiveness, we have taken bold steps to digitize our operations. Our Virtual Design Development Center allows for 3D garment simulations, real-time modifications, and digital approvals, cutting development time and reducing sampling waste. Our research and development creates customers exclusive, and forward collections fully aligned with the market dynamics. We have implemented AI-powered design tools and smart manufacturing systems, mass productivity and cost efficiency. Our technical innovation in dyeing, embroidery and garment finishing enables us to deliver premium quality and high-margin products.

Sustainability and the Certifications:

Sustainability is not just a buzzword for us. It is embedded in our operations. We are actively transitioning towards a greener, more responsible manufacturing model. Some of our key sustainability initiatives include rooftop solar installation with a capacity of 500 kilowatts covering 50% of our annual energy demand; use of certified organic cotton, RWS wool, DCI cotton, recycled yarns; implementation of virtual prototyping and digital approvals to reduce sample waste and excess shipping.

We hold industry's recognized certifications including WRAP, GOTS, SEDEX-4 PILLAR, SA8000, GRS, Higg Index Compliance. These certifications validate our adherence to ethical labor practices, environmental protection, and supply chain transparency.

Multi-Brand Retail and Distribution. In addition to manufacturing, we also established the robust retail and marketing arm. Today, we act as the largest marketing partner of Levi's, Flying Machine, Arrow, Celios, Being Human, in the regions of Punjab, Himachal, J&K, and Chandigarh. Our services to brands go beyond retail. We provide them end-to-end inventory and logistic management, market intelligence and POS tracking, promotional strategies and

territory-wise sales insights. The unique integration of design, production, and go-to-market capability is a rare combination in the Indian textile and apparel space.

Now coming to the financial performance of Active Clothing Company Limited:

For the full Financial Year ended 31st March 2025, Active Clothing Company Limited delivered a strong performance marked by significant year-on-year growth across key financial parameters. Total income stood at Rs. 297.12 crores, reflecting the year-on-year growth of 39.72%. EBITDA was reported at Rs. 28.49 crore, registered a growth of 34.24% compared to the previous year. The EBITDA margin for the year 9.59% demonstrating continued efficiency in operations and cost management. PAT came at Rs. 8.45 crores representing a robust growth of 73.73% on year-on-year basis. The PAT margin of full year stood at 2.84%. Diluted earnings per share for FY'25 was 5.45, showing an year-on-year increase of 74.12%.

Financials for Q4 FY'25. For the 4th Quarter of FY'25:

The company posted a strong quarterly performance with substantial revenue growth. Total income of Q4 FY'25 was Rs. 68.76 crore, a year-on-year increase of 81.23%. EBITDA for the quarter stood at Rs. 5.6 crores, marking a growth of 13.61% compared to the same quarter last year. The EBITDA margin for the quarter was 8.14 reflecting stable operating leverage despite higher input costs. PAT for Q4 was Rs. 1.63 crore, up by 21.52% year-on-year. PAT margin for the quarter was 2.37%. Diluted earnings per share for the quarter was 1.06, representing a year-on-year growth of 23.26%.

These financial results reflect our strategic initiatives, improved operational efficiencies and growing demand for our products across global and domestic markets. They underscore the strength of our integrated business model and our ongoing commitment to the value creation for our stakeholders.

As we look into the future, we are more confident than ever in our abilities to scale responsibly, innovate continuously, and drive value for all stakeholders. Our focus will be on achieving Rs. 500 crores in revenue by FY'28 and Rs. 1,000 crore in 5 years, expanding our dealer network from 200 to 300 for stronger Pan India penetration, investing in backward integration to reduce costs and ensure supply stability including in-house capabilities for garment dyeing, printing and specialty finishes, exploring new product verticals such as kids wear and athleisure categories, growing our export footprint currently spanning over 30 countries, continuing digital transformations including ERP upgrades, predictive demand forecasting, and AI-powered merchandising.

Before I conclude, I would like to place on record my deepest appreciation for our employees, customers, partners, suppliers, board of directors, and our investors, each of whom has played a critical role to our continued success. Our journey so far has been marked by resilience, reinvention, and responsible growth. And we are optimistic that the next phase will be ever more exciting. We look forward to your continued support as we strive to become a global

leader in sustainable high-fashion knitwear and apparel manufacturing. With that, I now open the floor for your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Aayush from Sagun Capital. Please go ahead.

Aayush: First of all, congratulations on your number. So my question is regarding your receivables and inventory. Can you please give light on that one sir?

Rajesh Mehra: Yes, stock level is going down, the sales we have made, receivables are within control, they are all being realized within 6 months.

Aayush: Okay. And sir, any guidance about the CAPEX?

Rajesh Mehra: Sorry?

Aayush: Guidance about the CAPEX that you have purchased the plant.

Rajesh Mehra: Aayush, CAPEX is a continuous activity as we're a growing company. So as we probably expand in the first quarter, second quarter, third quarter, 4th Quarter, we are continuing the same in the current fiscal also.

Aayush: Okay, sir. Thank you, sir.

Moderator: Thank you. The next question is from the line of Abhishek Sharma, an individual investor. Please go ahead.

Abhishek Sharma: So my question is, your virtual design center and AI tools are unique assets. And how are these translating into tangible business outcomes like faster lead times or better margins?

Rajesh Mehra: No, that is being reflected in the financials. With these tools, we are growing both in numbers, both in topline and bottomline. So these tools are helping us to probably meet the growing trends of industry, both internationally and nationally also.

Abhishek Sharma: Okay. And what has been the most transformative impact of digital tools across your design to the delivery cycle?

Rajesh Mehra: No, our designs are being recognized by one of the best companies in the world who are the companies which have been established for last 100 years and using our designs to market them, their own products globally now.

Abhishek Sharma: Okay. Sir, Levi's has been a strategic partner for over 2 decades. What are the next areas of growth within this relationship?

- Rajesh Mehra:** Levi's now we have partnered with them for their export growth also. So we are in direct contract with their global team at San Francisco who are studying our design studio and placing orders on us. So apart from being, apart from having a national presence, now we have moved to international and global markets with Levi's. We had a direct one-to-one meeting in San Francisco, and they have acclaimed us to be one of the very good design studios, and they hope to place good orders this season.
- Abhishek Sharma:** Okay. And then the last question is, how do you plan to scale your tech infrastructure as you explain into new products?
- Rajesh Mehra:** Sorry.
- Abhishek Sharma:** How do you plan to scale your tech infrastructure as you explain into new products, lines and geographies?
- Rajesh Mehra:** No, it's a continuous activity. So we are well, last month the team from Active was touring America and China. Now this week again, we are booked for America. So we are making our global presence felt. This tour is for America and Canada. So we are increasing our geographies now from being a national player to international player now.
- Abhishek Sharma:** Okay, thank you sir.
- Moderator:** Thank you. The next question is from the line of Chandresh Singh, an individual investor. Please go ahead.
- Chandresh Singh:** Yes, thank you so much. So with utilization at 75%, how do you plan to balance current operations with incoming demand surges?
- Rajesh Mehra:** So we are already expanding. We are making a CAPEX. So our building is near completion now. So we hope to install new machineries also, including utilization of this additional capacity and the present capacities also.
- Chandresh Singh:** Okay. Could you elaborate on the backward integration strategy? What..
- Rajesh Mehra:** Backward integration, we plan to install a dyeing plant in times to come. But for that, we need all approvals from the state government and the central government. That's a longer process. It's in the pipeline. So for that additional acquisition of land and building would be required. So the process is underway to probably reduce lead time, that's the most important thing what we're looking at, so that we are more competent with the buyer by way of lead time.
- Chandresh Singh:** And what are being what you say bought in-house and what is the cost benefit implication?
- Rajesh Mehra:** No, the first the main implication would be the lead times, we would be more agile, we'll be able to supply earlier, we'll be able to hold our inventory lesser. So that would be the prime

objective, then the cost analysis because it's a big capital investment. So cost benefit would come in the times to come. What first we are focusing on is to improve the lead times for other world standards.

Chandresh Singh: Okay, the last question I have is what are the steps you're taking to ensure consistency and quality as you scale production and workforce?

Rajesh Mehra: So we have got in-house, we're increasing, we are employing more people who are governing the quality standards of the company. So every department is being fully equipped with the best of quality teams. So it's a continuous activity where the quality is being monitored day and night.

Chandresh Singh: Okay, thank you so much sir. I will get back into queue. If I have any questions, I will join back.

Moderator: Thank you. The next question is from the line of Priya Jain from Green Capital. Please go ahead.

Priya Jain: So, a few questions with me and like fashion industry is rapidly changing and it's very tough to stay and be in the competition. So with the new categories like kids wear and athleisure wear in the pipeline, how are you approaching to differentiate in this very competitive segment?

Rajesh Mehra: Active means agile. So we are agile. So we are moving to the fashion. So that's our logo. That's the reason of our growth. We are providing the fastest design studio to our customers. So that's the reason we are growing. And that's the reason we have become the first point of choice with both national and international buyers.

Priya Jain: Any specific strategy you follow?

Rajesh Mehra: Sorry?

Priya Jain: Any specific strategy like code of conduct you follow to be different?

Rajesh Mehra: The code of conduct for all product categories is the same, but how we will manufacture the athleisure and leisure wear category because only the fabric differences are there and some of the machinery differences are there to handle those kind of particular fabrics which has performance fabrics generally. And currently if you see, we have 3 sportswear brands in our kitty, which is Puma, Skechers, and Adidas. And we have been approached by 3 more sportswear global customers like you must be heard about Agilitas who has come into India. So we are into the process of tying up with them. We are into the process of tying up with Lotto. Lotto is relaunching themselves in India in the next year, 2026. And Elitesports in USA, where I am going next week and we are having a meeting with them. So this category is the most growing category across the globe right now and we are focusing on it. We have hired a technical team who can handle this product in terms of manufacturing also. People are on

board and we are working on it. And we have successfully delivered this category during the current financial year, which we have closed in 31st March 2025.

Priya Jain: Sir also just to understand, do you think that the customer need in international market is much more influencing our domestic demand mainly in athleisure wear?

Rajesh Mehra: Athleisure wear, if you see the kind of products are similar which are being offered into the global market as well as into the Indian market. Only the color preferences are changing because globally, the sportswear category is more bright and other thing in India, we look into the subtle colors and dark colors, black, navy is like that. Otherwise, these are each and every garment is performance oriented and having some technicality into the product. So which is required for the particular activity and that's the product category is almost the same. What is the global and what is offered in Indian market. But yes, in India, the price segment is less as compared to the international market.

Priya Jain: Good to hear. So that's it from my side. All the best. Thank you.

Moderator: Thank you very much. The next question is from the line of Udyia Malhotra from MK Capital. Please go ahead.

Udyia Malhotra: Yes, I just have 2 or 3 questions. If you can clear it, this will be great. Yes, the first question is how do your sustainability efforts are like using solar power and organic materials? How do you get a new client and keep the existing ones?

Rajesh Mehra: Can you repeat the question please? First your point is the solar power.

Udyia Malhotra: Yes, solar power and organic materials which help you to get new clients and keep existing customers.

Rajesh Mehra: In fact, this is a step towards the sustainability which I have explained in my opening remarks also. So half of the capacity what we are using in terms of power and energy is being produced in-house and as far as this organic materials or recycled materials, these are all products are in demand globally because everybody is looking into sustainable products and being approved facility for these sustainable products like organic, recycled, RWS for this material. This really helps us in getting a client base across the globe.

Udyia Malhotra: Do you have any plan to handle risk like any sudden changes in raw material prices? Or there could be a problem with transportation?

Rajesh Mehra: Your voice is very low. What you said?

Udyia Malhotra: My question was, do you have any plan for sudden price changes in raw material or a problem with transportation?

Rajesh Mehra: Raw material problem with transportation?

Udya Malhotra: No, sudden price changes in raw material prices.

Rajesh Mehra: Raw material prices in our trade is currently stable.

Udya Malhotra: Yes, if any sudden changes occur.

Rajesh Mehra: Sorry?

Udya Malhotra: If any sudden changes occur, then.

Rajesh Mehra: We book very well in advance. When we first book order and the same day we book our raw materials also.

Udya Malhotra: Okay, I think my voice is not audible. I'll join back in queue, okay?

Moderator: Thank you. The next question is from the line of Aditi Roy from Patel Advisors Limited. Please go ahead.

Aditi Roy: Hello. Good afternoon, sir.

Rajesh Mehra: Yes, good afternoon.

Aditi Roy: My question is, how do you see the role of physical stores evolving in the next 3 to 5 years, especially with e-commerce gaining ground?

Rajesh Mehra: We are a B2B manufacturer, ma'am. We are not into the e-commerce.

Aditi Roy: My next question is, with international markets are showing the most promise for growth and how are you delivering open for them?

Rajesh Mehra: In international market also, what we are manufacturing, we are manufacturing on the brand's levels and the retail prices are also guided by them and we don't have any marketing rights on any of the platform either B2B or onto the B2C. So we sell only to the brand and then brand takes it forward.

Aditi Roy: I have one last question. Could you provide insight into how we were positioning India as a competitive alternative to traditional building hubs like Bangladesh?

Rajesh Mehra: Competitive advantage. Hello, can you repeat your question?

Aditi Roy: Yes, sure. Could you provide insights into how you are positioning India as a competitive alternative to traditional sourcing hubs like Bangladesh?

- Rajesh Mehra:** Traditional sourcing. Our sourcing is very, very much currently, if you see, robust and everything is monitored by our ERP system. The demand, raw material demand is generated whenever we get the orders. Accordingly, ERP generates the demand, they generate the order. And the old system of buying and sourcing is no more there. Everything is systemized within the ERPs only.
- Aditi Roy:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shreya Gupta, an individual investor. Please go ahead.
- Shreya Gupta:** So my question is, beyond visual simulation and AI design tools, are there plans to incorporate predictive analytics in supply chain or demand forecasting?
- Rajesh Mehra:** Yes, it is already there. It is already there. For our customers, we are predicting that what kind of orders can be generated in this particular month and what raw materials, what size of order, what quantity of order would we can expect. And everything is based on the data analysis of the past. We have a very big data bank with us. And with all these AI tools and Power BI, the forecasting is done also.
- Shreya Gupta:** Okay. Have any new global brands entered your portfolio recently? Or are there any new or are there any active discussions?
- Rajesh Mehra:** Yes, a lot of places we are having active discussions. We are having discussions with the brands from Canada, new customers from US, and as far as from the domestic market also.
- Shreya Gupta:** Okay, thank you. And my next question is, how do you balance dependency on anchor clients like Levi's with the need for diversified revenue stream?
- Rajesh Mehra:** Please repeat the question ma'am.
- Shreya Gupta:** Yes, how do you balance dependency on anchor client?
- Rajesh Mehra:** Yes. In fact, we have already allocated the capacities to them. The percentage of business is already allocated to them and we manage within that only and the kind of growth of business with the anchor clients, we keep on adding our capacities so that we can service our anchor client much better way and always be there as a preferred business partner.
- Shreya Gupta:** Okay, thank you. Thank you for answering all the questions.
- Moderator:** Thank you. The next question is from the line of Ishita Jain from Unity Finance. Please go ahead.

- Ishita Jain:** Hi, good afternoon. I wanted to know, given your growing exposure to global clients, how are you building resilience against geopolitical or supply chain uncertainties?
- Rajesh Mehra:** Ms. Jain, what we are growing is with global brands only, who are well established brands, probably who have a history of more than 100 years. The risks are being divided by sticking to national brands also and national brands also and into different geographies. So nothing is being placed in one territory.
- Ishita Jain:** So your design to share this model is a unique differentiator. How scalable is this model as you add new geographies or product lines?
- Rajesh Mehra:** Sorry?
- Ishita Jain:** Sir I wanted to know how scalable is this model as you add new geographies or product lines?
- Rajesh Mehra:** It is endless ma'am. We keep on increasing our manufacturing capacities and the business is there. We can do even a 10x in 5 years if we wish to grow at that level because right now whatever the volumes we are doing in this business, these are the fractions and fractions of the market size. So a lot of market, bigger opportunity is there and our business model is very well scalable and sustainable also.
- Ishita Jain:** Given the company's ambitions, have you explored or are you considering a joint venture or strategic partnership for faster global expansion?
- Rajesh Mehra:** Currently not any strategic partnership because we want to grow with ourselves only. So we are not looking for any strategic tie-ups in terms of partnership.
- Ishita Jain:** Okay, so my last question is how do you internally measure innovation effectiveness? So do you track metrics like success rate of new product launches or speed to the market?
- Rajesh Mehra:** Innovation, the design studio and R&D center, they are continuously exploring new brands, new trends, new silhouettes, new look of the garments what we design. Innovation is the main criteria that we are much ahead than the global fashion and these are all brands. Just whatever my team, our team predicts about the trend for a particular season. And we work on very, well in advance. We have been looking into the various global trends, forecasting websites, and design teams participate into the exhibitions also. We are doing 18 to 24 months well in advance. Now we have started Summer 27 designing in our studio.
- Ishita Jain:** Thank you sir, thank you for answering my question.
- Moderator:** Thank you. The next question is from the line of Sushant Shambharkar, an individual investor. Please go ahead.

- Sushant Shambharkar:** Congratulations on the set of numbers. My question is regarding the FDA that happened between UK and India. Does that affect your margins or revenue in anyway?
- Rajesh Mehra:** With the FDA with UK you are saying?
- Sushant Shambharkar:** Yes. FDA with UK.
- Rajesh Mehra:** Currently it is not yet clear that what kind of concessions would be there, but I think so we will be going with the zero duty with UK and the impact we can see into the next financial year because everything whatever come in force with this all FDA arrangements, it will come into the post December 2025 only. But if we look into our competitiveness into the market as compared to the other countries who are in competition with us, so India would be a preferred nation for UK to buy apparel from this side. And we see a very good plus side in our business due to this FDA happening.
- Sushant Shambharkar:** Okay, thanks.
- Moderator:** Thank you. The next question is from the line of Abhishek Sharma, an individual investor. Please go ahead.
- Abhishek Sharma:** Yes, sir. My question is we saw an impressive revenue, 80% growth. Can you bring down the key contribute to the spice? Was it volume-led, price-driven, or due to change in product mix?
- Rajesh Mehra:** No, nothing has changed. We are getting more competitive by way of having deeper design studio who is in line with the brands. So design studios are our strength.
- Abhishek Sharma:** Okay. And while Q4 EBITDA grew by only 14%, despite strong revenue growth, can you explain what factors limited margin expansion this quarter?
- Rajesh Mehra:** Sorry?
- Abhishek Sharma:** Your EBITDA, Q4 EBITDA grew by only 14%, despite strong revenue growth. Can you explain what factors limited margin expansion in this quarter?
- Rajesh Mehra:** This quarter the orders came quite late. So probably we took time to have, the input cost increase basically.
- Abhishek Sharma:** And there has been a noticeable increase in raw materials. How much of this inflationary versus expansion driven? Do you expect it to supply?
- Rajesh Mehra:** Orders came late, so we had no time to probably. So the intent was to supply the orders. So we couldn't probably negotiate much with the raw material suppliers.
- Abhishek Sharma:** Okay sir, thank you sir.



Active Clothing Company Limited
June 06, 2025

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Ganesh for closing comments.

Ganesh Nalawade: Thank you everyone for joining the conference call of Active Clothing Company Limited. If you have any further queries, you can write us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference.

Moderator: Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.