

03RD June, 2025

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BSE Limited Corporate Relationship Department 1st Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Mumbai – 400 001 SCRIP CODE: 543523	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 SYMBOL: CAMPUS
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Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 -Transcript of the Earnings Call held with Investors/Analysts

Dear Sir,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of Earnings Call held with the Investors/Analysts on 29th May 2025 and the same is also available on the Company's website i.e. www.campusactivewear.com.

This is for your information and records please.

Thanking you

For **CAMPUS ACTIVEWEAR LIMITED**

Archana Maini
General Counsel & Company Secretary
Membership No. A16092

Encl: As above

Campus Activewear Limited
Q4 and FY25 Earnings Conference Call
May 29, 2025

Moderator:

Ladies and gentlemen, good day and welcome to the Campus Activewear Limited Q4 and FY25 Earnings Conference Call. 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 touch tone phone.

Before we proceed on this call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties and other factors. It must be viewed in conjunction with our businesses that could cause future results, performance or achievement to differ significantly from what is expressed or implied by such forward-looking statements.

The Campus Activewear’s management team is represented by Mr. Nikhil Aggarwal, - Whole Time Director and CEO and Mr. Sanjay Chhabra - CFO. I now hand the conference over to Mr. Nikhil Aggarwal – Whole Time Director and CEO for his opening remarks. Thank you and over to you Sir.

Nikhil Aggarwal:

Thanks. Good evening, everyone. Thank you all for joining us today for our quarter four and FY25 earnings call. FY25 has been a year of meaningful progress and strong execution for the company despite a challenging macro environment. We stayed focused on our strategic priorities and delivered a healthy 10% year over year revenue growth reaching to INR 1,593 crores. This growth was led by higher volumes reflecting the success of our efforts in expanding distribution, accelerating online sales, launching fresh and relevant styles and running a high impact digital marketing campaign.

We also made significant strides in strengthening our brand presence. Our expansion into premium large format stores helped us reach more consumers in tier one cities and metro markets, reinforcing our position in modern retail. Geographically, we continue to build on our stronghold in the North, Central and West regions, while also expanding into Southern India with encouraging traction. Our enhanced online visibility supported this growth. We further enriched our family brand proposition by launching over 250 new styles for men, women and children offering vibrant designs at attractive price points. This has helped us cater to the evolving lifestyle needs of Indian families across multiple occasions.

Our sneaker portfolio saw an impressive growth of 150% versus FY24, reaffirming our commitment to deliver stylish, high-quality footwear that remains accessible. We also expanded our retail footprint with 30 new stores taking our total EBO count to 296 across India.

On an annualized basis, our gross margin improved by 20 basis points to 52.3% driven by procurement and production efficiencies. Our EBITDA margin rose by 120 basis points to 16.1% driven by disciplined cost control and improvement in working capital management. Notably, our net working capital days improved from 92 in FY24 to 71 in FY25, reflecting our focus on operational efficiency.

In Q4 FY25, we also launched the second phase of our Move Your Way campaign with Vikrant Massey. The campaign resonated strongly with Genz audiences celebrating individuality and self-expression and further strengthening our brand connect. We also commenced the commercial production from our Haridwar II facility for manufacturing high quality uppers for sneakers during March 2025. Your company will be benefited for this additional capacity for the full year during FY26.

In parallel, we have gone live with SAP on the 4th of April 2025 to streamline operations, enhance inventory control and improve planning and forecasting, laying the foundation for

scalable and agile growth. As we look ahead, we are energized by the opportunities in front of us. With a strong balance sheet, a growing brand and a clear strategic road map, we remain committed to deliver long term value through innovation, agility and a deep understanding of our consumer set.

Thank you and now I hand over our call to our CFO, Mr. Sanjay Chhabra, to take you through more details on the Q4 and FY25 performance.

Sanjay Chhabra:

Thank you, Nikhil. Good evening, everyone and thank you for joining us for the Q4 and FY25 earnings call for Campus Activewear. I would first take you through the Q4 FY25 performance. Our operational revenue grew by around 11.5% year on year to INR 406 crores in quarter 4, driven by higher distribution which has registered a growth of 9.6% and also, the online channel which has grown 15.2%. The company sold approximately 6.2 million pairs in during Q4, up 7.8% year on year. The average selling price improved to INR 658 from INR 636 last year. Our gross margin was 52.3% versus 50.2% during the same period in last year, driven by higher ASP in distribution and also the online channel.

The revenue mix between men and women and children categories stood at 81:19 versus 80:20 last year same quarter. Our EBITDA for Q4 was INR 76.7 crores. The EBITDA margin expanded by 60 bps year on year to 18.7% owing to lower SG&A last year numbers included one of provisions for inventory and receivables. PAT grew by 7.3% year on year to INR 35 crores during quarter 4 FY25 and PAT margins stood at 8.5% versus 8.9% last year. A slight depletion in PAT margin is primarily due to a higher depreciation owing to impairment of our dip lines.

I now move on to the full year performance. Our operational revenue grew by around 10% year on year to INR 1,593 crores in FY25, driven by higher distribution which registered 9% growth and online channel, which grew by 11.7%. The company sold approximately 24.9 million pairs in FY25, up around 12.3% year on year. The average selling price stood at INR 639 per pair versus INR 652 last year, a drop of around 2%. This is primarily driven by mix of open footwear, which went up from 14.2% to 15.2% and higher sale of accessories and also to some extent due to lower realization driven by our liquidation of non-BIS inventory.

Our gross margins were at 52.3%, an improvement of 20 bps from last year driven by procurement and production efficiencies. The revenue mix between men and women continued to remain flat at 80:20. Our EBITDA for FY25 was at INR 258.2 crores. The EBITDA margin expanded by 120 bps year on year to 16.1% in FY25 owing to lower SG&A, once again, the last year, numbers included one of provisions for inventory and receivables and hence the SG and A was higher last year, the current year SG&A numbers are more normalized. PAT grew by around 36% year on year to rupees INR 121.2 crores and PAT margins expanded by 130 bps to 7.5%.

Our balance sheet continues to demonstrate strength and robust return ratios such as ROCE and ROE of 22.3% and 17.2% respectively as on 31st March 2025 and we continue to be a debt free company.

With that summary, I would now conclude my remarks and open the floor to the moderator for Q&A session. Thank you.

Moderator:

Thank you very much. The first question is from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani:

Thank you for the opportunity, Sir, and congratulations on strong revenue growth numbers. So, my first question is with regards to, you know, if you look at the premiumization in your entire segments, last year if you look at the products below, INR 1,000 contributed to around 27% this year, this year it is 22 percent. I mean, despite this premiumization increase, we are seeing an ASP decline. So, one does this contribution only reflects the footwear contribution and does not include the accessories which could dilute the ASP?

Sanjay Chhabra:

Yeah, Gaurav, 2 things are driving this ASP decline. As I mentioned that in the first quarter in the full year, our mix of open footwear was quite high. That was a conscious call that we saw this as an opportunity and increased our sale of open footwear. So that's diluting the ASP to some extent. And of course, the accessory sales like again in quarter two we introduced our

socks in the distribution market which was not there earlier. So accessory sale is at an average ASP of INR 140 that again has an impact to some extent on the overall ASP of the organization.

Gaurav Jogani: But Sir, I'm just assuming you know that the open footwear will also be priced INR 1,000 and below so ideally you know that should have led to higher contribution of the products INR 1,000 and below but that has actually increased the contribution of the premium products have increased. So just wanted to tally you that.

Sanjay Chhabra: Gaurav, the right yardstick to measure this would be that are we able to maintain our margins. So, if you see margins despite higher mix of open footwear, despite accessories mix, despite liquidation of non-BIS inventories or margin on a full year basis has reflected an improvement of 20 basis points. So, we have certain margin thresholds on which we work and whatever is the mix, I mean we don't dilute the margins. So, I think that's a that's a right way to approach it.

Gaurav Jogani: And my second question you know is with regards to the online volumes. If you look at the online volume this year, it's about 7.4 million and last year it was 7. So, I mean roughly it's increased only by 6-7%. So, is it a conscious call taken by the company, you know to drive more the distribution and the other parts of the business? I mean, is this a conscious effort taken?

Nikhil Aggarwal: So, hi Gaurav and also the effort is actually across all channels, right? We operate every channel strategically in a way that it should have a meaningful contribution to the overall top line. So, there is no like conscious effort in terms of this specific number for online. But this is as per the demand and of course there was a higher proportion of outright sales this year in the online business versus market place and you know some of the ASP increase can also be attributed to that, but there is no like so this is part of the demand and there is no like strategic or conscious effort to maintain this number in terms of volume.

Sanjay Chhabra: Gaurav, just to add, I mean each channel is playing its own role. I would say that distribution is for mass market. If I talk about the revenue numbers, both the distribution and distribution has shown a growth of growth of 9.6% and online has shown a growth of 11.7%. So, it's fairly balanced. Each channel is playing its own role. Online, of course we reach out to the consumers directly through the marketplace business, which is higher in ASP and hence we are able to sell more of premium products, whereas in the distribution it is more of mass market products.

Gaurav Jogani: Sure, Sir. That is, I was going to ask, you know, maybe the premium products on the online channel this year would have increased better and hence despite the lower volume, the contribution is largely the same and the growth is better.

Nikhil Aggarwal: Yeah, that's right, yes.

Gaurav Jogani: And then lastly on this Haridwar facility, I mean this Haridwar facility because it has commenced in March, month, would the depreciation start hitting from next year for this particular facility and if yes, how much should be in the overall?

Sanjay Chhabra: Gaurav yeah, the depreciation is there for one month in this financial year, next year it will be for 12 months. It's an investment of around INR 21 crores, will be amortized over a period of 15 years.

Gaurav Jogani: Sure, Sir. Thank you and that's all.

Nikhil Aggarwal: Thank you.

Moderator: We take the next question from the line of Ali Asgar Shakir Khan from Motilal Oswal Mutual Fund. Please go ahead.

Ali Asgar Shakir: Yeah. Hi, Nikhil. Hi Sanjay sir. Thanks so much for the opportunity and congratulations for the double-digit growth. So, first question is on the you know demand scenario. So, if you can just you know talk about how is the current demand and the competitive scenario both online and offline? And also, last quarter you had mentioned that the BIS clean-up will be over by March.

So, what is the industry scenario and have been cleaned up the inventory? And just the last related question to that is on the future so you know if you could just share what is the growth and the mix of sneaker in this quarter?

Nikhil Aggarwal:

Hi, Ali. So let me take a BIS first. So, on the non-BIS side, while you know we have made significant progress, but there has been it's been slightly slower than we anticipated. We were expecting to liquidate a big portion of it by March end but there has it's been slightly slower than that, but it is all like, you know, under control and it's basically we're expecting you know in line with 20 to 40 bps of a margin, you know hit on in this specter of the non-BIS inventory in the coming year and nothing more than that. So that's on that non-BIS side. On the demand scenario we expect you know, this year we've seen North, East and West doing fairly well. The South and Central region has sort of been flattish. So, you know we we've seen pockets of growth basically across these three areas and you know, metros and tier ones in quarter four, I would say has done, the saliency has slightly dropped so versus the rural and Tier 2 and Tier 3 counters so, versus you know year on year and so there has been some dip I think in terms of consumer demand in terms in metros and tier 1. But apart from that, we definitely see a much more positive momentum overall, right and which has also given us some tailwinds. Going forward as well, we hope that this tailwind and positive momentum continues. We don't see any roadblocks or any headwinds at this moment. I think more than that, a lot of the internal initiatives, you know that we've taken in terms of channel expansion across all the three channels and our supply chain and the back-end improvement measures that we have taken as if implementation across along with you know new warehouse, we've sort of consolidated our warehousing in the back end, so a lot of those, you know, efficiencies should, should sort of kick in into this new financial year going forward.

Nikhil Aggarwal:

On the sneaker side. Ali, we've seen some very good traction and we hope we will continue to given the lower pace, we will continue to expand at a similar pace even this year. And this is definitely also contributing to the higher ASP's. And so, the volume contribution is roughly about 8.5% for this year, and it should definitely go up in FY26 given the new plant is also online now. And you know, some bit of higher contribution of ASP with respect to sneaker should come in. Over to you, Ali.

Ali Asgar Shakir:

Sorry, I was on mute. Sneaker last quarter was some 120% growth. So, was that similar trend in this quarter?

Nikhil Aggarwal:

It's actually for the whole year. So, the whole year we have grown at 150% roughly and the contribution from sneakers we've closed at about 8.5% for the for on the annual basis.

Ali Asgar Shakir:

Got it. Second question is on the margin front. So, you have earlier indicated that you would, you know want to maintain between 17 to 19% margin. So now that we have closed this year with somewhere close about you know 15.5% odd margin it should we see that trajectory improving and by then you see you know coming into that range of 17% margin and related question on the cost here. We've seen a couple of line items seeing big jump. So, if you can just explain for example, other expenses YoY and the depreciation increases in big jump. So, if you could just explain why that has happened in this quarter?

Sanjay Chhabra:

Ya Ali, just to add here, the EBITDA margins have improved to around 16.1% on if you look at it full year and if you are looking at other expense on a full year basis, I think it has gone up from INR 440 crores to INR 462 odd crores.

Ali Sagar Shakir:

And I was looking on a quarterly basis, this quarter, other expenses and the patient interest has gone up quite significant on YoY.

Sanjay Chhabra:

The other expense has gone up from INR 90 crores to around INR 108 crores, which is correct. A large chunk of this, around INR 10 crores is higher A&P spend both on the digital media front and on the sales promotion side. So out of these INR 18 crores, INR 10 crores is purely the marketing piece and then remaining is driven by the volume. So, the volume growth, this line also includes the freight and the conversion cost. So that also is a subset of increase of INR 18 crores, right. And on the depreciation front, from INR 19 crores to INR 22 crores, I explained that it has a one off impairment head of our DIP lines which we have impaired. Out of five lines we have dropped or uninstalled 3 lines because it's a very outdated technology and the school shoes have moved more into the Eva category from the DIP. So, INR 2 crores depreciation is sitting there.

Ali Sagar Shakir: Got it. Similar on the interest also?

Moderator: I am so sorry to interrupt. May we request that you rejoin the queue for follow up questions? There are several other participants waiting.

Ali Sagar Shakir: Sure.

Moderator: Thank you. We take the next question from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta: Hi, thanks for the opportunity and congratulations on a good set of numbers. My question was on open footwear, so would it be possible to share what was the contribution in terms of revenues and volumes this year? And I asked this mainly basically trying to understand that as we go ahead, do you think that sneakers and other parts of your portfolio will be able to ensure that double digit momentum continues, given that obviously the season has not been in favor. So that was the first question.

Sanjay Chhabra: As I mentioned, the open footwear mix increased from 14.2% last year to 15.2% this year. So, that's the kind of contribution it has on our business.

Nikhil Aggarwal: And given, we don't expect, you know, of course like there's a seasonality to this. So, first quarter one will also have a higher portion of open footwear category. So, we don't anticipate any sort of you know, drop in that in the category.

Umang Mehta: Understood. And just the second one was on your full year margin. On an annual basis, would it be possible to quantify the hit you have taken in terms of BIS basically inventory? I'm asking this mainly just to understand that if it was not there, where would have margins would have ended? And, it seems like then, your aspiration of 17% is not too far away from where you are already.

Sanjay Chhabra: You see, there won't be anything called like direct impact of BIS. I would rather put it as a normal liquidation of slow moving and non-moving inventory. In this year since BIS kicked in, we had a timeline to chase and hence there was an urgency to liquidate certain stocks and as we mentioned in the beginning that it had an impact of anywhere between 20 to 40 bps on our margin. So that's the number which is sitting there in the current year and in the next year also, it can be likely to be in the same range is how I would put it. Thanks.

Umang Mehta: OK. So basically, last year 20 to 14 similar is expected to be in FY26?

Sanjay Chhabra: Yeah.

Umang Mehta: Understood. Sure. Thank you so much and all the best.

Moderator: Thank you. We take the next question from the line of Shraddha Kapadia from SMIFS. Please go ahead.

Shraddha Kapadia: Thank you so much for giving the opportunity and congratulations on the good set of numbers. Also, basically my question is somewhat similar to the contribution which the previous participant asked. This is majorly with regards to the men versus women. So, if you could help with the revenue as well as the volume mix.

Nikhil Aggarwal: So, this category makes for men and women, Shraddha is pretty much similar to last year. It's 81% or rather, 80% has been the contribution for the entire year for men and about 13.3% for women and kids would be 6.7%. So, that's pretty much in line with how FY24 was. While the aspiration is there to certainly grow this category slightly higher. So, but we have premiumization in the women category. So, the ASP for the women category has gone up for us and this year we expect women share to definitely go up from this mark.

Shraddha Kapadia: OK, Sir. Thank you so much for the detailed explanation. Also, if you have we taken any price hikes in the current quarter and to we plan to in the future?

Nikhil Aggarwal: Yes, we have taken actually just on the open category side on the open footwear versus last year quarter four, we've taken a price hike which has you know definitely helped us maintain the margin profile as well overall and I mean going forward, we generally do take a price hike at the end of the season, so now there is, you know, going to be a higher contribution of our NPD products, which anyways would be priced accordingly. And so therefore, you know, given the seasonality, as we're moving into the season now in quarter 2 and quarter 3, we will be, you know, not taking any more price hikes for the time being. We are pretty much there in terms of the pricing that the company requires.

Shraddha Kapadia: OK, Sir. If I may just squeeze in one more question. So, this is majorly with regards to the BIS. So, is there any decline in the competition, especially from China, which we have observed?

Nikhil Aggarwal: Yes, I mean the imports have certainly dried up, the overall volume has dropped from China. We do see some impact of that. But honestly to quantify that is still kind of early. There has been some, you know inventory from non-BIS which is still being liquidated by a lot of the companies in into the market and as the government did extend the BIS timeline for the liquidation to July 2026 so, you know, companies have sort of taken that leverage and taking their time so but we but the but it's obviously a finite quantity there, there is no new fresh in coming on piece material or goods anymore and Chinese impact we definitely see you know from channel checks that there's a much smaller volume into the market.

Shraddha Kapadia: OK, Sir. Thank you so much for answering my questions and all the best for future.

Management: Thank you, Shraddha.

Moderator: Thank you. We'll take the next question from the line of Niraj Mansingka from White Pine Investment Management. Please go ahead.

Niraj Mansingka: I just have a few follow-up questions to the previous participant. How do you see the market evolving after the inventory of BIS goes down? How are you considering that you have your own manufacturing in house? How do you see the competitive scenario involving and what is the volume growth rate in India planning out course to be implement full implementation of BIS?

Nikhil Aggarwal: Sure. So, actually, last two years, you know, or rather last three years we've seen the industry not growing in footwear, you know and that's been the trend for the last 2-3 years mainly due to the subdued demand on the consumer side. So, we do expect that you know finally due to the non-BIS liquidation and actually the BIS implementation we expect that the industry should, you know, start growing. It's a big tailwind for everybody for especially the organized players. And you know we are we are fully geared up for it. So, with respect to the assortment of products that we are providing this year, these 250 new styles is very well to see it into the market. So, we don't, you know there are certainly a lot of tailwinds. We just need to execute it right and get it correct.

Niraj Mansingka: Can you put some numbers on what is the share you expect? See because what I thought was it was a large-scale thing for manufacturers, companies who can manufacture products on their own. And we will give an edge to them in in pushing the products. So, can you give some numbers on how the company to manufacture India can benefit and how much of the market share right now for them and how much it can some color in numbers?

Nikhil Aggarwal: Difficult to quantify numbers, but like it's basically you know you need to understand that there is a finite, very limited manufacturing capacity for the category that we are in sport shoes across India and it's like really measurable the overall capacity if you just do a bottoms of all the players in the market, organized and unorganized, you will end up with a number which is very much quantifiable. So, it's a very much, you know, very finite quantity and clearly you know with the depletion of the imported goods into the market, we do expect there should be a benefit to all the organized and unorganized players, especially the organizers.

Niraj Mansingka: Do you expect those imported good prices of Chinese, US all to go up in the market and hence your competition, your product will be competitive, is that the scenario you're seeing that?

Nikhil Aggarwal: Come again. Sorry.

Niraj Mansingka: Do you expect the prices of all the imported, you know, footwear to go up and hence your money, your products will be competitive on the market, is that the main outcome or is it the availability itself of the imported goods will go down?

Nikhil Aggarwal: No, not really. I mean, so we have always been very competitive with respect to the MNC brands, mainly due to the pricing power that we have and our biggest USP is actually the value proposition that Campus as a brand provides right to the end consumer. So that is very much intact and you know that will continue to happen. We don't see that. Actually, there is no real competition in that aspect with the MNC brand because they all primarily start at INR 3,000-4,000 rather INR 4,000 MRP and above.

Niraj Mansingka: Yeah, yeah.

Nikhil Aggarwal: With a decent, decent pair of shoes so. So, it's actually a different market that we're both catering to.

Niraj Mansingka: OK. Thank you. I'll come back to the queue. Thank you.

Moderator: Thank you. We'll take the next question from the line of Akshen from Fidelity.

Akshen: So, two questions. One was around the broader demand environment, particularly when it comes to footwear industry. Generally, how are you, seeing because you've seen broader consumption categories having some headwinds, you seem to have done very well. We're just trying to disaggregate if this is the market improving, our market share improving. That is question 1. And the Question 2 was around, UP markets couple of years back we had discussed that market being under stress, particularly around your channel. So as two years have passed now from that, generally, how has that market pay for those two questions from my side. Thank you.

Nikhil Aggarwal: Great question, Akshen. So actually, I think from a quarter four perspective Akshen, we have certainly gained market share. I don't think the market has really moved the needle that much while it's certainly improved versus quarter for last year. But on a double-digit growth, we are quite confident that we have gained market share. And because the demand scenario has, I mean improved but not that much, and which is also, you know, evident from our peer set numbers. I mean there is there is some struggle in the market with respect to demand.

Nikhil Aggarwal: On your second question, action on UP market, yeah, I would say that overall, if you see the composition of our growth, it is both mixed. I mean online and distribution. Distribution of course, through better execution across the board we have seen growth in I would say six to seven markets across India and UP being a dominant market. Yes, the answer would be yes. We are seeing the traction back. There was a growth.

Akshen: Thank you, guys.

Nikhil Aggarwal: Thank you, Akshen.

Moderator: We take the next question from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Thank you for the opportunity. Congratulations on strong set of numbers. So just wanted to understand what is driving this growth in volume, is it the number of distributors or presence expansion that you're doing or it's just online channel expansion and what is driving expansion on channel online channel for you as well? I mean that will be my first question.

Nikhil Aggarwal: So, it's actually a, you know, mix of certain initiatives, many initiatives rather that you know we have taken on the front-end and I'm particularly proud of the front-end team. You know, they've it's a lot of the execution that has happened actually at ground level in terms of placement, in terms of expansion of the outlets, the right set of distributors in the right place. So, it's a lot of execution really at ground level which has panned out and given us this growth, finally you know into the distribution on an annualized basis. And it's taken us almost two years we've been flattish actually on distribution. We have not grown for the past the year before this and the year before that. So, it's a good welcome back for the channel and we

expect you know this momentum to continue and we will continue to add counters and distributor in the right geography, you know, wherever is required. So, it's a lot of consolidation efforts is the addition of distributor and the retailers and of course the right product also being delivered on time and in quantity to the respective outlet so yeah, it's basically distribution is an execution play and online again is more tactical. I mean in nature is while the focus is there on marketplace, but we've also grown on outright this year quite well and you know so marketplace will continue to remain a focus and this year we expect you know, growth to come in, you know, in a similar fashion from online as well.

Perna Jhunjunwala: OK. And I see that you, the retail account has increased from around 20,000 to 26,000 in this year, 20,000 in FY23, 26,000 as on today but number of distributors have actually come down so could you understand how many distributors have been added over the last two years?

Sanjay Chhabra: Perna, it's a very dynamic field. I would say that we continuously evaluate the performance of our distributors how they are in terms of expanding our reach and accordingly we do certain churns. The distributor count remains in the range of 300 to 350. Yes, we have consolidated certain geographies and hence the number of distributors have come down but the measurable output KPI is that how good we are expanding our reach. By end of this quarter, I mean Q4, our reach was at around 23,000 odd outlets versus 19,600 outlets last year. The number you are seeing is our active outlet count which is around 26,800 that's number of outlets which billed once in a year. But we also follow a different KPI, which is like bare minimum 12 pairs billed on a monthly basis so that is reached and we track both these KPIs irrespective of how many distributors we have on board.

Perna Jhunjunwala: OK. And how much can we expand further? How many outlets can we reach in the next 2-3 years' time frame. That will help us understand the growth part in the distribution channel that you are targeting at.

Nikhil Aggarwal: So, the overall universe is actually quite large and it's about 40-45K and we're just at 26k. So, but what we have done, the strategy for us is to first obviously get to all the relevant, most relevant counters for us as a brand and the category and that's how we are we're doing that. So along with you know we expect at least an addition of let's say 1500 counters year on year and along with that an increase in the world share, you know or each outlet. So that will lead to you know the basically the growth in the distribution channel.

Perna Jhunjunwala: OK, understood an...

Moderator: Ma'am, I'm so sorry to interrupt. May I request that you rejoin the queue for follow up questions? There are several other participants waiting.

Perna Jhunjunwala: Oh, thank you.

Moderator: Thank you. We take the next question from the line of Manasvi Shah from ICICI Prudential Asset Management. Please go ahead.

Manasvi Shah: Yeah. Hi, team and congratulations on a good set of numbers. I have two questions. First is sir, if we look at the commentary or you know of other peers as well as other, you know retailers, etc., in the online channel, especially marketplaces, it seems that you know there is some sort of a slowdown. Have you witnessed some similar trends on the marketplaces or you know or maybe higher discounting etc. like just wanted to understand on that front?

Sanjay Chhabra: I would say again it's a dynamic field, Manasvi like we have been able to get a fair share on both online marketplace and the outright business. And of course, we are doing relevant marketing spend to create visibility, create awareness and that's leading to traction and throughput and we are able to get the desired or rather, our sales team is able to meet their set of numbers. What we are targeting at the beginning of the year.

Manasvi Shah: OK. And Sir, on the second question, its actually around working capital, so impressive, you know, work done on reducing inventory, etc. Is there more scope that's number 1 and number 2, you know, if you look at your secondary sales growth versus primary, is it like mirroring your primary sales growth in the distribution channel?

Sanjay Chhabra: First thing first on the working capital side, I think we have done a fair amount of work in the last one year and we have reached to a level which is I would say the most desirable level. But at the same time, we have no plans to cut it down further which could eventually translate into a sales loss. So, from here on you may see a bit of higher inventory levels, of course we need to build before the season. The level which you are seeing here that I think that's the optimum level 95 to 90 days. Yeah. And on the on your second question, sorry, can you please come again?

Manasvi Shah: OK. Your secondary versus primary sales growth?

Sanjay Chhabra: Yeah, we are, I mean, we do have a tracker on the distributor. We have the DMS system and we see that the inventory levels with the distributors are fairly what they were at the end of FY24, so we maintain around, I would say 100 to 110 days of inventory. It continues to be same and so fair reflection of that it's primarily working on a replenishment model, which means that whatever we are able to sell secondary, we are replenishing through primaries.

Manasvi Shah: OK. Very clear. Thank you. And all the best.

Moderator: Thank you. We'll take the next question from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Thank you for taking my question again, Sir. So just on the you know, increase on the insurance, sorry, the interest base this quarter around you know the number has increased despite you know debt being now zero. So just wanted to understand the reason for the same.

Sanjay Chhabra: Yeah, good question, Gaurav. Interest line now is a reflection of only the ROU assets. So whatever leasehold premises we have in terms of EBOs and warehouses, we create a ROU, right to use and depreciation is charge on those asset and interest components is there. So, both in the depreciation and interest line component goes and that's what is sitting in the interest. This quarter you see a higher interest which is purely due to increase of two assets. We took a warehouse in Kulana for our online business chief warehouse and also, we have taken this Haridwar II facility for the sneakers. So that is on a lease on premise and also, we took a raw material warehouse house, so we have added three leasehold assets in this quarter.

Gaurav Jogani: Sure, Sir. Thanks.

Moderator: Thank you. Next question is from the line of Ali Asgar Shakir from Motilal Oswal Mutual Fund. Please go ahead.

Ali Asgar Shakir: Just to complete the question on margin, where I will just ask you about your aspiration of 17 to 19% margin, how should we see in the next two years panning out for you?

Nikhil Aggarwal: So, Ali, the aspiration, certainly you know is intact and as you can see, we're trending towards the guided margin and you know the initiatives we've taken are sort of panning out in that direction. So, at this moment, we don't see any headwinds with respect to margins. We, you know have built in into, for example, the NPD portfolio, you and the new launches and with margin sort of is primarily driven firstly from the products, right. So, as long as we maintain that and control that and the overheads and the costs are also under control. So, it's a fairly predictable number. So, we just need to factor in the non-BIS component what we just called out and you know the rest is sort of taken care of.

Ali Asgar Shakir: So, what kind of margin improvement we should expect in the next two years?

Nikhil Aggarwal: Two years. I don't know. It's a very dynamic environment. I think if we can predict one year, that's a big achievement. So, over a year's time for sure, like we should fall within the range of what we've guided.

Ali Asgar Shakir: Got it. So next year you should be able to achieve the 70-90% margin guidance?

Sanjay Chhabra: We continue to aspire that.

Ali Asgar Shakir: Sure sir. Thank you.

Moderator: Thank you. We take the next question from the line of Priyank Chheda from Vallum Capital. Please go ahead.

Priyank Chheda: My question again on the strategic front for Nikhil after all the activities that we have undertaken, we always had the targets and the aspirations to deliver double digit volume growth, which we delivered this year. But when it comes to the total revenue growth which is mid-teens or kind of revenue growth which we aspired mid-teens EBITDA margins which we aspire of, I see that directionally things are improving amid in the tough market conditions but leave aside the market conditions, why should we see these things playing out in terms of revenue growth, growing at mid-teens, EBITDA margins coming out in mid-teens? That is my first question.

Nikhil Aggarwal: Hi Priyank. So, I think you've answered your own question. So, it's been a fairly tough macro this year, you know and I think in given the adversities that and it's very evident from the peers numbers right that are coming out. So, it's been a very subdued environment and I think we've done fairly well with respect to execution this year, and that is primarily led to the volume growth and ASP growth, of course is a function of, of course, the planning and the environment at that point, right. So, so given that you know in quarter four, we have certainly grown our ASP by 3-3.3% it's a good indicator that we sort of getting back on track with respect to ASP and of course volume has grown in double digits like you said finally. So, it's a lot of execution more than I would say macros sort of supporting at this point. Of course, with macros improving that should add on to the entire base.

Priyank Chheda: Got it. So, but what I what I was alluding to was the margins is something which is internal to the company. So, we should see that happening in the coming quarters directionally every quarter sequentially, right?

Nikhil Aggarwal: I think margin is a bit of a seasonality play also you know you'll need to understand I think in our line of business margin should be seen on an annualized basis honestly and not quarter on quarter because you know there is an element of open categories, some accessories, some so it's a very seasonal business. So, as you know already so you know we should evaluate margins on that aspect.

Priyank Chheda: Sure, Perfect. Got it. Point taken. My second question is on the two aspects of other expenses, which is 1 is advertisement cost. Now for the full year if you see cost which is INR 135 crores and we spend top dollars all the peers in the footwear category and that has grown at 25%, while the revenues have not gone in grown at that commensurately rate. When it comes last three years cumulative expense that we do on the media and advertisement spends which is INR 350 crores. Even for last three years this has hasn't didn't add it to much of the sales, right. So, can you explain the thought process behind, you know, spending such a high amount on the advertisements? Would we see this capping out at certain limits, certain levels, so that you know we 1st test the same throughput rather than growing the strength at a very faster pace. And then and please and just let me complete on the other question on the same aspect, which one is on, of course on the advertisement. The second is on the non-BIS inventory, we always thought that while we have been hearing your commentary till the year end, we thought that much of the liquidations would be done and would have been done. Despite that, why do we guide that the cost of this slow-moving inventory would remain same as it was in FY25 while the sales will improve, the sales will grow, the impact should actually come down significantly. So that's my 2 questions.

Nikhil Aggarwal: Sure. So let me take up the AMP first. So no, actually you're actually quite right. So, AMP, you need to see it from 2 lenses. One is the brand building and the other is performance marketing, right. So, we've definitely disproportionately spent on marketing versus the peers over the last three years and that is, you know, in line with our aspiration to continue to build the brand and that is exactly what we've done and that is reflecting actually we do these brand surveys every year post our season end like post Quarter 3, so in January every year we do a very detailed and vast survey of the brand resonance, the top-of-mind scores, NPA scores and so on. And we have seen a significant uptake in the brand awareness levels and the Toms score. So, so clearly the marketing has definitely made the brand much more accessible and stronger across, you know, all geographies in, in the country. And so that has that is obviously a big, you know, boost also to sales. But at the same time, you know given that this year we've

spent about, let's say INR 135 crores which is about 8.4% of the revenue. So, I would say that you know we don't foresee this going down at this point, maybe in FY26 will continue to maintain this number at 8.4, 8.5%. Basically, a percent increase from what we spent in FY24, but you know this should be funded from the ASP increase also and so we don't see any margin hit with respect to the increase in the brand building initiatives. I hope that answers your question on the AMP.

Priyank Chheda: Yes, it does. And on the non-BIS?

Sanjay Chhabra: Yeah, Priyank, on the non-BIS thing like, we have liquidated a substantial part of the non-BIS inventory during the last financial year and we are still left with a very small tail and if you see a FY24 results wherein we had to take some provisions both on inventory and receivables, I mean as a matter of practice, we don't want to get guided by some regulations like non-BIS but we want to have a firm liquidation plan for any of our slow moving and non-moving inventory beyond certain period let's say greater than one year or greater than nine months. And hence as a guiding principle, we are now sort of allocating 20 to 40 bps for this liquidation budget and that's how we intend to move and this strategy has played well. I mean reflection of that is very much visible in lower inventory levels now we have as a part of working capital hygiene. So irrespective of BIS, non-BISs being there or not, we would continue to focus on liquidating slow moving. Inventory, as a matter of routine and hence take this cost as a part of doing business.

Priyank Chheda: Got it. And just one last question on the can we get a revenue split on D2C Online which is the split of market. How much would have been the sales of marketplace and how much would have been from B2B online. Just a rough ballpark numbers or maybe a growth will also be helpful.

Sanjay Chhabra: I think at the overall level on the investor deck, you can get a revenue split. It is still 52% distribution, 38% online and 10% retail. So that's the kind of split.

Priyank Chheda: Yeah, I was asking within online, how much would have been from B2B online and how much would have been from marketplace?

Sanjay Chhabra: It will be predominantly marketplace. We can take this offline. I mean I don't have readily available.

Priyank Chheda: No problem. Thank you.

Moderator: Thank you. We take the next question from the line of Umang Mehta from Kotak Securities. Please go ahead.

Umang Mehta: Hi, thanks for the follow up. Just on the, I mean related question to previous one. Given that outright sales would have done better this year, as mentioned when Nikhil, would your performance marketing spends would have gone down because last year if I recall they were correct me if I'm wrong, but they were as INR 60 crores. I just wanted to check on that one.

Sanjay Chhabra: You know, eventually a consumer has to reach out to that platform and buy my product. It needs to have certain ratings and hence I need to continue to spend on the performance marketing irrespective of the channel it is. I mean whether it's a pureplay, marketplace or it is through outright business, I need to generate that demand. And hence there would continue to be a performance marketing spend.

Umang Mehta: Understood. And this is the second one was on LFS. So, we've seen a decent 50% + YOY increase in the stores. I mean the banners in. Any revenue growth you can share for that particular channel, is it very high this year?

Sanjay Chhabra: I since it is a very small base, the numbers would look high. Yeah, we have added the Lifestyle and we have added Reliance footprint. But then there has been certain one of the Reliance format of fashion factory has degrown. So, it's a combined mixed bag but net net we have grown in that LFS per say.

Umang Mehta: OK, sure. Thank you so much.

Moderator:

Thank you. That was the last question for today's con call on behalf of campus activity Limited. That concludes this conference. Thank you for joining us. And in case of any further queries, please reach out to Campus Activewear's Investor Relations team at ird@campusshoes.com. You may now disconnect your lines.