

20th August, 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/Madam,

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 13th August 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
Q1 FY'26 Earnings Conference Call
August 13, 2025

Moderator: Good day and welcome to the Campus Activewear Limited Q1 FY'26 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 discussions may contain forward-looking statements that may involve known or unknown risks and uncertainties or other factors. It may be viewed in conjunction with our business that could cause future results, performance or achievements to differ significantly from what 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. Thank you and over to you, sir.

Nikhil Aggarwal: Good evening everyone. Thank you all for joining us today for our Q1 FY'26 Earnings Call.

We reported a revenue of INR 343.3 crores for the quarter, successfully navigating a challenging macro environment and managing two very significant internal transitions. First, stabilizing the operations at our new raw material warehouse, which took longer than anticipated as we consolidated the operations of three warehouses together. Second, the successful implementation of SAP. I am happy to report that the blackout period for SAP was shorter than we anticipated, allowing us to resume normal business operations in the second week of April 2025.

To mitigate potential disruptions during the blackout period, we proactively stocked up the inventories with our channel partners during quarter 4 end to ensure minimum impact on secondary sales in the distribution channel. However, online channel sales got impacted during this transition, resulting in sales loss during the first fortnight. During the quarter, our volume declined by 11.6%, however, the impact was largely offset through higher ASP, higher margin product mix. The decline in volume was driven by muted demand in the online channel and

lower sales of entry price point DIP school shoes, slippers and sandals in the distribution channel. Part of the volume loss of DIP shoes was mitigated through upgrading our consumers to EVA school shoes. The reduction in slippers and sandals volume was primarily in the entry price point segment with lower-than-average margins.

Our revenue grew by 1.4% during the quarter, driven by 8% growth in the distribution channel, 20% growth in the large format stores and partly offset with the transition-led de growth in the online marketplace channels. We focused on driving premium product sales in particular sneakers, which positively impacted our ASPs, which increased by 14.7% Y-O-Y from Rs. 586 in Q1 FY'25 to Rs. 671 during Q1 FY'26. This highlights our commitment to premiumization while ensuring competitive pricing even amidst macroeconomic headwinds. We continued to enhance our product portfolio by launching over fifty new value-for-money styles across men's, women's and children's categories.

These new offerings cater to various family occasions, reflecting our commitment to meeting the diverse needs of our consumer base. Notably, our sneaker category achieved a remarkable 150% growth, we sold 550,000 pairs versus 220,000 pairs last year, reinforcing our dedication to providing stylish, high-quality footwear at accessible prices. We also saw an improvement in our gross margins, which expanded by 210 basis points, Y-o-Y from 53.3% to 55.4%. During the quarter, we hosted our largest-ever distributors meet, SHOECASE 2025, celebrating two decades of shared growth and our commitment to the future. The feedback we received for our latest Focus collection has been overwhelmingly positive, enhancing our growth visibility and raising hopes for demand recovery in the upcoming quarters. I am excited to share that our new digital campaign, 'Aye Bro, Capsule Pro', featuring Siddhant Chaturvedi, has resonated very well with the youth. This campaign showcases the versatility of our flagship Air Capsule Pro collection and has generated a significant interest amongst our target audience.

As we speak, we have further augmented the in-house manufacturing capacities for upper by commencing the production of upper at our Paonta Sahib facility in Himachal Pradesh starting 1st August 2025. This strategic move is expected to bolster our manufacturing efficiency and help us in meeting the peak of demand. We are optimistic about the trajectory moving forward and remain committed to delivering value to all our stakeholders.

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

Sanjay Chhabra:

Thank you Nikhil and good evening everyone and thank you for joining us on Q1 FY'26 Earnings Call for Campus Activewear.

Our operational revenue grew by 1.2% year-on-year to INR 343 crores in Q1 FY'26, largely benefited by higher distribution, which has registered a growth of 8.6% and growth in large format stores, while the online channel had a de-growth of 8%. The company sold

approximately 5.1 million pairs of footwear in Q1 FY'26, down by around 11.6% year-on-year. The average selling price grew by 14.5% year-on-year from Rs 586 per pair to Rs 671 during Q1 FY'26. The gross margins improved from 53.3% during Q1 FY'25 to 55.4% during the current quarter. The improvement in gross margin is largely driven by higher share of premium products, including sneakers, as well as overall cost efficiencies.

Our EBITDA for Q1 FY'26 was INR 55.4 crores. The EBITDA margin stood at 15.9% during the quarter, an improvement of 10 basis points versus last year. PAT stood at INR 22.2 crores during the quarter and PAT margin stood at 6.4%. Drop in PAT margin from 7.4% last year to 6.4% during the current year is driven by higher depreciation on our capacity enhancement related investments in Haridwar and Ganaur during second half of the last year.

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

Moderator: Thank you very much, sir. We will now begin the question and answer session. We have our first question from the line of Gaurav Jogani from JM Financial. Please go ahead.

Gaurav Jogani: Thank you for taking my question. Sir, my first question is in regards to the decline in the online sales. Actually, we lost out the initial part of your commentary because there was a lull. If you can tell us why online sales have declined sharply and how much of this is recoupable in the coming quarters?

Nikhil Aggarwal: Hi, Gaurav. So, actually, in the online sales, two things happened. We basically had a very large transition of the raw material warehouse, which I called out. So, we consolidated three warehouses into one. And this is the largest transition the company has ever made in the history of the organization. Now, the benefit, of course, is going to be immense and we have already started seeing the benefits of this transition from Q2FY26 onwards. But, I mean, there is never honestly a good time to make this transition because the business path also has to run as usual. But we took that call to do it during quarter one, which is like the slower time compared to the season time. So, during this time, while we made very good progress and the distribution channel had enough inventory to get growth, we unfortunately could not supply enough material for the online-led marketplace. And that is where we sort of lost out on the growth over 15 days, I would say. 15 to 20 days, which, Hello. Sorry about this. Did you hear me so far?

Gaurav Jogani: Yes, Sir. I listened to the part that you said that you missed out on sales for fifteen to twenty days. That is where I heard from you last.

Nikhil Aggarwal: Yes. So, that is basically what happened in the online channel. Otherwise, we would have gotten at least higher single-digit growth in the online as well.

Gaurav Jogani: Okay. And you said that, you know, already you are seeing the benefits of the warehouse consolidation. So, if you can highlight what kind of benefit this consolidation is giving you. Are you talking more in terms of a cost side? Are you talking more in terms of better distribution? How is this warehouse consolidation helping you?

Nikhil Aggarwal: Sure. So, this warehouse, so far, we had three warehouses for raw material issuance to basically all the plants and our fabricators. And these three warehouses had a combined capacity of not more than 80,000 pairs a day. Right? And that is the maximum we have ever done from these three. Now, the new warehouse gives us a capacity of, in a mature state and a high-throughput state, we can easily go up to 200,000 pairs a day. So, it is basically doubling of the capacity of the throughput. And what this does is this de-bottlenecks the entire supply chain where we can now comfortably and, we can also do a lot of advanced issuance of the material to the respective plants wherever required.

Gaurav Jogani: Okay. So, basically, it allows you to store a lot more raw material, which you can then give it to the vendors for processing, and then your production can increase effectively. Is that the right understanding?

Sanjay Chhabra: Actually, it adds a lot of bandwidth for us to feed our 60-plus fabricators who, in turn, make up for us throughout the year and also during the peak season when we have a higher demand.

Gaurav Jogani: Sure. Okay. And the last question is with regards to the other expenses line item. I think this quarter we also had a higher ad spend that probably, and plus the negative leverage is impacting the margins. Otherwise, if you look at the overall margin tax of this, would you be confident of at least touching 16% - 17% margin this year, given that, you know, now this, the closure is now behind us and we expect the sales to recoup going ahead?

Sanjay Chhabra: Yes, Gaurav. We continue to aspire to go back to the old days. 17% - 19% is what we have been highlighting always. So, that is what we aspire to achieve.

Gaurav Jogani: Sure. Thank you. That is all from me.

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

Priyank Chheda: Yes. Hi, sir. Thank you. Nice to interact again. But will be sorry to point out. We have been guiding for double-digit growth. We have been guiding for 17% - 19% margins. But we have been waiting also long for that delivery. And then somehow, either it is industry or internal to Campus that the delivery is something which is very consistent. Could you please highlight by when should we actually see what you have been guiding in terms of delivery happening on the P&L also?

Sanjay Chhabra: Hi, Priyank. Yes, you are right on delivery misses on occasion. But if you look at it on a consistent basis and on an annual basis, you will see that there is improvement on the EBITDA margin front. I mean, if you look at full year FY'25 versus FY'24, and if you look at the consistency, we are trying to maintain quarter on quarter. The numbers are there. As I said to answer Gaurav in the earlier question that yes, we aspire to go back to 17% - 19% trajectory. And we are trying to sort of work on all the building blocks which are going to take us there on a sustainable basis. And these transitions, both SAP implementation and consolidating RM warehouse are part of that. I mean, we are always keeping in view one year forward, how we augment the capacities to take care of the future demand growth and these are building blocks. Yes, it is taking a bit of time. I agree with that.

Nikhil Aggarwal: Hi, Priyank.

Priyank Chheda: Hi, Nikhil.

Nikhil Aggarwal: I would just like to add that, like Sanjay clearly pointed out, there has been significant movement. The quarter 4 and quarter 3 last year was very good for the company. And after a long time, we were able to demonstrate that kind of performance. This was a one-off. We also did not honestly anticipate in quarter 1 this kind of time frame for the warehouse consolidation because it was massive, like it was hundreds of crores of inventory which was shifted over a very short period of time, which had to be uploaded into the SAP. And so it was a very complex affair, which we are very proud of, which, you know, it is a tough transition. And honestly, like it opened up a lot of the deep bottleneck, the entire supply chain completely. So, we are very positive for quarter 2 onwards. And we had a good start in quarter 2. So, we are very hopeful of the recovery going forward.

Priyank Chheda: Sure. No, we also hope for that. And we have been well-wishers. What I failed to reconcile is that if we had planned such a large movement, A, we could have guided the consensus or we could have guided the investors in the previous call itself that there would be this disruption. B, on the business front, in the times where industry is struggling for a better sales growth, we cannot afford for fifteen, twenty days of sales loss. I think that could have been also planned well. Just an observation, right? I will come to the second question. The second question is on in the times when there is a 15-20 days disruption, in the times when industry is struggling, we have still continued to invest into the advertisement and promotion. We could not see a decline or a de-growth over there. I am sorry, but I am asking this question again while I asked this question in the last call also. We spent top dollars in terms of percentage revenue when compared to all the other footwear brands that are listed in India. How do we reconcile this for this quarter, for this full year, that ROI getting translated into the revenues? Help me with what is the thought process behind spending such a large amount in advertisement and promotions?

Sanjay Chhabra: Priyank, needless to say that A&P spends always have a lag in terms of realization, in terms of sales. And as we mentioned in the opening remarks, that this de-growth in online was a

channel-specific phenomena, which required a certain set of finished goods. The de-growth was not universal. Like, we have shown a growth in distribution of around 8%, which is pretty decent. And that is what it is all execution-led. And also, it was a part of plan. I mean, we did up stock inventory in Q4. Despite that, we were able to service all the orders post-SAP go live, which resulted into a growth in distribution channels. So, A&P spends are channel-agnostic and of course, the investments are ahead of curve and the impact also comes with, let us say, a quarter lag.

Priyank Chheda: Okay. Hopefully, we will see that.

Moderator: Sorry to interrupt you, Mr. Priyank. May I please request you to rejoin the queue, as there are several participants waiting for their turn. Thank you. We have our next question from the line of Shraddha Kapadia from SMIFS Limited. Please go ahead.

Shraddha Kapadia: Thank you for the opportunity. So, basically, my question is with regards to the ASP. So, we have seen increase in the ASP. So, is there any specific region where there has been more ASP increase, or it is overall which is there? Also, in terms of the consumer buying patterns. So, if you could just give a brief about the recent Q2 demand trends and the consumer buying patterns that would be great.

Nikhil Aggarwal: Sure, Shraddha. Firstly, with respect to the ASP, we have had an excellent response in terms of our sneaker portfolio, number one. Even on the shoes portfolio, the sport shoes as well, which is, you know, so our 1500 plus portfolio share saliency has gone up to all 50% plus for this quarter, which is the highest ever we have done. And so there are two, three reasons for that. One is our disproportionate focus on the sneaker category, which is definitely extremely premium and very high ASP. And that is, again, a reflection of, our commitment to premiumization. And this is on a, actually not a very large base. We have sold just 550,000 pairs of sneakers. So, it is still like scaling up and we have, you know, big plans for this category going forward. Secondly, there was, we did slow down on the lower margin, lower MRP, DIP school shoes and some bit of sandals and slippers, which were not very margin accretive and very, very low value. So, that is one portfolio which we sort of scaled down slightly. And so it is a combination of both. Where we have gained disproportionately on the ASP front.

Shraddha Kapadia: Any regional trends which can be observed?

Nikhil Aggarwal: Not really. It is across. It is across the board. The regional saliency for us is also very similar to the previous quarter. So, no real change in terms of, it is across the board. In terms of, yes, I will just highlight that. The macros were like, okay, they were not like the best in terms of the demand situation. But they were not also too bad. So, we were hoping for, you know, that is why we were able to do even eight or nine percent growth in the distribution. So, but if you look at the other results of the peer set, right, so clearly you can see there is stress in terms of demand. But as a brand, we have been focusing disproportionately on branding and the

premium portfolio and the quality of shoes, right, which is giving us this kind of growth even in this market. So, that is how we are looking at the market right now.

Shraddha Kapadia: Sure, Sir. Just one more question from my end. So, what is the proportion of non-BIS inventory in the system? And do you continue to expect the 20 to 40 basis points of market margin drag for FY'26?

Sanjay Chhabra: Shraddha, the proportion has significantly reduced. And that, again, has started reflecting in our gross margins as well. So, on the one side, there is a ASP increase and on the other side, there is a cost efficiency, which means that now we are getting lower hit in terms of liquidation of non-BIS inventory and all, as compared to same quarter last year and as compared to last quarter as well. So, that has started reflecting on the margins. We do not see much of stress there beyond the range what we have already highlighted in the past.

Shraddha Kapadia: Sure, Sir. That was quite helpful. Thank you so much.

Moderator: Thank you. We have our next question from the line of Umang Mehta from Kotak Institutional Equities. Please go ahead.

Umang Mehta: Hi. Thanks for the opportunity. So, Nikhil, if I were to just, you mentioned that D2C online, if this disruption was not there, then it would have grown by around high single digits, right? So, assuming that this would not have happened, you are saying that your overall sales would have grown in something like 6%, 7%? Is that correct?

Nikhil Aggarwal: Yes, high single digits per month. That is right.

Umang Mehta: Even the company level sales?

Nikhil Aggarwal: At company level.

Umang Mehta: And any color you can share on how June-July have been so that we come to know about how the recent trends are and what to kind of expect going ahead?

Nikhil Aggarwal: Without like diverging into numbers, I can share with you that we have recovered in terms of the sales in July and we expect a decent quarter too. We are basically in line with our budgets, like internal budgets, what we have aligned. So, we do not see any challenge there.

Umang Mehta: Understood. And just a clarification, the 17% to 19% guidance that you gave, that includes your other income, is it? In terms of the EBITDA margin that you have calculated?

Nikhil Aggarwal: Yes.

Umang Mehta: Understood. Thank you so much.

Nikhil Aggarwal: Thank you.

Moderator: Thank you. We have our next question from the line of Sameer Gupta from India Info Line. Please go ahead.

Sameer Gupta: Hi, good evening everyone and thanks for taking my question. So, firstly on the BIS part, just want an update here and this is not on the non-BIS inventory that we have. This is on the overall industry piece. There was an expectation that Campus would be one of the bigger beneficiaries of this disruption that we saw in BIS terms. Now as you see it on the ground, are all the related benefits to this accrued to us already or more can be expected?

Nikhil Aggarwal: Okay. Hi Sameer. So, we have just actually started seeing the benefits to be honest. The benefits are yet to be fully materialized as there is still inventory in the system, non-BIS inventory for all the brands. It is not just limited to us. The regulation says that everyone has to dispose off the inventory before June 2026. So, everyone is taking their time to do that. But that is not really a big issue now with anyone as the overall inventory is, I believe, finite and not that significant. So, the benefit has started coming in but I believe the bulk of it is yet to come.

Sameer Gupta: Got it. And see why I ask is because now with the evolving geopolitical situation with China, first of all, is there a potential for whatever benefits that could have come to even reverse hypothetically or now the ecosystem has changed completely and whatever is done is done and you do not think this situation to reverse?

Nikhil Aggarwal: You mean the BIS to be reversed?

Sameer Gupta: As in let us say if factories outside China start to get approvals etc. Then we will be back to square one, right?

Nikhil Aggarwal: Not really. I mean see they are already getting approvals but they are getting approvals for the MNC brands because they do not really have any manufacturing in India and they are only dependent on China, Vietnam, Indonesia, such countries. So, they are getting very exceptionally approved but for basically our biggest competitor were, two lines of thought here. One is the fake goods, the fake brands that would come into India from China. That was a very big volume that was being brought here and that sort of also disrupted our market so that piece has really shrunk completely more or less. And then there was of course other importers, the non-branded ones. So, on both fronts we have seen significant decline in the imports into the country. So, I do not see any reason why the government would want to reverse this. I mean there are other ways of, I am sure they have better solutions to this, but I think it is a great move. BIS would be very beneficial for the entire industry in terms of even employment generation which we are already seeing the benefits of. And even us like we are

going all out in terms of expansion, right? So, we are also putting up new plants and new facilities and expanding our production. So, clearly, we see a lot of leverage going forward.

Sameer Gupta: Got it. And these fake brands and non-branded importers that you are talking about, they still have a sizable inventory of non-BIS products. That is why the benefits are yet to accrue. Is that in a correct understanding?

Nikhil Aggarwal: There is some definitely. I mean see one is obviously there is a seasonality to it also. We believe that the demand was not that great in quarter one and that is a reflection that you will see in the other results also of other companies. Despite that of course we lost out due to some internal transitions on the online side but the distribution piece has shown growth, right? 8%, 9% growth. So, in the season time of course this will be accelerated and we believe that in the next one or two quarters the benefits will become even more apparent from the BIS.

Sameer Gupta: And there are no fresh imports happening of these fake brands. That is for sure.

Nikhil Aggarwal: I mean if anything is getting done by other means I do not know but like legally yes nothing is getting imported now.

Sameer Gupta: Okay. No worries. And second question if I may on this 15 to 20 day disruption that you mentioned. I am not able to really understand what has happened. So, one, how is it that this disruption is only affecting the online channel? Was it specific to certain SKUs that demand came in on the online marketplace and you could not supply or you could not anticipate stocking up or you know you did not have enough capacity to stock up that much? What exactly happened?

Nikhil Aggarwal: Sure. So, basically you know we firstly had sufficient stock on the distribution side. Of course, there was some disruption on the distribution also but distribution was less affected because they had a healthy inventory base already. On the online side we got impacted mostly on these specific articles which were high movers and the outright sale in the marketplace, right? So, both areas got affected. With respect to because they were already on a lower base of inventory so that is where the impact was more significant.

Sameer Gupta: But you planned to do this so you could have stocked up on those items, right?

Nikhil Aggarwal: So, yes.

Sameer Gupta: If it was an unplanned exercise, yes.

Nikhil Aggarwal: No, you are right. So, basically two big transitions were happening at the same time and the SAP and the warehouse and while we honestly thought that this could have been done in over a week's time but it took much longer, the warehouse transition because of the complexity which we did not really anticipate to take that long. So, it was definitely a miss. I would call it

out that it could have been done slightly better, you know but I mean whatever it is, it is in the past now and we are very hopeful of recovering completely from here on in the balance three quarters.

Sameer Gupta: Got it. That is all from me. All the best for the future.

Nikhil Aggarwal: Thank you.

Moderator: Thank you. We have our next question from the line of Akshay from Fidelity. Please go ahead. Akshay, we will request you to unmute yourself and go ahead with the questions.

Akshay: Yes. Sorry. First question was around the ASP. We have seen a sharp uptick this quarter. I do not know if this is just you know choice of inventory we sold or something that we should see steady state going forward. That is question one. If you could answer that, then I will go to the second one.

Sanjay Chhabra: Yes, Hi, Akshay and Sanjay this side. So, the high ASP is a combination of two things. One is the higher saliency of sneaker portfolio which has a higher MRP range. That saliency or that portfolio has shown a growth of around 150 percent. And then second is the lower sale of slippers, sandals and DIP shoes. So, DIP shoes we are selling, it is an entry level school shoes which was selling at a price point of roughly Rs. 400 which we consciously sort of descaled or scaled down and tried to move consumers to the EVA based sole which is a lighter school shoe but at a higher price point. So, it's a combination of one, the sneaker portfolio and second, the lower saliency of the school shoes, DIP school shoes plus sandals and slippers which was a conscious call on sort of vacating some entry price point which were delivering us less than the average margin. And then going forward, I would say that sneaker, the base which we have formed in this quarter and from here on, there will be a consistent growth quarter on quarter. Of course, we should not be comparing it versus last year but now this 500,000 pairs to 700,000 pairs would become a base for every quarter because our Haridwar II facility is also now up and running at full scale.

Nikhil Aggarwal: So, the ASP may not be as high as this every quarter but it will certainly be,

Sanjay Chhabra: Higher than last year.

Akshay: Okay. Second was just your comments around the disruption. So, from the earlier call, you had mentioned that you had a go live on 4th April. So, that would not really have disrupted the quarter too much, no?

Sanjay Chhabra: Yes, Akshay. So, the disruption here, it was more on account of raw material warehouse consolidation which feeds our five plants and sixty odd fabricators. So, if there is a, I mean, it handicaps us if there is a sudden demand on an article and if I am unable to issue the raw

material for that article, I just cannot mold it and service that demand. And that is where our online channel got impacted. SAP go live was scheduled for 4th. By 7th, all the modules were up and running. By 10th, it was BAU for our largest channel which is distribution. So, the disruption was more on account of backend supply chain which is raw material warehouse.

Akshay: Sure. Just a last thing from my side, more of a suggestion. I mean, we had a call fairly late in May. This disruption on warehousing would have been a known headwind to you. It does not change one, two, three year outlook. But just around the quarter, we were coming off two decent quarters, three decent quarters. We were changing logistics. We did call out, but we did not call out disruptions over there. If there were disruptions, you would have seen the disruptions by May. Just out of good practice, I think you should have just called it out. That is it from my side. Thank you, guys.

Nikhil Aggarwal: Thank you.

Moderator: Thank you. We have our next question from line of Prerna Jhunjunwala from Elara Securities. Please go ahead.

Prerna Jhunjunwala: Thank you for the opportunity. Just wanted to understand the difference between primary sales and secondary sales growth this quarter.

Sanjay Chhabra: Prerna, we had a fair amount of secondary sales growth. I mean, largely reflected in our distribution growth. So, we are working in the key markets. We are working on a sort of replenishment model. The big markets in North and also in West, we have seen a decent secondary sales traction.

Prerna Jhunjunwala: Because we lost 15-20 days of sales that would largely be on the primary side I assume. And hence, just wanted to get clarity whether this would be covered up in the forthcoming quarters.

Sanjay Chhabra: We have been mentioning since the beginning that we have shown a growth in distribution around 8.6%. So, distribution channel, we were able to up-stock the inventory in line with the demand. The disruption impact was not that severe. And that is how we have been able to grow. So, the replenishment thing continued to work. Wherever in distribution, whatever little de-growth is, that is on account of lower sale of school shoes, DIP, sandals and slippers, which again was a conscious call based on those price points and low margin articles.

Nikhil Aggarwal: Just to add here, Prerna, that by the end of the quarter 1, we were able to start building up the stock again. So, the disruption issue is behind us completely. And that is why we were able to see a good momentum July onwards. So, I would say that this issue is past us now.

Prerna Jhunjunwala: Sir, would you like to call out for any positives coming in from preponement of festive season in Q2 this year?

Nikhil Aggarwal: I think it is too early to call that out. I mean, we are of course fully geared up for the season. So, we will see how it goes.

Perna Jhunjunwala: Okay, thank you Sir and all the best.

Nikhil Aggarwal: Thank you.

Moderator: Thank you. We have our next question from the line of Aliasgar Shakir from Motilal Oswal Financial Services. Please go ahead.

Aliasgar Shakir: Thanks for the opportunity. I just wanted to understand the demand outlook. Now, I mean, you did mention that the inventory of non-BIS inventory in the industry has come down quite significantly, which was hurting us. And also, you know, overall macro scenario was also not very great. So, in that backdrop, how do you see now the demand outlook? Also, from a demand driver point of view, you know, distribution side, what steps you have taken and all that. Do you think we should be able to still do our double-digit growth target that we had? Or with this Q1 disruption, I think now that will come down.

Nikhil Aggarwal: Hi, Ali. So, we are absolutely on track with the double-digit guidance. There is no change in that. We have basically been, you know, executing apart from this one issue that we had on the warehouse. We are executing very well on the front-end side. And we are currently doing, we have had a fantastic distributor meet where we have collected orders till basically December. We have a very high visibility of the order pipeline. And even at the secondary level, as currently we are doing the retailers meet, as we speak, they are going on across the country. So, the response is very good on the newer articles and the entire portfolio. The core portfolio is very well accepted. So, we have good visibility. It is all about execution now. And that is basically what we are doing. As, you know, the challenges that were there in terms of the warehouse, we have opened it up completely. So, at least now we have a very good throughput available from the warehouse side. So, we do not see any other challenges in the season.

Aliasgar Shakir: Got it. It is very useful. And on the distribution side, if you can share any insight in terms of the initiatives we are taking to ramp up distribution and new territories that we are planning to add.

Nikhil Aggarwal: So, yes, like I mentioned, I mean, these are all new initiatives. You know, the number of retail meets that we are doing are highest in the country by far by any other brand, by a significant margin. Like I cannot share the numbers, but it is in like over 150 plus retailer meets that are happening across the country. Plus the distributor meet that happened was at a very large scale. So, these are like, you know, industry first initiatives. Nobody else has done this before. And along with that, we are giving them a highly curated portfolio of very, good designs and value proposition is very high as always that we maintained. Plus, you know, we are also launching with some new branding and, you know, which you will see in the coming times in

the season. So, a lot of stuff is happening in terms of brand visibility, marketing, sales front. Of course, in the regions of South and West as well, like we have maintained the momentum. South has also grown for us in quarter one, Y-o-Y right. So, there is a very good execution push at ground level in terms of distribution and that is where you see the growth as well in quarter one.

Aliasgar Shakir: Got it. Just last question on the margin front. So, you mentioned 17% to 19% percent is where you aspire. Can you share timelines? I mean, should we expect this year to achieve that level of margin or else? So, when by when should we expect and what kind of growth do we need to achieve that?

Sanjay Chhabra: Ali, of course, we do plan and the plans are always slightly above what we have already delivered in the last year. So, 17% to 19% is a range, I would say, for a period greater than one year. I would not sort of commit that. Yes, that upper band is what we will be achieving this year. But that is the range we are aspiring. It is a combination of multiple factors. And if everything falls into place, I mean, we can deliver in that range. But definitely, I mean, that range has some building blocks which we are working on.

Aliasgar Shakir: But it should be linear, right? It should not be backhanded, right? We should see linear improvement year-on-year.

Sanjay Chhabra: Yes.

Aliasgar Shakir: Understood very clear. Thank you so much.

Moderator: Thank you. The next question is from the line of Jasmine from VT Capital. Please go ahead.

Jasmine: Hi team, my question is largely on the nearer term. My understanding is that quarter two may have some seasonal impact from the rain plus the inventory disruption as well as the rising ASPs that may have caused a little bit of a slump in the volume as well. So, would it be fair to assume that H2 is when a proper recovery would be seen?

Nikhil Aggarwal: Hi Jasmine. So, we have covered this already. Like quarter two, like I have called out is on track, right. And so whatever that translates into H1 numbers, given how quarter one went. But clearly, like we are on road to recovery and we still have, like I have guided to a double digit growth for this year. We are absolutely on track with that. So, I mean, that is all I can point to here. I mean, there was, of course, abnormal amount of rainfall this year. But I do not see a disruption beyond any point for that. So, it is manageable, and we have been able to do fairly well so far.

Jasmine: Okay. My second question is on the unorganized competition. Do you have anything to call out on that front? And a follow up or a related question on that would be, how is the pricing in the market right now? Is there a lot of price cutting happening in the lower price points?

Nikhil Aggarwal: Yes, that is true. Actually, on the ground, a lot of the unorganized players are, you know, cutting prices a lot. And, there is intense competition on ground. So, I mean, that is where we are taking some steps to mitigate that and, reduce that impact to as low as possible. So, we have also done some schemes and some initiatives have been taken on the front end to push sales. But as long as, you know, we are also obviously monitoring secondary inventories very carefully. So, there is a movement on the secondary side completely. So, basically, the sale is pretty much in line with how we anticipate so far. But yes, there is a push on the ground. There is definitely, quite intense competition at the moment.

Jasmine: Great. Thank you so much. All the best.

Moderator: Thank you. We have our next question from the line of Chirag Shah from White Pine Investment Management. Please go ahead.

Chirag Shah: Thanks for the opportunity. So, two questions. So, first, on this disruption due to warehousing, that consolidation was happening, what kind of volume or revenue you would have lost because of that? Because you would have tried to recoup it in the subsequent period of the quarter. So, either in terms of number of pairs or in any form, you would like to call out?

Sanjay Chhabra: Yes, Chirag. As we mentioned that the impact was there primarily on the online channels, which is roughly 35% saliency. And I mean, had everything been normal and we would have shown a bit of growth there as well. So, it would have an impact of maybe around Rs. 10 crore to Rs. 12 crore of revenue there, which on an overall basis would have added maybe 3%, 4% growth.

Chirag Shah: Great. And just a clarification, you indicated there was a 50% growth in sneakers, if I heard it correctly?

Sanjay Chhabra: Yes, that is right. Versus last year's same quarter.

Chirag Shah: And is this a new trend or last year was more of an abnormality because of the growth?

Sanjay Chhabra: Sorry, we were not very geared up for the sneaker portfolio. We have set up new stitching lines in Haridwar facility mainly to cater to the sneaker segment because that is a trend or that is a category which was evolving and we were late entrants there. That was a gap in our portfolio which we have bridged from H2 of last year.

Chirag Shah: Yes. And last question was on this non-BIS inventory in general or in the system. Based on your understanding, can you call out what is the impact of this either on revenue as well as on

margins either way in general for industry? Because it is a kind of a black box beyond a point and your understanding would be far, far superior than ours.

Sanjay Chhabra: As Nikhil mentioned, the non-BIS inventory is primarily or let us say half of that is nothing but the fakes of the MNC brands which used to get imported from China. So, that has been stopped completely, which would mean that it should result in a demand for the local players. Right. So, that is what it is. And the government giving time to liquidate such inventories till June 2026 means that wherever it is parked, I mean, those channels still have the inventory. And once those inventories are completely exhausted, it would lead to a demand for the local players. And by this time, I mean, since the last one and a half year, if the imports are banned, it is presumed that a large part of that inventory is already liquidated. So, it should translate into the demand. And now it is all a matter of guesswork that how much of that demand will come to campus and how much will go to the unorganized players. And now it is a level playing field for all. And it becomes the execution game for us to try to grab as much share as possible.

Chirag Shah: What I was trying to understand is, if I take FY'25 as a full year base, would it be right that for an organized players like you all, as an industry I'm more referring to, there would be a 5% - 7% impact on revenue coming because of this inventory, of non-BIS inventory? Or it is more impacting you on the margins front because there is more supply and you have to compete in the market as a player. So, how is the impact in your assessment on the financials?

Sanjay Chhabra: It is very difficult to put a number to it. I would only say that it can impact us on the positive side in terms of revenue because the imports have been banned. On the negative front, as a cost, there was a cost of liquidating non-BIS inventory, ASAP, which we have been doing for last, I would say five quarters since the BIS regulation is in place. And like all other players, we are also now left with very little of that stock and hence the cost side impact is very miniscule.

Chirag Shah: So, would it be the right statement that FY'25 margins would be significant, would have a reasonable impact on this and in a sense, it will help us understand how big it could be the impact for FY'25 as a whole I am referring to because there could be quarterly variations, etcetera.

Sanjay Chhabra: It would be very difficult to quote a number.

Chirag Shah: Fair point, sir. Thank you and all the best.

Moderator: Thank you. In the interest of time, we will request all the participants to restrict to one question per participant. So, if you have a follow-up question, we request you to rejoin the queue. We have our next question from the line of Rajesh Agarwal from Money Ore. Please go ahead.

Rajesh Agarwal: Sir, can you through more on the sneaker business? On the higher base of 5 lakh or 7 lakh, can we grow quarter to quarter 25% or nearly 40%? And you said that ASP will not go up. If the sneaker business goes up, ASP should go up from here also, right? These are my questions.

Sanjay Chhabra: Okay, I mentioned earlier, I mean, if you are comparing versus last year, the numbers would look great. But then if we get into a quarter-on-quarter comparison, 5 lakh pairs per quarter is a decent number and from here on, our growth will be normal, let us say 15%, 20%, right?

Rajesh Agarwal: Okay.

Sanjay Chhabra: Saliency we will have for sneakers, and yes, sneaker commands, let us say, Rs. 200-250 ASP difference versus our regular sports shoe category. And hence, to that extent, ASP accretion and margin accretion would get reflected in the numbers.

Rajesh Agarwal: Can you come back again on the last thing? What about the margin? What is the margin accretion?

Sanjay Chhabra: That is what I am saying that to the extent we continue adding sneaker portfolio, it is nothing but premiumization. So, to that extent, the ASP accretion and margin accretion related to that price difference would accrue in our numbers.

Rajesh Agarwal: Can you quantify that will be how much? Rs. 250 or Rs. 300 or whatever?

Sanjay Chhabra: You can put, let us say, 10% growth on my current quarter's numbers. That is what it will grow now.

Rajesh Agarwal: Okay. And our sneaker price begins from what rate, sir? What price do we begin starting range?

Nikhil Aggarwal: It usually begins at Rs. 1,499 and above.

Rajesh Agarwal: Rs. 1,499. Still there is a scope of ASP to increase substantially from here or not? Now we are at Rs. 671 now.

Nikhil Aggarwal: I mean, from the sneaker portfolio, certainly the ASP will grow, right.

Sanjay Chhabra: Rs. 1,499 is the MRP, so our realization will be after the channel margin.

Rajesh Agarwal: Okay Sir. But there is still a scope of ASP increasing, you know?

Sanjay Chhabra: Yes, there is still a scope.

Rajesh Agarwal: So, when we are talking about this guidance, so we are talking about volume growth also and ASP increase also?

Sanjay Chhabra: We are talking about revenue growth and that, I mean, everything is built into that.

Rajesh Agarwal: Understood. Okay. And any other drivers for the growth and margins?

Sanjay Chhabra: Of course, product, sneakers, and from a category perspective, like segment perspective, women's share is another driver. And from a geography perspective, South is the driver.

Moderator: Sorry to interrupt you, Mr. Rajesh. May I please request you to rejoin the queue?

Rajesh Agarwal: Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Yash Kinwalsara, an individual investor. Please go ahead.

Yash Kinwalsara: Hello. Good evening. Can you hear me, sir?

Nikhil Aggarwal: Hi, Yash. Yes, please go on.

Yash Kinwalsara: Sir, actually, I did some groundwork, ground research. I talked to two to three retailers. Sir, what I have noticed is that if you take the, I am talking about sports shoes. If you take the segment from Rs. 500 to Rs. 2,000, then people usually refer Campus, which is good, and congratulations for that. And, Sir, second thing, but if you take a premium segment, which is from about Rs. 2,000 to Rs. 2,500, people are usually tilted to other international brands. So, Sir, my question is that do you have any strategy or are you planning, do you have any framework for branding to gain some market share in higher premium segments?

Nikhil Aggarwal: Sure, Yash. Great question. Yes, that is exactly what we are working on. So, sneaker is one portfolio, which is helping us bridge that gap. And Rs. 2,000 plus onwards, we have a fantastic range of sneakers, which is already there. And, of course, there is a lot more in the pipeline, which is about to get launched. So, that is one big piece of this puzzle, which will help us premiumize Rs. 2,000 and above, right? And, of course, there are some other steps that are being taken as well, which it is a bit too early to share right now on the call. But rest assured, we are working on our Rs. 2,000 plus portfolio very aggressively.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that would be the last question for today. On behalf of Campus Activewear Limited, that concludes this conference. Thank you for joining us. And in case of any further queries, please reach out to the Campus Activewear Investor Relations team at ird@campushoes.com. You may now disconnect your line.