

3<sup>rd</sup> June, 2024

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BSE Limited Corporate Relationship Department 1st Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Mumbai – 400 001 <b>SCRIP CODE: 543523</b>	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 <b>SYMBOL: CAMPUS</b>
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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 28th May 2024 and the same is also available on the Company's website i.e. [www.campusactivewear.com](http://www.campusactivewear.com).

This is for your information and records please.

Thanking you

For **CAMPUS ACTIVEWEAR LIMITED**

Archana Maini  
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by Archana Maini  
Date: 2024.06.03  
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**Archana Maini**  
**General Counsel & Company Secretary**  
**Membership No. A16092**

**Encl: As above**

**Campus Activewear Limited**  
**Q4 & FY24 Earnings Conference Call**  
**May 28, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to Campus Activewear Limited Q4 & FY24 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 touchtone 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 risk, uncertainties and other factors. It must be viewed in conjunction with our businesses that could cause future results, performance or achievements 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 Agarwal – Whole-Time Director & CEO and Mr. Sanjay Chhabra - CFO. I now hand the conference over to Mr. Nikhil Agarwal – Whole Time Director & CEO for his opening remarks.

Thank you and over to you, sir.

**Nikhil Agarwal:** Thank you, Steve. Good evening everyone. I thank you all for joining our Quarter 4 & FY24 Earnings Call today.

As mentioned in our previous calls, we view FY24 as a transitional one. Campus Activewear experienced a robust resurgence in H2 FY24 with a renewed emphasis on expanding its trade distribution network and introducing new products including Campus OG's NitroFly, NitroBoost and Air Capsule styles. The company effectively captured the attention and spending of consumers through strategic investments in branding and launch for new R&D enabled products during H2 FY24. Campus Activewear further widens its presence across India by inaugurating 66 new stores in the western, southern and eastern regions, bringing the total number of exclusive brand outlets to 268 by the end of the year.

In spite of a challenging economic macro, we stayed focused on fortifying our balance sheet strength. The company paid off debts amounting to Rs. 156.5 crores in FY24, reaching a net debt-free status during the year. It gives me immense pleasure to share that Campus Activewear generated the highest ever net operating cash flow of Rs. 264.5 crores in FY24. We also saw a notable reduction in our working capital cycle, cutting it down from 108 days in FY23

to 79 days in FY24, thanks to decreased inventory levels and a deliberate effort to reduce the receivable days. Campus Activewear is dedicated to offering its consumers top-tier global designs and technology in sports and athleisure footwear. Our extensive range of products, variety of color options and commitment to affordability ensures that we meet the growing diverse needs of our consumers. We are committed to strengthening our brand identity by crafting compelling narratives, fostering deep connections with our target consumers. Our ongoing efforts to expand our product range are in line with our aspiration to establish ourselves as India's premier sports and leisure footwear brand. With a robust balance sheet position, the management is determined to grow and enhance Campus Activewear's omni-channel presence, provide outstanding consumer experiences through innovative product offerings, and enhance the customer's campus' recall value as the most preferred sports and athleisure brand amongst Indian households. We are geared to create a long-term value for stakeholders through our distinct integrated business model combined with a strong balance sheet position.

I will now hand it over to our CFO – Mr. Sanjay Chhabra to take you through more details on the Q4 and FY24 performance. Thank you. Over to you, Sanjay.

**Sanjay Chhabra:**

Thank you, Nikhil. Good evening everyone. Thank you for joining us in our Q4 & FY24 earnings call. Looking at the financial year 23-24 in review, our operational revenue stood at Rs. 1,448 crores, lower by around 2.4% year-on-year, successfully navigating the disruption caused by O2O and B2B business channel. Most of the revenue loss from these channels was recovered by the market place business. The company sold approximately 22.2 million pairs in FY24, lower by around 5.6% year-on-year. The average selling price increased by 3.4% from Rs. 631 rupees to around Rs. 652 during the full year FY24. The revenue mix between men and women and children categories stood at 80:20 during FY24, a marginal shift from 81:19, reflecting our efforts to expand the women's category. Our EBITDA for the full year was at Rs. 215.3 crores.

Turning to the balance sheet, as Nikhil mentioned, we have seen a significant decrease in the net debt from around Rs. 180 crores to around Rs. 24 crores as at end of FY24. I'm happy to state that we have achieved the net debt free status in FY24. Our balance sheet remains strong, showcasing strong return ratios with return on capital employed at around 19.2% and return on equity of around 14.9% as of 31st March 24.

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

**Moderator:**

Thank you very much, sir. We will now begin the question and answer session. First question is from the line of Videesha Sheth from Ambit Capital. Please go ahead.

**Videesha Sheth:**

My first question was on the overall demand landscape. So some of the consumer companies have been talking about some uptick in rural. So can you talk about overall demand scenario

including market share trends in each region for the quarter gone by and the current quarter? And in the same context as a follow-up, how are you thinking of premiumization and overall volume growth over the medium term? That would be my first question.

**Nikhil Agarwal:**

Nikhil here. Thanks for your question. So during the quarter, right, so we've seen increase in our North and West business by almost like a 10% increase year-on-year. And the other regions have sort of been flattish, like East and Central and South have more or less been flat. So therefore, we've seen definitely an uptick between these two territories. And this is where we called out last time, as well if you remember, the states of UP, Bihar, and Maharashtra is where we were specifically focusing a lot of energy to revive those states. So I'm happy to share that, especially in these three states, we've seen significant improvement by up to 20%, 14% and 10% respectively. So, rural demand, we have definitely seen a fair share of subdued demand over the year, especially in quarter two and some bit in quarter three. But with our renewed focus towards certain strategies that we have implemented including portfolio optimization. So, as of today, we have basically launched a complete and very comprehensive portfolio of designs catering from all price points starting at 799 going up to as high as 2,999. So we have a very good adequate number of designs and good throughput, and good volumes at each and every price point. So we have made sure that there is no gap in the portfolio which is unaddressed and we have definitely seen good momentum from that strategy coming in. Therefore, we are fairly confident of navigating the rural demand as it may happen in Quarter 4.

**Videesha Sheth:**

Yeah. Alright, so Nikhil, just in that context, do you think the premiumization journey is getting a little delayed as we're focusing on addressing all the right pricing gaps?

**Nikhil Agarwal:**

So, it could be slightly, I mean, so see, we have premiumized a lot over the last 5 years by almost 5% to 6% ASP increase every year, average rate. So the company has premiumized significantly in the last 3-4 years. Given how I would say the last 18 months have gone and clearly we have seen some stress towards premiumization as well, slight stress. So therefore, we've pivoted to the strategy of increasing our economical portfolio as well. That is from 899, basically up to 1000 bucks MRP. So that would definitely give us additional volume. And any margin there would be compensated by additional volume from and create operating leverage. Therefore, we have to navigate the macros as the demand, as the scene commands. So we cannot run our strategy in silo, we have to understand the market dynamics. And they called today for a complete and comprehensive portfolio from the company side.

**Videesha Sheth:**

Got it, very clear. And the second question was on our network. There seems to have been a drastic change in the MBU and distributor network. So the retail reach has increased from 20,000 to 23,000, whereas the distributor reach seems to have been rationalized from 425 to 300. So can you explain what's exactly happened over here?

**Nikhil Agarwal:** So it's just part of the consolidation, like we called out, we've been following up with various strategies in the distribution channel, and therefore, that has resulted definitely in some decent growth this quarter. So we've seen about 7.5% growth in terms of value in our trade channels in Quarter 4. And this is primarily due to these two or three initiatives that we have quite aggressively run. So one is the consolidation of distributors as you pointed out. So one is that and the other is increase in the count of retailers, increase in the count of our own fleet of street, our own salesforce to give better coverage and better serviceability. Along with that, like I mentioned, we've given a full assortment of products at every single price point. And finally, we've also rationalized and optimized the schemes and incentives and made much better, I would say, distributor-friendly policies. So combined with all of these factors, we have seen a decent trend, a decent growth in the distribution channel in quarter four. So largely that consolidation of distributors and increase in retail network is part of the strategy.

**Videesha Sheth:** Okay, and this consolidation, has it been Pan India or restricted to any specific region?

**Nikhil Agarwal:** It's mostly Pan India. It's across depending on the territory, yeah.

**Moderator:** Thank you. The next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

**Umang Mehta:** Nikhil, imports of footwear, we've seen a significant decline in the January-March period. Have you started to see any green shoots already?

**Nikhil Agarwal:** No, so you're right. The imports have certainly declined and this is the news also that we're getting from the channel. But because the BIS norms dictate that we need to upload the non-BIS inventory onto the portal by 1st of August this year, and the government has given time till 1st of June 2025 to liquidate all non-BIS goods, therefore we believe that a lot of, I would say, importers did some loading of inventory early on. Therefore, we will see some bit of liquidation from their end over the year, maybe up till even June next year, but we've been not too really bothered about that because from our side, we have taken adequate measures to make sure that we are fully covered and on track in terms of growth. So, but as of now, to answer your question, we don't see any significant green shoots coming in from the stop of imports. They will certainly come, but maybe in the next 2 or 3 quarters.

**Umang Mehta:** Understood. And the second question was on your other expenses. We've seen a significant decline of around 17% on absolute basis, as it is quite a focus on volume growth. So was there any one-off or a provision reversal during the quarter?

**Sanjay Chhabra:** Hi, this is Sanjay. I'd just like to take that question. Other expenses primarily are a subset of three big buckets. One is our factory overheads plus freight and then the admin SG&A and also the advertisement and promotion spend. So you see dip versus last year it's a combination of again three things. The factory overheads have come down. Primarily, we have realigned our

workforce based on the production requirement for this quarter. Last year same quarter, the production was higher and hence our cost was high. This year we recalibrated that cost. Number two, we did do a front loading of A&P spends in Q3, which is in the season. So this year in Q4, our A&P spends are lower by around Rs. 6 crores. However, on a H2 basis, the spends are higher versus last year. And also the third line, which is online commission, there we got certain rebates during the campaign period. It's a rebate from the platforms. And it was adequately offset to a sort of reduction in the ASP during that campaign period. So it's a line shift. However, on a full bucket basis, we have been able to control back end cost. ANP is a phasing thing. And online commission is driven by campaigns, specific campaigns.

**Umang Mehta:** Understood, very clear. Thanks for that. And just one clarification. So you mentioned trade distribution mix to be 56% in one of your slides. However, if we do that, then your trade distribution revenue goes beyond Rs. 800 crores. So I'm assuming that's a typo, right? Or is the understanding incorrect?

**Nikhil Agarwal:** Could be in certain slides maybe it's including net sales or dispatches so that could be a sort of a placement issue.

**Moderator:** Thank you. The next question is from the line of Mehul Desai from JM Financial. Please go ahead.

**Mehul Desai:** First, as I wanted to understand, you did allude to the fact that trade distribution has grown by 7.5% for the quarter. If you can give the same growth rate number for your D2C online as well as your D2C offline for the quarter?

**Sanjay Chhabra:** Mehul, D2C channel has shown sort of 6% degrowth for the quarter. Distribution has grown, but D2C has degrown. That's again primarily still we are sitting on some of the impact of B2B and O2O channel which has degrown by around 55%, but marketplace has simultaneously grown by 32%. So by and large it did offset. Net-net, our value growth is around 4.7% for the quarter.

**Mehul Desai:** So what is the D2C offline channel growth? I mean, for the quarter?

**Sanjay Chhabra:** D2C offline again is more than 30%. So, I mean, our COCOs and FOFOS have grown up by, in the range of 30%-35%, and large format stores have also grown 40% plus in the quarter.

**Mehul Desai:** And obviously now, how do you see, I mean, if you could give some color on how the April, May month has panned out, are you seeing the moving back to high single digit kind of volume growth? And lastly, how do you see the gross margin and EBITDA margin trajectory for FY25?

**Nikhil Agarwal:** Mehul, as much as we'd like to answer this question, I hope you'll appreciate that we can't comment on any forward-looking statements, but certainly we'll aspire to maintain and grow

the business, certainly from here in terms of growth rate, and certainly maintain the margin profile as well. So we believe the company is definitely back on track with all the right initiatives in place, which are being, you can see it from the balance sheet position, which is the best basically that we've ever seen in the history of the company. And from here on, we're just focusing largely on very fundamental three or four major initiatives across the company on which all the functions are aligned towards, right? So that we materialize them and deliver on growth. So we are fairly confident, but I would not like to comment in terms of numbers here, please.

**Mehul Desai:** And lastly, if you could give the reason for the gross margin compression on Y-o-Y and Q-o-Q basis?

**Sanjay Chhabra:** Yeah, I will just to explain that there are a couple of factors, common factors both for Q-o-Q and Y-o-Y. So as I mentioned that we see in other expenses there is a drop which is primarily driven by lower online commission. During campaigns, we got certain rebates on online commission and we did pass on a part of that through lower ASP for the D2C channel. That has resulted in around 1% lower gross margin. Apart from that, we have taken a one-time NRV hit of roughly Rs. 1.6 crores. So our COGS have gone up to that extent, and that has also resulted in a drop of roughly 40 basis points. So that's roughly 1.5% which is getting reflected both in quarter-on-quarter and Y-o-Y.

**Mehul Desai:** Sorry, this Rs. 1.6 crore, what was it?

**Sanjay Chhabra:** It's an NRV hit, meaning that the net realizable value of some of our articles, over-ageing inventory articles are lower versus the cost. So we have sold certain articles in the subsequent period at a lower than the cost of production, and that has impacted the P&L by Rs. 1.6 crores.

**Moderator:** Thank you. The next question is from the line of Ankit Kedia from Phillip Capital. Please go ahead.

**Ankit Kedia:** Could you please share what is the ASP difference in online versus straight channel? And are we seeing premiumization play out there? Because historic years, we have seen a strong premiumization in online and EBO channels.

**Sanjay Chhabra:** Right, so there has been certain ASP increase in both the channels. We have definitely seen some bit in online as well, but like I shared earlier, we are focusing on a complete portfolio, comprehensive portfolio strategy as of now, going forward, right because this is what the market demands. So there could be slight dip in ASP. I mean, maybe the ASP won't grow at the same pace, but that would be more than offset in terms of the higher volumes that we'll be able to command and that will offset any loss in terms of ASP. So that's basically the strategy as of now going forward, Ankit.

**Ankit Kedia:** So is it fair to assume that now the online channel is going to get an inventory after a few months of offline launch of the comprehensive strategy you are doing or what is the strategy, how do you play that strategy if can just give a little more on that?

**Nikhil Agarwal:** Sure. So portfolio is specific to each channel. So we don't have a common portfolio anymore. There is no conflict, especially between the online and GTM, between GT. So there is a complete segregation of portfolio across all price points between both the channels. EBO, however continues to carry common portfolio because this is company owned stores and we control all the merchandising there. And LFS again is specific to, they have a separate portfolio specific to their needs. So basically we have a complete comprehensive portfolio across every single touch point today across all the channels, across all the price points and categories including not just limited to shoes but we've also increased the salience slightly towards more open as well during seasonal times, right, during the summers. So we need to give higher portfolio in terms of sandals, slippers and school shoes as well. So that's basically the strategy that complete full range across all price points and in decent volumes, right.

**Ankit Kedia:** And given that the current inventory levels are healthy, do you think discounting in the market has got lower in the current season compared to the past by the retailers because the feedback we were getting in the market for past two quarters was that they were undercutting each other because your breadth of retailers have increased and some of them are usually selling it at single digit margins. So now with the distributor consolidation happened, and however the retailer reach has increased. So on the ground, sort of the healthy portfolio, what has led to this kind of growth, which you spoke of in a couple of questions earlier?

**Nikhil Agarwal:** No, so it's not related to, I would say, any sort of discounting. Discounting has become better only, it's gone lower at the ground level in terms of retailers, mainly due to consolidation of distributors. So we have rationalized the margins, we have reassessed the schemes and incentives and the way they have been designed is basically for a win-win situation both from the company's perspective and the partner's perspective. That's the way we are addressing this current issue at hand. And going forward as well, we will continue because the strategy is panned out really well, and we have seen growth coming in from this. We will continue to maintain it. I don't see any challenge in terms of discounting, like we've not gotten that feedback. It's lately become much better, especially after segregation of the online and offline portfolio. We don't hear of over discounting at the moment from the market.

**Moderator:** Thank you. The next question is from the line of Videesha Sheth from Ambit Capital. Please go ahead.

**Videesha Sheth:** Just one small clarification. When you said that there is no discounting in the channel anymore, does that also mean that the channel inventory is largely normalized at the moment?



**Nikhil Agarwal:** No, what I meant is that so a retailer in distribution business, they end up giving at least 10% to 12% average discounts across all geographies. So that is just like the average that we know of. And initially when there used to be conflict, then the discounting became higher when there was conflict between the online and offline trade. So what I meant earlier in my earlier statement was that, that conflict has gone away. Therefore, the discounting have been normalized and have come back to the 10% levels in the distribution business at the retailer level. And therefore, keeping that in mind, we have rationalized and optimized the margin structure across the channel trade now to make sure that discounting does not increase again.

**Videesha Sheth:** Okay, so where does the channel inventory stand as of today? Is it still elevated or now it's largely normalized?

**Nikhil Agarwal:** It is fairly in control. We don't see barring maybe just one or two areas, which is not very concerning. We are fairly comfortable in terms of channel inventory at the moment.

**Moderator:** Thank you. The next question is from the line of Tanmay Gupta from Motilal Oswal. Please go ahead.

**Tanmay Gupta:** Sir, actually our plan was to increase the channel mix from 50:50 versus our trade distribution and D2C. Now, given that the trade distribution channel has been growing faster than D2C, how we look this mix to reach again to 50:50 level?

**Nikhil Agarwal:** Tanmay, we are definitely still very much on the same track in terms of 50:50 split. We are very happy with how the distribution channel has come up in quarter four. And but that does not mean that online channels will not grow. It was just a transient thing this year where online sales got substituted between O2O and marketplace. Therefore, but now that channel has also reached a level of stabilization in terms of the split that happened. And going forward, we will definitely see growth from the online channel as well, which would take us back to 50:50 split.

**Tanmay Gupta:** Understood and the advertisement level will continue to remain higher for that?

**Nikhil Agarwal:** Yes, so we have been trending at about 7% A&P spend this year FY24. We do not foresee any reduction in that at the moment. So we'll probably continue to spend in the range of 6% to 7% for sure.

**Tanmay Gupta:** And sir last on the current environment, so we have seen that the last year was not being very encouraging in the sports category. We have seen a decline in revenue. So is the market still challenging or we are hoping some kind of recovery in the second half or in second quarter?

**Nikhil Agarwal:** It's difficult to comment in terms of the outlook, right? The macro trends at the moment seem normal. I mean, they're not too bad and not too great. They're pretty average. And also, this is really not the main season time for us as a brand. So quarter two, as you know, quarter two is

basically the smallest quarter and followed by quarter one. But certainly, like I mentioned earlier, we made some portfolio adjustments and changes in terms of incorporating a bit more towards economical segment and open category to offset a bit of cyclical and seasonal nature of the business towards quarter one and two as well. So we'll continue with that, but I won't be able to really comment towards the macro side of things how the market pans out.

**Tanmay Gupta:** So North India was basically de-growing versus the other parts of the country. So is that continued to see right now also?

**Nikhil Agarwal:** Not in quarter four. In quarter four, we have grown north by almost 14 odd percent the entire north put together. So we have seen a decent recovery in the North on the distribution side. And therefore, I'm sure we'll continue on that momentum.

**Moderator:** Thank you. The next question is from the line of Ankit Kedia from Phillip Capital. Please go ahead.

**Ankit Kedia:** Sir, one question on margins. Given that the A&P spends will remain at elevated levels and pricing will not tinker much, do you think the steady-state margins now is around 16%-17% for the company instead of 20% in our last 2 or 3 years which we enjoyed?

**Nikhil Agarwal:** So, Ankit, we're coming out of a tough macro situation this year, as we all know, and I would say it's a decent recovery in terms of margin in quarter four. So going forward, certainly we'll aspire to maintain our margins in the range of, I would say, 17% to 19% EBITDA levels that is the aspiration, and even in this quarter four, we've delivered at 18.3. So we are taking whatever initiatives we have to take at the company level in order to maintain these levels, I would say.

**Ankit Kedia:** Sure, my second question is on the EBO business. We are at around 270 EBOs today. Over the next three years, what is the aspiration from the EBO side? One is on the growth, second is on the mix of COCO EBOs?

**Nikhil Agarwal:** So barring FY24, previously we continuously opened about 100 stores on average every year. FY24 is the only year after three years where we've opened slightly lesser number of stores at 67. The reason being mainly because of the macros, the way this year has tended. So we just took a more cautiously optimistic approach and opened lesser number of stores. But going forward, as we see better visibility and I would say, BIS impact also coming in, we would certainly like to get back on track in terms of opening about 80 to 100 stores from FY25 onwards again, most of which would be FOFO. We've been trending at about, I would say, 75:25 FOFO to COCO ratio. So we'll continue probably to trend at that level.

**Ankit Kedia:** And my last question will be on the competitive intensity. While given that the imports have reduced, and probably in a quarter or two, we'll see them reduce further, are you seeing some of the unorganized markets launching their own smaller brands and fueling the market at the

entry-level price points at the lower level? Or you think you continue to gain market share and premiumization is the way forward?

**Nikhil Agarwal:** I wouldn't honestly say premiumization is the way forward for FY25. Like I mentioned earlier, FY25 coming out of a tough macro environment for everyone, especially in the consumer discretionary sector, we will have to be more conducive towards the market environment. And therefore, we've decided to go in for the holistic, comprehensive portfolio approach for FY25. And so I would not really say premiumization could be there, but lower than previous years. But that would definitely be offset by higher offtake of volumes and that would bring in operating leverage and we're not particularly too concerned about the competition at bay because every company has their own strategy and Campus as a brand has been doing really well. The top of mind recall and the brand pull is one of the best in the industry and the category. So we continue to leverage on that position in terms of volume offtake and the category offtake. So we're fairly confident of navigating the competitive landscape.

**Ankit Kedia:** So just a follow up on the competitive landscape, product plays a very critical role in this. Given that you have in-house assembly and now a big part of sole manufacturing and the kind of SKU launches which you have been doing. How important is that and how early is the competition able to copy your products in the market because that will give you a clear edge versus then at obviously affordable price point?

**Nikhil Agarwal:** So we definitely take pride in our supply chain and our integrated supply chain, rather, right, which is one of the largest in the country. So it's not easy for anyone to replicate in terms of the lead time, especially that we offer. This is the shortest, and we still trend at about 60 to 65 days of lead time from, let's say, sourcing to product launch, which is one of the best out there. So for anyone to even copy, firstly, is not that easy anymore because we have been very proactive in terms of protecting our IP and designs. And we have been registering a lot of the designs in real time basis as soon as they, and before the launch. But at the same time, even if somebody does copy, it takes the industry at least 4 to 5 months because our offerings are basically the first time that's being offered to in the country and they are latest in terms of designs and fashion and material science and color combinations. So for anyone to bring all of that in real time, it would take them a few months, at least 4 to 5 months. So we do enjoy that lead time advantage being the category winners in this.

**Sanjay Chhabra:** Yeah, and apart from what you mentioned, copying our designs, the ability to churn more designs every season that also plays a very important role. And having said that, we now focus more on the four large platforms like NitroFly, NitroBoost, OGs, and Air Capsule Pro and we invest all our might or our marketing spend behind those styles and the articles in these particular style or bucket, they have shown a decent amount of throughput in the distribution channel and that's what the focus would be going forward.

**Moderator:** Thank you. The next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

**Umang Mehta:** Nikhil, in past you have shared that on Flipkart, Campus had gained share. Would you have any update and would you be still having access to some of that competitive data on marketplaces? Have you gained share?

**Nikhil Agarwal:** So we don't get that. We don't have that data at the moment, but the strategy that we followed for marketplaces, we have been gaining share across the channels. And both Amazon and Flipkart, which are the largest portals in the country have done very, very well for the brand. Therefore, the marketplace business salience, I would say has gone up across both these platforms, followed by Myntra as well. And so that has basically made up for the loss in terms of the O2O business. So I won't be able to comment on exact numbers, but we have seen a fair share of growth across the three platforms.

**Moderator:** Thank you. The next question is from the line of Lavita Lasrado from Mirae Asset. Please go ahead.

**Lavita Lasrado:** So you mentioned the growth in some of the key regions that we cater to. So do you think we are yet to see recovery in some of the markets? If yes, then which are those markets? And also, what would be our key selling point? Do we see a large aspirational value as compared to the competition at the moment? Thank you.

**Nikhil Agarwal:** Hi, so we do have many pockets of low-lying or low-hanging fruits across the trade channel, especially in the regions of I would like to maintain South and West. North as well, wherever we did lose in terms of a little bit of market share over the last 2-3 quarters, we have significantly recovered in Quarter 4. And South and West do continue to be the priority territories for us. And for those also regions, we have calibrated the portfolio accordingly, which is specific to the territories. And that's the approach we've taken. So these largely would be the focused territories for us. What was your follow-up question on this?

**Lavita Lasrado:** So then second question, I was highlighting is what would be our key selling points from here on and do we see large aspirational value as compared to the competition in our categories?

**Nikhil Agarwal:** Absolutely. Like I mentioned earlier, the brand recall is extremely high. It's the number one top of mind brand. We have been spending north of 6% to 7% for the past few years now in terms of A&P spend. And that is in terms of absolute value, by far the largest in the category. Therefore, we'll continue to invest in terms of marketing and brand building, which will continue to lead towards brand aspiration. And the value for the brand that we offer is basically parallel to none. So certainly, we'll continue to focus on that.

**Moderator:** Thank you. The next question is from the line of Akshen Thakkar from FIL Industry. Please go ahead.

**Akshen Takkar:** Most of my questions have been answered. This is a very basic first principle question. If we think about BIS implementation now, given that it's been delayed and there have been extensions and competition would have had time to source material etc. How do you see BIS implementing your business, let's say, over the next 6 months and then over the next 3 years? That's the only question from my side. Thank you.

**Nikhil Agarwal:** So six months, I would say there could be a little bit of flooding of inventory in terms of non-BIS inventory from a number of brands out there which are out there. But over the long term, we certainly see a lot of value being derived because Jan onwards, all the imports have anyways been stopped. So there is very limited volume as of today or inventory across various brands and in terms of imported goods. So that would obviously have limited days of inventory. So we are not very concerned about, like I said, the next six months, we have a very good strategy which has been panning out really well in terms of we have a very good focus on the non-BIS goods as well and we have brought down the number of days of non-BIS holding significantly in the last, I would say, four to five months, given the focus that we've had month on month. So we're tracking it very closely. We're monitoring the liquidation of this inventory at very, very good prices. Therefore, we are very confident of selling the entire non-BIS inventory much, much ahead of the June 2025 deadline. Therefore, we don't see any short-term impact from the, let's say, flooding of that inventory from other players in the market. But we certainly see a good upside in the long term, over the next 2 to 3 years.

**Akshen Thakkar:** Just one follow up, Nikhil, to that. Last year, year and a half have been challenging for the company, with the macro, with certain D2C businesses not doing well. Given where we are and the pivot in the strategy that we have done, what is your confidence level of getting to, let's say, double digit growth to start with and then a mid-teen kind of growth that, you know, one would have thought a company of your scale size and the industry that you cater to should be possible. I'm not asking you for a guidance. I'm just trying to understand, are you confident that you can get there in a few quarters? Or do you think it's still wait and watch?

**Nikhil Agarwal:** No, sure, Akshen, fair question. So we do have a good visibility in terms of getting there sooner than later. The only question remains again is in terms of macros, as long as they remain stable and not too volatile or too depressed, right? I don't see really much of a challenge from here on, given the new strategy that we've pivoted to. And so fairly confident of getting there.

**Moderator:** Thank you. The next question is from the line of Harsh Shah from Bandhan AMC. Please go ahead.

**Harsh Shah:** Nikhil, you mentioned in your opening remarks that we've taken deliberate attempts to kind of bring down our receivable days. So I just wanted to understand between the D2C and the trade distribution, what are the receivable days now and compared to what they were before?

**Sanjay Chhabra:** Hi, this is Sanjay. We have seen an overall reduction in our receivable days, primarily driven by the shift in channels. So when I talk about distribution, the normal outstanding there is in the range of 45 to 60 days. As far as D2C is concerned, there is, again, a mix of B2B, O2O, and marketplace. So marketplace business normally churns cash faster in terms around 21 to 30 days. Last year we had a major chunk in B2B business as well, which has shrunk to roughly 50%. So that shift in channel from B2B, O2O to marketplace has resulted in a D2C DSO improving by at least 50%. And that's what has got reflected in the overall DSOs. So it's a channel dynamics impact. And as far as the conscious effort from the organization is concerned, we have become more sort of there are robust reviews to ensure that our dues are collected well in time and whatever cash discount and schemes are there, they are like pay for performance mode. So that's what we are driving and that has all resulted in an overall reduction in the receivables or rather overdue receivables.

**Harsh Shah:** Okay, so this is the level which we can expect going ahead as well, right?

**Nikhil Agarwal:** Yeah, if the channel mix continues to be same, we need to understand that it's a sum total of all the channels we are operating and what kind of saliency we have in those respective sub-channels.

**Harsh Shah:** And secondly on ad spend, this quarter the ad spends were low, right? They were declined over the base quarter. So is this more of a timing issue, or is it kind of something else, basically or is it something to do with the channel mix like D2C, I mean, saliency would have come down or?

**Nikhil Agarwal:** No, nothing of that sort. As I mentioned earlier, that ad spends you need to read at a H2 level, that would be more meaningful. Why? Because we did consciously front-ended as far as ad spend is concerned. We overspent in Q3 or other in the season, both in terms of ATL spends, TV, and also the performance marketing. And accordingly, I mean, H2 was sort of recalibrated or it's purely a phasing between two quarters. But overall, if you look at H2, our spends were higher versus last year by roughly around Rs. 10 crores.

**Harsh Shah:** And in our DRHP, given the data of digital spends, there's a proportion of ad spend, right? What would that number be for FY24?

**Nikhil Agarwal:** By digital spend, if you mean the performance marketing spend, that would be roughly around Rs. 60 odd crores.

**Harsh Shah:** Rs. 60 odd crores out of the Rs. 100 crores which you spent this year, right?

**Nikhil Agarwal:** Yes.

**Moderator:** Thank you. The next question is from the line of Umang Mehta from Kotak Securities. Please go ahead.

**Umang Mehta:** Just wondering the split of online in terms of B2B and O2O sales in FY24 and what was that number in FY23? Does that mean how much sales you lost in the online channel?

**Sanjay Chhabra:** That number has come down to half. It was roughly Rs. 300 odd crores last year, which is in the range of Rs. 160 crores this year.

**Moderator:** Thank you. That was the last question for today's concall. 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 Campus Activewear's Investor Relations Team at [ird@campusshoes.com](mailto:ird@campusshoes.com). You may now disconnect your lines. Thank you.