May 22, 2025

To, The General Manager, Department of Corporate Services, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001 **SCRIP CODE: 543523**	To, Manager-Listing Compliance, National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra East, Mumbai – 400051 **SYMBOL: CAMPUS**

Dear Sir/Madam,

Sub: Withdrawal from India ratings of Campus Activewear's Bank Facilities' Ratings

Ref.: Intimation under Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015("Listing Regulations")

Dear Sir,

Pursuant to Regulation 30 of the listing Regulation, we would like to inform you that the company has been informed by India Ratings that they are withdrawing from the bank facilities ratings of Campus Activewear Limited. India ratings is no longer required to maintain the rating as the agency has received the no dues certificate.

Attached is the affirmation letter received from India ratings.

Thanking you,

Yours Sincerely,

For Campus Activewear Limited

Archana Maini
Digitally signed by Archana Maini
Date: 2025.05.22 15:47:36 +05'30'

Archana Maini
General Counsel and Company Secretary
M.NO – A16092

India Ratings & Research
A Fitch Group Company

Title

India Ratings Affirms and Withdraws Campus Activewear's Bank Facilities' Ratings

Brief

India Ratings and Research (Ind-Ra) has taken the following rating actions on Campus Activewear Limited's (CAL) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Fund-based working capital limit	-	-	-	INR2,300	WD	Affirmed and withdrawn*
Non-fund-based working capital limit	-	-	-	INR220	WD	Affirmed and withdrawn*
Term loan#	-	-	31/03/206	INR270	WD	Withdrawn

*Affirmed at 'IND AA-'/Stable/'IND A1+' before being withdrawn

#Ind-Ra is no longer required to maintain the rating as the agency has received the no dues certificate.

Analytical Approach

Ind-Ra continues to take a standalone view of CAL for the rating purpose.

Detailed Rationale of the Rating Action

The affirmation reflects the sustained premiumisation of CAL's portfolio, its strengthening brand presence, its healthy scale of operations, and the likelihood of the company sustaining the same over FY25-FY26. The rating action also reflects the company's consistently robust credit profile, healthy EBITDA margins, strong cash-generating ability and reducing dependence on external debt. However, the ratings are constrained by intense competition and evolving designs in the industry.

Ind-Ra is no longer required to maintain the ratings, as the agency has received a request for withdrawal of ratings from the issuer and no-objection certificate for the fund-based and non-fund-based working capital limits and no-dues certificate for the term loan. This is consistent with Ind-Ra's Policy on Withdrawal of Ratings.

List of Key Rating Drivers

Strengths

- Strong credit metrics
- Healthy revenue growth in current year, likely to sustain

- Healthy EBITDA margins likely to sustain
- Strengthening brand presence

Weaknesses

- Intense competition; evolving designs

Detailed Description of Key Rating Drivers

Strong Credit Metrics: Despite a slight moderation in the profitability in 9MFY25, CAL's credit metrics remained strong due to lower dependency on external debt and efficient management of working capital cycle. The net leverage (net debt + lease/EBITDA) improved to 0.5x in 9MFY25 (FY24: 0.7x, FY23: 1.2x) and interest coverage (EBITDA/Interest expense) improved to 13.8x (9.1x, 8.8x). The debt of INR2278 million in 9MFY25 (FY24: INR1,778 million, FY23: INR3,350 million) consisted entirely of lease liabilities (INR1,535 million, INR1,542 million). Healthy profit generation, moderate capex and better working capital cycle management in 9MFY25 have reduced the company's reliance on working capital limits. Ind-Ra expects the credit metrics to remain robust in the near-to-medium term, with the company likely to achieve a net cash position and interest coverage exceeding 15x, supported by growth in the absolute EBITDA and the absence of any major debt-funded capex plans.

Healthy Revenue Growth in 9MFY25; Likely To be Sustained: Despite a decline in the average selling prices**,** CAL reported healthy revenue growth in 9MFY25, with its income rising by about 10% yoy to INR11,872 million (FY24: INR14,483 million; FY23: INR14,843 million), largely driven by an increase in sales volumes. The average selling price was lower in FY25 largely on account of a shift in the product mix, with an increase in the sales of sandals and flip-flops in 1QFY25 because of rising temperatures in north India. Ind-Ra expects the company's revenue to have increased by 6%-8% yoy in FY25.The scale of operations is likely to see continued improvement over the medium term, backed by the management's sustained focus towards scaling up of business volumes through product premiumisation and augmenting the company's market share by opening its exclusive stores and increasing the share of business through online sales. Ind-Ra expects the revenue to range between INR16,500 million-17,000 million in FY26. Sustained improvement in the scale of operations amid stiff competition from players in the unorganised market would remain a key monitorable.

EBITDA Margins likely to Remain Healthy: The EBIDTA margins remained healthy but moderated slightly to 14.5% in 9MFY25, (FY24: 14.6%, FY23: 17.1%), largely on account of higher advertisement expenses, which increased to 9.2% of the revenue (7.5%, 6.3%). The advertisement expenses increased because of a rise in performance marketing expenses to capture higher share of online sales, wherein realisations are quick. To further strengthen the EBIDTA margins, the company has set up a backward integration unit for manufacturing of uppers (all parts of the shoe above the sole) at its own factory premise at Haridwar. This would reduce procurement of uppers from the external market by about 10% and has further reduced the number of finished goods and raw material warehouses for better absorption of fixed costs, which is likely to strengthen the EBIDTA margins over the medium term. Ind-Ra expects the EBIDTA margins to hover between 15%-16% in FY26 and over the medium term. Sustained improvement in EBIDTA margins amid continued improvement in the scale of operations, leading to sustaining of key credit metrics, would remain a key monitorable.

Strengthening brand presence: CAL continues to strengthen its brand presence by continuously increasing its exclusive brand outlets and expanding its presence in the online segment. The company has taken several initiatives across all segments in target customer groups. The brand already benefits from a healthy presence in northern India and is now focusing on expanding in other regions as well. In addition to social media engagement, the company has been running an extensive TV campaign along with vast out-of-home coverage.

CAL's advertisement and marketing-related expenditure increased to 9.2% of the revenue during 9MFY25 (FY24: 7.5%, FY23: 6.3%, FY22: 6.2%). Ind-Ra expects the same to constitute 7%-8% of the revenue over the medium term. The higher spends are likely to enhance the group's brand building initiatives and help in competing with its established peers.

Intense Competition; Evolving Designs: The company's growth prospects continue to be impacted by increasing competition from several unorganised players, evolving footwear designs and changing fashion. However, regular interactions with customers and rigorous monitoring of inventories have been helping the company mitigate these risks. The group faces competition from established brands, and hence, increasing the market share remains key to its growth.

Liquidity

Adequate: CAL has sanctioned fund-based limits of INR2,300 million. The average utilisation of the fund-based facility was 3% for 12 months ended February 2025. The unencumbered cash balances stood at INR1,446 million at 9MFYE25 (FY24: INR248 million). The ash flow from operation remained positive and increased to INR2,426 million in FY24 (FY23: INR954 million) due to sustained healthy EBITDA and efficient management of the working capital cycle. CAL does not have any debt repayment obligations for FY26 and FY27, as the company has repaid its entire term debt obligations in 3QFY25

The company incurred capex of only INR453 million in FY24 (FY23: INR687 million, FY22: INR343 million), towards the purchase of moulds and regular maintenance for plant and machinery and fit-outs for exclusive stores. The management does not have any major capex plans for the medium term, apart from regular maintenance.

Rating Sensitivities

Not applicable

Disclosures for CE Rating

Disclosures for Provisional Rating

ESG Issues

Any Other Information

Not applicable

About the Company

CAL commenced commercial operations as Ankit International in August 2015. The company is a part of the Hari Krishan Agarwal group of companies within the larger Action Group, which has been in the footwear business for over three decades. Previously, the group had three entities: Nikhil International, Kabeer Textiles Private Limited and Ankit International. In March 2017, the entire business of Nikhil International and Kabeer Textiles was transferred to CAL, which did not have any significant operations prior to this transfer. On 7 February 2020, Ankit International was converted into a private limited company, named Campus AI. Effective September 2022, Campus AI has merged with CAL.

Key Financial Indicators

Parameters	9MFY25	FY24	FY23
Revenue (INR million)	11,872	14,483	14,843
EBITDA (INR million)	1,721	2,108	2,535
EBITDA margin (%)	14.5	14.6	17
Net leverage (x)	0.5	0.7	1.2
Interest coverage (x)	13.8	9.1	8.8
Source: CAL, Ind-Ra			

Applicable Criteria

- Evaluating Corporate Governance
- Short-Term Ratings Criteria for Non-Financial Corporates
- Corporate Rating Methodology
- The Rating Process

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook				
				6 May 2024	20 October 2023	24 March 2023	17 November 2022	21 July 2022
Issuer Rating	Long-Term	-	-	-	WD	IND A+/Positive	IND A+/Positive	IND A+/Positive
Term loan	Long-term	INR270	WD	IND AA-/Stable	-	IND A+/Positive	IND A+/Positive	IND A+/Positive

Fund-based working capital limits	Long-term/Short-term	INR2,300	WD	IND AA-/Stable/IND A1+	-	IND A+/Positive/IND A1+	IND A+/Positive/IND A1+	IND A+/Positive/IND A1+
Non-fund-based working capital limits	Long-term/Short-term	INR220	WD	IND AA-/Stable/IND A1+	-	IND A+/Positive/IND A1+	IND A+/Positive/IND A1+	IND A+/Positive/IND A1+

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based working capital limit	Low
Non-fund-based working capital limit	Low
Term loans	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

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SOLICITATION DISCLOSURES

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ABOUT INDIA RATINGS AND RESEARCH

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has six branch offices located at Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad and Kolkata. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.