

CMP: INR 262

Rating: BUY

Target Price: INR 419

Stock Info

BSE	543523
NSE	CAMPUS
Bloomberg	CAMPUS:IN
Reuters	CAMU.NS
Sector	Footwear
Face Value (INR)	5
Equity Capital (INR cr)	153
Mkt Cap (INR cr)	7,988
52w H/L (INR)	372/ 215
Avg Daily Volume (in 000')	872

Shareholding Pattern %

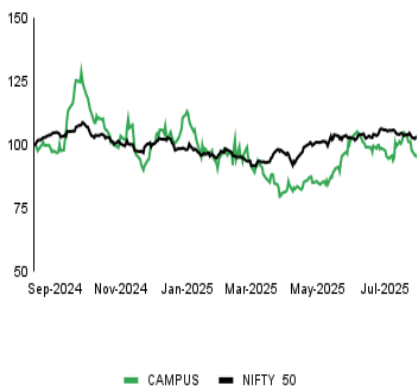
(As on March 2025)

Promoters	72.13
FII	6.67
DII	11.79
Public & Others	9.41

Stock Performance

(%)	1m	3m	12m
Campus	(10)	4.4	(9.1)
Nifty 50	(1.9)	0.17	1.99

Campus Vs Nifty 50



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Campus Q1FY26 revenue stood at INR 3,433 Mn, broadly stable YoY but down 15.3% QoQ, reflecting seasonal softness and tepid demand. Despite a decline in topline, gross margin expanded both sequentially and annually, supporting a 4.4% YoY increase in gross profit. However, higher employee costs and lower fixed-cost absorption drove a sharp 31.0% QoQ and 4.7% YoY EBITDA decline, with margins compressing to 14.35%. Sequentially lower operating profit coupled with a higher effective tax rate led to PAT coming in at INR 222 Mn, down 36.6% QoQ and 12.5% YoY, with PAT margin at 6.47%.

Demand Outlook & Guidance: Despite Q1 challenges, the company reaffirmed its double-digit revenue growth guidance for FY26, citing a robust order book and strong retailer engagement. Early Q2 trends indicate a recovery, with July sales aligning with internal budgets. Management remains optimistic about potential pre-festive demand.

Channel-Wise Trends: Distribution channel sales grew 8.6% YoY, aided by strong inventory availability, and large format stores posted a healthy 20% growth. In contrast, online marketplace sales declined 8% due to supply issues during the warehouse migration. Without this disruption, management believes online growth could have been in the high single digits.

Outlook and Valuation: We reiterate our BUY rating with a target price of INR 419, based on DCF methodology. The company remains confident of delivering double-digit growth from Q2 FY26 onwards, supported by strong momentum in its premiumization strategy, led by over 150% growth in sneakers, an expanded high ASP portfolio, and deeper distribution reach through record scale distributor and retailer engagements, unlocking higher supply chain capacity and efficiency. Management expects further tailwinds from BIS-led import restrictions curbing unorganized and counterfeit competition, alongside continued gains in gross margin from a richer product mix, with medium-term EBITDA margin aspirations of 17–19%.

Y/E March (INR Bn)	FY24	FY25	FY26E	FY27E
Sales	14.5	15.9	18.2	21.0
Sales Gr. (%)	-2.4	10.0	14.1	15.4
EBITDA	2.1	2.4	2.9	3.5
Adj. PAT	0.9	1.2	1.3	1.5
EBITDA Margin (%)	14.6	15.3	16.0	16.5
Adj. EPS (INR)	2.9	4.0	4.2	4.8
EPS Gr. (%)	-23.6	35.5	6.2	12.9
BV/Sh. (INR)	21.3	24.8	29.0	33.8
Net D:E	0.4	0.3	0.1	0.0
RoE (%)	13.7	16.0	14.5	14.1
RoCE (%)	12.5	14.3	12.7	12.5
P/E (x)	104.9	77.4	72.9	64.6
EV/EBITDA (x)	45.7	39.6	32.8	27.4
EV/Sales (X)	6.6	6.1	5.3	4.5
FCF Yield (%)	2.2	0.7	1.2	1.5

Source: Company Filings & Arihant Capital Research

INR Cr (Consolidated)	Q1FY26	Q4FY25	Q1FY25	Q-o-Q	Y-o-Y
Net Revenue	343.27	405.71	339.16	-15.39%	1.21%
Raw Material Costs	155.79	195.88	159.50	-20.47%	-2.33%
Gross Profit	187.48	209.83	179.66	-10.65%	4.35%
<i>Gross Margin</i>	<i>54.62%</i>	<i>51.72%</i>	<i>52.97%</i>	<i>290bps</i>	<i>164bps</i>
Employee costs	32.15	30.48	28.68	5.48%	12.10%
Other Expenses	106.06	107.90	99.24	-1.71%	6.87%
EBITDA	49.27	71.45	51.74	-31.04%	-4.77%
<i>EBITDA margin</i>	<i>14.35%</i>	<i>17.61%</i>	<i>15.26%</i>	<i>-326bps</i>	<i>-90bps</i>
Other Non-Operating Income	6.14	5.29	2.27	16.07%	170.48%
Depreciation	20.12	22.77	16.24	-11.64%	23.89%
EBIT	35.29	53.97	37.77	-34.61%	-6.57%
Finance costs	4.91	6.36	3.68	-22.80%	33.42%
PBT	30.38	47.61	34.09	-36.19%	-10.88%
Tax Expense	8.18	12.58	8.71	-34.98%	-6.08%
<i>Effective tax rate</i>	<i>25.00%</i>	<i>26.42%</i>	<i>25.55%</i>	<i>-142bps</i>	<i>-55bps</i>
PAT	22.20	35.03	25.38	-36.63%	-12.53%
<i>PAT margin</i>	<i>6.47%</i>	<i>8.63%</i>	<i>7.48%</i>	<i>-217bps</i>	<i>-102bps</i>
EPS (INR)	0.73	1.15	0.83	-36.52%	-12.05%

BIS Regulation Tailwinds: Management sees the BIS regulations, aimed at curbing imports of fake and non-compliant footwear, as a long-term positive. While some non-BIS inventory remains in the market, benefits are expected to ramp up over the next 1–2 quarters as it is cleared. These regulations have already significantly reduced imports of counterfeit goods from China.

Strategic Priorities: Campus Activewear is doubling down on its INR 2,000-plus sneaker portfolio to capture market share from international brands. Growth efforts are also focused on South and West India, as well as expanding the women’s footwear segment.

Premiumization & Product Mix Shift: The company continued its premiumization strategy, with sneaker sales surging 150% YoY to 5.5 lakh pairs. High-value products priced at INR 1,500 or above made up more than half of the sales volume. Lower-margin entry-level categories were scaled down, supporting gross margin expansion by 210 bps to 55.4%. Sneakers also carry an INR 200–INR 250 higher ASP than regular sports shoes, which should help sustain margins.

Volumes fell 11.6% due to muted online demand and a conscious reduction in low-margin products such as entry-level school shoes, slippers, and sandals. However, this was largely offset by a 14.5% increase in ASP to INR 671, supported by a richer product mix and strong growth in sneakers.

Warehouse & SAP Transition Impact: The quarter was disrupted by the consolidation of three raw material warehouses into a single, high-capacity facility and the implementation of SAP. The new warehouse can handle up to 200,000 pairs per day, more than double the earlier throughput, removing supply chain bottlenecks. However, the transition caused 15–20 days of online sales disruption in April, costing an estimated INR 10–12 crore in revenue, while distribution channel sales remained largely unaffected due to pre-stocked inventory.

Consolidated Income Statement- Y/E March (INR Mn)	FY24	FY25	FY26E	FY27E
Revenue from Operations	14,483	15,930	18,181	20,988
Change (%)	-2	10	14	15
Raw Materials	6,955	7,673	8,727	9,969
GROSS PROFIT	7,528	8,257	9,454	11,019
Margin (%)	52	52	52	53
Employees Cost	1,015	1,190	1,273	1,469
Other Expenses	4,405	4,632	5,272	6,086
Total Expenditure	5,420	5,822	6,545	7,556
% of Sales	37.4	36.5	36.0	36.0
EBITDA	2,108	2,435	2,909	3,463
Margin (%)	14.6	15.3	16.0	16.5
Depreciation	721	755	1,012	1,273
EBIT	1,387	1,680	1,896	2,190
Margin (%)	10	11	10	10
Finance costs	232	188	214	293
Other Income	45	147	34	39
PBT bef. EO Exp.	1,200	1,639	1,716	1,936
Total Tax	306	428	429	484
Tax Rate (%)	25.0	26.1	25.0	25.0
Reported PAT	894	1,212	1,287	1,452
Adjusted PAT	894	1,212	1,287	1,452
Change (%)	-23.6	35.5	6.2	12.9
Margin (%)	6.2	7.6	7.1	6.9
Consolidated Balance Sheet- Y/E March	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,526	1,527	1,527	1,527
Total Reserves	4,990	6,038	7,325	8,777
Net Worth	6,517	7,565	8,852	10,304
Total Loans	2,667	2,805	4,383	4,437
Lease Liability	1,535	1,982	1,752	1,807
Capital Employed	9,183	10,370	13,235	14,741
Gross Block	7,099	8,502	9,906	11,310
Less: Accum. Deprn.	2,650	3,430	4,443	5,716
Net Fixed Assets	4,448	5,072	5,463	5,594
Right to use assets	1,437	2,141	1,496	1,581
Capital WIP	201	344	38	38
Total Investments	0	368	795	795
Curr. Assets, Loans&Adv.	5,566	6,250	8,448	10,048
Inventory	3,963	3,798	3,228	3,687
Account Receivables	1,183	1,480	1,743	2,013
Cash and Bank Balance	215	174	2,679	3,550
Loans and Advances	206	798	798	798
Curr. Liability & Prov.	2,292	3,287	3,014	3,440
Account Payables	2,002	3,261	2,391	2,731
Other Current Liabilities	272	4	602	687
Provisions	18	22	22	22
Net Current Assets	3,274	2,964	5,434	6,607
Deferred Tax assets	309	346	346	346
Other Assets	1,153	1,621	1,196	1,398
Appl. of Funds	9,184	10,370	13,235	14,741
Consolidated Cash Flow Statement- Y/E March	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	1,200	1,639	1,716	1,936
Depreciation	721	755	1,012	1,273
Interest & Finance Charges	232	188	214	293
Others	282	-54	-716	0
Direct Taxes Paid	-350	-428	-429	-484
(Inc)/Dec in WC	559	385	459	-505
CF from Operating incl EO	2,645	2,485	2,257	2,513
(Inc)/Dec in FA	-745	-1,846	-1,254	-1,254
Free Cash Flow	1,900	639	1,003	1,259
CF from Investments	-745	-1,846	-1,254	-1,254
Issue of Shares	98	-163	0	0
Inc/(Dec) in Debt	-1,565	-243	1,808	0
Interest Paid	-99	-51	-75	-149
Lease installemnt	-359	-222	-231	-239
CF from Fin. Activity	-1,925	-680	1,502	-388
Inc/Dec of Cash	-25	-41	2,505	871
Opening Balance	240	215	174	2,679
Closing Balance	215	174	2,679	3,550

Source: Annual Report, Arihant Capital Research

Ratios- Y/E March	FY24	FY25	FY26E	FY27E
Basic (INR)				
EPS	2.9	4.0	4.2	4.8
Cash EPS	5.3	6.4	7.5	8.9
BV/Share	21.3	24.8	29.0	33.8
DPS	0.0	0.0	0.0	0.0
Valuation (x)				
P/E	104.9	77.4	72.9	64.6
Cash P/E	58.1	47.7	40.8	34.4
P/BV	14.4	12.4	10.6	9.1
EV/Sales	6.6	6.1	5.3	4.5
EV/EBITDA	45.7	39.6	32.8	27.4
Dividend Yield (%)	0.0	0.0	0.0	0.0
FCF per share	6.2	2.1	3.3	4.1
Return Ratios (%)				
RoE	13.7	16.0	14.5	14.1
RoCE	12.5	14.3	12.7	12.5
RoIC	12.5	13.7	15.3	17.0
Working Capital Ratios				
Fixed Asset Turnover (x)	2.0	1.9	1.8	1.9
Asset Turnover (x)	1.6	1.5	1.4	1.4
Inventory (Days)	140	135	135	135
Debtor (Days)	38	35	35	35
Creditor (Days)	105	100	100	100
WC (Days)	73	70	70	70
Leverage Ratio (x)				
Current Ratio	2.4	1.9	2.8	2.9
Interest Cover Ratio	6.0	8.9	8.8	7.5
Net Debt/Equity	0.4	0.3	0.1	0.0

Source: Annual Report, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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