

CMP: INR 275

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)	8,423
52w H/L (INR)	337/ 215
Avg Daily Volume (in 000')	644

Shareholding Pattern %

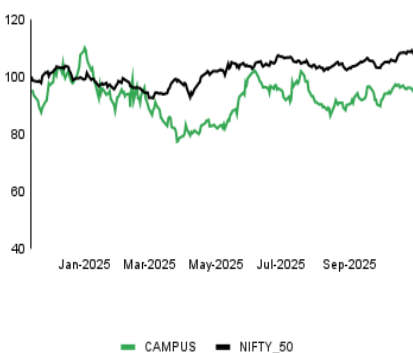
(As on Sept 2025)

Promoters	72.13
FII	5.99
DII	11.82
Public & Others	10.06

Stock Performance (%)

	1m	6m	12m
Campus	(3.7)	10.3	(6.3)
Nifty 50	2.6	3.8	8.3

Campus Vs Nifty 50



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Campus Activewear Limited achieved strong financial results for Q2 FY26, reporting a 16% YoY growth in operating revenue, totaling INR 387 crores, largely fueled by a robust 20% growth in the distribution channel. During this period, the company's PAT surged by 40%, amounting to INR 20 crores, and the PAT margin improved by 90 bps to 5.1%. EBITDA for the quarter reached INR 55 crores, corresponding to an EBITDA margin of 14%, which represents an improvement of 140 bps versus the previous year. The average selling price also grew by 8% YoY to INR 672 per pair, supported by the premium segment (INR 1500+ price point), whose saliency increased from 45.2% to 57.2% YoY. The balance sheet reflected strength, noting an improvement in net working capital days to 82 days, along with a ROCE of 16.6% and ROE of 18%.

Premiumization Driving ASP and Margin Expansion: The premium segment (above INR 1500 price point) showed significant growth with saliency improving from 45.2% to 57.2% YoY, leading to an ASP increase of INR 50 in Q2. This premiumization, combined with selective price corrections, has driven gross margins improvement to 53.9%, up from 52.8% last year, powering EBITDA margin expansion by 140 bps to 14%.

Women and Kids Category Growth: The women's category now constitutes 16.2% of revenue (up from 14.2%), supported by new product launches and a brand ambassador partnership (Kriti Sanon), signaling a strategic focus on broadening demographics and tapping high-growth segments. The kids' category contributes 4-5%, indicating additional growth avenues.

Outlook and Valuation: We reiterate our BUY rating with a target price of INR 419, based on DCF methodology. The company maintains a positive outlook for FY26, expecting sustained double-digit revenue growth driven by strong momentum in its premiumization strategy and expanded women's segment. The company is focused on leveraging GST-driven demand, enhancing distribution strength, and completing capacity expansion at Pant Nagar. The company targets an EBITDA margin of around 16-17%, supported by operational efficiencies and a premium product mix. They are confident that ongoing brand investments and supply chain improvements will fuel long-term profitable growth.

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)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
Net Revenue	386.61	343.27	333.29	12.63%	16.00%
Raw Material Costs	180.42	155.79	158.81	15.81%	13.61%
Gross Profit	206.19	187.48	174.48	9.98%	18.17%
<i>Gross Margin</i>	<i>53.33%</i>	<i>54.62%</i>	<i>52.35%</i>	<i>-128bps</i>	<i>98bps</i>
Employee costs	34.18	32.15	29.23	6.31%	16.93%
Other Expenses	122.11	106.06	107.08	15.13%	14.04%
EBITDA	49.90	49.27	38.17	1.28%	30.73%
<i>EBITDA margin</i>	<i>12.91%</i>	<i>14.35%</i>	<i>11.45%</i>	<i>-145bps</i>	<i>145bps</i>
Other Non-Operating Income	5.15	6.14	3.43	-16.12%	50.15%
Depreciation	21.91	20.12	17.55	8.90%	24.84%
EBIT	33.14	35.29	24.05	-6.09%	37.80%
Finance costs	6.19	4.91	4.45	26.07%	39.10%
PBT	26.95	30.38	19.60	-11.29%	37.50%
Tax Expense	6.88	8.18	5.30	-15.89%	29.81%
<i>Effective tax rate</i>	<i>25.00%</i>	<i>25.00%</i>	<i>27.04%</i>	<i>0bps</i>	<i>-204bps</i>
PAT	20.07	22.20	14.30	-9.59%	40.35%
<i>PAT margin</i>	<i>5.19%</i>	<i>6.47%</i>	<i>4.29%</i>	<i>-128bps</i>	<i>90bps</i>
EPS (INR)	0.66	1.15	0.47	-42.61%	40.43%

Capacity Expansion with Advanced Technology: Significant capex is underway with a focus on augmenting upper manufacturing capacity at the new Pant Nagar factory, integrating state-of-the-art, largely automated technology comparable to Chinese and Vietnamese MNC producers. This capex roadmap over three years aims to support premium portfolio growth, supply chain control, and further margin expansion.

Distribution Channel Strength and Inventory Management: The company maintains a disciplined inventory level of around 100 days at distributor channels, ensuring alignment between primary and secondary sales and avoiding channel stuffing. This strategy supports stable volume growth and efficient working capital management despite GST-driven seasonal disruptions.

Improving Offline and Direct-to-Consumer Channel Mix: Offline D2C growth, particularly from Largest Format Stores, is accelerating with an increase in store count, complementing stable EBO growth. This channel diversification supports sales stability and improved consumer connect.

Export Market Entry and Margin Upside Potential: The company is strategically developing export markets with a brand-led GTM approach in countries like Sri Lanka and Morocco, leveraging India's cost advantage over China. Although nascent, exports are expected to be a higher margin and growth-accretive segment in the medium term.

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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