

Campus Activewear | BUY

Strong performance; right moves: Outlook positive

Revenue for Campus grew 12% YoY (3% ahead of estimates) led by healthy volume growth of 8% and ASP growth of 3% in 4Q. Trade distribution/Online D2C channel grew 10%/24% YoY while Offline D2C channel registered a decline of 12%. Premium products' share is increasing with sneakers category registering 150% YoY growth; overall contribution of INR 1,050-and-above products increased by ~5% to 78%. Operational performance has been better vs. our estimates with EBITDA margin expanding ~10bps YoY to 17.6% despite a sharp increase in ad spends. Working capital has reduced significantly by ~37 days in FY25 led by lower inventory days, and it is expected to sustain at current levels. The management did highlight some slowdown in Metro and Tier1 towns; however, it expects the overall growth momentum to continue improving gradually. The company also highlighted that it has managed to gain market share in 4Q vs. peers. The management's efforts in the form of (i) channel and reach expansion, (ii) backward integration, warehouse consolidation, and SAP implementation to improve the supply chain, (iii) increased focus towards brand building, and (iv) shift towards a more market place model vs. outright earlier will help to drive growth along with steady margin expansion. We largely maintain our FY26-27 EPS (Pre-IndAS) estimates and maintain BUY with an unchanged target price of INR 340, based on 50x EPS (Pre Ind AS 116) Mar-27.

- **Performance ahead of estimates; EBITDA margin largely flat despite GM expansion:** Net revenue increased 12% YoY to INR 4.1bn (3% above JMFe). EBITDA increased 12% YoY to INR 715mn (9% above JMFe) as EBITDA margin expanded ~10bps YoY to 17.6% (JMFe: 16.6%) led by ~190bps expansion in gross margin to 51.7% (JMFe: 51.2%) offset by ~170bps YoY higher opex. PAT increased 7% YoY to INR 350mn (4% above JMFe) as interest and depreciation rose 58%/22% YoY despite 109% YoY increase in other income. The company declared final dividend of INR 0.3/share and total dividend of INR 1/share for FY25. Depreciation was higher by INR 20mn due to impairment, while higher rental payments for warehouse and new factory led to higher interest cost.
- **FY25 performance:** Net revenue grew 10% YoY to INR 14.5 bn. EBITDA increased 16% YoY to INR 2.4 bn as EBITDA margin expanded ~70bps YoY to 15.3% despite ~20bps gross margin contraction to 51.8% due to ~130bps lower other expenses partially offset by ~50bps YoY higher employee expense. PAT increased 35% YoY to INR 1.2bn largely led by 19% lower interest expense and 3.2x growth in other income. Net cash stood at INR 245mn in FY25 vs. INR 5 mn in FY24. Net working capital days reduced by 37 days in FY25 to 114 largely led by 37 days reduction in inventory days to 185.
- **Higher growth registered in online channel; Volume/ASP grew 8%/3%YoY:** Volume in 4Q grew by ~8% YoY to 6.2mn pairs while ASP grew by ~3% YoY to INR 658/pair. ASP for FY25 declined ~2% YoY due to (i) higher sales of socks and accessories and open footwear, and (ii) liquidation of some non-BIS inventory. Trade distribution and D2C online sales grew ~10%/24% YoY, while D2C offline sales declined by 12% YoY. D2C Online mix expanded ~360 bps YoY to 34.6%.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	14,359	15,793	18,106	20,440	22,892
Sales Growth (%)	-2.3	10.0	14.6	12.9	12.0
EBITDA	2,108	2,435	3,033	3,599	4,147
EBITDA Margin (%)	14.6	15.3	16.6	17.5	18.0
Adjusted Net Profit	894	1,212	1,602	2,004	2,312
Diluted EPS (INR)	2.9	4.0	5.2	6.6	7.6
Diluted EPS Growth (%)	-23.8	35.4	32.2	25.1	15.4
ROIC (%)	12.4	14.0	17.1	20.4	21.5
ROE (%)	14.9	17.2	19.6	21.1	20.8
P/E (x)	97.3	71.8	54.3	43.4	37.7
P/B (x)	13.4	11.5	9.9	8.5	7.3
EV/EBITDA (x)	42.0	36.5	28.8	24.1	20.8
Dividend Yield (%)	0.0	0.4	0.5	0.6	0.7

Source: Company data, JM Financial. Note: Valuations as of 29/May/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	340
Upside/(Downside)	19.2%
Previous Price Target	340
Change	0%

Key Data – CAMPUS IN

Current Market Price	INR285
Market cap (bn)	INR87.1/US\$1.0
Free Float	28%
Shares in issue (mn)	305.3
Diluted share (mn)	305.4
3-mon avg daily val (mn)	INR176.3/US\$2.1
52-week range	372/210
Sensex/Nifty	81,633/24,834
INR/US\$	85.5

Price Performance

%	1M	6M	12M
Absolute	16.9	0.2	-3.6
Relative*	14.9	-2.1	-12.8

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Quarterly performance (INR mn)

	Quarterly			Chg (%)	Chg (%)	Q4FY25E		Reported		Chg (%)
	Q4FY24	Q3FY25	Q4FY25	YoY	QoQ	JMe	Chg (%)	FY24	FY25	YoY
Net operating revenues	3,639	5,148	4,057	12	(21)	3,950	3	14,483	15,930	10
Cost of materials	(1,824)	(2,531)	(1,959)	7	(23)	(1,928)	2	(6,955)	(7,673)	10
Gross profit	1,815	2,617	2,098	16	(20)	2,022	4	7,528	8,257	10
Employee costs	(272)	(306)	(305)	12	(0)	(316)	(3)	(1,015)	(1,190)	17
Other expenses	(904)	(1,490)	(1,079)	19	(28)	(1,050)	3	(4,405)	(4,632)	5
EBITDA	639	822	715	12	(13)	657	9	2,108	2,435	16
Other income	25	37	53	109	43	36	45	45	147	224
Interest expense	(40)	(43)	(64)	58	48	(41)	56	(232)	(188)	(19)
D&A	(186)	(189)	(228)	22	20	(199)	14	(721)	(755)	5
PBT	438	626	476	9	(24)	453	5	1,200	1,639	37
Provision for taxes	(110)	(162)	(126)	NA	(22)	(118)	7	(306)	(428)	40
PAT	328	465	350	7	(25)	336	4	894	1,212	35
Extraordinary items	-	-	-			-		-	-	
PAT after EO items	328	465	350	7	(25)	336	4	894	1,212	35
Recurring EPS (INR/share)	1.1	1.5	1.1	7	(25)	1.1	4	2.9	4.0	35
% of net operating revenues										
Gross margin (%)	49.9	50.8	51.7	185 bps	87 bps	51.2	51 bps	52.0	51.8	-15 bps
EBITDA margin (%)	17.6	16.0	17.6	5 bps	164 bps	16.6	98 bps	14.6	15.3	73 bps
Cost of materials	50.1	49.2	48.3	-186 bps	-88 bps	48.8	-52 bps	48.0	48.2	14 bps
Employee cost	7.5	5.9	7.5	5 bps	157 bps	8.0	-48 bps	7.0	7.5	45 bps
Other expenditure	24.9	28.9	26.6	174 bps	-235 bps	26.6	1 bps	30.4	29.1	-134 bps
Income tax rate (% of PBT)	25.2	25.8	26.4	121 bps	60 bps	25.9	NA	25.5	26.1	59 bps

Source: Company, JM Financial

Exhibit 2. We broadly maintain our FY26-27 Pre-Ind AS EPS estimates

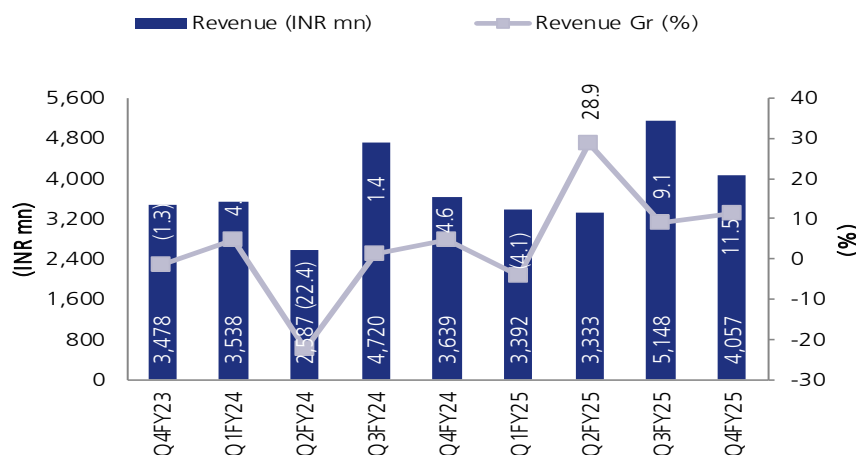
	FY26E			FY27E		
	Revised	Earlier	Chg (%)	Revised	Earlier	Chg (%)
Revenues (INR mn)	18,262	18,476	(1.2)	20,616	21,068	(2.1)
EBITDA (INR mn)	3,033	3,056	(0.7)	3,599	3,667	(1.9)
EBITDA (%)	16.6	16.5	7 bps	17.5	17.4	5 bps
PAT (INR mn)	1,602	1,642	(2.4)	2,004	2,038	(1.7)
EPS (INR)	5.2	5.4	(2.4)	6.6	6.7	(1.7)
Pre IND AS						
EBITDA (INR mn)	2,584	2,631	(1.8)	3,078	3,175	(3.1)
EBITDA (%)	14.1	14.2	-9 bps	14.9	15.1	-14 bps
PAT (INR mn)	1,680	1,645	2.1	2,061	2,058	0.1
EPS (INR)	5.5	5.4	2.1	6.7	6.7	0.1

Source: Company, JM Financial

Key highlights from concall

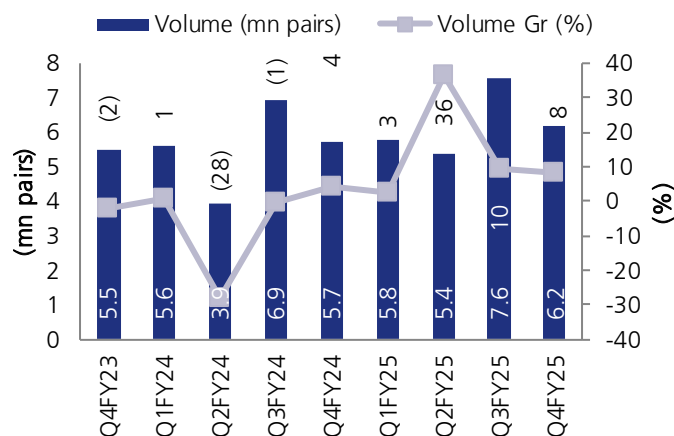
- **Demand:** North, East and West performed well while South and Central registered flattish growth. Salience of Metro and Tier 1 region has slightly reduced due to subdued consumer demand. The company gained some market share in 4Q despite the muted demand scenario. UP is a dominant market for the company, and it is seeing demand traction back in the market. Secondary sales have largely remained in line with primary sales as inventory levels with the distributors have remained largely the same vs. previous year at ~100-110 days.
- **Online segment:** Higher premium contribution in the online segment has led to growth in ASP in the online segment while volume growth has remained subdued in the segment in FY25.
- **Price hike:** The company hiked prices in 4QFY24 in the open footwear segment and generally takes it by the end of the season, which also helps it to maintain the margins.
- **BIS:** Liquidation of Non-BIS inventory has been a bit slow vs. the company's expectation of liquidating it by end-Mar'25. The liquidation has resulted in 20-40bps margin impact in FY25, and it is expected to have a similar impact in FY26.
- **Revenue mix:** Regional share stood at 40%/20%/8%/24%/8% for North/East/South/West/Central region. The contribution of open footwear increased in FY25 to 15.2% vs. 14.2% in FY24. The sneaker category registered ~150% growth, contributing 8.5% to overall revenue in FY25. Contribution of Men/Women/Kids remains largely similar YoY in FY25 to 80%/13.5%/6.5%. The company expects to increase the salience of women's in the overall mix in FY26.
- **Advertisement expense** grew ~25% YoY to INR 1.4 bn in FY25, which is higher than the guidance of 7-7.5% of sales in FY25. The company has spent disproportionately higher towards advertisements vs. its peers; but this will not impact margins as the company will fund it through increasing ASP. Higher ad spends has led to increased brand awareness for the company across geographies.
- **Haridwar facility** is now completed and is ready to contribute to production from 1QFY26.

Exhibit 3. Revenue grew 12% YoY to INR 4.1bn



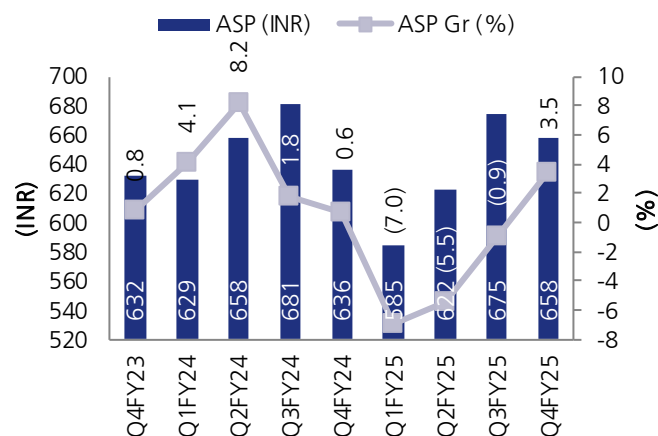
Source: Company, JM Financial

Exhibit 4. Volume grew 8% YoY to 6.2mn pairs



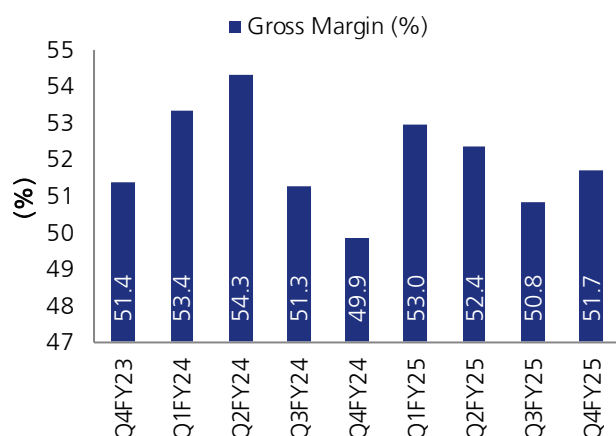
Source: Company, JM Financial

Exhibit 5. ASP grew ~4% YoY to INR 658 per pair



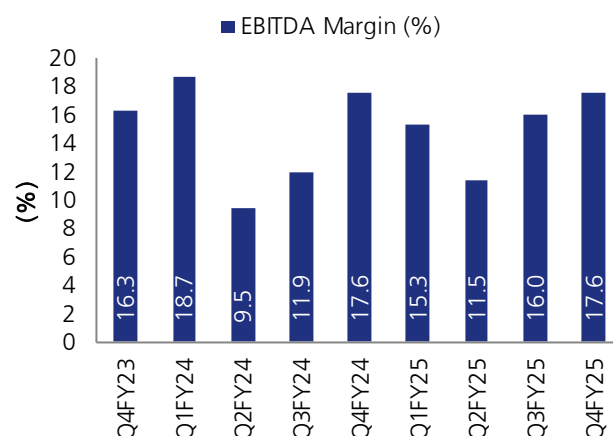
Source: Company, JM Financial

Exhibit 6. Gross margin contracted ~190bps YoY to 51.7%



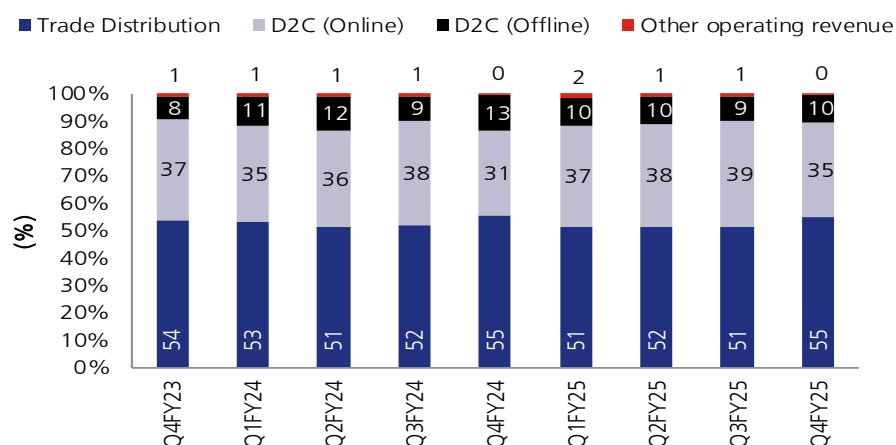
Source: Company, JM Financial

Exhibit 7. EBITDA margin expanded only ~10bps YoY to 17.6%



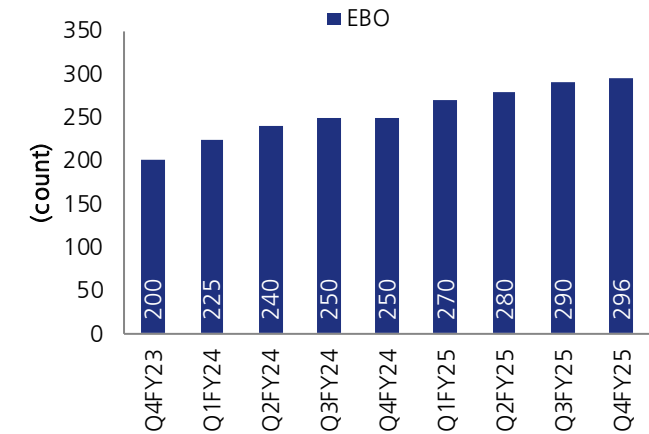
Source: Company, JM Financial

Exhibit 8. D2C online mix expanded 400bps YoY to 35%



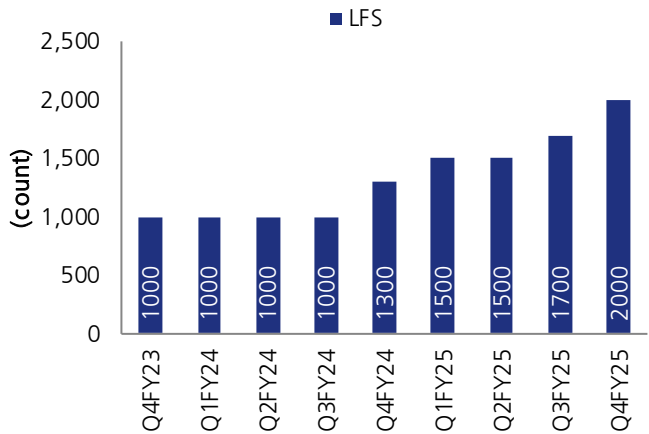
Source: Company, JM Financial

Exhibit 9. Added 6 EBOs to take total to 296



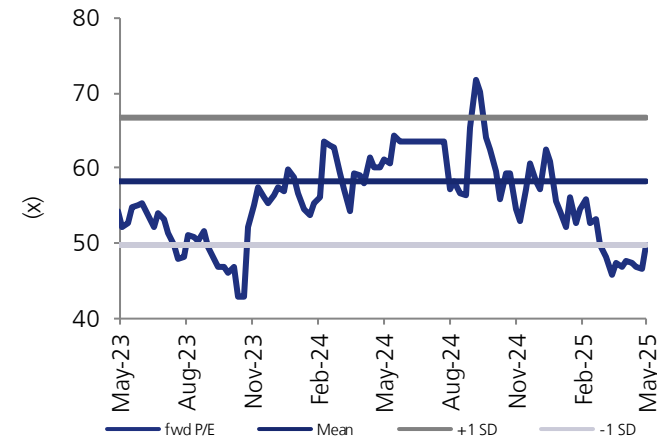
Source: Company, JM Financial

Exhibit 10. LFS count increased by 300 to 2,000



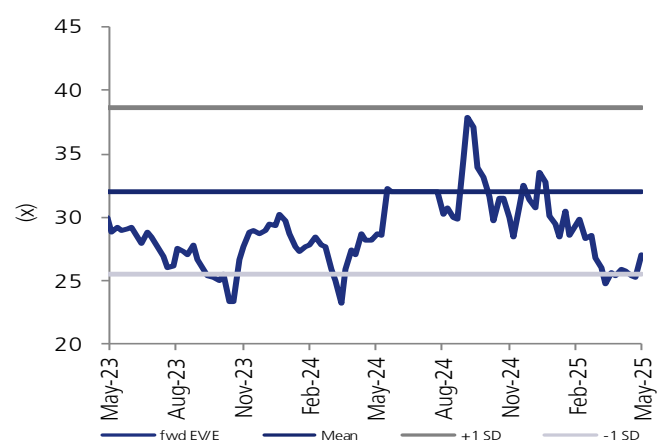
Source: Company, JM Financial

Exhibit 11. 1-year forward P/E (x)



Source: Bloomberg

Exhibit 12. 1 year forward EV/EBITDA (x)



Source: Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	14,359	15,793	18,106	20,440	22,892
Sales Growth	-2.3%	10.0%	14.6%	12.9%	12.0%
Other Operating Income	124	136	156	176	198
Total Revenue	14,483	15,930	18,262	20,616	23,089
Cost of Goods Sold/Op. Exp	6,955	7,673	8,727	9,811	10,965
Personnel Cost	1,015	1,190	1,313	1,472	1,637
Other Expenses	4,405	4,632	5,190	5,735	6,340
EBITDA	2,108	2,435	3,033	3,599	4,147
EBITDA Margin	14.6%	15.3%	16.6%	17.5%	18.0%
EBITDA Growth	-16.9%	15.5%	24.5%	18.7%	15.2%
Depn. & Amort.	721	755	860	932	1,044
EBIT	1,387	1,680	2,173	2,666	3,103
Other Income	45	147	238	298	327
Finance Cost	232	188	260	275	327
PBT before Excep. & Forex	1,200	1,639	2,150	2,690	3,103
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,200	1,639	2,150	2,690	3,103
Taxes	306	428	548	686	791
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	894	1,212	1,602	2,004	2,312
Adjusted Net Profit	894	1,212	1,602	2,004	2,312
Net Margin	6.2%	7.6%	8.8%	9.7%	10.0%
Diluted Share Cap. (mn)	305.3	305.4	305.4	305.4	305.4
Diluted EPS (INR)	2.9	4.0	5.2	6.6	7.6
Diluted EPS Growth	-23.8%	35.4%	32.2%	25.1%	15.4%
Total Dividend + Tax	0	305	397	519	611
Dividend Per Share (INR)	0.0	1.0	1.3	1.7	2.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,200	1,639	2,150	2,690	3,103
Depn. & Amort.	721	755	860	932	1,044
Net Interest Exp. / Inc. (-)	187	41	23	-23	0
Inc (-) / Dec in WCap.	560	304	795	-370	-492
Others	327	110	0	0	0
Taxes Paid	-350	-498	-525	-672	-781
Operating Cash Flow	2,645	2,352	3,303	2,556	2,875
Capex	-447	-588	-724	-807	-893
Free Cash Flow	2,198	1,764	2,578	1,749	1,982
Inc (-) / Dec in Investments	-356	-1,057	0	0	0
Others	58	100	238	298	327
Investing Cash Flow	-745	-1,546	-487	-509	-566
Inc / Dec (-) in Capital	98	23	0	0	0
Dividend + Tax thereon	0	-214	-397	-519	-611
Inc / Dec (-) in Loans	-1,565	-243	0	0	0
Others	-458	-413	-449	-521	-548
Financing Cash Flow	-1,925	-847	-846	-1,040	-1,159
Inc / Dec (-) in Cash	-25	-41	1,970	1,007	1,150
Opening Cash Balance	273	286	245	2,215	3,223
Closing Cash Balance	248	245	2,215	3,223	4,373

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,517	7,565	8,770	10,255	11,956
Share Capital	1,526	1,527	1,527	1,527	1,527
Reserves & Surplus	4,990	6,038	7,243	8,728	10,429
Lease Liabilities	1,535	2,323	2,750	3,178	3,690
Minority Interest	0	0	0	0	0
Total Loans	243	0	0	0	0
Def. Tax Liab. / Assets (-)	-311	-346	-346	-346	-346
Total - Equity & Liab.	7,984	9,542	11,174	13,087	15,300
Net Fixed Assets	2,302	2,504	2,641	2,824	3,018
Gross Fixed Assets	3,882	4,495	5,220	6,027	6,920
Less: Depn. & Amort.	1,781	2,335	2,922	3,546	4,246
Capital WIP	201	344	344	344	344
ROU Assets	1,437	2,141	2,485	2,851	3,239
Investments	0	0	0	0	0
Current Assets	6,917	8,061	10,057	11,919	14,078
Inventories	3,963	3,798	4,543	4,973	5,558
Sundry Debtors	1,183	1,480	1,488	1,680	1,881
Cash & Bank Balances	248	245	2,215	3,223	4,373
Loans & Advances	582	1,657	724	818	893
Other Current Assets	941	880	1,086	1,226	1,373
Current Liab. & Prov.	2,672	3,164	4,008	4,507	5,035
Current Liabilities	2,002	2,261	2,989	3,360	3,755
Provisions & Others	670	903	1,020	1,147	1,279
Net Current Assets	4,245	4,897	6,049	7,412	9,044
Total - Assets	7,984	9,542	11,174	13,087	15,300

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	6.2%	7.6%	8.8%	9.7%	10.0%
Asset Turnover (x)	1.7	1.7	1.7	1.6	1.6
Leverage Factor (x)	1.4	1.3	1.3	1.3	1.3
RoE	14.9%	17.2%	19.6%	21.1%	20.8%

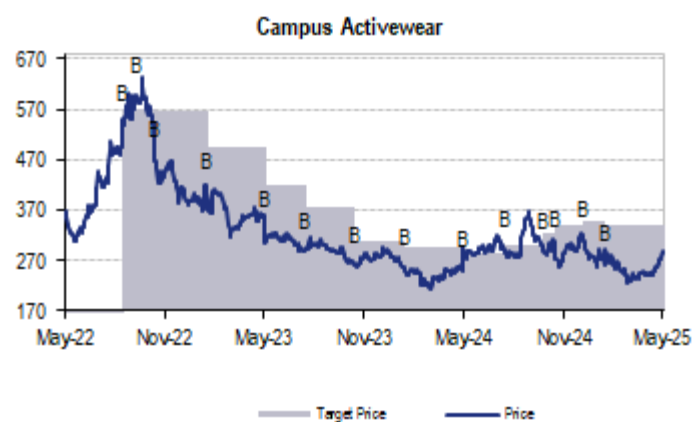
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	21.3	24.8	28.7	33.6	39.1
ROIC	12.4%	14.0%	17.1%	20.4%	21.5%
ROE	14.9%	17.2%	19.6%	21.1%	20.8%
Net Debt/Equity (x)	0.2	0.3	0.1	0.0	-0.1
P/E (x)	97.3	71.8	54.3	43.4	37.7
P/B (x)	13.4	11.5	9.9	8.5	7.3
EV/EBITDA (x)	42.0	36.5	28.8	24.1	20.8
EV/Sales (x)	6.1	5.6	4.8	4.2	3.7
Debtor days	30	34	30	30	30
Inventory days	100	87	91	88	88
Creditor days	50	52	60	59	59

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
12-Sep-22	Buy	570	
7-Oct-22	Buy	570	0.0
11-Nov-22	Buy	565	-0.9
14-Feb-23	Buy	495	-12.4
30-May-23	Buy	420	-15.2
11-Aug-23	Buy	375	-10.7
10-Nov-23	Buy	310	-17.3
10-Feb-24	Buy	295	-4.8
28-May-24	Buy	285	-3.4
12-Aug-24	Buy	300	5.3
22-Oct-24	Buy	325	8.3
12-Nov-24	Buy	340	4.6
2-Jan-25	Buy	350	2.9
11-Feb-25	Buy	340	-2.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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