

CMP: INR 307

Rating: BUY

Target Price: INR 436

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)	9,284
52w H/L (INR)	372/ 213
Avg Daily Volume (in 000')	91

Shareholding Pattern %

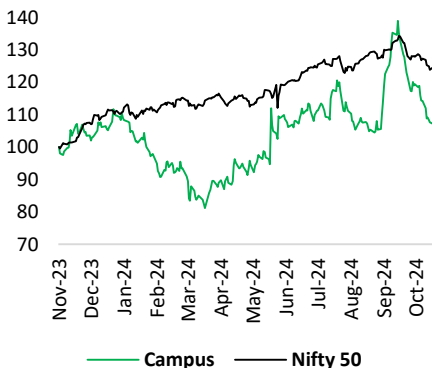
(As on September 2024)

Promoters	73.87
FII	5.67
DII	11.81
Public & Others	8.66

Stock Performance

(%)	1m	3m	12m
Campus	(3.8)	4.1	14.9
Nifty 50	(3.3)	(0.9)	23.6

Campus Vs Nifty 50



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Campus reported a performance ahead of industry headwinds with beats across all parameters. Revenue was up 28.85% YoY to INR 3,333 Mn (-1.73% QoQ), beating our estimate of INR 2,716 Mn. EBITDA was up 55.99% YoY to INR 382 Mn (-26.23% QoQ), beating our estimate of INR 299 Mn by. EBITDA Margin expanded 199bps YoY to 11.45% (-380bps QoQ), beating our estimate of 11%. PAT was up to 143mn vs INR 3 Mn in Q2FY24 (-43.66% QoQ), beating our estimate of INR 91 Mn by 83.5%.

ASP dilution from Non- BIS inventory liquidation: ASP at INR 622 vs INR 658 per pair in Q2FY24. About 1% of this decline was from liquidation of non- BIS inventory by 25% during the quarter. This also ate into the margins for this quarter. Non- BIS inventory will be done away with by FY25.

Capex plan: The company will commence capacity expansions at Ghaziabad and Haridwar, with around INR 35 Cr investment focusing on sneaker production.

Store network expansion: They added 9 new stores in Q2, five of which were conversions from franchise to company-owned.

New Product Launches and expanding store presence: They launched a successful new product placement drive, with top articles now in over 80% of the distribution network. This quarter the company also introduced 87 new styles, including sneakers. They have also enhanced presence in large-format stores and lifestyle stores, and partnerships with Reliance Footprint.

Marketing Investments remain high: This quarter they signed on new brand ambassadors and launched the 'Move Your Way' campaign, targeting the youth demographic. A&P spends were 1% higher this quarter, in an attempt to prepare for the upcoming festive demand.

Outlook and Valuation: We maintain our BUY rating with a TP of INR 436 based on a DCF valuation. We foresee higher operating leverage and increased margins in H2FY25 due to a broader revenue base. The liquidation of remaining non- BIS inventory should also scale up margins post FY25. With continuous NPDs, we expect them to scale profitability with premiumization.

Y/E March (INR Bn)	FY23	FY24	FY25E	FY26E	FY27E
Sales	14.8	14.5	16.0	18.3	21.4
Sales Gr. (%)	24.3	-2.4	10.8	14.3	16.5
EBITDA	2.5	2.1	2.2	2.7	3.2
Adj. PAT	1.2	0.9	1.0	1.0	1.3
EBITDA Margin (%)	17.1	14.6	14.0	14.5	15.0
Adj. EPS (INR)	3.8	2.9	3.1	3.4	4.1
EPS Gr. (%)	-8.0	-23.6	6.3	9.3	21.2
BV/Sh. (INR)	18.1	21.3	24.5	27.9	32.0
Net D:E	0.6	0.4	0.1	0.1	0.0
RoE (%)	21.2	13.7	12.7	12.2	12.9
RoCE (%)	18.2	12.5	11.2	10.8	11.4
P/E (x)	80.1	104.9	98.7	90.3	74.5
EV/EBITDA (x)	38.2	45.7	42.2	35.5	29.3
EV/Sales (X)	6.5	6.6	5.9	5.2	4.4
FCF Yield (%)	0.6	2.0	2.1	0.7	1.1

Source: Company Filings & Arihant Capital Research

INR Cr (Consolidated)	Q2FY25	Q1FY25	Q2FY24	Q-o-Q	Y-o-Y
Net Revenue	333	339	259	-1.73%	28.85%
Raw Material Costs	159	160	118	-0.43%	34.49%
Gross Profit	174	180	141	-2.88%	24.11%
<i>Gross Margin</i>	<i>52.35%</i>	<i>52.97%</i>	<i>54.35%</i>	<i>-62bps</i>	<i>-200bps</i>
Employee costs	29	29	24	1.92%	22.05%
Other Expenses	107	99	92	7.90%	16.19%
EBITDA	38	52	24	-26.23%	55.99%
<i>EBITDA margin %</i>	<i>11.45%</i>	<i>15.26%</i>	<i>9.46%</i>	<i>-380bps</i>	<i>199bps</i>
Other Income	3	2	0	51.10%	679.55%
Depreciation	18	16	18	8.07%	-2.93%
EBIT	24	38	7	-36.33%	252.12%
Finance costs	4	4	6	20.92%	-31%
PBT	20	34	0	-42.51%	5197.30%
Tax Expense	5	9	0	-39.15%	10500%
<i>Effective tax rate %</i>	<i>27.04%</i>	<i>25.55%</i>	<i>13.51%</i>	<i>149bps</i>	<i>1353bps</i>
PAT	14	25	0	-43.66%	4368.75%
<i>PAT margin %</i>	<i>4.25%</i>	<i>7.43%</i>	<i>0.12%</i>	<i>-319bps</i>	<i>412bps</i>
Basic EPS (INR)	0.47	0.83	0.01	-43.37%	4600.00%

Source: Company Filings & Arihant Capital Research

- **Margin Erosion:** Offers during the Big Billion Day event in late September, liquidation of Non- BIS inventory, and heightened A&P spending ate away at margins.
- Subdued market demand impacting Exclusive Brand Outlet (EBO) channel growth.
- Chinese imports of finished goods have decreased due to non-BIS regulations.

Consolidated Income Statement- Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Revenue from Operations	14,842	14,483	16,047	18,346	21,370
Change (%)	24	-2	11	14	16
Raw Materials	7,520	6,955	7,702	9,081	10,471
GROSS PROFIT	7,323	7,528	8,344	9,265	10,898
Margin (%)	49	52	52	51	51
Employees Cost	802	1,015	1,284	1,284	1,496
Other Expenses	3,985	4,405	4,814	5,320	6,197
Total Expenditure	4,787	5,420	6,098	6,605	7,693
% of Sales	32.3	37.4	38.0	36.0	36.0
EBITDA	2,536	2,108	2,247	2,660	3,205
Margin (%)	17.1	14.6	14.0	14.5	15.0
Depreciation	710	721	780	1,012	1,273
EBIT	1,826	1,387	1,466	1,648	1,932
Margin (%)	12	10	9	9	9
Finance costs	287	232	229	297	293
Other Income	28	45	30	34	40
PBT bef. EO Exp.	1,567	1,200	1,267	1,385	1,679
Total Tax	396	306	317	346	420
Tax Rate (%)	25.0	25.0	25.0	25.0	25.0
Reported PAT	1,171	894	950	1,039	1,260
Adjusted PAT	1,171	894	950	1,039	1,260
Change (%)	-8.0	-23.6	6.3	9.3	21.2
Margin (%)	7.9	6.2	5.9	5.7	5.9
Consolidated Balance Sheet- Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,523	1,526	1,526	1,526	1,526
Total Reserves	3,998	4,990	5,941	6,980	8,239
Net Worth	5,521	6,517	7,467	8,506	9,765
Total Loans	3,350	2,667	4,332	4,397	4,449
Lease Liability	1,542	1,535	1,701	1,766	1,819
Capital Employed	8,871	9,183	11,799	12,903	14,215
Gross Block	5,695	7,099	8,502	9,906	11,310
Less: Accum. Deprn.	1,924	2,650	3,430	4,443	5,716
Net Fixed Assets	3,770	4,448	5,072	5,463	5,594
Right to use assets	1,501	1,437	1,326	1,496	1,581
Capital WIP	38	201	38	38	38
Curr. Assets, Loans&Adv.	6,677	5,566	8,003	9,023	10,463
Inventory	4,490	3,963	2,849	3,359	3,873
Account Receivables	1,766	1,183	1,539	1,759	2,049
Cash and Bank Balance	240	215	3,410	3,699	4,335
Loans and Advances	181	206	206	206	206
Curr. Liability & Prov.	2,776	2,292	2,659	3,132	3,609
Account Payables	2,144	2,002	2,110	2,488	2,869
Other Current Liabilities	623	272	531	626	722
Provisions	10	18	18	18	18
Net Current Assets	3,901	3,274	5,344	5,891	6,854
Deferred Tax assets	309	309	309	309	309
Other Assets	891	1,153	1,074	1,240	1,457
Appl. of Funds	8,871	9,184	11,799	12,903	14,215
Consolidated Cash Flow Statement- Y/E March	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	1,566	1,200	1,267	1,385	1,679
Depreciation	710	721	780	1,012	1,273
Interest & Finance Charges	287	232	229	297	293
Others	180	282	0	0	0
Direct Taxes Paid	-525	-350	-317	-346	-420
(Inc)/Dec in WC	-954	559	1,231	-423	-545
CF from Operating incl EO	1,265	2,645	3,191	1,925	2,280
(Inc)/Dec in FA	-697	-745	-1,254	-1,254	-1,254
Free Cash Flow	568	1,900	1,937	671	1,026
(Pur)/Sale of Investments	0	0	0	0	0
CF from Investments	-697	-745	-1,254	-1,254	-1,254
Issue of Shares	38	98	0	0	0
Inc/(Dec) in Debt	65	-1,565	1,565	0	0
Interest Paid	-137	-99	-85	-149	-149
Lease installmnt	-297	-359	-222	-232	-241
CF from Fin. Activity	-331	-1,925	1,258	-381	-390
Inc/Dec of Cash	236	-25	3,195	289	636
Opening Balance	3	240	215	3,410	3,699
Closing Balance	240	215	3,410	3,699	4,335

Source: Annual Report, Arianth Capital Research

Ratios- Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)					
EPS	3.8	2.9	3.1	3.4	4.1
Cash EPS	6.2	5.3	5.7	6.7	8.3
BV/Share	18.1	21.3	24.5	27.9	32.0
DPS	0.0	0.0	0.0	0.0	0.0
Valuation (x)					
P/E	80.1	104.9	98.7	90.3	74.5
Cash P/E	49.9	58.1	54.2	45.7	37.1
P/BV	17.0	14.4	12.6	11.0	9.6
EV/Sales	6.5	6.6	5.9	5.2	4.4
EV/EBITDA	38.2	45.7	42.2	35.5	29.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
FCF per share	1.9	6.2	6.3	2.2	3.4
Return Ratios (%)					
RoE	21.2	13.7	12.7	12.2	12.9
RoCE	18.2	12.5	11.2	10.8	11.4
RoIC	18.2	12.5	13.4	14.9	15.9
Working Capital Ratios					
Fixed Asset Turnover (x)	2.6	2.0	1.9	1.9	1.9
Asset Turnover (x)	1.7	1.6	1.4	1.4	1.5
Inventory (Days)	195	140	135	135	135
Debtor (Days)	38	38	35	35	35
Creditor (Days)	100	105	100	100	100
WC (Days)	133	73	70	70	70
Leverage Ratio (x)					
Current Ratio	2.4	2.4	3.0	2.9	2.9
Interest Cover Ratio	6.4	6.0	6.4	5.6	6.6
Net Debt/Equity	0.6	0.4	0.1	0.1	0.0

Source: Annual Report, Arihant 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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