

**CMP: INR 287**

**Rating: BUY**

**Target Price: INR 492**

**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)	8,980
52w H/L (INR)	372/ 210
Avg Daily Volume (in 000')	1,247

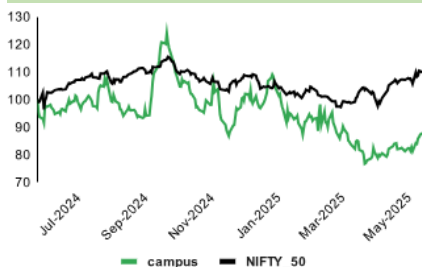
**Shareholding Pattern %**

(As on March 2025)

Promoters	72.14
FII	6.61
DII	11.12
Public & Others	10.13

Stock Performance (%)	1m	6m	12m
Campus	2.0	2.9	10.4
Nifty 50	(0.9)	(0.5)	(0.9)

**Campus Vs Nifty 50**



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Revenue in line; seasonality weighs QoQ; Campus reported Q4FY25 revenue of INR 3,893 Mn, in line with our estimate (INR 3,893 Mn), up 7.0% YoY but down 24.8% QoQ—reflecting seasonal weakness and muted discretionary demand. EBITDA slightly ahead; margin contraction driven by operating leverage. EBITDA stood at INR 624 Mn (vs. our estimate of INR 623 Mn), declining 2.3% YoY and 24.1% QoQ, impacted by operating leverage on lower volumes. EBITDA margin came in at 16.0%, broadly in line (vs. est. 16.0%), +4 bps QoQ but down 156 bps YoY, reflecting adverse fixed cost absorption. PAT beats estimates; tax outgo weighs sequentially. PAT stood at INR 351 Mn, ahead of our estimate by 9% (Est: INR 321 Mn), down 2.2% YoY and 24.5% QoQ, tracking EBITDA decline and higher effective tax rate.

**Management Commentary & Guidance:** Management remains optimistic on margin recovery in FY26, led by operational efficiencies and scale benefits. Strategic priorities include enhancing innovation-led product offerings, deepening consumer insights, and leveraging digital and D2C capabilities. Online visibility and strengthening the family brand proposition remain key growth vectors. Management indicated no material headwinds in the near to medium term, though some near-term margin drag is expected from non-BIS inventory liquidation.

**Channel & Strategic Highlights:** **D2C Contribution:** Remained robust at 44.6% of revenue (vs. 44.0% YoY), underscoring strong consumer connect. **Trade Distribution:** Revenue at INR 832.9 Cr, up 8.5% YoY, driven by enhanced retail penetration. **Volume Growth:** 24.9 Mn pairs sold in FY25, up 12.3% YoY, through 26,000+ touchpoints across 650+ cities. **Retail Expansion:** 30 new EBOs added during the quarter, taking the total to 296 stores pan-India.

**Outlook and Valuation:** We reiterate our BUY rating with a target price of INR 492, based on DCF methodology. We see Campus as well-positioned for FY26, supported by healthy volume growth, D2C expansion, and margin normalization. Strong traction in Tier 2/3 markets, product premiumization, and targeted growth in the women's and kids' segments are key drivers. A net cash balance sheet and lean working capital cycle enhance financial resilience. While ASP pressure and macro volatility remain watchpoints, Campus's scale, brand equity, and omni-channel strategy offer a compelling platform for sustained, profitable growth.

Y/E March (INR Bn)	FY24	FY25	FY26E	FY27E
Sales	14.5	15.9	18.3	21.4
Sales Gr. (%)	-2.4	10.0	15.2	16.5
EBITDA	2.1	2.4	2.7	3.2
Adj. PAT	0.9	1.2	1.1	1.3
EBITDA Margin (%)	14.6	15.3	14.5	15.0
Adj. EPS (INR)	2.9	4.0	3.6	4.1
EPS Gr. (%)	-23.6	35.5	-9.2	14.5
BV/Sh. (INR)	21.3	24.8	28.4	32.5
Net D:E	0.4	0.3	0.2	0.1
RoE (%)	13.7	16.0	12.7	12.7
RoCE (%)	12.5	14.3	11.2	11.3
P/E (x)	104.9	77.4	85.3	74.5
EV/EBITDA (x)	45.7	39.6	36.0	29.7
EV/Sales (x)	6.6	6.1	5.2	4.5
FCF Yield (%)	2.2	0.7	0.9	1.2

Source: Company Filings & Arihant Capital Research

**Brand & Marketing: Targeted Campaigns Elevating Brand Salience:** Campus continued to invest behind brand equity, launching marquee campaigns featuring Vicky Kaushal and Vikrant Massey to enhance youth engagement. Notably, the women's segment saw its first gender-specific brand activation, reinforcing category prioritization. The sneaker portfolio grew 150% YoY, driven by shifting consumer preferences toward athleisure.

**Multi-channel brand efforts yielded strong visibility metrics:**

- TV:** 915 GRPs
- Digital:** 51.8 Mn impressions
- PR:** 44% share of voice (industry-high)
- Brand Metrics:** Consideration at 63% (+11pp YoY); TOMA at 23% (+15pp YoY)

**Manufacturing & Supply Chain: Vertically Integrated, Scalable Platform:** Campus operates a fully integrated supply chain with an annual final assembly capacity of 33.9 Mn units. The company executes 100% in-house final assembly, with a turnaround time of 60–90 days (vs. 90–120 days industry average). Strategic in-house/outsourced manufacturing mix enables flexibility, supported by backward integration in sole and upper production.

Commercial production commenced at the Haridwar II facility in Q4FY25, further enhancing manufacturing capabilities and de-risking capacity constraints.

**Digital Transformation: Tech-Driven Agility Across Value Chain:** Investments in technology across design, merchandising, and sales functions continue to improve speed-to-market and inventory optimization. Over 7.4 Mn SKUs were sold digitally in FY25. The company launched 250+ new styles across men's, women's, and kids' categories, underscoring its innovation cadence.

**Strategic Growth Vectors: Clear Roadmap Ahead:**

- Premiumization initiatives across price points
- Geographic expansion into Western & Southern India
- Deepening penetration in women's and kids' segments
- Enhanced D2C strategy and innovation pipeline

That said, a shift in the footwear mix may weigh on ASPs and unit economics in the near term. Additionally, liquidation of non-BIS compliant inventory could impact margins over the next few quarters.

**Industry Tailwinds: Structural Opportunity Intact:** Campus is well-placed to benefit from structural growth in India's sports & athleisure (S&A) footwear market, projected to reach INR 882 Bn by FY25. With domestic per capita footwear consumption significantly below global averages, the long-term runway remains robust.

**Other Key Highlights:**

- Launched Phase II of "Move Your Way" campaign (Vikrant Massey)
- SAP system implementation underway to drive operational efficiency
- Working capital days improved to 71 (vs. 92 YoY), reflecting improved cash cycle management
- Maintains a strong balance sheet, supporting future investments
- Channel mix: 52% distribution, 38% online, 10% retail
- Rural outperformance vs. metro/Tier-1 cities indicates widening consumer appeal
- BIS compliance deadline extended to July 2026, enabling phased inventory clearance
- Focus on strengthening distributor network to enhance reach

**Conclusion:** Campus continues to execute on brand, product, and digital strategies with discipline. While near-term margin pressures persist, its brand salience, manufacturing agility, and omni-channel reach reinforce long-term competitiveness. We remain constructive on the company's positioning in the underpenetrated yet fast-growing Indian S&A market.

<b>Consolidated Income Statement- Y/E March</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Revenue from Operations	14,483	15,930	18,346	21,370
Change (%)	-2	10	15	16
Raw Materials	6,955	7,673	9,081	10,471
<b>GROSS PROFIT</b>	7,528	8,257	9,265	10,898
Margin (%)	52	52	51	51
Employees Cost	1,015	1,190	1,284	1,496
Other Expenses	4,405	4,632	5,320	6,197
<b>Total Expenditure</b>	<b>5,420</b>	<b>5,822</b>	<b>6,605</b>	<b>7,693</b>
% of Sales	37.4	36.5	36.0	36.0
<b>EBITDA</b>	<b>2,108</b>	<b>2,435</b>	<b>2,660</b>	<b>3,205</b>
Margin (%)	14.6	15.3	14.5	15.0
Depreciation	721	755	1,012	1,273
<b>EBIT</b>	<b>1,387</b>	<b>1,680</b>	<b>1,648</b>	<b>1,932</b>
Margin (%)	10	11	9	9
Finance costs	232	188	214	293
Other Income	45	147	34	40
<b>PBT bef. EO Exp.</b>	<b>1,200</b>	<b>1,639</b>	<b>1,467</b>	<b>1,679</b>
Total Tax	306	428	367	420
Tax Rate (%)	25.0	26.1	25.0	25.0
<b>Reported PAT</b>	<b>894</b>	<b>1,212</b>	<b>1,100</b>	<b>1,260</b>
<b>Adjusted PAT</b>	<b>894</b>	<b>1,212</b>	<b>1,100</b>	<b>1,260</b>
Change (%)	-23.6	35.5	-9.2	14.5
Margin (%)	6.2	7.6	6.0	5.9
<b>Consolidated Balance Sheet- Y/E March</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Equity Share Capital	1,526	1,527	1,527	1,527
Total Reserves	4,990	6,038	7,139	8,398
<b>Net Worth</b>	<b>6,517</b>	<b>7,565</b>	<b>8,666</b>	<b>9,925</b>
Total Loans	2,667	2,805	4,383	4,437
Lease Liability	1,535	1,982	1,752	1,807
<b>Capital Employed</b>	<b>9,183</b>	<b>10,370</b>	<b>13,049</b>	<b>14,362</b>
Gross Block	7,099	8,502	9,906	11,310
Less: Accum. Deprn.	2,650	3,430	4,443	5,716
<b>Net Fixed Assets</b>	<b>4,448</b>	<b>5,072</b>	<b>5,463</b>	<b>5,594</b>
Right to use assets	1,437	2,141	1,496	1,581
Capital WIP	201	344	38	38
<b>Total Investments</b>	<b>0</b>	<b>368</b>	<b>795</b>	<b>795</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>5,566</b>	<b>6,250</b>	<b>8,371</b>	<b>9,813</b>
Inventory	3,963	3,798	3,359	3,873
Account Receivables	1,183	1,480	1,759	2,049
Cash and Bank Balance	215	174	2,456	3,094
Loans and Advances	206	798	798	798
<b>Curr. Liability &amp; Prov.</b>	<b>2,292</b>	<b>3,287</b>	<b>3,136</b>	<b>3,612</b>
Account Payables	2,002	3,261	2,488	2,869
Other Current Liabilities	272	4	626	722
Provisions	18	22	22	22
<b>Net Current Assets</b>	<b>3,274</b>	<b>2,964</b>	<b>5,236</b>	<b>6,201</b>
Deferred Tax assets	309	346	346	346
Other Assets	1,153	1,621	1,208	1,426
<b>Appl. of Funds</b>	<b>9,184</b>	<b>10,370</b>	<b>13,048</b>	<b>14,362</b>
<b>Consolidated Cash Flow Statement- Y/E March</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
OP/(Loss) before Tax	1,200	1,639	1,467	1,679
Depreciation	721	755	1,012	1,273
Interest & Finance Charges	232	188	214	293
Others	282	-54	-716	0
Direct Taxes Paid	-350	-428	-367	-420
(Inc)/Dec in WC	559	385	422	-545
<b>CF from Operating incl EO</b>	<b>2,645</b>	<b>2,485</b>	<b>2,033</b>	<b>2,280</b>
(Inc)/Dec in FA	-745	-1,846	-1,254	-1,254
<b>Free Cash Flow</b>	<b>1,900</b>	<b>639</b>	<b>779</b>	<b>1,026</b>
<b>CF from Investments</b>	<b>-745</b>	<b>-1,846</b>	<b>-1,254</b>	<b>-1,254</b>
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
<b>CF from Fin. Activity</b>	<b>-1,925</b>	<b>-680</b>	<b>1,502</b>	<b>-388</b>
<b>Inc/Dec of Cash</b>	<b>-25</b>	<b>-41</b>	<b>2,281</b>	<b>638</b>
Opening Balance	240	215	174	2,456
<b>Closing Balance</b>	<b>215</b>	<b>174</b>	<b>2,456</b>	<b>3,094</b>

Source: Annual Report, Arihant Capital Research

Ratios- Y/E March	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>				
EPS	2.9	4.0	3.6	4.1
Cash EPS	5.3	6.4	6.9	8.3
BV/Share	21.3	24.8	28.4	32.5
DPS	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>				
P/E	104.9	77.4	85.3	74.5
Cash P/E	58.1	47.7	44.4	37.1
P/BV	14.4	12.4	10.8	9.5
EV/Sales	6.6	6.1	5.2	4.5
EV/EBITDA	45.7	39.6	36.0	29.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
FCF per share	6.2	2.1	2.6	3.4
<b>Return Ratios (%)</b>				
RoE	13.7	16.0	12.7	12.7
RoCE	12.5	14.3	11.2	11.3
RoIC	12.5	13.7	13.3	15.0
<b>Working Capital Ratios</b>				
Fixed Asset Turnover (x)	2.0	1.9	1.9	1.9
Asset Turnover (x)	1.6	1.5	1.4	1.5
Inventory (Days)	140	135	135	135
Debtor (Days)	38	35	35	35
Creditor (Days)	105	100	100	100
WC (Days)	73	70	70	70
<b>Leverage Ratio (x)</b>				
Current Ratio	2.4	1.9	2.7	2.7
Interest Cover Ratio	6.0	8.9	7.7	6.6
Net Debt/Equity	0.4	0.3	0.1	0.1

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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