

Campus Activewear | BUY

Sub-par performance despite the weak base

Revenue grew only 1% YoY despite a weak base, resulting in 5% miss to our estimates. Growth was impacted due to consolidation of the three warehouses and implementation of SAP software, leading to loss of 15-20 days of sales. Owing to this, the D2C online channel registered sales decline of 13% YoY due to supply related constraints while the company stocked the inventory at the distributor level and offline channel in 4Q. Barring this abnormality, overall sales growth would have been in high single digits. ASP growth was robust at 15% YoY led by (i) higher sneaker sales, and (ii) lower DIP school shoes and slippers segment, resulting in 12% volume decline; however, this resulted in gross margin expansion of ~160bps. Negative operating leverage resulted in ~90bps contraction in EBITDA margin. Warehouse consolidation and SAP implementation may have posed some hindrance to near-term growth but will help in capacity addition and margin improvement. We cut our EPS estimates by 2-5% to bake in the 1Q miss and also cut our P/E multiple from 50x to 45x as revenue performance remains sub-par despite a weak base (4% CAGR over FY23-25). We maintain BUY with a revised TP of INR 310 as we roll forward to 45x Jun'27 EPS.

- **Miss on all grounds:** Net revenue increased 1% YoY to INR 3.4 bn (5% below our estimates) led by loss of 15 days of sales due to (i) implementation of SAP software, and (ii) consolidation of three warehouses. EBITDA fell 5% YoY to INR 493mn (14% below JMFe) as EBITDA margin contracted ~90bps YoY to 14.4% (JMFe: 15.8%) despite ~160bps gross margin expansion to 54.6% (JMFe: 52.5%) due to ~90/160bps YoY higher employee/other expense. APAT declined 13% YoY to INR 222mn (13% below JMFe) as interest and depreciation increased 33%/24% YoY partially offset by 170% YoY higher other income.
- **Online channel declined 13% YoY; Volume fell 12%, while ASP grew 15% YoY:** D2C online channel revenue declined 13% YoY while Trade distribution/D2C offline revenue grew 9%/27% YoY. Volume declined ~12% YoY to 5.1mn pairs while ASP increased 15% YoY to INR 671. Higher ASP is led by (i) increasing salience of sneakers, which garners higher ASP by INR 200 vs. company average, and (ii) reduced salience of DIP school shoes and slippers (lower ASP items) by transitioning to EVA category shoes. Share for premium products (above INR 1,500) increased to 50%+, which is highest ever for the company.
- **Building blocks for future growth:** The company undertook consolidation of its three warehouses into one warehouse. This will increase its product handling capacity from 80k pairs to 200k pairs. It will provide bandwidth to the company to feed RM to 50 more fabricators. This, however, impacted 15-20 days of online sales in 1Q. It also implemented SAP during the quarter due to which a blackout was observed in 2nd week of Apr'25 (period shorter than expected). Predicting this, the management stocked up the inventory in 4Q at the wholesale channel. The company is strengthening the supply chain through warehouse consolidation and SAP implementation, whose benefits are expected in terms of margin expansion in upcoming years.



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Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 310 |
| Upside/(Downside) | 18.9% |
| Previous Price Target | 340 |
| Change | -8.8% |

Key Data – CAMPUS IN

| | |
|--------------------------|------------------|
| Current Market Price | INR261 |
| Market cap (bn) | INR79.6/US\$0.9 |
| Free Float | 28% |
| Shares in issue (mn) | 305.3 |
| Diluted share (mn) | 305.4 |
| 3-mon avg daily val (mn) | INR172.5/US\$2.0 |
| 52-week range | 372/210 |
| Sensex/Nifty | 80,540/24,619 |
| INR/US\$ | 87.4 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|------|-------|-------|
| Absolute | -8.0 | -10.4 | -8.7 |
| Relative* | -6.1 | -15.5 | -10.3 |

* To the BSE Sensex

Financial Summary

| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|------------------------|--------|--------|--------|--------|--------|
| Net Sales | 14,359 | 15,793 | 17,405 | 19,814 | 22,147 |
| Sales Growth (%) | -2.3 | 10.0 | 10.2 | 13.8 | 11.8 |
| EBITDA | 2,108 | 2,435 | 2,893 | 3,475 | 4,019 |
| EBITDA Margin (%) | 14.6 | 15.3 | 16.5 | 17.4 | 18.0 |
| Adjusted Net Profit | 894 | 1,212 | 1,546 | 1,956 | 2,254 |
| Diluted EPS (INR) | 2.9 | 4.0 | 5.1 | 6.4 | 7.4 |
| Diluted EPS Growth (%) | -23.8 | 35.4 | 27.6 | 26.5 | 15.2 |
| ROIC (%) | 15.2 | 18.0 | 21.9 | 28.7 | 31.3 |
| ROE (%) | 14.9 | 17.2 | 19.0 | 20.7 | 20.5 |
| P/E (x) | 89.1 | 65.8 | 51.6 | 40.7 | 35.4 |
| P/B (x) | 12.2 | 10.5 | 9.1 | 7.9 | 6.8 |
| EV/EBITDA (x) | 37.8 | 32.6 | 26.7 | 22.0 | 18.7 |
| Dividend Yield (%) | 0.0 | 0.4 | 0.5 | 0.7 | 0.8 |

Source: Company data, JM Financial. Note: Valuations as of 13/Aug/2025

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)

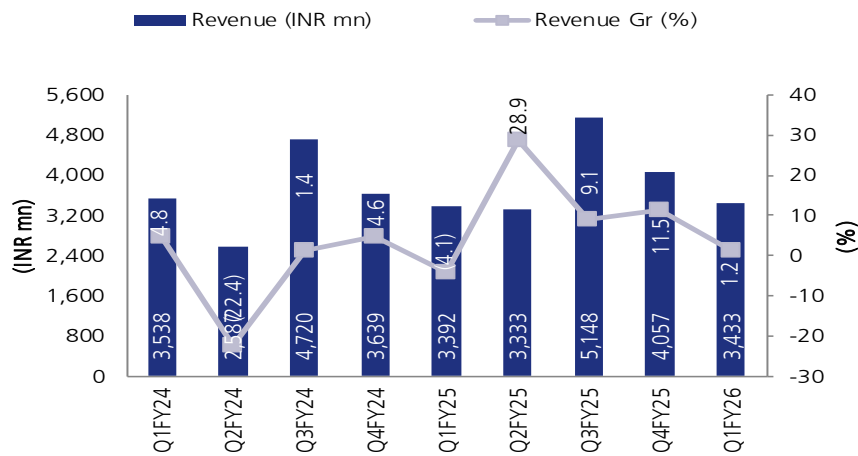
| | Quarterly | | | Chg (%) | Chg (%) | Q1FY26E | | Reported | | Chg (%) |
|-----------------------------|-----------|---------|---------|----------|----------|---------|----------|----------|---------|----------|
| | Q1FY25 | Q4FY25 | Q1FY26 | YoY | QoQ | JMFe | Chg (%) | FY24 | FY25 | YoY |
| Net operating revenues | 3,392 | 4,057 | 3,433 | 1 | (15) | 3,596 | (5) | 14,483 | 15,930 | 10 |
| Cost of materials | (1,595) | (1,959) | (1,558) | (2) | (20) | (1,708) | (9) | (6,955) | (7,673) | 10 |
| Gross profit | 1,797 | 2,098 | 1,875 | 4 | (11) | 1,888 | (1) | 7,528 | 8,257 | 10 |
| Employee costs | (287) | (305) | (322) | 12 | 5 | (315) | 2 | (1,015) | (1,190) | 17 |
| Other expenses | (992) | (1,079) | (1,061) | 7 | (2) | (1,003) | 6 | (4,405) | (4,632) | 5 |
| EBITDA | 517 | 715 | 493 | (5) | (31) | 570 | (14) | 2,108 | 2,435 | 16 |
| Other income | 23 | 53 | 61 | 170 | 16 | 45 | 36 | 45 | 147 | 224 |
| Interest expense | (37) | (64) | (49) | 33 | (23) | (62) | (21) | (232) | (188) | (19) |
| D&A | (162) | (228) | (201) | 24 | (12) | (211) | (5) | (721) | (755) | 5 |
| PBT | 341 | 476 | 304 | (11) | (36) | 341 | (11) | 1,200 | 1,639 | 37 |
| Provision for taxes | (87) | (126) | (82) | NA | (35) | (87) | (6) | (306) | (428) | 40 |
| PAT | 254 | 350 | 222 | (13) | (37) | 254 | (13) | 894 | 1,212 | 35 |
| Extraordinary items | - | - | - | | | - | | - | - | |
| PAT after EO items | 254 | 350 | 222 | (13) | (37) | 254 | (13) | 894 | 1,212 | 35 |
| Recurring EPS (Rs/share) | 0.8 | 1.1 | 0.7 | (13) | (37) | 0.8 | (13) | 2.9 | 4.0 | 35 |
| % of net operating revenues | | | | | | | | | | |
| Gross margin (%) | 53.0 | 51.7 | 54.6 | 164 bps | 289 bps | 52.5 | 211 bps | 52.0 | 51.8 | -15 bps |
| EBITDA margin (%) | 15.3 | 17.6 | 14.4 | -91 bps | -326 bps | 15.8 | -149 bps | 14.6 | 15.3 | 73 bps |
| Cost of materials | 47.0 | 48.3 | 45.4 | -165 bps | -290 bps | 47.5 | -212 bps | 48.0 | 48.2 | 14 bps |
| Employee cost | 8.5 | 7.5 | 9.4 | 90 bps | 185 bps | 8.8 | 60 bps | 7.0 | 7.5 | 45 bps |
| Other expenditure | 29.3 | 26.6 | 30.9 | 163 bps | 430 bps | 27.9 | 299 bps | 30.4 | 29.1 | -134 bps |
| Income tax rate (% of PBT) | 25.6 | 26.4 | 26.9 | 137 bps | 50 bps | 25.5 | 142 bps | 25.5 | 26.1 | 59 bps |

Source: Company, JM Financial

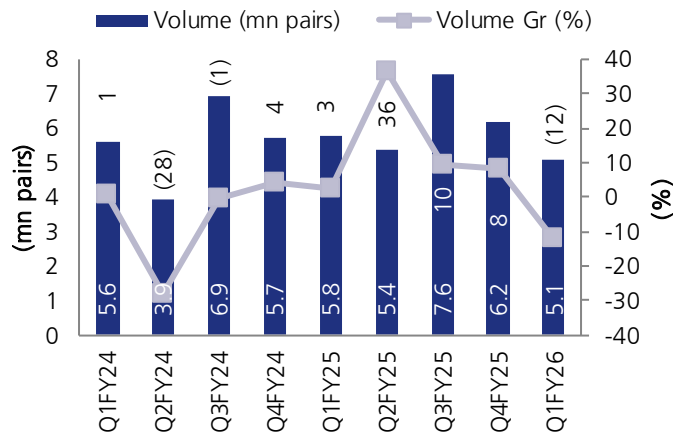
Exhibit 2. We cut our EPS estimates by 2-5% over FY26-28E owing to miss in Q1

| | FY26E | | | FY27E | | | FY28E | | |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Revised | Earlier | Chg (%) | Revised | Earlier | Chg (%) | Revised | Earlier | Chg (%) |
| Revenues (Rs mn) | 17,555 | 18,262 | (3.9) | 19,985 | 20,616 | (3.1) | 22,338 | 23,089 | (3.3) |
| EBITDA (Rs mn) | 2,893 | 3,033 | (4.6) | 3,475 | 3,599 | (3.4) | 4,019 | 4,147 | (3.1) |
| EBITDA (%) | 16.5 | 16.6 | -13 bps | 17.4 | 17.5 | -7 bps | 18.0 | 18.0 | 3 bps |
| PAT (Rs mn) | 1,546 | 1,602 | (3.5) | 1,956 | 2,004 | (2.4) | 2,254 | 2,312 | (2.5) |
| EPS (Rs) | 5.1 | 5.2 | (3.5) | 6.4 | 6.6 | (2.4) | 7.4 | 7.6 | (2.5) |
| Pre IND AS | | | | | | | | | |
| EBITDA (Rs mn) | 2,458 | 2,584 | (4.9) | 2,971 | 3,078 | (3.5) | 3,489 | 3,599 | (3.1) |
| EBITDA (%) | 14.0 | 14.1 | -15 bps | 14.9 | 14.9 | -6 bps | 15.6 | 15.6 | 3 bps |
| PAT (Rs mn) | 1,598 | 1,680 | (4.9) | 2,028 | 2,061 | (1.6) | 2,386 | 2,430 | (1.8) |
| EPS (Rs) | 5.2 | 5.5 | (4.9) | 6.6 | 6.7 | (1.6) | 7.8 | 8.0 | (1.8) |
| Volume (mn Pair) | 26,662 | 28,134 | (5.2) | 29,858 | 31,282 | (4.6) | 32,881 | 34,492 | (4.7) |
| ASP (INR) | 653 | 644 | 1.4 | 664 | 653 | 1.6 | 674 | 664 | 1.5 |

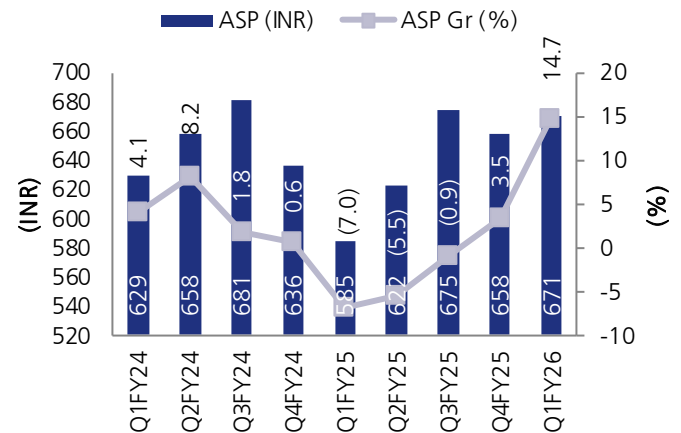
Source: Company, JM Financial

Exhibit 3. Revenue grew 1% YoY to INR 3.4bn

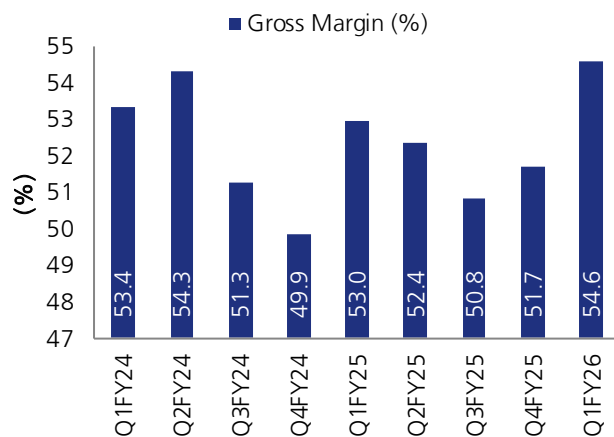
Source: Company, JM Financial

Exhibit 4. Volume declined 12% YoY to 5.1mn pairs

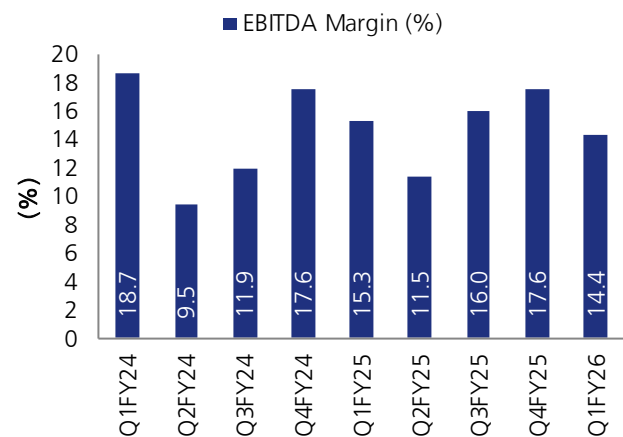
Source: Company, JM Financial

Exhibit 5. ASP grew ~15% YoY to INR 671 per pair

Source: Company, JM Financial

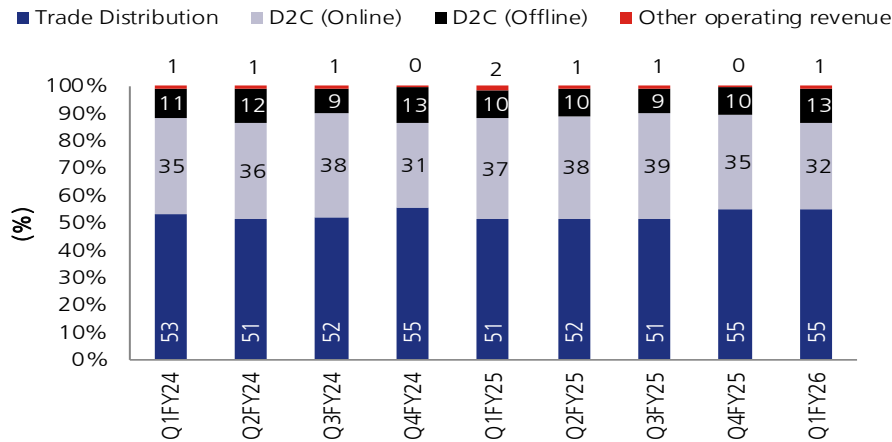
Exhibit 6. Gross margin expanded ~160bps YoY to 54.6%

Source: Company, JM Financial

Exhibit 7. EBITDA margin contracted ~90bps YoY to 14.4%

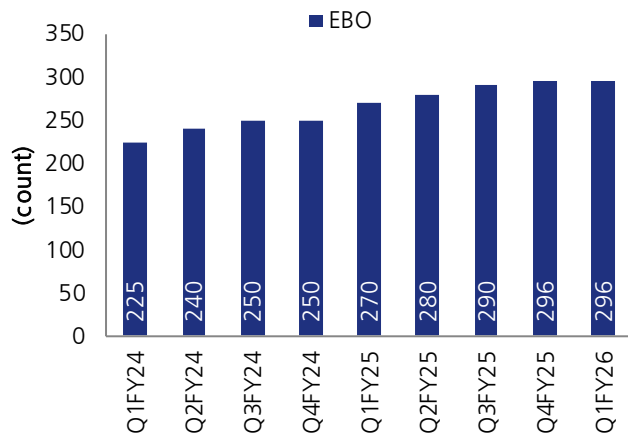
Source: Company, JM Financial

Exhibit 8. D2C online mix contracted ~500bps YoY to 32%



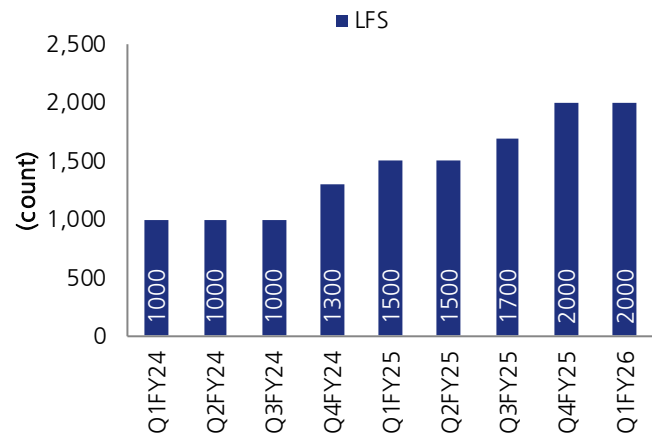
Source: Company, JM Financial

Exhibit 9. EBO numbers same QoQ



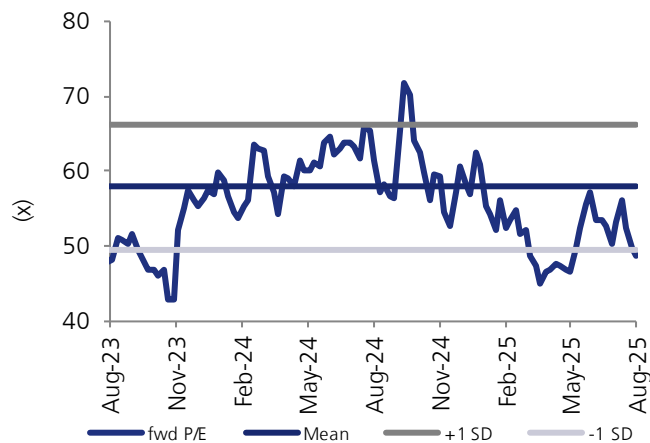
Source: Company, JM Financial

Exhibit 10. LFS count same QoQ



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 | 17,405 | 19,814 | 22,147 |
| Sales Growth | -2.3% | 10.0% | 10.2% | 13.8% | 11.8% |
| Other Operating Income | 124 | 136 | 150 | 171 | 191 |
| Total Revenue | 14,483 | 15,930 | 17,555 | 19,985 | 22,338 |
| Cost of Goods Sold/Op. Exp | 6,955 | 7,673 | 8,354 | 9,471 | 10,542 |
| Personnel Cost | 1,015 | 1,190 | 1,302 | 1,480 | 1,643 |
| Other Expenses | 4,405 | 4,632 | 5,006 | 5,559 | 6,134 |
| EBITDA | 2,108 | 2,435 | 2,893 | 3,475 | 4,019 |
| EBITDA Margin | 14.6% | 15.3% | 16.5% | 17.4% | 18.0% |
| EBITDA Growth | -16.9% | 15.5% | 18.8% | 20.1% | 15.7% |
| Depn. & Amort. | 721 | 755 | 879 | 931 | 1,039 |
| EBIT | 1,387 | 1,680 | 2,014 | 2,543 | 2,980 |
| Other Income | 45 | 147 | 275 | 352 | 366 |
| Finance Cost | 232 | 188 | 214 | 269 | 321 |
| PBT before Excep. & Forex | 1,200 | 1,639 | 2,075 | 2,626 | 3,025 |
| Excep. & Forex Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| PBT | 1,200 | 1,639 | 2,075 | 2,626 | 3,025 |
| Taxes | 306 | 428 | 529 | 670 | 771 |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 0 | 0 | 0 | 0 | 0 |
| Reported Net Profit | 894 | 1,212 | 1,546 | 1,956 | 2,254 |
| Adjusted Net Profit | 894 | 1,212 | 1,546 | 1,956 | 2,254 |
| Net Margin | 6.2% | 7.6% | 8.8% | 9.8% | 10.1% |
| Diluted Share Cap. (mn) | 305.3 | 305.4 | 305.4 | 305.4 | 305.4 |
| Diluted EPS (INR) | 2.9 | 4.0 | 5.1 | 6.4 | 7.4 |
| Diluted EPS Growth | -23.8% | 35.4% | 27.6% | 26.5% | 15.2% |
| 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 | 2,075 | 2,626 | 3,025 |
| Depn. & Amort. | 721 | 755 | 879 | 931 | 1,039 |
| Net Interest Exp. / Inc. (-) | 187 | 41 | -61 | -82 | -45 |
| Inc (-) / Dec in WCap. | 560 | 304 | 957 | -389 | -464 |
| Others | 327 | 110 | 0 | 0 | 0 |
| Taxes Paid | -350 | -498 | -507 | -655 | -761 |
| Operating Cash Flow | 2,645 | 2,352 | 3,342 | 2,430 | 2,794 |
| Capex | -447 | -588 | -696 | -783 | -864 |
| Free Cash Flow | 2,198 | 1,764 | 2,646 | 1,647 | 1,930 |
| Inc (-) / Dec in Investments | -356 | -1,057 | 0 | 0 | 0 |
| Others | 58 | 100 | 275 | 352 | 366 |
| Investing Cash Flow | -745 | -1,546 | -421 | -431 | -498 |
| 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 | -434 | -503 | -530 |
| Financing Cash Flow | -1,925 | -847 | -831 | -1,022 | -1,140 |
| Inc / Dec (-) in Cash | -25 | -41 | 2,089 | 977 | 1,156 |
| Opening Cash Balance | 273 | 286 | 245 | 2,334 | 3,311 |
| Closing Cash Balance | 248 | 245 | 2,334 | 3,311 | 4,467 |

Source: Company, JM Financial

| Balance Sheet (INR mn) | | | | | |
|-----------------------------------|--------------|--------------|---------------|---------------|---------------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Shareholders' Fund | 6,517 | 7,565 | 8,714 | 10,151 | 11,794 |
| Share Capital | 1,526 | 1,527 | 1,527 | 1,527 | 1,527 |
| Reserves & Surplus | 4,990 | 6,038 | 7,187 | 8,624 | 10,267 |
| Lease Liabilities | 1,535 | 2,323 | 2,694 | 3,114 | 3,614 |
| 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 | 11,062 | 12,919 | 15,062 |
| Net Fixed Assets | 2,302 | 2,504 | 2,600 | 2,763 | 2,935 |
| Gross Fixed Assets | 3,882 | 4,495 | 5,192 | 5,974 | 6,838 |
| Less: Depn. & Amort. | 1,781 | 2,335 | 2,935 | 3,555 | 4,247 |
| Capital WIP | 201 | 344 | 344 | 344 | 344 |
| ROU Assets | 1,437 | 2,141 | 2,454 | 2,797 | 3,158 |
| Investments | 0 | 0 | 0 | 0 | 0 |
| Current Assets | 6,917 | 8,061 | 9,854 | 11,721 | 13,823 |
| Inventories | 3,963 | 3,798 | 4,349 | 4,800 | 5,343 |
| Sundry Debtors | 1,183 | 1,480 | 1,431 | 1,629 | 1,820 |
| Cash & Bank Balances | 248 | 245 | 2,334 | 3,311 | 4,467 |
| Loans & Advances | 582 | 1,657 | 696 | 793 | 864 |
| Other Current Assets | 941 | 880 | 1,044 | 1,189 | 1,329 |
| Current Liab. & Prov. | 2,672 | 3,164 | 3,847 | 4,362 | 4,854 |
| Current Liabilities | 2,002 | 2,261 | 2,861 | 3,244 | 3,610 |
| Provisions & Others | 670 | 903 | 986 | 1,119 | 1,244 |
| Net Current Assets | 4,245 | 4,897 | 6,008 | 7,359 | 8,968 |
| Total - Assets | 7,984 | 9,542 | 11,062 | 12,919 | 15,062 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Margin | 6.2% | 7.6% | 8.8% | 9.8% | 10.1% |
| Asset Turnover (x) | 1.7 | 1.7 | 1.6 | 1.6 | 1.6 |
| Leverage Factor (x) | 1.4 | 1.3 | 1.3 | 1.3 | 1.3 |
| RoE | 14.9% | 17.2% | 19.0% | 20.7% | 20.5% |

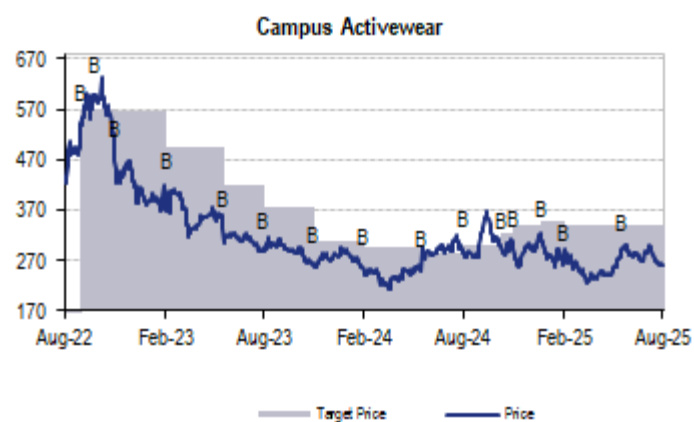
| Key Ratios | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| BV/Share (INR) | 21.3 | 24.8 | 28.5 | 33.2 | 38.6 |
| ROIC | 15.2% | 18.0% | 21.9% | 28.7% | 31.3% |
| ROE | 14.9% | 17.2% | 19.0% | 20.7% | 20.5% |
| Net Debt/Equity (x) | 0.0 | 0.0 | -0.3 | -0.3 | -0.4 |
| P/E (x) | 89.1 | 65.8 | 51.6 | 40.7 | 35.4 |
| P/B (x) | 12.2 | 10.5 | 9.1 | 7.9 | 6.8 |
| EV/EBITDA (x) | 37.8 | 32.6 | 26.7 | 22.0 | 18.7 |
| EV/Sales (x) | 5.5 | 5.0 | 4.4 | 3.8 | 3.4 |
| Debtor days | 30 | 34 | 30 | 30 | 30 |
| Inventory days | 100 | 87 | 90 | 88 | 87 |
| Creditor days | 50 | 52 | 59 | 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 |
| 29-May-25 | Buy | 340 | 0.0 |

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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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

| Definition of ratings | |
|-----------------------|---|
| 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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No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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