Campus Activewear (CAMACT)

CMP: Rs. 222 | Target: Rs. 277 (25%) | Target Period: 12 month | BUY

August 21, 2026

Activated the premium mode...

About the company- Campus Activewear Ltd. (Campus) is India's leading homegrown sports and athleisure footwear brands, catering to the aspirational mass-premium consumer segment. It has an annual manufacturing capacity of 31.1mn pairs.

Investment Rationale

Stepping up the growth by sporting, casualising and sneakerising the portfolio: India's sports & athleisure (S&A) footwear market is witnessing a shift towards premiumisation driven by rising aspirations of consumers, increasing preference for S&A footwear and rising premiumisation and casualisation among GenZ. India's aspiration shift in footwear is largely towards mid-premium range (Rs.1,500–3,000/pair segment) which is growing at 13%, faster than the mass economy segment. Campus is trying to capitalise on this opportunity by introducing new S&A footwear products in price range of Rs1,500-3,000/pair where multinational high reckoned brands have very limited presence in India. Further, Sneakerisation is the growing trend in India and Campus has set-up capacity to grab opportunity in this space. Sneaker volume salience to overall Campus footwear sales has improved to 12-13% in FY26 from ~4% in FY24. The company has recently launched Elan by Campus at price point of Rs1,500-2,500/pair to ride on the casualisation trend. Building on the growing opportunities in casualisation and S&A segments, Campus' revenue salience from footwear above Rs1,500 improved to 56.2% in FY26 from 47.3% in FY24. We expect this trend to continue, which will help Campus revenues to grow at CAGR of ~14% over FY26-28E (driven by mix of 8% volume growth and ~5-6% realisation growth) vs 10% revenue CAGR achieved over FY22-25.

Rising share of D2C model driving profitable growth: Campus is transitioning from a distributor-led model to a consumer-first brand, with D2C contribution rising from 44.7% in FY23 to 47.9% in FY26, supported by ~300 EBOs, 2,300+ LFS counters and a strong online presence. The expanding D2C ecosystem is strengthening consumer engagement and brand visibility while enabling faster product innovation and a richer product mix. This has supported profitability, while further D2C expansion should strengthen brand equity and channel economics ahead.

EBITDA margins to consistently improve ahead: Campus' margins are inching towards consistency after couple of years dip in FY23 and FY24 (bottoming to 14%) affected by higher brand investments, retail expansion and volume decline in FY24. The company's focus on premiumising the product portfolio and improving channel mix to high margin D2C channels aided in EBIDTA margin improving by 250bps over FY24-26. D2C salience improved by ~100bps to 47.9%, while revenue contribution of price category above Rs.1,500 per pair has gone by ~800bps to 56.2% over FY24-26. Premiumisation in the product portfolio, improving channel mix, emphasis on higher in-house production and switching manufacturing of products from DIP to Stuck-on (higher ASP and margin accretive) should bring in consistency in the profitability improvement in the coming years. Hence, we expect, Campus' EBIDTA margins will further improve to 18% over the next two years.

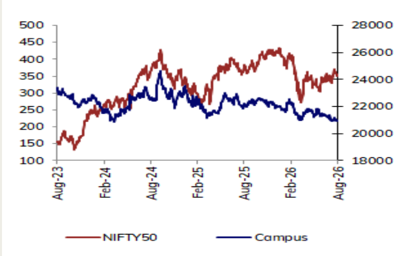
Rating and Target Price: Campus' stock price has corrected by 64% from its historical high and trading at 30x its FY28E EPS (~58% discount to its last 3 years average multiple of 72x). In view of changing footwear industry dynamics in India and discount valuations, we recommend **Buy on Campus with a price target of Rs.277** (valuing at 39x FY28E EPS of Rs.7.1).

Particulars	
Particular	**Amount**
Market Capitalisation (Rs crore)	6784
Debt (FY26) - Rs crore	272
Cash (FY26) - Rs crore	4
EV (Rs crore)	7053
52-week H/L (Rs)	297/215
Equity capital (Rs crore)	152.8
Face value (Rs)	5

Shareholding pattern (%)

Particulars	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	72.1	72.1	72.1	72.1
FII	6.0	6.2	6.1	6.0
DII	11.8	11.7	11.6	11.4
Others	10.1	10.0	10.2	10.5

Price Chart



Key risks

- Steep increase in raw material cost can impact margins.
- Increase in competitive intensity from established global players.

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Conviction Pick

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (Rs. Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	1448.3	1593.0	1774.1	11%	2013.4	2296.3	14%
EBIDTA	210.8	243.5	291.9	18%	340.6	398.6	17%
EBIDTA Margins (%)	14.6	15.3	16.5		16.9	17.4	
Adjusted PAT	89.4	121.2	150.1	30%	176.4	217.4	20%
EPS (Rs.)	2.9	4.0	4.9		5.8	7.1	
PE (x)	75.8	55.9	45.2		38.5	31.2	
EV to EBIDTA (x)	33.0	28.9	24.2		20.6	17.3	
RoE (%)	14.9	17.2	18.1		18.2	19.4	
RoCE (%)	21.2	25.0	26.0		26.2	27.6	

Source: Company, ICICI Direct Research

Company Background

Campus Activewear Ltd. is India's leading homegrown sports and athleisure footwear brands, catering to the aspirational mass-premium consumer segment. The company has emerged as a dominant player in the branded sports and athleisure footwear market with an estimated ~17% market share and annual sales volume of ~26mn pairs in FY26. Campus offers products across men's, women's and kids' categories spanning sneakers, running, walking, casual and athleisure footwear, supported by a portfolio of over 3500+ products, 1,900 active styles with ~250-270 new launches annually. The company primarily operates in the affordable-to-mid premium price segment, allowing it to bridge the gap between unorganised players and global brands. Further, Campus is expanding beyond footwear into adjacent apparel categories, strengthening its positioning as a broader youth lifestyle brand and increasing its addressable market opportunity.

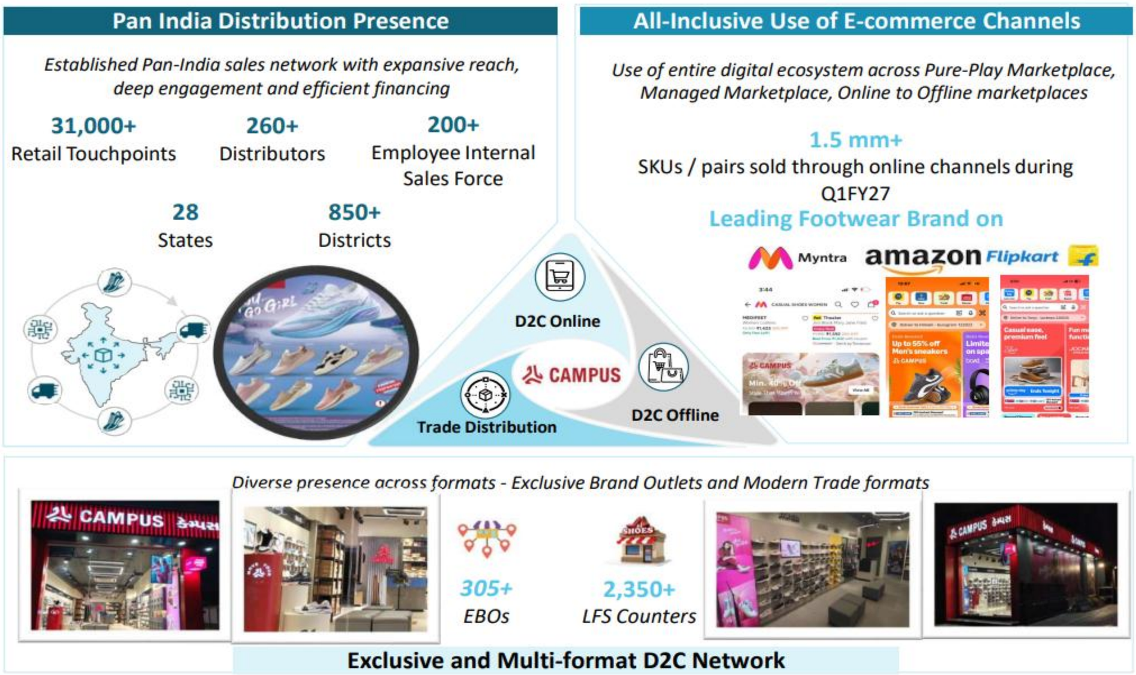
Exhibit 1: Overview of Campus Activewear

Source: Company, ICICI Direct Research

Campus has built a vertically integrated manufacturing ecosystem that serves as a key competitive advantage in a fashion-driven category where speed and innovation are critical. The company operates 6 owned manufacturing facilities with an annual assembly capacity of ~31.1mn pairs and is supported by a network of over 80+ third-party manufacturing partners. Over the years, it has continuously expanded its manufacturing capabilities across assembly, sole manufacturing and upper production, enabling greater control over quality, costs and product development. Recent investments in upper manufacturing facilities at Paonta Sahib and Pant Nagar are expected to support future volume growth and improve supply chain efficiencies with primary focus on scaling the sneaker segment. The company's integrated manufacturing model enables a design-to-market cycle of 60-90 days vs the industry average of 90-120 days, allowing it to respond quickly to emerging consumer trends, improve inventory turns and sustain its product-led growth strategy.

Campus has developed one of the largest omnichannel distribution networks among domestic footwear brands, with a presence across more than 23,000 retail touchpoints, 650+ cities, 300+ distributors, ~305 EBOs and over 2,000+ Large Format Store counters. While the traditional distribution channel remains the backbone of the business, the company has strategically increased its focus on digital channels over the last few years. Online sales have emerged as a meaningful growth driver, supported by strong consumer engagement, premium product launches and increasing preference for branded athleisure products. The growing contribution from online and D2C channels not only improves access to younger consumers but also provides valuable consumer insights, enhances control over merchandising and pricing, and supports premiumisation. Over the past 4 years, the company's focus has shifted to D2C model. Its revenue contribution from D2C model has scaled to ~48% in FY26 from ~45% in FY23. This omnichannel strategy positions Campus to capture demand across both traditional retail and rapidly growing digital channels while strengthening brand visibility and consumer engagement.

Exhibit 2: Omnichannel network strengthens brand visibility and engagement



Source: Company, ICICI Direct Research

Brief profile of promoter and top management

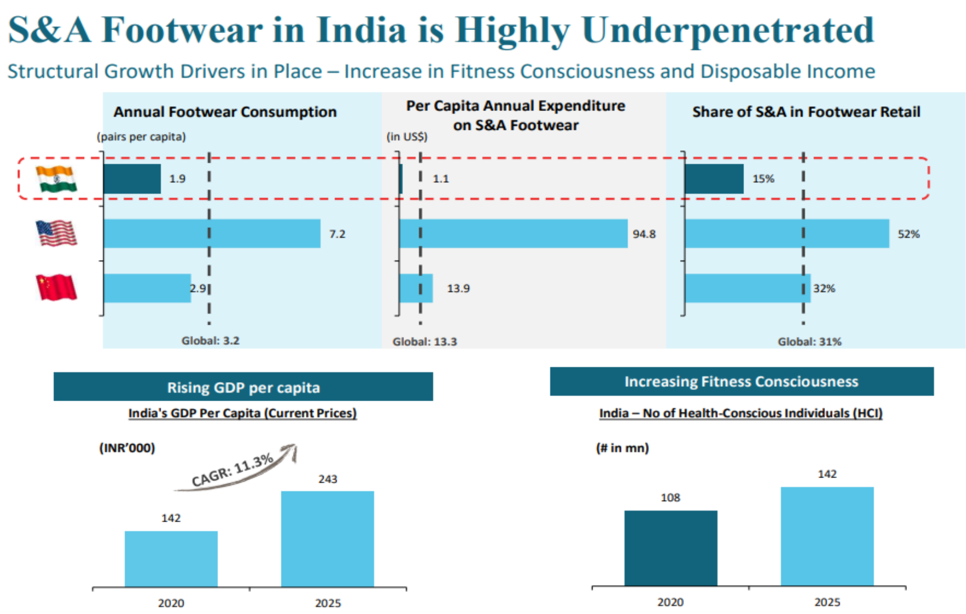
- **Mr. Hari Krishan Agarwal (Chairman, MD):** Mr. Hari Krishan Agarwal is the founder and promoter of Campus Activewear. He has played a pivotal role in building Campus into one of India's leading sports and athleisure footwear brands through a strong focus on manufacturing, distribution expansion and brand building.
- **Mr. Nikhil Aggarwal (Whole-Time Director & Chief Executive Officer):** Mr. Nikhil Aggarwal holds a B.Sc. degree in Industrial Engineering from Purdue University and brings over 18 years of experience in footwear manufacturing and trading. He has been instrumental in driving Campus' premiumisation strategy, omnichannel expansion, product innovation and digital transformation, strengthening its position as a leading youth focused footwear brand.
- **Mr. Rakesh Thakur (Chief Financial Officer):** Mr. Rakesh Thakur is a Chartered Accountant with 22 years of professional experience. He has been appointed as CFO effective 17th August 2026. Before joining Campus, he served as the Group Chief Financial Officer of Imagine Marketing Limited (boAt). He has also held senior leadership positions at Hindustan Unilever Limited, GlaxoSmithKline Consumer Healthcare, Samsung India and PepsiCo, where he gained extensive experience across P&L management of a listed entity, business finance, controllership, supply chain finance, governance, transformation and M&A/integration.
- **Mr. Uplaksh Tewary (Chief Operating Officer):** Mr. Uplaksh Tewary brings over 16 years of experience in the lifestyle and sportswear industry. Prior to joining Campus, he held leadership roles at Adidas, Puma, Reebok and Titan Industries. He oversees business operations and plays a key role in strengthening product development, merchandising and retail execution.

Industry Overview

Sports and Athleisure (S&A) Footwear Industry has long runway for growth in India

India's footwear market remains highly underpenetrated, with annual footwear consumption at only 1.9 pairs per capita, versus 3.2 pairs globally, 7.2 pairs in the US and 2.9 pairs in China. Spending on sports & athleisure (S&A) footwear is also low at just US$1.1 per capita, compared with US$94.8 per capita in the US and US$13.9 per capital in China. Further, S&A accounts for only 15% of India's footwear retail market, versus 52% in the US, 32% in China and 31% globally, leaving significant room for category growth. As India's GDP per capita increased from Rs.1.42 lakh in 2020 to Rs.2.43 lakh in 2025, a 11.3% CAGR, rising purchasing power is likely to drive higher spending on discretionary and aspirational products. At the same time, health-conscious individuals increased from 108mn to 142mn, supporting greater adoption of sports and athleisure products. Low category penetration, rising incomes and growing fitness awareness should therefore drive a structural shift towards branded S&A footwear and premium products.

Exhibit 3: S&A Footwear Industry has long runway for growth in India



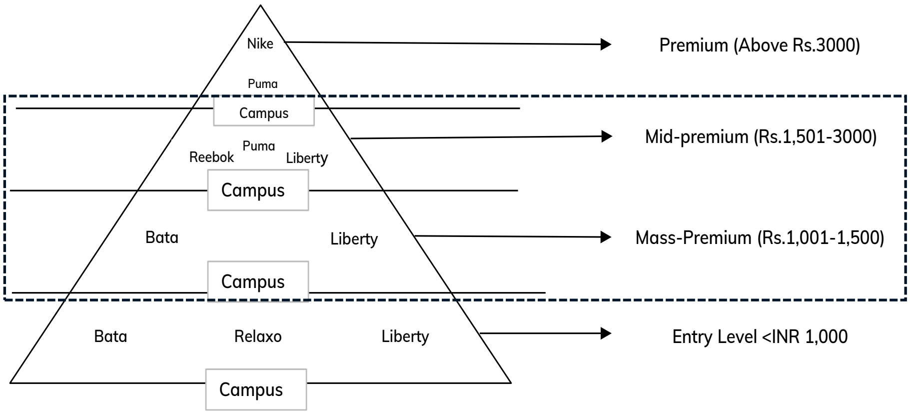
Source: Company, ICICI Direct Research

Investment Rationale

Price range of Rs.1,500-3,000 is becoming important price point in the footwear industry

Mid-premium range with a price range of Rs.1,500-3,000 in the Indian footwear industry is gaining strong traction amongst the consumers. According to Industry reports mid-premium range is growing at 13% compared to 8% growth in the mass-economy segment. Rising aspiration for wearing comfortable footwear at lower prices, rising trend of premiumisation/casualisation amongst Gen-Z population and emergence of domestic brands is aiding strong demand for mid-premium footwear segment. Sneakers in the price range of Rs.1,500-2,500 range cater to large Indian market trying to follow western markets on account of rising online culture. Influenced by growing international pop-culture, the casualisation trend is growing in India with demand for sneakers for occasional usage has increased in the recent times. Campus Activewear is successfully making a strong push in the mid-premium footwear space by offering stylish, tech-driven sneakers and athleisure shoes typically priced between Rs.1,500 and Rs3,000.

Exhibit 4: Campus is positioned in the fast growing price category of Rs.1500-Rs.3000



Source: Company, ICICI Direct Research

Campus occupies the white space between domestic and global brands

Campus has strategically positioned its product portfolio to bridge the gap between domestic value brands and multinational sportswear players. While domestic brands such as Bata and Sparx remain largely concentrated in the entry-level price segment (Rs.1000-1500/pair), multinational brands including Adidas, Puma and Skechers predominantly cater to premium consumers (Above Rs.3000/pair). This leaves the Rs.1,500-3,500 price band relatively underpenetrated, where Campus has built a meaningful product portfolio across men's, women's and kids' footwear, enabling it to capture consumers seeking aspirational products at affordable price points.

An analysis of products (as per price range listed on websites) of leading footwear brands highlights Campus' differentiated positioning. In men's sneakers, Campus offers ~199 products priced below Rs.1,500 while also maintaining ~19 products in the Rs.2,000-3,500 segment. In comparison, Adidas has negligible presence in below Rs.1,500 and has 80+ SKUs in above Rs.2,000 price band. Puma's portfolio is heavily skewed towards premium products with 350+ SKUs priced above Rs.3,500 and virtually no offerings below Rs.1,500. Similarly, Indian brands such as Sparx and Power (Bata's athleisure brand) have a strong presence below Rs.1,500 but limited presence in Rs1,500-3,000 price bands. Comparable trends are visible across women's and kids' sneakers and running shoes, highlighting Campus as one of the few brands with meaningful product offerings across both affordable and mid-premium segments.

This differentiated product architecture enables Campus to cater to consumers across different income levels while benefiting from India's 'sneakerization' trend. Consumers upgrading from entry-level footwear have often dealt with significant pricing premium while shifting to multinational footwear brands. Campus bridges this affordability gap by offering contemporary designs and sports footwear across the Rs.1,500-3,500 price band, positioning itself as a natural upgrade option for aspirational consumers.

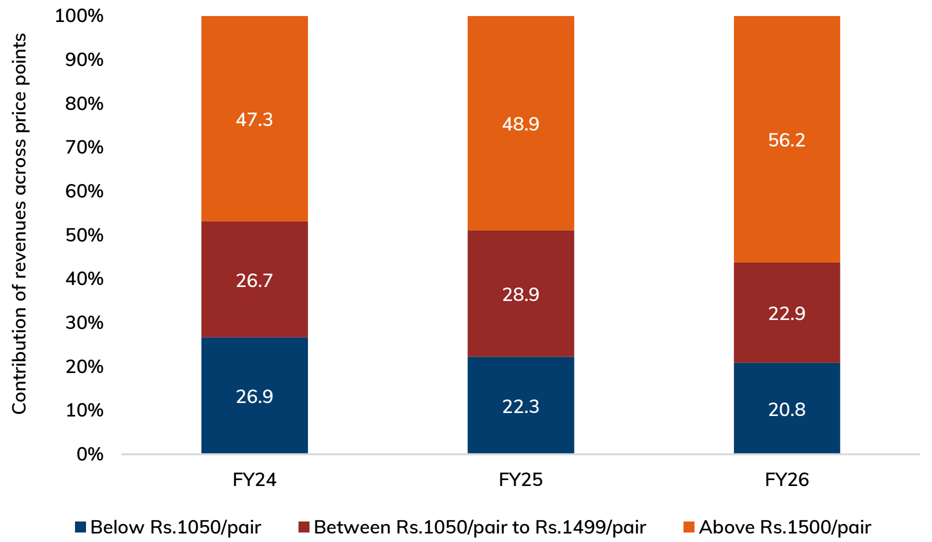
Exhibit 5: Campus occupies white space between global and domestic brands (No. of products listed on footwear websites)

Sneakers	Men (No. of products)					Women (No. of products)					Kids (No. of products)			
Price Points	Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+		Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+		Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+
Campus Activewear	199	44	19	0	Campus Activewear	125	26	0	0	Campus Activewear	41	0	0	0
Puma	0	3	51	363	Puma	0	13	52	411	Puma	2	11	42	14
Skechers	0	0	29	66	Skechers	0	1	20	65	Skechers	0	8	12	10
Asics	0	0	11	271	Asics	0	0	0	267	Asics	0	0	0	0
Adidas	2	12	53	34	Adidas	0	3	16	27	Adidas	2	11	45	66
Sparx	28	17	0	0	Sparx	0	0	0	0	Sparx	0	0	0	0
Bata	46	31	28	13	Bata	96	26	12	21	Bata	63	1	1	0
Running	Men (No. of products)					Women (No. of products)					Kids (No. of products)			
Price Points	Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+		Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+		Below Rs.1500	Rs.1500-Rs.2000	Rs.2000-Rs.3500	Rs.3500+
Campus Activewear	437	99	36	0	Campus Activewear	115	12	3	0	Campus Activewear	84	7	0	0
Puma	0	1	72	275	Puma	0	0	45	216	Puma	0	0	0	0
Skechers	0	2	19	94	Skechers	0	6	24	94	Skechers	0	0	0	0
Asics	0	0	15	219	Asics	0	0	1	145	Asics	0	0	0	0
Adidas	0	0	0	99	Adidas	0	0	0	46	Adidas	1	4	6	10
Sparx	0	0	0	0	Sparx	0	0	0	0	Sparx	0	0	0	0
Bata	14	22	28	9	Bata	17	13	25	6	Bata	-	-	-	-

Source: ICICI Direct Research *Data is indicative and sourced from online websites of the brand; Subject to change as per new launches*

The strategy is already reflected in the company's revenue mix. Contribution from products priced above Rs.1,500 increased from 47.3% in FY24 to 48.9% in FY25 and further to 56.2% in FY26, while the contribution from products priced below Rs.1,050 declined from 26.9% to 20.8% during the same period. This demonstrates increasing consumer acceptance of higher-priced products while reinforcing Campus' ability to premiumise without compromising its value positioning. The company's differentiated presence across price points is expected to support sustained ASP growth, market share gains and margin expansion over the medium term.

Exhibit 6: Consistent rise in contribution to revenues from higher price points



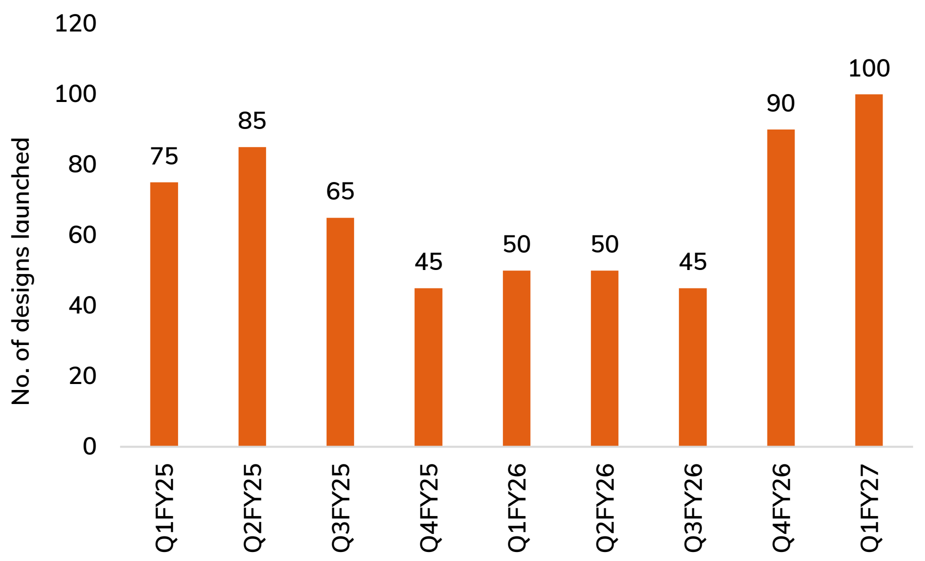
Source: Company, ICICI Direct Research

Strong design capabilities; sustained new product launches

Campus strategy is to build around delivering fresh, functional and fashion-forward footwear products that resonates with the fashion trends of Indian youth. The company's strength lies in its ability to identify international fashion trends and customise it for the local markets. It has a dedicated team of 30+ designers and has a strategic tie-up with global design consultants which not only capture international trends but design capturing raw material innovations and cost optimisation without compromising quality adhering to Indian standards. It has introduced technologies such as Air Capsule Pro, NitroFly, and NitroBoost, merging comfort with high-performance functionality, raising the bar for footwear for various occasions. The company has also mastered the art of time-to-market the new product launches. All

Processes from product conceptualization to product launch typically managed within 120-180 days, which help in quick churn on the shelves. The company launched 100+ new designs in Q1FY27 (launched 225+ new designs in FY26). This agility allows it to drop trend-right, season-ready designs at record speed cementing its position as India's most responsive footwear brand. The premiumization trend remains firmly in our favor, well supported by a richer mix of premium SKUs and a strong response to our refreshed product offerings. It is currently selling 700+ active styles in the market.

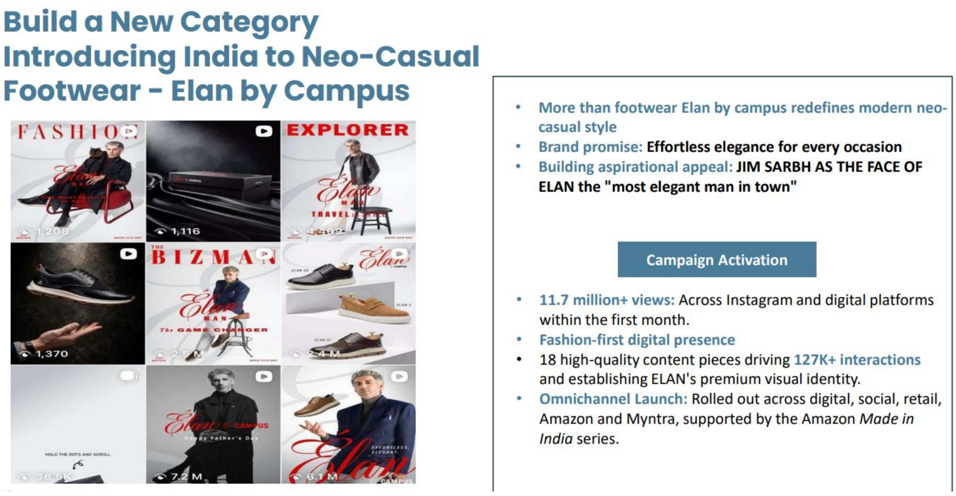
Exhibit 7: Consistent launch of new trends thereby identifying emerging trends



Source: Company, ICICI Direct Research

Further, the company entered the neo-casual footwear category with the launch of "Elan-By Campus" focused on the urban professional. The category further increases Campus' total addressable market and helps existing customers to further upgrade to mid-premium segment from mass segment. It also is instrumental in attracting the early-mid level professionals who are more susceptible to change to newer trend in the market. The brand has products launched in the price range of Rs.1899-Rs.2599 further improving the salience of >Rs.1500 price category.

Exhibit 8: Entering the neo-casual footwear category with launch of "Elan-by campus"



Source: Company, ICICI Direct Research

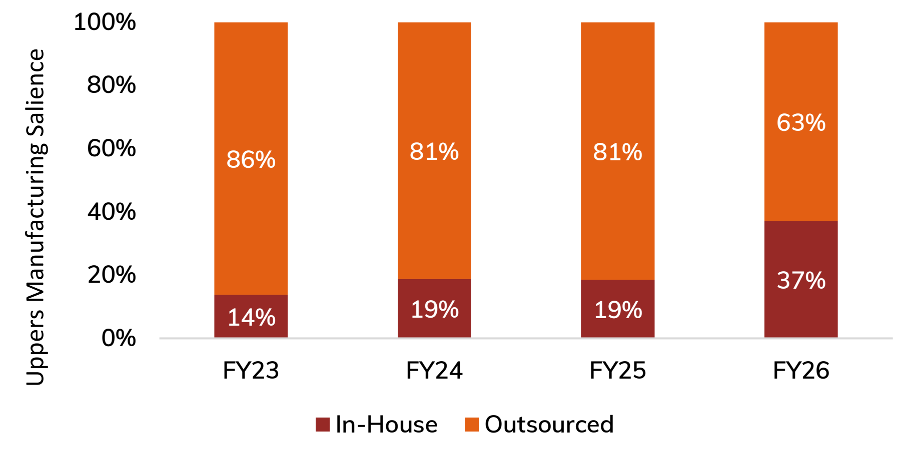
Increasing backward integration to drive operational efficiencies and strengthen competitive moat

Campus has built a differentiated asset-light, vertically integrated manufacturing ecosystem that provides competitive advantage in the Indian footwear industry. The company operates 6 owned manufacturing facilities with an annual assembly capacity of 31.1mn pairs and complements its operations through an ecosystem of over 80 contract manufacturing partners.

While Campus currently manufactures 49.6% of shoe soles and 37.2% of uppers in-house, it undertakes 100% of final shoe assembly within its own facilities, enabling tighter control over product quality, design specifications and manufacturing timelines. The company also centrally procures 100% of raw material requirements for its supplier network and sources over 90% of raw materials domestically, ensuring consistency in quality, lower supply-chain risks and improved procurement efficiencies.

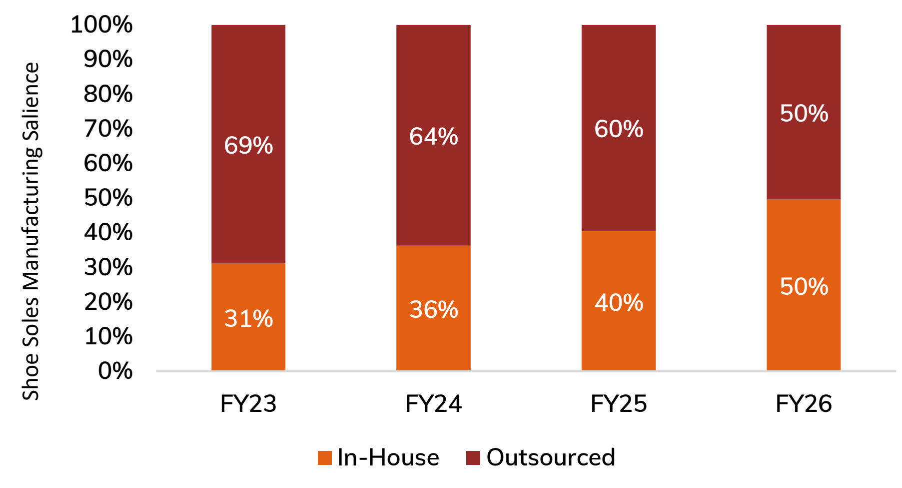
Campus is now entering the next phase of manufacturing integration, with a larger proportion of future growth expected to be serviced through owned facilities. Management highlighted that the recently commissioned upper manufacturing units at Paonta Sahib and Pant Nagar are currently producing ~2 lakh pairs per month and are expected to double output by FY27-end. Further, incremental growth in the sneaker category, which continues to witness strong demand and premiumisation, is increasingly being catered through in-house facilities. Given the higher technical requirements and machinery investments involved in sneaker manufacturing, Campus' expanding in-house capabilities provide a structural advantage over smaller and largely outsourced competitors. Management has indicated that future volume growth will be largely met through owned facilities, resulting in a gradual increase in the share of in-house manufacturing over time.

Exhibit 9: Increasing salience of in-house manufacturing



Source: Company, ICICI Direct Research

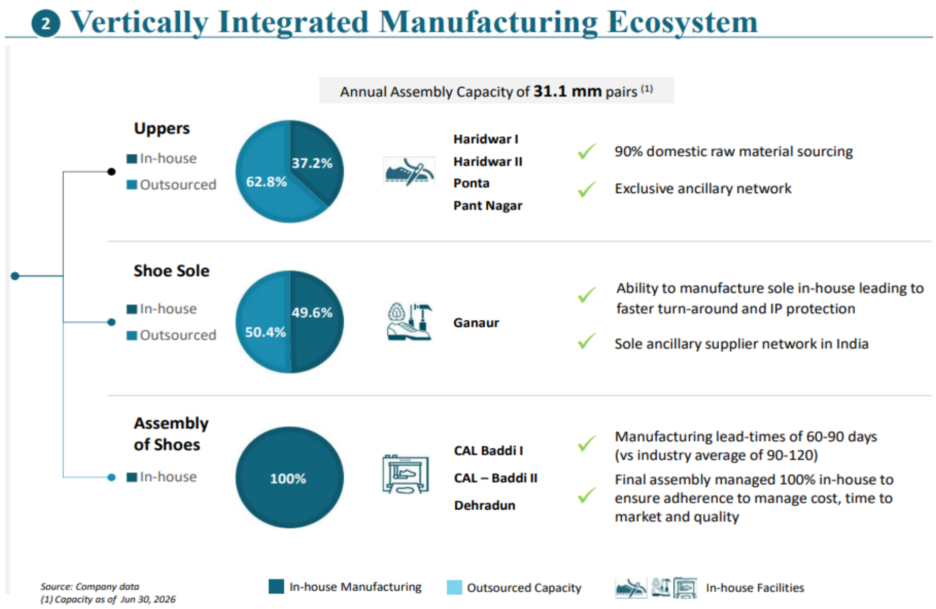
Exhibit 10: Increasing salience of in-house manufacturing



Source: Company, ICICI Direct Research

The increasing salience of in-house manufacturing is expected to improve operating efficiencies, strengthen quality control and enhance supply-chain responsiveness. Campus' integrated manufacturing ecosystem enables product lead times of 80-100 days compared with the industry average of 90-120 days, allowing the company to respond quickly to evolving consumer preferences and rapidly launch new products. The company introduced nearly 250 new SKUs in FY26, supported by its ability to efficiently scale production across categories. As the contribution of in-house manufacturing increases, Campus is likely to benefit from better cost control, lower dependence on third-party manufacturers, stronger intellectual property protection and improved margin resilience, reinforcing its competitive positioning in India's growing branded footwear market.

Exhibit 11: Vertically integrated model aiding competitive advantage



Source: Company, ICICI Direct Research

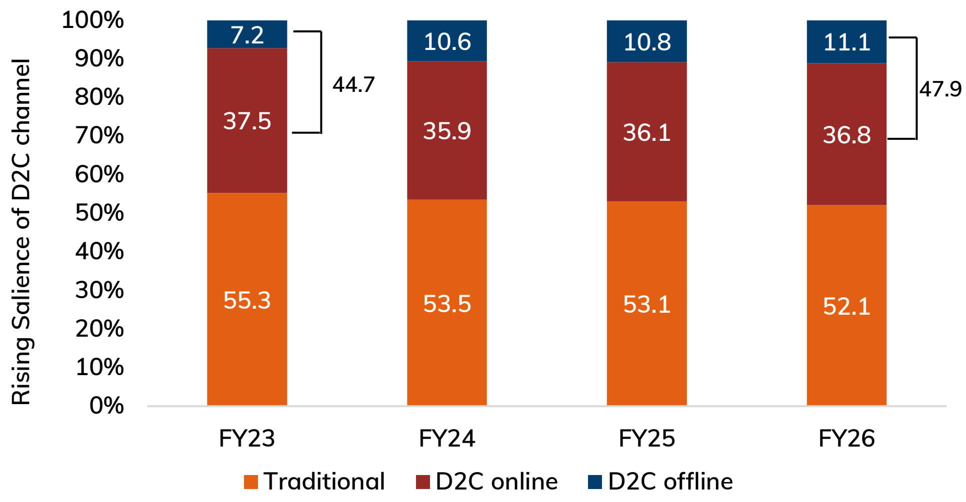
Rising D2C salience supports margin expansion, strengthens consumer engagement and enhances market penetration

Campus has steadily increased the contribution of direct-to-consumer (D2C) channels, enabling it to strengthen consumer engagement while improving the overall quality of growth. The share of D2C channels increased to 47.9% in FY26 from 44.7% in FY23, reflecting the company's strategic focus on expanding channel salience across both online and offline formats. The D2C ecosystem comprises Exclusive Brand Outlets (EBOs), Large Format Stores (LFS) and online marketplaces, allowing Campus to directly interact with consumers and exercise greater control over merchandising, pricing and brand communication. The company currently operates ~300 EBOs, 2,000+ LFS counters and has established a strong presence across leading e-commerce platforms including Flipkart, Myntra, Amazon and Snapdeal, while also scaling its own brand.com platform. Following a profitability-led rationalisation of stores in FY26, management plans to resume expansion with 60-80 new stores in FY27, further strengthening its physical reach across key markets.

D2C Online channels continue to be a key growth driver, with revenue growing 13.6% in FY26, significantly outpacing traditional distribution growth. Over the last 3 years, Campus has invested in building dedicated marketplace capabilities and deepened partnerships with platforms such as Amazon, Flipkart and Myntra while simultaneously scaling emerging channels such as Snapdeal and its own brand.com. The increasing salience of online and D2C channels also provides valuable consumer insights, enabling Campus to identify emerging trends, optimize product assortments and accelerate new product launches across categories.

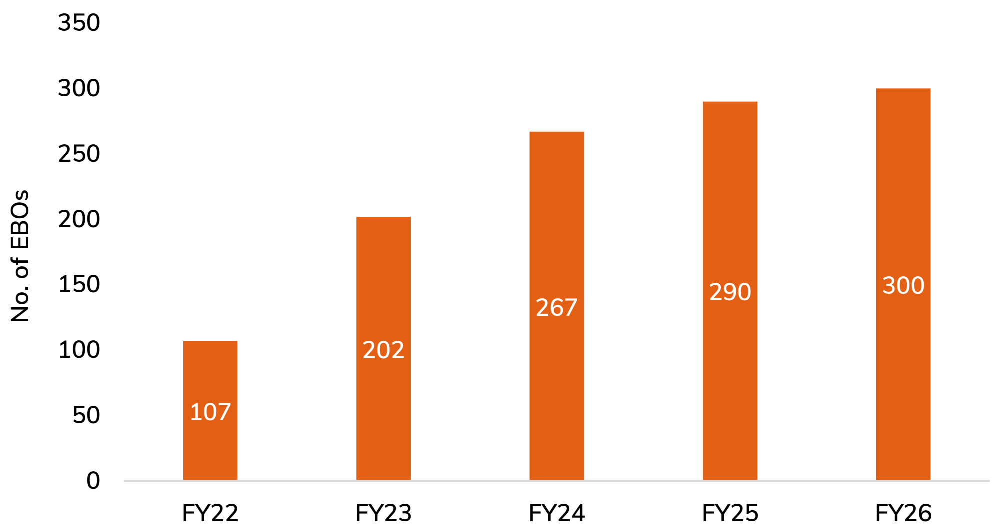
The growing contribution of D2C channels has also supported profitability and premiumisation. Consumer-facing channels enable Campus to capture a larger share of the value chain while improving product mix through higher sales of premium sneakers, women's footwear and newly launched collections. Further, direct access to consumers strengthens brand visibility, improves customer retention and facilitates faster expansion into newer geographies. Rising salience of D2C channels has also been instrumental in improvement in EBITDA margins of the company which stands at 16.5% in FY26, improving by ~200bps over the last 2 years from 14.6% in FY24. As D2C penetration continues to rise, Campus is well positioned to benefit from stronger brand equity, better margin profile and sustained growth across both physical and digital channels.

Exhibit 12: Rising share of D2C model in the business



Source: Company, ICICI Direct Research

Exhibit 13: EBOs aiding growth in contribution through D2C offline channel



Source: Company, ICICI Direct Research

Key Operating Assumptions

Exhibit 14: Key Operating Assumptions

Particulars	**FY25**	**FY26**	**FY27E**	**FY28E**
Volumes	25	26	28	30
YoY Growth (%)	12.3%	4.4%	8.5%	8.0%
Realisation	639	683	714	754
YoY Growth (%)	-2.0%	6.9%	4.5%	5.6%
Total Revenues	**1593**	**1774**	**2013**	**2296**
YoY Growth (%)	**10.0%**	**11.4%**	**13.5%**	**14.0%**

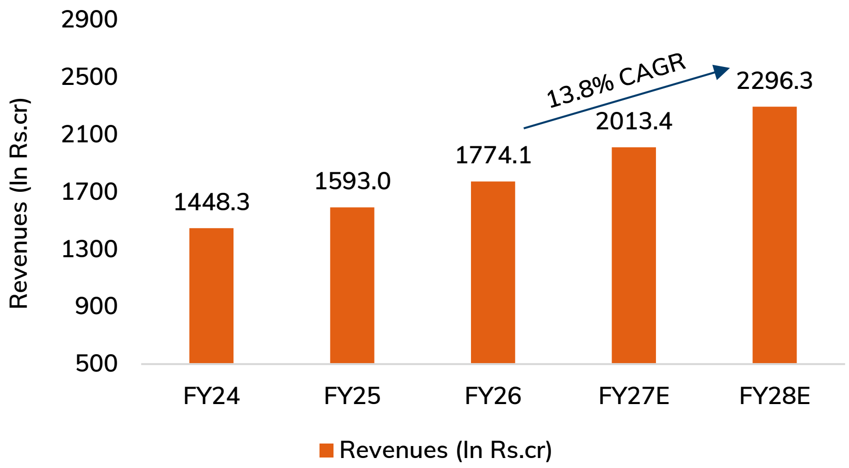
Source: Company, ICICI Direct Research

Key Financial Summary

Revenues to grow at CAGR of 14% over FY26-28E...

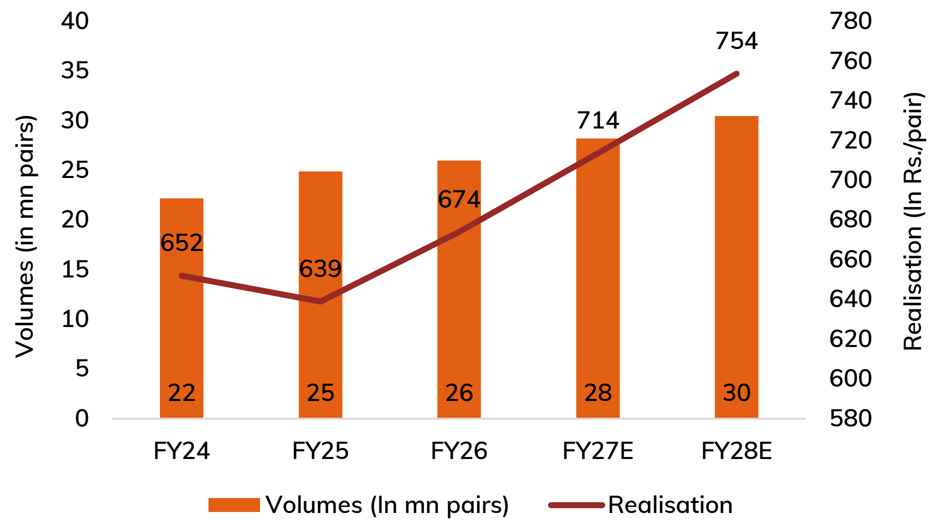
Campus' revenues grew at CAGR of 10% over FY22-25 driven by 9% volume growth, while realisation growth stood almost flat at 1% (largely affected by higher discounting to liquidate non-BIS compliant inventory). With revamped strategy hinges towards premiumisation and casualisation, the volume growth stood close to low double digit. However the strategy will pave way for gradual improvement in the realisation, which will help growth trajectory improving close to mid-teens in the coming years. We expect the company's revenues to grow at CAGR of 13.8% over FY26-28E, driven by ~7.5% volume CAGR and ~5.8% realisation CAGR.

Exhibit 15: Revenues to grow at 14% CAGR during FY26-28E



Source: Company, ICICI Direct Research

Exhibit 16: Realisation to improve led by premiumisation of portfolio

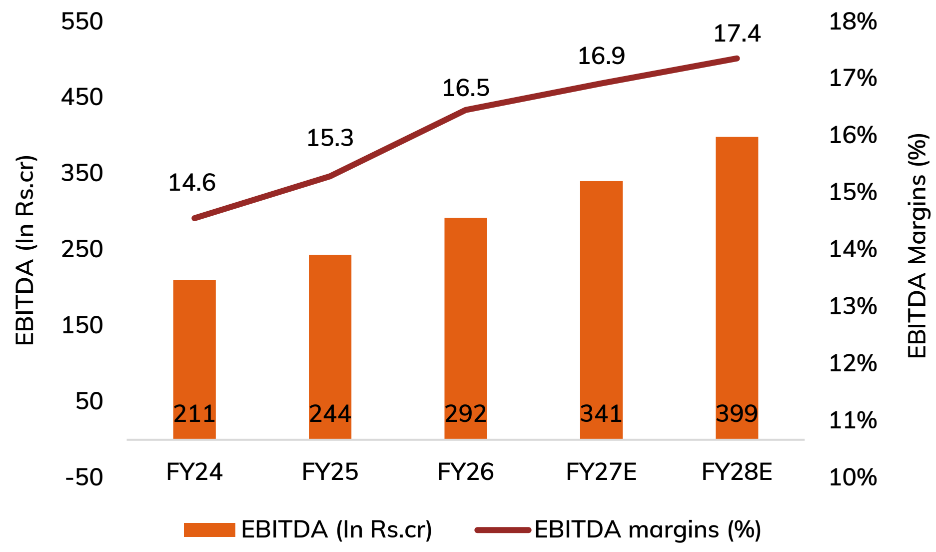


Source: Company, ICICI Direct Research

EBITDA margins to expand further led by premiumisation...

Campus' margins are inching towards consistency after couple of years dip in FY23 and FY24 (bottoming to 14%) affected by higher brand investments, retail expansion and volume decline in FY24. Its EBITDA margins improved by ~250bps to 16.5% in FY26 as it shifted its focus towards premiumisation of product portfolio and improving its D2C channel mix. Further, completion of liquidation of its non-BIS compliant inventory and increase in share of higher price category (>Rs.1500/pair) aided recovery in realisations in FY26. Further, Premiumisation in the product portfolio, improving channel mix, emphasis on higher in-house production and the switch from DIP model to stuck on model which structurally margin accretive for the company should aid Campus EBITDA margins further improve to 18% by FY28E.

Exhibit 17: EBITDA margins to expand further led by premiumisation

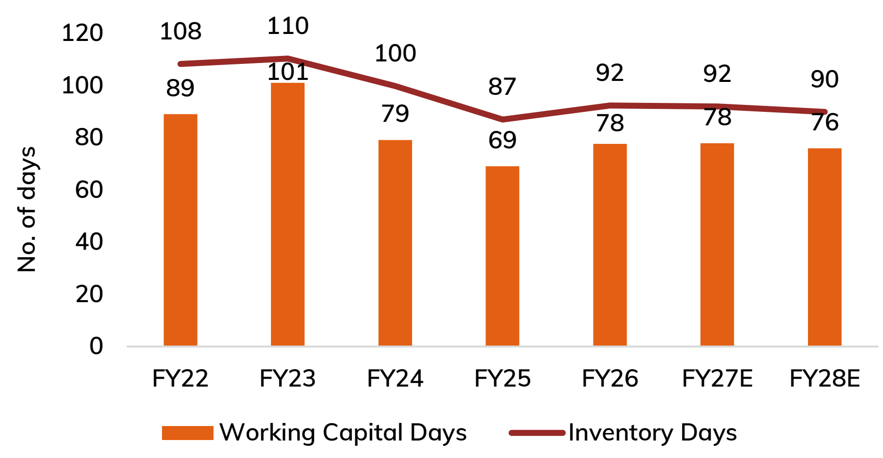


Source: Company, ICICI Direct Research

Working Capital Cycle to remain largely stable...

Campus inventory days remained at elevated levels between FY22-FY24 at ~110 days led by softer demand conditions and higher inventory of the non-BIS compliant inventory in the system. In FY25, the company undertook liquidation of the non-BIS compliant inventory. As the company liquidated most of the inventory in FY25 and FY26, the inventory days has now normalised to ~90-92 days. The improvement has also been aided by vertical integration initiatives by the company wherein warehouses have been setup to support faster response to the demand. Overall, reduction in inventory days has helped the company improved working capital cycle. Working capital cycle improved to 78 days from 101 days. Imporving working capital condition has helped the company improve its operating cash flow to Rs.67cr in FY26 from negative operating cash flow in FY22. We expect working capital cycle to largely remain stable at current levels over FY26-28E.

Exhibit 18: Working capital cycle to largely remain stable ahead...

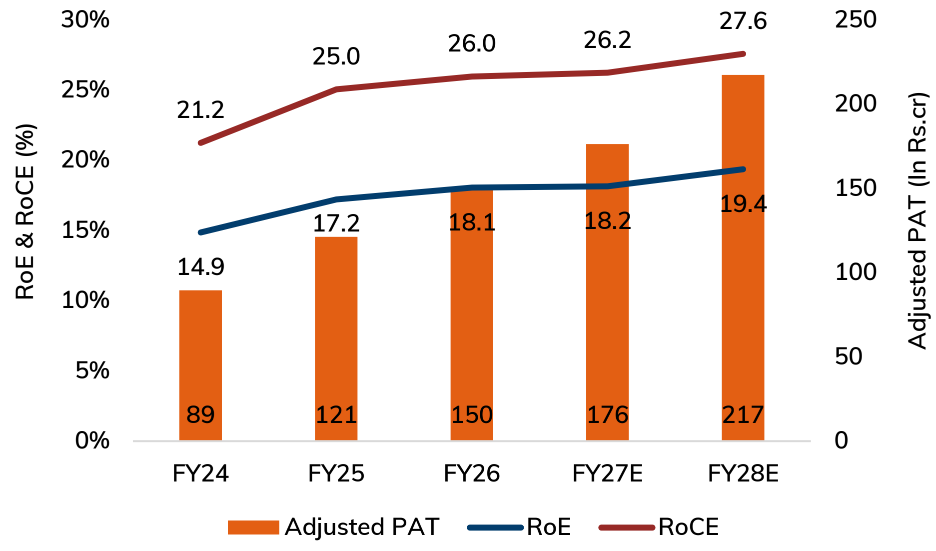


Source: Company, ICICI Direct Research

Return profile to further improve led by better profitability...

Campus' RoE and RoCE has improved steadily over the past 2 years to 18.1%/26.2% in FY26 from 14.9%/21.2% in FY24 led by consistent improvement in profitability and prudent capital deployment. We expect that steady improvement in profitable over FY26-28E shall aid further improvement in RoE/RoCE to 19%/28% in FY28E.

Exhibit 19: Return ratios to improve ahead led by better profitability...

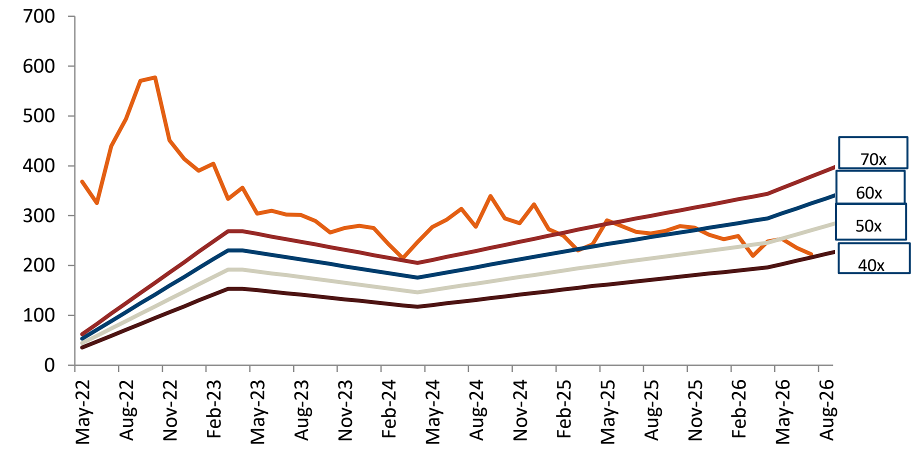


Source: Company, ICICI Direct Research

Valuation

Campus stock price has corrected by ~64% from its historical high and is trading at 30x its FY28E EPS (~58% discount to its last 3 years average multiple of 72x). This underperformance can be attributable to dismal financial performance with revenues/EBIDTA/PAT growing at CAGR of 10.1%/0.2%/3.7% Over FY22-25. The company revamped its strategy focusing more on premium and transforming itself into a D2C brands to bring in the consistency in the financial performance in the near to medium term. FY25 and FY26 started providing the glimpse of revamped strategies with revenues growing in early double digits while improved EBIDTA margins aided in PAT growing at 20%+. In view of the changing footwear industry dynamics and the company's focus on premiumisation, we expect the consistency in the financial performance to retain in the coming years. This along with discounted valuations, we believe its good time to invest in the quality footwear company like Campus amongst the peers.

Exhibit 20: P/E Band



Source: Company, ICICI Direct Research;

Key Risk and Concerns

Supply chain disruption and higher input cost can impact the margins and operations

The company's manufacturing operations depend on the uninterrupted availability of high-quality raw materials and footwear components from suppliers. Any disruption in the procurement of key materials, deterioration in supplier quality, supply chain bottlenecks or increase in input costs could impact production schedules and inventory availability. Such disruptions may result in delayed deliveries, higher operating costs and impact on margins.

Intensified competition may impact market share and profitability

The Indian sports and athleisure footwear market is highly competitive, with established global brands such as Nike, Adidas, Puma and Skechers, along with domestic players including Bata, Relaxo and Liberty, competing across various price segments. Though Campus operates in the white space of price segment of Rs.1500-Rs.3000, it faces the risk of competition from established global players in the market. With lower barriers of entry coupled with higher brand equity, the global players can establish themselves in the price segment at a rapid pace. This can lead to loss of market share and subsequent risk of volume decline.

Financial Summary

Exhibit 21: Profit and loss statement Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total Operating Income	**1593.0**	**1774.1**	**2013.4**	**2296.3**
Growth (%)	10.0	11.4	13.5	14.0
Raw Material Expenses	767.3	836.3	943.3	1066.6
Gross Profit	825.7	937.8	1070.1	1229.7
Employee Expenses	119.0	140.2	157.7	176.6
Advertisement & sales promotion	135.3	162.7	201.3	229.6
Contractor charges	104.8	127.0	130.9	147.0
Other Expenditure	223.1	216.1	239.6	277.9
Total Operating Expenditure	**1349.4**	**1482.2**	**1672.8**	**1897.7**
EBITDA	**243.5**	**291.9**	**340.6**	**398.6**
Growth (%)	15.5	19.9	16.7	17.0
Interest	18.8	24.3	26.1	26.7
Depreciation	75.5	88.3	98.3	106.8
Other Income	14.7	22.8	19.0	24.8
PBT	**163.9**	**202.2**	**235.2**	**289.8**
Less Tax	42.8	52.1	58.8	72.5
Adjusted PAT	**121.2**	**150.1**	**176.4**	**217.4**
Growth (%)	35.5	23.9	17.5	23.2
Reported PAT	**121.2**	**150.1**	**176.4**	**217.4**
Growth (%)	35.5	23.9	17.5	23.2
EPS (Diluted)	**4.0**	**4.9**	**5.8**	**7.1**

Source: Company, ICICI Direct Research

Exhibit 22: Cash Flow Statement Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit/(Loss) after taxation	106.5	127.3	157.4	192.6
Add: Depreciation & Amort.	75.5	88.3	98.3	106.8
Other income	14.7	22.8	19.0	24.8
Net Increase in Current Assets	-56.8	-180.2	-111.2	-107.9
less: 'Net Increase in Current Liabilities	-36.1	-9.5	16.2	-30.0
CF from Operating activities	**176.0**	**67.7**	**147.3**	**246.3**
Investments & Bank bal	-3.8	7.1	-30.0	-120.0
(Purchase)/Sale of Fixed Assets	-155.7	-153.2	-70.1	-75.1
Intangible assets	-10.4	2.0	-3.3	0.0
Others	-61.5	60.5	-6.0	-6.6
CF from Investing activities	**-231.4**	**-83.6**	**-109.4**	**-201.7**
(Inc)/Dec in Loan	-13.9	33.8	5.7	1.8
(Inc)/Dec in lease liabilities	78.8	-32.4	15.3	5.0
Change in equity & reserves	14.2	45.5	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0
Other Non-Current Liabilities	-30.5	-45.8	-45.8	-45.8
CF from Financing activities	2.7	1.4	1.8	1.9
Net Cash Flow	**51.3**	**2.4**	**(23.1)**	**(37.1)**
Cash and Cash Equivalent	-4.1	-13.5	14.8	7.5
Cash	21.5	17.4	4.0	18.8
Free Cash Flow	**17.4**	**4.0**	**18.8**	**26.3**

Source: Company, ICICI Direct Research

Exhibit 23: Balance Sheet Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	152.7	152.8	152.8	152.8
Reserve and Surplus	603.8	753.5	884.0	1055.5
Total Shareholders' funds	**756.5**	**906.3**	**1036.8**	**1208.3**
Total Debt	38.6	72.4	78.1	79.9
Lease Liabilities	232.3	199.9	215.2	220.2
Other non-current liabilities	3.7	2.6	3.0	3.4
Long-Term Provisions	11.2	13.7	15.0	16.5
Total Liabilities	**1042.2**	**1194.8**	**1348.1**	**1528.3**
Gross Block - Fixed Assets	724.2	861.5	942.5	1017.5
Accumulated Depreciation	295.6	356.8	455.1	561.9
Net Block	428.6	504.7	487.4	455.6
Capital WIP	22.2	11.0	0.1	0.1
Fixed Assets	450.8	515.7	487.4	455.7
Goodwill & Other intangible	13.8	11.7	15.0	15.0
Other non-Current Assets	121.0	60.4	66.5	73.1
Inventory	379.8	449.5	507.5	566.2
Debtors	148.0	152.8	171.0	195.0
Other Current Assets	87.3	146.2	168.1	193.3
Other financial assets	80.0	127.0	140.0	140.0
Cash	17.4	4.0	18.8	26.3
Bank balance	7.1	0.0	30.0	150.0
Total Current Assets	**719.7**	**879.3**	**1035.4**	**1270.8**
Creditors	226.1	224.7	206.2	234.0
Provisions	2.2	2.7	3.5	3.5
Other Current Liabilities	34.7	45.0	46.5	48.8
Total Current Liabilities	**263.0**	**272.4**	**256.2**	**286.3**
Net Current Assets	456.7	606.9	779.1	984.5
Application of Funds	**1042.2**	**1194.8**	**1348.1**	**1528.3**

Source: Company, ICICI Direct Research

Exhibit 24: Ratio Analysis Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
Diluted EPS	4.0	4.9	5.8	7.1
Cash EPS	6.4	7.8	9.0	10.6
BV per share	24.8	29.7	33.9	39.5
Dividend per share	1.0	1.5	1.5	1.5
Operating Ratios (%)				
Gross Profit Margins	51.8	52.9	53.2	53.6
OPM	15.3	16.5	16.9	17.4
PAT Margins	7.6	8.5	8.8	9.5
Asset Turnover (x)	2.4	2.2	2.2	2.3
Return Ratios (%)				
RoE	17.2	18.1	18.2	19.4
RoCE	25.0	26.0	26.2	27.6
Valuation Ratios (x)				
P/E	55.9	45.2	38.5	31.2
EV / EBITDA	28.9	24.2	20.6	17.3
EV / Net Sales	4.4	4.0	3.5	3.0
Market Cap / Sales	4.3	3.8	3.4	3.0
Price to Book Value	9.0	7.5	6.5	5.6
Solvency Ratios				
Debt / EBITDA	0.2	0.2	0.2	0.2
Debt / Equity	0.4	0.3	0.3	0.2
Inventory days	87	92	92	90
Debtor days	34	31	31	31
Creditor days	52	46	45	45
WC Days	69	78	78	76

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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