Campus Activewear

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	CAMPUS IN
Equity Shares (m)	305
M.Cap.(INRb)/(USDb)	89 / 1.1
52-Week Range (INR)	324 / 213
1, 6, 12 Rel. Per (%)	0/4/-24
12M Avg Val (INR M)	459

Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	14.5	16.0	18.8
EBITDA	2.1	2.5	3.3
Adj. PAT	0.9	1.3	1.7
EBITDA Margin (%)	14.6	15.9	17.3
Adj. EPS (INR)	2.9	4.3	5.6
EPS Gr. (%)	-23.6	46.8	30.6
BV/Sh. (INR)	21.3	25.6	31.2
Ratios			
Net D:E	0.2	0.2	0.0
RoE (%)	13.7	16.8	18.0
RoCE (%)	13.1	16.3	17.6
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	99.8	68.0	52.1
EV/EBITDA (x)	43.1	35.6	27.6
EV/Sales (X)	6.3	5.7	4.8
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.1	0.9	1.6

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	73.9	73.9	73.9
DII	9.5	7.8	6.6
FII	5.9	5.2	11.5
Others	10.8	13.1	7.9

FII Includes depository receipts

CMP: INR292 TP: INR335 (+15%) Buy

Weak revenue hurts PAT

- Campus Activewear (Campus) posted a revenue decline of 4% YoY (9% miss), due to weak performances of both the trade distribution channel (TD) and D2C online channel. Growth in open footwear was a silver lining in 1QFY25. Weak revenue led to 22%/19% YoY decline in EBITDA/PAT (21%/22% miss) for the quarter.
- We broadly maintain our estimates, factoring in 14%/38% revenue/PAT CAGR over FY24-26. The stock has corrected sharply; however, Campus's strong market position, stabilization of D2C online/TD channels, and a long runway for growth should result in a market recovery in 2HFY25E. **Reiterate BUY with a TP of INR335.**

Revenue/PAT down 4%/19% YoY

- Revenue declined 4% YoY to INR 3.4b (9% miss) due to muted demand environment.
  - Volumes increased 3% YoY to 5.8m led by open footwear; however, the ASP declined 7% YoY to INR585 due to a change in mix towards open footwear.
- TD channel declined 9% YoY; D2C channel declined 6% YoY and expect stabilization.
- Gross profit declined 5% YoY to INR 1.8b (9% miss), and margin dipped 40bp YoY to 53%. GM contraction could be due to a change in mix towards open footwear.
- EBITDA declined 22% YoY to INR517m (21% miss) due to decline in GP. Margins declined 350bp YoY to 15.3%.
- This has led to decline in PAT by 19% YoY to INR254m (22% miss). PAT margin contracted 140bp YoY to 7.5%.

Key takeaways from the management commentary

- **BIS**: It is fully effective from 1st Aug'24, while the mandated time to liquidate the inventory is the end of Jun'25. The cheap imports have reduced. Campus is fully compliant with the BIS norms. The cost impact on BIS for the company is very small.
- **Distribution**: The company has strengthened its distribution side by adding a few more superstockists and eight new distributors. The dip in trade distribution was due to open footwear sales-driven lower ASP. In terms of volumes, the channel grew YoY. Management expects to keep the mix at 50:50 going forward.
- **ASP**: The ASP decline was largely led by the higher share of open footwear. Management does not expect the ASP to increase considerably in FY25; however, as demand picks up, management is hopeful of the ASP to improve.