CAMPUS
CAMPUS ACTIVEWEAR LTD.
Formerly known as :
Campus Activewear Pvt. Ltd.
CIN - L74120DL2008PLC183629

3rd October, 2025

To,

BSE Limited Corporate Relationship Department 1st Floor, New Trading Ring, Rotunda Building, P. J. Towers, Dalal Street, Mumbai – 400 001 **SCRIP CODE: 543523**	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **SYMBOL: CAMPUS**

Sub: Disclosure pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Revision in Credit Rating Outlook

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that Crisil Ratings has revised its outlook on the long-term bank facilities of Campus Activewear Ltd (CAL; part of the Campus group) to **'Positive'** from 'Stable', while reaffirming the rating at 'Crisil A+'. The short-term rating has been reaffirmed at 'Crisil A1'**.**

The Rationale received from CRISIL is enclosed herewith.

We request you to take the same on record.

Thanking You,

Yours truly
For Campus Activewear Limited

Archana Maini Digitally signed by Archana Maini Date: 2025.10.03 14:56:02 +05'30'

Archana Maini
General Counsel & Company Secretary
Membership No. A16092

Encl: As above

Campus Activewear Ltd

Ratings reaffirmed at 'Crisil A+/Crisil A1'; outlook revised to 'Positive'

Rating action

Total bank loan facilities rated	**Rs 303 crore**
Long-term rating	**Crisil A+/Positive (reaffirmed and outlook revised to 'Positive')**
Short-term rating	**Crisil A1 (reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities

Detailed rationale

Crisil Ratings has revised its outlook on the long-term bank facilities of Campus Activewear Ltd (CAL; part of the Campus group) to **'Positive'** from 'Stable', while reaffirming the rating at 'Crisil A+'. The short-term rating has been reaffirmed at 'Crisil A1'.

The revision in outlook reflects expectation of sustained improvement in the group's business risk profile. The scale of operations has improved by 9.99% to Rs 1,593 crore from Rs 1,448 crore in fiscal 2024 supported by increase in sales volume to 2.49 crore pairs in fiscal 2025 from 2.22 crore pairs in the previous fiscal. Revenue increased despite drop in average selling price (ASP) to Rs 640/pair as compared to Rs 652/pair in the previous fiscal, driven by higher sales of open footwear. In the current fiscal, the company generated revenue of Rs 343 crore in the first quarter through sales of 0.51 crore pairs at ASP of Rs 673/pair. The earnings before interest, tax, depreciation and amortization (Ebitda) margin remained comfortable at 15.29% in fiscal 2025 and is expected to remain range-bound at 15-17%. Considering the strong brand image, revenue is expected to grow 8-10% over the medium term.
The company is undertaking capital expenditure (capex) of around Rs 230 crore over fiscals 2026 and 2027 to increase its capacity to manufacture footwear uppers and assembly to cater to the growth of next 2 years. Increase in captive production is expected to result in improvement in the operating margin over the medium term. The company also took steps such as locking in key raw material prices and other cost optimization measures along with sustained passthrough of price fluctuations to end consumers in a regulated manner. With these interventions, the company is expected to maintain margin of 15-17% over the medium term. Focus on exclusive brand outlets, diversification through online channels and franchisee model should continue to support the business risk profile and healthy return on capital employed (RoCE) over the medium term. Sustenance of the working capital cycle, primarily inventory management, remains a key monitorable.

The ratings also factor in the strong financial risk profile of the Campus group, driven by networth of over Rs 742 crore in fiscal 2025 backed by continuous accretion to reserves. The capital structure remained superior in fiscal 2025, driven by lower-than-expected debt and nil utilisation of working capital lines. Debt protection metrics remained healthy with expected interest coverage ratio of 12.96 times in fiscal 2025.

The ratings continue to reflect the healthy market position of the Campus group in the footwear industry backed by strong brand, geographically diversified presence and wide product portfolio, along with comfortable financial risk profile. These strengths are partially offset by stretched working capital cycle and exposure to intense competition.

Analytical approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of CAL.

Key rating drivers - Strengths

Established market position with strong brand visibility: The four-decade-long experience of the promoters, their strong understanding of market trends and healthy client relationships will continue to support the business risk profile of the Campus group. Moreover, robust brand visibility and diversified product range have helped maintain the scale of operations. In fiscal 2025, revenue was Rs 1,593 crore with sales volume of 2.49 crore pairs. In the current fiscal, the company generated revenue of Rs 343 crore in the first quarter, driven by sales volume of 0.51 crore pairs. In the full fiscal, operating income is expected to improve to around Rs 1,700 crore, driven by increased sales volume and sustained realisations. Going forward, the revenue is expected to improve 7-10% over the medium term, driven by strong brand recall of the company.

Comfortable financial risk profile: Networth has remained strong at over Rs 743 crore with healthy total outside liabilities to adjusted networth ratio of 0.69 time as on March 31, 2025, indicating robust capital structure. Gearing remained below 0.50 time over the four fiscals through 2025, despite debt-funded capex, driven by healthy networth. Debt protection metrics are also robust, as indicated by interest coverage ratio of 12.96 times as on March 31, 2025. Stable profitability and continuous accretion to reserves are expected to improve the debt protection metrics over the medium term. The company is undertaking capex of around Rs 230 crore over fiscals 2026 and 2027 to increase its footwear upper manufacturing capacity, which will be funded entirely through internal accrual, resulting in strong expected financial risk profile over the medium term on the back of higher cash accrual to fund capex and additional working capital requirement over the medium term.

Geographically diversified presence and wide product profile: The group has strong brand presence across India through multi-brand outlets and stores. It has a dominant market position owing to its strong focus and stocking of various designs. The group markets products to retailers across India through more than 300 distributors and over 23,000 retail touch points. Also, CAL has 250 exclusive brand outlets. While it has a strong presence across India, more than half its revenue comes from the North and East regions while steps to increase presence in the South and West are bearing fruit as is visible from the increasing revenue contribution of these regions. This will help insulate revenue and profitability from changes in preferences of customers in any region.

Key rating drivers - Weaknesses

Exposure to intense competition: The Campus group has positioned itself in the affordable to mid-luxury footwear segment, where it has to compete with established brands, such as Bata, and Sparx (Relaxo), and several unorganised players. Furthermore, the business risk profile is constrained by price sensitivity of the target segment, which limits the ability to pass on any sharp increase in raw material prices to customers. The group remains exposed to the risk of competitive designs, changes in customer preferences and growing presence of international brands. This forces the group to continuously develop new designs to stay ahead of competition.

Working capital-intensive operations: Gross current assets (GCAs) were 165 days as on March 31, 2025, driven by inventory of 103 days and receivables of 34 days. GCAs are expected to be 190-200 days as operations are likely to remain working capital intensive over the medium term. Prudent management of the working capital cycle with increase in scale of operations remains a rating sensitivity factor. The receivables have improved, driven by revision in the cash discount policy to distributors. The working capital requirement is partially supported by payables of 108-120 days. The company maintains higher inventory due to higher lead time and caters to the requirements of each channel, including online, distribution and exclusive stores.

<u>Liquidity:</u> Strong
Cash accrual is expected to remain healthy at Rs 220-260 crore per annum, against nil debt obligation over the medium term. Surplus accrual will support incremental working capital requirement and capex over the medium term. The bank limit was utilised at only 4% on average over the 12 months through May 2025. The current ratio has remained moderate at 1.47 times as on March 31, 2025. The group had unencumbered cash and bank balance of Rs 164 crore as on March 31, 2025.

<u>Outlook:</u> Positive
The Campus group will continue to benefit from its healthy market position, aided by strong brand visibility and diverse product range. Improvement in operating margin, driven by increase in captive production of footwear uppers will remain a key monitoring factor.

Rating sensitivity factors

Upward factors:

- Improvement in market share with increase in revenue to around Rs 1,800 crore with sustained margin leading to healthy cash accrual
- Sustenance of efficient working capital cycle and financial risk profile

Downward factors:

- Stretched working capital cycle with GCAs of more than 275 days or debt-funded capex, weakening the financial risk profile and liquidity
- Decline in operating income or dip in operating profitability by more than 400 basis points, leading to decline in cash accrual

About the company

In 1983, Mr H K Agarwal founded the Action brand, which became a household name in the casual and sports footwear segments in India. Mr Agarwal and his brothers subsequently entered other sectors, such as healthcare, power and coal mining. In 1997, the Action group launched its premium Campus brand. CAL, incorporated in 2008, and CAIPL, established in August 2015, as a partnership firm and reconstituted in 2020 as a private limited company, are part of the Hari Krishan Aggarwal group, which has been in the footwear business for over three decades. Both companies were merged in November 2022. In May 2022, the company got listed on the Bombay Stock Exchange and the National Stock Exchange.

Key financial indicators

As on / for the period ended March 31		2025	2024
Operating income	Rs crore	1,592.96	1,448.30
Reported profit after tax	Rs crore	121.18	89.44
PAT margin	%	7.61	6.16
Adjusted debt/adjusted networth	Times	0.00	0.04
Interest coverage	Times	12.96	9.79

List of covenants

<u>Status of non-cooperation with previous CRA</u>: Not applicable

<u>Any other information</u>: Not applicable

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

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Annexure - Details of Instrument(s)<<REMOVE_EMPTY_MAIL_MERGE>>

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Derivatives Facility	NA	NA	NA	5.00	NA	Crisil A1
NA	Fund-Based Facilities	NA	NA	NA	265.00	NA	Crisil A+/Positive
NA	Non-Fund Based Limit	NA	NA	NA	22.00	NA	Crisil A1
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	11.00	NA	Crisil A+/Positive

<u>Annexure - Details of Rating Withdrawn</u>

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT/ST	281.0	Crisil A+/Positive / Crisil A1		--	05-07-24	Crisil A+/Stable	10-04-23	Crisil A+/Stable	14-10-22	Crisil A+/Stable	Crisil A/Positive
			--		--		--		--	29-07-22	Crisil A+/Stable	--

Non-Fund Based Facilities	ST	22.0	Crisil A1		--	05-07-24	Crisil A1	10-04-23	Crisil A1	14-10-22	Crisil A1	Crisil A1
			--		--		--		--	29-07-22	Crisil A1	--

All amounts are in Rs crore

Annexure – Details of Bank Lenders/Facilities

Facility	Amount (Rs crore)	Name of Lender	Rating
Derivatives Facility	5	ICICI Bank Limited	Crisil A1
Fund-Based Facilities	110	HDFC Bank Limited	Crisil A+/Positive
Fund-Based Facilities	30	Axis Bank Limited	Crisil A+/Positive
Fund-Based Facilities	75	CTBC Bank Co Limited	Crisil A+/Positive
Fund-Based Facilities	50	ICICI Bank Limited	Crisil A+/Positive
Non-Fund Based Limit	11	Axis Bank Limited	Crisil A1
Non-Fund Based Limit	11	HDFC Bank Limited	Crisil A1
Proposed Fund-Based Bank Limits	11	Not Applicable	Crisil A+/Positive

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