

Issue highlights

- ❑ **Campus Activewear Limited ("Campus")** was incorporated on September 24, 2008. Campus is the largest **sports** and **athleisure footwear** brand in India in terms of value and volume in Fiscal 2021. Campus introduced their brand 'CAMPUS' in 2005 and is a lifestyle-oriented sports and athleisure footwear company that offers a diverse product portfolio for the entire family. Campus offers multiple choices across styles, colour palettes, price points and an attractive product value proposition.
- ❑ Their strength in the Indian sports and athleisure footwear landscape is demonstrated on account of the following:
 - Campus is the largest sports and athleisure footwear brand in India, both in terms of value and volume in Fiscal 2021.
 - Campus is the fastest growing scaled sports and athleisure footwear brand (scaled brands being brands with over ₹ 2 billion of revenue in Fiscal 2019) in India over Fiscal 2019 to Fiscal 2021.
 - Campus had an approximately 15% market share in the branded sports and athleisure footwear industry in India by value for Fiscal 2020, which increased to approximately 17% in Fiscal 2021.
 - Campus is one of the very few established Indian brands in a segment which is primarily dominated by international brands.
 - Campus is one of the most relevant brands in this segment, covering more than 85% of the total addressable market for sports and athleisure footwear in India as of Fiscal 2021.
- ❑ Campus has an expansive pan-India reach that enabled them to sell, 1.30 crore and 1.37 crore pairs in Fiscals 2021 and 9 months ended December 31, 2021, respectively.
- ❑ Their **product portfolio is extensive with 1,433 active styles for men, 241 active styles for women and 485 active styles for kids and children as on December 31, 2021.**
- ❑ Campus own and operates 5 manufacturing facilities across India with an installed annual capacity for assembly of 28.80 million pairs as on December 31, 2021.

Brief Financial Details*

(₹ In Cr)

	As at Dec' 31,		As at Mar' 31,		
	2021(09)	2020(09)	2021(12)	2020(12)	2019(12)
Equity Share Capital	152.16	151.87	151.87	151.87	0.10
Reserves	250.38	150.40	160.76	132.87	201.68
Net worth as stated	402.55	302.27	312.64	284.75	201.77
Revenue from Operations	841.84	436.18	711.28	732.04	594.87
Revenue Growth (%)	93.00%	-	(2.84)%	23.06%	-
EBITDA as stated	165.22	54.29	119.81	138.33	101.86
EBITDA Margin (%)	19.63%	12.45%	16.84%	18.90%	17.12%
Profit Before Tax	113.96	19.68	69.95	98.75	66.33
Net Profit After Tax	84.80	16.85	26.86	62.37	38.60
Net Profit (%) as stated	10.07%	3.86%	3.78%	8.52%	6.49%
EPS (₹)	2.82^	0.56^	0.88	2.05	1.28
RONW (%)	21.26%^	5.58%^	8.60%	21.63%	19.04%
NAV (₹)	13.25	9.95	10.29	9.45	6.72
ROE (%)	23.72%	5.74%	8.99%	25.64%	21.32%
ROCE (%)	21.39%	6.44%	18.54%	21.03%	21.88%

Source: RHP *Restated Consolidated, ^Not annualised

Issue Details

Offer for sale of 47,950,000 Equity shares

Issue summary

Issue size: ₹ 1,332- 1,400 Cr
No. of shares: 47,950,000 Shares
Face value: ₹ 5/-
Employee Reservation: 200,000 Shares
Price band : ₹ 278 - 292
Bid Lot: 51 Shares and in multiple thereof
Employee Discount: ₹ 27/-per share
Post Issue Implied Market Cap =
₹ 8,460 – 8,886 Cr
BRLMs: JM Financial, BofA Securities, CLSA India, Kotak Mahindra Capital
Registrar: Link Intime India Pvt. Ltd.
Issue opens on: Tuesday, 26th Apr'2022
Issue closes on: Thursday, 28th Apr'2022

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	04-05-2022
Refunds/Unblocking ASBA Fund	05-05-2022
Credit of equity shares to DP A/c	06-05-2022
Trading commences	09-05-2022

Issue break-up

	No. of Shares	₹ In Cr		% of Issue
		@Lower	@upper	
QIB	23,875,000	663.73	697.15	50%
NIB	7,162,500	199.12	209.15	15%
RET	16,712,500	464.61	488.01	35%
EMP	200,000	5.56	5.84	-
Total	47,950,000	1,333.01	1,400.14	100%

Listing: BSE & NSE

Shareholding (No. of Shares)

	Pre-Offer and Post-Offer Equity Shares
No of shares	304,326,004

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	73.92%	69.81%
Promoter Group	4.29%	4.29%
Public – Selling S/h	21.23%	9.58%
Public –Other	0.56%	16.31%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as 'Action Renewable Energy Private Limited' on September 24, 2008. The company was promoted by Hari Krishan Agarwal and Nikhil Aggarwal. Currently the promoters collectively hold 224,942,896 Equity Shares, representing 73.92% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Hari Krishan Agarwal is the Chairman and Managing Director of the company. He has over 37 years of experience in the footwear industry in India.

Nikhil Aggarwal is the Whole-Time Director and the CEO of the company. He has approximately 14 years of experience in the footwear manufacturing and trading sector.

Anil Rai Gupta is the Non-Independent Non-Executive Director on the Board of the company. He has approximately 29 years of experience in the consumer electrical goods sector.

Ankur Nand Thadani is the Non-Independent Non-Executive Director on the Board of the company. He is also associated with TPG Capital India Pvt Ltd.

Anil Kumar Chanana is the Independent Director on the Board of the company. He has approximately 38 years of experience in handling finance functions, including in the information technology sector, and in providing consultancy services.

Madhumita Ganguli is the Independent Director on the Board of the company. She has approximately over 40 years of experience in the financial services sector. She serves as a member of the executive management of HDFC Ltd.

Nitin Savara is the Independent Director on the Board of the company. He has approximately 18 years of experience in accountancy and advisory services. He is the deputy chief financial officer of Zomato Ltd.

Jai Kumar Garg is the Independent Director on the Board of the company. He has previously served as the executive director of UCO Bank and the managing director and chief executive officer of Corporation Bank.

Key Managerial Personnel

Raman Chawla is the Chief Financial Officer (CFO) of the company. He has been the CFO of the company since April 5, 2019. He has approximately 26 years of experience in accounting and finance, including 14 years of experience in leadership roles such as head of finance.

Archana Maini is the General Counsel and Company Secretary and Compliance Officer of the company. She has been associated with the company since September 16, 2021. She has over 15 years of experience in legal and secretarial functions.

Piyush Singh is the chief strategy officer of the company. He has been associated with the company since February 24, 2018. In the company, he handles growth strategy, investor relations and direct to consumer channels, including e-commerce, large format stores and retail functions. He has approximately 13 years of experience in the investment banking and consultancy sectors.

Prerna Aggarwal is the chief marketing officer of the company. She has been associated with the company since September 2, 2019. She is responsible for the marketing activities of the company.

Uplaksh Tewary is the country head – retail of the company. He has been associated with the company since May 11, 2020. In the company, he handles retail and large format retail business functions. He has approximately 12 years of experience in the lifestyle and sportswear sector.

Raghu Narayanan is the country head – supply chain of the company. He has been associated with the company since March 23, 2021. In the company, he handles procurement, manufacturing and supply chain related functions. He has approximately 17 years of experience in supply chain management in the FMCG and e-commerce sectors.

Surender Bansal is the country head – multi brand outlet of the company. He has been associated with the company since April 28, 2020. In the company, he handles distribution business functions. He has approximately 22 years of experience in the footwear sector.

Ambika Wadhwa is the country head – HR of the company. She has been associated with the company since September 16, 2020. In the company, she handles human resource functions. She has approximately 15 years of experience in human resource management and other roles.

Rajneesh Sharma is the head – information technology of the company. He has been associated with the company since April 1, 2021. In the company, he handles information technology functions. He has approximately 22 years of experience in information technology.

OFFER DETAILS

Name of Selling Shareholder	No. of Shares	Weighted Average Cost of Acquisition per Equity Share on a fully diluted basis (₹)
	Upto 47,950,000 Equity Shares	
The Promoter Selling Shareholder:		
<i>Hari Krishna Agarwal</i>	<i>Upto 8,000,000 Equity Shares</i>	<i>NA</i>
<i>Nikhil Aggarwal</i>	<i>Upto 4,500,000 Equity Shares</i>	<i>0.00</i>
The Selling Shareholders:		
<i>TPG Growth II SF Pte. Ltd.</i>	<i>Upto 29,100,000 Equity Shares</i>	<i>55.90</i>
<i>QRG Enterprises Ltd.</i>	<i>Upto 6,050,000 Equity Shares</i>	<i>54.64</i>
<i>Rajiv Goel</i>	<i>Upto 100,000 Equity Shares</i>	<i>54.64</i>
<i>Rajesh Kumar Gupta</i>	<i>Upto 200,000 Equity Shares</i>	<i>54.64</i>

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter and Promoters Group					
<i>Promoter</i>	<i>224,942,896</i>	<i>73.92%</i>	<i>12,500,000</i>	<i>212,442,896</i>	<i>69.81%</i>
<i>Promoters Group</i>	<i>13,066,108</i>	<i>4.29%</i>	<i>-</i>	<i>13,066,108</i>	<i>4.29%</i>
Total for Promoter and Promoter Group	238,009,004	78.21%	12,500,000	225,509,004	74.10%
<i>Public - Selling Shareholders</i>	<i>64,619,020</i>	<i>21.23%</i>	<i>35,450,000</i>	<i>29,169,020</i>	<i>9.58%</i>
<i>Public - Other</i>	<i>1,697,980</i>	<i>0.56%</i>	<i>0</i>	<i>49,647,980</i>	<i>16.31%</i>
Total for Public Shareholder	66,317,000	21.79%	35,450,000	78,817,000	25.90%
Total Equity Share Capital	304,326,004	100.00%	35,450,000	304,326,004	100.00%

BUSINESS OVERVIEW

Campus Activewear Limited (“**Campus**”) is the largest sports and athleisure footwear brand in India in terms of value and volume in Fiscal 2021. Campus introduced their brand ‘CAMPUS’ in 2005 and is a lifestyle-oriented sports and athleisure footwear company that offers a diverse product portfolio for the entire family. Campus offers multiple choices across styles, colour palettes, price points and an attractive product value proposition.

Their strength in the Indian sports and athleisure footwear landscape is demonstrated on account of the following:

- Campus is the largest sports and athleisure footwear brand in India, both in terms of value and volume in Fiscal 2021.
- Campus is the fastest growing scaled sports and athleisure footwear brand (scaled brands being brands with over ₹ 2 billion of revenue in Fiscal 2019) in India over Fiscal 2019 to Fiscal 2021.
- Campus had an approximately 15% market share in the branded sports and athleisure footwear industry in India by value for Fiscal 2020, which increased to approximately 17% in Fiscal 2021.
- Campus is one of the very few established Indian brands in a segment which is primarily dominated by international brands.
- Campus is one of the most relevant brands in this segment, covering more than 85% of the total addressable market for sports and athleisure footwear in India as of Fiscal 2021.

Company’s market

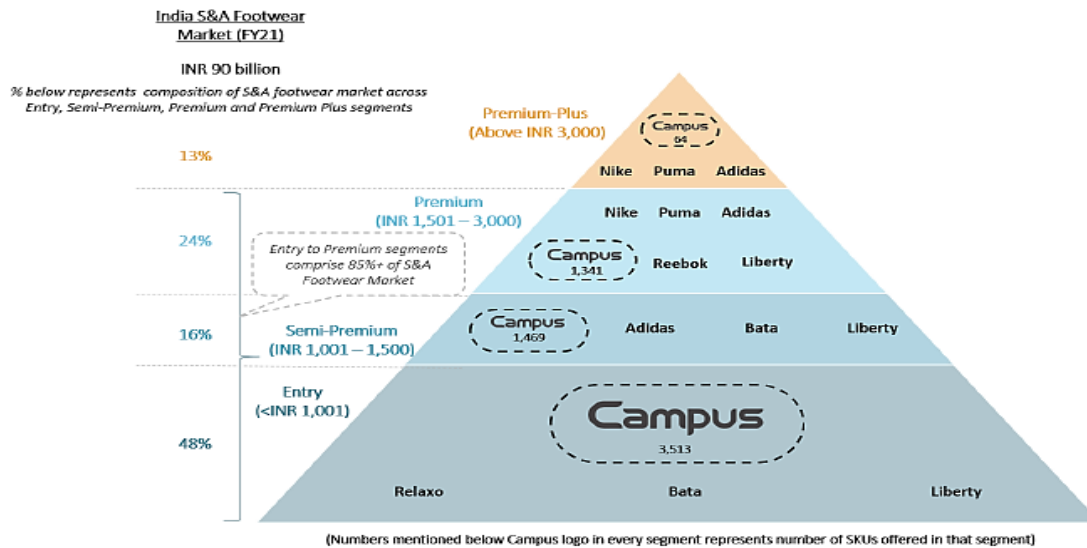
The Indian footwear retail market is expected to grow at a CAGR of 8% from Fiscal 2020 to Fiscal 2025, and 21.6% from Fiscal 2021 to Fiscal 2025, being one of the fastest growing discretionary categories from Fiscal 2021 to Fiscal 2025. Their specific industry segment of sports and athleisure footwear is highly under penetrated, as evidenced by

the extremely low footwear penetration per capita as compared to developed economies and is expected to be the fastest growing segment, with a CAGR of 14% between Fiscals 2020 and 2025, and 25% between Fiscals 2021 and 2025.

Company’s target segment is growing due to a combination of factors such as the transition from the unorganized to organized sector driven by enhanced preference for branded and quality footwear, increasing health awareness, rising levels of disposable income in India, favourable trends in Indian demographics such as increasing population of young adults and the growing demand for women’s footwear.

Campus covers more than 85% of the total addressable market for sports and athleisure footwear in India as of Fiscal 2021, which is the largest market coverage amongst key sports and athleisure footwear brands.

The market coverage across the total addressable market for sports and athleisure footwear in India:



CAMPUS’ VALUE PROPOSITION

Campus put the consumer first

Campus’ target consumers have transformed dramatically over the years in how they perceive and consume fashion, as digital and social technologies have in-turn transformed the way they shop, spot trends, and share ideas and passions. Today, typical Campus consumers are not only browsing collections and shopping from brick-and-mortar stores but are just as likely to browse and shop from their cell phones, with access to the looks and recommendations of products around the world. Their target consumers are open to trying new styles and look to purchase trending styles as soon as possible.

Campus’ target consumer increasingly desires to have access to latest global fashion trends and styles in real-time. Some of these trends have relatively shorter shelf life, which in turn generates a potential risk of launching the wrong product in the market or missing a trend completely.

Their business model places the consumer first. Campus analyses, design, develop and deliver their products keeping the consumer at the forefront. They have managed to achieve the same by harnessing consumer and channel insights via digitization of their sales process, resulting in better demand forecasting and faster time to market. Their core target market is the 14 to 35 age group, which represented 44% of the sports and athleisure footwear market in India as of Fiscal 2020.

Campus tracks their target market and their target consumers closely to mitigate the risk of launching the wrong product in the market or missing a trend completely. In addition, they manage a relatively shorter time to market by following a nimble and agile product development cycle, underpinned by a data centric approach. Their data centric approach involves the collection and analysis of multiple data points from their digitized sales and distribution network. This allows them to understand consumer demand trends, design preferences, colour preferences, response to new designs and price movements across product categories on an on-going basis. They continuously evaluate this data to forecast future consumption patterns in their target consumer segment; tailor their offering and plan their production accordingly while catering to a wider base. The digitization of their sales process has emerged as a critical enabler of faster speed to market for their products, better merchandising, and greater efficiency in design, manufacturing and sales, generating a virtuous flywheel effect, as demonstrated below:



Campus is fashion forward

Company's consumer first approach and capability to harness consumer insights through the digitization of their sales process enable them to introduce agility in the product flow. They have a design team that comprises their in-house team in India as well as a design consultancy arrangement in China. Their design team tracks global fashion trends and curates products in line with the latest trends and styles in the international market with customizations for Indian consumers. Their in-house team comprises 48 designers based out of India, as on December 31, 2021.

Campus has adopted a fashion forward approach to new product launches to ensure that they have a faster design conceptualization to product commercialization cycle. They are typically able to launch their products within 120 to 180 days from the date of product conceptualization.

As a vertically integrated player, they have a distinct advantage in product creation / design and development while striking a balance between product quality and time to market. They follow a nimble, fashion forward and segmented approach to curate their product lines. They have several product development tracks with distinct times to market serving various demand cycles:

- **Flagship collection launch process (spring-summer and autumn-winter):** this caters to the staple business.
- **In-season replenishment:** To capture any demand upside and cater to positive sales of certain high velocity styles through a swift additional production of high-selling pieces in the collection at any time.
- **Design fast track:** this involves the quick design, development, and production of new products outside the normal go-to-market process.
- **Never Out Of Stock (NOOS):** Refers to core replenishment products in their portfolio, focused on creating the base of their product range over a longer period.

Campus launched 583 new designs in Fiscal 2021. Their **product portfolio is extensive with 1,433 active styles for men, 241 active styles for women and 485 active styles for kids and children as on December 31, 2021.** They offer one of the widest portfolios of footwear products among sports and athleisure footwear brands in India in terms of SKUs.

The market coverage

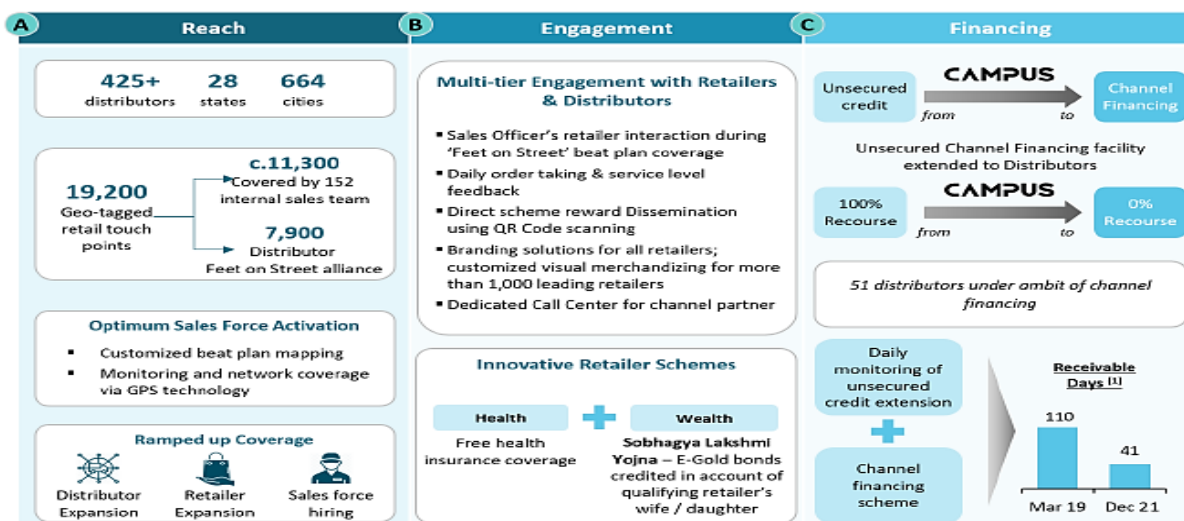
Campus has an expansive pan-India reach that enabled them to sell 1.23 crore, 1.44 crore, 1.30 crore, 0.82 crore and 1.37 crore pairs in Fiscals 2019, 2020, 2021 and 9 months ended December 31, 2020 and December 31, 2021, respectively. They cater to consumer needs across different demographics and price ranges. Campus covers more than 85% of the total addressable market for sports and athleisure footwear in India as of Fiscal 2021, which is the largest market coverage amongst key sports and athleisure footwear brands.

- **Trade distribution:** They have a pan-India trade distribution network which provides them with high channel partner stickiness and is difficult to replicate, thus providing them with a significant advantage. Their distribution coverage has been organized and set up based on the prime tenets of reach, engagement and financing, as follows:
 - **Reach** – Campus has over 425 distributors directly servicing and fulfilling orders of over 19,200 geographically mapped retailers (the internal sales force of 152 employees has direct field coverage of approximately 11,300 retailers; the remaining approximately 7,900 retailers are covered through their distributor ‘feet on street’ initiative) at a pan-India level as on December 31, 2021. They have optimized their sales force through implementation of their field force management system.



- **Engagement** – Company’s sales teams actively engage with their distributors and retailers through direct contacts under their ‘feet on street’ initiative. They ensure direct payments of loyalty benefits and also provide branding solutions for all retailers as well as customized branding and marketing for their top 100 retailers. They have introduced an innovative scheme, namely, **Sobhagya Lakshmi Yojna**, to incentivize retailers through which they purchase electronic gold bonds and credit these to retailer accounts linked to their wife or daughter. As on December 31, 2021, over 7,000 retailers have registered for this gold bond incentive, of which approximately 1,200 have become eligible and have received the gold bonds.
- **Financing** – Campus has also rolled out financing options for their distributors by assisting them in obtaining financing through select banks as channel partners. Under these arrangements, they limit their direct exposure to the distributors and receive payments from the banks while the distributors receive working capital financing from the banks. As of December 31, 2021, 51 distributors representing 18.05% of their sale of goods in Fiscal 2021 has signed up for channel financing.

TRADE DISTRIBUTION: PAN-INDIA NETWORK WITH HIGH STICKINESS



Note: Data as of December 31, 2021;
 (1) Receivable Days at an aggregate company level – calculated as trade receivables divided by average daily net sales during the relevant period

MANUFACTURING FACILITIES

Campus own and operates 5 manufacturing facilities across India with an installed annual capacity for assembly of 28.80 million pairs as on December 31, 2021. They have the ability to increase production for assembly of up to 35.50 million pairs on an annual basis. They have an in-house production capacity of 4.80 million footwear uppers and 10.80 million footwear soles along with a third party annual capacity of 24 million footwear uppers and 18 million footwear soles.

Facility	Details
Dehradun	Campus commenced operations at their Dehradun Facility in Fiscal 2009. They do assembly operations in respect of sports shoes and open footwear at the Dehradun Facility.
Baddi	Campus has 2 facilities located in Baddi, Himachal Pradesh. They commenced operations at their Baddi facility and Campus AI Baddi facility in Fiscals 2005 and 2015, respectively. They do assembly operations in respect of sports shoes and open footwear at the Baddi Facilities.
Haridwar	Campus commenced operations at their Haridwar Facility in Fiscal 2020. They manufacture uppers at the Haridwar Facility.
Ganaur	Campus commenced operations at their Ganaur Facility in Fiscal 2021. They manufacture soles at the Ganaur Facility.

Capacity and capacity utilisation

(Pairs in Million)

Facility	For the 9 months ended Dec'31,				FY2021		FY2020		FY2019	
	2021		2020		Installed production capacity	Capacity utilization (%)	Installed production capacity	Capacity utilization (%)	Installed production capacity	Capacity Utilization (%)
	Installed production capacity	Capacity utilization (%)	Installed production capacity	Capacity utilization (%)						
Assembly of Footwear										
Dehradun Facility	11.70	81.37	10.30	59.17	10.90	55.05	9.40	63.83	7.80	71.79
Buddi Facility	7.00	58.59	4.60	32.10	4.60	52.17	4.60	82.61	4.60	69.57
Campus AI Baddi Facility	10.10	72.47	8.30	52.83	10.10	51.49	8.30	60.24	8.30	50.60
Footwear Uppers										
Haridwar Facility	4.80	79.96	2.30	49.78	2.30	52.17	2.30	21.74	-	-
Footwear Sole										
Ganaur Facility	10.80	58.71	-	-	9.60	27.08	-	-	-	-

KEY STRENGTHS

- **India's largest and fastest growing sports and athleisure footwear brand**

Campus had an approximately 15% market share in the sports and athleisure footwear industry in India by value for Fiscal 2020, which increased to approximately 17% in Fiscal 2021.

Campus offers one of the widest portfolios of footwear products among sports and athleisure footwear brands in India in terms of SKUs as of September 30, 2021. They cover more than 85% of the total addressable market for sports and athleisure footwear in India as of Fiscal 2021, which is the largest market coverage amongst key sports and athleisure footwear brands. They increased the volume of their products sold from 1.23 crore in Fiscal 2019 to 1.44 crore in Fiscal 2020, with a dip in volume to 1.30 crore in Fiscal 2021 due to the COVID-19 pandemic.

Campus sells their products across price points, geographical locations, and demographics, using their 'omnichannel experience'. They are therefore able to cater to the varied requirements of their consumers as well as provide them with the ease of purchasing their products using the channel most suited to them.

- **Price**

Campus sells footwear across the entry-level (MRP at or below ₹1,049), semi-premium (MRP between ₹1,050 and ₹1,499) and premium (MRP at or above ₹ 1,500). They sold 2.13 million, 2.04 million, 2.81

million, 1.56 million and 3.79 million premium footwear products in Fiscals 2019, 2020 and 2021 and 9 months ended December 31, 2020 and December 31, 2021, respectively. The revenue contribution from the premium products to their sale of goods has also increased over the years from 31.30% for Fiscal 2019 to 40.59% for 9 months ended December 31, 2021. During this period, their ASP per pair was ₹ 481, ₹ 509, ₹ 546, ₹ 533 and ₹ 615, respectively.

- **Geographical presence**

Campus has a pan India presence. They have an established presence in tier 2 and tier 3 cities. Over the years, they have expanded and increased their revenue contribution from metro and tier 1 cities to their sale of goods from 16.66% for Fiscal 2019 to 26.89% for 9 months ended December 31, 2021. They also have a small component of export business.

- **Demographics**

Campus offers a wide range of style, colour, size and functionality options for men, women, kids and children. They have a strong presence in the category for men and it contributed 83.41%, 83.24%, 87.62%, 87.28% and 83.27% of their sale of goods in Fiscals 2019, 2020 and 2021 and 9 months ended December 31, 2020 and December 31, 2021.

- **Shopping behaviour**

Campus provides their consumers an 'omni-channel experience' that enables brand discovery and products sales and marketing through physical locations and varied online channels.

- **Sustained focus on design and product innovation facilitating access to the latest global trends and styles through the fashion forward approach**

Campus has a design team that comprises their in-house team in India, a design consultancy in China and other design sourcing tie-ups. The external design consultancy advises them on the latest design, manufacturing and raw material trend that they may adopt and utilize in their manufacturing and sales. Their design team develops global fashion trends with a local flavour to cater to their target consumers.

Company's team in India comprises 48 designers based out of India, as on December 31, 2021. They have adopted a fashion forward approach to retailing to ensure that they have a faster design conceptualization to production cycle. Campuses launch various new styles of footwear with different features such as shock absorption and reflect technology across their different price categories every year. They are typically able to launch their products within 120 to 180 days from the date of product conceptualization. They launched 2,580 new designs between Fiscal 2019 and 9 months ended December 31, 2021.

Campus follows a nimble, fashion forward, segmented approach to curate their product lines. They have several product development tracks with distinct times to market serving various demand cycles:

- *Flagship collection launch process (spring-summer and autumn-winter)*
- *In-season replenishment*
- *Design fast track*
- *NOOS (Never Out Of Stock)*

- **Difficult to replicate integrated manufacturing capabilities supported by robust supply chain**

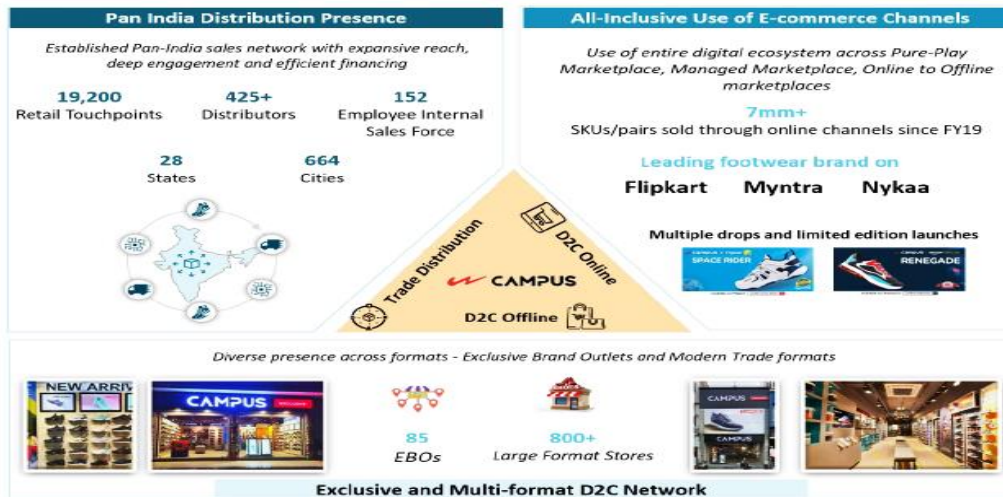
Campus own and operates 5 manufacturing facilities which has installed capacity to manufacture 4.80 million footwear uppers and 10.80 million footwear soles annually as on December 31, 2021. Their manufacturing facilities give them the ability to manufacture 37.50% of their requirements of soles and 16.67% of footwear uppers in-house and 100% in-house assembly of all their products.

Their fabricator and sole supplier network is difficult to replicate for the following reasons:

- **Upper Manufacturing:** it is labour-intensive and 83.33% outsourced. Entire ancillary network is exclusive to them. Exclusivity also gives them control over quality and access to production planning which leads to faster turnaround times.
- **Sole manufacturing:** 62.50% is outsourced. Sole manufactured for complex, premium products are controlled by them to control quality, turnaround time and protect their intellectual property.

- **Robust Omni-channel sales and distribution network with pan-India presence and move to premium category**

Omnichannel Platform to Reach Customers Where They Are



Source: Data as of December 31, 2021

Company’s ‘omni-channel experience’ involves a confluence of multiple retail channels covering physical locations and online channels to provide consumers a seamless experience. Their consumers are able to visit any channel to experience their brand and products, make selections and comparisons and purchase the product through their most preferred channel. The integration of their physical and online channels is integral to their ability to remain connected with consumers through all touch-points in the consumers’ journey.

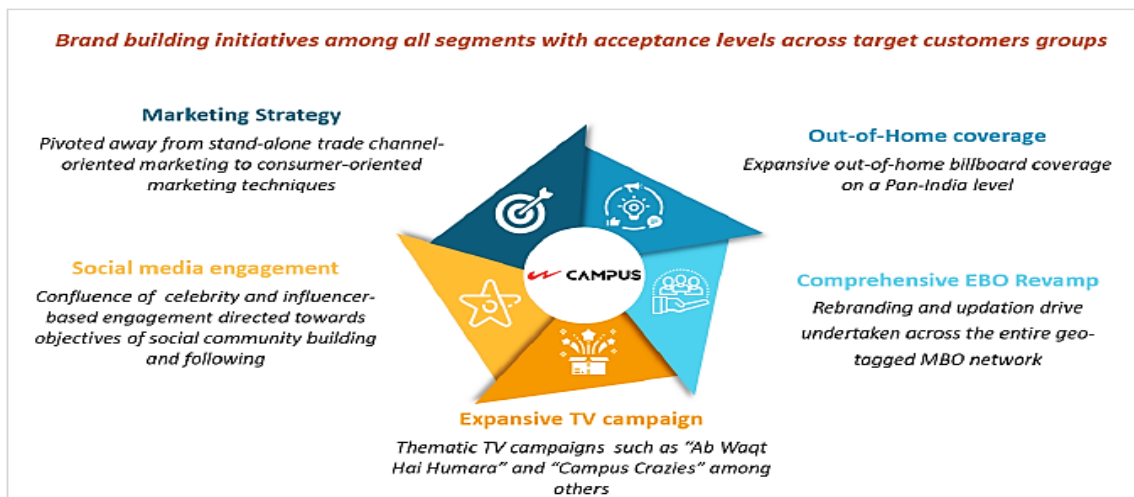
- **Strong brand recognition, innovative branding and marketing approach**

Campus has a strong brand that their consumers trust, as evidenced by their leadership position in the sports and athleisure footwear industry in India. Pivoted on style and comfort, their brand aims to generate an optimum blend of aspiration and value proposition for their target consumers seeking quality sports and athleisure footwear in the latest trends and designs at attractive prices.

They have spent a considerable amount of time conceptualizing and implementing unique brand awareness and marketing strategy to move from stand-alone trade led marketing to direct-to-consumer marketing. Over Fiscals 2019, 2020, 2021 and 9 months ended December 31, 2020 and December 31, 2021, they have spent ₹ 29.84 crore, ₹ 26.88 crore, ₹ 32.94 crore, ₹ 22.06 crore and ₹ 65.48 crore on advertising and sales promotion, of which ₹ 1.46 crore, ₹ 3.57 crore, ₹ 10.36 crore, ₹ 7.70 crore and ₹ 16.77 crore was towards digital advertising.

In addition, they have undertaken several special drops and limited edition products over the last 3 Fiscals and 9 months ended December 31, 2021 in partnership with online pure play market places such as Flipkart. As part of such collaborations, they have successfully curated digital media native brand assets such as Campus Globalgiri and Campus Crazies.

The highlights of various marketing touchpoints:



- **Experienced management team**

Company's Chairman has over 37 years of experience in the footwear industry in India. Further, their senior management team is a professional team with a combined experience of over 125 years in FMCG, retail, technology and consulting businesses. Their Board of Directors support and provide guidance to their management team.

Their strategic investors TPG Growth III SF Pte. Ltd. and QRG Enterprises Ltd have supported them through multiple business initiatives such as incubation of direct-to-consumer vertical, transformation of their supply chain, brand building initiatives and hiring of human capital.

KEY GROWTH STRATEGIES

- **Leverage the brand and leadership position to benefit from the growth in the Indian sports and athleisure market with a focus on women, children and kids**

The Indian footwear retail market is expected to grow at a CAGR of 8% from Fiscal 2020 to Fiscal 2025, and 21.6% from Fiscal 2021 to Fiscal 2025. The Indian sports and athleisure segment is expected to benefit from increasing health awareness, rising levels of disposable income in India, favourable trends in Indian demographics such as increasing population of young adults and the growing demand for women's footwear. The Indian government's 'Make in India' initiatives as well as GST policies further benefit products manufactured in India. These factors will enable them to maintain and consolidate their leadership position in this industry segment.

- **Further expand and deepen the omni-channel experience**

The company aims to expand their trade distribution network in India through two steps:

- **Increase distribution network in states they currently operate:** Campus has added 190 and 70 new distributors and added 9,786 and 2,085 new retail points of sale in Fiscal 2021 and 9 months ended December 31, 2021. They aim to continue to increase the distribution network in the states they currently operate.
- **Deepen the presence in western and southern regions of India:** Campus is a pan-India brand and has been steadily increasing their distribution coverage. As at December 31, 2021, they service to retail outlets in 664 cities of India. They have sold their products in 130 new cities in Fiscal 2021 and another 130 new cities in India in 9 months ended December 31, 2021.

The split of sale of goods from online sales and offline sales was 32.37% and 67.63% as of December 31, 2021 and 21.15% and 78.85% in Fiscal 2021 compared to 2.87% and 97.13% in Fiscal 2019. This is a significant ramp-up in online and offline mix of revenue and they intend to focus on improving their online sales in the future.

- **Targeted product development to increase diversification**

Campus aims to diversify their revenues from operations through a number of measures:

- **Consumers across pricing cohort:**
 - **Entry level:** Campus has launched 335 and 309 new styles in the entry-level category in Fiscal 2021 and December 31, 2021 to enable consumers to move from unbranded to branded category of sports and athleisure footwear. They intend to maintain focus on the entry level category to introduce consumers to their brand at a compelling value.
 - **Premiumization:** Campus has been steadily increasing the number of launches in the premium category of the sports and athleisure segment. They launched 122 new styles in this category in Fiscal 2021 compared to 106 styles in Fiscal 2020. They intend to increase focus on the premium segment of the market to capture new consumers and elevate customer experience of existing consumers.
- **Focus on direct to consumer:** Campus has launched 153, 311, 293, 161 and 348 new products for online channels in Fiscals 2019, 2020, 2021 and 9 months ended December 31, 2020 and December 31, 2021, respectively. They aim to continue to undertake targeted marketing and sales efforts for increasing online sales. They also intend to increase the numbers of their EBOs over time. Their revenue from sale of goods from their D2C channel has increased by 774.37% between Fiscal 2019 and the 9 months ended December 31, 2021.
- **Category:** Campus intends to enhance the number of styles in the open footwear category to meet demand in the summer and rainy seasons.

- **Intend to continue to invest in and integrate the supply chain**

Campus intends to expand their manufacturing capabilities over time and will look to acquire land and construct manufacturing facilities over time. They intend to continue to evaluate options to further backward integrate in other aspects of their manufacturing process. They will evaluate acquisition opportunities based on whether such acquisitions will allow them to reduce the reliance on the supply chain, ensure quality control, give them cost optimization opportunities and protect their design intellectual property.

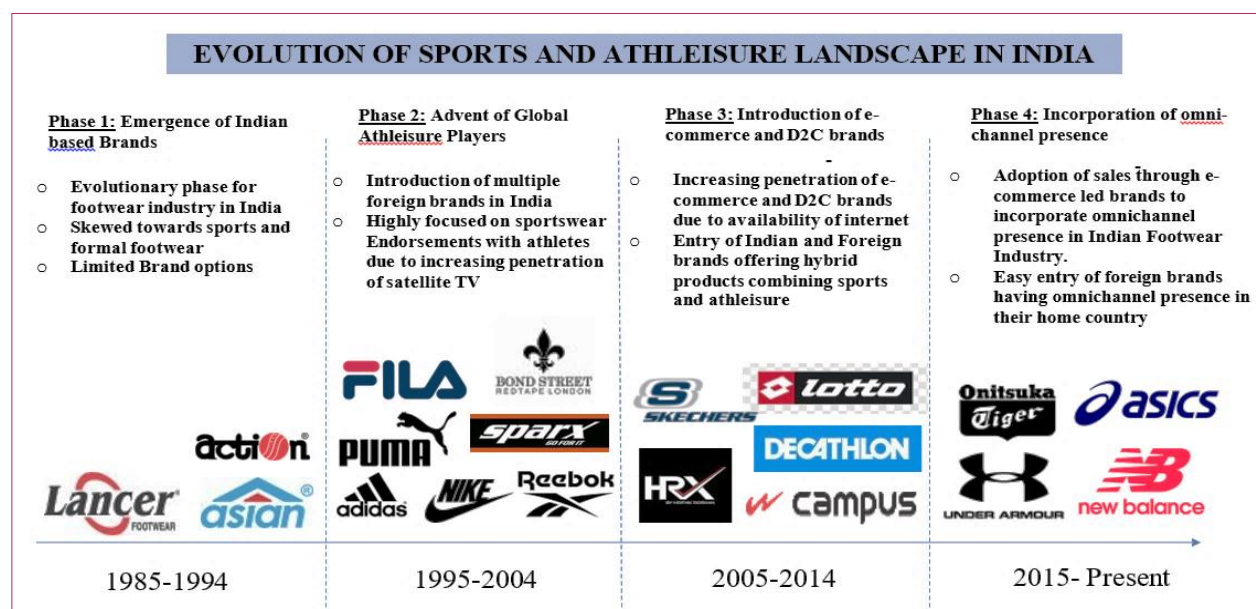
- **Continued focus on digitization to sharpen product focus and drive retail sales**

Campus has implemented a number of digitization initiatives including systems for enterprise resource planning (ERP), distribution management system (DMS), field force management, point-of-sales (PoS), e-commerce order management (OMS) and a retailers' engagement application. These systems will enable capture and provide them with significant inputs in the manufacturing and sales process. They are able to analyse the data arising from these systems to understand consumer trends, inventory and sales positions and plan their marketing and sales activity.

- **Targeted acquisitions of products and brands**

Campus evaluates opportunities to grow their business inorganically from time to time. They would continue to seek opportunities that complement and grow their product offerings as well as ancillary products in the sports and athleisure category. They may also look to increase their portfolio of brands through acquisitions to provide their consumers with differentiated offerings.

INDUSTRY REVIEW



Revenue of Key Sports and Athleisure Focussed Players in India (₹ crore)

Key Sports and Athleisure Focussed Brands	Indian/ International	Total Revenue			Revenue from Footwear Segment			CAGR FY19-21 (Revenue)	Total Footwear Volume (Estimated)	
		FY 2021	FY 2020	FY 2019	FY 2021	FY 2020	FY 2019		FY 2021	FY 2020
Campus	Indian	710	732	590	710	732	590	10%	1.3	1.4
Puma	International	1,271	1,412	1,153	661	734	600	5%	0.3	0.4
Adidas	International	914	1,198	1,221	517	756	599	(7)%	0.3	0.5
Skechers	International	650	750	627	455	525	439	2%	0.2	0.2
Nike	International	NA	760	814	377	502	549	(17)%	0.2	0.3
SparX	Indian	670	840	770	270	380	340	(11)%	0.6	0.7
Reebok	International	310	429	400	263	334	311	(8)%	0.2	0.3
Power	International	256	458	440	256	458	440	(24)%	0.5	0.8
Asics	International	177	162	137	156	141	119	14%	0.1	0.1
Asian	Indian	NA	103	64	NA	103	64	NA	NA	0.2

Key Players: Footwear SKU Offer across Usage Types and Customer Segment Type

Brands	Total Footwear SKUs	Usage Type Segment					Customer Segment		
		Casual	Sports & Athleisure	Formal	Outdoor	School Uniform	Men	Women	Kids
Adidas	7,673	0%	92%	0%	8%	0%	57%	23%	20%
Asian Footwear	3,970	62%	38%	0%	0%	0%	22%	75%	3%
Asics	1,496	21%	60%	0%	19%	0%	65%	29%	6%
Bata	5,176	69%	10%	17%	2%	2%	44%	43%	13%
Campus	6,388	0%	100%	0%	0%	0%	69%	9%	22%
Decathlon	292	0%	80%	0%	20%	0%	43%	29%	28%
Fila	1,000	0%	100%	0%	0%	0%	50%	50%	0%
HRX	470	34%	62%	0%	4%	0%	54%	46%	0%
Khadim	1,281	38%	12%	30%	17%	3%	35%	45%	20%
Lancer	3,000	20%	70%	2%	4%	4%	90%	9%	1%
Liberty Shoes	1,516	52%	19%	18%	9%	2%	54%	35%	13%
Lotto	200	0%	100%	0%	0%	0%	53%	23%	24%
Metro Shoes	1,419	63%	0%	20%	17%	0%	27%	63%	10%
Mirza International	1,364	15%	50%	30%	4%	1%	82%	16%	2%
New Balance	3,049	30%	66%	0%	4%	0%	52%	35%	13%
Nike	2,570	15%	76%	0%	9%	0%	56%	25%	19%
Onitsuka Tiger	453	0%	100%	0%	0%	0%	44%	47%	9%
Puma	7,234	28%	64%	0%	8%	0%	44%	34%	22%
Reebok	1,644	6%	78%	0%	16%	0%	57%	34%	9%
Relaxo	5,175	72%	18%	5%	0%	5%	52%	35%	13%
Skechers	1,117	10%	47%	4%	39%	0%	39%	48%	13%
Under Armour	160	15%	80%	0%	5%	0%	51%	49%	0%

Presence across Retail Channels

Brands	Modern Retail			Traditional Retail
	EBOs	LFSs/MBOs	Online	
Adidas	✓	✓	✓	-
Asian Footwear	-	✓	✓	✓
Asics	✓	-	✓	-
Bata	✓	✓	✓	✓
Campus	✓	✓	✓	✓
Decathlon	✓	-	✓	-
Fila	-	✓	✓	-
HRX	-	-	✓	-
Khadim	✓	✓	✓	✓
Lancer	-	✓	✓	✓
Liberty Shoes	✓	✓	✓	✓
Lotto	✓	✓	✓	-
Metro Shoes	✓	✓	✓	✓
Mirza International	✓	✓	✓	✓
New Balance	✓	✓	✓	-
Nike	✓	✓	✓	-
Onitsuka Tiger	✓	✓	✓	-
Puma	✓	✓	✓	-
Reebok	✓	✓	✓	-
Relaxo	✓	✓	✓	✓
Skechers	✓	✓	✓	-
Under Armour	✓	✓	✓	-

Manufacturing/Outsourcing Approach of Key Players of footwear Industry

Brands	Manufacturing/Outsourcing Approach
Adidas	Almost 100% outsourced; 25 manufacturing partners globally in footwear
Nike	85% of Nike's footwear is delivered on lean manufacturing lines; 96% manufacturers are in Vietnam, China, Indonesia, and Thailand.

Brands	Manufacturing/Outsourcing Approach
Puma	96% production from APAC countries with Vietnam producing 35% of all Puma Products.
Bata	4 manufacturing plants strategically located PAN India; Largest factory in Batanagar started in 1931; Approx. 50% manufacturing in-house, 50% outsourced; Annual production capacity 21 million pairs.
Campus	In-house manufacturing for uppers (approximately 10%) and soles (approx.35%); 100% in-house assembly; Approx. 90% outsourcing for uppers and approximately 65% for soles.
HRX	Manufactured in various parts of China and Vietnam.
Liberty Shoes	6 manufacturing plants located PAN India; Produces approximately 50,000 pairs per day
Khadim	2 manufacturing plants in Kolkata and Kanpur; Follow an asset light model; 2 exclusive outsourced manufacturing facilities; Approx. 90% of all products* sold are outsourced.
Metro Shoes	100% third party outsourced products; Maintain an Asset light model.
Mirza International	6 integrated manufacturing facilities PAN India; 6.4 million pairs produced p.a.; Approx. 55% of all products are manufactured in-house; Outsource production of footwear to China who exclusively manufacture for Mirza International.

Revenue for Private and Public Listed Players

Brands	Growth 2020-21	CAGR 2018-20	Revenue (₹ crore)			
			FY 2021	FY 2020	FY 2019	FY 2018
Adidas	(24)%	4%	914	1,198	1,221	1,114
Asian Footwear	NA	48%	NA	103	64	47
Asics	9%	32%	176	162	137	93
Bata	(44)%	8%	1,708	3,056	2,931	2,641
Campus	(3)%	20%	711	732	595	510
Decathlon	NA	32%	NA	2,208	1,775	1,277
Khadim	(19)%	2%	626	772	799	749
Lancer	NA	13%	NA	99	103	78
Liberty Shoes	(30)%	9%	458	652	602	544
Metro Shoes	(38)%	11%	800	1,285	1,217	1,043
Mirza International	(17)%	14%	1,049	1,260	1,152	972
Nike	NA	(3)%	NA	760	814	815
Puma	NA	17%	NA	1,412	1,153	1,031
Reebok	(26)%	5%	316	429	400	388
Relaxo	(2)%	11%	2,359	2,410	2,292	1,949
Under Armour	NA	NA	NA	44	NA	NA
Skechers	(12)%	38%	577	659	507	345

Puma has its financial year ending as on Dec 31st; hence CY 2017 has been considered as FY 2018 and so on.

Margins and Return on Capital Employed

Brands	Gross Margin				EBITDA Margin				PAT Margin				ROCE			
	FY 2021	FY 2020	FY 2019	FY 2018	FY 2021	FY 2020	FY 2019	FY 2018	FY 2021	FY 2020	FY 2019	FY 2018	FY 2021	FY 2020	FY 2019	FY 2018
Adidas	41%	47%	47%	47%	10%	21%	21%	19%	5%	13%	14%	12%	7%	21%	30%	31%
Asian Footwear	NA	33%	35%	36%	NA	8%	11%	13%	NA	3%	3%	3%	NA	22%	17%	19%
Asics	34%	38%	38%	35%	8%	4%	7%	14%	5%	1%	3%	9%	10%	5%	13%	22%
Bata	51%	58%	56%	54%	10%	28%	17%	14%	(5)%	11%	11%	8%	0%	21%	27%	22%
Campus	47%	48%	46%	43%	16%	19%	16%	16%	4%	8%	7%	6%	21%	30%	38%	40%
Decathlon	NA	34%	39%	41%	NA	6%	1%	(3)%	NA	(3)%	1%	0%	NA	(1)%	(2)%	(10)%
Khadim	29%	36%	38%	43%	1%	4%	7%	10%	(5)%	(4)%	3%	0%	(6)%	(1)%	15%	25%
Lancer	NA	35%	35%	35%	NA	10%	9%	8%	NA	3%	3%	3%	NA	20%	22%	18%
Liberty Shoes	52%	48%	48%	47%	11%	9%	7%	7%	0%	1%	1%	1%	6%	9%	14%	9%
Metro Shoes	55%	56%	55%	56%	21%	27%	28%	21%	7%	12%	12%	13%	10%	20%	26%	36%
Mirza Inter.	44%	44%	43%	51%	11%	14%	12%	18%	1%	4%	4%	8%	6%	13%	12%	17%
Nike	NA	44%	47%	44%	NA	8%	10%	3%	NA	4%	1%	(6)%	NA	15%	(115)%	(39)%
Puma	NA	45%	43%	41%	NA	3%	2%	3%	NA	(1)%	0%	1%	NA	16%	13%	21%
Reebok	33%	44%	43%	40%	3%	17%	11%	11%	1%	16%	9%	9%	2%	25%	20%	21%
Relaxo	56%	57%	52%	55%	21%	17%	14%	16%	12%	9%	8%	8%	24%	24%	23%	28%
Under Armour	NA	42%	NA	NA	NA	(19)%	NA	NA	NA	(20)%	NA	NA	NA	(18)%	NA	NA
Skechers	39%	40%	45%	43%	11%	17%	24%	19%	3%	9%	15%	11%	9%	26%	61%	60%

Puma has its financial year ending as on Dec 31st; hence CY 2017 has been considered as FY 2018 and so on.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2021)

Name of the Company	Consolidated/ Standalone	Face Value	Closing Price on April 6, 2022	Total Income for FY2021 (₹ Cr)	EPS (Basic)	NAV (₹)	P/E	RoNW (%)
Campus Activewear Ltd	Consolidated	5	NA	715.08	0.88	10.29	[●]	8.60%
Peer Group								
Bata India Ltd	Consolidated	5	2,016.90	1,802.57	(6.95)	136.79	NA	(5.08)%
Relaxo Footweares Ltd	Standalone	1	1,154.25	2,381.92	11.74	63.29	98.49	18.54%

Source: RHP, All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2021.

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.
Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

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