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Issue Details	
Price Band (Rs)	Rs.278 - 292
Face Value (Rs)	5
Issue Size (Rs)	1,400Cr
Issue Type	Book Building
Minimum lot	51 Shares
Issue Opens	April 26, 2022
Issue Closes	April 28, 2022
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	May 04, 2022
Unblocking of Funds	May 05, 2022
Credit of shares to Demat Account	May 06, 2022
Listing on exchange	May 09, 2022

Other Detail	
Book Running Lead Managers	JM Financial Limited, BofA Securities India Limited, CLSA India Private Limited, Kotak Mahindra Capital Company Limited
Registrar	Link Intime India Private Limited

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Campus Activewear Limited

Company Background

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. 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.

Issue Details

The offer comprises Offer for sale of Equity Shares aggregating upto Rs.1,400Cr.

Issue Objectives

1. Achieve the benefits of listing the Equity Shares.
2. To carry out the Offer for Sale by the Selling Shareholder.

IPO share allotment pattern

Category	Allocation	Number of Shares	Issue Size at Rs.278 (Rs.Cr)	Issue Size at Rs.292 (Rs.Cr)
QIB	50%	2,38,75,000	644	697
Non-Institutional	15%	71,62,500	199	209
Retail	35%	1,67,12,500	465	488
Employee*		2,00,000	5	5
Total		4,79,50,000	1,332	1,400

Source: Company RHP, ACMIIL Research, *Employee Discount:Rs.27/-per share

Outlook and Valuations

Campus is the largest sports and athleisure footwear brand in India, both in terms of value and volume in Fiscal 2021. Campus had an approximately 15% market share in the branded sports and athleisure footwear industry in India by value for FY20, which increased to approximately 17% in FY 2021. The sports and athleisure footwear industry is expected to grow at a CAGR of 16%, set to reach 2.14Lakh Crore by FY25 from Rs.1.36Lakh Crore in FY20. With its diverse product portfolio, established brand name, strong distribution network, and growing digital presence, we believe Campus is well placed to capitalize on domestic opportunities. At the upper price band of Rs.292/-, stock is priced at 78.5x its FY22E EPS of Rs.3.72/- (based annualize latest earnings). **We recommend subscribing to the issue from a listing gain perspective.**

Competitive 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 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 Rs.1,049), semi-premium (MRP between Rs.1,050 and Rs.1,499) and premium (MRP at or above Rs.1,500). They sold 2.13 million, 2.04 million, 2.81million, 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 Rs.481, Rs.509, Rs.546, Rs.533 and Rs.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 behavior: 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: 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 Rs.29.84 crore, Rs.26.88 crore, Rs. 32.94 crore, Rs.22.06 crore and Rs.65.48 crore on advertising and sales promotion, of which Rs.1.46 crore, Rs.3.57 crore, Rs. 10.36 crore, Rs.7.70 crore and Rs.16.77 crore was towards digital advertising.

Financial Snapshot

Particulars (Rs.Mn)	FY19	FY20	FY21	9MFY22
Equity share capital	0.97	1,519	1,519	1,522
Net worth	2,017	1,329	1,608	2,504
Revenue from Operations	5,949	7,320	7,113	8,419
EBITDA	1,018	1,383	1,198	1,652
EBITDA Margin	17.12%	18.90%	16.84%	19.63%
Net Profit	269	624	386	848
Net Profit Margin	4.52%	8.52%	5.42%	10.07%
Diluted EPS (Rs)	1.28	2.05	0.88	2.82^
ROE(%)	19.04	21.63	8.60	21.26^
Debt to Equity Ratio	0.87	0.85	0.43	0.43

Source: Company RHP, ACMIIL Research, ^ Not annualized

Comparison with Listed Peers FY21:

Company	Standalone/ Consolidated	Revenue Including other Income FY21 (Rs.Mn)	EPS	NAV	P/E	ROE(%)
Campus Activewear Ltd	Consolidated	7,151	0.88	10.29	78.5^	8.60
Bata India Ltd	Consolidated	18,026	(6.95)	136.79	NA	(5.08)
Relaxo Footwears Ltd	Standalone	23,819	11.72	63.29	98.49	18.54

Source: Company RHP, ACMIIL Research. All financial information is sourced from financial results or annual report of the company for the year ended March 31, 2021. P/E Ratio has been computed based on the closing market price as on April 06, 2022. ^P/E Ratio has been computed based on the Issue price and annualize December 2022 earnings.

Risks and concerns

- For the bulk of their sales, Campus relies on trade distribution and direct-to-consumer channels; any interruptions to these channels' operations, or their constraints on their capacity to extend and grow this channel, may have a negative impact on our sales, cash flows, and profitability.
- The sports and athleisure footwear sector is very competitive, and if they don't compete well, their company, operating performance, and financial situation might suffer.

ACMIIL Retail Research Products

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Market Watch	Positional Calls
Investor First Magazine	Smart Delivery Calls
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Rollover Snapshot	Portfolio Review
Rollover Analysis	Stock Basket

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