

Stocks and Securities

Aditya Birla Money Ltd.



ADITYA BIRLA
CAPITAL

PROTECTING INVESTING FINANCING ADVISING

IPO Note- Campus Activewear Limited

25 April 2022

Campus Activewear Ltd. is a lifestyle-oriented sports and athleisure footwear company that has a diverse product portfolio for men, women and children. The company is primarily engaged in the manufacturing, distribution and sales of sports and athleisure footwear products.

Diverse Product Portfolio

The company has 2,150 active styles of which 1,433 are for men, 241 for women and 485 for kids. Campus has been diversifying its products not only across genders but also across price ranges. Campus launched ~300 new products for the entry level category (< MRP ₹1049) to attract consumers from the unbranded category to the branded segment. It launched ~100 styles in the premium category (> MRP ₹1500) to try and capture the consumer segment previously dominated by international players.

Asset Light D2C sales model

The company has two distribution channels- trade distribution, and direct-to-consumer (D2C). As of Dec'21, the company has ~425 distributors and ~19,200 retailers across India. EBOs operated through 57 COCOs and 28 franchisees form the offline D2C part. Online channels include e-commerce platforms like Flipkart, Myntra, etc. and their own website. Over the period of 2019 to 2021, ~33% of the company's sales came from online channels, which was around 7 million pairs.

In-House Manufacturing Capabilities

Campus has an 100% in-house assembly line. It is backward integrated with ~10% and ~ 35% of uppers and soles manufactured in-house respectively while the rest is outsourced to third party manufacturers. Their ancillary network is exclusive to them which gives them control over quality and access to production planning leading to faster turnaround times. Manufacturing for soles of complex, premium products are controlled by Campus which ensures quality, quick turnaround time and protects their intellectual property.

Key Risks – i) Sales concentration in North India ii) Higher competition from the foreign and online D2C brands

Expensive Valuation; Long Growth Runway – SUBSCRIBE

At the issue price, Campus will trade at 8x TTM P/S & 38x EV/EBITDA. Campus is well placed to benefit from the increased awareness regarding health and fitness in the post pandemic environment and the greater need for outdoor activity. It has healthy return ratios. Investors with high-risk appetite and a long-term horizon can SUBSCRIBE to the IPO.

Particulars (Rs. Cr)	Mar-19	Mar-20	Mar-21
Revenue	594.9	732.0	711.3
EBITDA	101.9	138.3	119.8
EBITDA Margin	17.1%	18.9%	16.8%
Net Profit	38.6	62.4	26.9
EPS (Diluted)	1.3	2.1	0.9
Net Worth	201.8	284.8	312.6
RoE	21.3%	25.6%	9.0%

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Rating	SUBSCRIBE
Issue Details	
Issue Opens	26-April-22
Issue Closes	28-April-22
Face Value (₹)	5
Price Band (₹)	278-292
Bid Lot	51
Fresh Issue (₹ Cr.)	NA
OFS Size (₹ Cr.)	1,400
Market cap @ upper price band (₹ Cr.)	8,886
Listing	NSE/BSE
BRLMs	JM Fin, Bofa Sec, CLSA India, Kotak Mahindra Capital
Registrar	Link Intime India Pvt. Ltd..

Shareholding Pattern (%)

	Pre Issue	Post Issue
Promoter	78.2	74.1
Non-Promoter	21.8	25.9

Issue Structure (In Cr. no. of shares)

Issue size	4.795
OFS	4.795
Break-up of net issue to public (%):	
QIB's portion	50.0
Non-institutional portion	15.0
Retail Portion	35.0

Analyst Details

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