

# technopak

## LETTER OF AUTHORISATION

Annexure A

This Letter of Authorization is made this 16<sup>th</sup> day of August 2021.

BETWEEN:

Technopak Advisors Pvt. Ltd. a company incorporated in India, having its principal office at 5th Floor, Block A, Lemon Tree Corporate Park, Sector 60, Gurgaon 122 011 Haryana hereinafter called "Technopak" which expression unless repugnant to the context includes its successors in business and interest on the one Part.

AND

Campus Activewear Pvt. Ltd., a company incorporated in India, having its Principal Office at D-1, Udyog Nagar, Adjacent Peeragarhi Metro Station, Gate 2, New Delhi - 110041 hereinafter called "Client" which expression unless repugnant to the context includes its successors in business and interest on the other Part.

Technopak and the Client individually shall be called as "Party" and collectively called as "Parties"

WHEREAS the Parties have mutually agreed at the Scope/TOC (annexed as Annexure-B) for the professional services in respect of the project "Development of Report on Footwear Industry in India" and now both the Parties have a desire to proceed with the business relationship in accordance with this letter of Authorization (hereinafter referred to as "Agreement");

WHEREAS, the Parties each represents that they are fully authorized to deal generally with and to make this Agreement respecting the subject matter hereof;

NOW, THEREFORE in consideration of the premises and the mutual rights and obligations herein set forth, the Parties hereto agree as follows:

### 1. DEFINITIONS

For the purpose of this Agreement and subject to the context or as otherwise specified, the following terms and expressions shall be deemed to have the following meaning:

- 1.1 The 'Assignment' shall mean the services to be performed by Technopak as set out in this Agreement and the proposal.
- 1.2 An 'Associate' shall mean any person temporarily employed by Technopak to provide specialized input to the Agreement.
- 1.3 A 'Consultant' shall, except as otherwise provided, mean any Staff Consultant or Principal employed by Technopak who is working on or supervising the work involved in the Assignment.
- 1.4 An 'Employee' shall mean any consultant or support staff or other person employed by Technopak.



Technopak Advisors Pvt. Ltd.  
www.technopak.com

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Tel: +91 124 5080100 Fax: +91 124 5080199  
Regd. Office: 202, Sona Apartment 3, Kaushalya Park, Hauz Khas, New Delhi - 110 016  
CIN: U74140DL1994PTC061818 E-mail: info@technopak.com



## 2. Payment Terms and Conditions:

The client shall agree to pay to Technopak the sum as agreed upon between the parties and documented in the Schedule of Payment / proposal. All payments by the clients for fee, costs and expenses shall be received in full. In case any tax is levied by the Government, the client shall bear such expenses. An interest of 1.5% per month will be charged on balances not paid within 7 days of the invoice or/and debit note. Non-payment of dues shall attract legal action for the recovery of the amount due; and shall constitute a termination event as per Clause 6 given below.

## 3. Confidential information:

Both parties shall treat as confidential (i) all proprietary information shared by the two parties (ii) all proprietary information acquired by the other party in the course to performance of the assignment including but not limited to information regarding equipment, special process of products or data concerning financial condition, wages, price lists, discount and similar matter; provided that Technopak shall not be obligated to treat as confidential, information that has become generally known to public or known to or in the possession of Technopak prior to its entering this Agreement.

The obligations of each party hereunder will continue and be binding during the term of this Agreement and for a further period of one (1) year after termination / expiry of the Agreement.

## 4. Jurisdiction:

The Agreement between Technopak and the Client shall be governed by the laws of India. All disputes are subject to New Delhi (India) Jurisdiction.

## 5. Force Majeure :

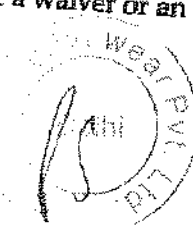
If either Party is unable to perform its obligation under this Agreement due to the occurrence of an event beyond its control such as acts of God, war, riots, labour disputes, strikes or lockouts, fire and other natural calamities, that Party will not be deemed to have defaulted under this Agreement. Both the Parties shall inform each other in the mode as mentioned in clause No. 8 under "Notice".

Each Party agrees to use all reasonable efforts at their own cost to facilitate and enable performance under this Agreement to continue. Payments shall become due in accordance with work carried out during such period.

## 6. Termination:

Either Party shall be entitled to terminate this Agreement forthwith any time by giving 30 days notice to the other Party in the event of (i) upon liquidation of other Party or if such other Party ceases business or makes any composition or arrangements with its creditors or (ii) breach by the other Party of any of the provisions of the Agreement. Both Parties undertake to facilitate to a reasonable extent the termination and handover of semi-finished deliverables and proprietary information and documents etc.

It is understood however, that both Parties shall be bound by the terms and conditions of this Agreement in case either Party does not exercise its right as referred to above. No express waiver or assent by any party hereto of any breach or default in any terms and conditions laid herein shall constitute a waiver or an assent to any succeeding breach in the same or any other terms or conditions made herein.



7. Non-Solicitation:

During the term of this Assignment and for one year after the conclusion of the same, neither party shall, directly or indirectly, either for its own account or as a partner, officer, employee, agent or otherwise solicit for business or employ any employee and/or subcontractor of the other, or any candidate, presented by one party to the other party.

Further, the Client, during such period, shall not associate itself with any present or ex-employees of Technopak for carrying out such professional services as are agreed in this Agreement.

8. Notice:

Any notice or request shall be made by letter, fax, e-mail as the party may from time to time notify provided communication received by fax, e-mail, telex are confirmed by the recipient.

9. Entire Agreement:

This Agreement supercedes all prior discussions and agreements between the said parties with respect to the subject matter hereof and this Agreement contains the entire agreement between the parties with respect to the matters covered under the proposal. Agreement shall not be modified or amended except by an instrument signed by or on behalf of the parties hereto; a copy of the final proposal is attached with this Agreement, which will provide all information regarding the technical and commercial terms of the Assignment.

IN WITNESS WHEREOF, the authorized representatives of the parties have executed this Agreement as of date of the later signature below

for Technopak Advisors Pvt. Ltd

for Campus Activewear Pvt. Ltd.

By



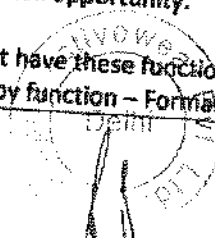
Print Name : Ankur Bisen  
Print Title : Senior Vice President  
Date : 16<sup>th</sup> August 2021

By

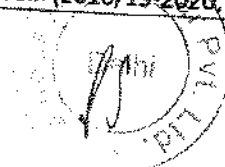


Print Name : Piyush Singh  
Print Title : Chief Strategy Officer  
Date : 16<sup>th</sup> Aug 2021

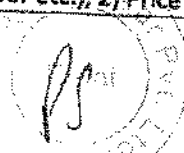
I	Overview of Indian Economy	<ul style="list-style-type: none"> <li>India GDP, GDP Growth (real and nominal)- 1990 to 2020 and its projected trajectory till 2025, comparison with other countries, especially China</li> <li>Key macro growth drivers for the economy</li> <li>India per capita consumption expenditure – 1990 to 2020 and its projected trajectory till 2025</li> <li>Evolution of per capital income (PPP)</li> <li>Demographic profile, age wise population break-up</li> <li>Urbanization population % – 2010 to 2020 and projected trajectory in 2025</li> <li>Share of private consumption / household consumption in India's GDP– 2010 to 2020 and projected trajectory in 2025</li> <li>Key macro-economic trends including a growing young and working population, increase in middle class incomes, rise in disposable income, increasing nuclearisation, increasing women participation in labor force, Government push for Make in India</li> </ul> <p>Mention increasing discretionary on apparel, footwear, health and wellness as an outcome of some of the above, wherever relevant.</p>
II	Retail and Sports and Athleisure Industry in India	<p><b>RETAIL</b></p> <ul style="list-style-type: none"> <li>Retail market Size in India, growth – 2010/15 to 2020 and projected trajectory in 2025</li> <li>Comparison with other countries with respect to contribution of the overall retail market to GDP</li> <li>Key growth drivers of the Indian retail industry</li> <li>Key trends in the Indian retail sector + Impact of COVID and the trends that are emerging therefrom <i>Inputs: 1) Consumers becoming more brand and quality conscious, 2) Preference for Indian brands, 3) Increasing spend on health and fitness, 4) Increasing acceptability and share of ecommerce, 4) Impact of social media – Tier 2/3 cities copying metros 5) Increasing preference for branded and premium products 6) Emergence of D2C brands</i></li> <li>Break up and growth of the various product categories in retail (Including but not limited to Food &amp; Grocery, Footwear, Apparel &amp; Accessories, Jewelries &amp; Watches, Consumer Durables, etc.), both overall and organized markets. Compare footwear share of retail in India to other developed and developing economies.</li> <li>Extent of organization (unorg, org brick and mortar, e-tail). Organized retail market size in India, growth – 2010/15 to 2020 and projected trajectory in 2025. Trends like no. of Internet users and online shoppers in India (2015-2020 – 2025), smartphone penetration etc. to be captured in e-tail opportunity.</li> </ul> <p><b>SPORTS AND ATHLEISURE</b></p> <ul style="list-style-type: none"> <li>Break up (of relevant categories that have these functions like apparel, footwear and accessories) by function – Formal, casual,</li> </ul>



		<p>sports and athleisure (please add further) etc. <i>Inputs: Should clearly demonstrate that Sports &amp; Athleisure is the fastest growing sub-segment in the Indian retail landscape</i></p> <ul style="list-style-type: none"> <li>• Deep dive into the Sports and Athleisure retail segment – <ul style="list-style-type: none"> <li>◦ Market size and growth (2010/15-2020, 2025)</li> <li>◦ Size of various sub-segments (footwear, apparel, gear etc.) and their growth (2010/15-2020, 2025).</li> <li>◦ Key players across the identified sub segments</li> <li>◦ Prominence for today's consumer</li> </ul> </li> <li>• <b>Global manufacturing and supply chain trends</b> - Evolution of the global sports &amp; athleisure footwear manufacturing supply chain over the last two decades covering the shift from the West to China to SEA and now to India</li> <li>• <b>Global Perspective of Sports and Athleisure</b> <ul style="list-style-type: none"> <li>◦ Industry evolution comparison between India &amp; China. Include where China was 10/20 years ago, vs where they are today, juxtaposed to increase in Chinese and Indian per capita income.</li> <li>◦ Size, scale and evolution of key Asian Players such as Anta, Li Ning, Asics / Onitsuka, Fila Korea, XStep among others</li> </ul> </li> </ul>
III	Footwear Industry in India	<p><b>Global comment for this chapter:</b> For each industry cut, please give us a value and volume split, i.e. for overall market, organized market, by demographic, by function etc.</p> <ul style="list-style-type: none"> <li>• Footwear industry size in India, growth – 2010/15 to 2020 and projected trajectory upto 2025</li> <li>• Organized footwear industry size in India, growth – 2010/15 to 2020 and projected trajectory upto 2025</li> <li>• Footwear penetration in India per capita (pairs, spending) and vs. other major developed and developing economies. Similarly, per capita statistics for sports and athleisure footwear.</li> <li>• Breakup of the industry into functions / styles (separately for organized and unorganized) – casual, formal, sports and athleisure etc. and growth therein (2010/15-2020, 2025). <ul style="list-style-type: none"> <li>◦ Please cover the contribution to footwear of athleisure and sports globally / in developed markets, juxtaposed to India's mix implying high growth runway for Indian athleisure and sports footwear.</li> </ul> </li> <li>• Breakup of the industry into channel – EBOs / Distribution / Online and growth therein (2010/15-2020, 2025). Include channel margin estimate (industry level). To include commentary on increasing role of ecommerce in footwear.</li> <li>• Breakup of the industry region wise – 1) State wise, 2) Urban and Rural, and 3) Metros and Tier I, II, III, IV etc. and growth therein for each cut (2010/15-2020, 2025). If available here, please sub-divide by function (casual, formal, athleisure).</li> <li>• Breakup of footwear market by price point (economy, mid, premium) and growth therein (2010/15-2020, 2025). ASP trends over the same period, and expected increase. <i>Please confirm with us once before choosing the price buckets for this.</i></li> <li>• Breakup of the industry by demographic – men, women, kids, children etc. and growth therein (2010/15-2020, 2025).</li> </ul>



		<ul style="list-style-type: none"> <li>○ Include commentary on ASPs, historical and future for the each demography.</li> <li>○ We would specifically like each demographic sized for organized sports &amp; athleisure footwear</li> <li>• Breakup of the industry into structure / type of footwear. <i>Would be okay if this is only for organized or branded market.</i> <ul style="list-style-type: none"> <li>○ Open and closed footwear and growth therein (2010/15-2020, 2025),</li> <li>○ Slippers/flip flops, sandals and shoes and growth therein (2010/15-2020, 2025).</li> </ul> </li> <li>• Key success factors in the industry <i>input: 1) Quality, 2) Design and fashion trends, 3) Distribution and product availability, 4) Value for money, 5) Supply chain to be covered specifically, where Campus has 30% in-house manufacturing for uppers and soles (outsourcing partners are exclusive) and 100% in-house assembly which is a critical aspect of the business and results in a low lead time</i></li> <li>• Key growth drivers for the industry</li> <li>• Key restraints and risk factors in the industry</li> <li>• Key trends in the Indian footwear sector + impact of COVID and the trends that are emerging therefrom. <i>Inputs: 1) Acceptance of online as a channel, 2) Sports footwear now being used as a fashion element of an outfit as well, which increases the target audience, 3) Demand increase due to focus on health and wellness, 4) Sports as a habit is increasing across demographics (gender and age), 5) Premiumization happening at a faster pace in tier II / III cities than metro / tier I</i></li> <li>• Prevalent business models (COCO vs. FOFO) and their pros &amp; cons</li> <li>• Favourable government policies <ul style="list-style-type: none"> <li>○ Introduction of 2-tier GST framework – Expediting shift from unorganised to organised retail</li> <li>○ Make in India– Sustained hike in Customs Duty on finished footwear &amp; footwear components – Curb low quality imports from China and SEA</li> </ul> </li> <li>• Product extensions available to footwear players (Apparel, Accessories, Travel-Gear) and one or two examples of such successful ventures by footwear players</li> </ul> <p><b>Summary Section on Footwear Retail Prospects in India</b> – Summarize key points from above segments with a focus on penetration potential, growth opportunity in Tier I, II, III, IV and semi-urban, online + other key factors.</p>
IV	Competitive Landscape of Footwear Industry	<p><b>Input on Companies / Brands for this section (Indicative, please add):</b>  Campus, Bata (Power &amp; other brands), Relaxo (Sparx &amp; other brands), Nike, Adidas, Asics, New Balance, Reebok, Skechers, Puma, Fila, Lotto, Mirza International (esp. Band Street), Khadim, Liberty Shoes (esp. Force10), Metro Shoes, Lancer, Decathlon (Kalenji, Domyos), Under Armour, HRX by Hrithik Roshan, Columbus, Asian, Onitsuga Tiger, Aqualite, VKC, Paragon</p> <ul style="list-style-type: none"> <li>• Evolution of Sports &amp; Athleisure footwear in India with respect to the entry of major brands and retail model evolution over the last 2 decades</li> <li>• Industry mapping of players (graphical) across various segmentations - 1) Function / end use (casual, sports and athleisure, formal, outdoor etc.), 2) Price pyramid / spectrum</li> </ul>



		<p>(Mass &lt; INR 500, Mid / Economy &lt; INR 1,050, Semi-Premium - INR 1,050 – 3,000 and Premium – Rs. 3,000+)</p> <ul style="list-style-type: none"> <li>• Scale by both value and volume (critical to confirm Campus leadership position)</li> <li>• Portfolio category mapping of each player. <ul style="list-style-type: none"> <li>○ By function</li> <li>○ Demographic (men, women, kids, children)</li> <li>○ Footwear type / structure (closed shoe, open)</li> <li>○ Tabulate data on extent of SKUs/ product variants within the relevant product categories and across brands</li> </ul> </li> </ul> <p><i>Where we do not have quantitative data, please indicate qualitatively for eg. XYZ is majority open footwear; XYZ is 100% sports and athleisure etc.</i></p> <ul style="list-style-type: none"> <li>• Revenue contribution by channel (EBOs, LFS, MBOs, Online). Specific carve out for D2C (Online + EBO) vs. non-D2C. Include channel margin if available.</li> <li>• Brand / co. penetration levels – Revenue split, store distribution network, number of distributors and retailers covered, numbers of cities across Metros and Tier 1/2/3/4 cities</li> <li>• Revenue by region (India - North, South, Central, East, West) and exports</li> <li>• Average selling price and bill value + general extent of discounting offered by the company / brand. If possible, ASP over a period of time like 5 years would be helpful.</li> <li>• Manufacturing and assembly policy (in-house, outsourced and the pros and cons of each) <i>Input: Campus has 30% in-house manufacturing for uppers and soles and 100% in-house assembly which we believe is a significant strength</i></li> <li>• Procurement policy <i>Input: Campus has 85% domestic raw material sourcing</i></li> <li>• Advertisement spend, as a % of sales, and yield on advertisement spend</li> <li>• Financials metrics comparison – Sales growth, Gross margins, EBITDA margins, ROE%, ROCE%, Inventory days</li> </ul>
V	Strategic Positioning of Campus Shoes	<p><b>Comment:</b> While these may be covered in a separate section, please include statements and references throughout the report.</p> <ul style="list-style-type: none"> <li>• Market leader (value and volume) in the sports and athleisure segment</li> <li>• Fastest or one of the fastest growing footwear companies in India</li> <li>• Comprehensive product portfolio – addressing the needs of the entire family across multiple price points. Addressing 80% of the total market available, more coverage than any other peer.</li> <li>• Pan-India brand presence</li> <li>• Deep presence in covered geographies – 75% of revenues coming from Tier II and III cities</li> <li>• Contribution and growth from online channel higher than peers. One of the top 3 sports &amp; athleisure brands on marketplaces like Amazon, Flipkart and Ajio</li> </ul>



		<ul style="list-style-type: none"> <li>• Separate designs carved out for e-commerce, ensuring no price and demand conflict with offline channels leading to better brand and price management</li> <li>• Presence across distribution channels hedges business risks</li> <li>• Huge potential for growth – Further expansion of presence across the country (esp West), significant scope for expansion of EBO presence, the online / e-commerce opportunity that is available</li> <li>• Post COVID trends are favourable such as focus on convenience, preference for domestic brands, increasing demand for athleisure, casual footwear etc.</li> <li>• Among footwear peers, best placed (considering product offerings and pricing) to benefit from the above trends as well as broader consumer trends like increasing focus on fitness and health</li> </ul>
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**General notes –**

1. Please include reference to Campus Shoes throughout the report. For example, where talking about criticality of supply chain, brands that will benefitting from post-COVID consumer trends, domestic brands being better favoured etc. please draw reference to Campus as an example.
2. Wherever using financial year for any data point, please try and add in the data point for FY21 and mention it is COVID affected. We have received SEBI observations on this recently.
3. Please endeavour to represent information graphically and in tables as far as possible, rather than in text. Spacing is of essence considering the industry section is a carve out of the report, please consolidate exhibits for data points as far as possible.
4. For Indian market sizes, please use Rs. crores as the unit.

