“Rupa & Company Limited
Q2 and H1 FY27 Earnings Conference Call”
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MANAGEMENT: **MR. VIKASH AGARWAL – WHOLE-TIME DIRECTOR – RUPA & COMPANY LIMITED**
MR. SUMIT KHOWALA – CHIEF FINANCIAL OFFICER – RUPA & COMPANY LIMITED

MODERATOR: **MS. PRADNYA SINGH – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to Q2 and H1 FY27 Earnings Conference Call of Rupa & Company Limited, hosted by MUFG Intime. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Pradnya Singh from MUFG Intime. Thank you, and over to you, madam.

Pradnya Singh: Thank you. Good evening, everyone. I welcome you all to the earnings conference call to discuss Q2 and H1 FY27 results of Rupa & Company Limited. To discuss our results, we have with us from the management, Mr. Vikash Agarwal, the Whole Time Director; and Mr. Sumit Khowala, Chief Financial Officer. They will take you through the results, and then we will proceed to Q&A session.

Before we proceed to the call, a small disclaimer. This conference may contain certain forward-looking statements about the company, which are based on beliefs, opinions and expectations as on date of this call. The actual results may differ materially.

These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is also given on Page 2 of the company's investor presentation.

Now I would like to hand over the call to Mr. Vikash Agarwal. Thank you, and over to you, sir.

Vikash Agarwal: Thank you. Good afternoon, ladies and gentlemen. On behalf of Rupa & Company Limited, I extend a very warm welcome to all the participants joining us today for our Q2 and H1 financial year '27 results conference call.

We appreciate your continued engagement with the company. The financial results and the investor presentation has been uploaded on the stock exchange for your review. During the quarter, the company delivered a steady performance amid a highly competitive market environment, while overall revenue remained broadly flat. Athleisure and Thermal wear categories demonstrated encouraging traction during the quarter.

We continue to strengthen and scale up these areas with an emphasis on enhancing its product mix and increasing the contribution of these categories. These initiatives are expected to support sustainable revenue growth and drive improved profitability margins over the medium to long term.

Modern trade contributed 5% to our overall business, providing opportunities to strengthen and diversify our distribution channels. EBITDA for the quarter stood at INR26 crores, registering a year-on-year improvement of 15.9% with an EBITDA margin of 8.1%.

PAT for the quarter stood at INR17 crores, registering a year-on-year growth of 17.4%, with a PAT margin of 5.3%. The improvement in operating profitability was supported by the Company's continued focus on cost optimization and operational efficiencies.

During the quarter, the Board also approved the appointment of Mr. Sunirmal Talukdar as an Independent Director of the company. He retired as Group Executive President and CFO at Hindalco Industries and currently serves on the Board of major companies including Aditya Birla Fashion and Retail Limited and Vodafone Idea Limited.

His appointment further strengthens the company's governance framework and brings additional experience and perspective to the Board. We welcome him and look forward to his valuable contribution towards the company's strategic direction and long-term growth.

Looking ahead, the company remains focused on driving sustainable growth through expansion of its distribution network, strengthening secondary sales and building a stronger sales leadership and execution team and comprising experienced industry professionals. As we move into the second half of the financial year, we are hopeful to achieve revenue growth of around 10% with EBITDA margin of around 9%.

With this, I would like to hand over the call to our CFO, Mr. Sumit Khowala, to take you through the financial highlights of the quarter and the first half of financial year '27. Thank you.

Sumit Khowala: Thank you, sir, and good afternoon, everyone. I will now take you through the key financial highlights for the period. For quarter 2 FY27, revenue from operations stood at INR320.4 crores as against INR320.2 crores in quarter 2 FY26, which remained flat on a year-on-year basis.

Gross margin for the quarter stood at 27.6% as compared to 27.4% in the corresponding quarter last year. EBITDA for the quarter stood at INR26 crores as compared to INR22.4 crores in the same period last year, registering a growth of 15.9% year-on-year basis. EBITDA margin for the quarter stood at 8.1%, improving by 110 basis points year-on-year.

Net profit after tax for the quarter stood at INR17 crores as against INR14.5 crores in quarter 2 FY26, registering a growth of 17.4% year-on-year. PAT margin for the quarter stood at 5.3%, improving by 80 basis points year-on-year basis.

Now moving to the first half performance. Revenue from operations for H1 FY27 stood at INR522.8 crores as compared to INR504.1 crores in H1 FY26, registering a growth of 3.7% year-on-year basis. Gross margin for H1 FY27 stood at 31.4% as compared to 31.2% in the corresponding period last year.

EBITDA for H1 FY27 stood at INR41.7 crores as compared to INR34.6 crores in H1 FY26, registering a growth of 20.4% year-on-year basis. EBITDA margin for H1 FY27 stood at 8% as compared to 6.9% in H1 FY26. Net profit after tax for H1 FY27 stood at INR25.3 crores as against INR20 crores in H1 FY26, registering a growth of 25.9% year-on-year basis.

PAT margin for H1 FY27 stood at 4.8% as compared to 4% in the corresponding period last year. We remain committed towards improving profitability through better product mix,

efficient channel management, focused investment in high-growth categories and disciplined cost optimization initiatives.

With this, I conclude my remarks and open the floor for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Raj Patel from RK Securities.

Raj Patel: Am I audible?

Moderator: Yes, sir.

Raj Patel: Just a quick question from my end. So I was keen to know what are the reasons behind the EBITDA growth, whereas we see there was a flat revenue. Can you just throw some color on it?

Sumit Khowala: The main reason for improvement in EBITDA is because of the improvement in gross margin. Gross margin is improved by almost 30 basis points. Then there is saving in advertisement cost. Last year, corresponding quarter, it was 5.1%. This year, it's 4.7%. And all other expenses contribute to the savings somewhere around 40 basis points. Consequently, the EBITDA has improved by around 110 basis points.

Moderator: The next question is from the line of Santosh Shetty from LGC Capital.

Santosh Shetty: What is the growth in Thermals for the quarter? And please guide on the order book for Thermals?

Sumit Khowala: Thermal showed a good traction during the quarter and registered a growth of 30% plus in this quarter. And going forward, we hope that Thermal will perform well, and there will be good performance from the Thermal by this year.

Moderator: The next question is from the line of Pahal Sharma from DD Capital.

Pahal Sharma: Sir, I have one question that last 3-4 quarters, you were a debt-free company. Currently, you are debt positive. So please explain the reason for this?

Sumit Khowala: If you see from March '26 to September '26, there is an increase in working capital by almost INR75 crores. So in order to serve the working capital requirement, our borrowing has been increased.

Moderator: The next question is from the line of Yash Mehta from Grit Securities.

Yash Mehta: So I just wanted to know like what will be your capex plan?

Sumit Khowala: Capex plan. Recently, our Board approved a capex of around INR83 crores, out of which around INR58 crores will be used for development of factory cum warehouse at West Bengal Hosiery Park and another INR25 crores will be used for construction of warehouse and storage of

accessories and will be dedicated for modern trade business. So it will cost around INR25 crores. The total outlay will be INR83 crores, and it will be spent in another 2 - 2.5 years.

Moderator: The next question is from the line of Vinay Jadwani, an Individual Investor.

Vinay Jadwani: I would like to know that as you are guiding for a 10% growth in sales for the whole year, so March '26 sales around INR1,260 crores. And the second half sales for the last year was around INR750 crores. And keeping in mind the current first half sales, max INR880 crores. So are you saying that in the second half, we are targeting a sales of around INR880 crores?

Sumit Khowala: Yes. We are hopeful that we achieve such a growth during the year.

Vinay Jadwani: It means 20% growth from the second half of last year?

Sumit Khowala: Yes.

Vinay Jadwani: And what about the competition intensity in the hosiery market as of now? Is that subsided or as status quo?

Sumit Khowala: Yes, there is an intense competition going in the hosiery market where there is a price war going in the market on the scheme side, discount side and also receivable granting credit days is a big challenge.

Vinay Jadwani: So it hasn't improved from the last quarter. The intensity is as it is, you mean to say?

Sumit Khowala: Yes.

Vinay Jadwani: Because many large investors are also losing patience. I've been checking the shareholding pattern, Abakkus was holding some around 4% stake. It has come down to 2% actually. The sales is not going up. what kind of a 2 to 3-year view we can see in the company, if you can give some kind of color on this for this year, as you are guiding 10% with EBITDA of 9%? Earlier, the normal EBITDA margin used to be 13% to 14%.

Vikash Agarwal: It is not specific to us. This is like if you see the industry, industry is going through a little tough competitive time. So all the industry, all the major brands have this issue. So I'm sure in coming quarters, things will improve. Raw material price is high and all, so industry going through a tough time…

Vinay Jadwani: I understand that Lux industries today's results, sales were down actually 10%. You have maintained the sales for this quarter. Their sales were down actually by 10%. So whole industry are facing headwind if you mean to say.

Vikash Agarwal: Yes.

Moderator: As there are no further questions from the participants, I now hand the conference over to Ms. Pradnya for closing comments. Over to you, madam.

Pradnya Singh: Thank you, everyone, for joining us on the call today. I would also like to thank the management for sparing the time and answering all the queries. We are MUFG Intime, Investor Relations Advisors to Rupa & Company Limited. Thank you.

Vikash Agarwal: Thank you.

Sumit Khowala: Thank you.

Moderator: Thank you very much. On behalf of Rupa & Company Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.