



“Rupa & Company Limited
Q3 FY '26 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: **MR. OMKAR BAGWE – MUFG INTIME**



Moderator: Ladies and gentlemen, good day, and welcome to Rupa & Company Limited Q3 and 9 Months FY '26 Earnings Conference Call. As a reminder, all participants' 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 the 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 Mr. Omkar Bagwe. Thank you, and over to you.

Omkar Bagwe: Yes. Thank you. Good afternoon, everyone. I welcome you all to the earnings conference call to discuss Q3 and 9-month FY '26 results of Rupa & Company Limited. On behalf of Rupa & Company Limited, I'm delighted to welcome you all to this call. Thank you for taking the time out to discuss our latest financial results and performance.

To discuss our results, we have with us from the management, Mr. Vikash Agarwal, Whole-Time Director; and Mr. Sumit Khowala, the 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 the 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 the call over 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 Q3 and 9-month financial results year '26 results conference call. We appreciate your continued agreement, and I trust you have reviewed the financial results and investor presentation available on the stock exchanges.

Our company delivered a steady performance this quarter with consistent consumption trend across our key markets. Revenue was driven by a favorable product mix with the mid-premium segment leading volume growth. However, pricing conditions are increasingly competitive across segments with heightened trade scheme exerting above normal pressure on net realization. Consequently, margins reflected the impact of these elevated competitive intensity during the quarter.

On an overall basis, volume mix delivered 3% growth during the quarter, offset by a 3.8% adverse pricing impact. Revenues for the quarter stood at INR313.5 crores, marginally down by 0.9% year-on-year. Revenue for 9 months stood at INR817.6 crores versus INR823.8 crores year-on-year. PAT margin for the quarter and 9 months stood at 5.2% and 4.4%, respectively, versus 7.5% and 6.4%, respectively, year-on-year.

Exports continue to demonstrate healthy traction with year-on-year growth of 28%, contributing 4% to revenues. Modern trade, including e-commerce contributed 6% to revenues during the 9

months, reflecting the calibrated channel expansion in the competitive landscape. We remain disciplined on working capital management.

Our company generated operating cash flow of INR49 crores during the 9 months. As of 31st December 2025, cash surplus stood at INR41 crores, reflecting our prudent financial management and strong liquidity position. While the company continues to prioritize volume-led growth in near term, we believe this sets a resilient base for margin recovery as pricing pressure moderates anchored by a diversified brand portfolio and continued emphasis on operational efficiencies.

With this, I would now like to hand over to our CFO, Sumit Khowala, to take you through the financial highlights of the quarter and 9 months.

Sumit Khowala:

Thank you, sir, and good afternoon to everyone. Thank you for joining us on the quarter 3 and 9 months FY '26 earnings call. I will now take you through the key financial highlights for the period.

For quarter 3 FY '26, revenue from operations stood at INR313.5 crores, registering a degrowth of 0.9% year-on-year basis. EBITDA for the quarter stood at INR25.7 crores as compared to INR38.0 crores same period last year, registering a degrowth of around 32% on Y-o-Y basis. The EBITDA margin for the quarter stood at 8.2%, down by 380 basis points year-on-year. The net profit for the period is INR16.2 crores as against INR23.8 crores in quarter 3 FY '25, which degrew by 32% year-on-year. The PAT margin for the quarter stood at 5.2%, down by 230 basis points year-on-year.

Now coming to the 9 months performance. Revenue from operations stood at INR817.6 crores, registering a marginal degrowth of around 0.8%. EBITDA for the period stood at INR60.3 crores as compared to INR84.5 crores same period last year, registering a degrowth of 29% on a year-on-year basis. EBITDA margin for the period stood at 7.4%, down by 299 basis points. The net profit for the period is INR36.2 crores as against INR52.7 crores in 9 months FY '25, which degrew by 31% year-on-year.

We remain committed to maintaining financial prudence and cost control while continuing to invest in brand and growth opportunities. Our focus remains on improving profitability through better product mix, efficient channel management and disciplined working capital practice.

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

Moderator:

Thank you very much. The first question is from the line of Vriddhi Vora from SAS Capital. Please go ahead.

Vriddhi Vora:

So industry is facing like continuous pricing wars among the players. The margins are getting squeezed post COVID. What do you think when the same will be stabilized?

Vikash Agarwal:

I mean, short term, we don't see, but once the export demand picks up, we feel once the yarn prices get more firmer, I think the trends would change, which might take another few quarters.

- Vridhhi Vora:** Okay. Okay. And why are we seeing sharp decline in margins?
- Sumit Khowala:** Yes. The main reason for decline in margin is because of the intense price competition going on in the market and our company adopted a policy of aggressive pricing strategies, which impacted our realizations, resulting in lower gross as well as operating margins.
- Moderator:** The next question comes from the line of Preeti Agarwal from SK Associates.
- Preeti Agarwal:** I wanted to know that what are your capex plans along with marketing expenditures for FY '26?
- Sumit Khowala:** There are no major capex plan. There will be routine capex of INR12 crores to INR15 crores. And for advertisement, our yearly budget is around 6% to 7%.
- Moderator:** The next question comes from the line of Jay from Star Investment.
- Jay:** Sir, what is your working capital in terms of days for 9 months and FY '26?
- Management:** The working capital days for 9 months is around 230 days.
- Moderator:** The next question comes from the line of Shubhankar Gupta from Equitree Capital.
- Shubhankar Gupta:** Two questions from my side. First is, I just wanted to have a deeper glimpse of what is leading to this pricing pressure, which we have been talking about for the last 3, 4 quarters. And in line with that, what are the trade discounts which we've offered for the 3 months and the 9 months period for FY '26?
- Sumit Khowala:** Yes. Basically pricing pressure in terms of providing aggressive schemes to our dealers in order to be competitive in the market. And in order to match the price of the peers, we have to -- not only we have to pass scheme, but also we have to extend the credit period sometime. And the total discount or schemes would be around 12%.
- Shubhankar Gupta:** 12%. So it's -- I think gone from around 8%, 9% to 12% now. So sir, ideally, how we are thinking about this is that ideally, it should have led to some sales growth as well, right? That is the whole purpose of giving heavy trade discounts. But even that is not happening. So why in that view is not happening according to you?
- Sumit Khowala:** We have rationalized this price since last quarter. So we are expecting that the sales volume will get up in this quarter or quarters to come. It would take time because the price has been rationalized recently.
- Shubhankar Gupta:** Okay. Okay. And sir, second point is since this industry, as you said that has been on aggressive pricing, which is now translating to low growth across, right? So when and why should that reverse? And sir, of course, like exports are a very small part for us, as you mentioned. So like what except exports do you think will lead to a growth for us in the coming years, not quarters, but years?
- Vikash Agarwal:** So we are focusing on other channels like e-commerce, export, modern trade, all these are new channels which we need to focus on and the new areas we are getting into and new ranges like



Athleisure and Activewear. So those are the ranges and a lot into womenswear also. So women's wear also, we are launching a lot of new products, which are very reasonable in price. So a recent trend, we are seeing that price, market is becoming very price sensitive.

So we are trying to create new portfolio where acceptance is more and we have a large number of market share, which is acceptable, not into GT, but Modern Trade also. So this is how -- of course, we need to grow with these numbers and business doesn't make sense for anybody to with such margins at all. So revenues, and I'm sure in coming quarters, we'll be able to have better performance.

Shubhankar Gupta: So you mentioned that like there are, I think, 4 areas, right, X-Factor areas, Modern Trade, Exports and Government primarily. So we have actually seen a degrowth in modern trade from INR51 crores to now INR50 crores in the last 9 months, right? So ...

Vikash Agarwal: It's almost same, but we are increasing the team also. We are talking aggressively to a lot of chains and other formats also. So we are sure in coming quarters, we'll have a much better performance there.

Shubhankar Gupta: Okay. Sir, any guidance on what -- like in terms of how we are looking at modern trade and what is the revenue growth we can anticipate from that?

Vikash Agarwal: Next quarter, we'll -- because it's a new team and we have engaged a lot of new team for this. Maybe by next quarter, we'll be able to share a better concrete number.

Shubhankar Gupta: Got it. And were we able to, sir, like hire the Head of Sales? Head of Sales, which I think there was some attrition on that front. So have we been able to find a replacement like, like-to-like replacement?

Vikash Agarwal: Attrition for?

Shubhankar Gupta: Head of sales.

Vikash Agarwal: Yes, Head of Sales, we have got one. We have got an experienced who has recently joined 2 weeks back. So we'll speak about it maybe next quarter. So once we get settled and all. So -- but yes, somebody has joined in the senior position.

Moderator: The next question comes from the line of Isha Murthy from MAS Capital Investment. Please go ahead. The next question comes from the line of Rajiv Jain from Arcan Investment. Please go ahead.

Rajiv Jain: So I just have a couple of questions. So firstly, the mid and premium products are driving growth. So how are the economy and premium segments performing in comparison to that?

Sumit Khowala: This quarter, the economy segment didn't perform well compared to mid-premium and the premium segment. But going forward, we are sure that the growth will also come from the economy segment.

- Rajiv Jain:** Okay. And sir, secondly, gross margin fell to 26.3% in quarter 3 versus 29.4% a year ago. So to what extent is this decline attributable to mix or pricing or raw material cost? And what gross margin range do you consider sustainable for FY '26? Could you throw some light on that?
- Sumit Khowala:** The decline is basically because of aggressive discounts and schemes floated in the market. And it will continue in the near term, but in the long run, it will be stabilized.
- Moderator:** The next question comes from the line of Jiya Manik from JMK Capital.
- Jiya Manik:** Sir, my question was given the flat revenue and pressure on realization, how are you managing the channel inventory? Is there any further risk of discounting?
- Sumit Khowala:** I didn't get you. Can you please repeat?
- Jiya Manik:** Yes. The revenue has been a little flat and pressure -- there has been some pressure on the realization. So how are you managing the channel inventory? Like is there any risk of further discounting?
- Sumit Khowala:** No, these are all structural discount, not for clearance of inventory.
- Vikash Agarwal:** And nothing to do with the channel -- with the current inventory now.
- Jiya Manik:** Okay. And sir, how is Macroman M Series, Macroman performing versus legacy Rupa brand? Like what is the revenue mix split across premium, mid-premium and economy?
- Sumit Khowala:** The revenue mix for economy segment is around 31% - 33%, mid-premium is around 55% - 58% and for premium, it's around 10% to 11%.
- Jiya Manik:** Okay, got it sir. And sir, the 9-month volume growth at 2%, what underpins your confidence that volumes can accelerate meaningfully in FY '27?
- Vikash Agarwal:** As mentioned, we are focusing on other new channels like modern trade, e-commerce and all we have to focus on export as well. So of course, we -- our continued focus will be there on GT and the new areas. But for the new channels we are building up, we have built up a strong team and those numbers should come from other channels as well. And on top of that, we are building an aggressive portfolio, which is more price sensitive, which would be -- which has more easy acceptance in the market, seeing the current competitive scenario.
- Jiya Manik:** Okay. Got it. And sir, what would be the anticipated time frame for this price normalization?
- Sumit Khowala:** I didn't get it. It is very low.
- Vikash Agarwal:** Next 2 - 3 quarters.
- Moderator:** Ms. Jiya, when you are speaking, we cannot hear you properly. Your voice is very low.
- Jiya Manik:** Sir, my question was that what is the anticipated time frame for your price normalization?
- Vikash Agarwal:** Next 2 - 3 quarters at least.



Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Omkar Bagwe for closing remarks.

Omkar Bagwe: Yes. Thank you for joining us on the call today. I would like to thank the management for sparing the time and answering all the queries. We are MUFG Intime, Investor Relations Advisers for Rupa & Company Limited. For any queries, please feel free to contact us. Thank you, everyone, and have a great day.

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