



“Rupa & Company Limited
Q4 FY26 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 the Rupa & Company Limited Q4 and FY26 Earnings Conference Call 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, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Omkar Bagwe from MUFG. Thank you and over to you, sir.

Omkar Bagwe: Thank you. Good evening, everyone. I welcome you all to the Earnings Conference call to discuss Q4 and FY26 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, 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 the 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 evening, ladies and gentlemen. On behalf of Rupa & Company Limited, I extend a very warm welcome to all the participants, joining us today for our Q4 and the financial year '26 results conference call. We appreciate your continued engagement and finance results and investor presentations are uploaded in the stock exchange for review.

Our company delivered a steady performance during the quarter amid the competitive business environment and the evolving consumer demand trends across key categories. Revenue growth during the quarter was driven by healthy volume expansion across segments, while pricing conditions across the industry continue to remain competitive.

Revenue for Q4 financial year '26 stood at INR441.5 crores, registering a growth of 6.3% year-on-year. The company recorded a strong volume growth of 9% during the quarter, reflecting improved market traction, focusing execution and strengthening consumer demand across our product portfolio.

Our continued emphasis on scale expansion, stronger channel engagement and product mix improvement supported overall business performance. The Athleisure segment continued to witness encouraging momentum, during the quarter, reaffirming strong consumer acceptance and the growing relevance of our diversified portfolio.

We also continue to focus on strengthening our position across mid-premium and premium categories through focused product initiatives and calibrated channel expansion. Exports contributed 3% to overall revenues during FY26, while modern trade including e-commerce,



contributed 5% to revenues during the year, reflecting our major and strategic channel expansion efforts in a competitive market environment.

EBITDA for the quarter stood at INR55 crores, with EBITDA margin at 12.5%, while the operating environment continued to witness elevated competitive intensity, we remain focused on disciplined cost management, operational efficiency and prudent inventory controlled measures to support profitability and long-term business sustainability.

Operating cash flow for financial year '26 stood at INR45 crores demonstrating our continued focus on prudent cash management and working capital efficiency. As of March 31, 2026, our cash surplus further improved to INR33 crores reflecting the strength of our balance sheet and healthy liquidity position.

During the quarter, we continued to strengthen our sales and distribution network by making focused investment in our Phase 3 and improving our on-ground market execution. We are hopeful these initiatives will help us expand our presence across markets, increase the reach of our products and improve the efficiency and productivity of our distribution channels.

In addition, the company is increasingly emphasizing on improving, secondary channels sales by increasing product movement from distributors to retailers. We are also maintaining optimum inventory levels across the channel to ensure better stock availability. We believe these initiatives, coupled with our continued focus on building a stronger sales infrastructure will support future growth, enhance operational efficiencies and drive sustainable profitability over the medium to long term.

Our commitment towards delivering sustainable long-term value to all stakeholders remains strong. In line with this commitment, the Board has proposed subject to shareholders' approval a dividend of INR3 per equity share for financial year '26.

We project revenue growth of 10% to 12% in financial year '27, largely led by volumes and expect our EBITDA margin to be in the range of 9% to 10%. Backed by our established brands extensive distribution network and strong market positioning, we remain confident of navigating the evolving market environment while continuing to create sustainable long-term value for our stakeholders.

With this, I would also like to hand over CFO, Mr. Sumit Khowala to take you through the financial highlights of the quarter and the full year. Thank you.

Sumit Khowala:

Thank you, sir, and good evening to everyone. Thank you for joining us on the quarter 4 and FY26 earnings call. I will now take you through the key financial highlights for the period. For quarter 4 FY26, revenue from operations stood at INR441.5 crores as compared to INR415.5 crores in quarter 4 FY25, registering a growth of 6.3% year-on-year basis.

EBITDA for the quarter stood at INR55 crores as compared to INR45.9 crores in the same period last year, registering a growth of 19.8% year-on-year basis. EBITDA margin for the quarter stood at 12.5%, improved by 150 basis points year-on-year. Net profit after tax for the

quarter stood at INR36.1 crores as against INR30.6 crores in quarter 4 FY25, registering a growth of 18.1% year-on-year basis.

PAT margin for the quarter stood at 8.2%, improving by 80 basis points year-on-year basis. Now moving to the full year performance. Revenue from operations for FY26 stood at INR1,259.1 crores as compared to INR1,239 crores in FY25, registering a growth of 1.6% year-on-year.

EBITDA for FY26 stood at INR115.3 crores as compared to INR130.4 crores in FY25, we see a de-growth of 11.6% year-on-year. EBITDA margin for FY26 stood at 9.2% against 10.5% in FY25. Net profit after tax for FY26 stood at INR72.5 crores as against INR83.3 crores in FY25. Registering a de-growth of 12.9% year-on-year.

PAT margin for FY26 stood at 5.8% as compared to 6.7% in FY25. As on March 31, 2026, the company remained net cash surplus position of INR33 crores, reflecting our robust liquidity profile and strong balance sheet position. We remain committed towards improving profitability through better product mix, efficient channel management, focused investment in high-growth category 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. Our first question comes from the line of Preeti Agarwal from SK Associates.

Preeti Agarwal: Thank you so much for the opportunity. I wanted to know what is your capex plan for FY27?

Sumit Khowala: During FY27, the company will strengthen its in-house capacity by developing manufacturing cum warehousing facilities. And there will be a total outlay of INR60 crores, which will be spent in 2 years' time. And this capex will be developed at West Bengal, Hosiery Park, Kolkata.

Preeti Agarwal: Understood. And what is your advertisement expense for the quarter? And can you please throw some light on the next year guidance?

Sumit Khowala: The advertisement spend for the quarter is around 4%. And the next year guidance would be the advertisement expenses would be in the range of 6% to 7% for FY27.

Preeti Agarwal: Understood, sir. Thank you so much. That's it for my side.

Moderator: Thank you. Our next question is from the line of Yash Mehta with SKP Capital. Please go ahead.

Yash Mehta: Okay. Thank you for the opportunity. So, I wanted to ask, like, is there any impact of U.S., Iran war amid Middle East disruptions?

Vikash Agarwal: There is no potential impact on the business, but business is facing some challenges, such as increase in price of crude would lead to the rise in the prices of raw material. Secondly, there is

a global disruption in shipping routes, so logistics and freight costs are higher and there is a foreign exchange volatility. These are the challenges faced by the company amid this U.S.-Iran war.

- Yash Mehta:** Okay, got it. Thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Vruddhi Vohra with SAS Capital. Please go ahead.
- Vruddhi Vohra:** Hello. Am I audible?
- Moderator:** You are audible, ma'am.
- Vruddhi Vohra:** Yes. So, my question is that industry is facing intense price competition. So, have you taken any price hike in the last quarter? And any plans for price hike in the coming quarters?
- Vikash Agarwal:** We have taken a price hike of around 4% to 5% in April and we might take another price hike maybe 2%, 3% in June, July, depending on the market condition.
- Vruddhi Vohra:** Okay. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Sajal Trivedi with MSC Capital. Please go ahead.
- Sajal Trivedi:** Good evening. I wanted to ask; you have given the guidance of revenue growth of 10% to 12%. So, what will be the split in terms of volume and value?
- Vikash Agarwal:** Volume maybe 4%, 5%. Largely it will be a mix of both 4%, 5% each,
- Sajal Trivedi:** Also, what is the main reason for increase in EBITDA in quarter 4 FY 2026?
- Sumit Khowala:** The main reason for increase in EBITDA in quarter 4 is because of increasing gross margin. And this is mainly because of change in product mix Athleisure grows well in quarter 4 FY26.
- Sajal Trivedi:** Okay. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Nidhi Sharma with AP Capital.
- Nidhi Sharma:** Good evening. So, thank you for the opportunity. I wanted to ask that can you give us the split of inventory into raw materials, finished goods and work in progress?
- Sumit Khowala:** The split of inventory, the raw material is around 13%. The finished goods is around 54% and work in progress is around 33%.
- Nidhi Sharma:** Okay. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Shubhankar Gupta with Equitree Capital. Please go ahead.

- Shubhankar Gupta:** I think 2, 3 questions on my end. First is that in the PPT also, you mentioned that we have strengthened our sales and distribution capabilities with focused investment in sales team and field execution, right? Just wanted to understand if you could throw some light on how we have strengthened our sales and distribution capabilities?
- Vikash Agarwal:** So, in terms of sales head, which we are trying from last couple of years, but we are quite confident now in terms of the capacity in terms of the talent we have appointed recently. So, what is the sales head all India. Along with the sales and distribution in our strategy head and EBO head also, which will be focusing on EBO and a separate head for e-commerce along with four zonal heads also which have already been appointed and are already working in the company from last within a month time. So, the team is in place now. And we are sure in coming months; we will see the impact of sale.
- Shubhankar Gupta:** Sir, all of this has happened in the last 1 quarter in the last Q4?
- Vikash Agarwal:** Yes.
- Shubhankar Gupta:** Okay. Got it. And sir, just 1 -- I think 2 bookkeeping questions. So, when you are standing at good cash in the books, which is a good thing, right? What was the need to increase short-term debt?
- Sumit Khowala:** There is an arbitrage, I mean what we do basically is that we invest in a fixed deposit at a higher rate than our borrowing rate. So net debt you will find there is no finance cost.
- Shubhankar Gupta:** Okay. And so, with regards to sales growth for FY27 what is our expectation? And what will be the key levers which will lead to that growth?
- Vikash Agarwal:** So, as we said, we are targeting a growth of 10% to 12%. And key levers are of course, we need to grow across GT, across modern trade and all, and we have team in place, a strong team in place, and we'll be focusing more on secondary and instead of primary. So, mix of -- and as well as, we are focusing on export as well. So, mix of all these factors should help us to achieve the target.
- Shubhankar Gupta:** But sir, any -- so this is like across the board, right, but let's say, any specific space in which we are going to be focusing more?
- Vikash Agarwal:** You need to have a strong focus everywhere. So, it's not like we'll be focusing just on GT, we need an equal focus on modern trade, on exports everywhere. So, in terms of focusing, we need a strong team, and we have the team in place. And we are lacking in a lot of GT, a lot of areas in e-commerce as well. So, all the channel should contribute to our growth.
- Shubhankar Gupta:** Okay, sir. And in terms of the INR70 crores, which we spent on brand and development costs for FY26, could you help throw some more light on the details of how the INR70 crores is actually spent?
- Vikash Agarwal:** So, we'll share the breakup, but we are gradually focusing more on digital and online medium and all.

- Sumit Khowala:** The outdoor is 50% of the total expenditure and digital is around 4%. And television 10% to 12%, and print media is also 12%.
- Shubhankar Gupta:** Sorry. So, it's basically outdoor is 50%, digital 4%, television 10% -12%, and print media 12%, right? So total is around 30%. So, 20% is still left, right?
- Sumit Khowala:** We do not have full details right now, will share separately.
- Vikash Agarwal:** But the idea is going forward is increasing more on the digital platform.
- Shubhankar Gupta:** And sir, within digital any specific platform or medium?
- Vikash Agarwal:** Across all the platforms and marketplace.
- Moderator:** Our next question is from the line of Darshan Shah with M&S. Please go ahead. Darshan Shah your line has been unmuted. You may proceed with your question.
- Darshan Shah:** Thank you for the opportunity and congrats on a decent set of numbers. So, my first question was what drove the sharp rebound in gross margin in Q4 despite the competition and the geopolitical tensions that we know is going around?
- Sumit Khowala:** Yes.
- Darshan Shah:** So, sir, my question is what drove the sharp rebound in gross margins in Q4, whilst gross margin, the reason for that?
- Sumit Khowala:** The main reason is that the athleisure contributes well in this quarter 4, there is a volume growth of 20% in quarter 4 and value growth is 25% for Athleisure. So, this is the main trigger point for improvement in gross margin.
- Vikash Agarwal:** And then increase in overall revenue as well, which will compensate with the operational cost.
- Darshan Shah:** Got it, sir. And sir, do you think that these gross margins of about 28% will sustain going forward or will revert more towards the 26% - 27% range?
- Sumit Khowala:** Yes, with this initial price hike and acceptability in the market, we hope that we will sustain this gross margin.
- Darshan Shah:** Okay. Got it, sir. My next question was what are the specific figures, either cotton yarn pricing, competition, discipline, demand recovery what will drive this pricing normalization over the next 1 to 2 quarters?
- Vikash Agarwal:** So, it will all depend upon the competition in the market dynamics. It's difficult to say. But yes, as long as the demand is there, there's a shortage of yarn and all. So, every day is a new day, we have to see how it goes forward.
- Darshan Shah:** Okay, sir. And sir, specifically on the discounting front, are we doing some dynamic discounting or any such thing right now? Are we just enjoying the higher prices right now and

then depending on how to stimulate demand in the future, if we look at how to play with a discount?

Sumit Khowala: The market is totally buyer's market. So, it totally depends on how market behaves. We have to give discounts in line with the market.

Vikash Agarwal: When we have taken a price hike and the prices are -- the trends so far look strong. It all depends upon the yarn prices and the cotton prices going forward.

Darshan Shah: Okay. Got it, sir. I will join back in the queue for any further questions.

Moderator: Our next question comes from the line of Rajiv Jain with Arcane Investment. Please go ahead.

Rajiv Jain: Hello. Thank you for the opportunity. First couple of questions. So, starting with while volume growth has accelerated to 9% in Q4. Revenue growth is still modest. How much of pricing pressures still persist when we look at over Q3 levels?

Sumit Khowala: In Q3, there was also a volume growth and there was an intense pricing competition. The same way we are facing quarter 4 also. So, it means amid this intense pricing competition, we have to maintain the price in line with the market.

Rajiv Jain: Understood, sir. And furthermore, has the 12% trade discount intensity reduced meaningfully in Q4 or still it's elevated?

Sumit Khowala: It's around 12%.

Rajiv Jain: It's around 12%. Understood. And sir, in Q4, margins have rebounded strongly to almost 12.5%. How much of this is sustainable versus the seasonal one? What do you think?

Sumit Khowala: With this initial price hike, we hope that the gross margin would be at the same level going forward quarter.

Rajiv Jain: Understood. And is the pricing pressure now structurally behind or could discount remain elevated going forward as well?

Sumit Khowala: We will maintain the same level of discount.

Rajiv Jain: Understood. Thank you for answering my question. That was all from my side. All the best for the future quarters.

Moderator: Our next question comes from the line of Vinay Kumar, an Individual Investor. Please go ahead.

Vinay Kumar: My question is regarding a bit long term. As I'm going through your last 5 to 10-year data, we have seen the CAGR sales growth of near 2% and the profitability is also around 2% to 3%. So, what kind -- in this -- what kind of a 3- to 5-year roadmap you are seeing the sales trajectory and the profitability?



And the second part question is also that Since we do 5% to 7%, 6% to 7% expenses on advertisement, in brand building, yet the OPM margins are like a normal business, 9%, 10%, 12%. So why are the industry as an industry, you're not able to capture the brand value and the margins, actually, where is the brand value actually. My question is the second part is more important, yes?

Vikash Agarwal: So, hosiery industry is very competitive from the last couple of years. So, your query is genuine. We are also working on same. But we Rupa & Company Limited as individual, we are focusing more on secondary now, focusing more on retail for that, we have built up a strong retail team. We'll be focusing on secondary and on developing the retail network. So, we target a growth of 10% to 12% for the next couple of years. And with that, every year maybe profitability, should help us increase the profitability by 50 basis points year-on-year.

Vinay Kumar: Okay. Thank you.

Moderator: We have no further questions, ladies and gentlemen. I would now like to hand the conference over to Mr. Omkar Bagwe for closing comments. Over to you, sir.

Omkar Bagwe: 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 Advisers to Rupa & Company Limited. Thank you, and over to you, sir.

Sumit Khowala: Thank you.

Vikash Agarwal: Thank you.

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