RUPA & COMPANY LIMITED

Date: May 29, 2025

National Stock Exchange of India Limited
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Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai - 400 001

Ref: NSE Symbol- RUPA / BSE Scrip Code- 533552

Sub: Transcript of the Earnings Conference Call held on May 22, 2025

Dear Sir/ Madam,

In continuation to our letter dated May 19, 2025 and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the Earnings Conference Call held on May 22, 2025, to discuss the Audited (Standalone and Consolidated) Financial Results of Rupa & Company Limited (“the Company”) for the quarter and financial year ended March 31, 2025.

The same will also be made available on the Company’s website at https://rupa.co.in/con-call-transcripts-audio .

Kindly take the same on record.

Thanking you.

Yours faithfully,
For Rupa & Company Limited

SUMIT JAISWAL
Digitally signed by SUMIT JAISWAL
Date: 2025.05.29 15:13:26 +05'30'

Sumit Jaiswal
Company Secretary & Compliance Officer

Encl: As above

"Rupa & Company Limited Q4 & FY '2025 Earnings Conference Call"

May 22, 2025

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 & FY '25 Earnings Conference Call, hosted by MUFG Intime.

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 "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Omkar Bagwe from MUFG Intime. Thank you, and over to you, sir.

Omkar Bagwe: Good afternoon, everyone. I welcome you all to the Earnings Conference Call to discuss Q4 and FY '25 Results of Rupa & Company Limited.

To discuss the results, we have from the Management, Mr. Vikash Agarwal – Whole-Time Director; and Mr. Sumit Khowala – Chief Financial Officer. They will take you through the results and business performance, after which we will proceed for a question-and-answer session.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on Company's website.

With this, I now hand over the call to the management for their opening remarks. Over to you, sir.

Vikash Agarwal: Good afternoon, ladies and gentlemen. On behalf of Rupa & Company Limited, I would like to warmly welcome all of you for our Results Con-Call. We appreciate your time and interest in reviewing our Company's performance. I trust that everyone had a chance to look over the financial results and investor presentation that have been uploaded on the stock exchange.

The year was marked by stable top-line performance. We achieved a 4% volume growth in Q4 and 3% value growth for the full-year, driven primarily by sales in our economy and athleisure segment. For the full-year, revenue reached Rs. 1,239 crores, and Q4 revenues stood at Rs. 415 crores.

Our EBITDA margins saw a notable improvement, benefiting our operating leverage and cost optimization efforts, rising by 15% in Q4, and 11% for the full-year. Net profit grew significantly, up 29% in Q4, and 19% for Financial Year '25, reflecting the scalability and efficiency of our operations.

During the year, the athleisure category stood out with a significant growth of 26% in volumes, and this trend we expect to continue in Financial Year '26 as well. Modern trade saw a robust growth of 17% in '25, taking the top-line to Rs. 63 crores, contributing 5% to overall revenues, highlighting our strong presence across the major e-commerce platforms.

Our X-factor segment posted with 11% growth, generating Rs. 229 crores, and accounting for 19% of total revenue. We anticipate continued momentum in both modern trade and X-factor areas in Financial Year '26.

Exports also performed well, growing by 24% to Rs. 31 crores, representing 3% of total revenues. While our export pipeline remains healthy, we are closely monitoring geopolitical development that may impact global demand.

To enhance brand visibility, we executed targeted marketing initiatives, including celebrity endorsements. We invested Rs. 63 crores in branding and advertising in Financial Year '25, representing 5% of revenues. Financial year '26, we plan to increase the ASR-Ad to sales ratio by 100 - 150 basis points.

We remain committed to delivering value to all our stakeholders. In line with this, I am pleased to share that the Board has recommended a dividend of Rs. 3 per equity share for Financial Year '25, subject to shareholder approval.

We project revenue growth of 11% to 12% in Financial Year '26, supported mainly by volumes. We also expect our EBITDA margin to be in the range of 11%, 10.5% - 11% for the coming year.

We are optimistic about achieving new milestones and introducing innovative products across diverse customer segments. Our consumer-centric approach will further bolster industrial leadership and reinforce R&D. With a strong focus on long-term growth, we are excited about the opportunities ahead and remain committed to creating enduring value for all our stakeholders.

With that, I would like now to conclude my speech and would like to hand over to our CFO, Mr. Sumit Khowala, to brief you about financial performance. Over to you, Sumit.

Sumit Khowala: Thank you, sir. And hello everyone. And thank you for joining us for our Q4 and FY '25 earnings call. I will provide a brief overview of our financial performance for the quarter.

Coming to the quarterly performance:

Revenue from operations stood at Rs. 415 crores, registering a growth of 4% year-on-year. The EBITDA for the quarter stood at Rs. 46 crores as compared to Rs. 40 crores corresponding period last year, registering a growth of 15% year-on-year. EBITDA margin for the quarter stood at 11%, up by 90 basis points year-on-year.

The net profit for the quarter stood at Rs. 31 crores, as against Rs. 24 crores in Q4 FY '24, showing a growth of 29% year-on-year. PAT margins for the quarter stood at 7.4%, up by 130 basis points year-on-year.

Now, coming to the yearly performance:

The revenue from operations for FY '25 stood at Rs. 1,239 crores, grew by 2% year-on-year. The EBITDA for the year stood at Rs. 130 crores, as compared to Rs. 117 crores same period last year, registering a growth of 11% year-on-year. EBITDA margin for the year stood at 10.5%, up by 90 basis points year-on-year.

The net profit for the year stood at Rs. 83 crores, as against Rs. 70 crores in FY '25, which grew by 19% year-on-year. PAT margins for the year stood at 6.7%, up by 100 basis points year-on-year.

Cash generated from operations stands at Rs. 59 crores positive, which has been majorly utilized in reducing our debt. Our net cash surplus, including investment, is amounting to Rs. 24 crores. Our working capital as on FY '25 stands at Rs. 811 crores.

With this, I now conclude my speech and open the question-and-answer session. Thank you, everyone.

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. Please go ahead.

Raj Patel: Hello. So, can you just share what's the CAPEX for FY '26?

Sumit Khowala: There is no major CAPEX planned. There will be a routine CAPEX of Rs. 12 crores to Rs. 15 crores for FY '26.

Raj Patel: Okay. And from the balance sheet we can see that the cash and cash equivalents balance is Rs. 24 crores. So, what are your plans to use this fund?

Sumit Khowala: We have a healthy cash and cash equivalents in our balance sheet and we are not much leveraged. So, we always look for both organic and inorganic growth opportunities, and anything which will be materialized, we will use this cash and cash equivalent to acquire these both organic and inorganic opportunities.

Raj Patel: Okay. That was all from my side. Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Mamta Agarwal from ABS Investments. Please go ahead. As there is no response from the participant, we will move to the next. The next question is from the line of Riddhi Shah from SMS Capital. Please go ahead.

Riddhi Shah: Hello. My question is, what is the marketing expense guidance for Fiscal Year '26?

Sumit Khowala: Currently, for the current year it was 5%. For FY '26 we project that ad expenses will be around 6% - 6.5%.

Riddhi Shah: Okay. And my next question is, what were the working capital days in FY '25? And what are the expected working capital for FY '26?

Sumit Khowala: The net working capital days for FY '25 is 231 days, and we expect that to reduce by 10 - 20 days in FY '26.

Riddhi Shah: Okay. Thank you.

Moderator: The next question is from the line of Mamta Agarwal from ABS Investments. Please go ahead.

Mamta Agarwal: Hi. Thank you for the opportunity. Sir, my first question is, are there any planned price increase for the current fiscal year?

Vikash Agarwal: Nothing at the moment, ma'am. We will monitor the yarn prices and all. For the time being it is stable and industry is quite competitive, so there is nothing for this quarter, probably, until and unless there is a sharp movement in yarn prices.

Mamta Agarwal: Okay. And, sir, can you throw some light on like the anticipated overall business growth trajectory, like over the next two, three years?

Vikash Agarwal: We are looking for a 10% to 12% growth every year, ma'am, with a volume growth of anywhere between 8% to 9% for next two years at least.

Mamta Agarwal: Okay, okay. Great. Thank you.

Vikash Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Rehan from Equitree Capital. Please go ahead.

Rehan Laljee: Hi. Good afternoon.

Sumit Khowala: Yes, good afternoon.

Rehan Laljee: Thank you. I just had a very basic question. If I look at the financial year on a year-on-year basis, your revenue has been broadly flat, 2% growth. EBITDA has grown about 11%. Your gross profit level also has been broadly flattish around the 29% mark. Can you help me understand what are the cost-cutting measures the Company is taking that is allowing this change of growth? Basically, I want to understand how sustainable is that cost efficiency and what you all are doing?

Sumit Khowala: If you see that the marketing expenses were significantly lower, I mean, slightly lower than last year. The current year it was 5%, the previous year it was 5.5%, and there was saving in administration cost also. And there is a slight improvement in gross margin, say 50 basis points for the year-on-year basis, that is basically because of the change of mix.

Rehan Laljee: Okay. So, you are saying it is mainly because of slight change in mix and the administrative because marketing will eventually come back, right, it will be normalized in some other year?

Vikash Agarwal: But for the coming year, we will be focusing more on our retail brands and all. Most probably contribution of margin, we have a higher margin contribution. So, yes, I mean, increasing 0.5% EBITDA margin every year is quite achievable.

Rehan Laljee: Okay. Secondly, sir, so you had an export unit which we had started, I think, which had potential to generate about Rs. 100 crores of revenue which was mainly for white labeling and contract manufacturing. There is another apparel player who actually bought out a contract manufacturing unit, and is doing white labeling for Jockey, Victoria's Secret, etc. And they are doing 15% EBITDA margin. It's in public domain. They are doing about 14% to 15% EBITDA margins, and they have their order books full. In fact, they have a capacity issue. So, considering that, I mean, why are we struggling on that front? We have been having this unit for almost two years now, a year and a half to two years, and we are still at that Rs. 40 crores - Rs. 50 crores mark.

Vikash Agarwal: I appreciate your point. So our focus is largely on exporting or doing in modern trade also our own brands, where our margins are quite higher than 15% also. So we can always utilize this capacity doing white label brands and all, but that we are taking as a secondary opportunity. Primarily we want to focus on our own brands, on our own in-house brands only. So yes, at the same time, we have to use capacity also. So this year probably we will be utilizing a fair bit of capacity. And our modern trade is Rs. 63 crores, export is Rs. 31 crores. So we are using that capacity and we want to utilize it in the best possible manner where we have high margins of, which is what you have mentioned.

Rehan Laljee: Sir, you are running a brand, right, technically we know that brands get higher realizations. So this builds an establishment, then yours is also very reputed. But they are doing only white labeling and they are generating 14% to 16% kind of EBITDAs. In your best case also, in your best cycle you reached about 14%, 15%, 16% kind of normalized margins. So what I am trying to ask you is that, don't you feel that considering with the opportunity you have, the scale you have, can we look at opportunities like that because that is in fact lesser working capital also, so your return ratios will also be better.

Vikash Agarwal: So, of course we are looking at that opportunity also. We are focusing there as well.

Rehan Laljee: Okay. And how can we see, like also India has recently signed the U.K. FTA. Are we looking to penetrate there? Because I think we are the MENA region focused for our exports, if I am not wrong. So are we looking at diversifying that? How do we increase our opportunity on that?

Vikash Agarwal: We are diversifying to lot of countries like Singapore, Russia, and FTA. This is a new FTA. So we have team in place. We are talking, that takes little time to materialize. It's not like we are only focusing to MENA region. We are focusing Africa and all other countries also. We are participating in different fairs, talking to lot of people. In fact, a consignment we exported to Vietnam also, small consignment to Japan also. So, we are working throughout everywhere. And it's not that we are not focusing on white labeling. Our main focus is on our own brands and as well as white labeling. The overall margin you are seeing is 10%, 11%. But if you see only for the white labeling or export, our margins are higher there. Because the base is quite small, overall it seems --

Rehan Laljee: Exactly my point, sir. I mean, like over two years we have not gone even to the 100. As per my understanding on the con call a couple of years back you had mentioned it was Rs. 100 crores of revenue potential from that West Bengal unit. Now I do not know, we have never reached that Rs. 100 crores mark from it ever, we have been at Rs. 50 crores, Rs. 60 crores.

Vikash Agarwal: We are doing modern trade and export from that unit only, so it comes to roughly Rs. 70 crores, Rs. 80 crores. So that's a fair bit coming from there.

Rehan Laljee: Okay. So modern trade is from that as well, okay. A couple of other questions. In H1 I remember, your gross margins adjusted for subcontracting expense had breached the 30% mark, it was around 30%, 31%. Pardon me if I have got the figure or percent or two wrong. But what is the change in product mix that we are seeing in H1 versus H2, because H2 your margins have been significantly lower. Like in Q4 you have reported 26% margins, 26.5% gross. In Q3 I think you reported about 28% or 29% gross margin. So what was the change in product mix that you have had? Because your other competitors have in fact been at the same gross level 30% to 33% in all quarters. Usually Q4 is stronger for you guys, your margins should technically have held. So why are we seeing that contraction in margins?

Sumit Khowala: It's just that in quarter three the major part is basically thermal and active wear performs well, so there was a margin of 29%, and for Q4 the economy segment performs well. So, the mix changes according to the seasonality, so the gross margin varies.

Rehan Laljee: Yes. But H1 is usually a lull season for you, right, the first half is usually on the tepid side versus H2?

Sumit Khowala: Yes. But in H1, you will find that the sales of the product having a high margin contributes more compared to the products which have a low margin in quarter three.

Rehan Laljee: Okay. For example?

Sumit Khowala: For example, thermal sales booked in quarter three as well as quarter two, major sales in quarter two and then quarter three. And active wear also performs well in quarter two. So there was a high margin in H1 compared to H2.

Vikash Agarwal: Quarter two and quarter three is better.

Rehan Laljee: Yes. But, I mean, I remember on Q3 and Q2 con call you said thermals were looking dull. So I am very surprised to hear this gross.

Vikash Agarwal: Thermals are looking dull. Thermals did not do very well for us, but whatever it did, the margins are better there compared to Innerwears.

Rehan Laljee: Understood. And my last question, I remember our targets for FY '25 going forward was that you will try to achieve 11% to 12% and an upward percent of revenue in the women's wear. Like your percent of revenue in the women's wear would be about 11% to 12%. It's gone down to about 10%. There are industry reports where, on the demand side or broad-based market demand, that women have been shopping more than men consumers, and this is public information again. And they have been shopping at a higher CAGR of 12% to 15%. Now, why are we seeing that degrowth? Because the pie is broadly the same, on a 2% growth the pie has not really changed, but the women's wear has contracted by 1%. So can you explain to us what's the reason?

Vikash Agarwal: We understand that and we acknowledge there is a lacking there. So what we are doing, we are shifting our production base, which was earlier Tirupur to Calcutta, where we have a better control. And we have built up a strong team and building up a strong portfolio. So this is one particular area we, as the management also feel that we are not doing an up to mark, and of course in coming time, in the coming year, probably we expect to see much better results.

Rehan Laljee: Okay. Thank you so much.

Vikash Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Darshan Shah from M&M Associates. Please go ahead.

Darshan Shah: Hello. Hi, sir. A couple of questions from my end, first on the industry part. You mentioned in the presentation, it is nice to see that you have brands across the premium, mid-premium, economic segment. I just wanted to understand between the men's and women's wear, what is the price point that you consider as demarcations for all of these segments? And where does the bulk of the revenue value lie in terms of, is economy the biggest segment, or are you seeing people move towards mid-premium, premium segment? So if you just can highlight on the industry part of your positioning in terms of pricing and what do future trends look like? That will be my first question.

Vikash Agarwal: Economy, we consider around Rs. 70 to Rs. 80. Anything above Rs. 80 to say Rs. 150, we take as mid-premium, and above Rs. 150 is a premium to us. This is what we consider for innerwears. And in terms of opportunity, we see enough opportunity across all three segments. Of course, economy and mid-premium is a larger base for us, premium is a very small base. So, in terms of business, we see the potential across all three segments, and we are focusing across three segments as well.

Darshan Shah: Okay. Then would I be correct in assuming that your obviously margins would be higher amongst the premium, mid-premium segments? Or do you have to do more of an advertising spend to build on brand building and that's why margin across all three segments would be somewhere around the similar lines?

Vikash Agarwal: Yes, but we have to do advertisement for the economy brand also, because the base is bigger there. So we have to work across all the three segments to do some advertisement, a basic advertisement in economy as well. But that activity is for all, across all three segments.

Darshan Shah: So margins across all three segments, which one would be your highest margin one, the premium, mid-premium? If I feel that there is a secular trend within the economy on consumption, and people moving to branded products, then you may also stand to benefit from your underlying customers moving to a higher segmented price. So margins may tend to improve over a period of time. That is where I was coming from.

Vikash Agarwal: I absolutely agree. But India is a huge market, and people moving from one segment to another, there is enough population in each segment anyway where the market is still huge which we need to capture. So the way economy is growing, of course, people will move from economy to mid-premium, mid-premium to premium, but still each category is huge enough where still we are quite small in terms of percentage shares.

Darshan Shah: Got it, sir. My second question to the CFO around the working capital days, because I see that you have around 9,000 SKUs and sometimes what we have noticed is that if there are companies with lesser products with much more SKUs, inventory management tends to become a kind of an issue. So if you can just highlight what your working capital days are for your debtors and inventory days, and also what are the steps that you have taken to kind of manage the inventory?

Sumit Khowala: The inventory days for FY '25 is 128 days, debtor days is 147 days, and creditor days is 44 days, so net working capital days come to around 231 days. And we are taking necessary steps; means we are onboarding our dealers to the channel financing program to reduce our debtors. We are also using SAP applications to forecasting the demand and produce that much of the inventory which would be sufficient to cater the market. These are the major steps.

Darshan Shah: And sir, because your Q4 tends to be your best quarter, is there a seasonal trend in terms of Q3 you would stock up the inventories, and by the end of Q4, the inventory number that I see on the balance sheet that steadily goes down during Q1 and Q2 and then the cycle starts again. Is this also something that you do?

Sumit Khowala: If you see the inventory numbers as on December '24, it's Rs. 527 crores, and if you see the March, it's Rs. 447 crores. So it's significantly because fourth quarter is basically more of festive seasons, and there were incentive targets given to the dealers as well as our salesmen. So, the fourth quarter is due to seasonality as in due to festive seasons, and the target trend is bulky.

Darshan Shah: So you tend to stock up the inventory in Q3, because you have a lot of demand coming in that you have to fulfill for Q4.

Vikash Agarwal: Anyway it is the beginning of summer, so summer is the peak season for us.

Darshan Shah: Got it, sir. And sir, one last thing, I joined the call in late so my apologies if I have missed it. My question is on the Bangladesh situation, currently there is an announcement from both the sides, we have also recently announced the blocking of certain exports, and we have also given limited access to land ports. Bangladesh is, I have seen in the PPT is again one of the key export areas, so just want to check in what is the revenue that comes from Bangladesh, and how are we affected in short?

Vikash Agarwal: We are not affected, and there is no revenue for us coming from Bangladesh. But whatever is happening in Bangladesh, we see it as an opportunity both in terms of export from India to the country, and domestically we see demand coming up because lot of manufacturers from India take source lot of goods from Bangladesh for local consumption. So that demand should also come to India, both in terms of production and consumption.

Darshan Shah: You have been very generous, sir. My one final question, because your plans on growth, especially your EBO outlet tripling it in the next two, three years, they seem very ambitious. So just wanted to check in how would you like to propose to go about it? Is it a COFO model, COCO model, FOCO model? And what are the geographies, because you are very East heavy, is this something that is going to continue, or are we going to the new EBOs that are coming in will be other than East of India and say over a period of time we see a more homogenized sales mix?

Vikash Agarwal: So, honestly, we have around 33 EBOs now, but with just 33 EBOs we are yet to crack a very scalable model as of now. So, we are in search of a senior EBO Head, probably we have located him and he will be joining soon. And as of now, we are focusing more on FOCO model which can be scaled up. But we are looking for some senior team who can actually help us to reach our target of 100 stores. So, there is a slight delay in that plan with just 33 stores now because we need to have a strong team to scale it up in a very viable mode.

Darshan Shah: And geography, what are the targeting or then that planning happens once your team is onboarded?

Vikash Agarwal: So, largely we are focusing more on the East. But once anybody joins to have 100 stores we will be focusing more on East and West primarily to start with.

Darshan Shah: Okay. Got it. That's all from me. very helpful. Thank you so much.

Vikash Agarwal: Thank you so much.

Moderator: Thank you. As there is no further questions from the participants, I now hand the conference over to Mr. Omkar Bagwe for closing comments. Over to you, sir.

Omkar Bagwe: 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 today. We are from MUFG Intime Investor Relations Advisors for Rupa & Company Limited. For any queries, please feel free to contact us. Thank you, everyone, and have a great day.

Vikash Agarwal: Thank you. Thank you so much for your time.

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