

Q4FY24: Key Highlights

- Revenue from operations declined ~2% YoY to ₹399crs due to a lower price realization. For FY24, volume grew 17% YoY driven by a 16% growth in the economy segment, 17% in the mid-premium segment and 25% growth in the premium segment.
- Gross margin for Q4FY24 expanded 830bps to 44.6% YoY and declined sequentially due to lower net realization. EBITDA and Net profits saw a jump of 478bps (48%) and 286bps (29%) on a YoY basis mainly driven by volume growth. EBITDA margin for the quarter stood at 10.1% up by 340bps YoY. The net profit for the quarter stood at ₹24crs against ₹19crs in Q4FY23 which grew by 29% YoY. PAT margins for the quarter stood at 6.1% up by 150bps YoY.
- Cash generated from operations stands at ₹156crs positive which is mainly utilised in reducing net debt. The net debt has reduced significantly as on Mar'24 and stands at ₹6crs versus ₹134crs last year.

Important Statistics

Nifty	22,821
Sensex	75,075
M.CAP (₹ crs)	₹1,985
52 Week H/L (₹)	₹308/₹197
NSE Code	RUPA
BSE Code	533552
Bloomberg Code	RUPA:IN

Shareholding pattern (%) Mar'24

Promoter	73.28
Institutions	05.14
Public & Others	21.57

Key takeaways from Q4FY24 Concall

- For FY24, revenue grew ~6% YoY. The premium segment showed superior value growth of 20%, while economy and mid-premium segments each grew by 7%. Despite efforts, initiatives to boost revenue from export, thermal wear and women segment did not materialize in FY24. But looking ahead, management is optimistic about refining business strategies to achieve a rebound.
- Revenue Mix: the revenue contribution from the economy segment for Q4FY24 for economy segment is around 45% and mid-premium is around 50% and premium for 5%. For the FY24 economy segment is 47%, mid-premium is 50% and premium is 3%.
- With the stabilisation of raw material prices currently, the company anticipates a pickup in demand in the next few quarters. Active steps are being taken in brand building activities.
- Modern Trade continued to perform well, contributing 4% to overall revenue in FY24. The company has 29 EBOs and planning to open another 20 EBOs by FY25.
- Proactive marketing efforts, including collaborations with renowned celebrities have efficiently enhanced brand visibility. This is reflected in the increased sales volumes across segments in FY'24. The company has invested ~66cr in branding and advertising, which constitutes ~5% of revenues in FY '24. The company also launched a new pilot projects for retailers under the Pragati scheme, a loyalty program with standout features like lifetime validity of reward points, which will help to map secondary better as well.
- Additionally, the management has decided to discontinue the licensed brands of FOTL and FCUK, which did not deliver the desired results post-COVID disruption. There is an exceptional item in the profit and loss account for ₹3.82crs which is a write-off for the unamortized balance of business rights for the licensed brand FCUK which the company is not going to continue in the near future.

Relative Performance

Absolute Return (%)	1Yr	3Yr	5Yr
RUPA	-8%	-48%	-2%
Nifty 50	21%	44%	92%
Sensex	19%	43%	90%

Source: Company, Way2Wealth Research

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 7th June 2024

CMP – ₹244.65/-

 View – **Accumulate**

- **Export (2% of revenue)** – Exports continue to face challenges due to macroeconomic factors in key markets. Exports contributed 2% to overall revenues and stood at ₹25crs in FY24. Going forward, management anticipates a rebound in the export revenues once the demand situation improves.
- **Net Debt** – Cash generated from operations stands at ₹156crs positive which is mainly utilised in reducing net debt. The net debt has reduced significantly as on Mar'24 and stands at ₹6crs versus ₹134crs last year.
- **Guidance** – Management targets 13-15% revenue growth driven by volume and EBITDA margin to expand 10-11% in FY24. Better product mix as well as control on ad spend and other operational overheads, which would lead to improved margins in coming years. For Q1FY25, management expects revenue growth of 18-20%.
- There is no expansion plan for FY'25. So, there will be a routine capex of ₹12-15crs.
- The company has five subsidiaries, Oban Fashion, Imoogi, Euro, Rupa Fashion and Rupa Bangladesh. Three subsidiaries; Oban, Imoogi and Euro, are EBITDA and PAT positive, but Rupa Fashion and Rupa Bangladesh have a negligible losse.

Risks

- Inflation in raw material prices
- Competition from both organized & un-organized players
- Slowdown in the economy

View

The company notably registered a 7% & 17% volume growth in Q4FY24 and FY24 respectively. Growth in volumes reflects strong brand recognition, innovative product lines, and effective business strategy.

The company's focus on operating efficiencies, enhancing its share of premium products and deleveraging the balance sheet would keep the growth momentum steady for the long term.

At the current price of ₹244.65, it is trading at 26.7x times P/E to its FY24 EPS of ₹8.8. We recommend investors to accumulate the stock.

7th June 2024

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 View – **Accumulate**
Quarterly Performance

									(₹ Cr)
Particulars	Q4FY24	Q4FY23	VAR	Q3FY24	VAR	FY24	FY23	VAR	
Net Sales	399.3	405.6	-1.55%	317.2	25.9%	1,210.5	1,137.3	6.44%	
Other Operating Income	1.2	1.2	-2.4%	1.3	-5.5%	6.0	5.8	2.7%	
Other Income	5.0	4.8	3.8%	4.2	18.9%	16.8	16.2	3.7%	
TOTAL INCOME	405.5	411.6	-1.5%	322.7	25.6%	1,233.3	1,159.3	6.4%	
Cost Of Materials Consumed	146.9	118.9	23.6%	100.6	46.0%	516.5	503.3	2.6%	
Purchase of stock in trade	7.8	5.0	54.7%	5.6	40.2%	23.3	23.6	-1.6%	
Stock Adjustment	66.6	134.4	-50.5%	67.3	-1.1%	77.3	79.2	-2.4%	
<i>RMC as a %age of sales</i>	<i>55.3%</i>	<i>63.5%</i>		<i>54.5%</i>		<i>50.7%</i>	<i>53.0%</i>		
Employee Benefit Expenses	14.2	12.6	12.8%	14.9	-4.6%	56.6	58.4	-3.1%	
<i>EPC as a %age of sales</i>	<i>3.5%</i>	<i>3.1%</i>		<i>4.7%</i>		<i>4.6%</i>	<i>5.1%</i>		
Subcontracting / Jobbing	71.9	53.4	34.6%	59.7	20.5%	247.6	210.3	17.7%	
<i>Subcontracting/jobbing Expenses as a %age of sales</i>	<i>17.9%</i>	<i>13.1%</i>		<i>18.7%</i>		<i>20.4%</i>	<i>18.4%</i>		
Other Expenses	52.7	55.2	-4.4%	37.5	40.5%	178.2	178.8	-0.3%	
<i>Other Expenses as a %age of sales</i>	<i>13.2%</i>	<i>13.6%</i>		<i>11.8%</i>		<i>14.6%</i>	<i>15.6%</i>		
TOTAL EXPENDITURE	360.1	379.5	-5.1%	285.6	26.1%	1,099.4	1,053.6	4.3%	
EBIDTA	40.4	27.3	47.8%	33.0	22.6%	117.1	89.4	31.0%	
<i>EBIDTA Margins %</i>	<i>10.1%</i>	<i>6.7%</i>	<i>3.4%</i>	<i>10.3%</i>		<i>9.6%</i>	<i>7.8%</i>	<i>1.8%</i>	
Finance Costs	4.9	4.8	1.9%	5.4	-10.2%	20.7	23.0	-10.3%	
PBDT	40.5	27.4	48.1%	31.7	27.7%	113.3	82.6	37.1%	
Depreciation	3.7	3.3	13.4%	3.8	-0.8%	14.7	13.3	11.1%	
Profit before Exception item	36.8	24.1	52.8%	28.0	31.5%	98.5	69.3	42.1%	
Exceptional items	3.8		#DIV/0!		#DIV/0!	3.8	0.0	#DIV/0!	
PBT	33.0	24.1	37.0%	28.0	17.9%	94.7	69.3	36.6%	
Tax	8.7	5.2	67.4%	7.2	21.3%	24.9	15.5	60.7%	
<i>Tax Rate</i>	<i>26.4%</i>	<i>21.6%</i>		<i>25.7%</i>		<i>26.3%</i>	<i>22.4%</i>		
Reported Profit After Tax	24.3	18.9	28.6%	20.8	16.7%	69.8	53.8	29.7%	
<i>PATM %</i>	<i>6.1%</i>	<i>4.6%</i>	<i>1.4%</i>	<i>6.5%</i>		<i>5.7%</i>	<i>4.7%</i>	<i>1.0%</i>	
Other Comprehensive Income (Net of tax)- net credit / (charge)	0.3	(0.1)		0.0		0.0	0.0		
Total Comprehensive Income	24.5	18.8	30.3%	20.8	17.8%	69.9	53.9	29.7%	
EPS	3.1	2.4	28.6%	2.6	16.7%	8.8	6.8	29.7%	
Equity	8.0	8.0		8.0		8.0	8.0		
Face Value	1.0	1.0		1.0		1.0	1.0		

Source: Company, Way2wealth Research

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Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
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