Sector – Garments & Apparels

Rupa & Company Ltd.

14th August 2026 | Close* – ₹154 | View – **EXIT**

Q1FY27 Performance

- Revenue grew ~10%, supported by healthy consumer demand and improving momentum across key categories. Growth was underpinned by healthy volume traction (10%), particularly in the Value segment, providing a positive start to FY27. Going ahead, management remains focused on broadening growth beyond the Value segment, improving portfolio mix and enhancing realizations, with an emphasis on driving more sustainable and profitable growth.
- EBITDA stood at ₹ 15.7crs, with an EBITDA margin of 7.8%, supported by stable operating performance. The Company maintained a net cash surplus of ₹7crs as of Jun'26, reflecting its continued focus on liquidity discipline and financial flexibility.

Important Statistics

Nifty	24,396
Sensex	78,080
Close*	154
M.CAP (₹ crs)	~₹1200
52 Week H/L (₹)	₹212/₹110
NSE Code	RUPA
BSE Code	533552
Bloomberg Code	RUPA:IN

Close as on 13th August 2026*

Shareholding pattern (%)	Jun'26
Promoter	73.28
Institutions	03.61
Public & Others	23.10

Key takeaways from Q1FY27 Concall

- Management continues to focus on strengthening position across mid-premium and premium categories through focused product initiatives and calibrated channel expansion.
- Advertisement & Branding Expense constitutes 10.5% of revenues in Q1FY27, and it is expected to be in the range of 6.6%-7%.
- Management indicated that a 4–5% price hike was implemented in Q1; however, the increase did not translate into higher realizations, as the benefit was largely offset by elevated market schemes and discounting. Intense competition, particularly among organized players, has led to increased promotional activity, with some peers offering additional discounts to gain market share. As a result, pricing power remains constrained, limiting the near-term impact of price increases on realizations and margins.
- Further price hikes remain possible: With yarn prices continuing to trend upward, management indicated that additional price increases may be required to offset rising input costs. However, the extent and timing of further hikes will largely depend on competitive intensity and the pricing actions of peers, as the company remains mindful of potential market-share implications.
- Management highlighted a sound and healthy order book and expects the thermal segment to contribute better than last year. However, demand remains sensitive to weather conditions, with winter intensity likely to be a key swing factor for thermal demand and overall segment performance. While order-book visibility remains encouraging, seasonality and weather-led demand variability continue to be important near-term factors.
- Athleisure: Q1 performance was relatively soft, with management attributing the moderation partly to a strong Q4 base. However, management remains optimistic about the growth trajectory and expects double-digit growth from Q2 onwards, with the potential for more than 2x year-on-year growth over the course of the year.
- Structural margin and return pressure remain a key concern: Management acknowledged that the current level of industry-wide margin pressure is unsustainable over the long term. To improve profitability and capital efficiency, management is focused on rebalancing the business mix and route-to-market, with a shift away from wholesale-led sales toward secondary sales

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and higher-margin channels such as LFS, e-commerce, and other modern channels.

- In Q1FY27 revenue contribution by segment- Men: ~88%, Women: ~8%, Kids: ~4%
- Exports contributed 4% to overall revenues, while Modern Trade, including e-commerce, contributed 5% during the quarter. Both channels continue to gain traction and provide meaningful opportunities to further scale the Company's market presence and expand its reach
- The Management has guided its revenue growth of 10-12% for FY27 and EBITDA guidance will be in the range of 9%-10% for FY27.
- Competitive intensity remains elevated, the Company continues to adopt a calibrated pricing approach to progressively translate the favorable pricing environment into improved realizations and margins.

Risks

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

View

Rupa & Company's investment thesis has weakened materially since our coverage initiation. While the company has maintained a healthy balance sheet and profitability has recovered from the FY23 trough, the expected re-rating has not materialised, primarily due to muted revenue growth, structurally lower margins, and subdued return ratios.

FY26 performance continued to reflect the challenge. Revenue increased only 1.6% YoY to ₹1,259cr, while EBITDA declined 11.6% to ₹115cr, with EBITDA margin contracting to 9.2% from 10.5%. PAT declined 12.9% to ₹72.5cr, despite the company maintaining a net cash position of ₹33cr at FY26-end.

The key concern remains earnings quality and growth visibility. Rupa's FY22 performance, when revenue stood at ~₹1,475cr and PAT at ~₹192cr, represented a much stronger earnings base. The subsequent normalisation in margins and profitability has materially altered the valuation framework. Although the stock has already undergone significant de-rating, a lower valuation alone is insufficient to support a sustained re-rating without a meaningful improvement in topline growth, margins and return ratios.

We are therefore terminating coverage on Rupa & Company**.** We would need to see sustained double-digit revenue growth, recovery in EBITDA margins, and visible market-share gains before considering a fresh positive view. **Accordingly, we recommend exiting coverage at the current juncture** and will revisit the company if there is a meaningful improvement in operating performance or business momentum.

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Quarterly Performance

(₹ Cr)

Particulars	Q1FY27	Q1FY26	VAR	Q4FY26	VAR	FY26
Net Sales	201.0	182.7	10.06%	440.3	-54.3%	1253.9
Other Operating Income	1.4	1.2	13.7%	1.3	12.8%	5.3
Other Income	5.4	5.3	0.7%	6.1	-12.1%	22.85
TOTAL INCOME	**207.8**	**189.2**	**9.8%**	**447.6**	**-53.6%**	**1282.0**
Cost Of Materials Consumed	156.4	127.9	22.2%	172.7	-9.4%	572.9
Purchase of stock in trade	4.6	3.0	56.6%	3.3	40.0%	10.5
Stock Adjustment	(110.8)	(85.5)	29.5%	52.4	-311.4%	8.1
RMC as a % of sales	*24.8%*	*24.7%*		*51.7%*		*47.0%*
Employee Benefit Expenses	16.7	15.5	7.9%	16.8	-0.2%	65.8
EPC as a % of sales	*8.3%*	*8.4%*		*3.8%*		*5.2%*
Subcontracting / Jobbing	76.4	69.2	10.5%	89.0	-14.1%	303.9
Subcontracting/jobbing Expenses as a % of sales	*37.8%*	*37.6%*		*20.1%*		*24.1%*
Other Expenses	43.3	41.7	3.8%	52.3	-17.4%	182.6
Other Expenses as a % of sales	*21.4%*	*22.7%*		*11.9%*		*14.5%*
TOTAL EXPENDITURE	**186.7**	**171.7**	**8.7%**	**386.4**	**-51.7%**	**1143.8**
EBIDTA	**15.8**	**12.2**	**28.9%**	**55.1**	**-71.4%**	**115.4**
EBITDA Margins %	*7.8%*	*6.7%*	*1.14%*	*12.5%*		*9.2%*
Finance Costs	5.1	4.8	7.8%	5.6	-7.9%	19.8
PBDT	**16.0**	**12.8**	**25.1%**	**55.6**	**-71.2%**	**118.4**
Depreciation	3.8	3.7	2.2%	3.8	-1.3%	15.0
PBT before exceptional items	**12.3**	**9.1**	**34.3%**	**51.8**	**-76.3%**	**103.4**
Share of Profit/(loss) of JV						
Profit before exceptional items	**12.3**	**9.1**	**34.3%**	**51.8**	**-76.3%**	**103.4**
Exceptional items		1.6	-100.0%	3.0	-100.0%	5.6
PBT	**12.3**	**7.6**	**62.3%**	**48.8**	**-74.9%**	**97.8**
Tax	4.0	2.0	97.5%	12.6	-68.5%	25.3
Tax Rate	*32.4%*	*26.6%*		*25.8%*		*25.8%*
Reported Profit After Tax	**8.3**	**5.5**	**49.5%**	**36.2**	**-77.1%**	**72.5**
PATM %	*4.1%*	*3.0%*	*1.1%*	*8.2%*		*5.8%*
EPS	**1.0**	**0.7**	**49.5%**	**4.6**	**-77.1%**	**9.1**
Equity	8.0	8.0		8.0		7.95
Face Value	1.0	1.0		1.0		1

Source: Company, Way2wealth Research

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Disclosure of Interest Statement Rupa & Company Ltd. as on August 14, 2026

Name of the Security	Rupa & Company Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
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