Rupa & Company Limited

July 31, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Commercial Paper	RBI	180.00	CARE A1+	Assigned
Long Term / Short Term Bank Facilities	RBI	358.33	CARE AA-; Stable / CARE A1+	Assigned
Long Term Bank Facilities	RBI	1.67	CARE AA-; Stable	Assigned
Short Term Bank Facilities	RBI	5.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities and commercial paper (CP) issue of Rupa & Company Limited (Rupa) derive strength from Rupa's long track record of operations and the extensive experience of its promoters in the hosiery industry. Ratings further factor Rupa's established brand presence with a diversified product portfolio across economy, mid-premium and premium segments, supported by pan-India distribution network and integrated manufacturing facilities. Ratings also draw comfort from the Rupa's low leverage and a net debt free position.

Rating strengths are, however, constrained by moderate operating profitability and return ratio, and gradual decline in market share in hosiery industry over last few years amid sustained competitive intensity. Rating strengths are also constrained by its profitability being susceptible to volatility in cotton and yarn prices and working capital-intensive nature of operations, reflected in high collection period and sizeable inventory holding.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin to above 12% and return on capital employed (ROCE) of 17-18% on a sustained basis.
- Sustain improvement in working capital cycle to around 180 days.

Negative factors

- Significant decline in revenue with moderation in the PBILDT margin below 8% on a sustained basis.
- Significant elongation in the working capital cycle or sizeable debt-funded capex/acquisition, adversely impacting capital structure and liquidity profile.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered the consolidated financials of Rupa for analytical purpose. Rupa has operational and financials linkages with its subsidiaries. Its subsidiaries are engaged in similar or related lines of business. Details of the subsidiaries are placed in Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that Rupa shall increase its scale of operations over the medium term, supported by its established brand, wide distribution network, and diversified product portfolio, while maintaining a comfortable capital structure and strong liquidity.

Detailed description of key rating drivers

Key strengths

Long track record of operations and significant experience of promoters in the hosiery industry

Agarwala family has been engaged in the hosiery business since 1968 through proprietorship and partnership firms. Rupa was incorporated in 1985 and subsequently took over business of Binod Hosiery, a partnership firm of the Agarwala brothers. The promoters have over five decades of experience in the knitted innerwear segment. Mr. Prahlad Rai Agarwala, Chairman, Mr. Ghanshyam Prasad Agarwala, Vice-chairman and Mr. Kunj Bihari Agarwal, Managing Director looks after the operations of the company and are supported by other family members. The promoters' extensive industry experience has supported the company in navigating business cycles and maintaining its position in the domestic hosiery industry.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Established brand presence with diversified product portfolio across price segments

Rupa has built a strong brand portfolio comprising over 13 sub-brands catering to economy, mid-premium and premium segments of the hosiery market. Its key brands include "Frontline", "Macroman", "Macrowoman", "Euro", "Femmora", "Bumchums", "Softline", "Torrido", "Thermocot", "Footline", "Colors" and "Jon", offering a diversified product range across innerwear, casual wear, thermal wear and athleisure for men, women and children. The company offers over 9,000 SKUs and operates 10 Exclusive Brand Outlets (EBOs), enabling it to meet diverse consumer preferences across categories and price points. Rupa continues to invest in brand-building activities through hoardings, wall paintings, television advertising, digital media and celebrity endorsements, with advertisement expenditure remaining at ~5-6% of revenue. Its category development initiatives, including traction in athleisure, thermal wear, leggings, and focus on premium offerings reflect the Rupa's push on category diversification and strengthening its presence across price segments.

Integrated operations and extensive distribution network

Rupa operates manufacturing facilities across Domjur (West Bengal), Tirupur (Tamil Nadu), Bengaluru (Karnataka) and Ghaziabad (NCR), with an aggregate capacity of over 7 lakh pieces per day. Rupa follows a partly integrated manufacturing model, with critical processes undertaken in-house, while lower value-add labour-intensive processes being outsourced, enabling it to maintain operational flexibility while retaining control over key manufacturing processes. Rupa also has 3 tonnes per day of yarn dyeing capacity and 25 tonnes per day of fabric dyeing capacity.

Rupa has an extensive distribution network, comprising over 1,500 distributors and 1.5 lakh retail outlets with a pan-India presence across 27 states and 3 union territories. It continues to have a strong presence in eastern and north-eastern India. The modern trade, including e-commerce contributed ~5% of revenue in FY26 while share of exports stood at ~3% in FY26. To reduce regional concentration, the company is focusing on strengthening its presence in other domestic and global markets.

Comfortable capital structure with healthy debt coverage indicators

Rupa's capital structure remained comfortable in FY26, with overall gearing of 0.25x and TOL/TNW of 0.52x considering low reliance on external debt. As on March 31, 2026, the company's total debt (including lease liabilities) stood at ₹261 crore, largely comprising working capital borrowings, against cash and liquid investments of ₹283 crore, resulting in a net debt-free position. Its net worth improved to ₹1,066 crore as on March 31, 2026 (FY25: ₹1,017 crore) supported by accretion of profits to reserves.

CareEdge Ratings expects the capital structure to remain comfortable in the medium term supported by healthy cash flow generation and absence of any large debt-funded capex plans. The PBILDT interest coverage ratio remained healthy at 6.04x in FY26 (FY25: 6.34x) which is expected to remain healthy considering anticipated improvement in operating profitability and controlled debt level.

Stable demand outlook for the branded innerwear segment

The Indian innerwear market continues to offer attractive growth potential, supported by rising income levels, increasing consumer spending power, growing preference for branded products, expansion of organised retail, evolving fashion trends and emergence of categories such as athleisure and performance wear. As informed by the management, Indian hosiery market is ~₹30,000 crore wherein Rupa has a market share of ~4%. The gradual shift from the unorganised to organised segment, along with increasing traction in emerging categories is expected to benefit established branded players such as Rupa over the medium term.

Key weaknesses

Rangebound scale of operations with moderate profitability and return ratio

Rupa's TOI grew modestly by ~2% in FY26, considering by volume growth of ~4%. Its scale of operations remained largely range-bound over the past five-year ended FY26. Rupa's operating profit margin remained volatile in range of ~8-11% in past four years ended FY26, lower than its historical average considering destocking by the dealers in lieu of volatile raw material price, inventory losses, and higher cost of production which could not be fully passed on to the customers due to sustained competitive intensity. With moderation in operating profit margin over past few years, return indicators marked by ROCE (return on capital employed) remained in the range of ~9-11% during the past three years ended FY26.

However, going forward, CareEdge Ratings expects Rupa's TOI to grow by over 10% in FY27 and operating profit margin to improve to ~10-12% over the medium-term considering price hikes, improved product mix and better operating efficiencies. However, the company's ability to pass on input cost fluctuations to customers amid continued competitive intensity and shall remain a key monitorable.

Working capital intensive nature of operations

Rupa's operations remain working capital intensive, considering high collection period and sizeable inventory holding leading to elongated operating cycle of 263 days in FY26 (FY25: 254 days). The average collection period increased to 156 days in FY26 (FY25: 145 days) largely due to extended credit offered in a competitive business environment and higher revenue in quarter ended March. The receivables profile derives comfort from the company's practice of obtaining security deposits from customers and absence of material bad debts over the last five years. Inventory holding remained high at 157 days, driven by the need to maintain stock across multiple brands, categories, sizes and SKUs.

Although the company funds a large part of its working capital requirements through internal funds and maintains low reliance on external borrowings, the elongated operating cycle continues to constrain its return indicators. The proposed transition from a wholesale-led model to a distributor-led model may support improvement in operating cycle over the medium term. Rupa's ability to reduce debtor days, optimise inventory levels and improve its working capital cycle without impacting growth shall remain a monitorable.

Exposure to volatility in raw material prices and intense competition

Raw material cost, primarily comprising cotton yarn and grey fabric, accounts for ~45-50% of the TOI, exposing the company's profitability to fluctuations in cotton and yarn prices. Given cotton being agro commodity, prices remain susceptible to cyclical and weather-related variations. While the company procures yarn in bulk and undertakes periodic price revisions, there is typically a lag in passing on cost increases to customers, which may constrain near-term margins.

The domestic hosiery industry remains highly competitive, with both organised and unorganised players exerting pressure on pricing and market share. Despite the gradual shift towards branded products, the unorganised segment continues to limit realisation growth. Rupa also faces competition from established organised peers as well as private-label offerings. Accordingly, the ability to sustain market share and maintain profitability amid competitive intensity will be key drivers of growth in scale of operations and profitability.

Liquidity: Strong

Rupa's liquidity position remained strong, supported by healthy cash accruals, sizeable liquid investments and low term debt repayment obligations. The company generated gross cash accruals of ₹89 crore in FY26, which remained more than adequate against repayment obligations (including lease repayments) of ₹2 crore. As on March 31, 2026, the company-maintained cash and liquid investments of ₹283 crore and remained in a net debt free position. The current ratio has remained comfortable at 2.53x as on March 31, 2026 (FY25: 2.58x). Working capital limit utilisation remained moderate at ~64% for the 12-month period ended April 30, 2026, providing headroom for incremental working capital requirements. The planned capex of ~₹60 crore is expected to be funded through internal accruals.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments

Environment, social, and governance (ESG) risks: Not applicable

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

Incorporated in 1985, Rupa is engaged in manufacturing, marketing, sale and distribution of hosiery products, including innerwear, thermal wear, casual wear and athleisure for men, women and children. The company has a diversified brand portfolio across economy, mid-premium and premium segments, including "Frontline", "Jon", "Macroman", "Macrowoman", "Euro", "Femmora", "Bumchums", "Softline", "Torrido", "Thermocot", "Footline" and "Colors". Rupa has a pan-India distribution network of over 1,500 dealers/distributors and more than 1.5 lakh retail outlets, supported by over 9,000 SKUs. The company operates manufacturing facilities at Domjur, Tirupur, Bengaluru and Ghaziabad, with presence across 27 states and 3 union territories in India and exports to 16 countries.

Brief Consolidated Financials (₹ crore)	FY25 (A)	FY26 (Ab.)
Total operating income	1,240	1,261
PBILDT	131	118
Profit after tax (PAT)	83	72
Overall gearing (x)	0.23	0.25
Interest coverage (x)	6.33	6.04

A: Audited; Ab: Abridged published results; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)^	RBI	Simple	NA	-	-	-	180.00	CARE A1+
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-03-2027	1.67	CARE AA-; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-		-	-	358.33	CARE AA-; Stable / CARE A1+
Non-fund-based-Short Term	RBI	Simple	-		-	-	5.00	CARE A1+

^Proposed

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT-Term Loan	LT	1.67	CARE AA-; Stable	-	-	-	-
2	Commercial Paper-Commercial Paper (Standalone)	ST	180.00	CARE A1+	-	-	-	-
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	358.33	CARE AA-; Stable / CARE A1+	-	-	-	-
4	Non-fund-based-Short Term	ST	5.00	CARE A1+	-	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Euro Fashion Inners International Private Limited	Full	Wholly Owned Subsidiary
2	Imoogi Fashions Private Limited		
3	Oban Fashions Private Limited		
4	Rupa Fashions Private Limited		
5	Rupa Bangladesh Private Limited		

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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