## Investor Presentation

# Rupa & Company Limited

**July 2 0 1 2**

# Executive Summary

# Rupa – A Compelling Play on Branded Innerwear

## Executive Summary

Branded Innerwear - a **low penetrated space,** growing across segments and geographies

Rupa - the **largest branded innerwear** products company in India

**Strong brands across price & customer segments-** a bouquet of over 15 owned brands in 10+ categories

**Unparallel reach & distribution network** - Available in over 1,00,000 outlets across 600 locations

**Differentiated and cost efficient manufacturing** - multi-geography and partly outsourced manufacturing

Focused strategy on growth and margin improvement to **create further value**

Growing with **increasing reach** and **enhancing product range for** premium segments

## Summary Financials

| INR (crs) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| Revenue | 320 | 372 | 421 | 532 | 650 | 711 |
| EBITDA | 25 | 30 | 32 | 44 | 69 | 90 |
| PAT | 10 | 12 | 14 | 25 | 34 | 44 |
| Networth | 36 | 46 | 123 | 143 | 168 | 197 |
| Debt | 134 | 113 | 51 | 125 | 184 | 176 |
| ROCE (%) | 14% | 20% | 18% | 19% | 19% | 23% |
| ROE | 27% | 26% | 12% | 18% | 20% | 22% |

**A leader in the innerwear segment with focus on GROWTH through increased categories & geographical reach and PROFITABILITY through expanding sales from premium segment**

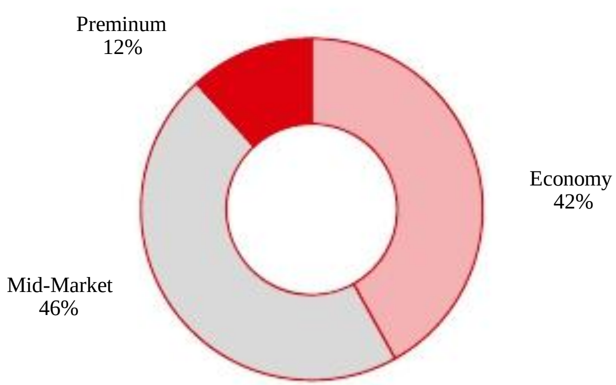
# Industry Overview

# India Innerwear Market – Large & Rapidly Evolving

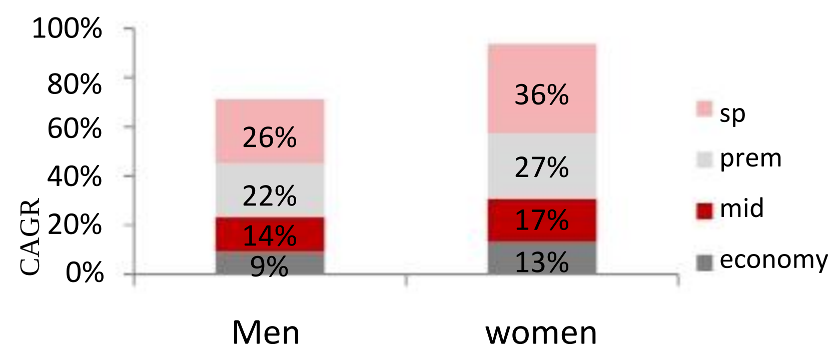
**1. Innerwear is a large and fast growing industry**


**3. Changing customer preferences leading to a rapid shift to organized retail for innerwear**


**2. Dominated by economy and mid market segments**




**4. ... And premium categories to lead growth in innerwear**




**Large opportunity for companies with presence across segments and markets to participate in this growth**

# Branded innerwear – Growth Drivers

**1 Brand loyalty**

Perception similar to FMCG products

- Low ticket, high repeat purchases

Availability and brand matters

**2 Awareness & Availability**

Function of ad spend and distribution network

Plethora of unbranded and branded offerings for every price - gender segment

**3 Changing demographics**

Higher disposable incomes leading to shift in preferences to branded and premium products

**4 Growth of Organized Retail**

Helping enhance availability and driving growth of premium/ super premium segments

# Company Overview

# Background & Key Milestones

Promoted by Mr. P R Agarwala ,Mr. G P Agarwala and Mr. K B Agarwala

Largest manufacturer of hosiery products in India with product portfolio includes innerwear, casual wear & thermal wear

- 21% value share in men's branded innerwear
- Large domestic reach via distribution set up across 600 locations & a growing export market
- Strong brand portfolio and products catering across consumer classes

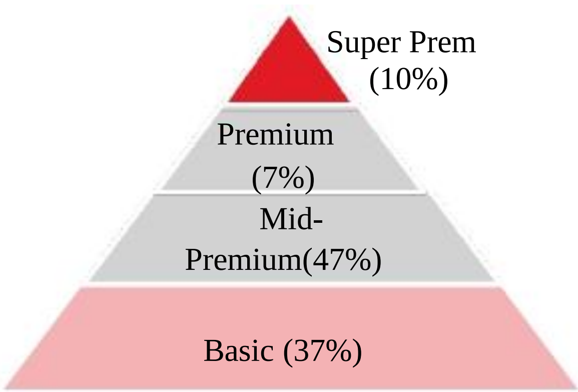
**Basic, mid-premium** -

**Premium & super premium** –

- In house design and logistics with partly outsourced manufacturing

- **1985** – Established
- **1996** – Listed on the Calcutta & Jaipur Stock Exchange
- **1997** – Manufacturing of casual wear
- **2000** – Manufacturing thermal wear products
- **2003-2005** – Entered premium segments via acquisition of "Euro" and launch of "Macroman" & "M"Series"; Started exports
- **2006-2007** – Doubled the dyeing capacity at Domjur; Annual sales volume surpasses 10mn dozen pieces
- **2010** – Launch of premium brand "Air"; Limca Book of records for largest manufacturer of hosiery products - 6th consecutive year; Master Brand Award -CMO Asia; Crossed 500 cr of sales
- **2011-12** – Listing on BSE and NSE; Significant improvement in operating profits

***Uniquely positioned** to capture the aspirations of a large market*



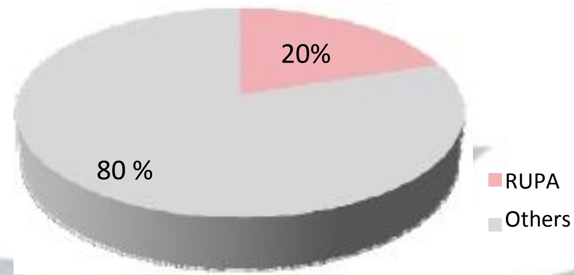

* Percentage of sales

***Focus on mid-premium segment which comprises >40% of Indian households***

- Continued rural penetration to drive volume growth

**Growing thrust on premium categories** to provide margin growth

***Marquee Player-** With leadership in size & reach*




**Mens branded Inner wear market share%**

**Largest reach** – presence in 600 locations reaching > 1 lac retail outlets.

**Dominant position** in important markets where 'Innerwear is outerwear"

***Strong Brand Equity :** A host of brands with > 100 trademarks*

**Brands created over 2 decades** & are synonymous with their offering

Brands across **multi price & multi product offerings**

Invests heavily in brand building (~200 cr. over 5 yrs) -to benefit the company in the future

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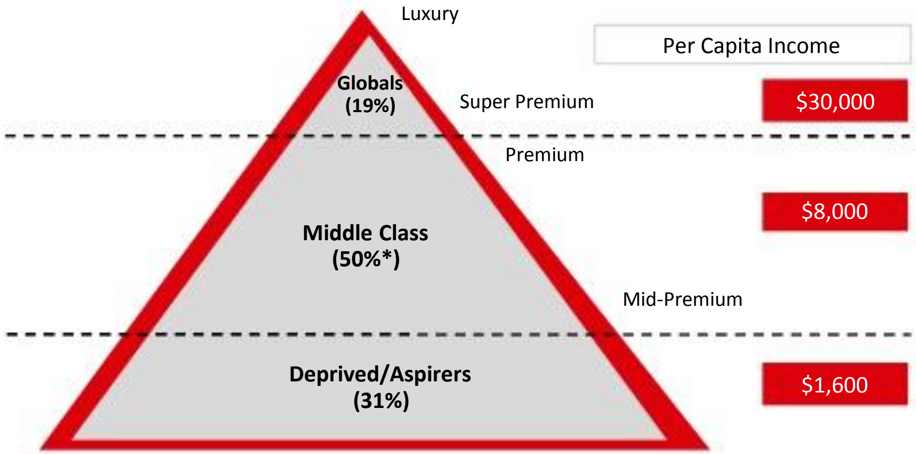
# Rupa- A Promising Proposition

- Strong Brand Equity
- Unparalleled Reach
- Improving profitability with focus on premium segments
- Large Addressable Market
- Asset light model – leading to high returns

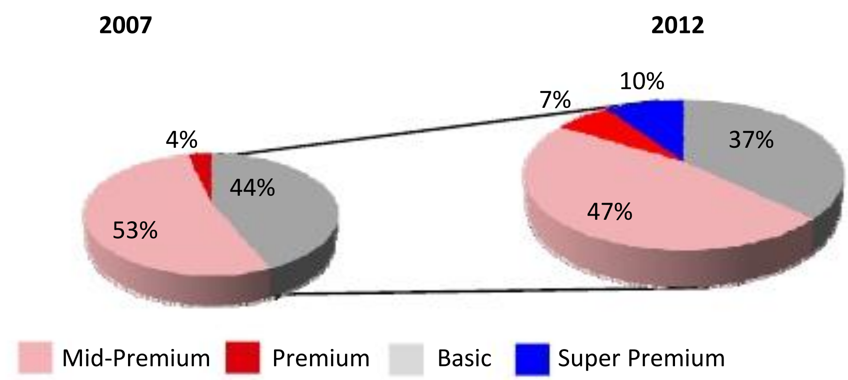
# 1. Catering to a Large Addressable Market…

## 1. Already targets >80% of Indian Households

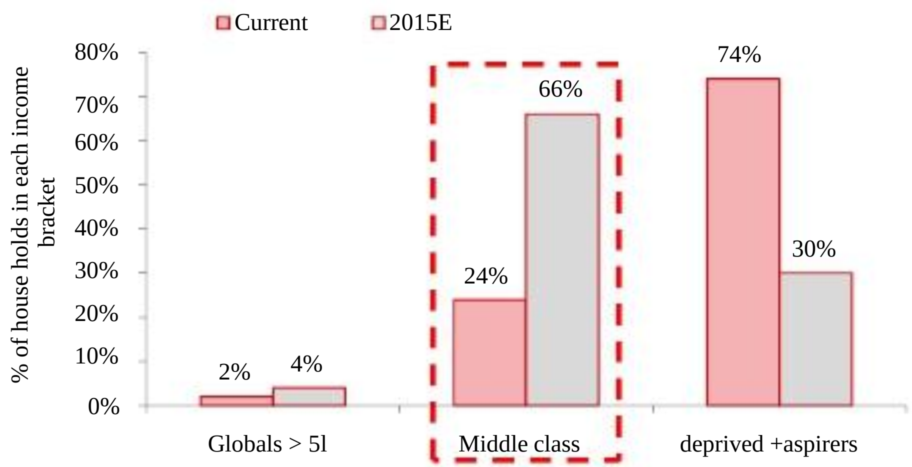



*% contribution of total Indian household Income

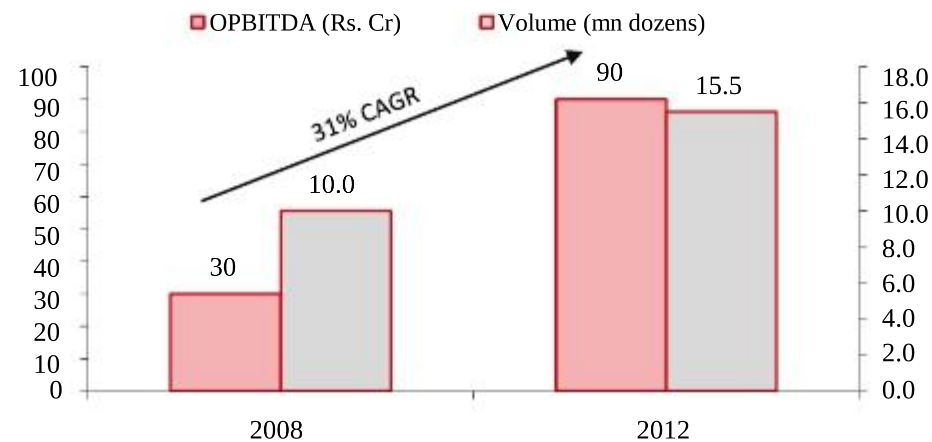
## 3. Rupa revenues driven by mid market offerings, while adding premium segments to meet changing needs



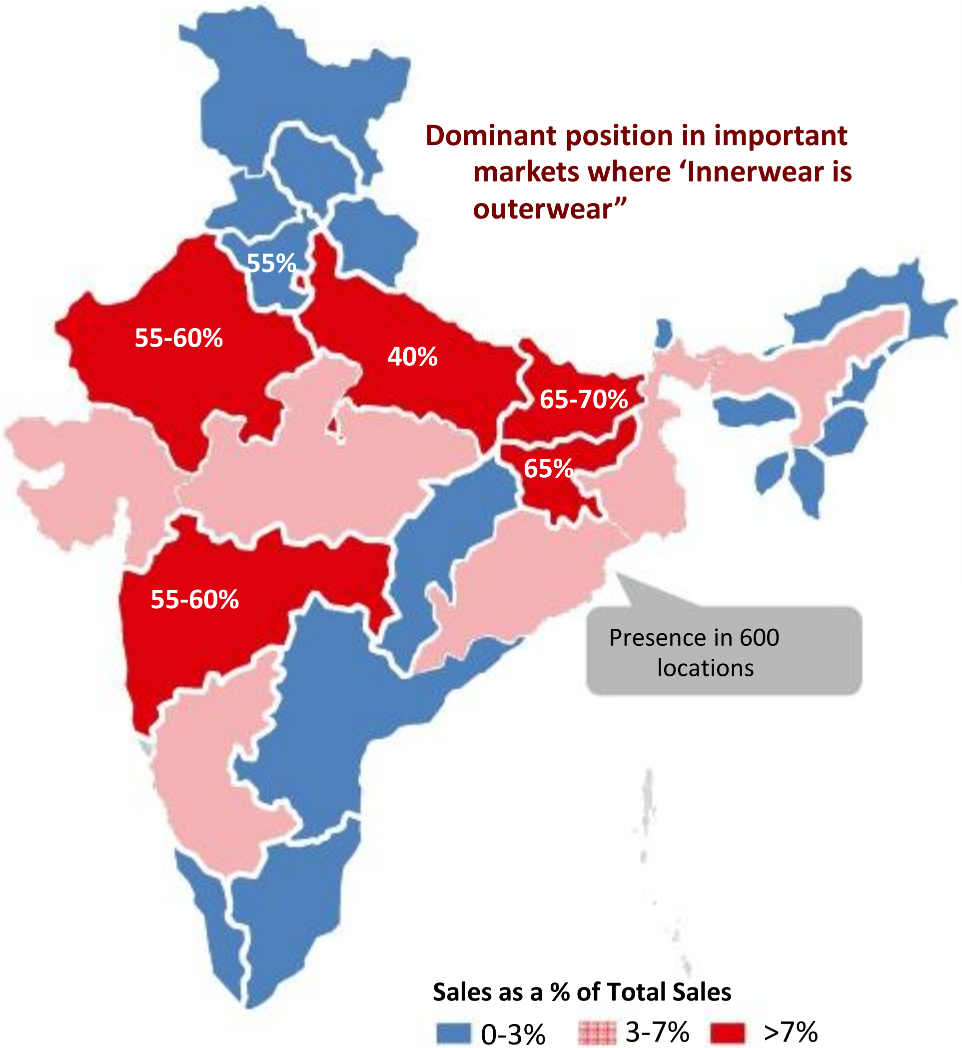

## 2. Rupa's primary target households to expand 3 x




## 4. A large addressable market driving volume growth, with thrust on premium segments driving profitability

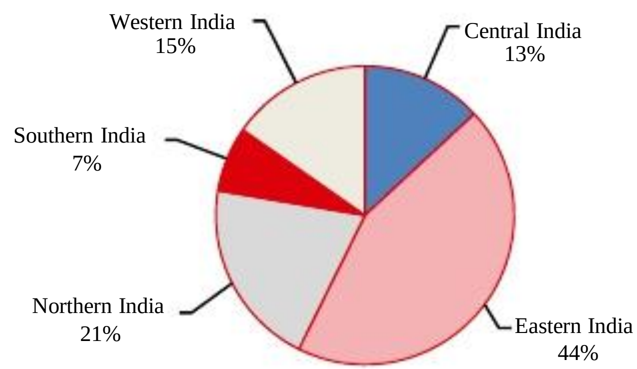


# 2. ...with an Unparalleled Reach & Presence




## Largest penetration with presence in highest no stores


## Strong in Eastern & Central India, opportunity to grow in South




Rupa -Region wise Break-Up of Sales for FY2011

**Large presence in East India, opportunity to further enhance availability and reach in parts of the country**

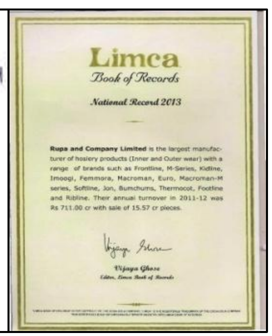
# 3. .. and Strong Brands across Segments

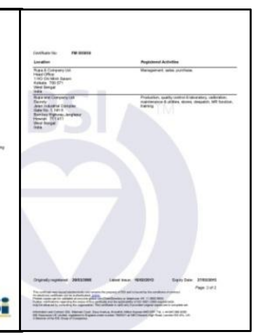
## Iconic ambassadors creating strong brand recall


**Extensive Portfolio of strong brands**

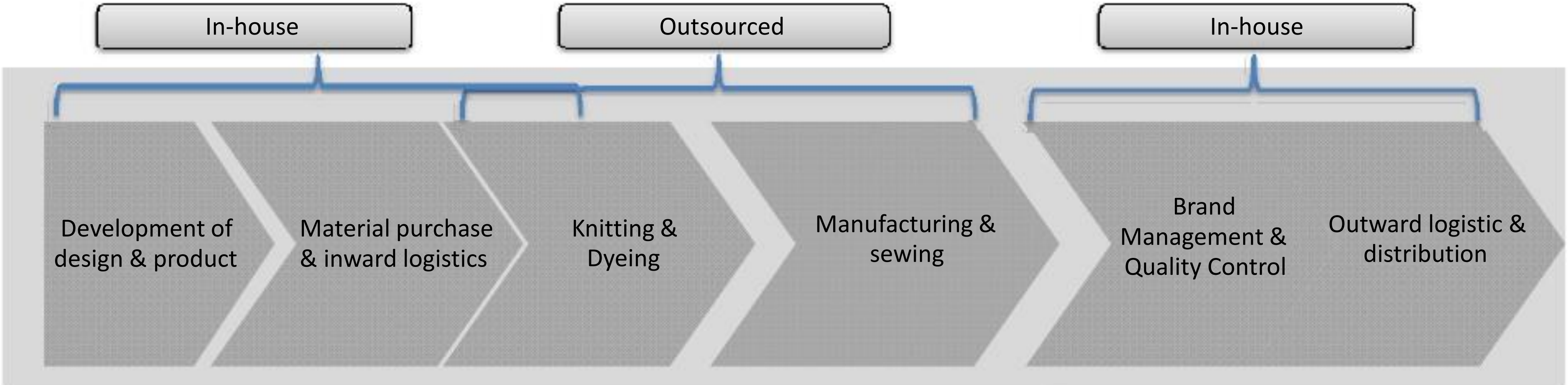
1. Marquee in-house brands across all price points
2. Annual investment of ~8% of sales in brand development
3. Brand loyalty and stickiness have helped retain volumes inspite of multiple rounds of price increases

**Recipient of Prestigious Awards**





# 4. Asset Light Model




**Focus on Design and Product**

Continuous investment in product design & innovation

Control on entire procurement and handling of raw materials

Own logistics and supply chain set up for strong control of inventory

**In-house Dying & Knitting to ensure quality control**

State of the art dyeing, bleaching and knitting facility across West Bengal, Tamil Nadu and Delhi

Capacity: Fabric dyeing 25 tons per day (TPD), yarn dyeing 5 TPD

**Labor intentsive processes outsourced to committed vendors**

Stitching and 50% of knitting requirements outsourced

Over 80% job work firms associated with company for over 15 yrs

# 5. Strategy Focused on Enhanced Growth and Profitability

## Revenue Growth

### Rural Penetration

Aggressively enhance reach in new rural markets via further appointing sub dealers

- Successful pilot project in West Bengal which enhanced reach by increasing the dealer network especially in rural areas

### International Expansion

Further penetrate markets such as Bangladesh, Middle East, Burma and Africa that have high demand for Rupa's products

Exploring Licensing and Franchisee routes to expand in these countries

### Expanding Presence in Southern India

Aggressive marketing & distribution presence

Open to inorganic growth through acquisition of local brands

### Introduce newer products

Looking to increase offerings in women's segment

Leverage brand equity in kids' apparel

**To Establish Unassailable Dominance in the Branded Innerwear Industry**

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# Enhancing Margin through Scale and Product Mix

## Margin Expansion

### Increasing the share of premium products in sales-mix

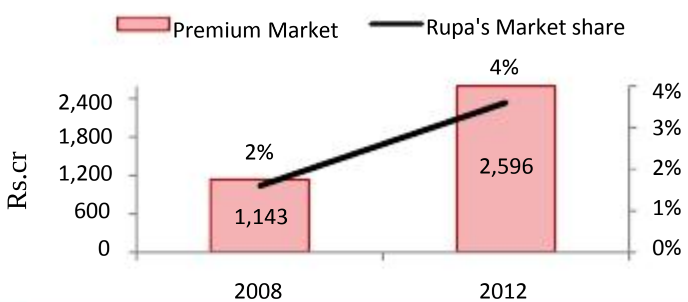
Aggressive brand building in premium segments.

Setting up EBOs in Tier II – III cities

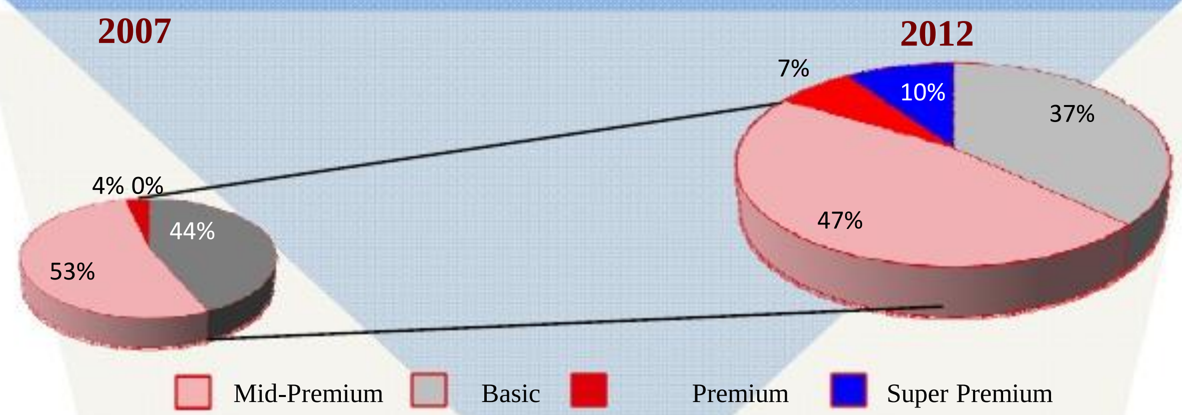
Enhancing availability through presence in Multi Brand Outlets (MBOs) and Large Retail Format (LFRs) stores

Share of premium products grown over 4x in 4 yrs

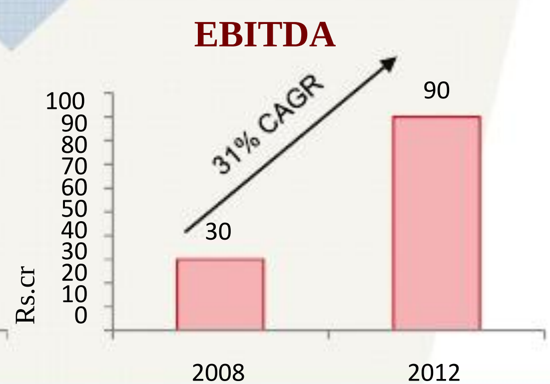
### Rupa gaining market share in the premium segment




### A large addressable market driving volume growth , with premium segments driving profitability








**EBITDA Margins improved from 8% in 2007 to 13% in 2013, to increase further with shift in product mix**

# Management Team

# Key Management Team

**Mr. P.R. Agarwala**
Chairman

- Has over four decades experience in the textile industry
- Provides strategic direction to the company
- He is the driving force behind the establishment and growth of the company and the establishment of brand ‘RUPA’ in the Indian retail markets

**Mr. G.P. Agarwala**
Vice chairman

- Has over 35 years of experience in the textile industry and has been instrumental in the development of the company
- Provides strategic inputs and direction to the company

**Mr. K.B. Agarwala**
Managing Director

- Has over 30 years of experience in the textile industry
- Handles marketing & distribution of the company’s products
- He has played a key role in the setting up of a systems and process of distribution & marketing division of the company
- He guides the company and its management at all the stages of its development & strategic decisions

**Mr. Ramesh Agarwala**
Executive Director

- Has over 20 years of experience in production planning, export import and international markets
- He plays a key role in the production planning & distribution of Company’s products

**Mr. Mukesh Agarwala**
Executive Director

- Has over 15 years of experience in production, planning, marketing & sales
- He has played a key role in the setting up of systems and process for distribution & production planning

# Board of Directors

## Independent Directors

**Mr. Krishna Khaitan**
Independent Director

- He is the moving spirit behind Khaitan Group of Companies and is the Chairman of Khaitan Electricals Limited and of Khaitan (India) Limited
- He has more than 25 years of experience in the fertilizer industry
- He has been a member of various trade associations and chambers of commerce

**Mr. Raj Narain Bhardwaj**
Independent Director

- He is a post graduate in economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala
- He has over 37 years of experience with the Life Insurance Corporation of India and has served in various positions including managing director and chairman of Life Insurance Corporation of India
- He has also served as a member of the Securities Appellate Tribunal (SAT) for two years

**Mr. Dharam Chand Jain**
Independent Director

- Has over 45 years of experience in the field of textile and knitted fabric industry

**Mr. Sushil Patwari**
Independent Director

- He has rich experience of nearly four decades in the field of Cotton yarn and knitted fabric Industry
- He is the Chairman of Nagreeka Group and is the anchor for the group's strategy, values and culture
- He is also an active member of the Executive Committee of the Federation of Indian Export Organizations (FIEO)

**Mr. Vinod Kumar Kothari**
Independent Director

- An author, trainer and expert on specialised areas in finance, including securitisation, asset-based finance, credit derivatives, accounting for derivatives and financial instruments, microfinance, etc.
- Has written many renowned books and articles

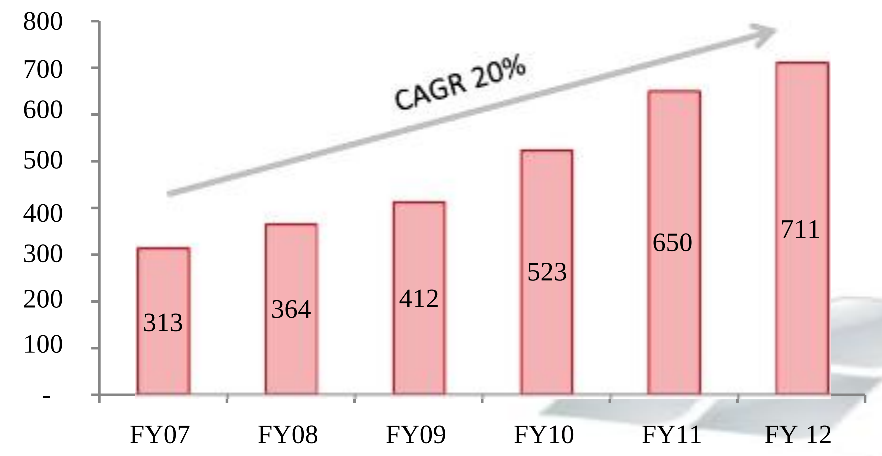
# Financials

# Financial Snapshot

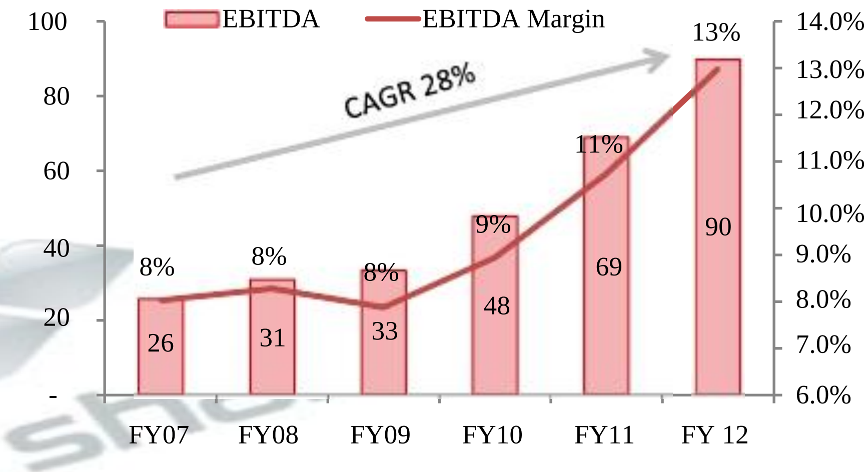
| INR (crs) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|
| Net Sales | 320 | 372 | 421 | 532 | 650 | 711 |
| OPBITDA | 26 | 31 | 33 | 48 | 69 | 90 |
| *Margin %* | *8%* | *8%* | *8%* | *9%* | 11% | 13% |
| PBT | 15 | 19 | 22 | 39 | 51 | 63 |
| PAT | 10 | 12 | 14 | 25 | 34 | 44 |
| | | | | | | |
| Net Block | 46 | 44 | 52 | 60 | 109 | 116 |
| Net Current Assets | 129 | 104 | 119 | 181 | 250 | 266 |
| | | | | | | |
| Net Worth | 36 | 46 | 123 | 143 | 168 | 197 |
| Debt | 134 | 113 | 51 | 125 | 184 | 176 |
| | | | | | | |
| WC/Sales | 39% | 27% | 27% | 33% | 37% | 37% |
| ROCE | 14% | 20% | 18% | 19% | 19% | 23% |
| RONW | 27% | 26% | 12% | 17% | 20% | 22% |

# Consistent Growth along with improving Margins

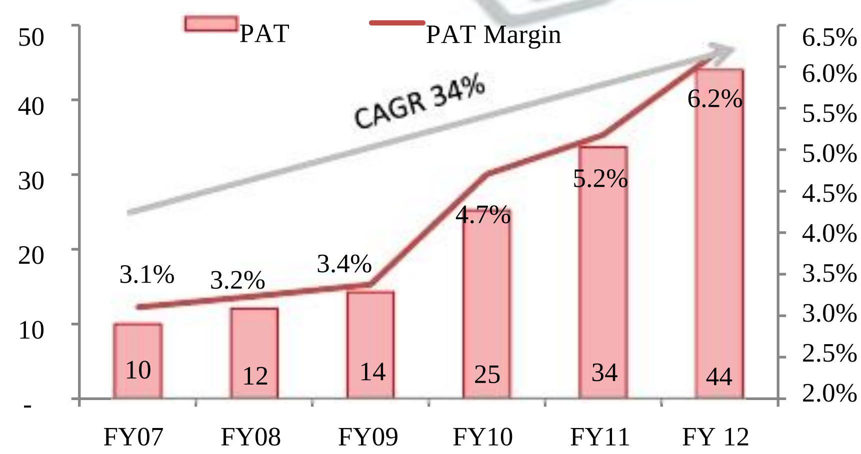
### Net Sales (Rs Cr)



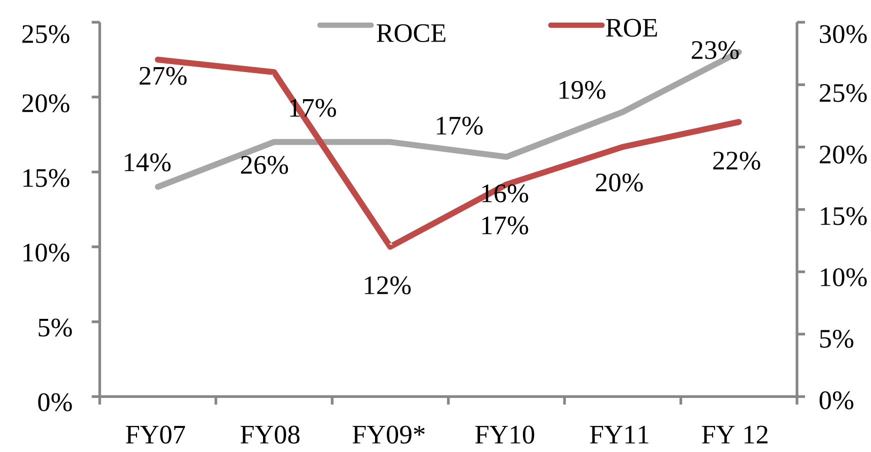

### EBITDA (Rs Cr) & EBITDA Margin (%)




### PAT (Rs Cr) & PAT Margin (%)




### ROE & ROCE (%)




* Fund Raise in FY09

# Thank You