



S.P.APPARELS LTD.



Regd. Office : 39-A, Extension Street, Kaikattipudur, AVINASHI - 641 654, Tamil Nadu, India.
Phone : +91-4296-714000 E-mail : spindia@s-p-apparels.com
Web : www.s-p-apparels.com CIN No.: L18101TZ2005PLC012295

Date: 26.08.2020

BSE Limited 1 st Floor, New Training Ring, Rotunda building, P.J.Tower, Dalal Street, Fort, Mumbai – 400 001	National Stock Exchange of India Limited, Exchange Plaza, 5 th Floor, Plot No.C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051
Stock Code : 540048	Stock Code : SPAL
Sub: Disclosure on COVID 19 Impact	

Dear Sir/Madam,

In pursuance of SEBI advisory on disclosure of material impact of COVID 19 pandemic on listed entities under SEBI (LODR) Regulations, 2015 and SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May 2020, a disclosure on impact of COVID 19 on the operations of the Company is enclosed.

This is for your kind information and dissemination.

Thanking You

For S.P.Apparels Limited

K.Vinodhini
Company Secretary and Compliance Officer

Encl: As above

DISCLOSURE OF MATERIAL IMPACT OF COVID – 19 PANDEMIC

Pursuant to the SEBI Circular No. SEBI/HO/CFD/CMDI/CIR/P/2020/84 dated May 20, 2020 on disclosure of material impact of COVID-19 pandemic on all three verticals.

Garment Division:

1. Impact of the CoVID-19 on the business-

- Despite the uncertainties, lock down and supply chain disruptions the company did not witness any significant order cancellation from the export customers. This is the testimony of the Company's strength in the niche products i.e babies & Kids wear.
- Shipments were kept on hold by our international customers due to lock down imposed in their respective countries. This led to revenue loss during the lock down period.
- We are witnessing significant recovery in the order flow from the customers since May 2020. Customers are placing new orders based upon the season and number of stores they have opened.
- Customers are witnessing significant uptick in their online business and expecting the share of online business to grow going forward. As a result, we are witnessing healthy pace of order flow from the customers.
- We believe demand for our products is expected to remain intact as the children tend to grow faster. Company's presence in niche, knitted children garment is expected to drive the growth in near and medium term due to expected growth in the demand for children wear.

2. Impact of CoVID-19 on operations –

- All the factories & corporate office were closed from 21st March 2020 as per directives from the Govt Authorities.
- With the permission of the local authorities, the Company has resumed its plant operations from 11th May 2020 onwards over different dates for different factories. As of today, all the factories are operating at around 60% capacity due to social distancing norms imposed by the Govt authorities.
- Company supported all the migrant employees for their stay and food in the hostel premises while ensuring all the safety and social distancing norms. Small portion of migrant workforce moved back to their hometowns during May & June 2020. We are witnessing return of migrant workers slowly. We are expecting the migrant employees to return more after the lockdown is lifted. The return is restricted due to the transportation issue.
- We have consolidated small rented factories with big factories, which will reduce the operating overheads going forward.

3. Impact on Profitability

- Adverse currency movement due to Covid-19 impacted the profitability: Indian currency depreciated significantly in Q4FY20 compared to last year. This impacted our hedged positions and resulted in hedging losses and the loss of revenue due to pandemic is expected to impact the hedges and may see impact in Q1 & Q2 FY 21 also.



- Q1 & Q2 of FY 21 will have reduction in the revenue due to the production disturbances caused by the pandemic. Lower utilization of the factories will bring down the production and will also impact the revenue.
- The company has announced reduction of working days to the extent of 30% for all staff and above cadre, including to the senior management till September 2020.
- Company has consolidated on transportation of workmen, which will reduce the overheads on transportation cost by 40%.

4. Impact on the Balance sheet:

- Capital and financial resources – The Company is adequately capitalized to take care of its present and future operations.
- Liquidity position - Company is using only 70% of the working capital limits and have good head room in terms of the liquidity. Our net debt to Net worth as on March 2020 is very low. We have serviced all our dues with the banks including the term loan instalments as of today.
- Internal Financial Reporting and Control- All Internal Financial reporting and controls have been maintained adequately.

Retail Division:

All Stores, Large format Stores & MBO's were closed during lockdown period effective from 21st March 2020. But certain malls were closed much earlier and stores in malls were closed from 15th March.

As of today, certain stores which are standalone in nature and which are in the green zones were opened effective from 18th May 2020 onwards. Currently, until the lockdown is completely lifted, we may not be able to open up all the stores.

SP UK:

- Even SP UK's revenue was impacted during the Q4 FY2020.
- Now SPUK has started delivering goods to its customers and will be back to normal course of revenues from Q2 onwards.

