



**S.P. Apparels Limited**

Results Update Presentation

Q1 FY17

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# S.P. Apparels Limited (“SPAL”)

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*Q1 FY17 Financial Highlights*



# Strong Q1 FY17 Performance (consolidated)

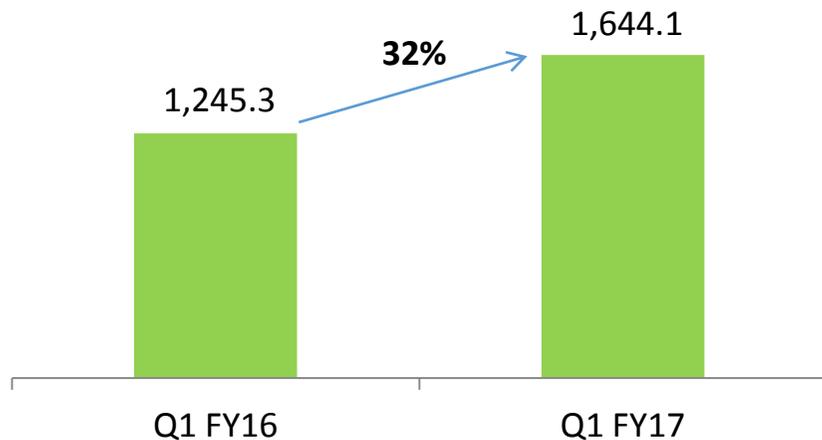
- Total revenue at INR 1,644.1 million in Q1 FY17
  - ✓ **Revenue growth of 32.0% over Q1 FY16** and 7.8% over Q4 FY16
  
- EBITDA at INR 342.1 million and PBT at INR 226.4 million
  - ✓ **EBITDA growth of 64.5% over Q1 FY16** and 62.1% over Q4 FY16
  - ✓ **PBT growth of 123.8% over Q1 FY16** and 142.6% over Q4 FY16

Commenting on the performance, Mr P Sundararajan, MD of S.P. Apparels observed

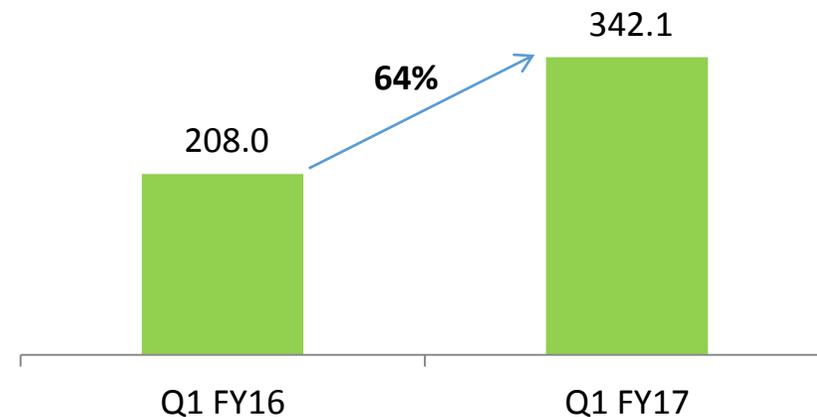
*“S.P. Apparels started the financial year 2016-17 on a promising note, continuing with robust growth in its revenue and improvement in operating margins”*

# Consolidated Financial Highlights – Q1 FY17 Vs Q1 FY16

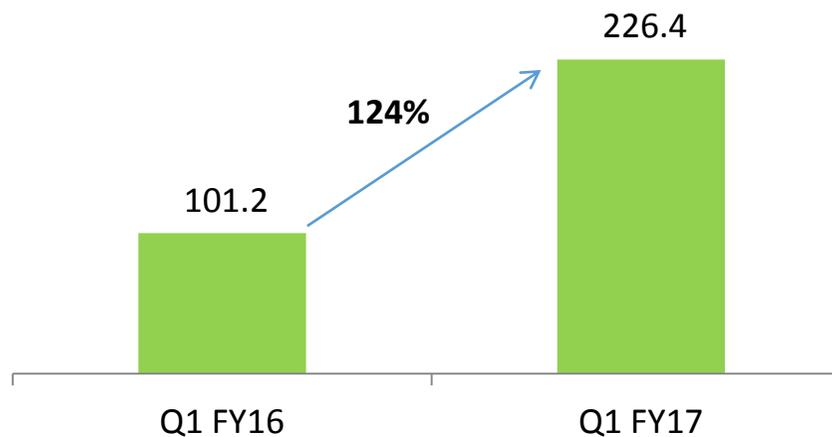
## Revenue (INR mn)



## EBITDA (INR mn)

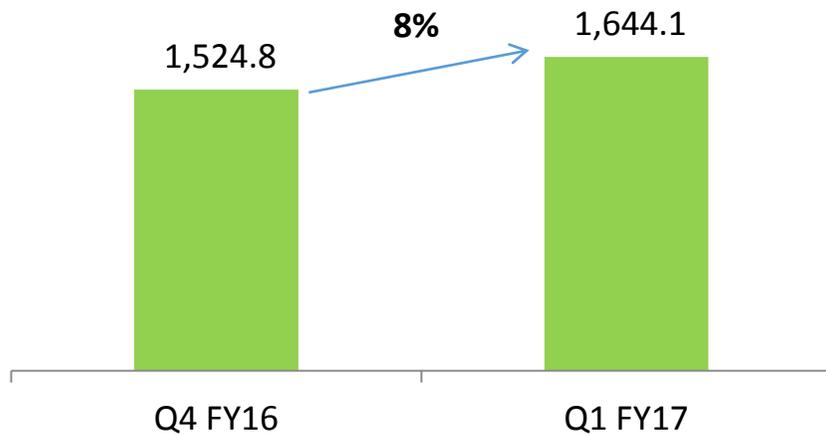


## PBT (INR mn)

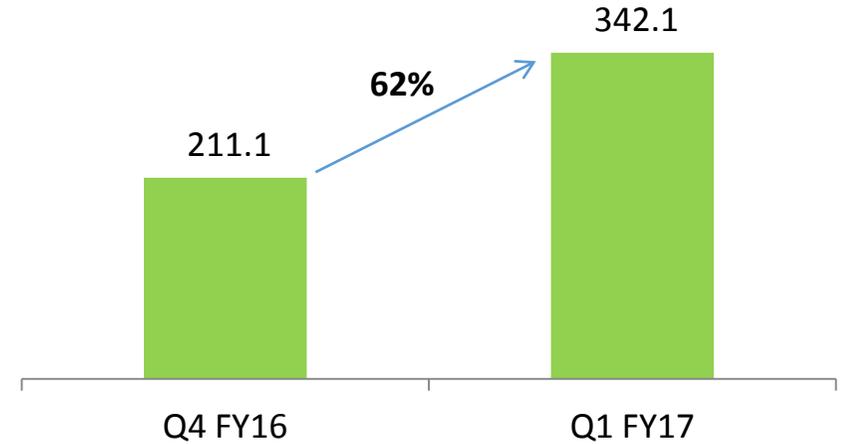


# Consolidated Financial Highlights – Q1 FY17 Vs Q4 FY16

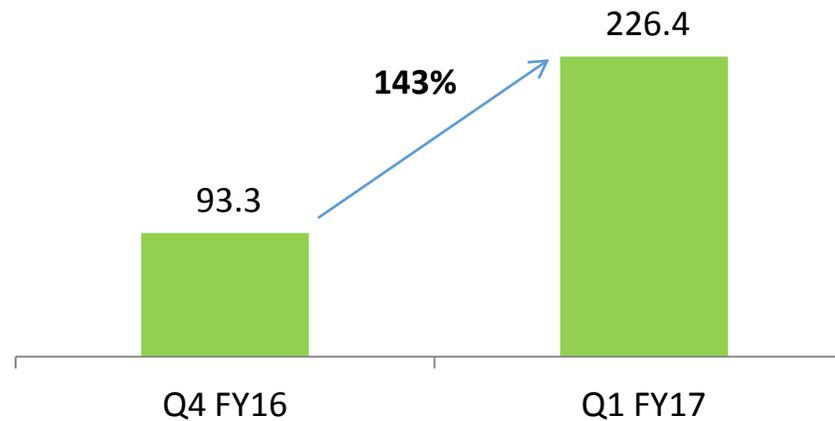
## Revenue (INR mn)



## EBITDA (INR mn)



## PBT (INR mn)



# Consolidated P&L Statement

| INR million              | Year-on-Year comparison |              |               | Quarter-on-Quarter comparison |              |               |
|--------------------------|-------------------------|--------------|---------------|-------------------------------|--------------|---------------|
|                          | Q1 FY17                 | Q1 FY16      | YoY growth    | Q1 FY17                       | Q4 FY16      | QoQ growth    |
| <i>Operating Revenue</i> | 1,624                   | 1,218        | 33.4%         | 1,624                         | 1,497        | 8.5%          |
| <i>Other Income</i>      | 20                      | 28           | -27.8%        | 20                            | 28           | -29.7%        |
| <b>Total Revenue</b>     | <b>1,644</b>            | <b>1,245</b> | <b>32.0%</b>  | <b>1,644</b>                  | <b>1,525</b> | <b>7.8%</b>   |
| <b>EBITDA</b>            | <b>342</b>              | <b>208</b>   | <b>64.5%</b>  | <b>342</b>                    | <b>211</b>   | <b>62.1%</b>  |
| <i>EBITDA margin</i>     | 20.8%                   | 16.7%        | 4.1%          | 20.8%                         | 13.8%        | 7.0%          |
| Interest                 | 67                      | 58           | 15.9%         | 67                            | 66           | 1.0%          |
| Depreciation             | 49                      | 49           | -0.6%         | 49                            | 51           | -5.3%         |
| <b>PBT</b>               | <b>226</b>              | <b>101</b>   | <b>123.8%</b> | <b>226</b>                    | <b>93</b>    | <b>142.6%</b> |
| Exceptional Item         | -                       | -            |               | -                             | 169*         |               |
| Tax                      | 71                      | 34           | 106.6%        | 71                            | -23          | N/M           |
| <b>Profit After Tax</b>  | <b>156</b>              | <b>67</b>    | <b>132.6%</b> | <b>156</b>                    | <b>-52</b>   | <b>N/M</b>    |
| <i>PAT Margin</i>        | 9.5%                    | 5.4%         | 4.1%          | 9.5%                          | -3.4%        | N/M           |
|                          |                         |              |               |                               |              |               |
| <b>Cash Profit</b>       | <b>204</b>              | <b>116</b>   | <b>76.3%</b>  | <b>204</b>                    | <b>145</b>   | <b>N/M</b>    |

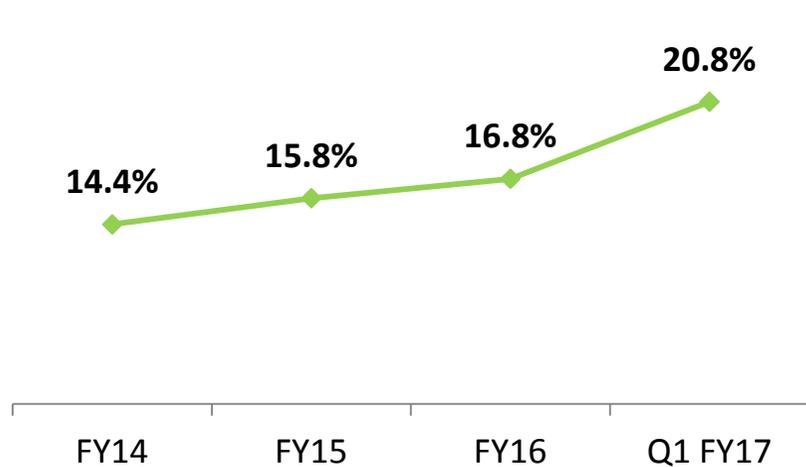
\* Exceptional item represents write-off of amount considered recoverable from a bank on account of matured foreign currency contracts as of April 1, 2011

# Management Commentary on Q1 FY17 Performance

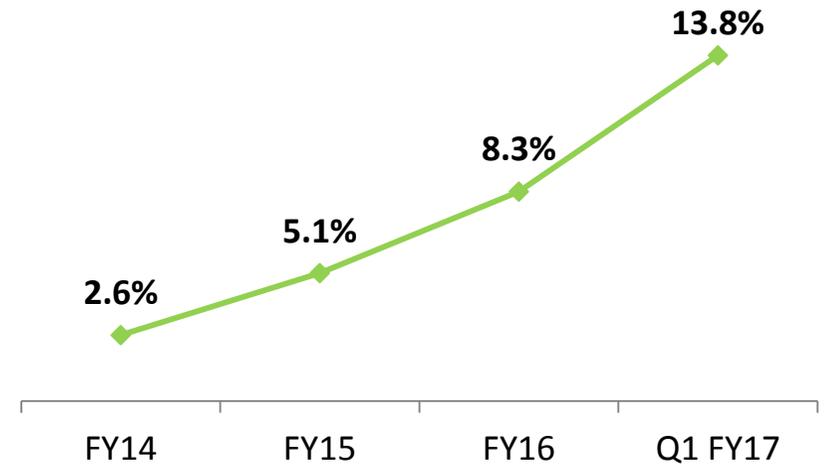
- **Total Revenue at INR 1,644.1 million, growth of 32.0% over Q1 FY16**
  - ✓ Revenue growth of 23.3% in garments division and 74.1% in retail division (although on a smaller base)
  - ✓ Growth in garments division driven by increase in sewing capacity
  
- **EBITDA at INR 342.1 million, growth of 64.5% over Q1 FY16; EBITDA margin at 20.8%**
  - ✓ EBITDA boosted by mark-to-market gain of INR 47.7 million in Q1 FY17
  - ✓ EBITDA margin improved 120 basis points compared to Q1 FY16 even after adjusting for mark-to-market gain
  
- **PAT at INR 155.7 million; growth of 132.6% over Q1 FY16; PAT margin at 9.5%**
  - ✓ Increase in PAT driven by revenue growth and improvement in EBITDA margin
  
- **Total Debt at INR 1,757.1 million as on August 24, 2016 down from INR 2,593.6 million on March 31, 2016**
  - ✓ Debt to Equity post-IPO at 0.5x (as on August 24, 2016)

# Financial Trends (consolidated)

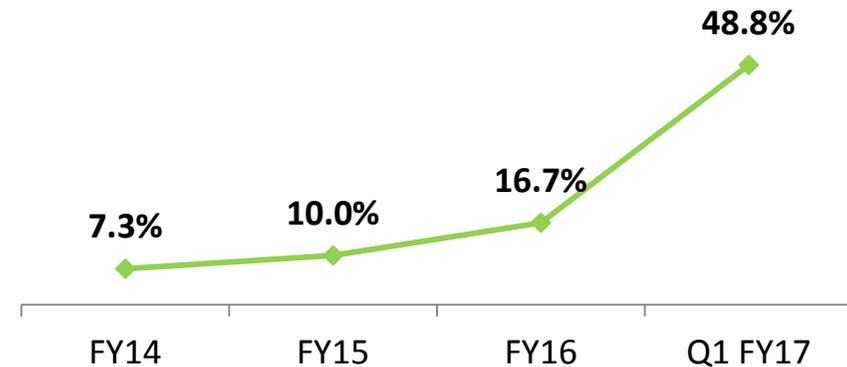
## EBITDA Margin (%)



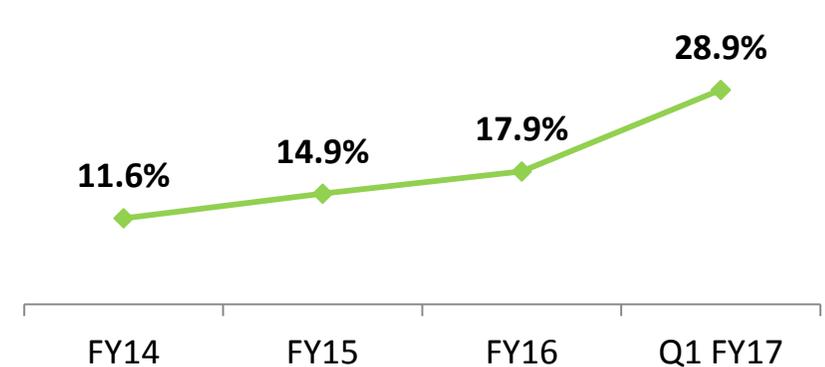
## PBT Margin (%)



## RoE\* (%)



## RoCE\* (%)



\* Returns for Q1 FY17 represent annualised figures; excludes fresh equity through IPO

# IPO Update and Shareholding Pattern

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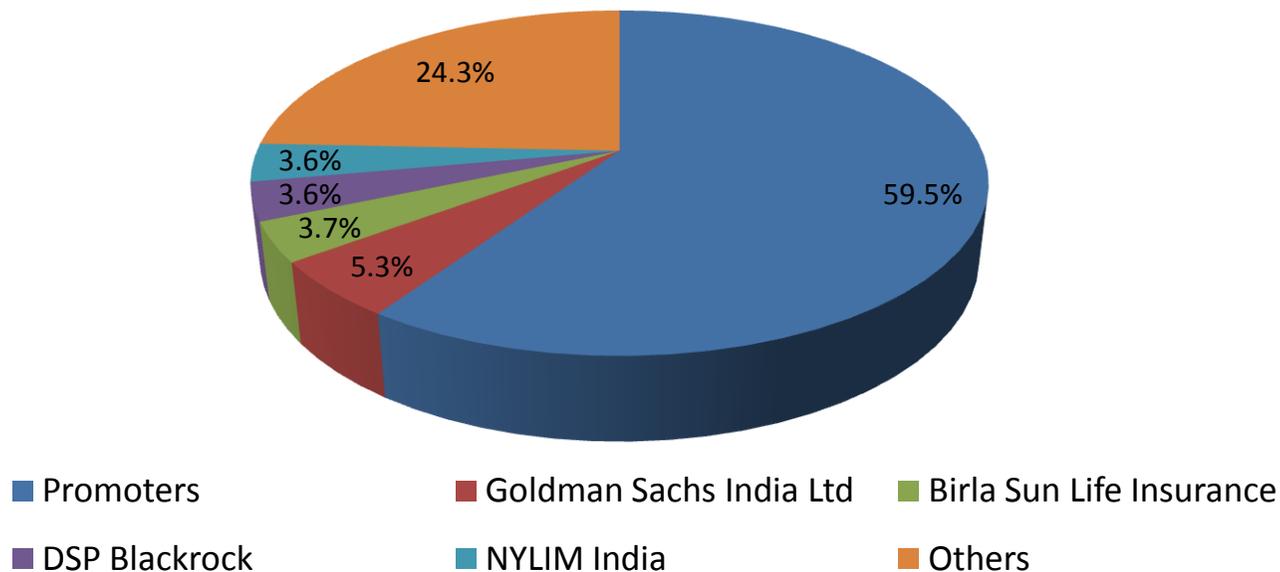
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# IPO Update and Shareholding Pattern

- SPAL successfully completed its Initial Public Offer in August 2016
  - **Overall subscription at 2.7 times**
  - QIB subscription 2.2 times; NII subscription 5.1 times; Retail subscription 1.9 times
  - Listed on both BSE and NSE with 12,530 shareholders\*

## Shareholding Pattern\*



\* As on August 19, 2016

# Utilization of IPO Proceeds

| Offer Proceeds                   |                |
|----------------------------------|----------------|
| Particulars                      | INR million    |
| A Fresh Issue                    | 2,150.0        |
| B Offer for Sale                 | 241.2          |
| <b>C Gross Fund Raised (A+B)</b> | <b>2,391.2</b> |
| Less: Offer for Sale portion     | 241.2          |
| <b>D Total Net Proceeds</b>      | <b>2,150.0</b> |

| Utilization of Net Proceeds as on August 24, 2016          |                     |                 |                            |
|--|---------------------|-----------------|----------------------------|
| Particulars (INR million)                                  | Utilization Planned | Amount Utilized | Amount Pending Utilization |
| Expansion and modernization of manufacturing facility      | 701.6               | 0.0             | 701.6                      |
| Repayment or prepayment of debt                            | 630.0               | 630.0           | 0.0                        |
| Opening of new stores for the sale of 'Crocodile' products | 278.5               | 0.0             | 278.5                      |
| Addition of balancing machineries for existing dyeing unit | 49.1                | 9.9             | 39.2                       |
| General Corporate Purposes and Issue Expenses              | 441.7               | 160.1           | 281.6                      |
| <b>Total</b>   | <b>2,150.0</b>      | <b>800.0</b>    | <b>1,350.0</b>             |

# Investor Relations

*Earnings Call Details and Key Contacts*



# Earnings Call Details and Key Contacts

- SPAL announced its unaudited results for the quarter ended June 30, 2016 on August 24, 2016
  
- Earnings Call Details
  - ✓ Date – August 25, 2016
  - ✓ Time – 04:00 pm
  - ✓ Dial-in details to be circulated
  
- Investor Relations Contact
  - ✓ Mr S. Murali
  - ✓ Email – [s.murali@s-p-apparels.com](mailto:s.murali@s-p-apparels.com)
  - ✓ Phone – 04296 304031

# Annexure I

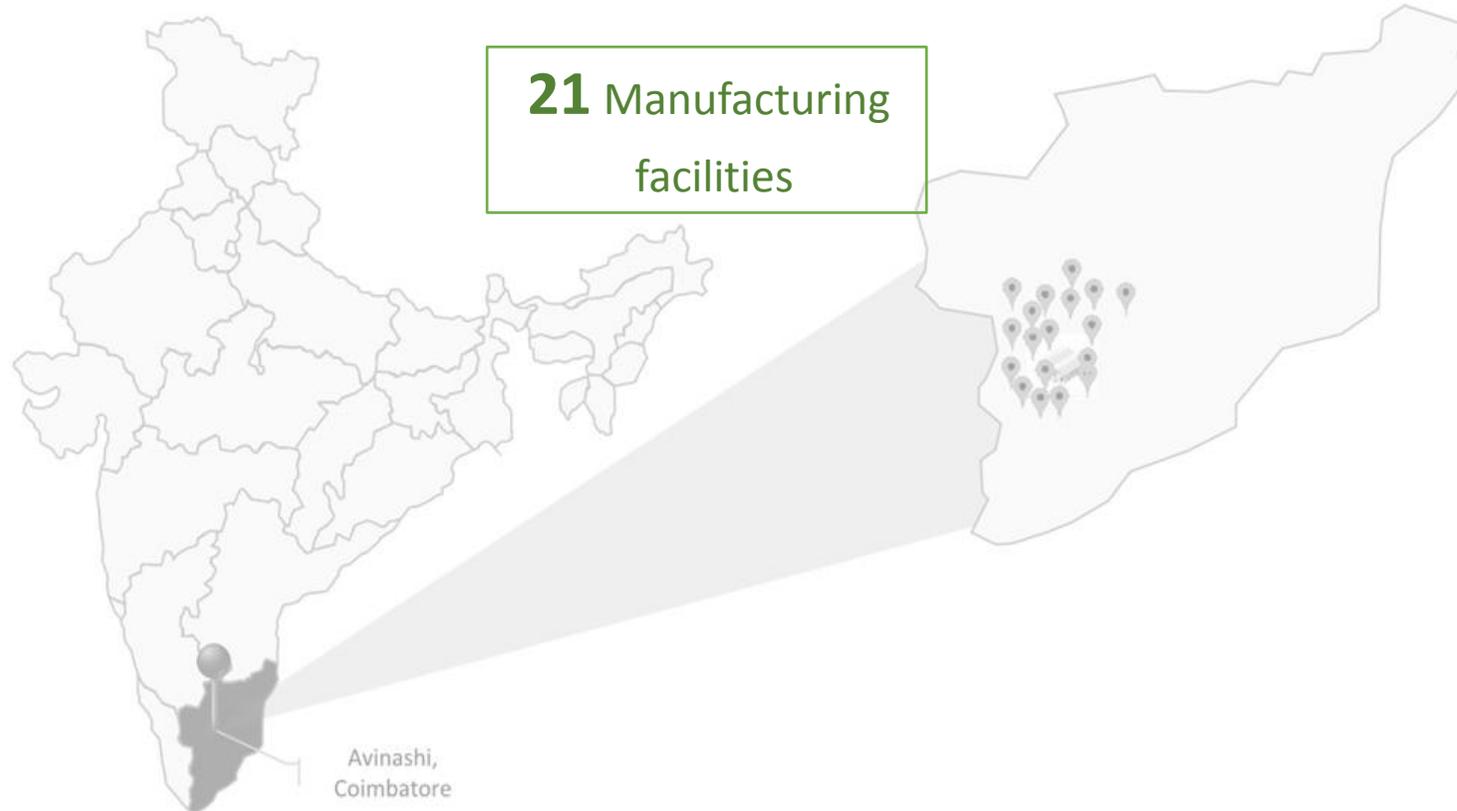
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## *Company Overview*



# S.P. Apparels - Overview

Leading Indian manufacturer and exporter of knitted garments for infants and children



# Specialized Manufacturer Of Infant And Children's Wear

Specialized manufacturer supported by strong in-house design and quality inspection facilities

- SPAL specializes in the highly challenging industry of manufacture and export of knitted garments for infants and children
- The labour-intensive, **quality and stringent safety requirements**, coupled with **more variety** and **small batch size** orders increases the **complexity of manufacturing**
- **Stringent quality control checks** consisting of **inspection and testing** at every stage of manufacturing
- **Proven ability, quality standards** and **experience** in garments manufacturing allows us to capitalize on growth opportunities
- Supported by the **latest technology** for developing products and styles based on **prevalent fashion trends**
- Set-up **testing laboratories** that are accredited by the National Accreditation Board for Testing and Calibration Authorities

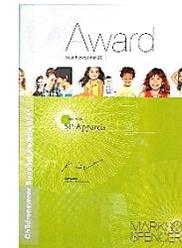
## Accreditations and Awards for our manufacturing facility/ability



Received laboratory accreditation ISO/IEC 17025:2005 by the **National Accreditation Board for Testing and Calibration Authorities**, Department of Science and Technology, India



TESCO FandF Gold Rated Supplier 2013



"Best Newcomer" by Marks and Spencer Children's Suppliers Awards 2011

# Long Standing Relationships with Reputed International Brands

- Developed expertise to concurrently manage **multiple large orders** as well as developed a **diversified product range**
- Quality control and relationships have ensured **no bulk returns from our customers** since inception
- Commitment to **quality and customer service practices** have been strong contributing factors to strong customer relations

The TESCO logo features the word "TESCO" in a bold, red, sans-serif font. Below the text are three horizontal blue lines with a slight upward curve, resembling a stylized underline or a set of shelves.The ASDA logo consists of the word "ASDA" in a bold, green, sans-serif font. Above the letters "A" and "S" are several short, yellow, radiating lines that resemble a sunburst. Below the word "ASDA" is the tagline "Save money. Live better." in a smaller, green, sans-serif font.The PRIMARK logo features the word "PRIMARK" in a light blue, sans-serif font. The letters are widely spaced, and a registered trademark symbol (®) is located at the top right of the letter "K".The mothercare logo features the word "mothercare" in a dark blue, lowercase, sans-serif font. The letters are closely spaced and have a slight shadow effect.The DUNNES STORES logo features the words "DUNNES STORES" in a bold, black, sans-serif font. The letters are widely spaced and have a slight shadow effect.

# Our Strengths

- Leading Indian manufacturer-exporter of knitted garments for infants and children
- Global children's-wear market has attractive growth prospects
- Long standing relationships with reputed international retailers
- Demonstrated ability to setup independent units that are integrated with operations
- Strong focus on quality
- Strong board oversight and experienced management team

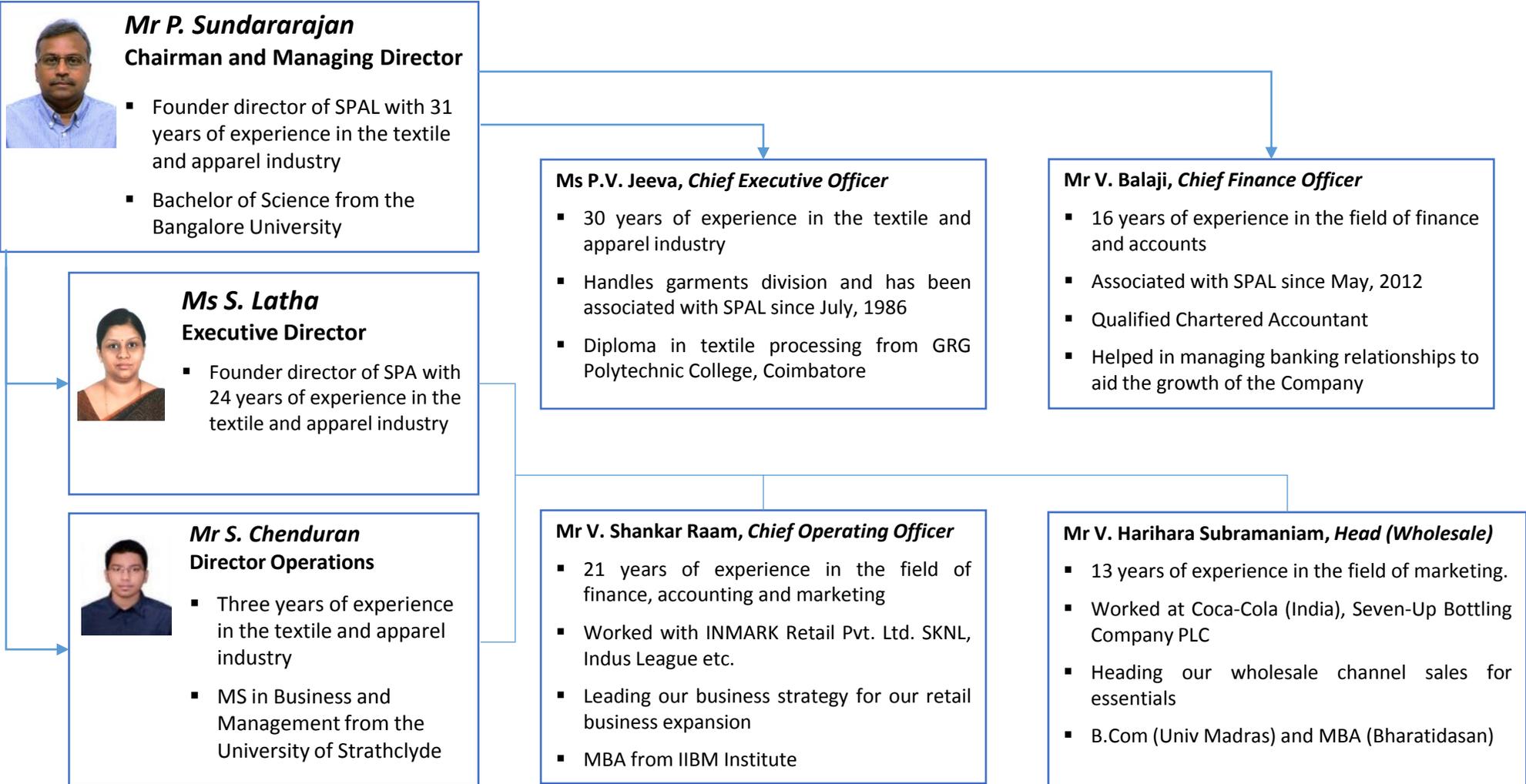
# Annexure II

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*Management Team and Board of Directors*



# Qualified Management with Deep Understanding of Apparel Sector



# Independent Directors – Wide Spectrum of Experience



**Mr Srinivas Chidambaram**  
Independent Director

- 26 years of experience mainly in financial services
- Qualified Chartered Accountant



**Mr A.S. Anandkumar**  
Independent Director

- 43 years of experience in banking
- Masters of Science from the University of Madras



**Mr P. Yesuthasan**  
Independent Director

- 40 years of experience in banking
- MS in Business Administration, Cass Business School, London and MS in Arts in Public Admin, Madras Christian College



**Mr G. Ramakrishnan**  
Independent Director

- 38 years of experience in government service
- Post-graduate degree from St. John's College, Palayamcottai



**Mr V. Sakthivel**  
Independent Director

- 40 years of experience in the fields of commerce and accountancy
- Qualified Chartered Accountant and Certified I.S. Auditor



Thank You