



S.P.APPARELS LTD.



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Web : www.s-p-apparels.com CIN No.: L18101TZ2005PLC012295

14th August, 2021

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

The Listing Department
National Stock Exchange of India Limited
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

Scrip Code: 540048

Symbol: SPAL

Dear Sirs,

Sub: Financial Presentation

Please find enclosed herewith the copy of Financial Presentation for Q1 FY 22 results of the Company.

Kindly take the same on your records.

Thanking you,

For S.P.Apparels Limited,

K. Vinodhini
Company Secretary and Compliance Officer

Encl: As above



S.P.APPARELS LTD.



S.P.APPARELS LIMITED

INVESTOR PRESENTATION

Q1 FY22 Results Update

August 2021

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This presentation and the following discussion may contain “forward looking statements” by S.P. Apparels Limited (“SPAL” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of SPAL about the business, industry and markets in which SPAL operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond SPAL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of SPAL.

In particular, such statements should not be regarded as a projection of future performance of SPAL. It should be noted that the actual performance or achievements of SPAL may vary significantly from such statements.



S.P.APPARELS LTD.

Q1 FY22 RESULTS UPDATE

Company Overview

Financial Overview & Shareholding Structure



www.s-p-apparels.com

Q1 FY22 - KEY HIGHLIGHTS

120% YoY growth
in total revenue¹

136% YoY growth
in garment
division revenue

35% YoY growth
in SPUK revenue

Adj. EBITDA²
stands at Rs.278
mn

PAT stands at
Rs.116 mn vs loss
of Rs.58 mn in Q1
FY21

8.8% PAT Margin,
+1850bps YoY

Net Debt to adj.
EBITDA² stands at
1.18x

Garments volume
up by 52% YoY

Rs. 4.5 Earnings
Per share

TTM EPS stands at Rs.23.6

9.0 Mn pieces export volume

8.8 Mn pieces volume produced

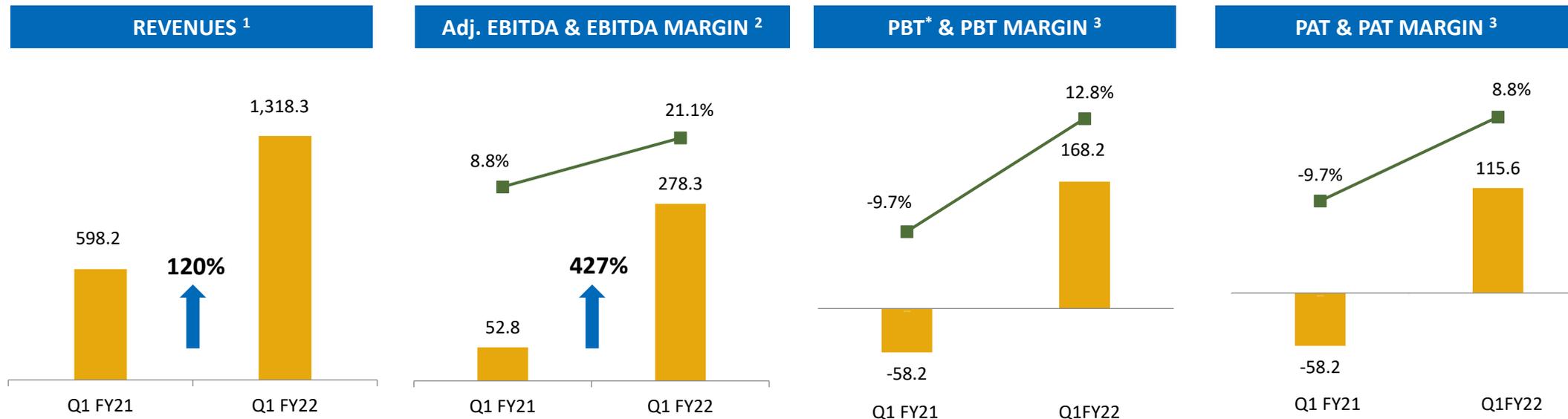
~50.4% sewing machine capacity
utilisation even during the Covid 19
crises

1. Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
2. In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)

Q1 FY22 RESULT – KEY HIGHLIGHTS

Q1 FY22 YoY ANALYSIS

In Rs Mn

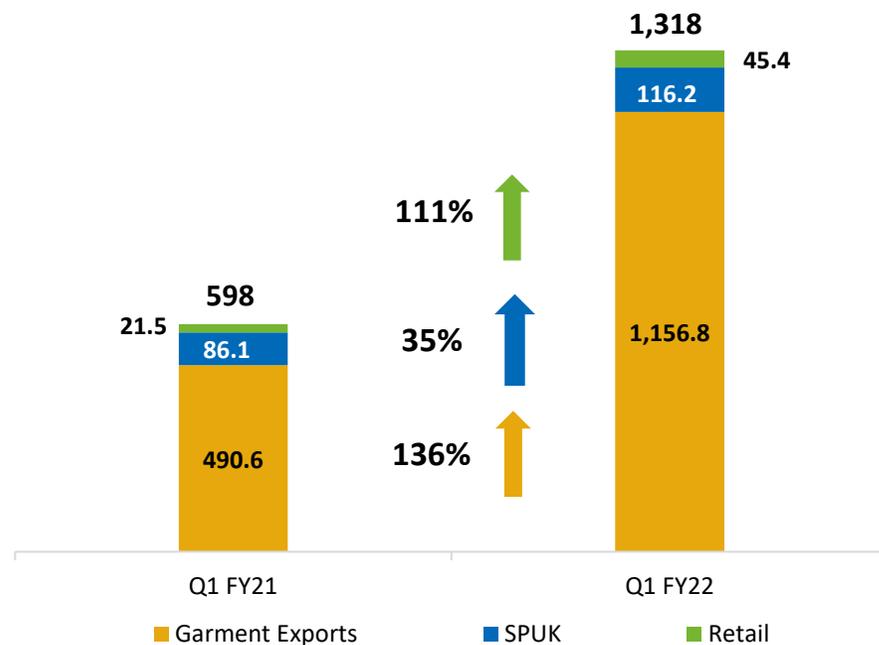


1. Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
2. In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)
3. PBT Margin = Reported PBT / Total Revenues ¹, PAT Margin = Reported PAT / Total Revenues ¹

Q1 FY22 RESULT – DIVISION WISE ANALYSIS

In Rs Mn

Q1 FY22 YoY ANALYSIS – TOTAL REVENUE BREAKUP ¹



DIVISION REVENUES SHARE	Q1 FY21	Q1 FY22
Garment Exports	82.0%	87.7%
SPUK	14.4%	8.8%
Retail	3.6%	3.4%

Adj. EBITDA MARGIN % ²	Q1 FY21	Q1 FY22
Garment Exports	12.7%	26.1%
SPUK	-2.6%	0.3%
Retail	-32.7%	-53.8%

1. Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
2. In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)

FINANCIAL UPDATE:

- **Q1 FY22 total revenues¹ increased by 120% YoY to Rs 1,318 mn**
 - Revenues grew by 136% on a YoY basis in Garment Exports division due to revival in demand from existing customers post covid
 - Revenue grew by 35% on a YoY basis in SPUK division due to easing of lockdown restrictions in UK region
 - Retail division revenue grew by 111% YoY, on account of easing of lockdown restrictions, we expect retail division to continue the growth momentum
 - Recognised RoSCTL incentive of Rs. 85 mn during the quarter
- **Q1 FY22 Adj. EBITDA² stands at Rs.278 mn.; Adj. EBITDA margins is 21.1% vs 8.8% in Q1 FY21**
 - Higher EBITDA was primarily due to the benefit of operating leverage due to strong growth in revenue along with efficiency and cost reduction initiatives
- **Q1 FY22 PBT increased sharply to Rs.168 mn from loss of Rs.58 mn in Q1 FY21**
 - PBT improved due to sharp increase in EBITDA
- **Q1 FY22 PAT saw a sharp rise to Rs.116 mn from loss of Rs. 58 mn in Q1 FY21**
 - PAT Margin stood at 8.8% in Q1 FY22; increased by 1850 bps

1. Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)

2. In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)

3. PBT Margin = Reported PBT / Total Revenues ¹, PAT Margin = Reported PAT / Total Revenues ¹

Q1 FY22 RESULT – CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q1 FY22	Q1 FY21	YoY%	FY21	FY20	YoY%
Revenue from Operations	1,330.8	612.5	117.3%	6,523.1	8,089.7	-19.4%
Gain on account of Foreign Currency Fluctuations	-12.46	-14.3	-	8.8	219.6	-96.0%
Total Revenues	1,318.3	598.2	120.4%	6,531.9	8,309.3	-21.4%
COGS	430.9	207.3	107.9%	2,697.7	3,567.0	-24.4%
Gross Profit	887.4	390.9	127.0%	3,834.2	4,742.3	-19.1%
Gross Margin	67.3%	65.4%	196bps	58.7%	57.1%	163bps
Employee Expenses	324.1	174.7	85.5%	1,491.7	1,961.4	-23.9%
Other Expenses excl. MTM gain / loss on account of Foreign Currency Fluctuations	285.1	163.5	74.4%	1,270.5	1,885.6	-32.6%
Adj. EBITDA	278.3	52.8	427.4%	1,072.0	895.3	19.7%
Adj. EBITDA Margin %	21.1%	8.8%	1229bps	16.4%	10.8%	564bps
MTM (Gain) / Loss on account of Foreign Currency Fluctuations	9.9	-	-	19.8	-155.8	-112.7%
Depreciation	84.2	81.2	3.7%	323.1	299.3	7.9%
Finance Cost	32.0	47.9	-33.2%	142.8	227.8	-37.3%
Other Income excl. Gain on account of Forex Fluctuations	15.9	18.1	-12.0%	5.0	17.5	-71.5%
Exceptional Items	0.0	0.0	-	0.0	97.3	-
PBT	168.2	-58.2	-	591.4	444.1	33.2%
Tax Expense	52.6	-	-	159.7	-25.1	-736.3%
PAT	115.6	-58.2	-	431.7	469.2	-8.0%
PAT Margin %	8.8%	-9.7%	1850bps	6.6%	5.6%	96bps
Earnings Per Share (EPS) In Rs.	4.5	-2.3	-	16.8	18.3	-8.0%

1. Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
2. In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)
3. PAT Margin = Reported PAT / Total Revenues ¹

FY21 – CONSOLIDATED BALANCE SHEET



Particulars (Rs Million)	Mar-20	Mar-21
Equities & Liabilities		
Shareholder's Funds		
Share Capital	256.9	256.9
Other Equity	4,975.3	5,326.9
Total Shareholder's Funds	5,232.2	5,583.9
Minority Interest	-64.2	-64.5
Non-Current Liabilities		
a. Financial Liabilities		
Borrowings (please refer note below)	616.0	547.1
Other Financial Liabilities	132.4	135.8
b. Deferred Tax Liabilities	201.2	301.8
c. Other Non-Current Liabilities	0.0	0.0
Total of Non-current liabilities	949.6	984.8
Current Liabilities		
a. Financial Liabilities		
Borrowings	1,555.2	1,282.1
Trade Payables	845.0	911.4
Other Financial Liabilities	304.6	256.8
b. Other Current Liabilities	21.1	60.0
c. Provisions	81.2	88.1
Total of Current liabilities	2,807.0	2,598.4
Total Liabilities	8,924.7	9,102.5

Particulars (Rs Million)	Mar-20	Mar-21
Assets		
Non-Current Assets		
a. Property, Plant and Equipment	3,964.8	4,007.6
b. Capital work in progress	-	102.4
c. Intangible assets	60.5	59.7
d. Financial Assets		
Investments	1.9	1.9
Loans & Advances	0.6	0.0
Others	176.3	209.8
e. Other non-current assets	21.1	10.4
f. Right of use assets	414.1	372.6
Total non-current assets	4,639.3	4,764.4
Current Assets		
a. Inventories	2,277.6	2,413.5
b. Financial Assets		
Investments	0.0	0.0
Trade Receivables	940.4	1,166.8
Cash & Cash equivalents	463.0	411.8
Others	0.0	0.0
c. Other Current Assets	604.4	346.0
Total current assets	4,285.3	4,338.0
Total Assets	8,924.7	9,102.5

Note : Long term debt includes right to use property obligation close to Rs. 334 Mn



S.P.APPARELS LTD.



Q1 FY22 Results Update

COMPANY OVERVIEW

Financial Overview & Shareholding Structure

www.s-p-apparels.com

BUSINESS OVERVIEW

- SPAL is one of the leading manufacturers and exporters of knitted garments for infants and children in India.
- Provides end-to-end garment manufacturing from greige fabric to finished products including body suits, sleep suits, tops and bottoms.
- Strong promoter pedigree with more than two decades of experience in textile and apparels industry.

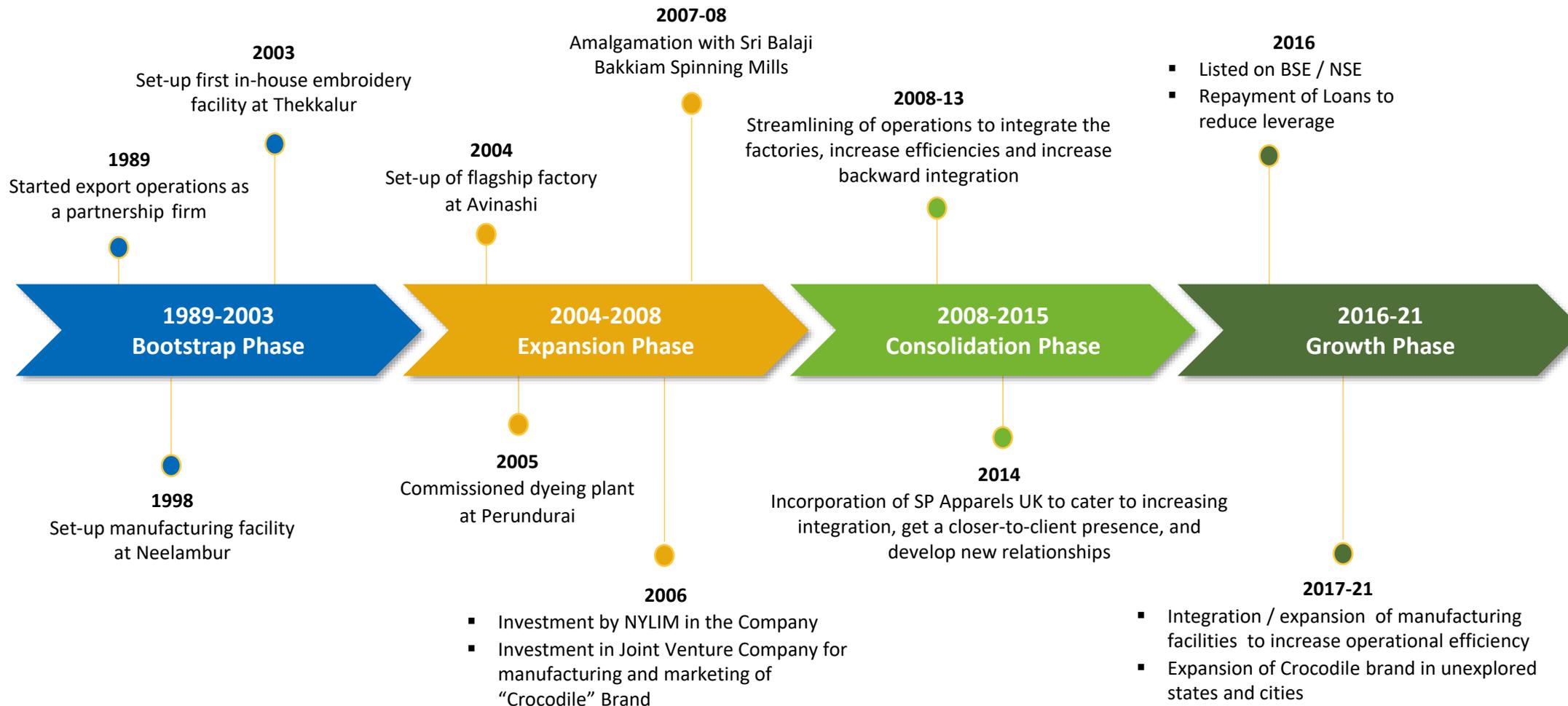
KEY STRENGTHS

- SPAL is a specialized player in the highly challenging infant & children wear knitted garment industry.
- Preferred vendor through long standing relationships with reputed international brands etc.
- Stringent quality compliance, superior in-house product development and certified testing laboratories.
- Demonstrated ability to setup integrated facilities to scale-up operations. Currently operating 26 facilities having close proximity to key raw materials & skilled labour.
- Advanced manufacturing machineries with latest technology and automation.

FINANCIAL OVERVIEW *

- Reported Consolidated Revenues, EBITDA and PAT were Rs 6,523 mn, Rs 1,072 mn and Rs 432 mn in FY21.
- Strong balance sheet with Net Debt to Equity ratio of 0.20x as on Mar-21.
- Improving profitability & return ratios over FY15 to FY21-
 - Reported PAT Margin: 1.7% to 6.6%
 - Cash Adjusted ROCE: 13.4% to 11.5%
 - ROE: 9.6% to 14.1%

OUR EVOLUTION



SPAL IS A SPECIALIZED PLAYER IN THE HIGHLY CHALLENGING INFANT & CHILDREN WEAR KNITTED GARMENT INDUSTRY

INDUSTRY'S UNIQUE CHALLENGES

1

- Labour intensive operations.
- Employee training & skill development.
- Employee occupational health & welfare.

2

- Demands large variety and small batch size orders.
- Highly complex manufacturing.

3

- Stringent safety and quality requirements in developed markets.
- Severe restrictions on the use of chemicals, dyes, accessories and other additives to prevent any side-effects on infants and children.

SPAL'S CORE COMPETENCIES

Demonstrated manufacturing excellence for over two decades

Clear understanding of buyer preferences and specifications of knitted garments and embellished garments in infants and children category

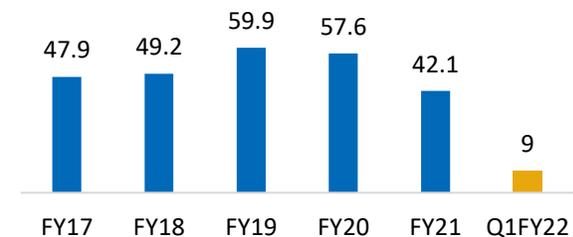
Ability to consistently deliver high quality products on timely basis

Meeting stringent compliance requirements of international customers

Long standing relationships with reputed global brands

SPAL is strongly placed to capitalize on future growth opportunities

SPAL – EXPORTS VOLUMES SOLD IN MILLION



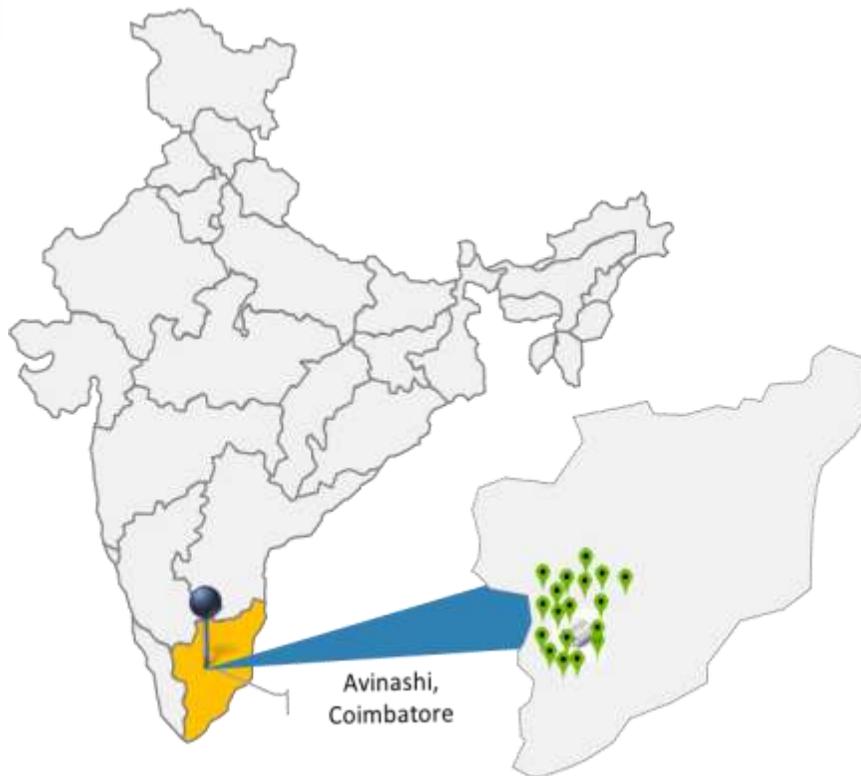
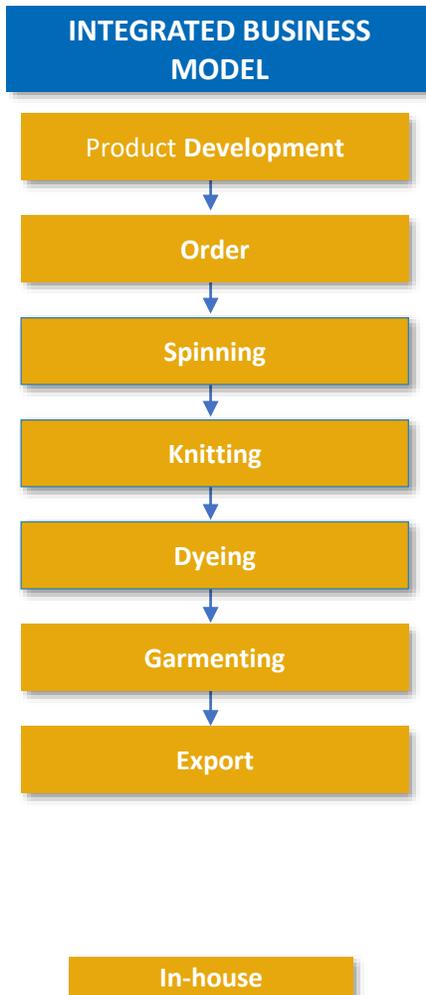
Note: Lower volumes in FY21 on account of Covid-19 related disruptions



SPAL IS THE PREFERRED VENDOR FOR KNITTED GARMENTS FOR INFANTS AND CHILDREN TO REPUTED INTERNATIONAL BRANDS AND RETAILERS

WHY SPAL?

- Expertise to concurrently manage multiple large orders with a diversified product range including body suits, sleep suits, tops and bottoms.
- Ethically, Environmentally and Socially compliant organization.
- No bulk returns from customers since inception.
- Ability to offer end-to-end garments manufacturing services from the design to the manufacture of the garments.



LOCATION ADVANTAGE:

- All 18 manufacturing facilities are located within a radius of ~125 km of our Registered Office near Tirupur (leading hub in India for knitted garments for children and exports) leading to significant economies of scale.
- Convenient access to skilled labour and raw materials and also to machinery supplies and replacement parts.
- Significant savings in production, labour and transportation costs.
- Close proximity to international port.

TECHNOLOGY & AUTOMATION:

- Eton conveyor production system (automated sewing assembly line and workflow control).
- ASRS* for efficient warehouse / inventory management.
- Orgatex software system for automation of dyeing related processes.

* ASRS: Advanced semi-automated storage and retrieval system

STRATEGICALLY LOCATED & INTEGRATED MANUFACTURING FACILITIES

Spinning



Dyeing



STRATEGICALLY LOCATED & INTEGRATED MANUFACTURING FACILITIES

Printing



Automated Embroidery



Sewing



Automated Sewing Assembly Line



Semi-Automated Inventory Management



STRONG DESIGN IS SPAL'S CORE COMPETENCY

- SPAL's core competency lies in understanding latest fashion and trends to suit the customers buying preferences.
- Dedicated in-house design and merchandising team of designers located at our Corporate Office in India and design consultants hired by our Subsidiary, SPUK.
- Use of latest technology for developing products and styles which are based on prevalent fashion trends.
- Design development, sampling and fitment form an integral part of our operations and are considered as an effective tool for converting customer's need into a finished product.



- Strong adherence to the highest standards of quality, assurance and compliance.
- Stringent quality control checks consisting of inspection and testing of fabric, greige and processed yarn, trims, accessories, packing materials and of each piece of garment for metal bits/needle tips/sharp edges prior to packing.
- Exercise stringent Quality check at every stage of manufacturing.
- All individual pieces of garments are also physically inspected to ensure that no defective/damaged pieces are delivered to our customers.
- Internal rejection rate is low as compared to international standards.

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 'F&F Gold Rated Supplier Award' 2013



Marks and Spencer award 2011



SPAL's PRESENCE ACROSS LARGE FORMAT STORES



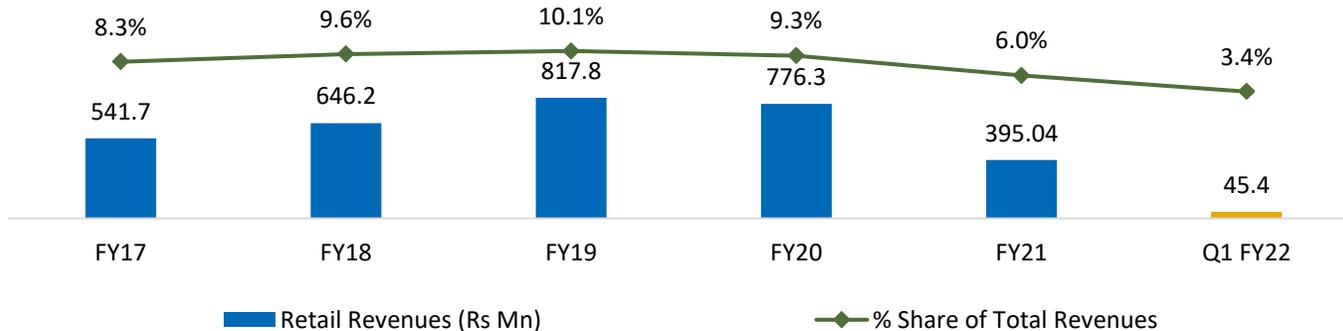
SPAL IS STRENGTHENING ITS RETAIL PRESENCE BY EXPANDING THE REACH OF CROCODILE BRAND

- SPAL undertakes manufacturing and retailing activities in India under the 'Crocodile' brand.
- SPAL sells wide range of adult menswear products like shirts, polo shirts, t-shirts, trousers, jeans, sweaters, jackets and innerwear products like vests, briefs, boxer shorts.
- In addition to EBOs and MBOs, we are also present in large format stores and e-commerce platforms.
 - Large format stores (LFS) – Central, Megamart, Centro, D Mart, Unlimited, Globus, Reliance Market, Walmart, Brand Factory.
 - E-Commerce platforms – Myntra, Jabong.

OUR RETAIL STORE PRESENCE



SPAL – RETAIL OPERATIONS *



* Figures are as per I-GAAP for FY15-16 and IND-AS since FY17

QUALIFIED MANAGEMENT WITH DEEP UNDERSTANDING OF APPAREL SECTOR



Mr P. Sundararajan
Chairman and Managing Director

- Founder director of SPAL with 35 years of experience in the textile and apparel industry
- Bachelor of Science from the Bangalore University



Ms S. Latha
Executive Director

Founder director of SPAL with 28 years of experience in the textile and apparel industry



Mr S. Chenduran
Director

- Six years of experience in the textile and apparel industry
- MS in Business and Management from the University of Strathclyde

Ms P.V. Jeeva, Chief Executive Officer

- 34 years of experience in the textile and apparel industry
- Handles garments division and has been associated with SPAL since July, 1986
- Diploma in textile processing from GRG Polytechnic College, Coimbatore

Mr V. Balaji, Chief Finance Officer

- 20 years of experience in the field of finance and accounts
- Associated with SPAL since May 2012
- Qualified Chartered Accountant
- Helped in managing banking relationships to aid the growth of the Company



Mr A.S. Anandkumar
Independent Director

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



Mrs H .Lakshmi Priya
Independent Director

- 20+ years of experience in corporate advisory, contract documentation, private equity & venture capital
- BA, LLB (Hons) from National Law School of India University, Bangalore in 1996 and is a member of the Bar council of Maharashtra and Goa since 1999



Mr C. R. Rajagopal
Independent Director

- Core areas of expertise - finance, private equity, mergers, acquisitions and reorganisations
- Chartered Accountant having 35+ years of experience



Mr V. Sakthivel
Independent Director

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



S.P.APPARELS LTD.



Q1 FY22 Results Update

Company Overview

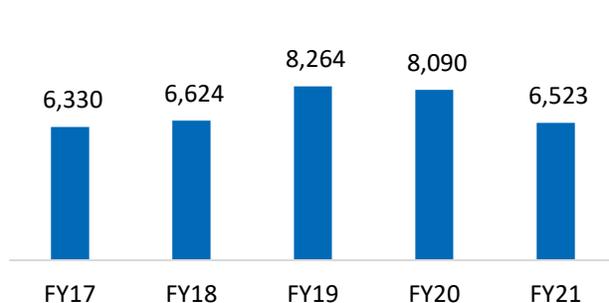
**FINANCIAL OVERVIEW &
SHAREHOLDING STRUCTURE**

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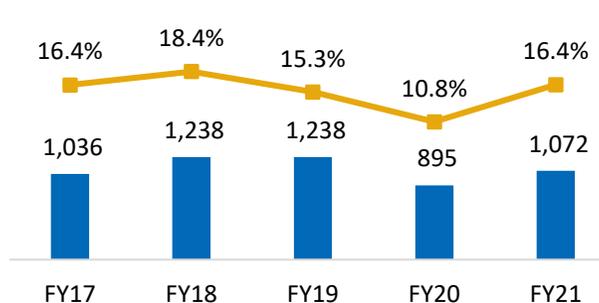
FINANCIAL OVERVIEW

In Rs Million

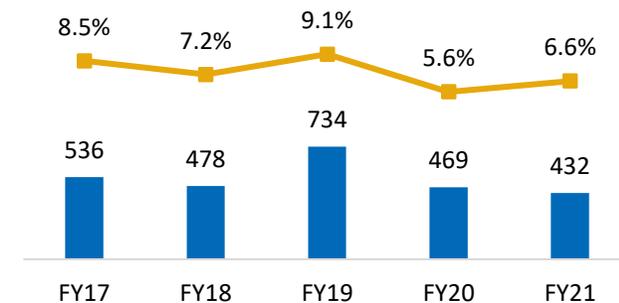
REVENUES



Adj. EBITDA & EBITDA MARGIN

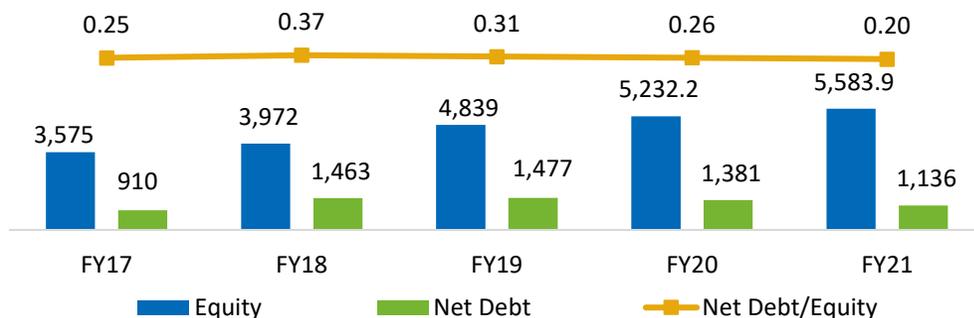


PAT Before MI & PAT MARGIN



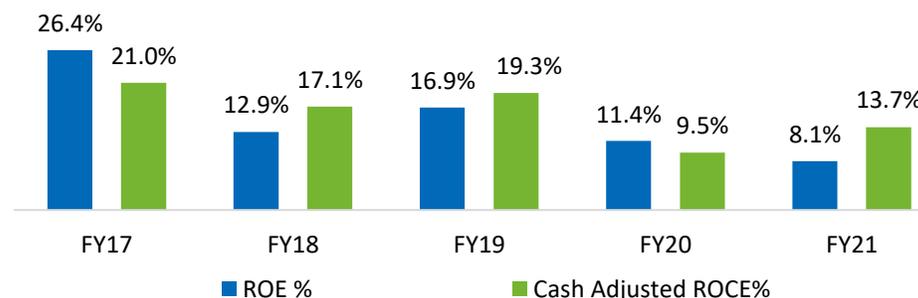
* Excludes exceptional item of write-off of amount considered recoverable from a bank on account of matured foreign currency contracts as of April 1, 2011

LEVERAGE ANALYSIS



Net Debt = Total Debt – Cash & Current Investments, For FY 20 Long term debt includes right to use property obligation close to Rs. 360 Mn

RETURN METRICS

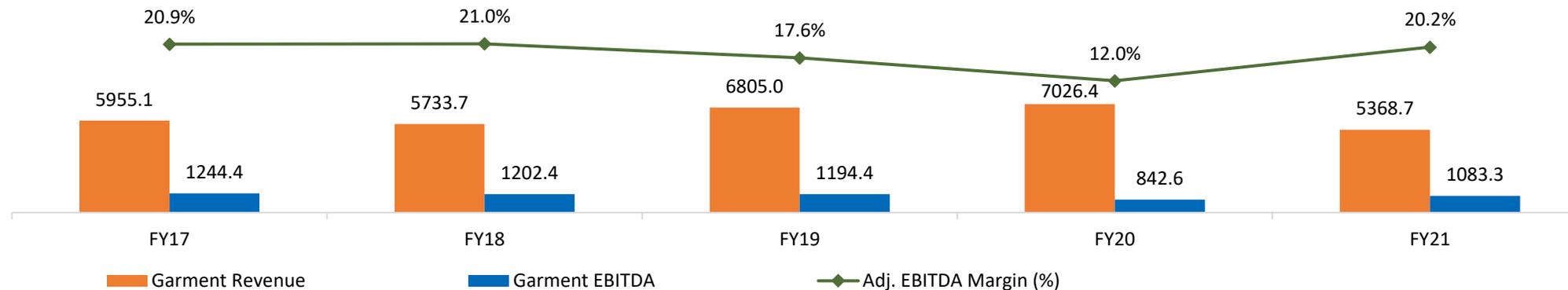


ROE = PAT before MI / Avg. Equity (Excl. preference shares) + MI (based on cash adjusted PAT)
Cash Adj. ROCE = EBIT / Avg. Capital Employed (excl. cash & current investments),

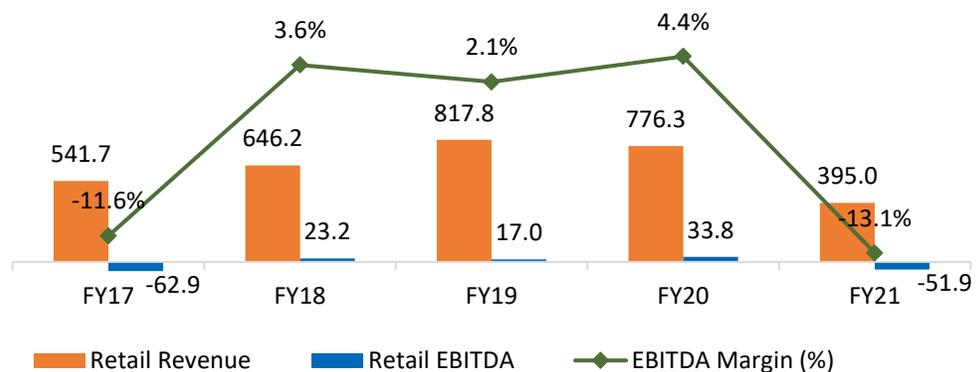
DIVISION-WISE EBITDA PERFORMANCE

In Rs Million

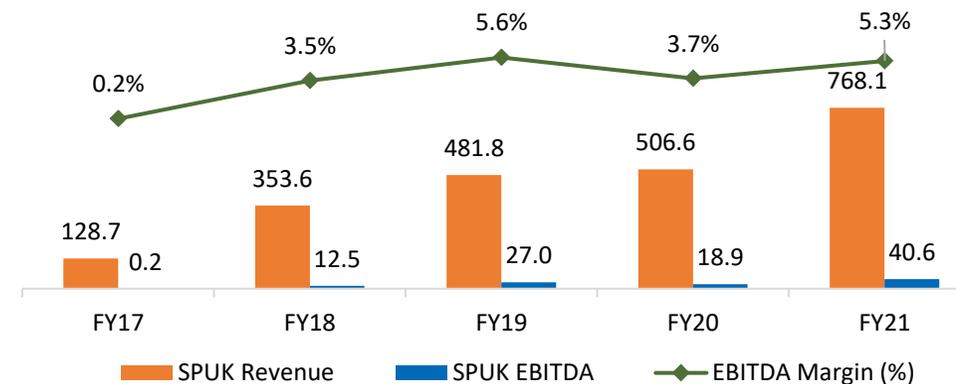
GARMENT DIVISION



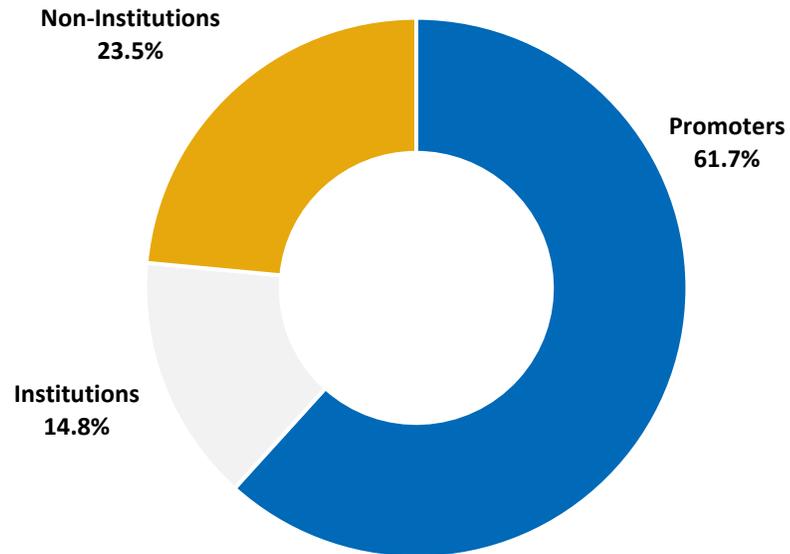
RETAIL DIVISION



SPUK



SHAREHOLDING PATTERN – 30th June 2021



Source: BSE

KEY SHAREHOLDERS – 30th June 2021

DSP Mutual Fund	6.16%
UTI Mutual Fund	5.18%
ICICI Prudential Mutual Fund	3.40%



S.P.APPARELS LTD.

FOR FURTHER QUERIES:



S.P.APPARELS LTD.

Mr. V. Balaji
Chief Financial Officer
Email: balaji.v@spapparels.com

DICKENSON

Ms.Pushpa Mani /Mr. Chintan Mehta
IR Consultant
Email: s.p.apparels@dickensonworld.com
Contact no: +91 9911684123/ 9892183389

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