



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

12th February, 2022

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 Q3 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.

Investor Presentation

Q3 & 9M FY22 Results Update

February 2022





S.P.APPARELS LTD.

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- Q3 & 9M FY22 Results Update
- Company Overview
- Financial Overview & Shareholding Structure

Disclaimer

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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.

Q3 & 9M FY22 Results Update



9M FY22 - Key Highlights

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33% YoY ↑

Growth in Total Revenue¹



32% YoY ↑

Growth in Gross Profit



37% YoY ↑

Growth in Adj. EBITDA



82% YoY ↑

Growth in Profit after Tax



31% ↓

Decrease in Finance Cost



PAT stands at

Rs.594 mn



266 bps ↑

Expansion in PAT Margin



40% YoY ↑

Increase in Garments Revenue



35.3 mn ↑

Pieces exported up by 20% YoY



Net Debt

reduced by 19% YoY, stands at

1,046 mn



Rs.27.25 ↑

TTM EPS increased by 98% YoY

Notes:

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)

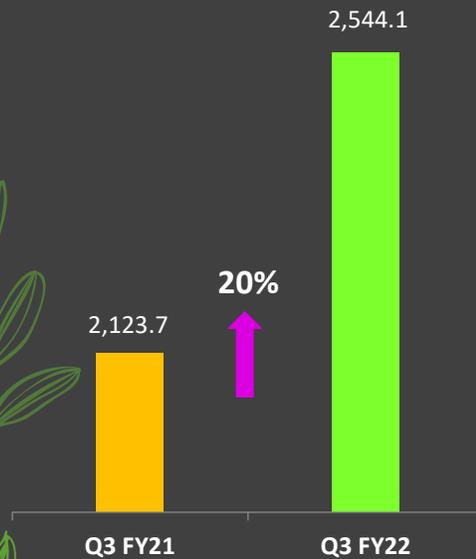


Q3 FY22 Result - Key Highlights

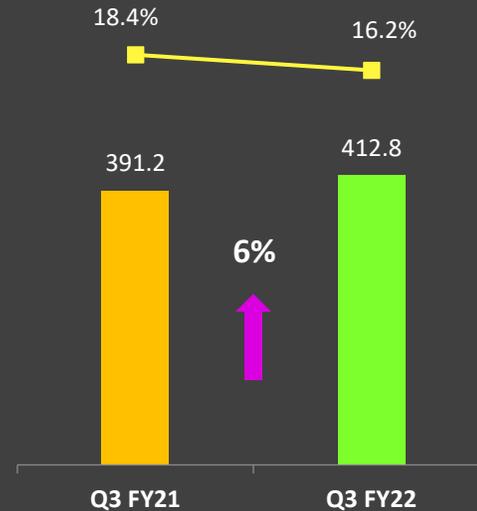
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In Rs Mn

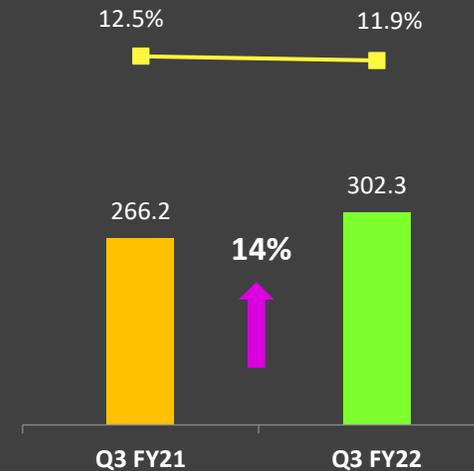
REVENUES ¹



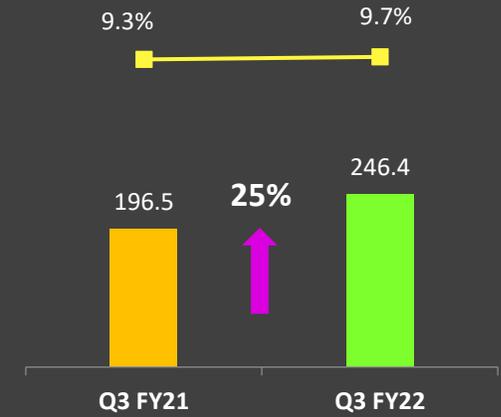
Adj. EBITDA & EBITDA MARGIN ²



PBT* & PBT MARGIN ³



PAT & PAT MARGIN ³



Notes:

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

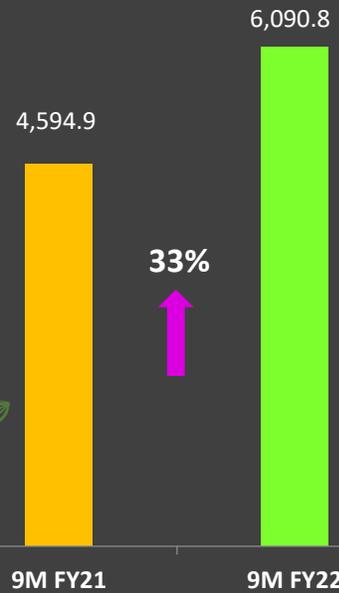


9M FY22 Result - Key Highlights

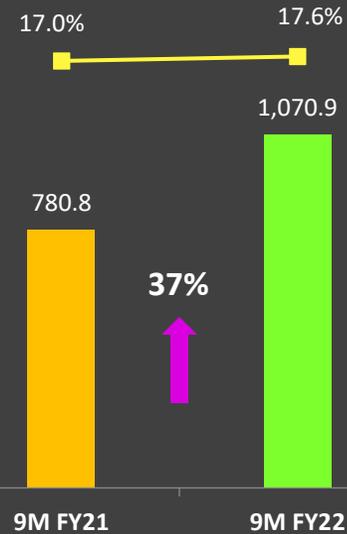
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In Rs Mn

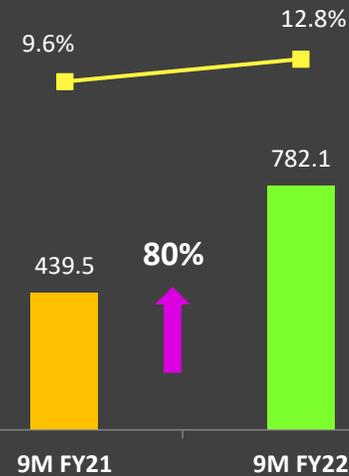
REVENUES ¹



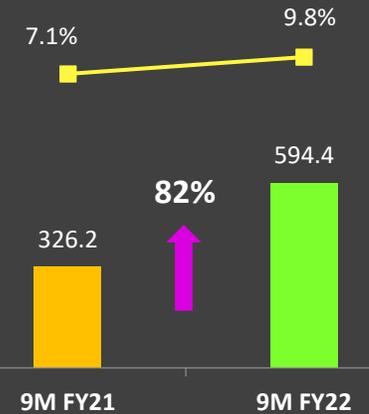
Adj. EBITDA & EBITDA MARGIN ²



PBT* & PBT MARGIN ³



PAT & PAT MARGIN ³



Notes:

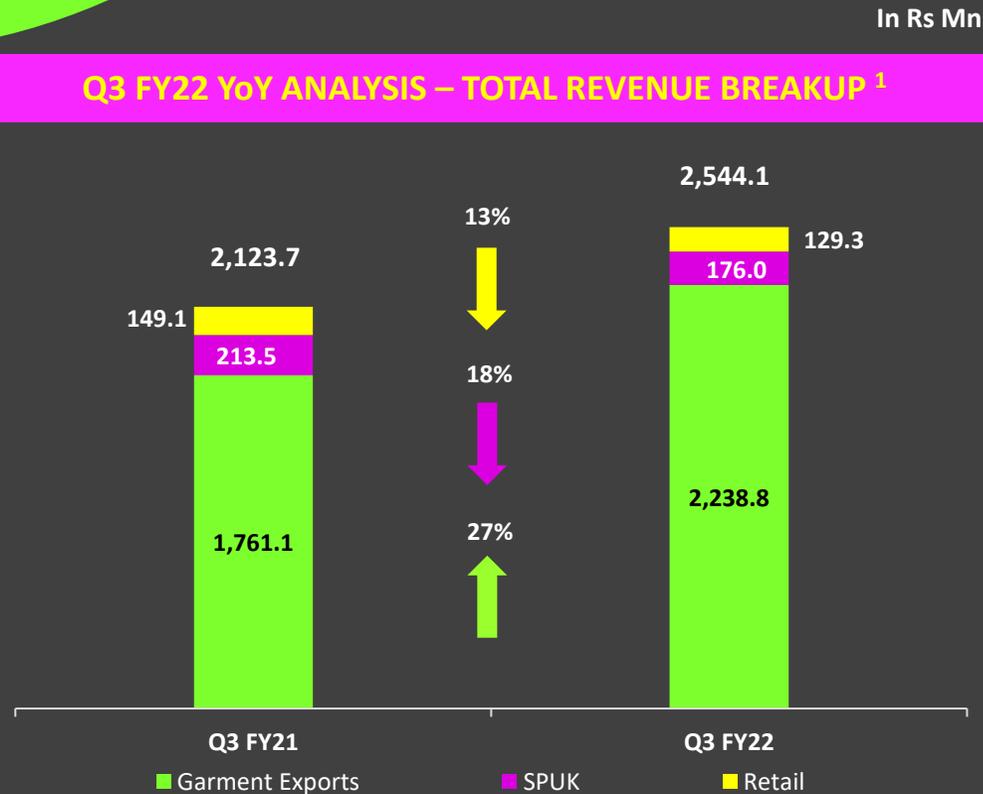
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Q3 FY22 – Division Wise Analysis

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Q3 FY22 YoY ANALYSIS – TOTAL REVENUE BREAKUP ¹



DIVISION REVENUES SHARE	Q3 FY21	Q3 FY22
Garment Exports	82.9%	88.0%
SPUK	10.1%	6.9%
Retail	7.0%	5.1%

Adj. EBITDA MARGIN % ²	Q3 FY21	Q3 FY22
Garment Exports	21.7%	19.7%
SPUK	7.2%	3.6%
Retail	-4.2%	-25.9%

Notes:

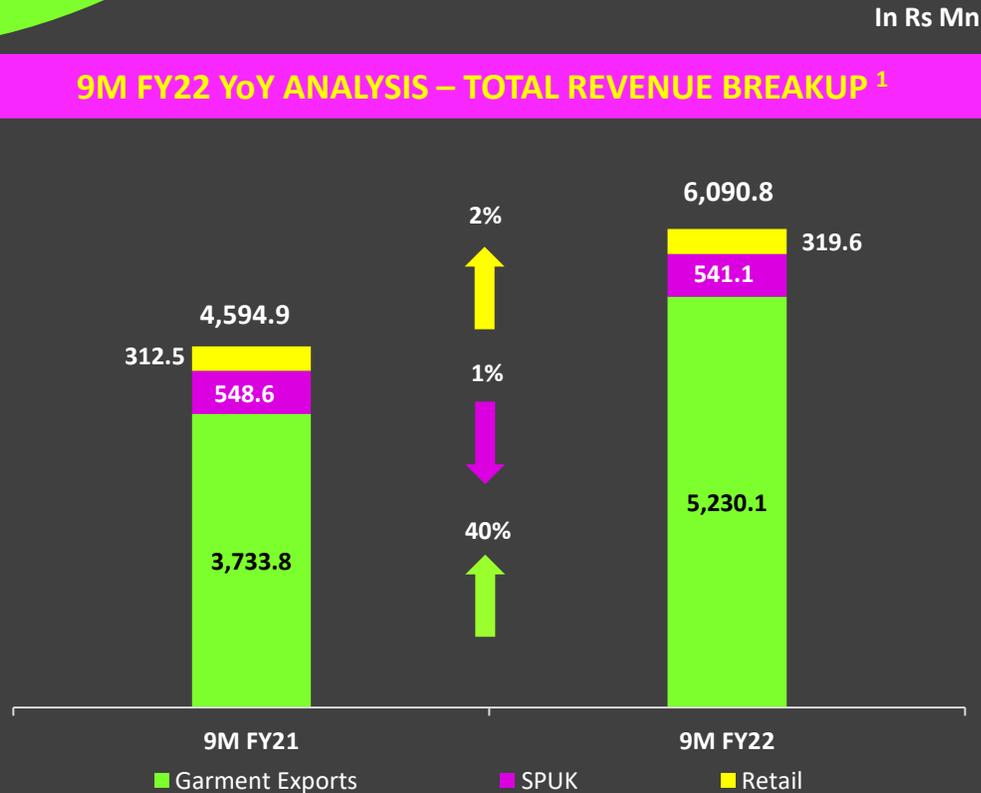
- Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
- In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)



9M FY22 - Division Wise Analysis

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9M FY22 YoY ANALYSIS – TOTAL REVENUE BREAKUP ¹



DIVISION REVENUES SHARE	9M FY21	9M FY22
Garment Exports	81.3%	85.9%
SPUK	11.9%	8.9%
Retail	6.8%	5.2%

Adj. EBITDA MARGIN % ²	9M FY21	9M FY22
Garment Exports	20.1%	21.2%
SPUK	6.3%	2.7%
Retail	-2.0%	-16.8%

Notes:

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



9M FY22 - Key Analysis

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9M FY22 total revenues¹ increased by 33% YoY to Rs 6,091 mn

- ❖ Revenues grew by 40% on a YoY basis in Garment Exports division due to traction in demand from existing customers
- ❖ Revenue de-grew by 1.4% on a YoY basis in SPUK division due to disruptions caused by Omicron in UK/Europe Region
- ❖ Retail division revenue marginally grew by 2% YoY, despite the disruptions caused by COVID-19 third wave
- ❖ Inhouse spinning facility gives us an edge on the back of rising yarn prices and strict quality control

9M FY22 Adj. EBITDA² stands at Rs.1,071 mn. up by 37% YoY. Adj. EBITDA margins stood at 17.6%

- ❖ Higher EBITDA was primarily due to the benefit of operating leverage due to strong growth in revenue along with efficiency and cost reduction initiatives

9M FY22 PBT increased sharply to Rs.782 mn from Rs.440 mn in 9M FY21, up by 78% YoY

- ❖ PBT improvement was aided by reduction in finance cost by 31% YoY to Rs.82 mn. Sharp reduction in finance cost was mainly due to reduction of gross debt by 24% to Rs.1,296 mn as on Dec.21 from Rs. 1,700 mn as on Dec.20

9M FY22 PAT saw a sharp rise of 82% YoY to Rs.594 mn from Rs. 326 mn in 9M FY21

- ❖ PAT Margin stood at 9.8% in 9M FY22; increased by 266 bps

Notes:

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



Q3 & 9M FY22 Result - Consolidated Profit & Loss Statement

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Particulars (In Rs Mn)	Q3 FY22	Q3 FY21	YoY %	9M FY22	9M FY21	YoY %
Revenue from Operations	2,503.1	2,095.4	19.5%	6,055.3	4,606.9	31.4%
Gain on account of Foreign Currency Fluctuations	41.0	28.3	44.6%	35.5	-12.0	-
Total Revenues	2,544.1	2,123.7	19.8%	6,090.8	4,594.9	32.6%
COGS	1,159.5	873.5	32.7%	2,437.5	1,830.2	33.2%
Gross Profit	1,384.6	1,250.2	10.7%	3,653.3	2,764.7	32.1%
Gross Margin	54.4%	58.9%	-444bps	60.0%	60.2%	-19bps
Employee Expenses	527.8	460.8	14.6%	1,372.3	1,040.9	31.8%
Other Expenses excl. MTM gain / loss on account of Foreign Currency Fluctuations	444.0	398.2	11.5%	1,210.2	942.9	28.3%
Adj. EBITDA	412.8	391.2	5.5%	1,070.9	780.8	37.1%
Adj. EBITDA Margin %	16.2%	18.4%	-220bps	17.6%	17.0%	59bps
MTM (Gain) / Loss on account of Foreign Currency Fluctuations	-11.5	2.6	-	-36.0	-3.9	-
Depreciation	85.5	85.0	0.6%	255.9	247.4	3.4%
Finance Cost	36.5	37.5	-2.8%	82.1	119.2	-31.2%
Other Income excl. Gain on account of Forex Fluctuations	0.0	0.0	-	13.1	21.5	-38.9%
PBT	302.3	266.2	13.6%	782.1	439.5	77.9%
Tax Expense	55.9	69.7	-19.7%	187.6	113.4	65.5%
PAT	246.4	196.5	25.3%	594.4	326.2	82.3%
PAT Margin %	9.7%	9.3%	43bps	9.8%	7.1%	266bps
Earnings Per Share (EPS) In Rs.	9.59	7.65	25.4%	23.14	12.69	82.3%

Notes:

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



Q2 & H1 FY22 - Consolidated Balance Sheet

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Particulars (Rs Million)	Mar-21	Sep-21
Equities & Liabilities		
Shareholder's Funds		
Share Capital	256.9	256.9
Other Equity	5,326.9	5,626.5
Total Shareholder's Funds	5,583.9	5,883.4
Minority Interest	-64.5	-64.6
Non-Current Liabilities		
a. Financial Liabilities		
Borrowings (please refer note below)	547.1	594.8
Other Financial Liabilities	135.8	136.2
b. Deferred Tax Liabilities	301.8	318.0
c. Other Non-Current Liabilities	0.0	0.0
Total of Non-current liabilities	984.8	1,049.0
Current Liabilities		
a. Financial Liabilities		
Borrowings	1,282.1	1,599.7
Trade Payables	911.4	869.9
Other Financial Liabilities	256.8	322.2
b. Other Current Liabilities	60.0	116.7
c. Provisions	88.1	87.5
Total of Current liabilities	2,598.4	2,996.0
Total Liabilities	9,102.5	9,863.9

Particulars (Rs Million)	Mar-21	Sep-21
Assets		
Non-Current Assets		
a. Property, Plant and Equipment	4,007.6	3,959.0
b. Capital work in progress	102.4	188.1
c. Intangible assets	59.7	59.3
d. Financial Assets		
Investments	1.9	34.0
Loans & Advances	0.0	0.0
Others	209.8	208.4
e. Other non-current assets	10.4	10.4
f. Right of use assets	372.6	351.8
Total non-current assets	4,764.4	4,811.1
Current Assets		
a. Inventories	2,413.5	2,796.6
b. Financial Assets		
Investments	0.0	0.0
Trade Receivables	1,166.8	1,432.2
Cash & Cash equivalents	411.8	385.8
Others	0.0	0.0
c. Other Current Assets	346.0	438.2
Total current assets	4,338.0	5,052.8
Total Assets	9,102.5	9,863.9

Notes:

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





S.P.APPARELS LTD.

Company Overview



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 Yarn to finished products including body suits, sleep suits, tops and bottoms.
- ❖ Strong promoter pedigree with more than three 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 18 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%

Notes:

ROE = PAT before MI / Avg. Equity (Excl. preference shares) + MI

Cash Adj. ROCE = EBIT / Avg. Capital Employed (excl. cash & current investments),



Our Evolution

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1989

Started export operations as a partnership firm

1998

Set-up manufacturing facility at Neelambur

2003

Set-up first in-house embroidery facility at Thekkalur



1989-2003
Bootstrap Phase

2004

Set-up of flagship factory at Avinashi

2005

Commissioned dying plant at Perundurai

2006

- Investment by NYLIM
- Investment in Joint Venture for manufacturing and marketing of "Crocodile" Brand

2007-08

Amalgamation with Sri Balaji Bakkiam Spinning Mills



2004-2008
Expansion Phase

2008-13

Streamlining of operations to integrate the factories, increase efficiencies and increase backward integration

2014

Incorporation of SP Apparels UK to cater to increasing integration, get a closer-to-client presence, and develop new relationships



2008-2015
Consolidation Phase

2016

- Listed on BSE / NSE
- Repayment of Loans to reduce leverage

2017-21

- Integration / expansion of manufacturing facilities to increase operational efficiency
- Expansion of Crocodile brand in unexplored states and cities in India



2016-21
Growth Phase



Leading Exporter of Infant & Children Wear in India

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

INDUSTRY'S UNIQUE CHALLENGES



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



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



- ❖ 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
- ❖ Company is working towards sustainable growth by continuously working on improving its ESG matrix

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



Preferred Vendor To Reputed International Brands

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Strong Pedigree

Leading children wear manufacturer under the leadership of Mr. Sundararajan, CMD with more than 35 years of experience in apparel industry



Brand Signatures

More than 3 decades of expertise in infant and children wear. We are approved suppliers to almost all major children wear brands



Integrated Manufacturing

100% Backward integrated right from product development to garmenting helps us to give the best superior quality products to customers



Location Advantage

Located near Tirupur - hub for knitted children garments, convenient access to skilled labour, raw material and proximity to international port

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

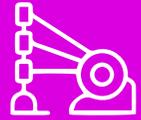
WHY SPAL?

- ❖ 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.



Strategically Located & Integrated Manufacturing Facilities

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SPINNING



KNITTING



DYEING



Strategically Located & Integrated Manufacturing Facilities

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CUTTING



PRINTING



AUTOMATED EMBROIDERY

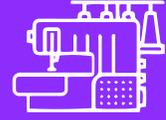


Strategically Located & Integrated Manufacturing Facilities

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SEWING



**AUTOMATED SEWING
ASSEMBLY LINE**



**SEMI-AUTOMATED
INVENTORY
MANAGEMENT**



Strong In-house Design Expertise

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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.



Stringent Quality Controls & Compliance

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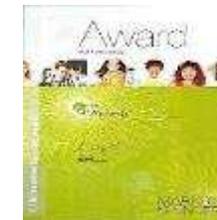
- ❖ Strong adherence to the highest standards of quality, assurance and compliance.
- ❖ Stringent quality control checks consisting of inspection and testing of fabric, greige and processed yarn, trims, accessories, packing materials and of each piece of garment for metal bits/needle tips/sharp edges 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



Qualified Management with Deep Understanding of Apparel Sector

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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
- Plays a key role in managing banking relationships to aid the company's growth



Board Of Directors - Wide Spectrum of Experience

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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 Institute of 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





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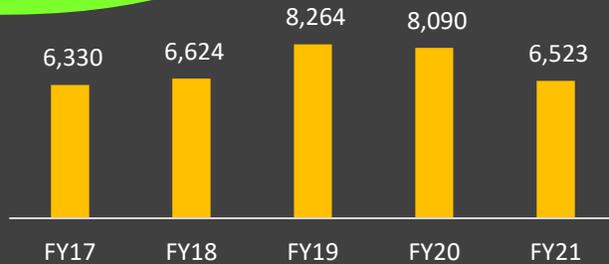
Financial Overview & Shareholding Structure



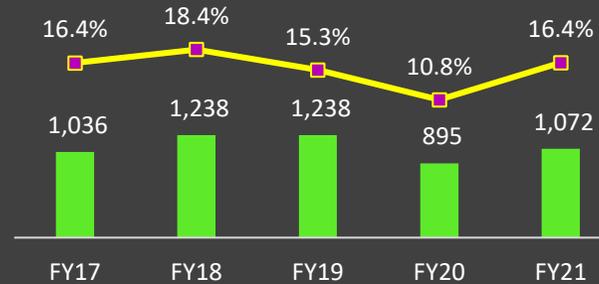
Financial Overview

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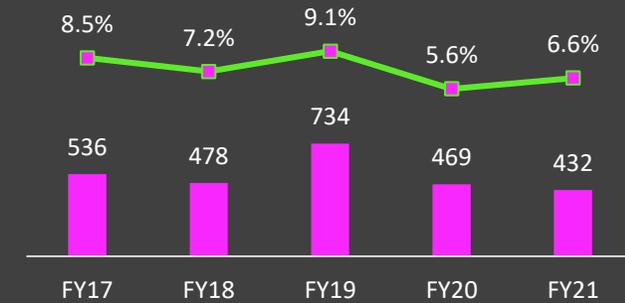
REVENUES



Adj. EBITDA & EBITDA MARGIN

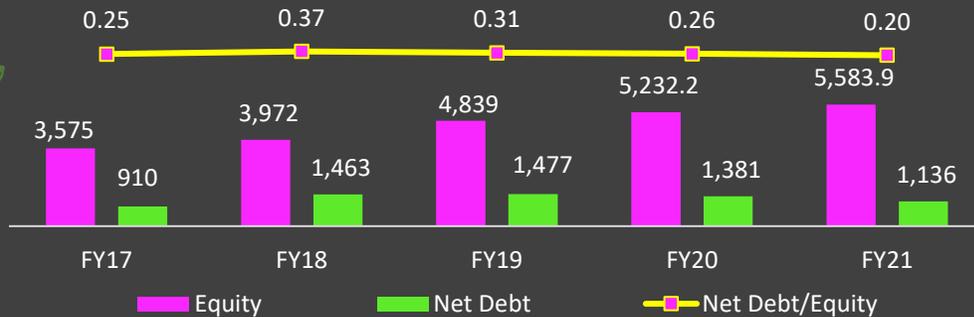


PAT Before MI & PAT MARGIN

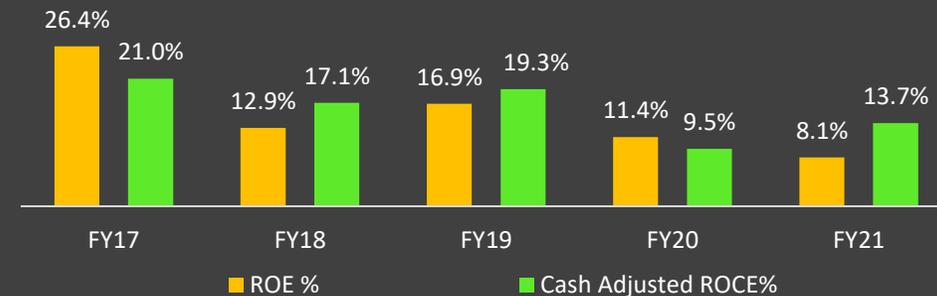


* Excludes exceptional item of write-off of amount considered recoverable from a bank on account of matured foreign currency contracts as of April 1, 2011

LEVERAGE ANALYSIS



RETURN METRICS



Notes:

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

Notes:

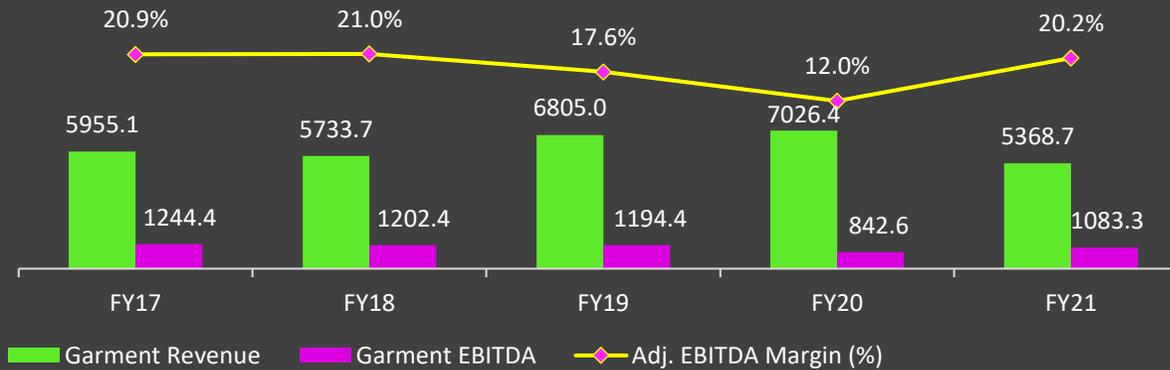
ROE = PAT before MI / Avg. Equity (Excl. preference shares) + MI (based on cash adjusted PAT)
Cash Adj. ROCE = EBIT / Avg. Capital Employed (excl. cash & current investments),



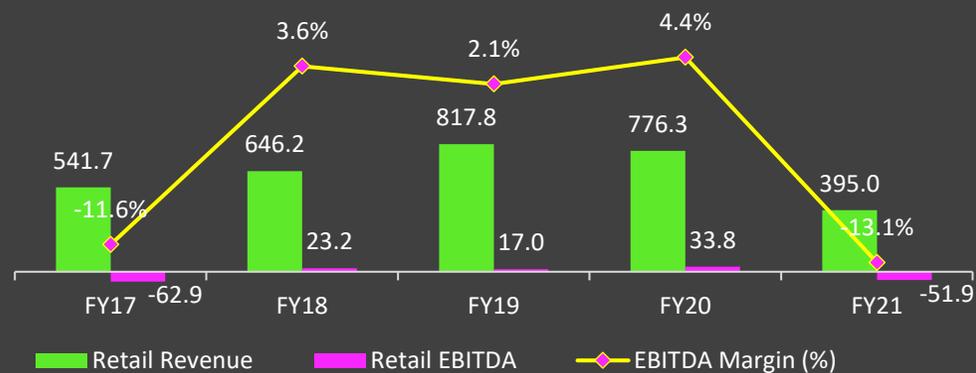
Division-wise EBIDA Performance

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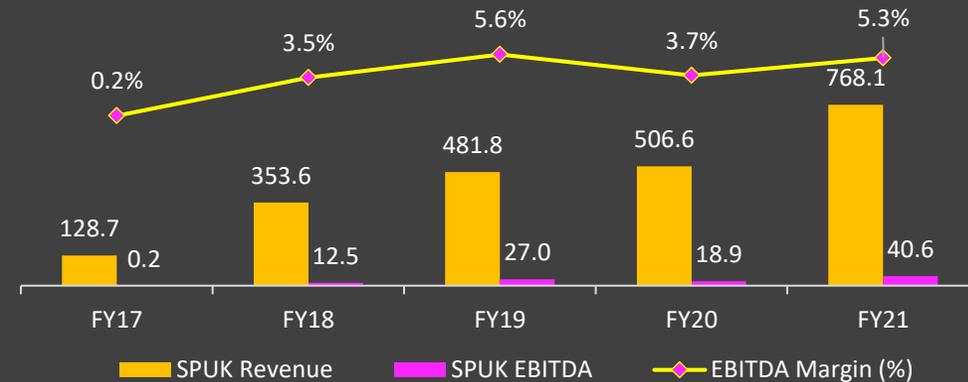
GARMENT DIVISION



RETAIL DIVISION



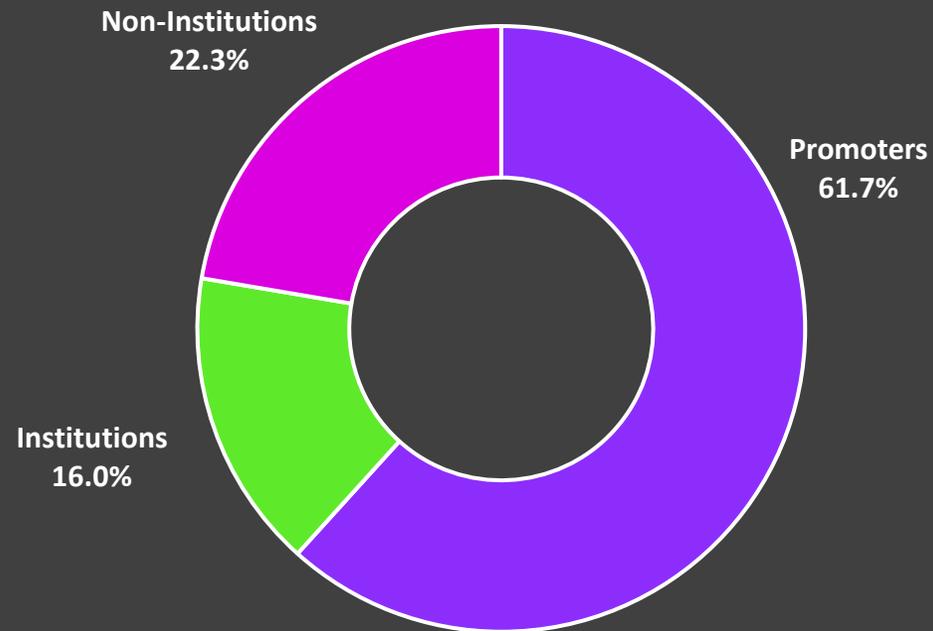
SPUK



Shareholding Structure

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SHAREHOLDING PATTERN – 4th February 2021



Source: BSE

KEY SHAREHOLDERS – 4th February 2021

DSP Mutual Fund	6.95%
UTI Mutual Fund	4.12%
ICICI Prudential Mutual Fund	3.46%
Euro Asia Agencies Limited, Hong Kong	1.34%
Dolly Khanna	1.00%
Quant Mutual Fund	0.45%





S.P.APPARELS LTD.

For Further Queries:

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

www.s-p-apparels.com

DICKENSON

Ms. Pushpa Mani /Mr. Chintan Mehta
IR Consultant

Email: s.p.apparels@dickensonworld.com
Contact no: +91 9911684123/ 9892183389