



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



01st November, 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 Q 2 FY 23 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

H1 & Q2 FY23 Results Update

November 2022





S.P.APPARELS LTD.

Contents

- [H1 & Q2 FY23 Results Update](#)
- [Company Overview](#)
- [Financial Overview & Shareholding Structure](#)

Disclaimer

3

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.

HI & Q2 FY23 Results Update



H1 FY23 - Key Highlights

5



60% YoY ↑

Growth in Total Revenue¹



39% YoY ↑

Growth in Gross Profit



48% YoY ↑

Growth in Adj. EBITDA



40% YoY ↑

Growth in Profit after Tax



69% ↑

Increase in Garment Revenue



PAT stands at ↑

Rs.487 mn



72%

Capacity Utilisation



Stable operations in SP UK with revival in Retail



31.2 mn ↑

Pieces exported up by 43% YoY



68% increase in Cash % Cash Equivalents YoY as on H1FY23



Rs.18.96 ↑

EPS increased by 40% 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)

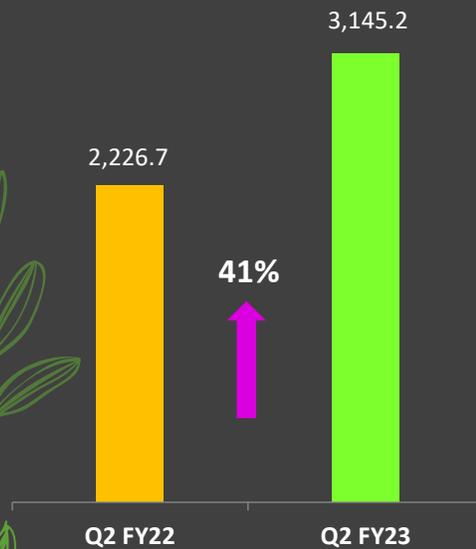


Q2 FY23 Result - Key Highlights

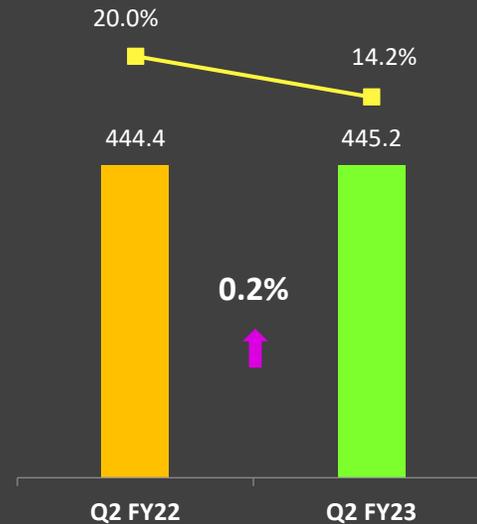
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In Rs Mn

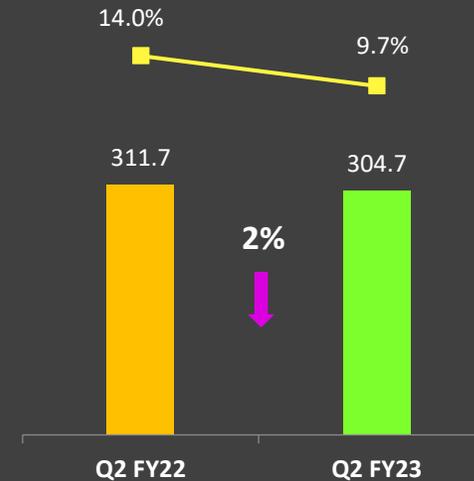
REVENUES ¹



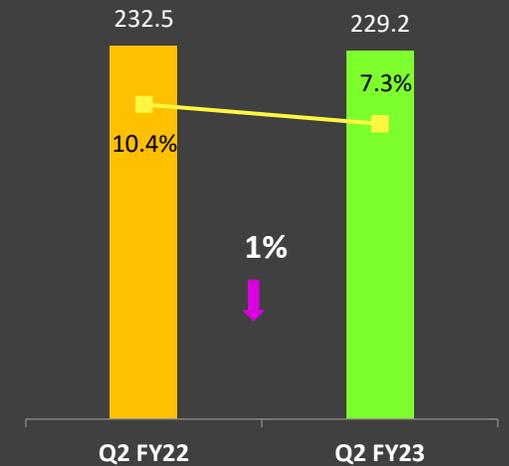
Adj. EBITDA & EBITDA MARGIN ²



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

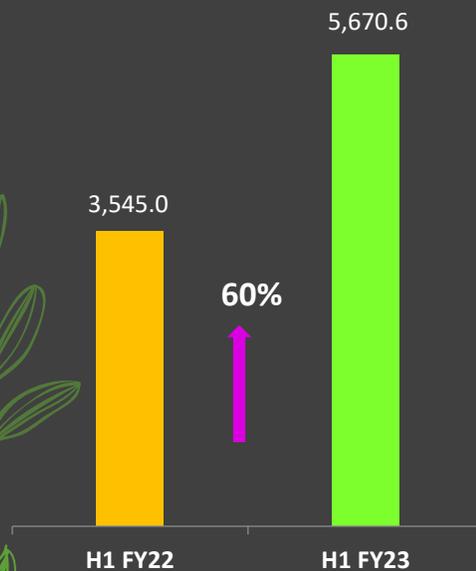


H1 FY23 Result - Key Highlights

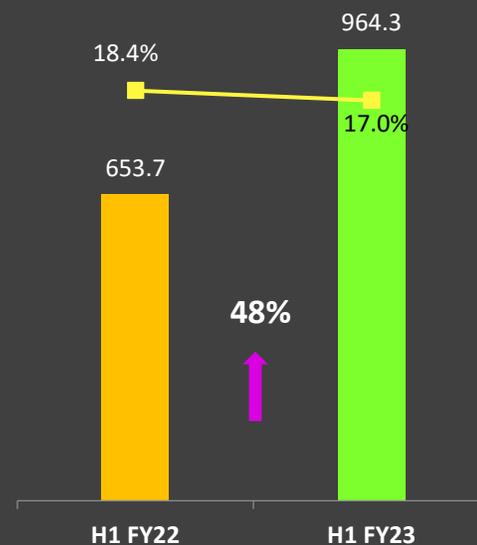
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In Rs Mn

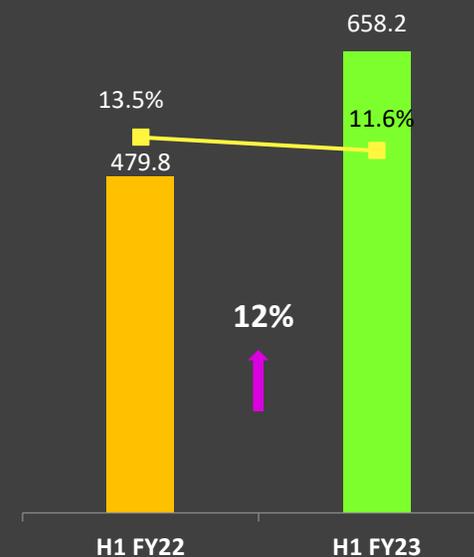
REVENUES ¹



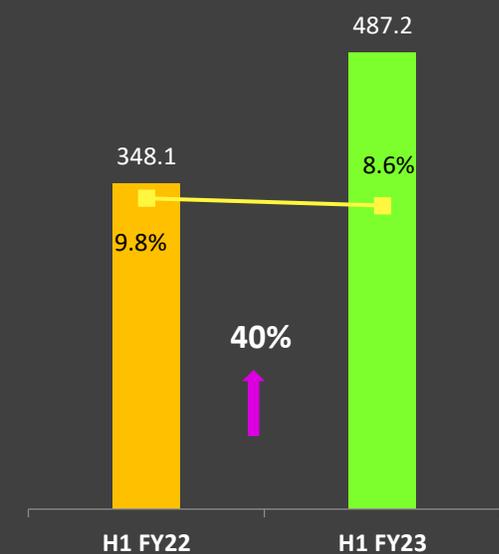
Adj. EBITDA & EBITDA MARGIN ²



PBT* & PBT MARGIN ³



PAT & PAT MARGIN ³



Notes:

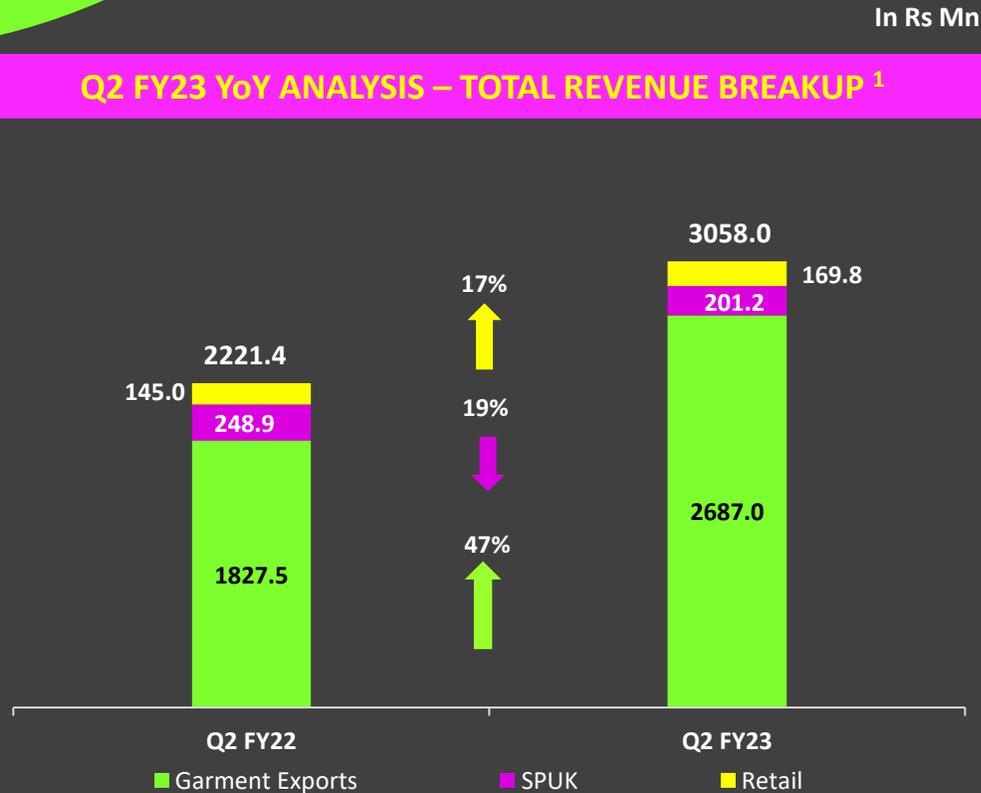
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3. PBT Margin = Reported PBT / Total Revenues ¹, PAT Margin = Reported PAT / Total Revenues ¹



Q2 FY23 – Division Wise Analysis

8

Q2 FY23 YoY ANALYSIS – TOTAL REVENUE BREAKUP ¹



DIVISION REVENUES SHARE	Q2 FY22	Q2 FY23
Garment Exports	82.1%	85.4%
SPUK	11.2%	6.4%
Retail	6.5%	5.4%

Adj. EBITDA MARGIN % ²	Q2 FY22	Q2 FY23
Garment Exports	21.9%	17.9%
SPUK	3.1%	5.3%
Retail	2.9%	-16.4%

Notes:

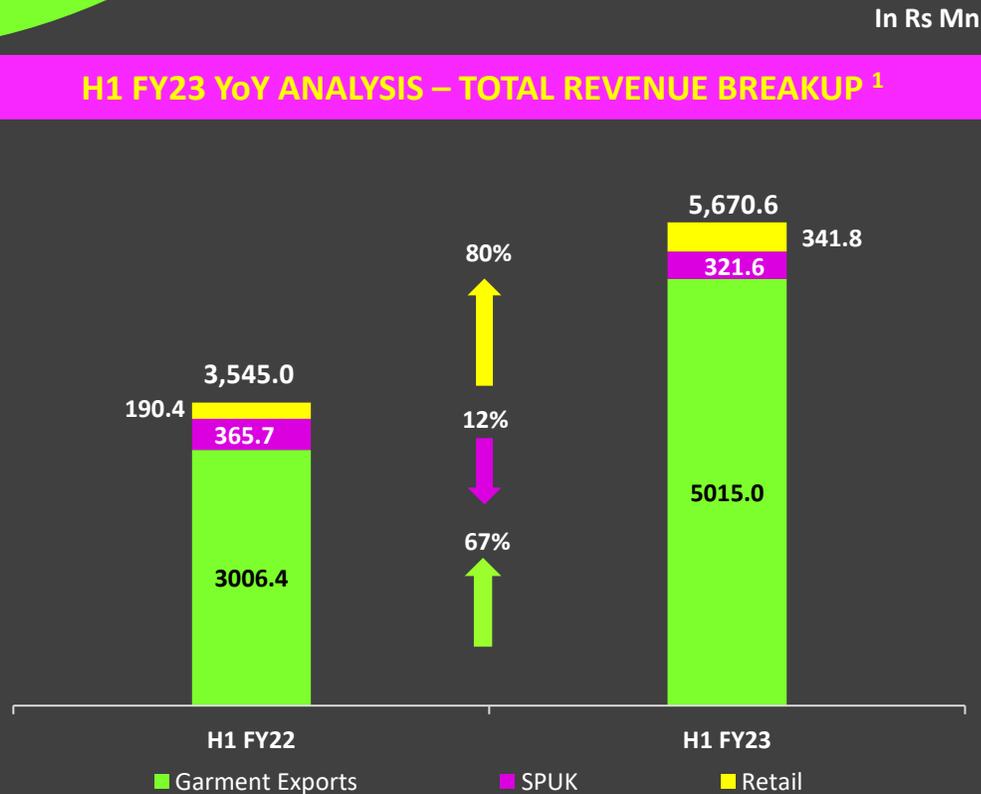
- Total revenues include realised gain on account of foreign exchange fluctuations (accounted in other income)
- In addition to (1), EBITDA calculation excludes unrealised MTM gain / loss on account of foreign exchange fluctuations (accounted in other expenses)



H1 FY23 – Division Wise Analysis

9

H1 FY23 YoY ANALYSIS – TOTAL REVENUE BREAKUP ¹



DIVISION REVENUES SHARE	H1 FY22	H1 FY23
Garment Exports	84.8%	88.4%
SPUK	10.3%	5.7%
Retail	5.4%	6.0%

Adj. EBITDA MARGIN % ²	H1 FY22	H1 FY23
Garment Exports	23.5%	19.5%
SPUK	2.2%	2.6%
Retail	-10.6%	-6.7%

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)



H1 FY23 - Key Analysis

10

H1 FY23 total revenues¹ increased by 60% YoY to Rs 5,671 mn

- ❖ Revenues grew by 67% on a YoY basis in Garment Exports division due to traction in demand from existing customers
- ❖ Realisation per piece improved by 17.4% YoY to 135.4.

H1FY23 Adj. EBITDA² stands at Rs.964 mn. up by 37% YoY. Adj. EBITDA margins stood at 17.0%

- ❖ Higher EBITDA was primarily due to the benefit of operating leverage on the back of the increase in revenue along with increased efficiency and cost control measures

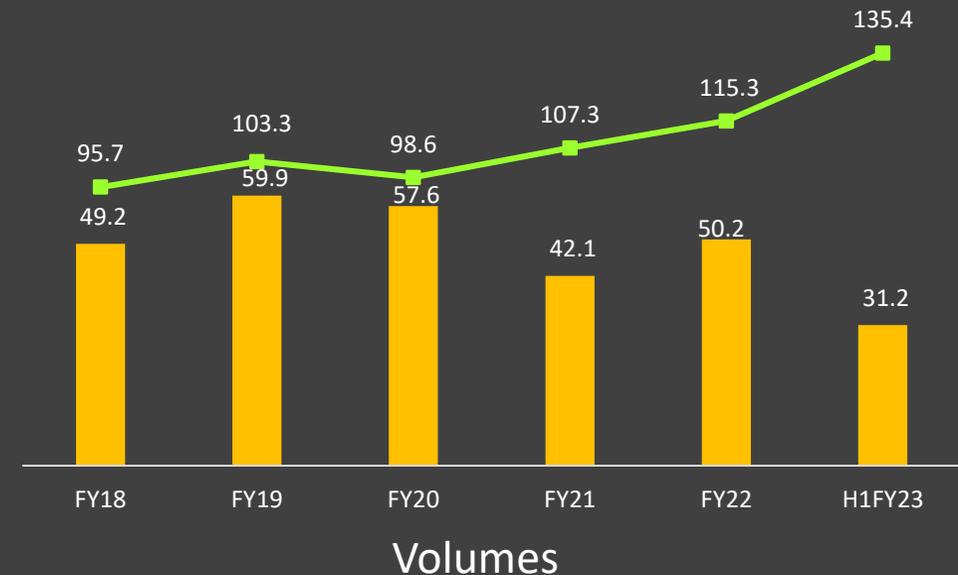
Other Highlights

- ❖ Record date of Buy -Back of shares was 7th October 2022, at the face value of Rs. 10/- and at the price of Rs. 585/- upto 6,00,000 fully paid up equity shares, representing 2.34% of the total number of equity shares. The closing date is 17th November 2022.

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)

Volumes (mn pcs) & NSR (INR)



H1 & Q2 FY23 Result - Consolidated Profit & Loss Statement

11

Particulars (In Rs Mn)	Q2FY23	Q2FY22	YoY%	H1FY23	H1FY22	YoY%
Revenue from Operations	3,058.0	2,219.7	37.8%	5515.7	3550.5	55.4%
Gain on account of Foreign Currency Fluctuations	87.2	7.0	1149.3%	154.9	-5.5	-
Total Revenues	3,145.2	2,226.7	41.2%	5,670.6	3,545.0	60.0%
COGS	1593.4	847.1	88.1%	2531.1	1278.0	98.1%
Gross Profit	1,551.8	1,379.6	12.5%	3,139.5	2,267.1	38.5%
Gross Margin	49.3%	62.0%	-	55.4%	64.0%	-
Employee Expenses	578.1	520.4	11.1%	1155.7	844.5	36.9%
Other Expenses excl. MTM gain / loss on account of Foreign Currency Fluctuations	528.5	414.8	27.4%	1019.5	768.8	32.6%
Adj. EBITDA	445.2	444.4	0.2%	964.3	653.7	47.5%
Adj. EBITDA Margin %	14.2%	20.0%	-	17.0%	18.4%	-
MTM (Gain) / Loss on account of Foreign Currency Fluctuations	-17.3	34.5	-	4.3	-24.6	-
Depreciation	84.4	86.2	-2.1%	179.7	170.4	5.4%
Finance Cost	78.3	13.7	473.4%	128.9	45.6	182.6%
Other Income excl. Gain on account of Forex Fluctuations	4.92	1.58	211.4%	7.82	17.5	-
PBT	304.7	311.6	-2.2%	659.2	479.8	37.4%
Tax Expense	75.5	79.2	-4.7%	172.0	131.7	30.6%
PAT	229.2	232.5	-1.4%	487.2	348.1	40.0%
PAT Margin %	7.3%	10.4%	-	8.6%	9.8%	-
Earnings Per Share (EPS) In Rs.	8.92	9.05	-1.4%	18.96	13.55	39.9%

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)
- PAT Margin = Reported PAT / Total Revenues ¹



H1 FY23 - Consolidated Balance Sheet

12

Particulars (Rs Million)	Mar-22	Sep-22
Equities & Liabilities		
Shareholder's Funds		
Share Capital	256.9	256.9
Other Equity	6,120.8	6,658.7
Total Shareholder's Funds	6,377.7	6,915.6
Minority Interest	-65.3	-65.5
Non-Current Liabilities		
a. Financial Liabilities		
Borrowings (please refer note below)	362.7	283.4
Lease Liabilities	311.2	298.2
Other Financial Liabilities	134.8	137.1
b. Deferred Tax Liabilities	330.8	349.9
c. Other Non-Current Liabilities	0.2	0.3
Total of Non-current liabilities	1,139.7	1,068.8
Current Liabilities		
a. Financial Liabilities		
Borrowings	1,637.6	1,566.3
Lease Liabilities	1.7	0.7
Trade Payables	1,130.3	1,088.6
Other Financial Liabilities	235.7	231.4
b. Other Current Liabilities	72.5	102.2
c. Provisions	86.4	85.7
Total of Current liabilities	3,164.1	3,074.9
Total Liabilities	10,616.2	10,993.8

Particulars (Rs Million)	Mar-22	Sep-22
Assets		
Non-Current Assets		
a. Property, Plant and Equipment	4,105.1	4,193.2
b. Capital work in progress	77.5	21.2
c. Intangible assets	58.9	58.8
d. Financial Assets		
Investments	1.8	1.9
Loans & Advances		
Others	327.9	205.1
e. Other non-current assets	42.0	10.1
f. Right of use assets	331.9	326.0
Total non-current assets	4,945.0	4,816.4
Current Assets		
a. Inventories	3,320.3	3,265.4
b. Financial Assets		
Investments		210.0
Trade Receivables	1,157.4	1,363.0
Cash & Cash equivalents	595.0	759.2
Others	97.8	176.6
c. Other Current Assets	500.7	403.2
Total current assets	5,671.2	6,177.4
Total Assets	10,616.2	10,993.8

Notes:

Long term debt includes right to use property obligation close to Rs. 326 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 8,672 mn, Rs 1,528 mn and Rs 847 mn in FY22.
- ❖ Strong balance sheet with Net Debt to Equity ratio of 0.22x as on Mar-22.
- ❖ Improving profitability & return ratios over FY15 to FY22-
 - ❑ Reported PAT Margin: 1.7% to 9.8%
 - ❑ Cash Adjusted ROCE: 13.4% to 17.2%
 - ❑ ROE: 9.6% to 20.2%

Notes:

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



Our Evolution

15

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

2017-22

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



2016-22
Growth Phase



Leading Exporter of Infant & Children Wear in India

16

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

17



Strong Pedigree

Leading children wear manufacturer under the leadership of Mr. Sundararajan, CMD with more than 36 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

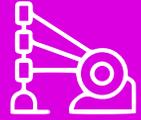
WHY SPAL?

- ❖ 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

18



SPINNING



KNITTING



DYEING



Strategically Located & Integrated Manufacturing Facilities

19



CUTTING



PRINTING



AUTOMATED EMBROIDERY

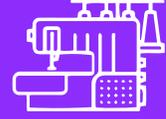


Strategically Located & Integrated Manufacturing Facilities

20



SEWING



**AUTOMATED SEWING
ASSEMBLY LINE**



**SEMI-AUTOMATED
INVENTORY
MANAGEMENT**



Strong In-house Design Expertise

21



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

22



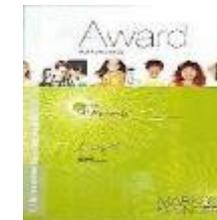
- ❖ Strong adherence to the highest standards of quality, assurance and compliance.
- ❖ Stringent quality control checks consisting of inspection and testing of fabric, greige and processed yarn, trims, accessories, packing materials and of each piece of garment for metal bits/needle tips/sharp edges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

23



Mr P. Sundararajan

Chairman and Managing Director

- Founder director of SPAL with 36 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 29 years of experience in the textile and apparel industry



Mr S. Chenduran

Joint Managing Director

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



Ms S. Shantha

Joint Managing Director

- B.Tech (Textiles) graduate and MBA from PSG Institute of Management.
- immense knowledge in marketing and textiles makes her contribution valuable to achieve the visions of the Company

Ms P.V. Jeeva,

Chief Executive Officer

- 35 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

- 21 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

24



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





S.P.APPARELS LTD.

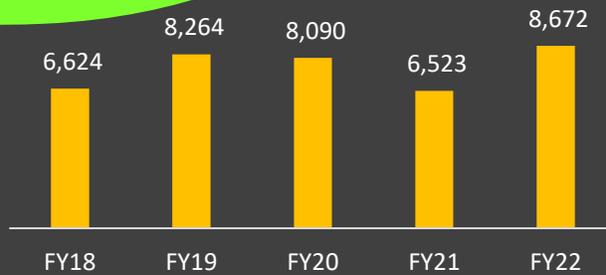
Financial Overview & Shareholding Structure



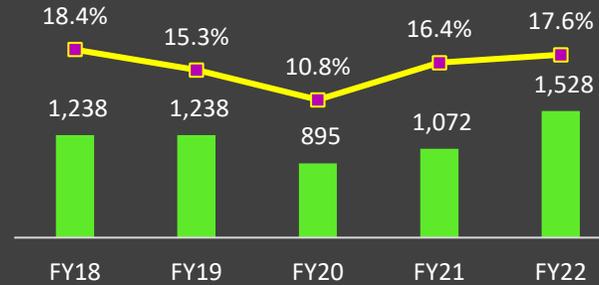
Financial Overview

26

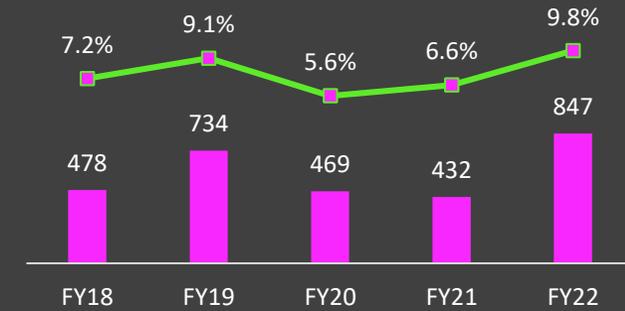
REVENUES



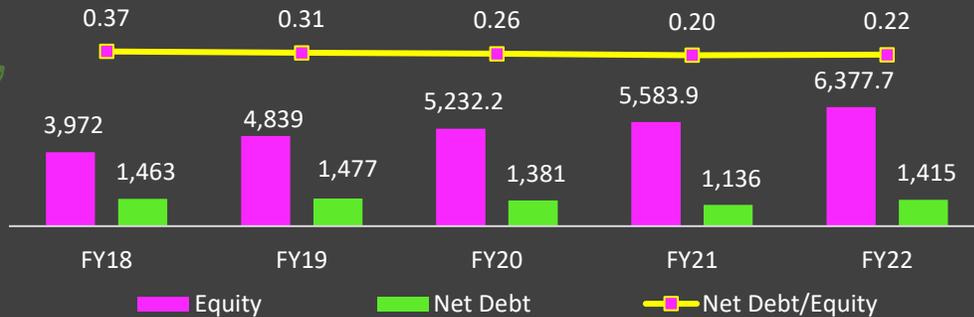
Adj. EBITDA & EBITDA MARGIN



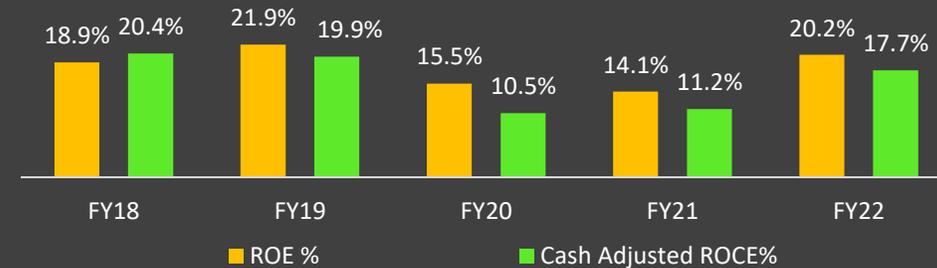
PAT Before MI & PAT MARGIN



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:

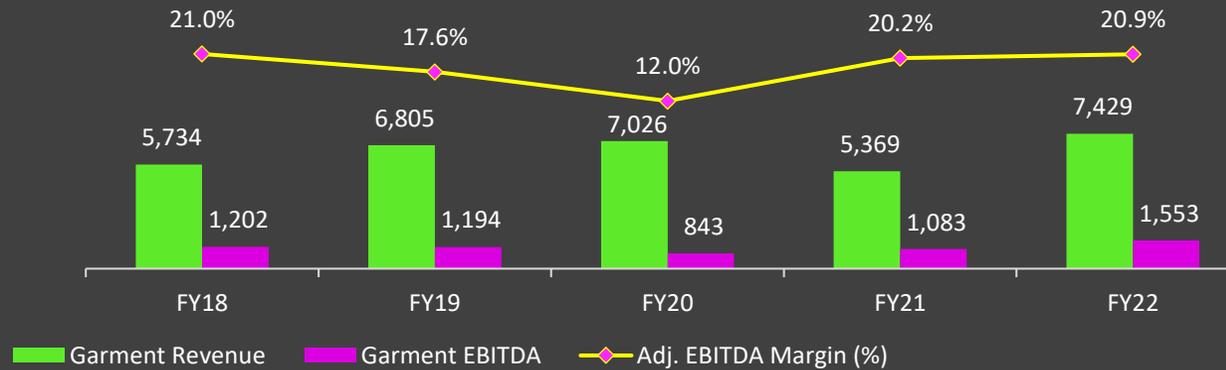
ROE = PAT before MI / Avg. Equity (Excl. preference shares) + MI (based on cash adjusted PAT)
Cash Adj. ROCE = EBIT / Avg. Capital Employed (excl. cash & current investments),



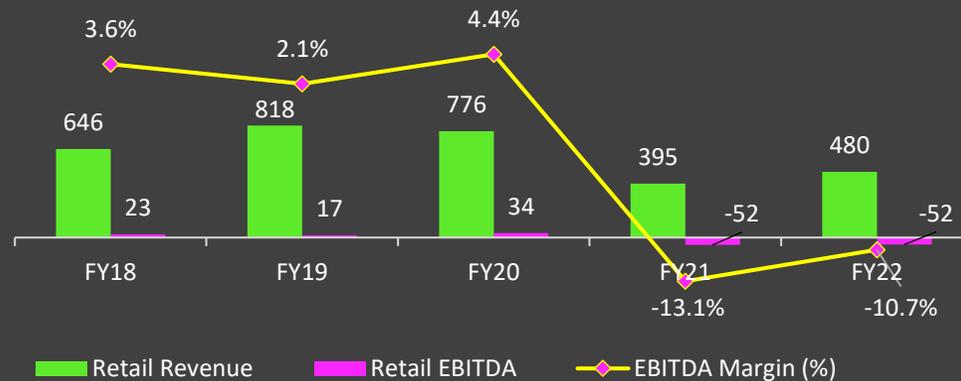
Division-wise EBIDA Performance

27

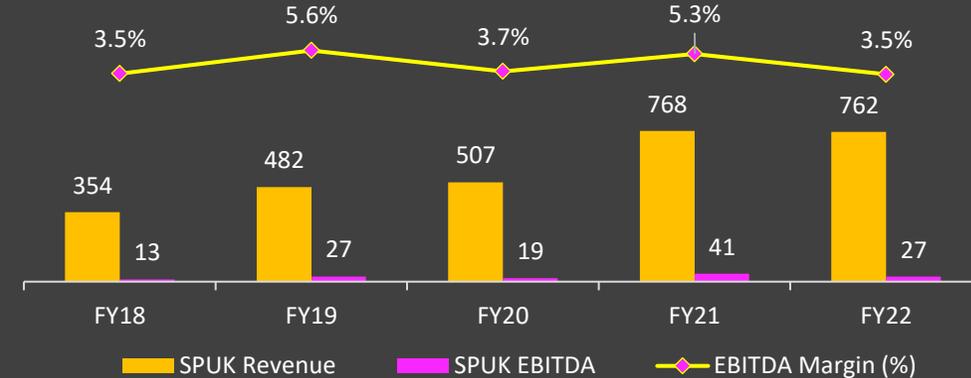
GARMENT DIVISION



RETAIL DIVISION



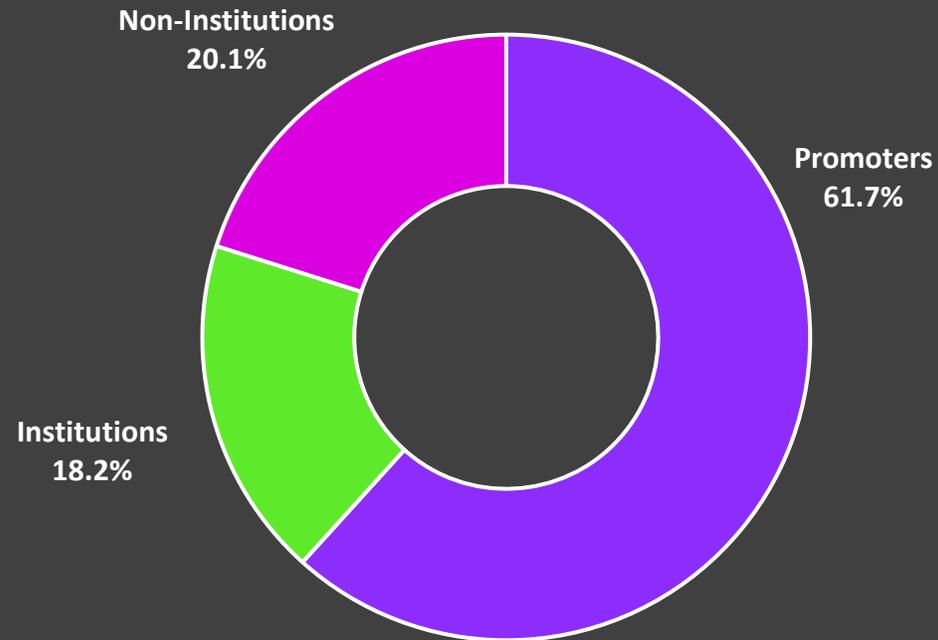
SPUK



Shareholding Structure

28

SHAREHOLDING PATTERN – 30th September 2022



Source: BSE

KEY SHAREHOLDERS – 30th September 2022

DSP Mutual Fund	8.41%
ICICI Prudential Mutual Fund	3.77%
UTI Mutual Fund	3.63%
Euro Asia Agencies, Hong Kong	1.34%





S.P.APPARELS LTD.

For Further Queries:

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