



# S.P.APPARELS LTD.



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

17<sup>th</sup> May, 2023

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 4 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 LIMITED

*Dressing the Future....*

LEADING APPARELS  
EXPORTER OF KIDS WEAR



+34 Years of Experience in  
Garment Manufacturing  
for Marquee Brands

# TABLE OF CONTENT

Sr No.	Content
1	Q4FY23 & FY23 – Results Highlights
2	Company Overview
3	Financial Highlights



# Q4 & FY23: Consolidated Performance Highlights



Q4FY23

Adj. Total Revenue (Q4FY23)		Adj. EBITDA (Q4FY23)		PAT (Q4FY23)	
Consolidated	YoY Growth %	Consolidated	Margins %	Consolidated	Margins %
₹2,728.9 Mn	6%	₹404.8 Mn	14.8%	₹205.1 Mn	7.5%

FY23

Adj. Total Revenue (FY23)		Adj. EBITDA (FY23)		PAT (FY23)	
Consolidated	YoY Growth %	Consolidated	Margins %	Consolidated	Margins %
₹10,984.0 Mn	27%	₹1,728.9 Mn	15.7%	₹825.1 Mn	7.5%

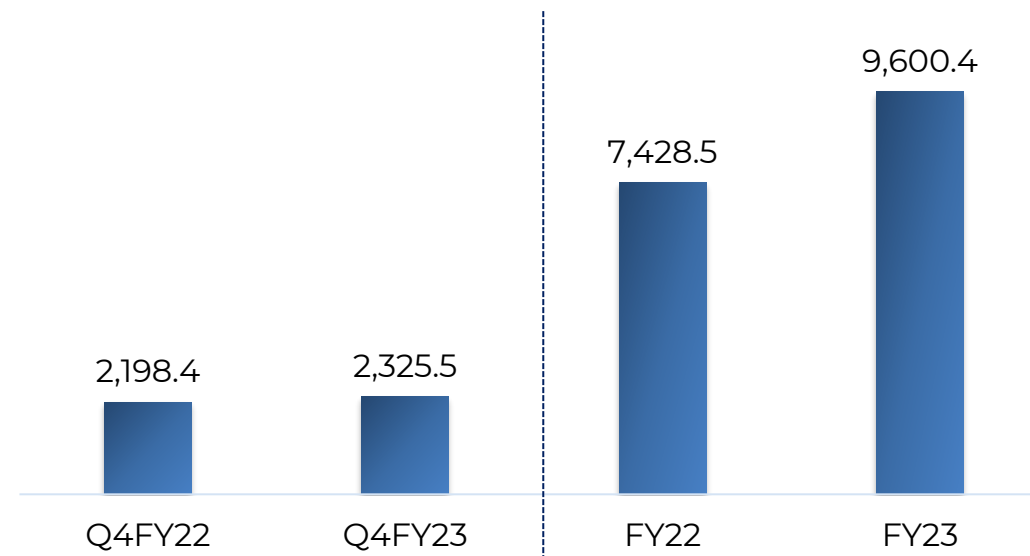
EPS (Q4FY23)	EPS (FY23)	ROE % (FY23)	Cash Adj. ROCE % (FY23)
INR 8.2 per share	INR 32.4 per share	18.3%	17.6%

# Segmental Highlights (Consolidated)

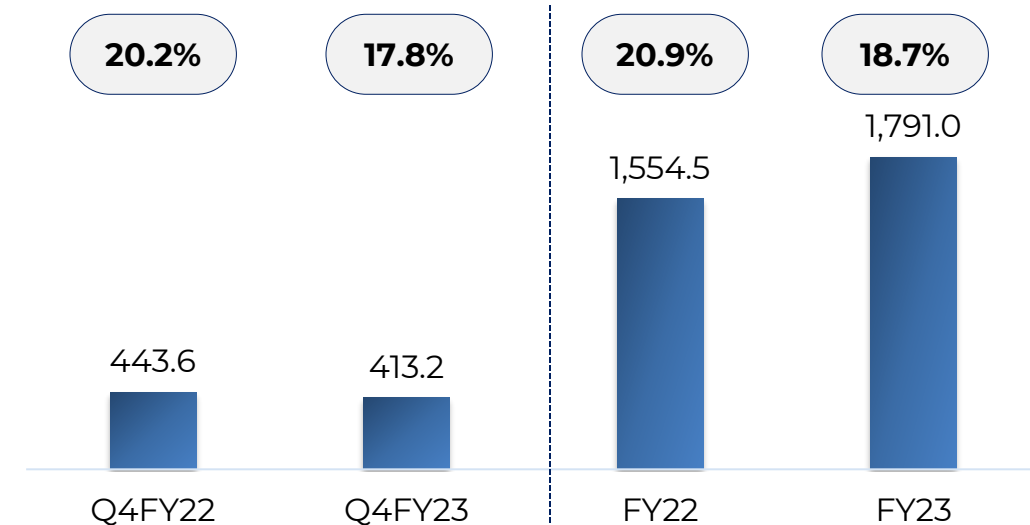


## Garment Exports

### Operational Revenue (Rs. Mn)

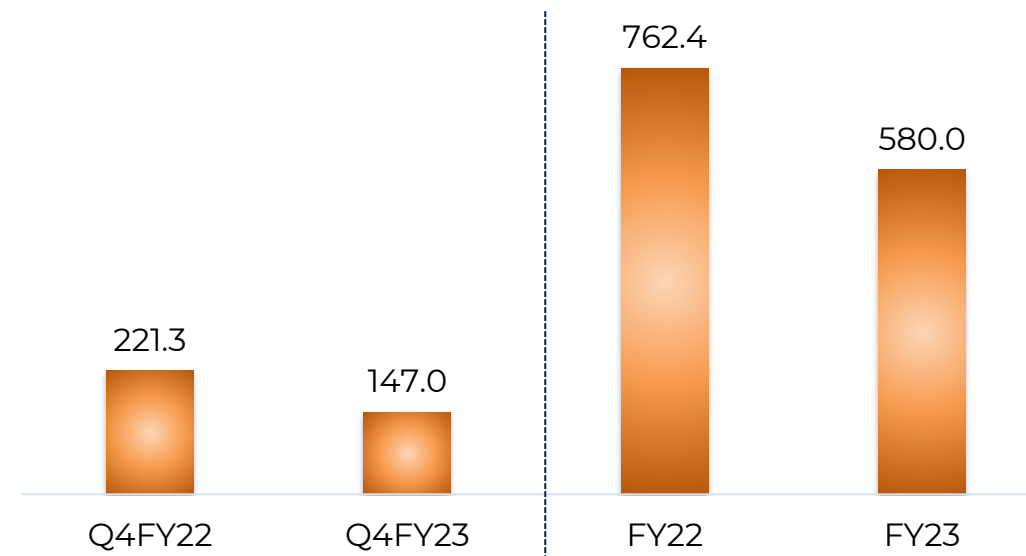


### EBITDA (Rs. Mn) & Margin (%)

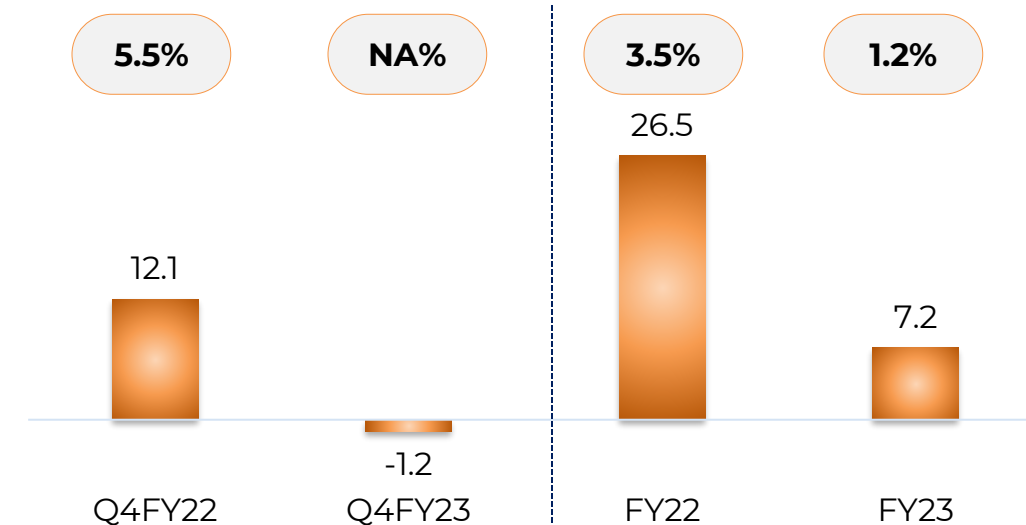


## SPUK

### Operational Revenue (Rs. Mn)

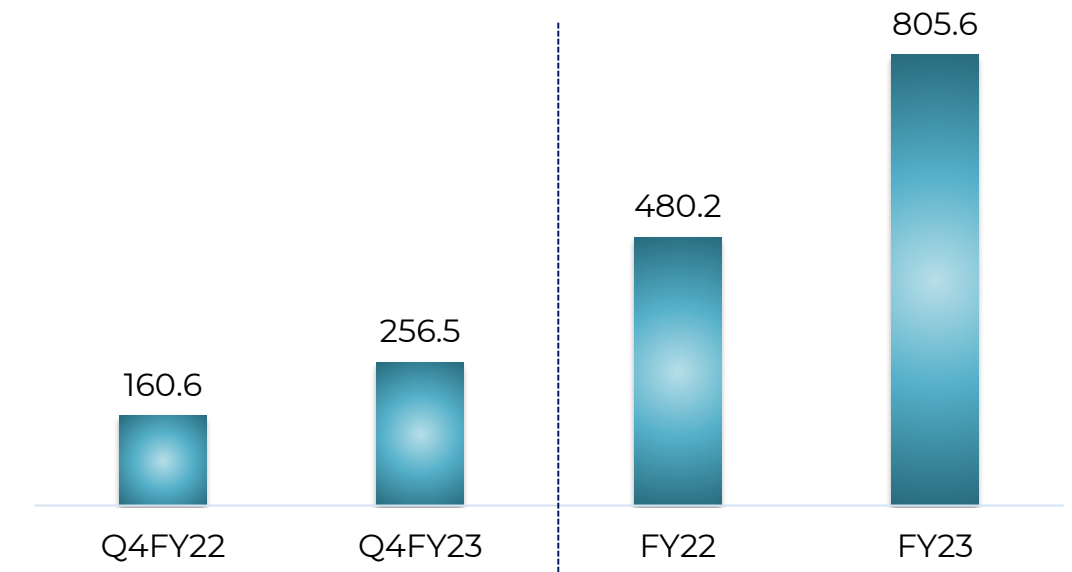


### EBITDA (Rs. Mn) & Margin (%)

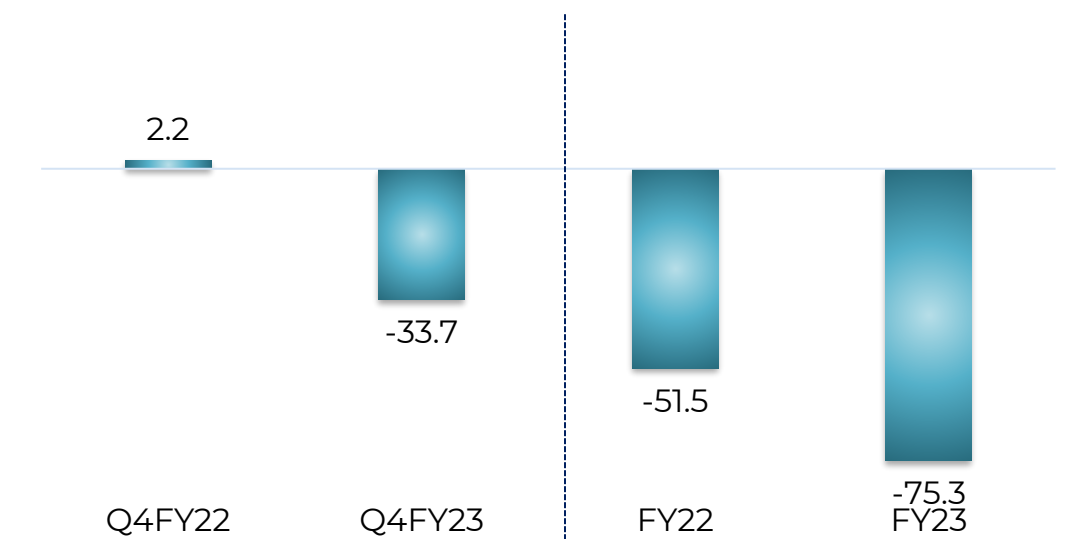


## Retail

### Reported Revenue (Rs. Mn)



### EBITDA (Rs. Mn) & Margin (%)



**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)

# P&L Statement Highlights (Consolidated)



Particulars (In Rs Mn)	Q4 FY23	Q4 FY22	YoY%	FY23	FY22	YoY%
Revenue from Operations	2,751.6	2,539.0	8%	10,778.8	8,594.3	25%
Gain on account of Foreign Currency Fluctuations	-22.7	42.1		205.2	77.6	
<b>Total Revenues</b>	<b>2,728.9</b>	<b>2,581.1</b>	6%	<b>10,984.0</b>	<b>8,671.9</b>	27%
COGS	1,240.9	1,103.8		4,857.7	3,541.3	
<b>Gross Profit</b>	<b>1,488.1</b>	<b>1,477.2</b>	1%	<b>6,126.3</b>	<b>5,130.6</b>	19%
<b>Gross Margin %</b>	<b>54.5%</b>	<b>57.2%</b>		<b>55.8%</b>	<b>59.2%</b>	
Employee Expenses	613.3	530.7		2,386.7	1,903.0	
Other Expenses excl. MTM gain / loss on account of Foreign Currency Fluctuations	470.1	489.1		2,010.7	1,699.3	
<b>Adj. EBITDA</b>	<b>404.8</b>	<b>457.4</b>	-12%	<b>1,728.9</b>	<b>1,528.3</b>	13%
<b>Adj. EBITDA Margin %</b>	<b>14.8%</b>	<b>17.7%</b>		<b>15.7%</b>	<b>17.6%</b>	
MTM (Gain) / Loss on account of Foreign Currency Fluctuations	7.4	-31.2		97.4	-67.2	
Depreciation	91.7	90.4		361.5	346.3	
Finance Cost	70.7	36.5		186.2	118.5	
Other Income excl. Gain on account of Forex Fluctuations	19.0	4.2		24.9	17.3	
<b>PBT</b>	<b>254.1</b>	<b>365.8</b>	-31%	<b>1,108.7</b>	<b>1,147.9</b>	-3%
Exceptional Items				1.1	0.0	
Tax Expense	49.0	113.3		282.5	301.0	
<b>PAT</b>	<b>205.1</b>	<b>252.5</b>	-19%	<b>825.1</b>	<b>846.9</b>	-3%
<b>PAT Margin %</b>	<b>7.5%</b>	<b>9.8%</b>		<b>7.5%</b>	<b>9.8%</b>	
<b>Earnings Per Share (EPS) In Rs.</b>	8.18	9.83		32.37	32.96	

**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. PAT Margin = Reported PAT / Total Revenues <sup>1</sup>

# Balance Sheet Highlights (Consolidated)



ASSETS (Rs. Mn)	Mar'23	Mar'22
<b>Non-Current Assets</b>		
a. Property, Plant and Equipment	4,223.7	4,105.1
b. Right of Use Assets	304.4	331.9
c. Capital work-in-progress	98.7	77.5
d. Intangible Assets	58.8	58.9
e. Intangible Assets under development	3.4	-
f. Financial Assets		
- Investments	404.2	1.8
- Loans and Advances	3.1	-
- Other financial assets	210.8	327.9
g. Other non-current assets	10.1	42.0
<b>Total Non-Current Assets</b>	<b>5,317.1</b>	<b>4,945.0</b>
<b>Current Assets</b>		
a. Inventories	2,969.1	3,320.3
b. Financial Assets		
- Current Investments	726.2	26.2
- Trade Receivables	1,047.3	1,157.4
- Cash and cash equivalents	601.6	519.1
- Bank Balances other than (1.9A) above	42.2	76.0
- Other financial assets	-	97.8
c. Other current assets	266.9	474.5
<b>Total Current Assets</b>	<b>5,653.5</b>	<b>5,671.2</b>
<b>Total Assets</b>	<b>10,970.6</b>	<b>10,616.2</b>

EQUITY AND LIABILITIES (Rs. Mn)	Mar'23	Mar'22
<b>Equity</b>		
a. Equity Share capital	250.9	256.9
b. Other Equity	6,485.2	6,120.8
<b>Total Equity</b>	<b>6,736.1</b>	<b>6,377.7</b>
Minority Interest	-65.0	-65.3
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
a. Financial Liabilities		
- Borrowings	157.9	362.7
- Lease Liabilities	284.6	311.2
- Other financial liabilities	106.1	134.8
b. Deferred tax liabilities (net)	291.4	330.8
c. Other non-current liabilities	0.2	0.2
<b>Total Non-Current Liabilities</b>	<b>840.2</b>	<b>1,139.7</b>
<b>Current liabilities</b>		
a. Financial Liabilities		
- Borrowings	2,004.1	1,637.6
- Lease Liabilities	0.3	1.7
- Trade payables		
(A) Total outstanding dues of micro enterprises and small enterprises	130.8	239.1
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	860.3	891.3
- Other financial liabilities	299.2	235.7
b. Other current liabilities	92.8	72.5
c. Provisions	71.8	86.4
<b>Total Current Liabilities</b>	<b>3,459.2</b>	<b>3,164.1</b>
<b>Total Equity and Liabilities</b>	<b>10,970.6</b>	<b>10,616.2</b>

# Company Overview

SPAL founded in 1989, is India's biggest manufacturer and exporter of knitted clothes for infants and children. These are produced in integrated facilities that enable end-to-end garment manufacturing services. SPAL offers complete garment production services, from fibre to fashion.

*Dressing the Future....*





# S. P. Apparel (SPAL) – At Glance



- 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, sleepsuits, tops, and bottoms
- Strong promoter pedigree with more than 40 years of experience in the textile and apparel industry

## KEY STRENGTHS



### **Strong Leadership:**

SPAL is a specialized player in the highly challenging infant & children wear knitted garment industry along with adult category



### **Brand of Choice**

- Preferred vendor through long-standing relationships with reputed international brands etc
- Stringent quality compliance, superior in-house product development, and certified testing laboratories



### **Integrated Facilities**

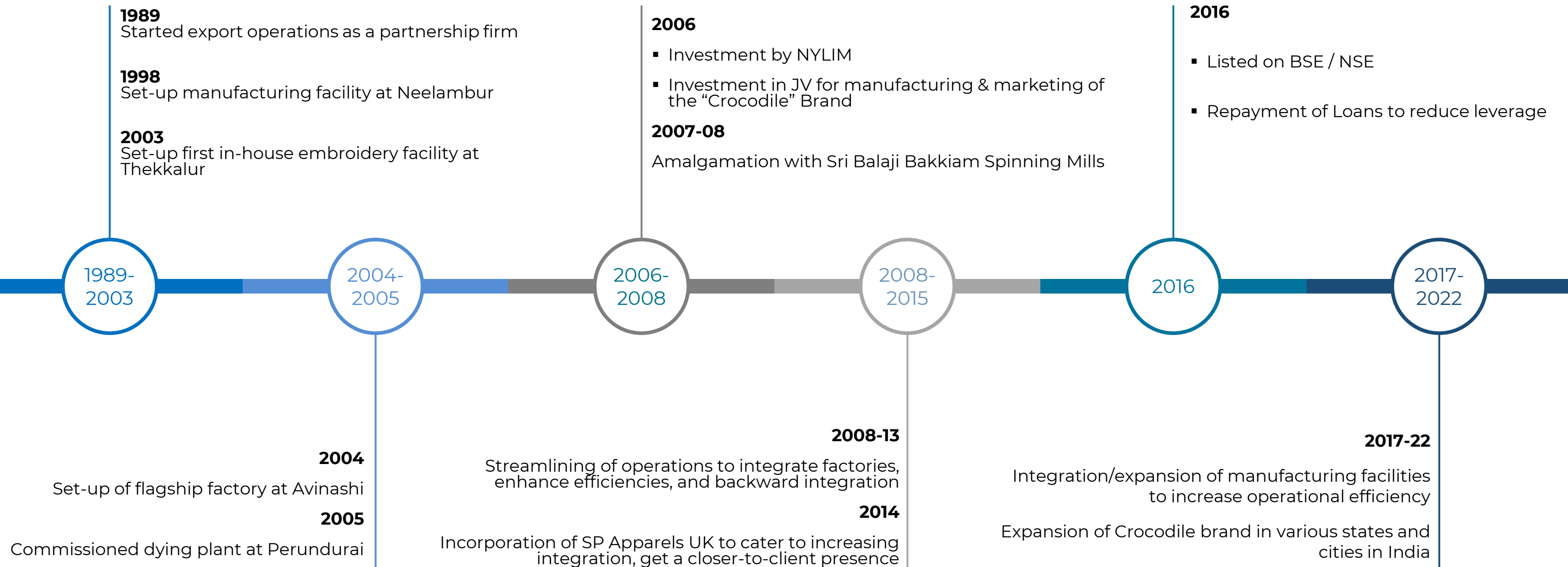
Demonstrated ability to set up integrated facilities to scale up operations. Currently operating 18 facilities having close proximity to key raw materials & skilled labour



### **Technological Capabilities**

Advanced manufacturing machinery with the latest technology and automation

# Journey So Far



# Strong Leadership to Support Effective Governance



## 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 & Management from University of Strathclyde

## Ms S. Shantha Joint Managing Director

- B.Tech (Textiles) & 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

## Mr V. Balaji, Chief Finance Officer

- 21 years of experience in the field of finance and accounts
- Qualified Chartered Accountant
- Plays a key role in managing banking relationships

## Board of Directors

## 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

## Mr C. R. Rajagopal Independent Director

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

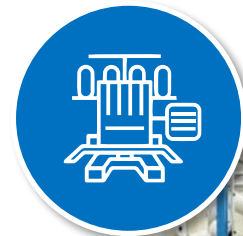
## Mr V. Sakthivel Independent Director

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

# In-House Fully Integrated Facilities



**SPINNING**



**KNITTING**



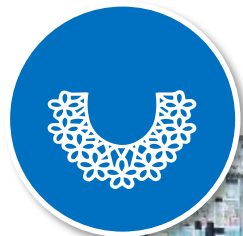
**DYEING**



**CUTTING**



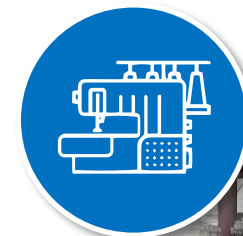
**PRINTING**



**AUTOMATED EMBROIDERY**



**SEWING**



**AUTOMATED SEWING ASSEMBLY LINE**

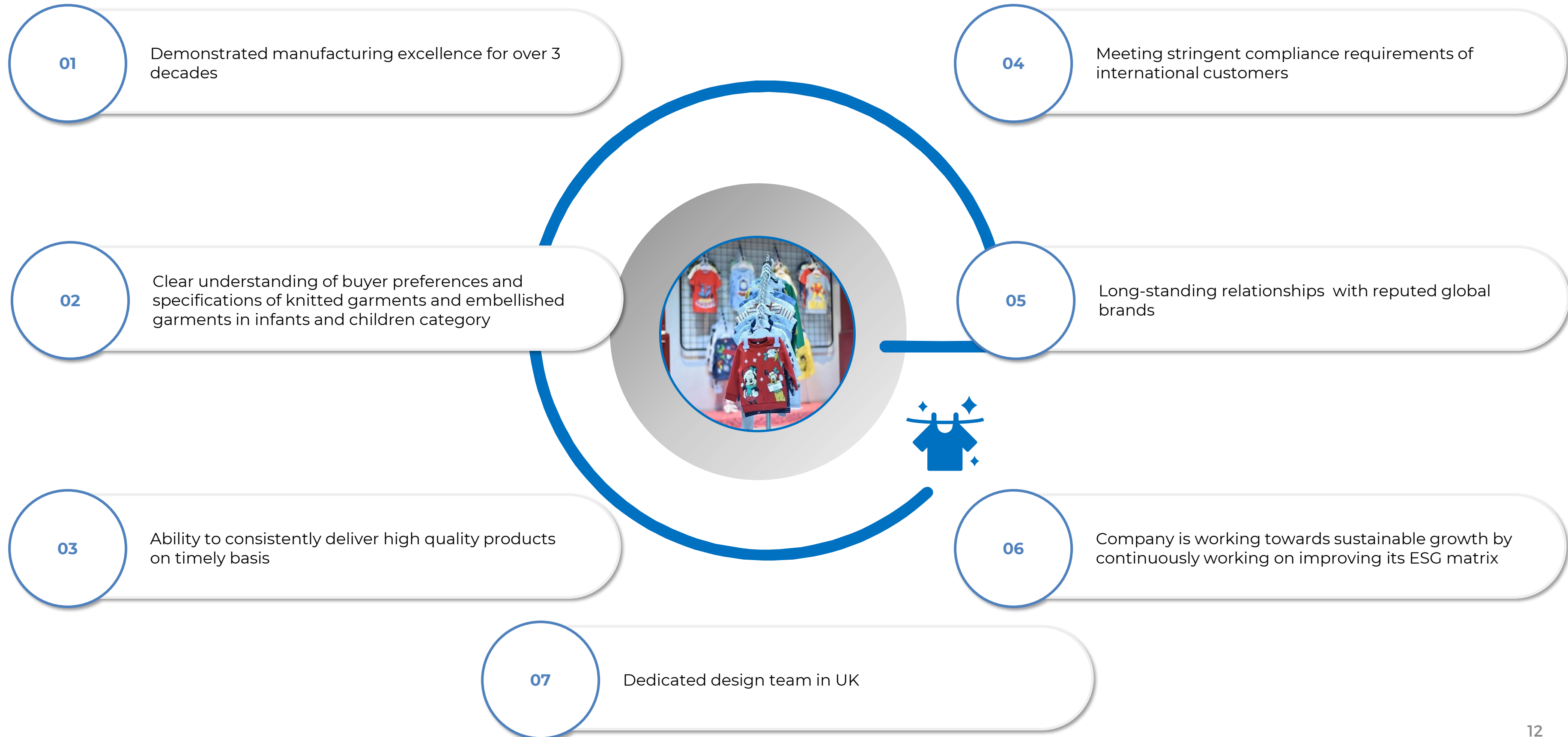


**SEMI-AUTOMATED INVENTORY MANAGEMENT**



# Developed Capabilities

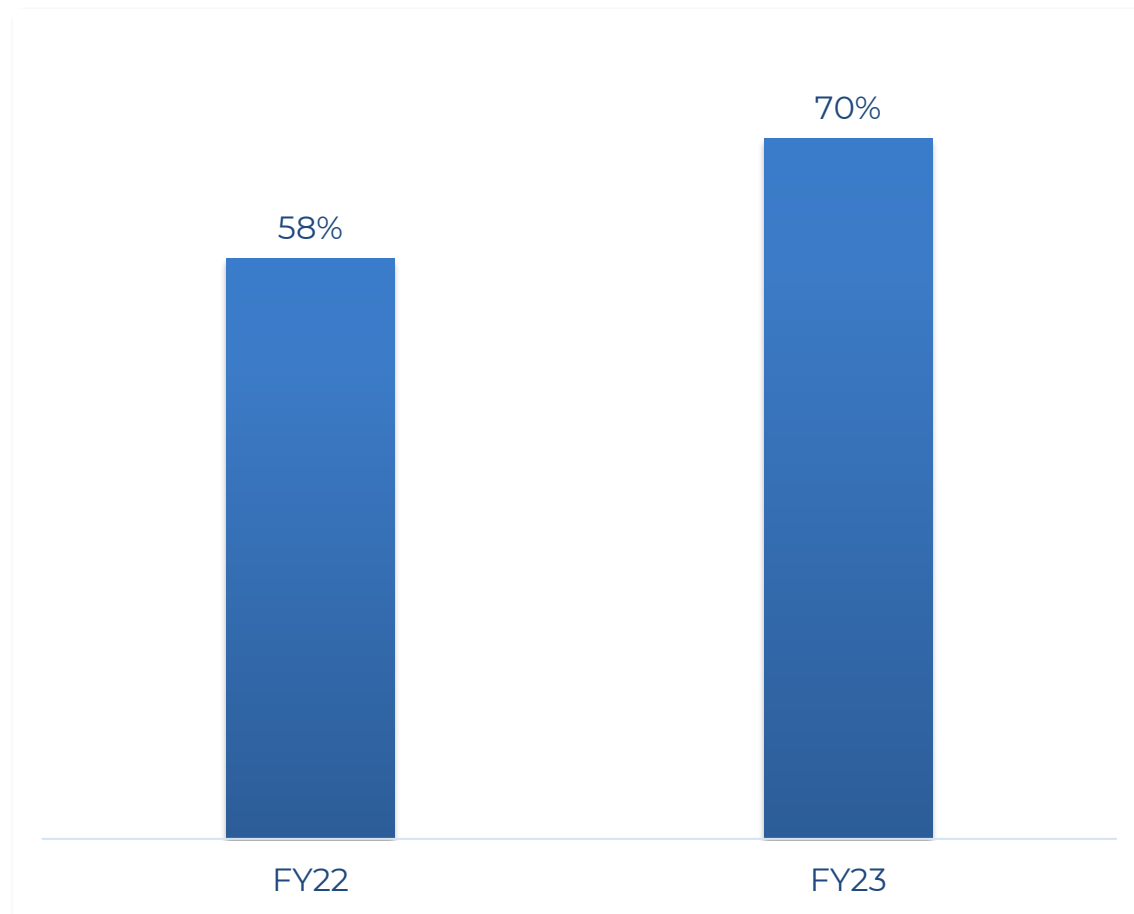
## To Become a Leading Infant & Children's Wear Exporter from India



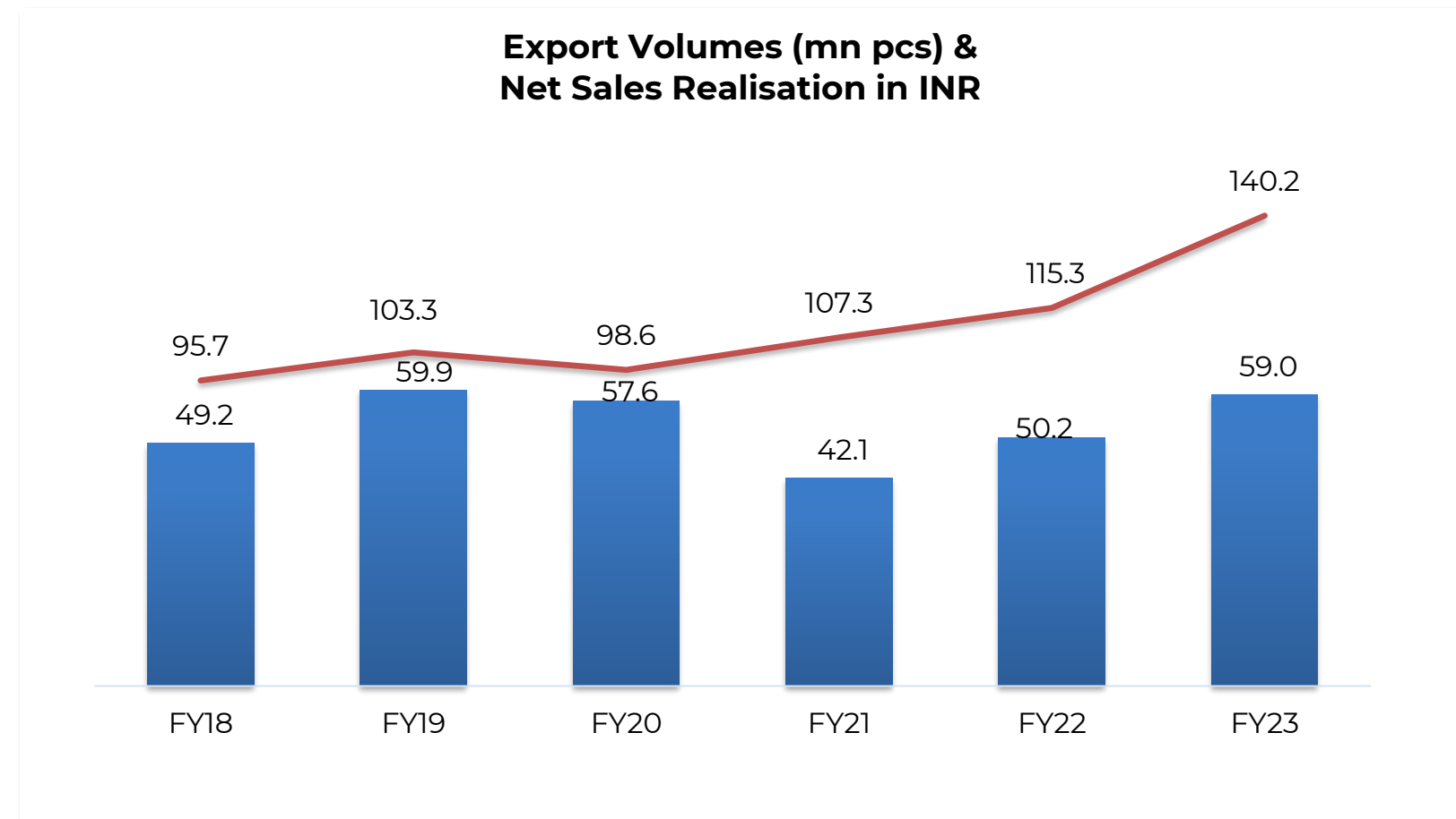
# Exports Trend



## Capacity Utilization



## Export Volumes & Realization



# Quality is a key essence of our success



TESCO 'F&F Gold Rated Supplier Award' 2013

Marks and Spencer award 2011

# Proficient In-House Design Team



SPAL's core competency lies in understanding the latest fashion and trends to suit the customer's buying preferences



Dedicated in-house design and merchandising team of designers located at SPUK and at our Corporate Office in India



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 an effective tool for converting customers' needs into a finished product



# Key Industry Entry Barriers



## Skilled Labour

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

## Products

- Cater to infants and children
- Manufacture high-fashion garments

## Health & Safety Regulations

- Stringent safety and quality requirements in developed markets
- Severe restrictions on the use of hazardous chemicals, dyes, accessories, etc to prevent harming infants and children

## Manufacturing Capabilities

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

## Ethics

- Ethical factories with best-in-class standards
- Employee welfare initiatives that align with industry-leading standards



# Preferred Vendor To Reputed International Brands



## Strong Pedigree

Leading children wear manufacturer under the leadership of Mr. Sundararajan, CMD with more than 40 years of experience in apparel industry

## Brand Signatures

We are the preferred vendor of choice with a strong relationship with customers of over 2 decades. 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 – the hub for knitted children’s garments, convenient access to skilled labour, raw material, and proximity to the international port

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

## WHY SPAL?

- Expertise in concurrently managing multiple large orders with a diversified product range including body suits, sleepsuits, tops, and bottoms
- Ethically, Environmentally, and Socially compliant organization
- No bulk returns from customers since the inception
- Ability to offer end-to-end garments manufacturing services from the design to the manufacture of the garments
- Product Safety is the key focus of the company
- Exclusive Design support from dedicated in-house design team

# ESG

## Mission Statement:

**"To achieve carbon neutrality by the year 2030"**

## Vision Statement:

**"To be a sustainable practise leader by promoting the use of renewable energy and prioritising the usage of recycled materials in order to protect our world for future generations"**

At SPAL we are committed to building a sustainable future for all by incorporating sustainability into every aspect of our business. From our core strategies to our everyday decision-making, sustainability is an integral part of everything we do. We are dedicated to fostering innovation, optimizing our processes and platforms, and leveraging our talented workforce to achieve sustainable growth.



# Sustainability at SPAL



Our approach to sustainability is guided to create long-term value in a balanced and responsible manner while making choices that positively impact environment, people, and communities.

## OUR PILLARS

Sustainable business

Responsible production

Creating social impact

Emphasis on procuring power from renewable energy solutions

Commitment to conducting business activities in an environmentally responsible manner

Adoption of eco-friendly and best practices in manufacturing & focus on high quality products

Committed to social responsibility, including community development, education, women's empowerment, occupational health and safety.

Commitment to transparency in ESG disclosures, adherence to a business code of conduct and efficient business operations

Collaboration with stakeholders to create a greener future and a low carbon economy



# From Awareness to Action: Making a Difference for the Environment



Our company is committed to conducting business activities in an environmentally responsible manner. We focus on reducing our environmental footprint across the value chain and returning back to nature what we consume.

## Environmental Sustainability Through Effective Risk Assessment

Our ERM framework includes bi-annual risk assessments to identify and mitigate environmental risks, prioritizing sustainability and managing our environmental impact towards a greener future.

## Commitment to Sustainability through Renewable Energy

We prioritize sustainability in our operations by supporting stakeholders in areas such as renewable energy and sustainable production. We procure power from renewable energy solution companies and source our energy consumption from renewable sources, including windmills.

## Tree plantation

We have implemented a tree plantation initiative to preserve the environment for a sustainable future. We have distributed over 30,000 saplings to people living near our factories and adopted a One-for-One model, planting trees in all our factories and giving saplings to all our employees.

## Eco-Friendly Production Process

We follow a chemical-free 2200 KLD biological oxidation process and have adopted best techniques like installing a water preheater, dust collector, and water treatment plant to minimize its environmental impact. We are committed to implement environmentally responsible practices and continuously improve processes to reduce the environmental footprint..

# 100%

Biological oxidation process.

# 80%

Share of renewable energy through wind power generation.

# 1 MW

Invested into the solar energy, committed to increase to 5MW

# 99.1 %

Waste recovered and reused as Process water

# Zero

We operate our effluent treatment plant as Zero Liquid Discharge plant

# Building Stronger Communities through Social Responsibility



Our company is committed to conducting business activities in an environmentally responsible manner. We focus on reducing our environmental footprint across the value chain and returning back to nature what we consume.

## Building a Stronger Community: Our Efforts for Betterment

Comprehensive support for needy, access to education and skill development opportunities, supply of food materials, medical facilities and medicines, and other survival needs.

## Free Medical facilities

Provision of free consultation, medical supplies, BP apparatus to Primary Healthcare Centre, facilitation of Medicine room and Physiotherapy room to Government hospital with other renovations

## Workplace Safety and Sanitation Measures

Regular emergency evacuation drills, comprehensive training for Occupational safety, Fire safety, Electrical safety, Environmental Protection, Observance of Road safety week, National safety week, Environmental day and Fire safety day

## Gender Equality

We follow the principle of 'Equal Pay for Equal Work' to empower women financially and promote gender equality and conduct Awareness programmes.

## Women Empowerment



**~70%**

Total number of permanent women employees as on 31<sup>st</sup> March 2023

**22 %**

Women hold 22% of our top management and 37% of our middle management

# Financial Highlights

22

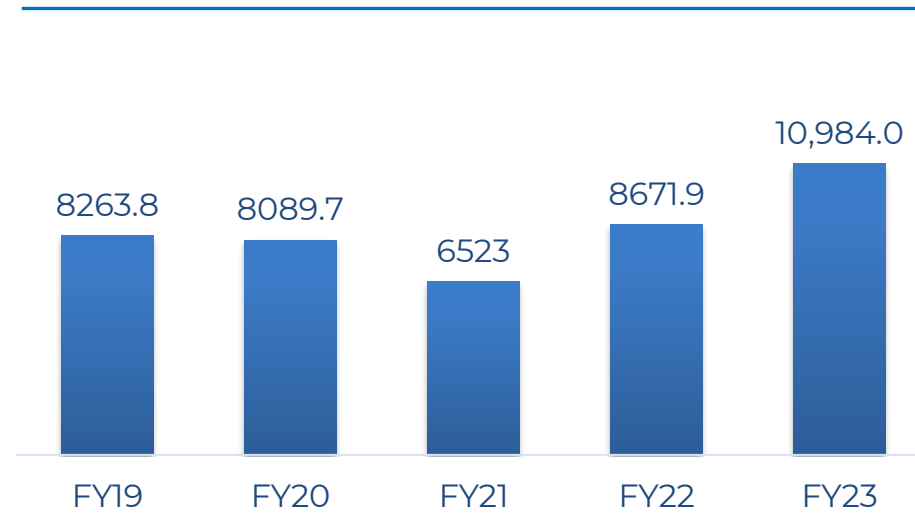


# Financial Highlights (1/2)

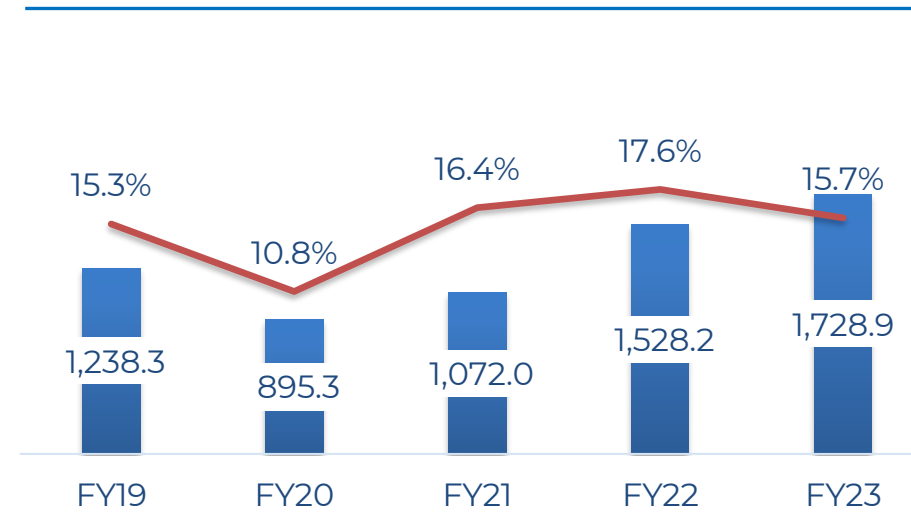


Consolidated Figures (in Rs. Mn)

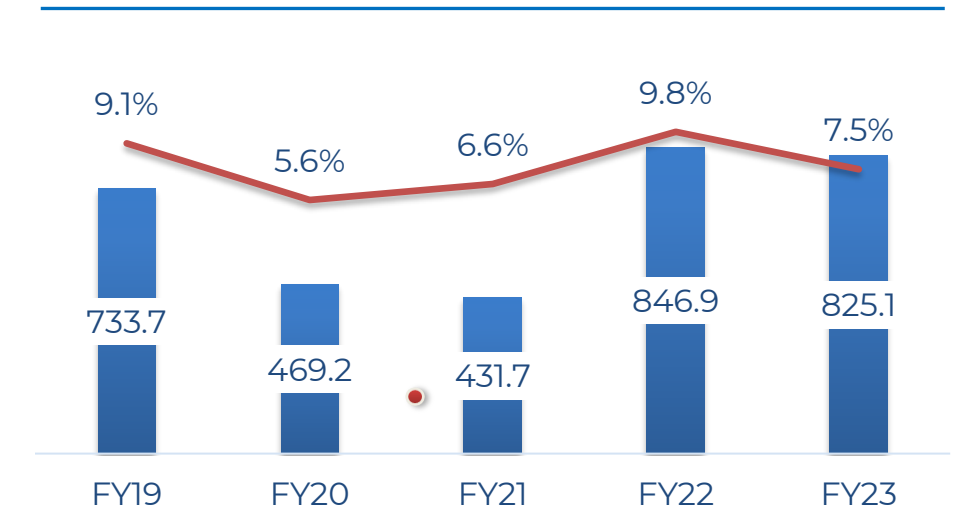
## REVENUES



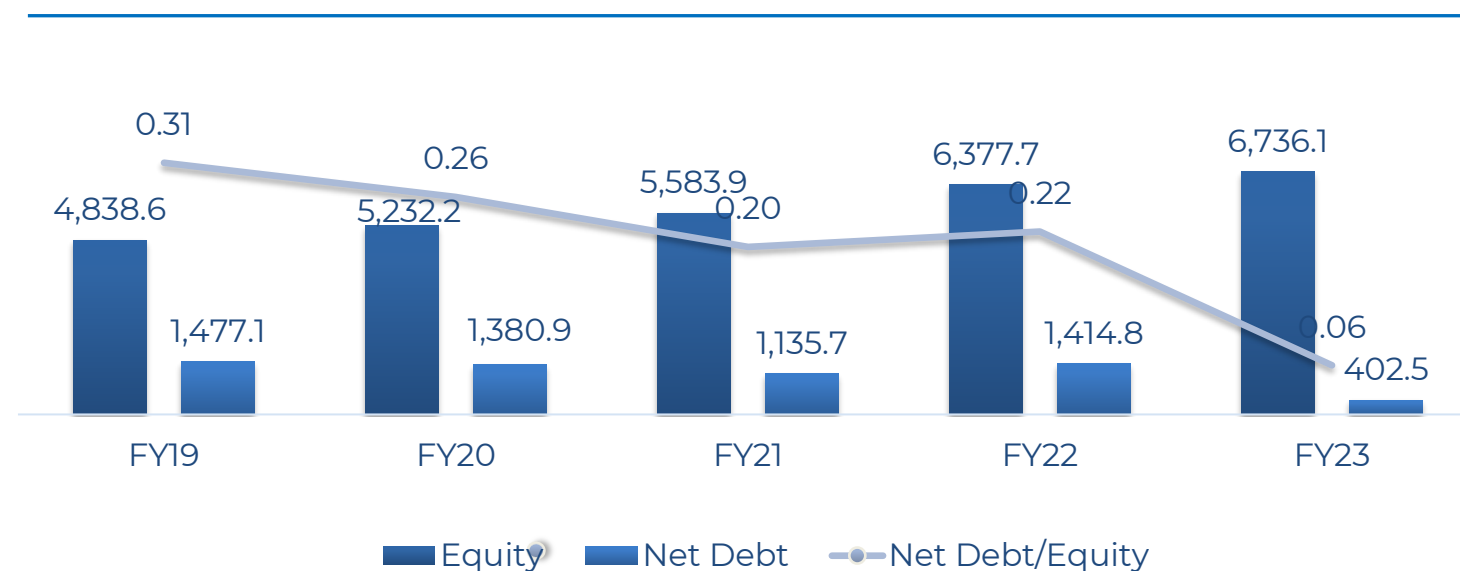
## Adj. EBITDA & EBITDA MARGIN



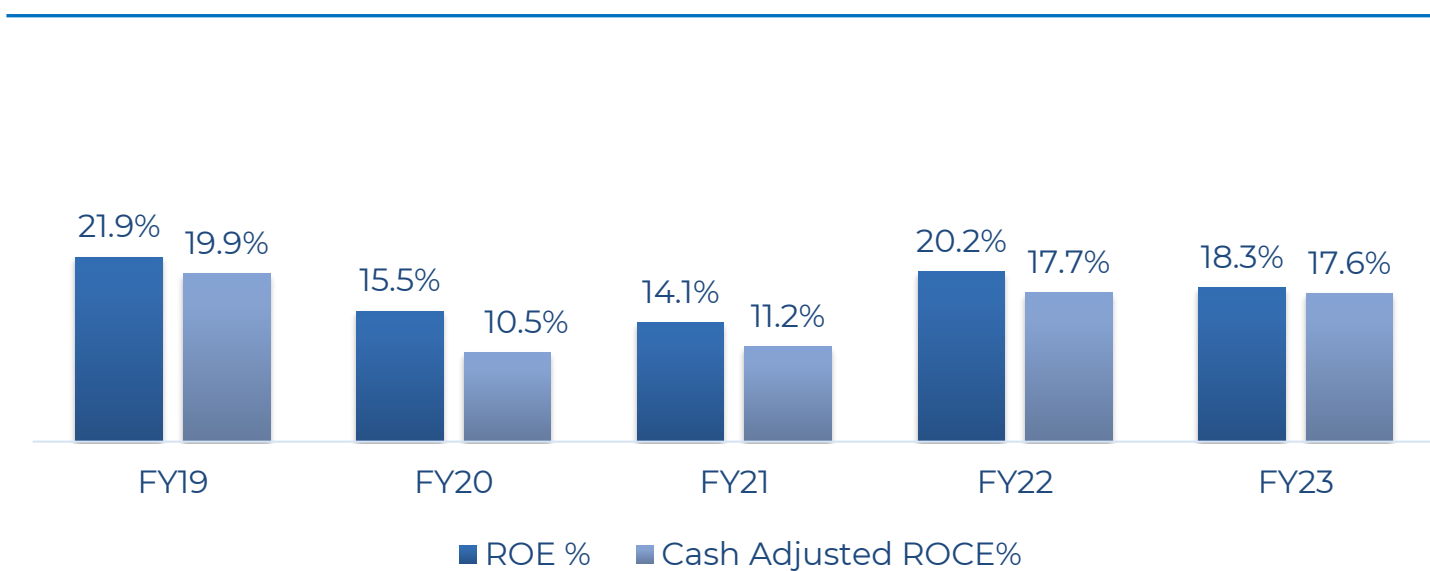
## Profit After Tax (PAT) & PAT MARGIN



## 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),

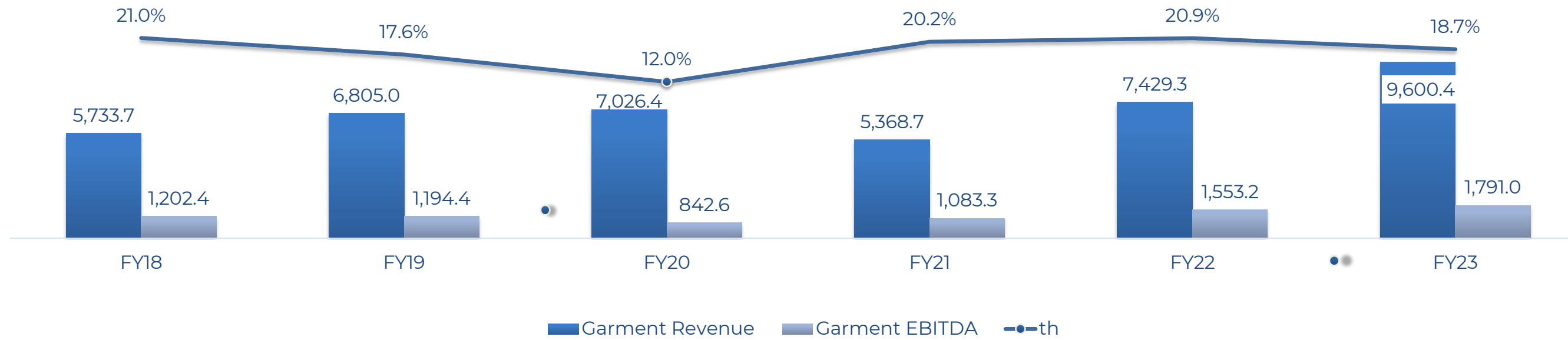


# Financial Highlights (2/2)

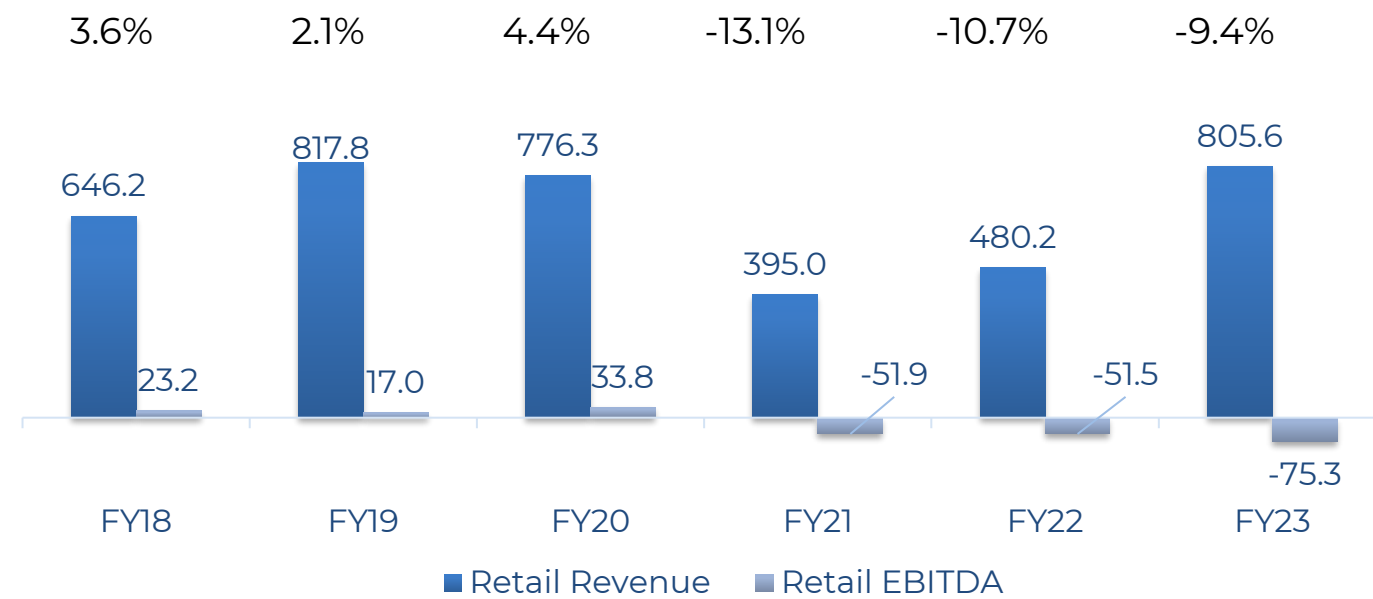


Figures (in Rs. Mn)

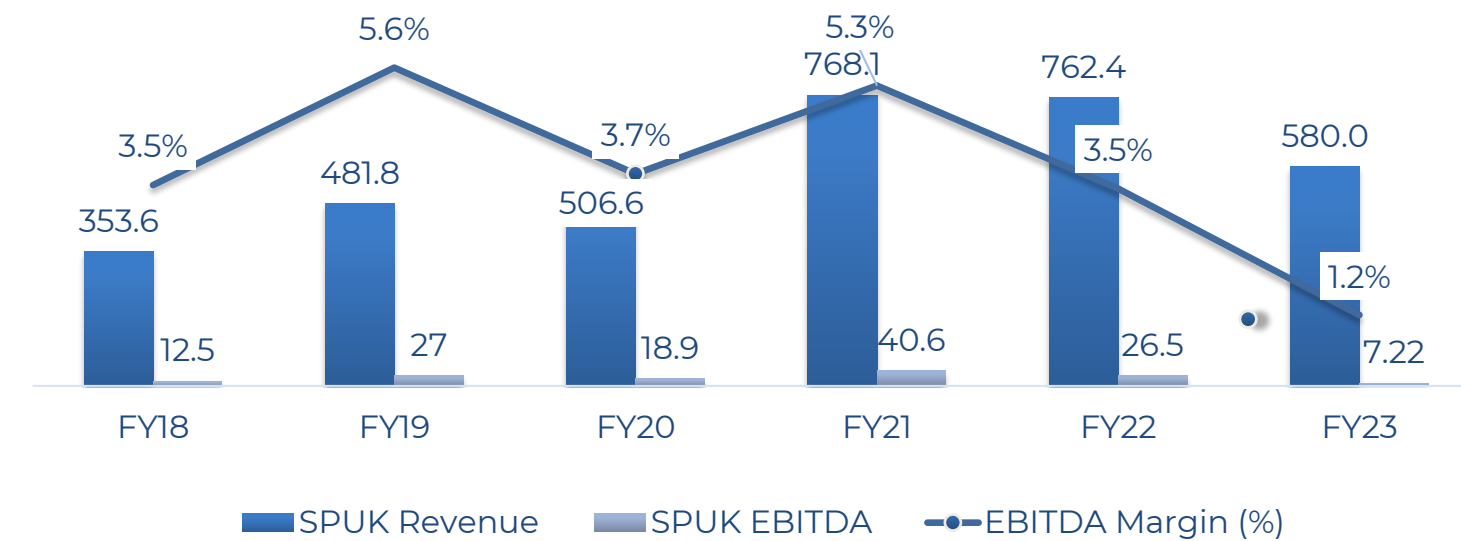
## GARMENT DIVISION



## RETAIL DIVISION



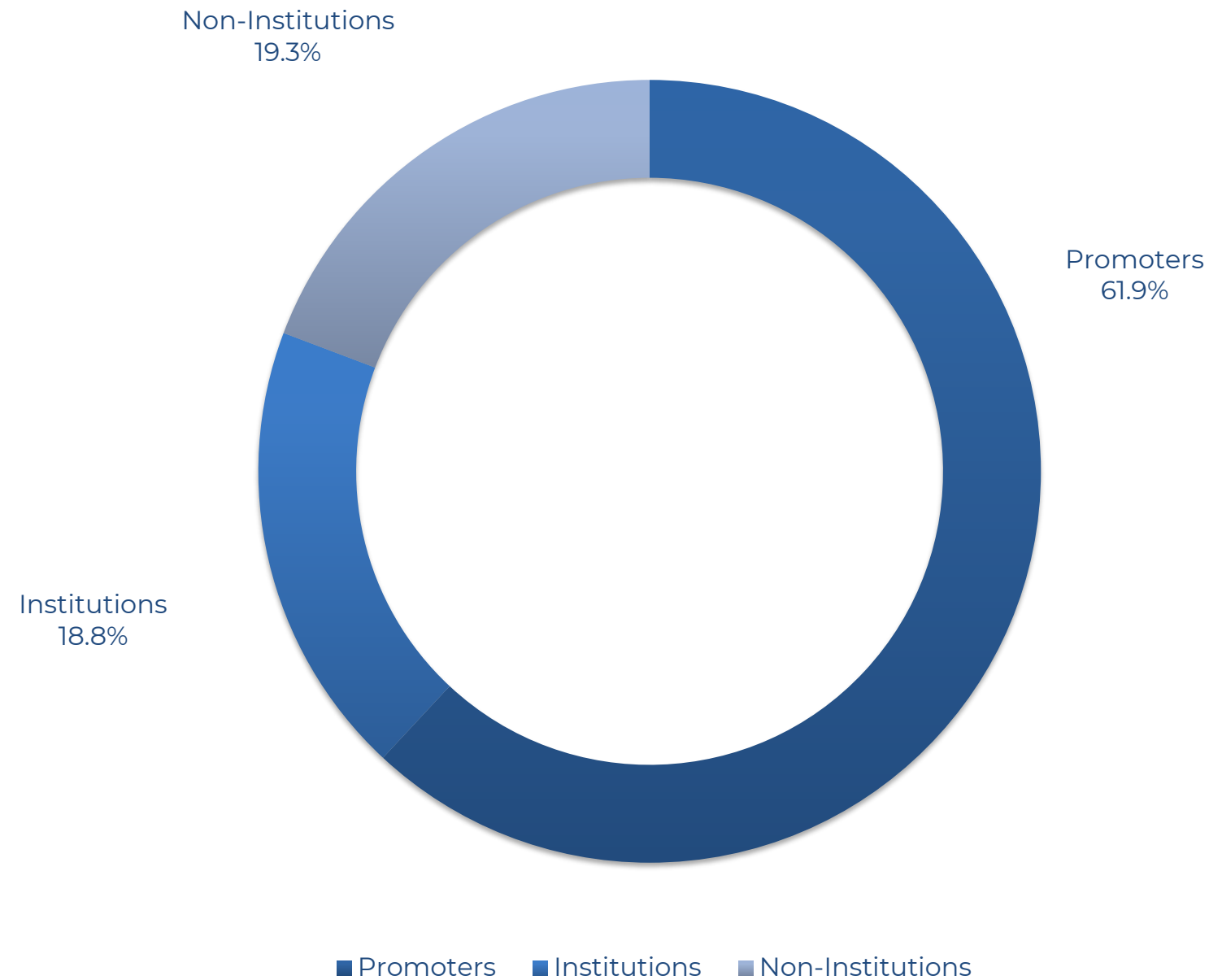
## SPUK



# Shareholding Structure



## SHAREHOLDING PATTERN – 31<sup>st</sup> March 2023



Source: BSE

## KEY SHAREHOLDERS – 31<sup>st</sup> March 2023

DSP Small Cap Fund	8.37%
ICICI Prudential Mutual Fund	3.86%
UTI Mutual Fund	3.71%
Franklin India Smaller Companies Fund	1.09%

# LET'S CONNECT!

**SP Apparels**

**Mr. V. Balaji, Chief Financial Officer**

[BalajiV@spapparels.com](mailto:BalajiV@spapparels.com)

**EY LLP**

**Mr. Vikash Verma / Mr. Abhishek Bhatt / Mr. Sumedh Desai**

[Vikash.verma1@in.ey.com](mailto:Vikash.verma1@in.ey.com) / [Abhishek.bhatt3@in.ey.com](mailto:Abhishek.bhatt3@in.ey.com) / [Sumedh.desai@in.ey.com](mailto:Sumedh.desai@in.ey.com)