



# 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



14<sup>th</sup> February 2020

The Listing Department  
Bombay Stock Exchange 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: Outcome of the Board Meeting**

**Ref: Our Notice dated 07.02.2020.**

Further to our Notice under reference, we wish to inform you that the Board of Directors of the Company at their Meeting held on 14<sup>th</sup> February, 2020, have approved the following Un-audited Financial Results of the Company for the Quarter ended 31.12.2019.

1. Consolidated
2. Standalone

We are sending herewith the Certified True Copies of the aforesaid Results along with the Limited Review Report issued by the Statutory Auditors of the Company.

Further the Board has approved the Postal Ballot Notice for obtaining approval of the shareholders of the Company for sale of the Retail division of the Company on Slump sale basis.

The Board Meeting Commenced at 04.00 PM and concluded at 07.00 P.M.

The Key Highlights of the financials is also enclosed.

Kindly take the above on your record.

Thanking you,

For S.P.Apparels Limited,

K. Vinodhini  
Company Secretary and Compliance Officer

Encl: As above

## **SP Apparels Limited**

### **Key Highlights**

#### **Performance on a Consolidated Basis**

- Revenue for the nine months is Rs. 6,631.50 millions as against Rs.6,068.05 millions on a YoY basis which is growth of 9.28%
  
- Earnings before Interest, Taxes, Depreciation, Amortization and Exceptional item for the nine months Rs. 879.30 millions as against Rs.1,034.87 millions on a YOY basis which is de-grown by 15.03%.
  
- Profit after tax for the nine months is Rs. 441.10 millions as against Rs. 542.83 millions on a YoY basis which is de-grown by 18.74%.
  
- The Board also decided to sell the Retail Division on a slump sale/going concern basis to S.P Retail Brands Limited for the total consideration of Rs. 810 Millions.



**Independent Auditor's Review Report on the Review of Interim Financial Results**

To the Board of Directors of  
S. P. Apparels Limited

1. We have reviewed the accompanying Statement of Unaudited Financial Results (Consolidated) of S. P. Apparels Limited ('the Holding Company') and its subsidiaries (the Holding company and its subsidiaries together referred to as 'the Group') for the quarter ended December 31, 2019 and year to date results for the period from April 1, 2019 to December 31, 2019 together with the notes thereon (the Statement) attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations 2015'), which has been initialed by us for identification purposes.

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

4. A review is limited primarily to inquiries of Holding Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

5 The Statement includes the results of the following entities:

- a. S P Apparels Limited (Holding Company)
- b. Crocodile Products Private Limited (Holds 70%)
- c. S P Apparels (UK) (P) Limited (Wholly owned subsidiary).

6. The consolidated financial results includes the interim financial results of two subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs 139.94 million and Rs 416.25 million for the quarter and year to date December 31, 2019 respectively and Total Comprehensive Income of Rs 4.05 million and Rs 15.56 million for the quarter and year to date December 31, 2019 respectively as considered in the consolidated financial results.

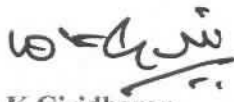


7. Based on our review conducted as stated above and except for the possible effects of the matter described in paragraph 6 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with Ind AS and other recognized accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For ASA & Associates LLP**

Chartered Accountants

Firm Registration No: 009571N/N500006



**D K Giridharan**

Partner

Membership No: 028738



Place: 

Date: February 14, 2020

UDIN: 26028738AAAAA19958

S.P. Apparels Limited

CIN: L18101TZ2005PLC012295

Regd. Office: 39 - A, Ekention Street, Kakkattipudur, Avinashi - 641 654, Tirupur, Tamilnadu

Tel : +91-4296-714000, Fax : +91-4296-714280, 714281 E-mail: cs@sp-apparels.com, Website: www.spapparels.com

Unaudited Consolidated Financial Results for the quarter ended and nine months ended December 31, 2019

(Prepared in Compliance with Indian Accounting Standards - IND AS)

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019		(Rupees in millions except EPS and unless otherwise stated)									
		Quarter ended December 31, 2019 [Unaudited] Rs in Millions	Quarter ended September 30, 2019 [Audited] Rs in Millions	Quarter ended December 31, 2018 [Unaudited] Rs in Millions	Nine Months ended December 31, 2019 [Unaudited] Rs in Millions	Nine Months ended December 31, 2018 [Unaudited] Rs in Millions	For the year ended March 31, 2019 [Audited] Rs in Millions				
S.No	Particulars										
1	Income										
2	Revenue from operations	1,766.95	2,480.99	2,225.99	6,405.99	8,263.76					
	Other Income	46.96	97.87	14.33	225.51	34.40					
	<b>Total Income (3 = 1+2)</b>	<b>1,813.91</b>	<b>2,578.86</b>	<b>2,240.32</b>	<b>6,631.50</b>	<b>8,298.16</b>					
4	Expenses										
5	Cost of materials and services consumed	526.80	748.79	670.94	2,002.61	2,731.12					
6	Purchases of Stock-in-Trade - Traded goods	230.96	290.42	282.08	748.38	935.35					
	Changes in inventories of finished goods, stock-in-trade and work-in-progress - (Increase)/Decrease	(8.34)	90.76	(59.92)	58.88	(400.50)					
7	Employee benefits expense	749.42	1,129.96	873.10	2,809.85	3,265.97					
8	Finance costs	439.99	529.49	471.81	1,517.55	1,872.24					
9	Depreciation and amortisation expense	75.00	77.36	(22.54)	179.58	62.44					
10	Other expenses	341.29	534.53	54.89	215.94	215.88					
	<b>Total Expenses (11 = 4 to 10)</b>	<b>1,865.10</b>	<b>2,328.93</b>	<b>1,888.52</b>	<b>6,141.72</b>	<b>7,203.71</b>					
	<b>Profit/(Loss) before exceptional items and tax (12 = 3 less 11)</b>	<b>160.81</b>	<b>-229.93</b>	<b>381.80</b>	<b>489.78</b>	<b>1,094.45</b>					
13	Exceptional items	97.31	-	-	97.31	-					
	<b>Net Profit/(Loss) for the period before tax (14 = 12 less 13)</b>	<b>53.50</b>	<b>229.93</b>	<b>381.80</b>	<b>392.47</b>	<b>1,094.45</b>					
	Tax expense:										
	(a) Current tax expense	11.83	44.12	86.00	93.04	383.44					
	(b) Short / (Excess) provision for tax relating to prior years	22.72	(153.75)	(9.26)	(8.26)	(16.58)					
	(c) Deferred Tax	34.55	(118.91)	27.96	(132.39)	(6.13)					
	<b>Tax expense (15 = a+b+c)</b>	<b>18.95</b>	<b>348.84</b>	<b>287.82</b>	<b>441.10</b>	<b>733.72</b>					
	<b>Net Profit/(Loss) for the period after tax (16 = 14 less 15)</b>	<b>34.55</b>	<b>(118.91)</b>	<b>113.98</b>	<b>(48.63)</b>	<b>360.73</b>					
	Other Comprehensive Income for the period										
	A (i) Items that will not be reclassified to Profit or Loss	2.83	(0.85)	(6.00)	3.71	4.92					
	Actuarial gain/(loss) on defined benefit plans	(0.73)	0.38	2.10	(0.93)	(1.72)					
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss	(72.18)	(31.84)	123.13	(85.13)	57.03					
	B (i) Items that will be reclassified to Profit or Loss	18.17	9.89	(43.02)	21.43	(19.93)					
	The effective portion of gain/(loss) on hedging instruments in a cash flow hedge	(51.81)	(22.56)	76.21	(60.92)	40.30					
	Translation difference	(0.35)	(0.82)	(0.69)	(1.60)	0.61					
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	(33.21)	326.46	343.34	378.68	774.63					
	<b>Total Other Comprehensive Income (net of taxes) (17)</b>	<b>(33.21)</b>	<b>326.46</b>	<b>343.34</b>	<b>378.68</b>	<b>774.63</b>					
	<b>Minority Interest (18)</b>										
	<b>Total Comprehensive Income/(loss) for the period after tax (19 = 16 plus 17 plus 18)</b>	<b>1.34</b>	<b>(192.45)</b>	<b>457.32</b>	<b>(70.95)</b>	<b>585.36</b>					
	Paid-up equity share capital (face value Rs. 10/-) [Amount]	256,926,000	256,926,000	256,926,000	256,926,000	256,926,000					
	Earning Per Share (Rs.) - Basic and Diluted [Net Profit/(loss) for the period after tax/Weighted average number of equity shares]	0.74	13.58	10.42	17.17	28.66					



**See accompanying notes to the Financial Results**

**Notes:**

- The above unaudited consolidated financial results for the quarter and nine months ended December 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 14, 2020. The above results are not subjected to audit and have been only subjected to limited review by the statutory auditor of the company.
- This statement has been prepared in accordance with the recognition principle laid down in Indian Accounting Standards 34 "Interim Financial Reporting" (IND AS 34), prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.
- Based on the internal reporting provided to the Chief of Decision Maker, the business of Garment sales is only the reportable segment of the group.
- Effective 01.04.2019, the Group has adopted Ind AS 116-leases, applied to its existing lease contracts on April 1, 2019 using the modified retrospective approach.
- Pursuant to the amendment in the Income Tax Act, 1961 effective 20.09.2019, which provides for an option to Domestic Companies to pay Income Tax at reduced rates, the current tax expenses of the company reduced by Rs. 35.52 Million and the deferred tax income of the company increased by Rs. 426.04 Million for the nine months ended December 31, 2019.
- The results for the quarter ended December 31, 2019 is the balancing figures between Statements unaudited figures of the nine months period ended December 31, 2019 respectively and the published unaudited year to date figures up to the half year financial year ended September 30, 2019 were subjected to limited review.
- Exceptional item relates to Merchandise Export from India Scheme (MEIS) export incentive accounted as income in earlier quarters which was derecognized in the Quarter ended December 31, 2019 in order give effect to Notification dated January 14, 2020 of Ministry of Textiles withdrawing MEIS retrospectively from March 07, 2019.
- The utilisation of IPO proceeds is summarised as below (unaudited):-

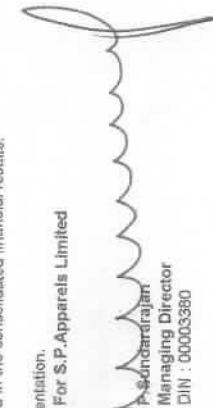
Objects of the issue as per the Prospectus	As per Prospectus	Utilisation amount up to December 31, 2019	Unutilised amount as of December 31, 2019
Expansion and modernization of manufacturing facility	701.60	701.60	-
Repayment or prepayment of debt	630.00	630.00	-
Opening of new stores for the sale of 'Crocodile' products	278.50	278.50	-
Addition of balancing machineries for existing dyeing unit	49.10	49.10	-
General corporate purposes and issue expenses	490.80	490.80	-
<b>Total</b>	<b>2,150.00</b>	<b>2,150.00</b>	<b>-</b>

- On January 23, 2020 the Board decided to sell the Retail Division on a slump sale/good concern basis to S.P Retail Brands Limited, an independent company promoted by strategic investors along-with the promoters of S.P Apparels Limited. The total consideration of the deal will be Rs. 810 Millions which will be settled by S.P Retail Brands Limited partly by cash and a portion by a way of compulsorily convertible preference shares of S.P Retail Brands Limited. The cash settlement will be partly made immediate and partly through deferred payment. The whole transaction needs to be approved by the shareholders and will take effect after taking all necessary clearances before the end of March 2020.
- The consolidated financial results includes the interim financial results of two subsidiaries which have been consolidated based on management accounts, whose interim financial results reflect total revenue of Rs. 416.25 millions for the nine months ended December 31, 2019 and Total Comprehensive Income of Rs 15.56 millions for the nine months ended December 31, 2019 as considered in the consolidated financial results.
- Tax on Consolidated financial statements is calculated after adjusting subsidiaries profit with carried forward loss.
- Previous period figures have been regrouped / reclassified, wherever necessary, to conform to the current period classification / presentation.

Place : Coimbatore

Date : February 14, 2020

  
V. Balaji  
Chief Financial Officer

  
P. Srinivasrajan  
Managing Director  
DIN : 00003380



**Independent Auditor's Review Report on the Review of Interim Financial Results**

To the Board of Directors of  
S. P. Apparels Limited

1. We have reviewed the accompanying Statement of Unaudited Financial Results (Standalone) of S. P. Apparels Limited ('the Company') for the quarter ended December 31, 2019 and year to date results for the period from April 1, 2019 to December 31, 2019 together with the notes thereon (the Statement) attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations 2015'), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
4. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
5. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with Ind AS and other recognized accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For ASA & Associates LLP**

Chartered Accountants

Firm Registration No: 009571N/N500006

  
**D K Giridharan**

Partner

Membership No: 028738

Place: Avinashi

Date: February 14, 2020

UDIN: 20028738AAAAH8793



S.P. Apparels Limited

CIN: L18101TZ2005PLC012295

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Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019

(Prepared in Compliance with Indian Accounting Standards - IND AS)

Statement of Unaudited Financial Results for the quarter and nine months ended December 31, 2019		(Rupees in millions except EPS and unless otherwise stated)				
		Quarter ended December 31, 2019 [Unaudited] Rs in Millions	Quarter ended September 30, 2019 [Unaudited] Rs in Millions	Quarter ended December 31, 2018 [Unaudited] Rs in Millions	Nine Months ended December 31, 2019 [Unaudited] Rs in Millions	Nine months ended December 31, 2018 [Unaudited] Rs in Millions
	S.No					
Revenue from operations	1	1,634.53	2,332.24	2,114.49	6,017.00	7,781.42
Other income	2	46.83	95.79	14.21	223.30	34.14
<b>Total Income (3 = 1+2)</b>		<b>1,681.36</b>	<b>2,428.03</b>	<b>2,128.70</b>	<b>6,240.30</b>	<b>7,815.56</b>
<b>Expenses</b>						
Cost of materials and services consumed	4	526.80	748.78	670.94	2,002.61	2,731.12
Purchases of Stock-in-Trade - Traded goods	5	107.94	172.11	165.81	391.93	508.02
Changes in inventories of finished goods, stock-in-trade and work-in-progress - (Increase)/Decrease	6	(8.34)	90.76	(59.93)	58.86	(402.61)
Employee benefits expense	7	626.40	1,011.65	776.82	2,453.40	2,836.53
Finance costs	8	437.01	526.96	469.08	1,509.68	1,861.77
Depreciation and amortisation expense	9	58.45	56.72	-22.99	171.06	76.92
Other expenses	10	79.28	81.63	59.14	228.71	60.81
<b>Total Expenses (11 = 4 to 10)</b>		<b>3,338.57</b>	<b>5,347.78</b>	<b>4,799.92</b>	<b>14,118.45</b>	<b>17,776.66</b>
<b>Profit/(Loss) before exceptional items and tax (12 = 3 less 11)</b>		<b>1,539.71</b>	<b>2,211.74</b>	<b>1,761.97</b>	<b>5,781.30</b>	<b>6,768.56</b>
Exceptional items	13	141.65	216.29	366.73	459.00	1,047.00
<b>Net Profit/(Loss) for the period before tax (14 = 12 less 13)</b>		<b>97.31</b>	<b>-</b>	<b>-</b>	<b>97.31</b>	<b>-</b>
<b>Tax expense:</b>		<b>44.34</b>	<b>216.29</b>	<b>366.73</b>	<b>361.69</b>	<b>1,047.00</b>
(a) Current tax expense		11.15	43.20	84.59	91.03	378.66
(b) Short / (Excess) provision for tax relating to prior years		-	(9.28)	-	(9.28)	(16.58)
(c) Deferred Tax		22.72	(153.75)	27.06	(132.39)	(12.78)
<b>Tax expense (15 = a+b+c)</b>		<b>33.87</b>	<b>(119.83)</b>	<b>111.65</b>	<b>(50.64)</b>	<b>349.29</b>
<b>Net Profit/(Loss) for the period after tax (16 = 14 less 15)</b>		<b>10.47</b>	<b>336.12</b>	<b>255.08</b>	<b>412.33</b>	<b>697.71</b>
<b>Other Comprehensive Income for the period</b>						
A (i) Items that will not be reclassified to Profit or Loss		2.93	(0.89)	(6.00)	3.71	4.92
Actuarial gain/(loss) on defined benefit plans		(0.73)	0.38	2.10	(0.93)	(1.72)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss						
B (i) Items that will be reclassified to Profit or Loss		(72.18)	(31.94)	123.13	(85.13)	57.03
The effective portion of gain/(loss) on hedging instruments in a cash flow hedge		-	-	-	-	-
Translation difference		18.17	9.89	(43.02)	21.43	(19.93)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(51.81)	(22.56)	76.21	(60.92)	40.30
<b>Total Other Comprehensive Income (net of taxes) (17)</b>		<b>(41.34)</b>	<b>313.56</b>	<b>331.29</b>	<b>351.41</b>	<b>738.01</b>
<b>Total Comprehensive Income/(loss) for the period after tax (18 = 16 plus 17)</b>		<b>256,926,000</b>	<b>256,926,000</b>	<b>256,926,000</b>	<b>256,926,000</b>	<b>256,051,000</b>
<b>Paid-up equity share capital (face value Rs. 10/-) [Amount]</b>						
<b>Earning Per Share (Rs.) - Basic and Diluted (Net Profit/(loss) for the period after tax/Weighted average number of equity shares)</b>		<b>0.41</b>	<b>13.08</b>	<b>9.93</b>	<b>16.05</b>	<b>27.25</b>
		[Not annualised]	[Not annualised]	[Not annualised]	[Not annualised]	[Annualised]





**See accompanying notes to the Financial Results**

**Notes:**

1. The above unaudited standalone financial results for the quarter and nine months period ended December 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 14, 2020. The above results are not subjected to audit and have been only subjected to limited review by the statutory auditor of the company.
2. This statement has been prepared in accordance with the recognition principle laid down in Indian Accounting Standards 34 "Interim Financial Reporting" [IND AS 34], prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies.
3. Based on the internal reporting provided to the Chief of Decision Maker, the business of Garment sales is only the reportable segment of the company.
4. Effective 01.04.2019, the Company has adopted Ind AS 116-leases, applied to its existing lease contracts on April 1, 2019 using the modified retrospective approach.
5. Pursuant to the amendment in the Income Tax Act, 1961 effective 20.09.2019, which provides for an option to Domestic Companies to pay Income Tax at reduced rates, the current tax expenses of the company reduced by Rs. 35.52 Million and the deferred tax income of the company increased by Rs.126.04 Million for the nine months ended December 31, 2019.
6. The results for the quarter ended December 31, 2019 is the balancing figures between Stanadalone unaudited figures of the nine months period ended December 31, 2019 respectively and the published unaudited year to date figures up to the half year financial year ended September 30, 2019 were subjected to limited review.
7. Exceptional item relates to Merchandise Export from India Scheme (MEIS) export incentive accounted as income in earlier quarters which was derecognized in the Quarter ended December 31, 2019 in order give effect to Notification dated January 14, 2020 of Ministry of Textiles withdrawing MEIS retrospectively from March 07, 2019.
8. The utilisation of IPO proceeds is summarised as below(unaudited):-

Objects of the issue as per the Prospectus	As per Prospectus	Utilisation amount up to December 31, 2019	Unutilised amount as of December 31, 2019
Expansion and modernization of manufacturing facility	701.60	701.60	-
Repayment or prepayment of debt	630.00	630.00	-
Opening of new stores for the sale of Crocodile products	278.50	278.50	-
Addition of balancing machineries for existing dyeing unit	49.10	49.10	-
General corporate purposes and issue expenses	490.80	490.80	-
<b>Total</b>	<b>2,150.00</b>	<b>2,150.00</b>	<b>-</b>

9. On January 23, 2020 the Board decided to sell the Retail Division on a slump sale/going concern basis to S.P Retail Brands Limited, an independent company promoted by strategic investors along-with the promoters of S.P Apparel Limited. The total consideration of the deal will be Rs. 810 Millions which will be settled by S.P Retail Brands Limited partly by cash and a portion by a way of compulsorily convertible preference shares of S.P Retail Brands Limited. The cash settlement will be partly made immediate and partly through deferred payment. The whole transaction needs to be approved by the shareholders and will take effect after-taking all necessary clearances before the end of March 2020.
10. Previous period figures have been regrouped / reclassified, wherever necessary, to conform to the current period classification / presentation.

For S.P.Apparels Limited

Place : Coimbatore  
Date : February 14, 2020

  
V. Balaji  
Chief Financial Officer

  
P. Sundararajan  
Managing Director  
DIN : 00003380

