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Ref: Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015	
Sub: Transcript of the Conference call held on 09 th November 2023	

Dear Sir/Madam,

With reference to our letter dated 01st November 2023, intimation about the conference call with Analyst/ Investor held on 09th November 2023, please find the attached transcript of the aforesaid conference call.

This is for your information and record.

Thanking You.

Yours faithfully,

For S.P.Apparels Limited

K.Vinodhini
Company Secretary and Compliance Officer

Encl: As above



“SP Apparels Limited
Q2 FY 24 Earnings Conference Call”
November 09, 2023



MANAGEMENT: **MR. P. SUNDARARAJAN – CHAIRMAN AND MANAGING DIRECTOR**
Ms. S. SHANTHA – JOINT MANAGING DIRECTOR
MR. S. CHENDURAN – JOINT MANAGING DIRECTOR
MRS. S. LATHA – EXECUTIVE DIRECTOR
MR. P.V. JEEVA – CHIEF EXECUTIVE OFFICER
MR. V. BALAJI – CHIEF FINANCIAL OFFICER

MODERATOR: **MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the S.P. Apparels Q2 FY24 Earnings Conference Call hosted by Elara Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Prerna Jhunjhunwala from Elara Securities Pvt. Ltd. Thank you and over to you ma'am.

Prerna Jhunjhunwala: Thank you, Lizann. Good afternoon, everyone. On behalf of Elara Securities Private Limited, I would like to welcome you all to Q2 FY '24 Post Result Conference Call and Business Update Call of S.P. Apparel Limited.

Today, we have with us the senior management of the company, including Mr. P. Sundararajan., Chairman and Managing Director; Ms. S. Shantha, Joint Managing Director; Mr. S. Chenduran, Joint Managing Director; Mrs S. Latha, Executive Director; Mrs. P.V. Jeeva, Chief Executive Officer; and Mr. V. Balaji, Chief Financial Officer of the company.

Without taking much time, I would now like to hand over the call to the management for opening remarks. Thank you, and over to you, sir..

P. Sundararajan: Thank you, Prerna. Good afternoon to everyone here. I extend my warmest greetings to everyone joining us on this concall to review our Q2 and H1 FY24 results. Wish you all happy Dhanteras and Diwali to everyone on this call. Before we proceed, I would like to share some insights about the industry and business highlights, after which Mr. V Balaji will provide an overview of the financial performance.

To begin with, I will take you through the industry overview, followed by our division wise performance. A recent analysis by [\[Walrus\]Wazir](#) Advisors predicts that the Indian textile and apparel market will achieve a compound annual growth rate of 10%, reaching a market size of \$350 billion by 2030. Concurrently, the global apparel market is projected to experience an approximate 8% CAGR, expanding to \$2.37 trillion by 2030. These growth projections underscore the significant potential in our industry.

Moreover, the Indian garment export demand may see an upswing due to various macroeconomic developments. For instance, Bangladesh is consuming a wage hike of approximately 35% to 40%. Now they are demanding as per yesterday's news, about 55% of the workers due to high inflation, potentially creating an opportunity to apparel players in India.

This presents a significant opportunity for us to capture a larger share of the global market. Additionally, ongoing discussions about free trade agreements and China's investment strategy are expected to play a pivotal role in shaping the dynamics of the apparel industry. We observed a decline in India's exports, primarily due to reduced demand from international retailers, who were driven to big-stock excess inventory.

Furthermore, the demand in the UK and European markets were affected by decreased purchasing power, mainly due to rising interest rates and other inflationary factors. These external factors did create headwind for our business, but despite the challenges posed, our performance during the second quarter of FY24 remained relatively stable.

One positive aspect worth noting is that, we currently have a backlog of orders that extends until February 2024. This indicates the trust our customers have in our products and the robust demand that centralizes our business. We anticipate improved demand in the second half of the year, as economic conditions are expected to stabilize.

With regard to the company's division-wide performance, spinning division, during the quarter our spinning segment witnessed a recovery compared to the same period last year. The margins of spinning segment have stabilized largely on account of decrease in cotton prices. We have breakeven in this segment and believe to continue this trend in coming quarters. We are confident that the strength of improved performance will persist in the coming quarters as well.

With regard to the garmenting division, our garmenting division experienced a relatively stable performance during this quarter. The decrease in the per unit price realization of garments has an impact on the segment's overall revenue. However, we are diversifying by entering the manufacturing of ladies and menswear, where the unit prices are better. It is expected to enhance the realization in the future.

As of now, our order book stands at INR410 crores, representing year-on-year growth of about around 20%. We have orders booked until February 24. In Q2 FY24, our quarterly revenue amounted to rupees INR246.1 crores, compared to ₹INR277.46 crores in Q2 FY23. We exported a total of 15.4 million pieces during the quarter. We adjusted EBITDA for our garment segment in Q2 FY24, which reached INR48.43 crores, with EBITDA margin standing at 19.7%.

Our utilization level has improved, rising from 72% in Q2 FY23 to 76% in Q2 FY24, primarily due to increased workforce and introduction of night shifts. We have also initiated two-shift operations in a few factories during the quarter and plan to extend this to two more factories by December. Our goal is to have around six to seven factories operating on a two-shift basis by March 2024.

Initially, we are in the preparatory phase of the construction of our new factory at Sivakashi, which is expected to be operational by August 24. Furthermore, I would like to highlight that the duty drawback on shipments has increased from 0.5% -- between 0.5 to 0.7%, of shipments starting from November 1st of 23.

Regarding our Sri Lanka subsidiary, we are making satisfactory progress and are engaged in discussions with various customers with a positive outlook for the future.

With regard to SPUK division, regarding our business in the UK, SPUK, we recently undertook a change by relocating our office from Leicester to London. The strategic move resulted in a six to eight months of transitional period for the business, which has now settled down. The quarterly revenue for SPUK amounted to GBP1.4 million in contrast to GBP2.1 million in the

corresponding period last year. We are optimistic about our ability to onboard three additional tickets by 2024 and anticipate strong performance from this division in the next and coming years to come.

With regard to the retail division, in Q2 FY24, SP Retail Ventures reported revenue of INR27.69 crores and an EBITDA loss of INR1.19 crores for this quarter. Although the crocodile brand continues to be profitable, the recent introduction of new brands along with their associated fixed overheads has had an impact on our profit margin. Our retail division is currently undergoing a consolidation phase, particularly as we focus on stabilizing new licenses and the brands.

The overall outlook will see a progressing landscape driven by key macroeconomic factors such as China plus one strategy, emission of duty, and taxes on export products, that is, RODP, EP, initiatives, and the production-led incentive scheme are set to stimulate the demand.

Moreover, recent developments in Bangladesh, such as expected increase in labor costs and workers unrest impacting the industry, have led many retailers to shift their focus away from Bangladesh. India is one of the way of entering into SPA, and this combined with other factors will position India as a strong contender among garment exporting nations.

Within SPAL, enhanced operating leverage will make a significant contribution to the company's revenue. We anticipate achieving utilization rates of approximately 90% by March 2024, coupled with EBITDA margin of around 18% for the entire year.

For our SPUK division, our primary focus is on securing a substantial order from a major European client, which has the potential to substantially boost the division's growth. We have strong confidence in the SPUK division performance, and we are also keeping a keen eye on our retail operations as they will be pivotal in our strategy for the coming years. We are confident that these favourable macroeconomic trends, along with our commitment for improved operational efficiency, will serve as the foundation for the company's future growth and profitability.

Thank you and over to Balaji, our CFO.

V. Balaji:

So I'll just brief you about the financial performance of the company. Consolidated revenue for the quarter stood at INR287 crores, as against INR242 crores quarter-on-quarter, with a growth of 18%. Consolidated adjusted revenue of INR530 crores for the first half, versus INR567 crores year-on-year. Adjusted EBITDA stood at INR25 crores for the quarter, versus INR35 crores quarter-on-quarter. And adjusted EBITDA stood at INR80 crores for the first half, versus INR80 crores year-on-year.

PAT for the quarter stood at INR29 crores for the current quarter, versus INR15 crores quarter-on-quarter. PAT first half stood at INR44 crores for the current quarter, versus INR48 crores year-on-year. EPS stood at INR11.4 crores for the quarter, versus INR5.97 crores quarter-on-quarter.

I'll brief you about the garment division's performance. Adjusted revenue stood at INR246 crores for the current quarter, versus INR212 crores quarter-on-quarter. Adjusted revenue stood at INR458 crores for the first half, versus INR500 crores year-on-year. Adjusted EBITDA stood at INR48 crores for the current quarter, versus INR40 crores quarter-on-quarter. Adjusted EBITDA stood at INR88 crores for the first half, versus INR82 crores year-on-year.

PAT stood at INR33 crores for the current quarter, versus INR22 crores quarter-on-quarter. PAT at INR55 crores for the first half, versus INR52 crores year-on-year. On the retail performance, revenue stood at INR28 crores, versus INR16 crores year-on-year. EBITDA stood at INR1.1 crores, versus INR70 lakhs year-on-year. SPUK revenue stood at GBP1.4 million, versus GBP2.1 million, which has come down for the current quarter. After making a positive EBITDA of GBP100,000, we have made a loss of GBP90,000 for the current quarter.

On the debt position, we have a gross debt of INR168 crores on a standalone basis, and on a net debt, we have INR90 crores on a standalone basis. Our inventory level at INR247 crores on a standalone basis, receivables at INR91 crores on a standalone basis, and payable at INR62 crores on a standalone basis.

Our working capital cycle has increased due to receivables from the retailers, majorly due to increasing interest costs in the UK, where we are not discounting the invoices with our customers in the UK. Other information is available in the presentation, and we can get into the questions and answer.

Moderator: The first question is on the line of Aman from Carnial Capital.

Aman: My question was on the garment margins. It is very encouraging to see the Q-on-Q improvement in garment margins. But what has led to this improvement? Because when I see financials of some of the years, they have not reported any improvement in margins. But we have improved our government margins a lot. So, if you can talk about that a bit.

V. Balaji: Aman, you are talking about the improvement in the garment division, which includes the spinning also. For the current year, I think our spinning plant is being utilized fully. We are not having any issues from the spinning where the cotton spreads beyond this year. So, that is why our margins have also improved. Moreover, the pressure on the yarn is not there. The yarn prices are corrected comparing last year. So, we are maintaining the EBITDA margins, whatever we plan to iterate.

Aman: So, can we expect similar kind of margins to continue for the next few quarters also, given how the yarn prices have basically moderated right now?

P. Sundararajan: We always give you the guidelines of always between 18 to 20, which we are able to so far maintain, except for one quarter, I think. Otherwise, on an average annually, we are able to maintain 18 to 20. That is the guideline we are giving because sometimes the policy might change. Sometimes the raw material may go up or go down. Or in the recession in the retail international market, the exchange rate, there are so many variables. So, in spite of all these

variable things, we are able to maintain 18 to 20. Sometimes there are some advantages, sir. Sometimes there are disadvantages. So, we are able to balance both.

Aman: Understood, sir. The second question is about the order book. Like how much order book we would have right now? And also the realization for fees for that order book, if we can get?

V. Balaji: Order book, I guess it is explained in the open remark. The order book is INR410 crores. And the realization for fees on the order book should be close to INR130 crores to INR130 crores.

P. Sundararajan: Yes, around that.

Aman: Okay, got it, sir. But, it is not on the Sri Lanka subsidiary, right? We have been talking about this expansion on the Sri Lanka side. So, if we can share any more updates like discussion with clients. Have we located the factories we might want to tie up with for contract manufacturing? So, any update on that side, sir?

V. Balaji: I think in the opening remark, he has specified that there is good amount of discussions that have happened with these retailers and we are waiting for the retailers to start giving clearances in terms of factories. Those factories need to be audited and needs to be completed. So, that will take 6 months time.

P. Sundararajan: Yes, 3 customers have shown interest. Then, you know, we have to undergo the procedures of, the first thing is costing exercises. And some sample development, sample making for the quality testing. And then they will go for the complaint audit of the factory. And only then they will start placing the order. So, in principle, 3 customers have agreed for this Sri Lanka operation. So, it's a matter of time. In the next another about 2 to 3 months' time, probably by March, April, shipments will start.

Aman: The next question was on the retail side. So, like we have seen some improvement in the EBITDA margins this time, right? So, would it be possible to share the EBITDA profits we are making in crocodile business and the losses we are taking from the new brands? Like that would give a very good idea to us that how the transition is basically happening in the newer brands. If that is possible, sir?

V. Balaji: Yes, maybe going forward, we will include a slide on retail, giving you a break up on the contribution, sales and EBITDA contribution brand wise.

Aman: Yes, that's helpful. And the last question was on the operations. Like we were trying to get into focus garment also, right? By looking for some factory near Bangalore or Chennai. So, like how are we progressing on that side and like any update if we can share on that.

P. Sundararajan: For the O1, we are still under negotiation. And we are looking for acquisition for the [O11]. We have some alternate plans also. We will be able to give the firm information in the month of April, 24.

Aman: For the woven garments, will it be for the existing clients only or like are we looking to add new clients?

P. Sundararajan: For existing clients only. If we acquire, we will also take their customers as well. You get my point?

Moderator: The next question is from the line of Rehan from Equitree Capital. Please go ahead.

Rehan: So, first question would be on SPUK division. I mean, any reason you see the decline year on year in operational revenue as well as EBITDA front? Any specific reason you guys feel the same?

P. Sundararajan: Yes, as I have been mentioning in the past quarter as well, there has been a major strategic change we are doing. It's location-wise, strategically, it is advantageous to move from Leicester to London. The SPUK office used to operate from Leicester, where the customers were finding it difficult to visit there because the accessibility has been a problem.

So, we have shifted about a few months back to London. Until then, we have not been able to book concrete businesses. And also, the entire team, we are adding more new people as well as transferring some of the people from Leicester also. So, now the sense has increased. And now our customers are very clear about what we are now doing, and they are very happy about this strategic location now. This is one point.

And another point, our main customer, key customer of SPUK is when there is a recession in them because of the European recession market due to lesser disposable income. So, the retailers are sitting with huge stocks. So, even the orders which are supposed to be released last month, this is not happening because they are waiting for the stocks to reduce. That is another reason.

But going forward, having the same FY24, FY25 is going to be – again, we will be back on track, and we are budgeting very attractive number. And we are adding another three more new customers. So, I am very confident that business model will have a great future.

Rehan: Okay. Thank you. Second question will be on your yarn business. Could you tell us more about it and the performance this quarter?

P. Sundararajan: So, spinning division, see, last year there was a huge loss due to increase in the cotton price, and the realization of yarn price was very low. So, it was not even – the realization was not even to the level of cost of cotton. So, there was a severe loss during the last quarter and gradually now the cotton prices have come down and the yarn price is stabilizing. So, this quarter we have been able to maintain the break-even level.

So, that is the reason why yarn division, spinning division is not making losses now. But slowly, I think EBITDA is becoming double-digit EBITDA slowly. And I am sure this will continue forever. So, the good point is it will not pull down the profit of other divisions.

Moderator: The next question is in the line of Prema Jhunjhunwala. Please go ahead.

Perna Jhunhunwala: Yes. Hi. So, I just wanted to understand the customers in the US and how you are improving your revenue mix there?

P. Sundararajan: See, now, as we have been always mentioning, getting the orders, getting the business, getting the customers is not a big challenge as much as getting the workforce. That has been the challenge for SP Apparels all this time. And as I mentioned last summer also, now we have been able to turnaround that manpower challenges. And that is one of the reasons why, you know, we are even going for two shifts in some of the factories, which makes it a very clear message that we have been able to manage the population of workforce.

So, in our business, in terms of SP Apparels businesses, the more the capacity, the more the business because for us, the customers are very strong for us. And only the capacity has been a challenge. Now, we are going to increase. And I think year on year, the capacity will grow by 15%, 20% comfortably. So, if that is the case, so we have got one US customer already. So, we can increase our customers only when we have sufficient capacities.

Perna Jhunhunwala: So, Sri Lanka facility, when is...

P. Sundararajan: Sri Lanka will fetch the additional business for the company, because already the running factor is businesses. But that is nothing to do with the American customers, because it is a duty-free country to Europe and the UK. So, our customers are all from Europe and the UK. And we have already spoken to them. So, they are showing their interest for placing some orders to the UK factories. So, that is going to be an additional business from our existing customer.

Perna Jhunhunwala: Okay. And the product mix will remain similar?

P. Sundararajan: Definitely, the product mix will increase. We will be doing some of the women and the adult garment out of Sri Lanka as well. And even undergarment.

Perna Jhunhunwala: Okay, and Sir, what will be the contribution of men and ladies where today in your revenue share?

P. Sundararajan: Yes, today it is only negligible, 2%. It is only 2% now, and we will be there over a period of time, over a period of year. We are planning for at least 10%.

Perna Jhunhunwala: Okay, understood. And will there be any change in your debt profile, given that you are expanding capacity? And also looking at working capital requirements would increase going forward. Do you expect the debt to remain around current levels, or do you see a substantial increase?

V. Balaji: We don't see any substantial increase in the debt profile. I think we are moving towards a debt-free company. Our long-term debt is close to only around INR4 crores, INR5 crores as of today. On the working capital front, the working capital, I guess, there could be some increase in the working capital requirement, just because we are moving to the new factories, new capacities. But that will be in line with the current approvals coming in. So I don't think there will be a big change in the debt profile.

- Perna Jhunjhunwala:** That's wonderful. I'll come back to the question queue. Thank you and Happy Diwali to you.
- V. Balaji:** Happy Diwali.
- Moderator:** The next question is from the line of Hemang Kothadia from Anvil. Please go ahead.
- Hemang Kothadia:** Right now, the factory is running at 76% utilization for the second quarter. And we are targeting 90% by the fourth quarter, right?
- P. Sundararajan:** End of March, 2024. Okay.
- Hemang Kothadia:** So the effective capacity of the company is what? 19 million pieces per quarter?
- V. Balaji:** We have 5,000 machines as of today. And today, currently, I mean, not about Q2, current utilization level has gone up. And we are at 82%, 83% as of today. We will definitely reach 90% by March.
- P. Sundararajan:** Roughly, first quarter, 19 million pieces. First quarter, roughly 19 million pieces.
- Hemang Kothadia:** 19, right?
- P. Sundararajan:** Yes, 1.95%. Okay, okay.
- Hemang Kothadia:** Out of that, by March, we will be able to reach 90% on the month of March. On the spinning side, so how is the cotton yarn situation right now? And the improvement in margin in the current quarter, mainly because of the improvement in the cotton yarn scenario vis-à-vis last quarter, that is first quarter, or still there is some benefit we will have to kick in for the coming quarters on the yarn side?
- V. Balaji:** In terms of the cotton versus yarn spreads, I think comparing year on year, the spreads have come up. Definitely, they are better now. But if you look at quarter on quarter also, the margins have improved in terms of the spread between cotton and yarn. But these both, cotton and yarn are market-driven. We cannot have control over it. We cannot just give you how it can improve over the next two, three quarter. But definitely, we feel that going forward, that should not pull down the overall margins.
- P. Sundararajan:** Yes, because we expect EBITDA to be double-digit.
- Hemang Kothadia:** Okay, right. And so what will be capex for the current year and next year?
- V. Balaji:** Currently, we are looking at, we have already invested close to INR30 crores, INR40 crores into the hostel facilities, which we have already planned, maybe another INR10 crores towards the end of the year. So, we are moving aggressively as CMD was talking about the 90% utilization and the second shift in 6-7 factories. We may have to invest more into the hostel facilities. That, maybe next financial year, we will look at it.

- Hemang Kothadia:** So, this financial year would be INR50 crores for the full year and next probably...
- V. Balaji:** Yes, it could be INR50 crores for a year, yes.
- Hemang Kothadia:** Okay, okay, okay. And with INR50 crores, we can easily increase our capacity by 10%, 15% every year.
- P. Sundararajan:** Yes, correct.
- Hemang Kothadia:** If we want to?
- P. Sundararajan:** Yes. Yes, correct.
- Hemang Kothadia:** Okay. And so how is the situation on getting the employment? Because I think we are the kind of industry that requires a lot of female employees. So, how you do, how you get the first of the employees and how you train and how much time it will take to train them and get on board basically? How much time it will take to train the employees and get on board?
- P. Sundararajan:** See, mostly we get the employees from the preliminary trained institutions across India and we give them about two weeks of intensive training and then we will place them on the job and it will take about 30 days for them to reach the reasonable efficiency. So, which means that they will be fit for production with a reasonable efficiency of, say, after two months of the recruitment.
- Hemang Kothadia:** And availability is not an issue, right?
- P. Sundararajan:** Yes, that's not, so far not.
- Moderator:** Thank you. The next question is from the line of Sheetal Keswani from Sriram Mutual Fund. Please go ahead.
- Sheetal Keswani:** Thank you for the opportunity. Sir, I just wanted to understand how are we planning to expand the SPUK business? And what type of growth can this business see in two years?
- P. Sundararajan:** We have done all the shifting, everything from Leicester to London. So, now it's all up and running now. It's not an issue. But unfortunately, because of the recession in the UK and the European countries, so there has been a little bit delay in getting the order. But all said and done, we have already spoken to all the existing one customer, another three customer. The order booking starts from the end of November, first week of December for the next season, which means the 24th. So, we strongly believe FY24 will be the best year for the SPUK. That means for the new numbers, because we are going to have four new customers, the big retailers of UK and Europe. And we are very confident in all the space.
- Sheetal Keswani:** So, then we expect FY25 and FY26 to be stronger than FY24 in that case?
- P. Sundararajan:** The FY24 and FY25 will be back on track and FY25 and FY26 will be much stronger.

Sheetal Keswani: Much stronger. Also, I just wanted to understand your outlook on the garment business for the next one to two years?

P. Sundararajan: See, India stands to be the most preferred country globally because of China plus reason and FTA has been anticipated. So, the retailers are getting prepared for delivering orders to India, anticipating FTA at any time. And Bangladesh is a tough task for the retailers to manage up to a certain level. And the cost of the labor is going to go up by 50%. Negotiation is going on, on the labor cost. And even in Sri Lanka, they are also for whatever reason, Sri Lanka is not getting much businesses.

So, we stand to be the most preferred vendor, India. So, India, in the next three years, we are very strong with regard to the inflow of order. And the workforce mobilization is also, I think most of the companies have been able to manage those challenges. And the raw materials are under control. There's no issue about it. And all the other ancillary processes like dyeing or yarn or printing, I think all big factories are already ready. And the compliance side also, all the customers are happy to work with India because of the transparency in our factories, compliances, etcetera. So, there is a good opportunity for India in the next three, four years.

Sheetal Keswani: Okay, so got it. So, then since, you know, we are getting the opportunity over and above Sri Lanka and Bangladesh, are we adding any new customers in the garment division?

P. Sundararajan: Yes, of course, we are going to add one or two. Already we have resumed not the new customers, those customers whom we used to do the business. Because of the capacity issues, we had to request them to give us the break. And now we have resumed them because our capacities have grown up. So, one customer has come back. We have already started the business with them.

And there are going to be one or two, three new customers coming for SPUK business. And for SP garment division, we are planning one more new customer. And one of the existing American customers is, you know, like shown interest. Last week we had a meeting with them. They are talking about a huge volume. They want to divert everything from other countries to India. So, that's the customer. We have one or two customers for garment division and SPUK and other three customer.

Sheetal Keswani: So, that incrementally, could you just quantify then how much will that help us grow the garment division?

P. Sundararajan: So, in the early stage, early stage. So, I think overall 20% will be there.

Sheetal Keswani: Overall 20% will be the incremental. Also, any geographical new customers are we adding or just that, you know, the one part of the SPUK that you mentioned. Anything else? Are we getting orders from what the Sri Lanka and Bangladesh would have got and, you know, since India has got the opportunity now, are we seeing from anywhere else?

V. Balaji: The customer of whom he was talking about are the customers from US. So, we would always prefer to mitigate the risk of concentration geographically. So, we are looking at new customer. The new customers are from US.

- Moderator:** The next question is from the line of Akshay from JHP.
- Akshay:** Thanks for the opportunity. So, what would be the capital employed in each of the segment?
- V. Balaji:** The total capital employed would be around INR800 crores. And if you look at human voice, capital employed, the garment division could be close to around INR600 crores and INR100 crores with spinning and INR70 crores with dyeing and the rest with the retail and the UK. So, these are all rough numbers.
- Akshay:** Okay. Yes, I got it. Sir, when do we plan to list SP Retail Ventures because currently it is loss making? So, in the annual report you have mentioned that we will be able to raise capital and get listed as a company on its own?
- V. Balaji:** Ultimately, the objective for hiring of retail for a company is to raise capital in that company and list it separately. So, maybe once we turn it around and start doing consistency of margins, then we will bring in one private equity investor or a strategic partner and then try to list it. Maybe [inaudible].
- Management:** So, we are planning for two more financial years where we consistently make sure the performance is positive and then try to get listed by FY26.
- Akshay:** Okay. So, on the children's garment side, who would be our competitors to the big names like Shahi who are also there in the children's segment?
- P. Sundararajan:** No, that's very difficult to talk about that because everyone is doing most of the products. So, our customers are more or less, what can I say, it's an open competition but with all our customers, we are number one in the department. That's all I can talk about. But the other competition, I cannot comment on that.
- Akshay:** Okay, because as I see in presentation, there seems to be, you have written that there is some entry barrier which is associated when we go in the child segment? So, just wanted to ask on that front?
- P. Sundararajan:** That is still true, that is still correct, that statement.
- Management:** So, that is the reason why we are number one with all our existing customer. We are the number one vendor. But there are always certain products which we cannot do. So, those things will be placed elsewhere also.
- Akshay:** Yes, that's it from my side. Thanks a lot and Happy Diwali.
- Moderator:** Thank you. Ladies and gentlemen, that is the last question. I now have the conference over to the management for the closing comments.
- P. Sundararajan:** Thank you. I'm sure we have been able to satisfy everyone's questions and if there is still anything to be clarified or not clear about the answer, you may please call any of us from the

management side and we will be happy to share the information. And wish you all again Happy Diwali and thank you.

Moderator:

Thank you. Ladies and gentlemen, on behalf of Elara Securities Private Limited., that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.