



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

May 26, 2026

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 Sir/Madam,

Ref: Regulation 30 & 46 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Sub: Transcript of the Conference call held on May 22, 2026

With reference to our letter dated May 19, 2026, intimation of Earnings Call for the Quarter and year ended March 31, 2026, to discuss the financial performance of the Company, held on May 22, 2026, please find the attached transcript of the aforesaid conference call and the same has been uploaded to the website of the Company as well.

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



“S.P. Apparels Limited Q4 & FY26 Earnings Conference Call”

May 22, 2026



**MANAGEMENT: MR. P. SUNDARARAJAN – CHAIRMAN AND MANAGING
DIRECTOR**

MRS. S. SHANTHA – JOINT MANAGING DIRECTOR

MR. S. CHENDURAN – JOINT MANAGING DIRECTOR

MRS. S. LATHA – EXECUTIVE DIRECTOR

MRS. P. V. JEEVA – CHIEF EXECUTIVE OFFICER

MR. V. BALAJI – CHIEF FINANCIAL OFFICER

**MODERATOR: MS. PRERNA JHUNJHUNWALA – ELARA SECURITIES
INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the S.P. Apparels Limited Q4 & FY26 Earning Conference Call.

As a reminder, all participant lines will be in 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 “*”, then “0” on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Prerna Jhunjhunwala from Elara Securities. Thank you and over to you ma’am.

Prerna Jhunjhunwala: Thank you Riya. Good afternoon, everyone. On behalf of Elara Securities Private Limited, I would like to welcome you all to Q4 and FY26 Post-Result Conference and Business Update Call of S.P. Apparels Ltd.

Today we have with us the Senior Management of the Company including Mr. P. Sundararajan - Chairman and Managing Director, Mrs. S. Latha – Executive Director, Mrs. S Shanta – Joint Managing Director, Mr. S Chenduran – Joint Managing Director, Mrs. P.V. Jeeva – Chief Executive Officer and Mr. V Balaji – Chief Financial Officer.

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. Good afternoon, everyone. This is P. Sundararajan – Chairman and Managing Director of S.P. Apparels Limited. Thank you for joining S.P. Apparels Investors Call.

FY26 was a year where the global apparel market remained dynamic while customers continued to prioritize compliant and reliable suppliers and diversifying sourcing. The year also saw short-term volatility from trade and geopolitical developments.

Overall, we stayed focused on execution, customer relationship and building long-term capability. Before I move to division updates, I want to provide the right context for Q4.

In Q4, sequentially, export volumes in the Garment division were softer in Q4.

This was driven by two factors:

- The first, the after-effects of US tariff-related disruption that began in Q2 and impacted booking and shipment schedules across subsequent quarters.
- The second, short-term disruption such as the Strait of Hormuz which affected cargo movement and timings. Importantly, realizations remained broadly intact, and the quarter was largely volume-led rather than pricing-led.

It is also important to highlight that the sequential impact in Q4 was more visible in SPAL standalone garment exports than Young Brand. Young Brand was impacted during the year

because it is more US customer heavy, but the standalone export garment saw a sharper sequential decline in Q4 due to the combined effects of shipment timings and the above macro and tariff-related factors.

Let me now talk about our Garment division, which remains the core of the business.

For FY26, the Garment division, including Young Brand Apparel, delivered operational revenue of INR 1,421 crores and EBITDA of INR 230 crores, maintaining a healthy margin profile. Our integrated operations, including spinning and dyeing, continue to support quality consistency, delivery, reliability, and supply chain control.

This integrated capability remains particularly important in infants and kid wear, where compliance and product safety standards are stringent. However, as explained to you during the last call, our Garment division during Q4 faced little pressure in the order booking due to US tariff volatility. Our capacity was brought down due to this.

Now the customers from the US are coming back and are placing orders. We are expecting the pace to improve from August '26.

In India, the Garment division continues to broaden the customer base. We have added a couple of new customers to our portfolio. We are strengthening the Sri Lanka operations, which will drive growth in the coming years. Sri Lanka is a key strategic initiative for us. We commenced our first factory operations around mid-April '26 and are progressing on scaling to four factories within 12 months. This expansion strengthens our manufacturing footprint, improves geographic diversification and reduces concentration risk. We will keep our external communication at a high level, and our focus remains on stable ramp-up compliance and customer onboarding.

Young Brand remains strategically important for the Group, strengthening our presence in intimate ware exports with marquee global customers. In FY26, Young Brand reported adjusted operational revenue of INR 321.26 crores and adjusted EBITDA of INR 49.23 crores. As mentioned earlier, Young Brand was impacted during the year because it is 100% US customer based. The US tariff situation in Q2 temporarily disrupted the booking, and we provided calibrated commercial support to maintain continuity, which had a spillover effect into later quarters.

The good news is that the situation has now stabilized and demand has revived. Some policy related elements remain outside management control, and we will continue to communicate conservatively on those.

Additionally, I would also like to highlight that the Salem expansion is underway and will continue to bring incremental growth to the division.

Our SPUK business has improved meaningfully, and I am pleased to share that SPUK reported positive EBITDA during FY26, reflecting progress in operating leverage as scale improves. FY26 revenue for SPUK was GBP 7.5 million.

On the Retail side, our focus remains on improving discipline and moving towards sustainable profitability. A key milestone is that the Retail division reported positive EBITDA consequently from Q2 to Q4FY26, reflecting better execution and control. For FY26, Retail revenue was INR 71.54 crores, and the losses have narrowed materially versus prior years. We will keep external commissary limited unless required, while continuing to focus internally on improving performance.

Our current order book for all the divisions is SPAL Garmenting Division is INR 380 crores, Young Brand Apparel is INR 142 crores, SPUK is GBP 6.1 million, all putting together approximately INR 600 crores is the order book currently.

As we enter FY27, the key message is that the temporary disruption phase is behind us and we are seeing normalization in customer engagement. We are increasing focus on the US market with ongoing discussions with 3-4 large customers. The rationale is clear higher order sizes, better realizations and strategic importance for scale. Over time, we aim to move towards a more balanced geographic mix.

On profitability, raw material costs have moved up during the year. We are addressing this through a combination of selective pass-through to customers where feasible ongoing commercial discussions were required, and internal efficiency initiatives.

Despite these cost pressures, our overall margin stance remains unchanged, and we continue to guide for EBITDA margin of around 15% supported by pricing discipline and tight cost management.

Furthermore, there is a potential contingent upside relating to the commercial support extended earlier to customers during the tariff disruptions. We believe there is a strong probability that a portion of these discount credits will be reimbursed by customers once the relevant refunds are received. However, the timing is not within our control, and we will remain conservative and recognize any benefit only when it materializes.

Foreign exchange remains a sensitivity. We will continue to manage this prudently and keep our messaging directional rather than tied to a precise currency assumption. At the same time, where we benefit from favorable currency movements, it can partially offset higher input costs, which supports our efforts to keep margins broadly intact.

On ESG front, we continue to invest in renewable energy. Our solar capacity expansion is progressing, and we are committed to reaching around 4.5 MW by March '27. This supports lower energy cost volatility and strengthens our ESG positioning.

Looking ahead, we remain confident in our growth trajectory. We continue to work towards our INR 2,000 crore top-line ambition. As the business normalizes and operating leverage improves, we also expect the core government export business to sustain an adjusted EBITDA margin in the range of 17%-18%.

While our overall profitability stands to remain disciplined and consistent with our broader margin guidance.

With that, I will now request our CFO, Mr. Balaji, to take you through the detailed financial guidance for Q4 FY26 and FY26. Thank you.

V. Balaji:

Thank you, sir. Good afternoon, everybody.

I will just run you through the Financial Performance of the Company for FY26.

On a consolidated basis for Q4 FY26, revenue from operations stood at INR 364 crores compared to INR 399 crores year-on-year. EBITDA for the quarter stood at INR 44 crores as against the INR 54 crores EBITDA year-on-year. EBITDA margins stood at 12.2% compared to 13.6% year-on-year. Profit after tax for the current quarter stood at INR 18.59 crores as against INR 30.39 crores in Q4FY25.

On a full year basis, consolidated revenue from operations increased to INR 1,578 crores as against the year-on-year number of INR 1,395 crores, reflecting a growth of 13.2% year-on-year. EBITDA for FY26 grew to INR 217 crores from INR 187 crores in FY25, a growth of 16% with EBITDA margins of 13.8% compared to 13.5% last year. Profit after tax for FY26 stood at INR 100.95 crores as against INR 95.10 crores in FY25.

On a standalone basis, revenue from operations for the current quarter stood at INR 251 crores as compared to INR 277 crores in Q4FY25. Adjusted revenue for the quarter stood at INR 249 crores compared to INR 279 crores of adjusted revenue in Q4FY25.

Adjusted EBITDA for Q4 stood at INR 42.94 crores as against INR 45.35 crores in Q4FY25. Adjusted EBITDA margins improved to 17.2% from 16.2% in Q4FY25. Profit after tax for Q4FY26 stood at INR 21.36 crores compared to INR 24.74 crores Q4 FY25.

For the full year, on a standalone basis, revenue from operations stood at INR 1,113.44 crores as compared to INR 981.62 crores in FY25. Adjusted operational revenue for FY26 stood at INR 1,100.72 crores as against INR 984.46 crores in FY25. Adjusted EBITDA for FY26 increased to INR 181.34 crores from INR 164.31 crores in FY25.

Adjusted EBITDA margins were 16.5% compared to 16.7% last year. Profit after tax for FY26 was INR 87.85 crores as against INR 83.53 crores in FY25.

Segment-wise performance, moving on segmental performance of Garment division, which includes the Young Brand Apparel, reported an operational revenue of INR 316 crores versus INR 316.25 crores in Q4FY26.

On a full year basis, Garment operation revenue stood at INR 1,421.98 crores as against INR 1,308.18 crores in FY25. Garment EBITDA stood at INR 51.41 crores for the current quarter

compared to INR 58.20 crores in Q4FY25. And for the full year basis, garment EBITDA stood at INR 230.57 crores against INR 212.18 crores in FY25.

For Young Brand Apparel, reported an adjusted operational revenue of INR 66.88 crores for the current quarter as against INR 81.37 crores in Q4FY25. Adjusted EBITDA for the quarter stood at INR 8.47 crores as against INR 12.85 crores in Q4FY25. For FY26, Young Brand adjusted operational revenue stood at INR 321.26 crores as against an adjusted EBITDA of INR 49.23 crores for the current financial year.

On SPUK, operational revenue stood at INR 35.04 crores for the current quarter compared to INR 18.34 crores in Q4FY25. For the full year, FY26, SPUK revenue stood at INR 87.04 crores and I am pleased to highlight that SPUK reported a positive EBITDA of INR 1.10 crores for FY26.

Retail reported operational revenue of INR 17.77 crores for the current quarter versus INR 23.25 crores in Q4FY25. For FY26, Retail revenue was INR 71.54 crores compared to INR 79.41 crores in FY25. And the Retail EBITDA losses reduced to INR 6.1 million in FY26 compared to INR 6.84 crores in FY25.

On the balance sheet numbers with respect to the debt position, on standalone basis, long-term debt stood at INR 53 crores and working capital stood at INR 207 crores. Gross debt, INR 271 crores and net debt, net of cash and cash equivalent stands at INR 217 crores.

On consolidated basis, long-term debt stands at INR 63 crores and working capital loan stands at INR 334 crores. Gross debt at INR 397 crores and net debt including net of cash and cash equivalent stands at INR 338 crores.

We also have liquid investment of INR 60 crores in various instruments. All the other information is available in the Presentation and it's time for us to take questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Rehan from Coheron Wealth. Please go ahead.

Rehan: Hi, good afternoon. Thank you for taking my question. So, I just had couple of questions on the quarterly performance. The FOREX structure right now is, I think we had some part of it and we don't have some part of it. But from a currency standpoint, are we seeing any inflow of volume for us because rupee depreciation should play a role for us in volumes.

V. Balaji: You are talking about volumes in pieces?

Rehan: Yes, depreciation of rupee now is about 95-96 from which was 90 earlier. So, your customers would find your product cheaper at the moment. So, is there any more volume that is being asked for or purchase orders, how are they lining up with this rupee depreciation?

- P. Sundararajan:** This global competition against Bangladesh and other countries. So, this is helping us. We are coming under the duty paid. We are not in the duty-free as against Bangladesh and Sri Lanka. So, this currency depreciation of rupee is helping us to compete with this. Not only for this and also the raw material prices have gone up here. That is all over the world. So, that is not only for us. So, it is supporting us now. Definitely, it's a helpful sir. And that is the reason we are able to get more business.
- Rehan:** The FTA, any idea when it will click in further because I think there was a small delay from the UK House. So, any idea on the same?
- P. Sundararajan:** There is a talk going on for the steel. There is a negotiation for steel importing. So, that will be over any moment. It is expected in the next 2-3 months' time.
- Rehan:** Okay, that is great to hear. Thank you for that.
- P. Sundararajan:** EU will also be through during the same time, duty-free.
- Rehan:** Okay. And because of this global uncertainty, there has been a delay in ramp up, I think, with Sivakasi and Sri Lanka and the Salem expansion. So, considering now that the headwinds are largely behind us, as the Management also said, how are we looking at Sri Lanka ramping up meaningfully in FY27, Q1-Q2 onwards? Are we expecting something because as of now, I think we are closer to 1000 machines that have been installed. And I think 1 or 2 factories are also up. But there is no business that we can see on a top-line level at the moment. So, if you can throw some light on Sri Lanka specifically, because that is our largest growth driver.
- P. Sundararajan:** Okay, this FY26, we have been able to do about INR 45 crores of FOB business export top line within this 1-year time. And we are aiming for INR 200 to INR 250 crores during the next financial year out of Sri Lanka.
- Rehan:** Okay. I thought that was supposed to be INR 400 crores at 2000 machines?
- P. Sundararajan:** Yes, that is the capacity what we have acquired is this can generate INR 400 crores. But we are aiming at INR 200 crores to INR 250 crores and probably in FY28, we will be able to do INR 400 crores to INR 450 crores.
- Rehan:** And Salem expansion is back. So, that would add about another INR 60 crores because it's 300 machines, right?
- P. Sundararajan:** Around INR 50 crores to INR 60 crores. We have just slowed down the project because of the US tariff uncertainty. Now we have geared up the project and that will definitely bring another about INR 50 crores, but not immediately, maybe FY28.
- Rehan:** But wouldn't that contribute now because that was supposed to be done in Q2 and now we are already at Q1 of FY27.

- P. Sundararajan:** So, we have put that project on hold because of the uncertainty with the US tariff issue. So, we were wondering whether we should go ahead with another project or not. So, since the tariff issue has been very clear; we have resumed the project activities. So, the order book, we have to recruit and start production, commence the production. And you know, it will take another six months to reach a level to make commercial production. So, safely we are betting on FY28 for Salem expansion.
- Rehan:** And Sivakasi, how is Sivakasi ramping up?
- P. Sundararajan:** Sivakasi also because of the US tariff. See, the Salem one is with regard to Young Brand Apparel. So, Sivakasi is for SPAL. For SPAL also because of these tariff issues, we put that factory on hold. In fact, we closed that factory for a while. So, now that since everything has been on track, we have already started the production now. Probably in the next three months' time, it will be fully up and running up to 200 machines to 300 machines.
- Rehan:** So, that would also add about INR 40 crores - INR 50 crores of top line in FY27.
- P. Sundararajan:** That is why we are aiming for INR 2000 crores next year considering all these things.
- Rehan:** But you are holding this guidance of INR 2000 crores with 15% EBITDA?
- V. Balaji:** Yes, with respect to the guidance, we are looking at INR 2000 crores next year. On a consolidated basis with a 14%-15% EBITDA.
- P. Sundararajan:** That is including SPAL India, SPAL Sri Lanka and Young Brand Apparel. All put together.
- Rehan:** No, but right now you are at INR 1600 odd crores, like closer to INR 1600 crores. INR 200 odd crores will come from Sri Lanka, that is 1800. Where will the balance 200 come from? Now, the INR 40 crores from Sivakasi, that is 1840. Where is the balance 150 going to come from?
- V. Balaji:** So, if you look at our utilization for the current quarter, our utilization is only 64%. There is a good headwind for us to improve our utilization level in the current Indian factories. So, 100% the sales will come from all the existing factories and Sri Lanka factory also.
- P. Sundararajan:** See, currently we are having in India 4000 machines in SPAL India. But it should have been at least 5000 machines. So, which will happen in the period of 3-4 months' time.
- Rehan:** Okay, so you are saying, basically your second half will show better results. Because as of now, this consolidated figure is adding to about INR 1850 crores.
- V. Balaji:** 1850?
- Rehan:** Balaji sir, 1600 you have done, almost 1600 this year. INR 200 crores for Sri Lanka is on the lower end. And INR 50 crores from Sivakasi, so that is INR 1850, right?

- P. Sundararajan:** All will be happening in the second half. Because Q1-Q2 still we have the after effect of tariff issue. And recovering the machine capacity, running capacity. All these things will happen in Q1 and Q2. Then take-off will be Q3.
- Rehan:** Okay, but I just want to understand from a business perspective.
- Moderator:** Sorry to interrupt. Can you please rejoin?
- Rehan:** No, it's just a follow-up on the same, if you can allow me. Q2 was when the tariffs came in. And we saw better numbers in Q3, despite a 50% tariff. So, Q4 now that tariffs are, mid of Q4 was knocked off in mid-Feb. And now we are almost ending Q1 rather, sorry. And why is that effect still being seen according to you? Like what is the problem that we are seeing from?
- P. Sundararajan:** When we book an order, the execution will be 3-4 months later. That is how we know, we got the Q2 and Q3 were better. So, now after the tariff thing, only the order started coming now. For which the shipments will happen end of Q2 or Q3.
- Rehan:** Okay, so it's a 3-4 month, basically a 90-day cycle.
- P. Sundararajan:** Yes, 90-120.
- Rehan:** Okay, thank you.
- Moderator:** Thank you. Next question is from the line of Murtaza from Pinpoint Capital. Please go ahead.
- Murtaza:** Hi sir, good afternoon. Thank you for the opportunity. I just wanted to start with, regarding SPUK. It's just turned EBITDA positive this year. So, what sort of revenue run rate are we entering with in FY27? What are we exactly seeing as of now? And I just want to understand how confident are we in the two anchor customers who were earlier mentioned like as a potential INR 80 Cr contributors. I just wanted to understand that better.
- V. Balaji:** With respect to SPUK, we have already had 6 million order book as of today. And we are looking at another 6-8 million in revenue for the whole year. So, put together we should be anywhere between 12-14 million on the numbers for SPUK for the whole year FY27. What is your second question?
- P. Sundararajan:** Two customers of SPUK, we are going very strong with those two customers. We expect at least about 8 million each customer. So, which comes to straight away 16 million for the next year, for FY27. And also, we are adding another 2-3 more customers. So, I think SPUK is now taking off.
- Murtaza:** Okay, that is great sir. And secondly, regarding the Retail EBITDA, it's on to almost breakeven in one year. So, just wanted to understand it better whether this improvement is structural from the better rationalization and cost discipline or is there a revenue recovery element and when can we expect it to consistently become a PAT positive?

- V. Balaji:** On Retail, there are a lot of strategies that needs to be done which we have worked and is working out well in our favor. However, there is an elevated interest cost on Retail Venture which needs to be supported through equity. So, whenever we raise equity in Retail, I think it will be even PAT positive. So, depreciation is not an issue, but it is only the finance cost which is pulling down the bottom line.
- Murtaza:** Okay sir. So, are we planning to deliberate a little?
- V. Balaji:** Yes, we have been telling this quite regularly. So, we are trying to raise equity there in Retail Ventures. So, maybe once all quarters of the year is positive, then we will reach out for raising equity. Even we are ready today. If somebody is interested, we would like to open up. No issue.
- Murtaza:** Right sir. Okay. Answer regarding the cotton price volatility, thus spinning and dyeing plants backward integrated? I just want to understand how does the cotton cost environment compare to the year ago? And is there any pricing lag between the input cost and the export realizations that is sort of creating a margin pressure on us?
- P. Sundararajan:** This is actually, yes. Now the cotton price has gone up and now it is stabilizing and slightly coming down now. It went up to INR 75,000. Now it is about INR 70,000. So, it is somewhere stabilizing between, and this price is workable first for making a good margin of EBITDA with that as far as spinning is concerned. And because of even the yarn prices have gone up by another 5% or so. So, this will help us spinning to be profitably sustainable. That is one thing and we are passing on this also to the customers because it is a global issue. So, the customers are accepting the price increase. Plus, as I told before, rupee differentiation is also supporting it.
- Murtaza:** Okay sir. Lastly, I just wanted to understand. It is a bit of a future-sighted question. But with Bangladesh losing its EU LDC status by 2029, European buyers will have to diversify over the 3-4 years. So, are we seeing any early inquiry flow especially because of this shift or is it a little too early?
- P. Sundararajan:** No. Even just one hour before we got a customer who never did it in India, who is only doing in Bangladesh and Sri Lanka, has come to us and he himself said that by 2029, this will be no longer duty-free in Bangladesh. So, now they are getting ready for India. And on the other hand, they are expecting FTA to happen in the UK and EU at the same time very shortly. So, the message is very clear from the customer's point of view that they are reducing or if not reducing, they are not increasing the existing business out of Bangladesh and they are coming to India. And of course, Sri Lanka is an extension of India. That is how we look at it. So, it's a very good opportunity in the next 3 years and people, customers have started moving the business to India.
- Murtaza:** This is great to hear, sir. Opens a lot of opportunities for us.
- P. Sundararajan:** Great opportunity for India. Two things. Bangladesh is going to lose the duty-free status, and India is going to take duty-free. So, this is a double-win situation.

- Murtaza:** Totally agree. These were all my questions. I will get back into the queue. Thank you very much. All the best for the future. Thank you.
- Moderator:** Thank you. Next question is from the line of Ms. Prerna Jhunjhunwala from Elara Securities.
- Prerna Jhunjhunwala:** Hi, sir. Just wanted to understand the geographical diversification point that you mentioned in your opening remarks and addition of new clients. Could you throw some light over there on how we are looking forward to diversifying geographic contributions and who would be the new clients in the geographies that you are talking with and closing a contract?
- V. Balaji:** Currently, our exposure with the US is only 22%. And now, because of the tariff issues, we had some issues and it has come down to 17% this quarter. And now, because the tariff is coming up and we are also adding a couple of customers from the Eurozone, which will give us some more comfort in terms of diversifying and having a balanced approach with UK, US and Europe. So, we are looking at with respect to 30% with US, 35% with Euro and 35% UK. So, we are moving towards it and we hope by FY27 this target will be achieved.
- P. Sundararajan:** Yes, the customer base will be well mitigated by end of FY27.
- Prerna Jhunjhunwala:** Okay. And how many customers do we have now between US, UK and Europe?
- P. Sundararajan:** As a Group, we have 12 customers. We have 12 customers out of which American customers are about , 4 or 5 customers, including Young Brand. So, about 5-6 customers and about 7-8 customers of Europe and the UK.
- Prerna Jhunjhunwala:** Understood, sir. Sir, next question is Rupee depreciation. In the past, whenever Rupee is depreciated, what kind of benefits we have seen coming to us as well as India and how are you seeing this depreciation because relatively we have outperformed against other countries. So, some light over here.
- V. Balaji:** In terms of currency, see whenever we get the orders, we are covering 80% and only 20% is kept open. So, we cannot look at currency depreciation as a point of getting more business. But in terms of coverage, we do cover immediately when we take orders. So, there is no leverage for us to use the currency depreciation in our favor.
- Prerna Jhunjhunwala:** Okay. Understood. And sir, could you please help us in your current machine capacity and what should we expect by FY28?
- V. Balaji:** FY27, we are looking at 5,700 machines in India, 2,000 machines in Sri Lanka and 1,400 machines in Young Brands. So, that is the range in which we are working at. FY28, I think we are not looking at expansion currently provided we are utilizing the current capacities, we are sweating on the current assets what we have. So, FY28 will be decided once we have the current utilization level moving up.

- Prerna Jhunjunwala:** Understood, sir. And sir, how is the inquiry for UK FTA? Can we see immediate benefits coming in if the FTA is signed in next 2-3 months? So, any dialogues that you can share to see what kind of benefits we can accrue with FTA coming in?
- P. Sundararajan:** See, the benefits will definitely be passed on to the customer because they will take the advantage because currently, they are paying the duty which they are no longer going to pay the duty. There is not a big change in the pricing. Only thing that can happen is they will be giving more business to us versus Bangladesh. So, we have to get ready with sufficient capacity to accept that kind of volumes, and which we are ready now. That's the only advantage we can have.
- Prerna Jhunjunwala:** Okay. And because of this advantage, how do we see the revenue growth or utilizations and employee additions going forward at least in the next 1 year?
- P. Sundararajan:** So, for FY27, we have enough capacity to fill in. So, if the FTA comes, we will immediately get all of our capacities filled. But probably for FY28, we will be adding more capacities in India and Sri Lanka both. So, we will be in a position to take any kind of volume from any customer including American orders. So, that is the plan. So, we are expecting EU and UK to be in flowing of more orders once the FTA is announced. And as such, Sri Lanka is already duty-free. So, we are in a very good position for the next year to accept all the orders with the flexibility between India and Sri Lanka which is good for us.
- Prerna Jhunjunwala:** So, I will come back to the question queue. My best wishes.
- Moderator:** Thank you. Next question is from the line of Bhavika Jain from Niveshay. Please go ahead.
- Bhavika Jain:** Thank you for the opportunity. So, I want to understand as we are like integrated facility. So, how the current spread situation which is going on in the industry will advantage us because as we see the players in the textile sector have benefited from the spread and we are expecting that this benefit will continue going forward for 2 to 3 quarters. So, do we expect the same? And the second question I want to understand as we are expecting to increase our adult clothing segment. So, I want to understand how the end market is from my understanding US and Europe is the biggest market. So, do we see any growth guidance given by those like geographies or like I want to understand from the industry point of view. What's the view of the end market currently and going forward?
- P. Sundararajan:** Retailer margins that is something that they always you know there is an acute competition between the Retailers. So, probably they will not be benefited. They will also reduce the Retail prices. That is what going to happen because they have to compare with their competitors. So, this benefit will finally go to the consumers only.
- Bhavika Jain:** No, sir. My question is that first talking about the margin side. I am asking that currently like we are doing 15 like recently we did quite like little less margin. So, I am just asking that seeing the current scenario, do we see improvement in our margin profile, and will it be sustainable?

- P. Sundararajan:** There is a possibility because since they have enough room due to duty-free of 10% benefit probably we will be able to get 1% or 2%, we can get as an extra margin on the prices. =
- Moderator:** Thank you. Next question is from the line of Bhavin Chheda from Enam Holding. Please go ahead.
- Bhavin Chheda:** Good afternoon, sir. Good set of numbers in challenging environment. Regarding the machine count sir you mentioned in FY27 availability. You said India 5700 machines. I suppose it was supposed to go to 6000 machines in Mar'26 only. So, have you postponed this 300 machine expansion?
- V. Balaji:** Yes. See we plan to increase 6000 by end of Mar'26 in the 1st Quarter which now we are sticking to 5700. Sivakasi expansion of 440 machines we are still slowing down because of the US tariff volatility.
- Bhavin Chheda:** But US tariff is now at 10%. So, what is slowing down? I believe tariffs are now equal for everyone.
- V. Balaji:** I think you have missed a couple of questions before there was information asked about now that there is a tariff issue has been removed, why the sales is coming in the second half? So, we said that there is a gap. So, now only we have started recruiting people in Sivakasi. By end of March, we will definitely improve the utilization level. But we are not adding any machines until we are confident about the utilization going up.
- P. Sundararajan:** There are two issues. One is US customers only now after this tariff thing the more clarity now they are going to start the orders from the next season because already they diverted the business to Bangladesh and other countries because of this tariff issue with India 50% penalty this one. So, now they start placing orders which will come to us by end of June or something and we will start the production somewhere in August or something like this. This is how it goes. So, the after-effect is because of tariff issue it was a big hit for us at least for two quarters. So, now only we are going to revise from Q3.
- Bhavin Chheda:** Okay. Despite this you are expecting INR 2000 crores top line in FY27. So, second half will cover whatever you missed in first half?
- P. Sundararajan:** Yes.
- Bhavin Chheda:** Okay. So, INR 2000 crores turnover from current capacity and as you are discussing with the US client is not a problem with 15% margin?
- P. Sundararajan:** Yes.
- Bhavin Chheda:** So, in terms of capacity addition now by end of the year once US clients are back you will be again adding that 300 machines towards the end of the year or next year?

- V. Balaji:** Two things. One, 15% margin guidance is with respect to the garmenting division it is not on the consolidated basis. INR 2000 crore revenue is on a consolidated basis, and 15% margin is on the Garmenting division. Point number two, adding 300 machines is going to cost only INR 200 crores to INR 250 crores of money. It's not about adding machine as a capacity but you need people. So, once we start utilizing the capacity well, we can add up at any point of time. Adding capacity should not be a big hurdle in between.
- Bhavin Chheda:** Okay. And sir, 15% you said Garmenting division. So, Retail and SPUK what kind of margin you expect next year?
- V. Balaji:** So, Retail is just now picking up. We are breaking even at the EBITDA level. SPUK we are looking at anywhere between 4% to 5% on the EBITDA level.
- Bhavin Chheda:** Okay. Great. And once current capacity and say 200-300 machines you said can be added in India, after that what is your peak potential turnover which I assume can be achieved in FY28 from the current capacities?
- V. Balaji:** See you are talking about the full peak capacity which will reach around INR 2500 crores of revenue.
- P. Sundararajan:** With the additional customer base and the capacity base.
- Bhavin Chheda:** Yes, sure. And sir, you also mentioned Bangladesh will lose a duty-free status by FY29. Is it similar for Pakistan also?
- P. Sundararajan:** I have no idea about that. Pakistan is duty-free.
- Bhavin Chheda:** That is duty free. So, I think by FY29 you said that Bangladesh will no longer be duty free in EU. Same is the case for Pakistan?
- P. Sundararajan:** For India, not Pakistan. It is a developing country. So, but Pakistan I don't know whether it is a developing country or still underdeveloped.
- Bhavin Chheda:** No problem. I will check it later. Thank you, sir.
- Moderator:** Thank you. Next question is from the line of Utkarsh Soumya from Eco Quantum Solutions Pvt. Ltd. Please go ahead.
- Utkarsh Soumya:** Thank you for the opportunity. I just wanted to reconfirm that you said your consolidated guidance for FY27 is INR 2000 crores and 14% EBITDA margin. Am I right?
- P. Sundararajan:** Yes.
- Utkarsh Soumya:** And for FY28, did you say 2500 crores and 15% EBITDA margin?

- V. Balaji:** No. He said when you utilize all the machines, what will be your revenue, I said INR 2500 crores and at an EBITDA margin of 15%. That is what we said.
- Utkarsh Soumya:** I get that. But I assumed it would be fully utilized because you said you may add machines in FY28. So, I assumed only if you fully utilize this, you will add machines. So, anyway, can you tell me what you think you will do in FY28?
- P. Sundararajan:** FY28, logically, it should happen because once we fill all the capacities, including Sri Lankan, the Young Brand expansion and the same factory filling, increasing the existing factories in India of SPAL. So, we will definitely go up to say 9000 to 10,000 machines fully. So, it should be, when you said 10,000 machines, then it should happen for INR 2500 crores is the calculation.
- Utkarsh Soumya:** And are you able to operate at 100% utilization or your optimum is like 80%-90%?
- P. Sundararajan:** We are working towards that. You never know. Anything can happen.
- Utkarsh Soumya:** No, no. What is the general optimum utilization level?
- P. Sundararajan:** 90%.
- Moderator:** Thank you. Next question is from the line of Shubhankar Gupta from Equitree Capital. Please go ahead.
- Shubhankar Gupta:** Hi, sir. Just two questions from my side. First is on the FY27 guidance. A lot of numbers have been thrown. Just want to get clear clarity on a segmental breakup level. So, you said consol is INR 2000 crores with margins of 15% on Garmenting and 4%-5% on SPUK. Correct? Just want to get clarity on the segmental revenue breakup, FY27, the estimate which you have made.
- V. Balaji:** You mean revenue breakup that is what you are asking?
- Shubhankar Gupta:** Yes, sir. For all segments.
- V. Balaji:** So, in terms of revenue, INR 1800 crores from S.P. Apparels' Garmenting division including Young Brand and Sri Lanka put together. And looking at INR 150 crores revenue from SPUK and INR 80-90 crores of revenue from Retail Ventures.
- Shubhankar Gupta:** Got it. That's helpful, sir. Second question from my side. So, I think across industries, one common thing which has come out is labor disruptions which have been there. I just want to understand. You must have faced something similar. So, how grave is it? One. And second, given that you are giving good growth guidance for FY27 around 25%, right? Are you not seeing any sort of major or grave disruptions for the labor bit in Q1 already?
- V. Balaji:** Labor disruptions where?

- Shubhankar Gupta:** Yes, sir. I think across industries, this is a common theme which has come out that labor because of multiple LPG issues, labor returning to Bengal for voting, etc. Had been an issue for Q1. So, my question is, have you not seen any sort of labor turbulence in Q1 already? And if yes, then how do you see it going forward? If not, then it's perfect.
- P.V. Jeeva:** Actually, it is not a labor disruption. As MD said, there was a disruption in the US business. We were forced to reduce the capacity that is why the labor, they have all returned to their native places. Now, we are again calling them back and we are able to fill the capacity to scale up.
- Shubhankar Gupta:** If you are calling them back, I just want to understand like, have you been able to get success in getting them back? If yes, then let's say you call back 100%. How many have come back? How many are yet to come back? Sort of a scenario is what I am asking for.
- P.V. Jeeva:** Yes, it will not happen 100%, but of course 30-40% will come back. Again, we have to newly recruit and train them. That is a continuous process that will happen.
- Moderator:** Due to time constraint, that was the last question of the day. Now, I would like to hand the conference over to Management for closing comments.
- P. Sundararajan:** Thank you everyone for various questions. And I am confident that we have been able to answer all your questions to your expectations. To summarize, FY26 was a year where we delivered growth while managing temporary disruption. Q4 was softened mainly due to volume timing and short-term disruption in global trade routes, while realization remained stable. With normalization in demand, Sri Lanka scaled up progressing well, and a clear focus on disciplined growth in margin, we believe that we are well positioned for stable and sustainable growth going forward. Thank you. Stay confident in our company, and we are very confident about our way of working and growth. Thank you.
- Moderator:** Thank you. On behalf of Elara Securities and S.P. Apparels Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your line.