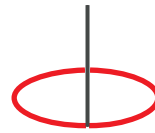
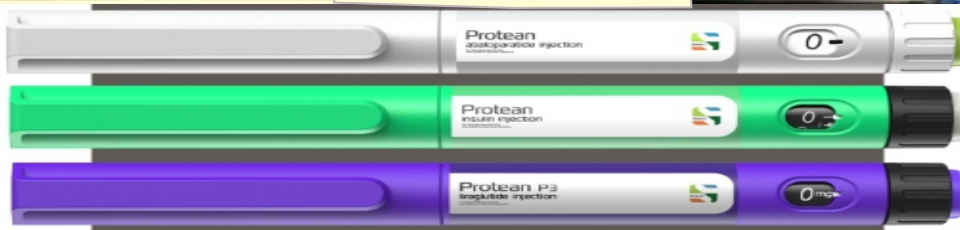


Initiating Coverage
16 April, 2025



DALAL & BROACHA
STOCK BROKING PVT. LTD.

SHAILY ENGINEERING PLASTICS LTD



Moving into next orbit of growth



518, Maker Chambers V,
221 Nariman Point, Mumbai 400 021.
91-22- 2282 2992, 2287 6173
research@dalalbroachaindia.com,
equity.research@dalal-broacha.com

Harssh K Shah
+91 22 67141496
harsh.shah@dalal-broacha.com

Moving into next orbit of growth

We initiate coverage on Shaily Engineering Plastics, a company entering a new phase of growth, primarily driven by its Healthcare segment where it is positioned as the only Indian company currently involved in **manufacturing of complex drug delivery devices for the blockbuster GLP-1 drug having an opportunity size of ~100Bn\$ by FY30.**

It is also seeing **increased traction from customers for shifting supply chains away from China** in the consumer and industrial divisions. This progress is supported by the company's long-standing expertise in complex design and engineering, which has proven resilient across market cycles.

Over time, the company has strategically mitigated risks in its business model by diversifying into multiple verticals. These verticals leverage shared processes and material synergies, paving the way for **potential entry into the consumer electronics industry**, which represents significant growth opportunity.

The company is strategically shifting its focus from a moderate-margin, moderate-ROCE portfolio in the consumer and industrial sectors to a high-margin, high-ROCE business model centered on complex design and engineering within the healthcare industry.

Incremental capital expenditure is being directed toward these high-ROCE opportunities, enhancing the company's capacity for aggressive reinvestment while minimizing the need for external funding.

Consolidated Financial Summary

Y/E Mar (Rs mn)	FY 23	FY 24	FY 25E	FY 26E	FY 27E	FY 28E
Net sales	6,071	6,439	7,689	9,415	11,675	14,811
Growth	6.9%	6.1%	19.4%	22.5%	24.0%	26.9%
EBIDTA	919	1,169	1,682	2,155	2,763	3,694
Growth	13.2%	27.3%	43.8%	28.2%	28.2%	33.7%
Margins (%)	15.1%	18.2%	21.9%	22.9%	23.7%	24.9%
Adjusted net profit	352	573	907	1,282	1,700	2,312
Growth	-0.3%	63.0%	58.3%	41.4%	32.5%	36.0%
EPS (Rs)	7.7	12.5	19.8	28.0	37.1	50.4
P/E (x)	215	132	83	59	44	33
EV/EBITDA (x)	84	66	46	35	27	20
RoCE (%)	9.96%	12.17%	17.71%	21.28%	23.78%	26.87%
RoE (%)	8.76%	12.48%	16.63%	19.17%	20.37%	21.79%

Source: Dalal & Broacha



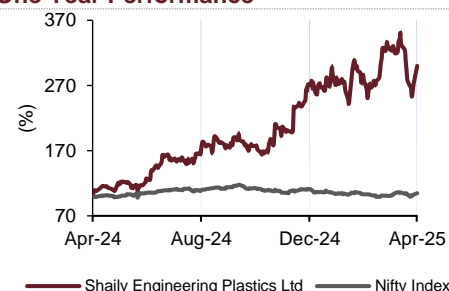
Rating	TP (Rs)	Up/Dn (%)
BUY	2,015	22

Market Data

Current price	Rs	1,646
Market Cap (Rs.Bn)	(Rs Bn)	76
Market Cap (US \$ Mn)	(US \$ Mn)	879
Face Value	Rs	2
52 Weeks High/Low	Rs	1,999 / 520
Average Daily Volume	('000)	189
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	43.72	43.81
Public	56.28	56.19
Total	100	100

Source: Bloomberg

Harssh K Shah

+91 22 67141496

harsh.shah@dalal-broacha.com

The company had embarked on an aggressive capex, with **its gross block expanding fourfold between FY19-24**. Utilization levels are expected to rise in the coming years, accompanied by continuous margin improvements, largely fueled by the Healthcare division. **The company plans to double its healthcare vertical capacity over the next 12-18 months**, demonstrating strong visibility and customer confidence in its capabilities. This expansion is to be funded by customer advances and internal accruals.

Over FY24-28E, we expect Revenue/EBITDA/PAT to grow at a CAGR of 23%/33%/42%, respectively.

We expect the EPS to more than triple during the same period with return ratios likely to improve by at least 700 basis points, with strong cash flow generation. It is important to note that our estimates do not incorporate any potential revenue from the capex incurred from FY25.

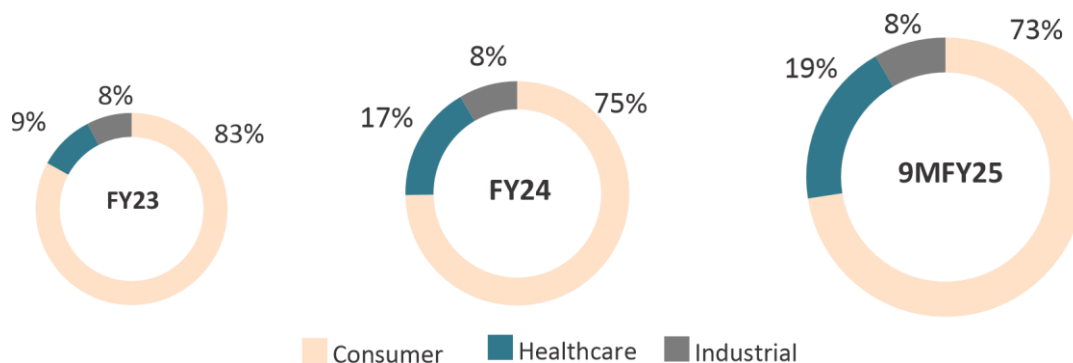
We arrive at a target price of Rs 2,015 by applying a target P/E multiple of 40x (1x PEG). We assign a "BUY " rating on the stock.

Key Risks

- Customer concentration risk
- Oral form factors for blockbuster drugs could erode the subcutaneous delivery opportunity for certain drugs
- Product quality is a key risk, should Shaily's products experience defects or faults, they may need to be recalled or withdrawn from the market
- USFDA inspection can occur and if observations are not in favour then it can temporary impact the operations.

Understanding of the Business Model

Revenue Mix across verticals



Source: Company, Dalal & Broacha Research

❖ Consumer Vertical

- Shaily's Consumer division spans across home furnishings, personal care FMCG packaging, and carbon steel furniture. They offer comprehensive services, from concept development to final delivery, catering to various segments like kitchenware, children's products, integrated cooking and dining solutions, and organizational and storage solutions. Operating as a white label manufacturer, Shaily ensures that nearly all products comply with the highest global standards for chemical and food grade safety.
- By venturing into the carbon steel business and combining plastic and steel in their products, Shaily strengthened its relationship with a major Swedish home furnishings partner and improved connections with other customers.
- Shaily excels in consistent high-volume production with minimal defects, adhering to global quality norms and managing an efficient worldwide supply chain
- The Company is also involved in product design in many products thereby enhancing its value as a supplier.

Technological capabilities:

Ultra sonic welding, vacuum metalizing, high speed rotary pad printing, painting, screen printing and hot stamping/foiling.

Cienteles: Swedish Furniture Major, Hindustan Unilever, P&G, Gillette, WestRock, Himalaya among others



❖ Industrial Vertical

- Shaily's industrial division focuses on automotive components, appliances, and high-performance engineering parts. The Company offers durable plastic solutions to international appliance manufacturers, making them a reliable supplier of components and casings for electrical household appliances. By substituting metal with high-strength plastic, Shaily provides innovative solutions that boost productivity and lower costs for automotive manufacturers.
- Shaily is the **only company globally to convert metal rod to plastic rod** with greater productivity at reduced cost. This rod is provided to Honeywell which uses it in turbo chargers which goes into BMW, Audi and Mercedes.
- Additionally, Shaily is the sole licensed processor of Torlon in India, a material used in the semiconductor, aerospace, defense, EV, electronics and medical devices industry.**

Clientele: Haier, General Electric, ABB, Honeywell, Corvi, Garrett Advancing Motion, Schaeffler among others

Shaily's quality leading to enduring relationships

GARRETT ADVANCING MOTION	SCHAEFFLER	GE Appliances	Hindustan Unilever Limited
Relationship with Shaily: +10 years Customer complaint history: Zero customer complaints over the last five years	Relationship with Shaily: 9 years Certification: Maruti Suzuki India Limited VSA (vendor's system audit)-qualified	Relationship with Shaily: 25 years External PPM: Manufacturing product with zero PPM since the beginning of the engagement	Relationship with Shaily: 20 years External PPM: Manufacturing products with zero PPM since the beginning of the engagement
External parts per million: Manufacturing product with zero PPM since the beginning of engagement	Cost of poor quality: Product running with zero COPQ since the beginning of the engagement	Cost of poor quality: Product running with zero COPQ since the beginning of engagement	Cost of poor quality: Product running with zero COPQ since the beginning of the engagement
Cost of poor quality: Product running with zero COPQ since engagement commencement Number of parts dispatched in three years ending FY 2023-24: 31,29,527	Number of parts dispatched in three years ending FY 2023-24: 19,87,450	Number of parts dispatched in the three years ending FY 2023-24: 1,39,45,864	Number of parts dispatched in the three years ending FY 2023-24: 2,32,06,234



❖ Healthcare Vertical (The rising star)

- Since the early 2000s, Shaily has been involved in contract manufacturing of insulin pens for Sanofi and Wockhardt. It is the only Indian manufacturer of insulin pens for Sanofi. The company has created world's first insulin pen made of 100% plastic.
- Established in September 2021, Shaily UK focused on developing IP-led drug delivery devices, with initial product development stages taking place in the UK before transferring the process to India. The expertise spans across design, technical, regulatory, and manufacturing aspects of Drug Delivery Combination Products (DDCPs)
- **The company has created eight patented platforms for their injectors in collaboration with UK's Industrial design consultancy, primarily catering to GLP-1 blockbuster drugs among other therapies with a lot of generic players already signed up and talks with innovator companies going on for novel molecules.**
- Shaily also provides high quality packaging for Solid Orals, and Liquid Formulations which are available in various sizes, form, and functionality and provide superior protection for the formulations. Shaily's Primary Packaging products are fully compliant with US Pharmacopeia Standards.

IP led pens to take front seat over the next few years

- Currently, the company has a capacity of ~40Mn pens (including IP led & contract manufacturing), projected to increase to around ~80 Mn by the end of FY27, despite current utilization being at ~40-45% reflecting strong customer visibility.
- IP-led pens have significantly higher margins than contract manufacturing pens, with the revenue split between Own IP pens and contract manufacturing expected to shift from 30:70 to 80:20 in the next few years.

Shaily UK Revenue Stream: Platform access fee charged to the customer for accessing the platform, helping to file the dossier, doing all the validation and testing protocols.

Shaily India Revenue stream: All the manufacturing of exhibit and commercial batches of pens/injectors is done from India where it enjoys high manufacturing margins on account of the design complexity involved.

Healthcare Clients

(list of clients is not exhaustive)

DID YOU KNOW?

All the Sanofi pens earlier were being manufactured in Europe but for the first time Sanofi ventured out of Europe in terms of manufacturing insulin pens and today Shaily basically manufactures two versions of the Allstar Classic which is the regular plastic pen and Allstar Pro which is the metal pen. **Allstar pens are only manufactured at Shaily globally.**



Patented Platform Devices

Protean

- Cost-effective disposable / reusable pen injector
- 0 – 60 units insulin, settable for alternate therapies

**Neo**

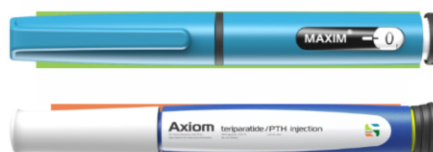
- Variable or fixed dose spring-driven pen injector
- GLP-1

**Axiom**

- Fixed-dose pen injector
- Teriparatide / PTH / FSH
- Non-priming

**Maxim**

- Premium reusable / disposable pen injector
- 0 – 80 units insulin / GLP-1 / alternate therapies
- Improved usability: low dose dial extension and low injection force

**Harmony**

- Variable or fixed dose pen injector

**Tristan Auto-Injector**

- 1.0ml – 3.0ml PFS and cartridge based auto-injector
- Delivery of Tirzepatide and Dulaglutide
- 1/4in – 1in needle (subcutaneous and intra-muscular)
- Automatic needle insertion
- High performance, robust design using torsion spring

**Toby Auto-Injector**

- 1.0ml – 2.25ml PFS-based auto-injector
- Delivery of Semaglutide
- 1/4in – 1in needle (subcutaneous and intra-muscular)
- High performance, robust design with low complexity

**Mira Wearable Auto-Injector**

- Configurable for either Subcutaneous or Intramuscular injection
- Customizable injection time, from 1 minute to 2 hours
- Configurable maximum dosage (1.5 - 3.0ml; 3.0 - 5.0ml; 5.0 - 15.0ml)



Source: Company Website, Dalal & Broacha Research

1. Spring driven NEO pen injector to be launched in Canada, India and Brazil
2. NEO and HARMONY pen injector will be commercialized for Semaglutide

Investment Rationale

India's sole player involved in manufacturing of complex drug delivery devices for GLP-1

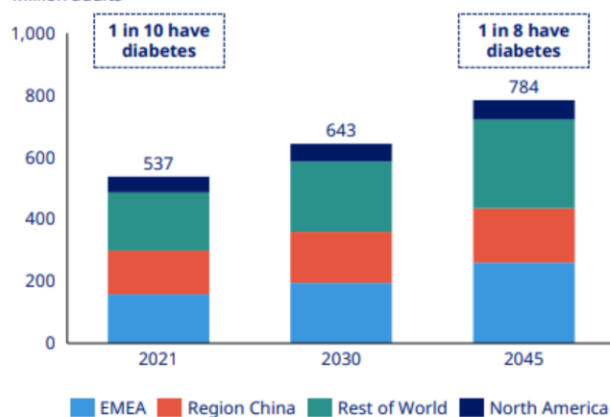
➤ GLP-1: The wonder drug with an estimated opportunity size of ~100Bn\$ by 2030

- Although GLP-1 drugs have been available for the past two decades mainly for treating diabetes, they have recently gained significant attention due to their skyrocketing demand in the US and other markets for chronic weight management. The two main players in this market, Novo Nordisk and Eli Lilly, have been swiftly expanding their production capacities to keep up with this increasing demand. Supply still remains constrained in emerging markets.
- About 3 billion adults are overweight globally, of which 1 billion are obese, according to figures from medical journal The Lancet. Roughly 75% of American adults are now overweight, of which more than 40% are obese. These staggering numbers represents a very large opportunity for weight management drugs.

Diabetes is a serious chronic disease with increasing prevalence

In 2045, 784 million adults are expected to live with diabetes

Million adults



T2D is associated with multiple comorbidities and mortality



Mortality:
8 years shorter life expectancy

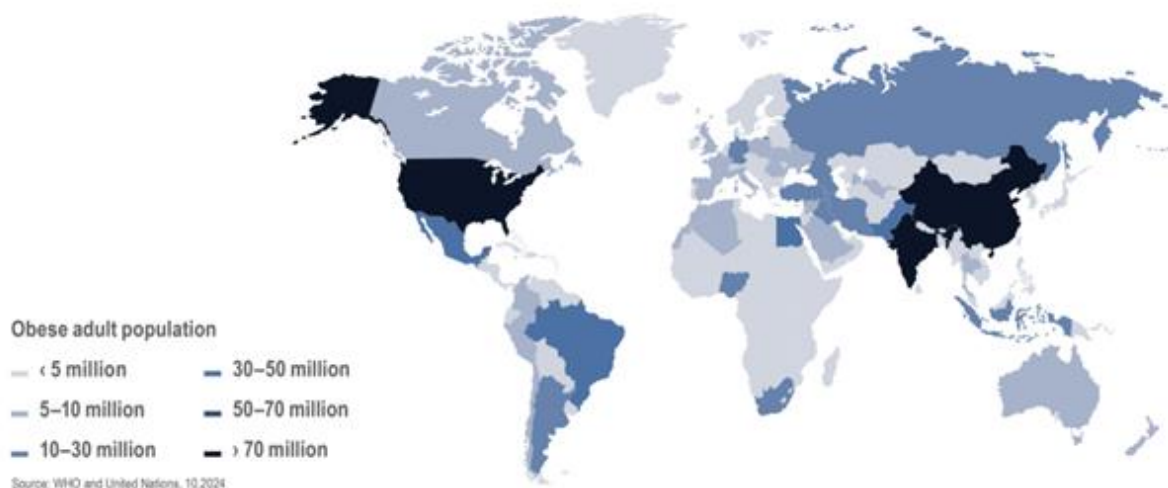


Cardiovascular disease:
>30% people with T2D affected



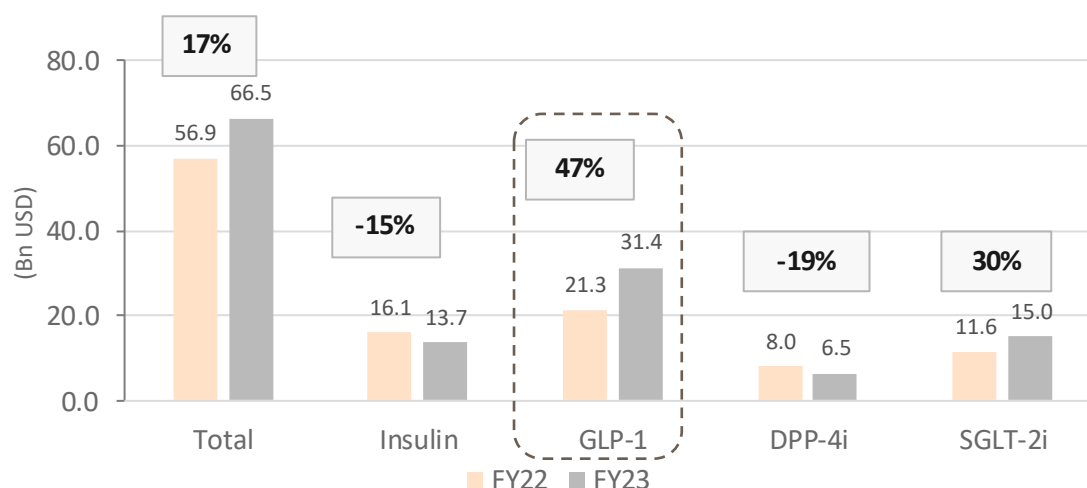
Chronic kidney disease:
up to ~40% of people with T2D affected

Obesity population worldwide on a rise

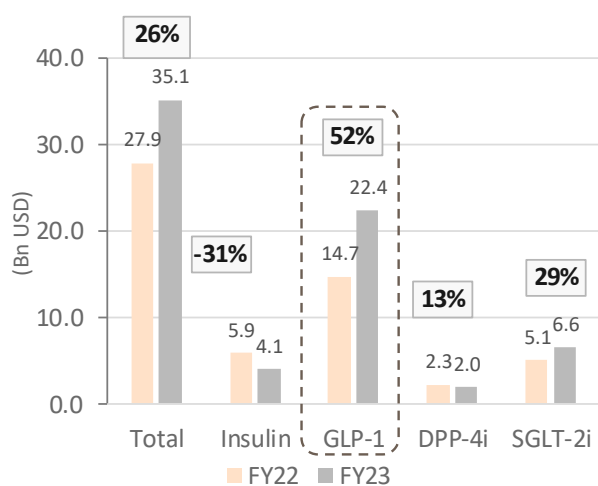


Source: Novo Nordisk Investor PPT

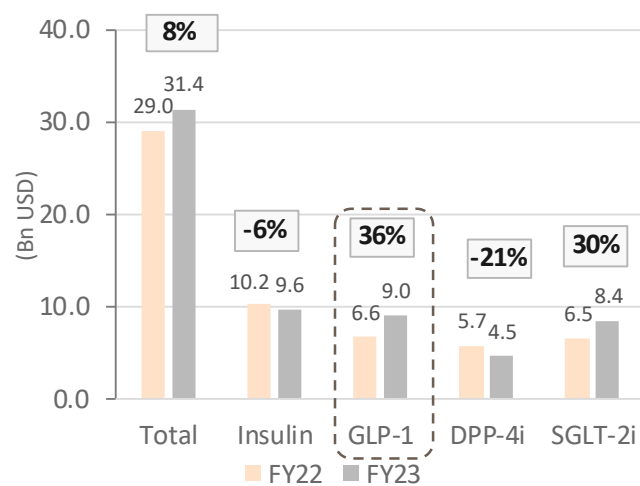
Global branded diabetes market; GLP-1 gaining more traction



USA branded diabetes market



Outside USA branded diabetes market



Source: Novo Nordisk Investor PPT

Conversion: 1 DKK = 0.15 USD

GLP-1: Function, Expiry, Cost & Insurance

- **Significant Weight Loss & Appetite Control:** GLP-1s, originally for diabetes (since 2005), gained prominence for weight loss by mimicking gut hormones that signal fullness. They reduce calorie intake by 25-35%, with semaglutide users losing ~15-16% and tirzepatide users losing ~22% of their weight in trials.
- **Potential Broader Health Benefits:** These drugs slow chronic diseases (cardiovascular, kidney, fatty liver) and reduce diabetes risk (>90% for tirzepatide). They may lower cancer risks, slow Alzheimer's and Parkinson's, and even curb addictive behaviors (alcohol, nicotine), however trials going on to conclude its effectiveness.
- **Manageable Side Effects:** Common issues include nausea and gastrointestinal discomfort, but severe risks are rare. Long-term use suggests no major undiscovered side effects, though muscle mass loss is a concern.
- **GLP-1 drugs can be used on a standalone basis as well as in combinations:**
 - GLP-1 only drugs: Semaglutide, Dulaglutide, Liraglutide and Exenatide.
 - GLP-1 combinations with other hormones: Tirzepatide
- According to estimates, Semaglutide and Tirzepatide are expected to be the primary drivers of potential sales.

Novo Nordisk recorded sales of ~27Bn\$ in CY24 for Ozempic, Victoza, Wegovy and Saxenda.

Eli Lilly recorded sales of ~12Bn\$ in CY24 for Mounjaro and Zepbound.

GLP-1 drugs details

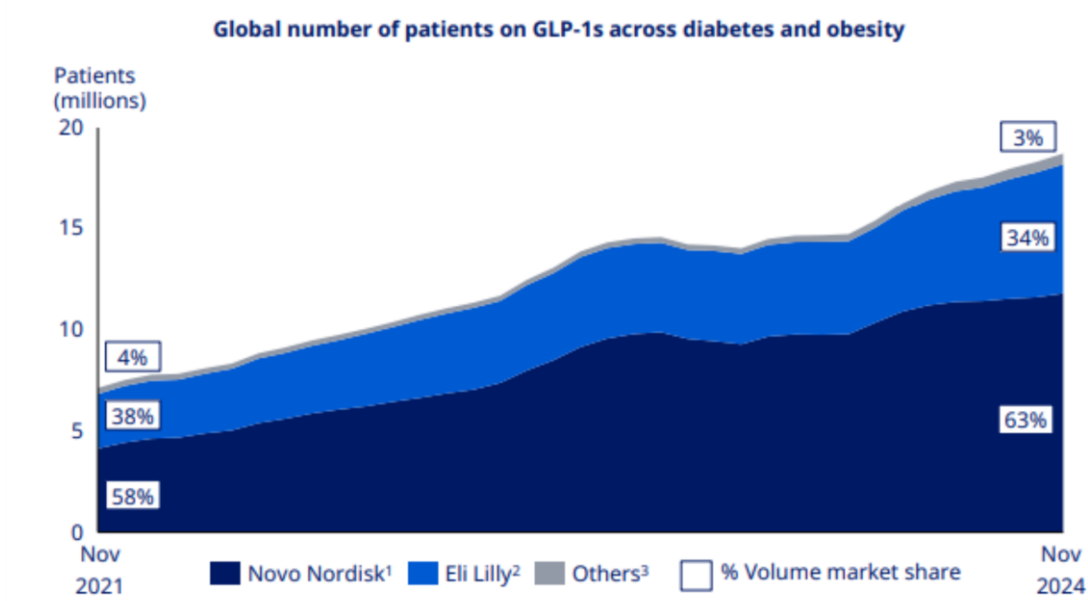
Drug Name	Innovator	Dosage	Dosage form	USFDA Approval Date	Treatment
Semaglutide (API)					
Ozempic	Novo Nordisk	Once weekly	Injectable	Dec'17	Type 2 diabetes
Wegovy	Novo Nordisk	Once weekly	Injectable	June'21	Weight loss
Rybelsus	Novo Nordisk	Once weekly	Oral solid	Sep'19	Type 2 diabetes
Tirzepatide (API)					
Mounjaro	Eli Lilly	Once weekly	Injectable	May'22	Type 2 diabetes
Zepbound	Eli Lilly	Once weekly	Injectable	Nov'23	Weight loss
Liraglutide (API)					
Saxenda	Novo Nordisk	Once daily	Injectable	Dec'14	Weight loss
Victoza	Novo Nordisk	Once daily	Injectable	Jan'10	Type 2 diabetes
Dulaglutide (API)					
Trulicity	Eli Lilly	Once weekly	Injectable	Sep'14	Type 2 diabetes

Source: Annual reports of Novo Nordisk and Eli Lilly

Timelines for expiry of Drug

Drug Name	Markets	Expiry Date
Ozempic/Wegovy	Emerging Markets (Brazil, India, Canada)	CY26
	Developed Markets (EU, USA)	CY32
Mounjaro/Zepbound	Emerging and Developed markets	CY36
Saxenda/Victoza	Emerging and Developed markets	Already expired

Global number of patients on GLP-1s across diabetes and obesity on a rise



Source: Novo Nordisk Investor PPT

List price of Semaglutide (Ozempic) by country; Highest cost faced by USA consumers

List price/month of semaglutide (ozempic)				List price/month of semaglutide (wegovy)	
\$ cost		\$ cost		\$ cost	
U.S.	\$936	Netherlands	\$103	U.S.	\$1,349
Japan	\$169	UK	\$93	Germany	\$328
Canada	\$147	Australia	\$87	Netherlands	\$296
Germany	\$103	France	\$83		

(list price varies from retail price)

Source: CITI report on GLP-1

The difference between the list price and retail price for any medication often comes down to factors like insurance coverage, discounts, and pharmacy pricing.

List Price: This is the price set by the manufacturer before any discounts or rebates are applied. It's essentially the "sticker price" of the medication.

Retail Price: This is what you might actually pay at the pharmacy, which can vary depending on your insurance plan, pharmacy choice, and any discounts or savings programs.

Insurance Coverage will impact the spending on GLP-1 to a very large extent

- **United States:** While many health plans cover GLP-1 RAs for type 2 diabetes, coverage for weight management varies significantly. A recent study by the Kaiser Family Foundation found that less than 20% of large companies surveyed offered coverage for GLP-1 drugs for weight loss. Among those that do, a third reported that offering coverage contributes significantly to their healthcare spend.
- **United Kingdom:** In February 2025, Vitality became the first UK health insurer to offer discounted weight-loss medications, including GLP-1 RAs like Wegovy and Mounjaro, to its members. Eligible members with a Body Mass Index (BMI) of 35 or above and other weight-related health conditions can receive up to 20% off these medications for up to a year.

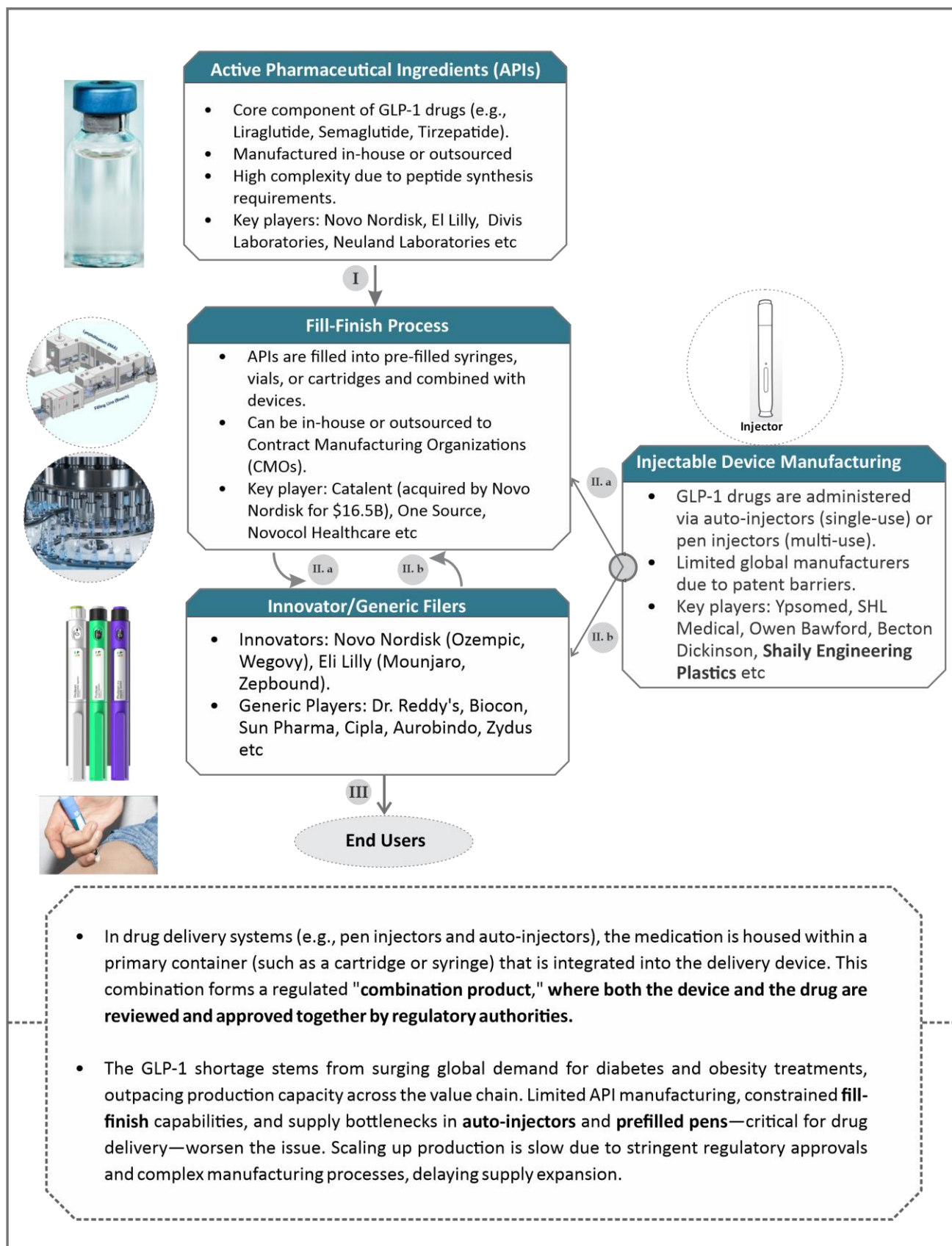
We expect the market will bifurcate, with some products focused on the self-pay market, and others aimed at reimbursement market. We expect the self-pay products to compete mainly on enabling consumers to achieve a target weight with minimal side effects, and the reimbursement products to focus more on reducing co-morbidities. We expect more price competition in the self-pay segment.

Recent Development

Eli Lilly launched its blockbuster diabetes and weight-loss drug Mounjaro in India on 20th March, 2025. Mounjaro, a once-weekly injection approved by India's drug regulator, is priced at Rs 4,375 (\$50.67) for a 5 mg vial and Rs 3,500 (\$40.54) for a 2.5 mg vial, its lowest doses. Its highest dose is 15 mg. A patient in India may have to spend about \$200 a month when taking a weekly dose of 5 mg, subject to doctor's prescription.

Today there are ~15 to 20 million patients globally already being treated with GLP-1s and this is likely to increase to more than 100 million patients within 10 years as the accessibility and affordability increases.

Critical components of the supply chain of GLP-1

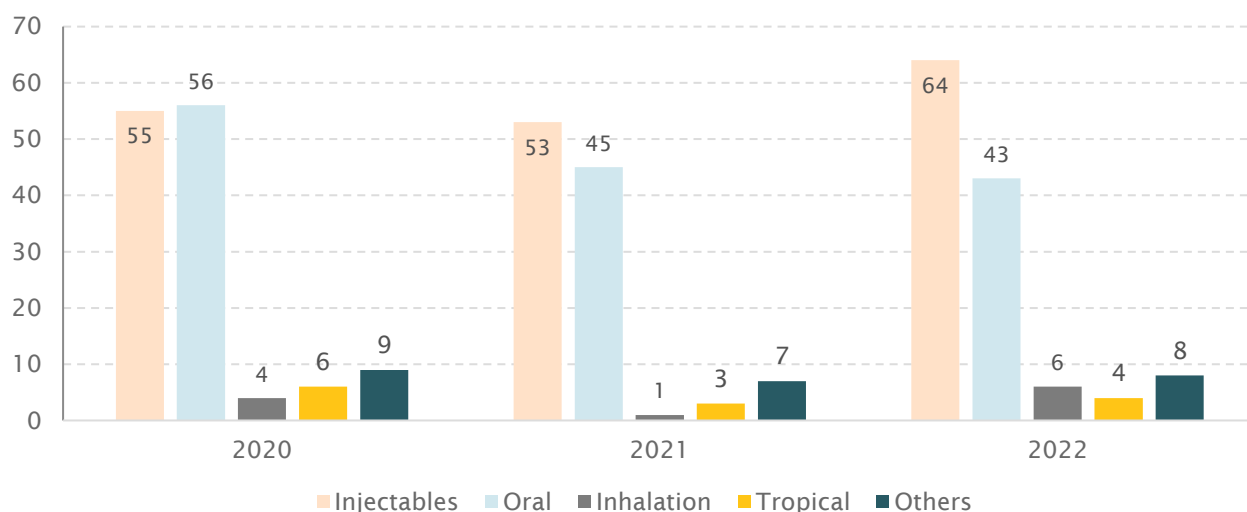


Source: Dalal & Broacha Research

❖ Megatrends driving demand of drug delivery devices

- **Shifts in demographics and lifestyle patterns** are driving a marked increase in non-communicable diseases including diabetes, obesity, cardiovascular conditions, cancer, and respiratory ailments which increasingly requires use of more injectable devices. According to a recent estimate by the World Health Organization, chronic diseases are projected to account for 86% of annual global deaths by 2050.
- **Growing Role of Biologics and Biosimilars in Injectable Therapies:** Biologics, derived from living organisms, are larger and more complex than traditional, chemically synthesized small-molecule drugs. Notably, biologics are predominantly administered via injectable devices, such as GLP-1 autoinjectors and pen injectors.

Injectables overtake oral drugs in terms of total number of FDA approvals



Source: Ypsomed Investor PPT

Ypsomed AG, a global leader in drug delivery devices announces massive capex in Injectors

Ypsomed AG, a Swiss based company who is the leader in drug delivery systems has allocated USD 1.7 billion for new manufacturing sites across Europe, China, and North America to address rising demand. Disposable pen capacity is set to grow from 270 million to 770 million by FY28 and 1 billion by FY30, aligning with its vision to leverage the increasing adoption of biosimilars and biopharmaceuticals.

Majority of this capacity addition is for the innovator company Novo Nordisk for their next generation drug.

The expansion by the leading player confirms the promising future of drug delivery devices.

❖ **For GLP-1 therapy, the most popular drug delivery devices include:**

- **Pen Injectors:** These are widely used for GLP-1 receptor agonists due to their ease of use, portability, and precise dosing. They are particularly favored for self-administration by patients managing diabetes or obesity (multiple doses)

~13 pen injectors would be required by a single patient (assumption = weekly dose + 4 doses per pen)

- **Auto-Injectors:** These devices are gaining popularity for GLP-1 therapies as they simplify the injection process, requiring minimal effort from the user. They are often designed for single-use and ensure consistent delivery (pre-fixed single dosage). Auto injectors relatively more expensive than pen injectors however much more convenient in use.

~52 injectors would be required by a single patient (assumption = weekly dose + 1 dose per pen)

As Semaglutide loses patent protection in 2026, generic manufacturers will increase its availability and affordability in emerging markets. This will lead to a significant price drop, making the drug accessible to a broader population. With innovator companies focused on the U.S. market predominantly, generics will fill the supply gap, driving demand for injection devices like pen injectors and auto-injectors.

❖ **Current Global Injector Capacities (across therapies)**

Injector Type	Manufacturer	Current Capacity	Projected Capacity (by FY30E)
Auto Injectors	SHL Medical	>200 Mn	Not specified
	Ypsomed	~150 Mn	~750 Mn
Pen Injectors	Novo Nordisk	>500 Mn	Not specified
	Ypsomed	~150 Mn	~250 Mn

❖ **Drug delivery device for GLP-1 is a sticky long term business with high entry barriers**

Key Aspect	Details
High Entry Barriers	GLP-1 drugs are combination products requiring regulatory approval for both drug and device which requires stringent compliance, considering drug viscosity, sterilization, dose volumes, and shelf life.
Patent Density	High patent density makes it difficult for new entrants to develop non-infringing designs.
Customer Engagement	Begins before Phase 3 trials and spans clinical trials, approvals, launches, and lifecycle support.
Long-Term Contracts	Contracts are sticky; changing device suppliers requires 18-24 months of re-approval, halting sales.
Manufacturing Scale	Consistent large-volume production is critical to avoid supply breaks.
Switching Costs	High switching costs and low risk tolerance ensure customer stickiness.

How Shaily Engineering Plastics has strengthened its Healthcare vertical capability?

- The Company boasts an advanced healthcare facility spanning over 1,75,000 square feet, equipped with cutting-edge technologies. The facility includes over 28 molding machines, with more being added, ranging from 35 to 1200 tons, and features specialized testing, quality control, and metrology laboratories that adhere to global standards for the testing and release of drug delivery device systems.

Received Highest Certifications for the healthcare facility, MDSAP certified facility

**ISO 13485: 2016:**

The international standard for quality management system for medical devices.

**ISO 15378: 2017:**

The international standard for quality management system for primary materials used for packing medicinal products.

**Medical device single audit programme:**

Used to audit medical device manufacturers for compliance with the standard and regulatory requirements of up to five different medical device markets (Australia, Brazil, Canada, Japan and the United States).

**FDA 21 CFR 820 quality system regulation cGMP:**

Part of the current good manufacturing practice (cGMP) regulations that ensures that all medical devices created and developed in USA follow safe and satisfactory quality processes at all developmental stages.

**MDD 93/42 EEC Medical Device Directive:**

Concerns medical devices intended to harmonise laws relating to medical devices within the European Union.

VDA 6.3 qualified: Process audit used to identify, assess and manage risk across the product life cycle. The Company achieved 98% of compliance and was awarded 'A' certification.

Technically the company does not require USFDA approval or certification to sell the devices as the drug is not getting in contact with the device within their manufacturing facilities. However, an USFDA inspection can be triggered anytime.

❖ Commenced In-house tooling for faster turnaround of products

- To partner with innovator companies, pharmaceutical firms prefer manufacturers with comprehensive in-house capabilities—including molding, tooling, automation, and assembly—ensuring faster product turnaround.
- In response, Shaily has set up a dedicated tool room to produce high-quality molds, enhancing its backward integration. However, not all molds are manufactured in India; the company collaborates with tool manufacturers in Taiwan and China under strict supervision to ensure cost-effective production.

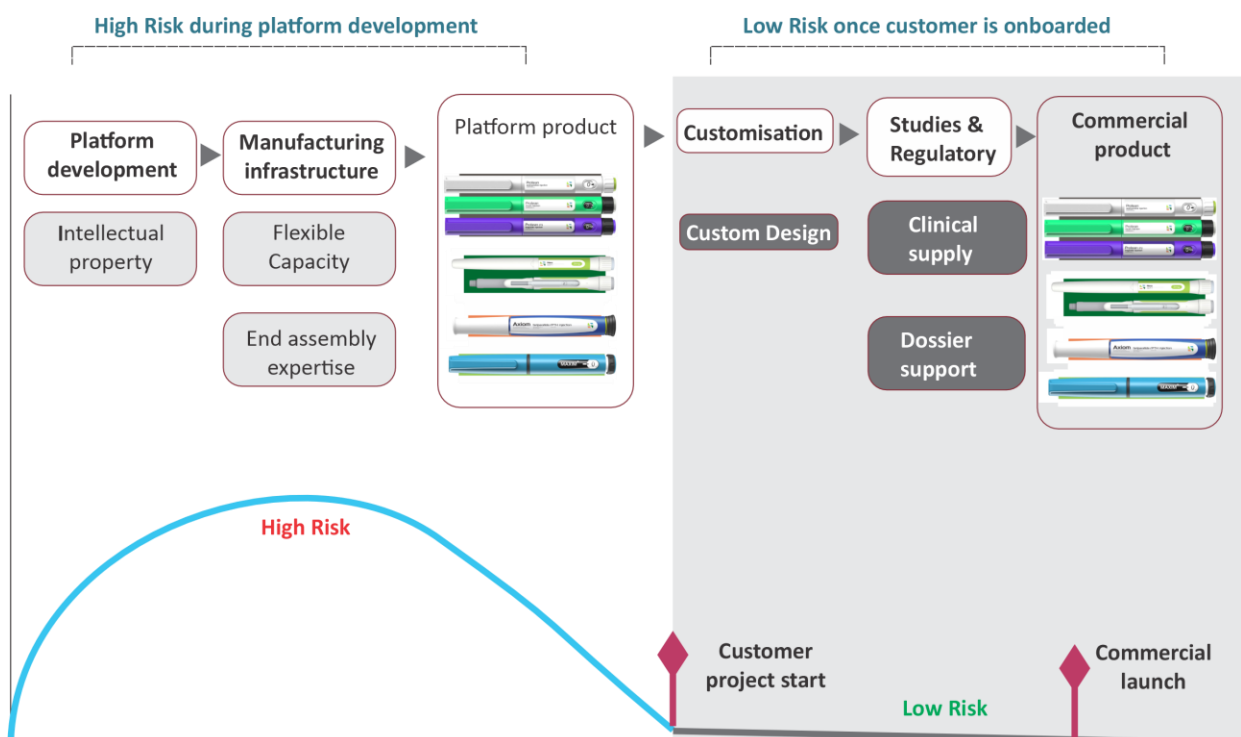
❖ Developed scalable patented platforms

- Through its UK subsidiary, the company has developed seven patented platforms for devices spanning various therapies. Despite the high patent density, Shaily has successfully secured patents, showcasing its strong expertise in engineering design.

❖ CDMO capabilities:

- Comprehensive Design Review:** Conduct design reviews in line with FDA's 21 CFR 820.30 and ISO:13485 at regular intervals, including design and process FMEAs, in collaboration with clients and external design agencies.
- Collaborative Tool Design and Manufacture:** Partner with clients, external design agencies, and tool manufacturing specialists to create cost-effective, robust products. Toolmakers ensure precision multi-cavity molds with accuracy up to $\pm 0.003\text{mm}$.
- Innovative Assembly Solutions:** Develop manual, semi-automated, and automated assembly processes focused on cost optimization and maintaining 100% quality

Designed a scalable platform strategy



Source: Dalal & Broacha Research

- Shaily initiates new platform development independently of customers with the key focus of developing patient-friendly, easy-to-use patented technologies. It creates a platform which is specifically designed to be modified into customer specific products. Platform enables flexible customization, minimizing project risks & shortening time to market.
- Building up the appropriate manufacturing infrastructure is critical to the platform strategy. Upon platform development, Shaily invests in manufacturing infrastructure offering customers flexible access to their required capacity.
- Once the platform is fully industrialized based on customer specific design, verified devices for clinical trials are available. An important part of the customization project is to provide dossier support for the customer's regulatory filing.
- The company provides all device-related information relevant for the submission.
- The company does not do human factor testing.

❖ Strategic Ramp up in Capacity paving way for dominant position among generic players

- Currently, the company has a capacity of ~40 Mn pens, projected to increase to around 80 Mn by the end of FY27, despite lower capacity utilization currently indicating strong visibility from customers. The facilities are fungible across therapies which can help scale up/down the production basis the demand.

Type	Capacity as on 31.3.24	Additional capacity	Total capacity by FY27
Insulin	10	10	20
GLP-1	10	25	35
Others	20	5	25
	40	40	80

➤ Pen Injectors

- Capacity increasing from ~10 million to 34-35 million by FY27

➤ Auto-Injectors

- Capacity growing from ~6 million to ~20 million by FY27, versatile for various molecules

➤ Manufacturing Efficiency

- Output per minute rising from 12parts/minute to 80 parts/minute for Semaglutide pens leading to enhanced production and efficiency in the same manufacturing facility.

➤ Strategic Positioning

- Long-Term Commitments:** Currently working on more than 20 projects across therapies and customers. Focus is on securing large volume commitments from customers.

- Market Share:** The company expects to hold >50% market share in Semaglutide drug delivery among generic players backed by filings already done with the regulatory authorities. Number of generic players are launching Semaglutide in the emerging markets using Shaily's device in CY26.

❖ Ypsomed's exit from contract manufacturing for insulin pens creates a new growth opportunity

Ypsomed has announced that it is phasing out of relatively low margin insulin pens supply to Sanofi by mid-2026 to focus more on the injectors. This presents an additional opportunity for Shaily to grow its Insulin pens vertical.

The company has already received a large order of ~10Mn insulin pens at the beginning of Q1FY25, where in large part of the supply will happen in FY26.

❖ Staying ahead in Innovation of complex drug delivery devices

Device/Project	Status	Customer Interest	Timeline
Spring-Driven Pen Injector	A. Patented B. Globally only company other than the innovator (Novo Nordisk) to have a spring driven pen injector	Strong interest from generic customers with many already signed up and further discussions ongoing.	Exhibit batches already supplied, commercial supplies to begin in CY25/CY26 for emerging markets and CY30/31 for developed markets
Three-Step Auto Injector (Tirzepatide)	Final stages of development	3 customers onboarded, room for 2 more.	Exhibit batches to start supply from Q4FY25
Pipeline Devices	4 devices under development	NA	Within next 24 months

❖ **Complex designing paves the way for significantly higher margins**

- IP-led pens have significantly higher margins than contract manufacturing pens, with the revenue split between Own IP pens and contract manufacturing expected to shift from 30:70 to 80:20 in the next few years.

- **Based on the financials of Ypsomed, a global leader in drug delivery devices, what we notice is that the incremental EBIT margin on account of leverage, for H1FY25 is ~33% & for the full year of FY24 it was ~50% indicating the potential of strong margin expansion that can take place for Shaily on higher volumes.**

❖ **How Business Model is de-risked when large investments is made in capacity building**

- A. Customer invests in the capacity jointly **OR**
- B. Capacity Commitments from clients **OR**
- C. Take or Pay

Healthcare to contribute ~30% of overall revenue by FY27

Beneficiary of shift in supply chain away from China in consumer vertical where capability is high

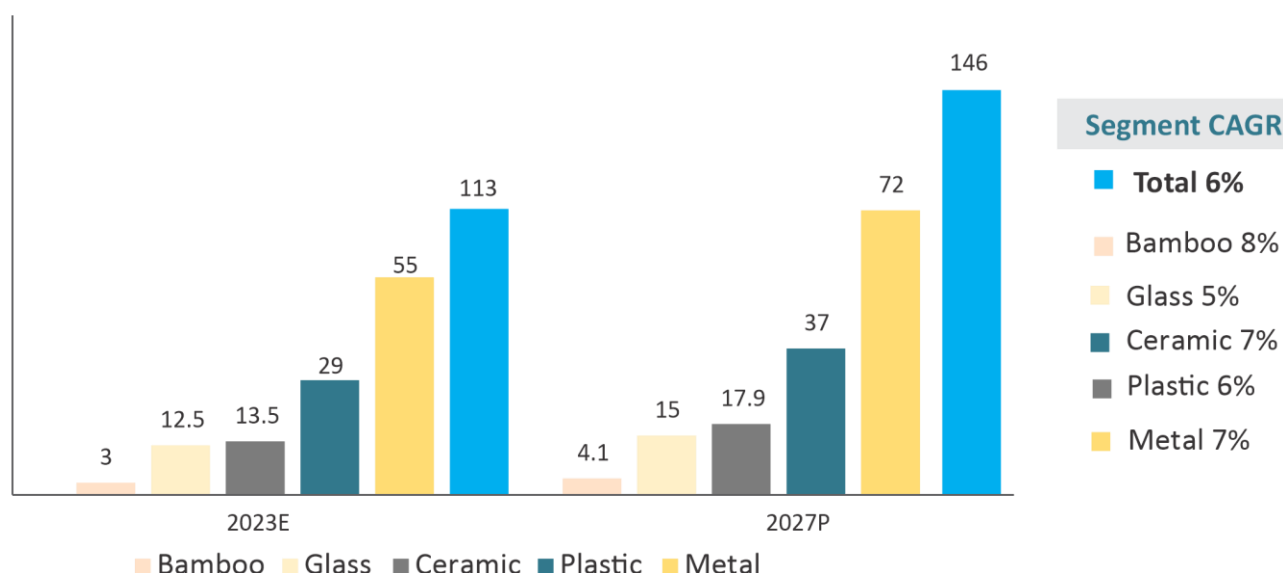
- Consumer ware market includes a variety of household products such as kitchenware, tableware, cookware, and cleaning tools made from materials like glass, plastic, bamboo, and ceramic. This market has experienced a CAGR of ~3.6%, growing from USD 98 Bn in 2019 to USD 109 Bn in 2022. By 2023, it was valued at USD 113 Bn and is projected to reach USD 146 Bn by 2027 with a CAGR of 6.6%.
- In 2023, the global consumer ware industry exported products worth ~USD 83.9 Bn. China was the leading exporter, contributing USD 45.4 Bn (around 54% of the total trade value), while India's contribution was only 1.6%, indicating significant growth potential for Indian players in the export market.

❖ **How Shaily is set to benefit?**

- Shaily's expertise lies in its deep understanding of products, customer needs, and industry standards. It is not merely a white-label manufacturer for global retailers but also actively involved in product design. Shaily is a preferred supplier due to its consistent timely delivery and superior product quality at competitive prices.
- The company's market position is strengthened by its ability to supply to Fortune 500 companies, demonstrating its capability to meet rigorous demands. **Over the past 32 years, Shaily has retained all its customers, highlighting its strong capabilities.**
- Shaily's largest customer, a Swedish house furnishing retailer, has grown at a CAGR of ~1.5-2% over the last four years, while Shaily has grown faster than that, indicating market share gains primarily from other European contract manufacturers and some Chinese suppliers with the potential to grow even more.
- The company is engaged in discussions with global retailers about shifting supply chains away from China. In Q3 FY25, Shaily announced orders from two new global retailers, mainly due to the supply chain shift from China. These are currently small orders but represent a significant growth opportunity, helping Shaily diversify its customer base.
- **The company can treble its capacity in the HALOL plant which caters to the non-healthcare verticals.**

The company has guided for a 13-15% CAGR sales growth in the consumer business based on current market conditions.

Global Consumer ware CAGR by Material (in USD Bn)



Source: All Time Plastics DRHP

Comparison of All time Plastics vs Shaily Engineering Plastics

All time plastics is a leading manufacturing company with over 13 years of expertise in producing high-quality plastic consumerware products designed for everyday household use. The company does white-label manufacturing, delivering superior consumer ware solutions for clients to market under their own brands. Additionally, a strong presence has been built with our proprietary brand, “All Time Branded Products.” **It has recently filed its DRHP with SEBI.**

All Time Plastics Financials

Particulars	FY21	FY22	FY23	FY24	CAGR FY21-24
Sales	2,803	4,012	4,435	5,129	22%
Gross Profit	1,226	1,397	1,685	2,186	21%
GPM	43.7%	34.8%	38.0%	42.6%	
EBITDA	530	607	737	1,001	24%
EBITDA margins	18.9%	15.1%	16.6%	19.5%	
Exports %	NA	91%	89%	88%	

Shaily Engineering Plastics Financials Standalone

Particulars	FY21	FY22	FY23	FY24	CAGR FY21-24
Sales	3,524	5,630	5,980	6,136	20%
Gross Profit	1,372	2,061	2,115	2,435	21%
GPM	38.9%	36.6%	35.4%	39.7%	
EBITDA	596	810	866	948	17%
EBITDA margins	16.9%	14.4%	14.5%	15.4%	
Exports %	NA	75%	77%	75%	

Standalone excludes Shaily UK

Source: All Time Plastics DRHP

Comparison of B2B players in India

Name of player	Kitchen-ware	Storage Containers	Cleaning Products	Bath Products	Furniture	Kids Range	Others
All Time Plastics Ltd	✓	✓	✓	✓	-	✓	-
Shaily Engineering Plastics Ltd	✓	✓	✓	-	✓	-	Healthcare, lighting, appliances, automotives
Aristoplast Products Pvt Ltd	✓	✓	✓	✓	✓		Industrial products- material handling
Ratan Plastics (Nirmal Poly plast)	✓	✓	✓	✓	✓	✓	-
Asian Plastoware	✓	✓	✓	✓	-	✓	-
Polyset Plastics Pvt	✓	✓	✓	✓	✓	✓	-

Source: All Time Plastics DRHP

When comparing the 2 companies, what we conclude is that Shaily has a diversified business model, lower customer concentration risk coupled with better growth prospects and scope of margin expansion due to its healthcare vertical.

Diversifying capability in carbon steel

- The Company enhanced its relationships with a major Swedish home furnishings partner, by entering the carbon steel business and introducing multi-material products that combine plastic and steel. The market size is huge and majority sourcing is from China representing large opportunity if there is shift in supply chain.
- The company has added multiple number of SKU's with discussions ongoing for further additions.
- SHEP invested Rs 550mn to set up a plant to process 600-tonne capacity of steel per annum, which started commercial production in 3QFY21 producing cabinets, drawer units, tables and storage units.
- The revenue potential is ~1250Mn and at ~80-85% capacity utilization we expect operating margins in the range of 14-16%.
- Company remains on track to be EBITDA positive by end of FY25.

Industrial Division to grow at 25-30% CAGR backed by increased sourcing by global OEMs from India

- Shaily's industrial division focuses on automotive components, appliances, and high-performance engineering parts. Current focus is on increasing wallet share with existing customers and at the same time diversifying the customer base having the appetite of complex technologies. Multiple discussions are underway with customers for diversifying supply chain away from China.
- Company is currently exploring innovative areas such as reflectors production and LED lights, as well as adopting new technologies like sandwich molding and structural foam molding.
- Additionally, Shaily is the sole licensed processor of Torlon in India, a material used in the semiconductor, aerospace, defense, EV and automotive industries which possibly could open up new opportunities.
- The growth expectations is backed by increased wallet share among existing customers coupled with adding new customer logos.

All the current verticals can itself become very large business lines for the company considering the opportunity size and the capability the company possesses.

On an Accelerated Capex Program Aiming to more than double Revenue by FY28

- Between FY19 and FY24, the company invested Rs ~5500Mn to expand production capacities, enhance automation, and improve manufacturing capabilities, while also developing intellectual property for injector platforms. The capital expenditure during this period was approximately 4.5x the gross block at the beginning of FY19.
- During FY23-FY24, the company allocated capital expenditure of Rs ~1500 Mn in the healthcare segment, with a revenue potential of Rs ~4000–4500 Mn and significantly improved EBITDA margins.
- Despite a capacity utilization of ~45% as of the end of Q3FY25, the company plans to undertake an additional capital expenditure of within the healthcare vertical to double its capacity, however capex details are awaited. This demonstrates strong visibility of customer demand and the company's proactive approach to ensuring readiness to meet client requirements.
- Based on the gross block of Rs ~6000Mn in FY24, we anticipate the company to achieve an asset turnover ratio of 2 to 2.25x over the next 3–4 years.

Capacity Utilisation between FY20-24, Last 3 quarters has seen a strong pick up

	FY20	FY21	FY22	FY23	FY24	FY25		
						Q1FY25	Q2FY25	Q3FY25
Capacity utilisation	63.8%	58.0%	59.7%	42.2%	40.1%	39.3%	40.7%	44.6%
Volume of polymers processed (MT)	13,293	14,602	19,474	20,400	22,098	5,902	6,186	6,308
Implied capacity (MT)	20,835	25,176	32,620	48,341	55,107			

Source: Investor PPT

Return ratios to see significant improvement with operating leverage kicking in, healthy cashflow generation and debt reduction to continue

- Between FY19-24, to fund the aggressive capex the company took incremental debt of Rs ~1000Mn and raised Rs ~1500Mn in FY22 via preferential allotment to fund the expansion in healthcare vertical. However the revenues did not scale up in linear fashion due to the inherent nature of the business especially in healthcare impacting the return ratios.
- Going forward we expect return ratios to see an improvement of atleast 700bps mainly on account of significant scale up in the high margin healthcare business, increased order flow in the consumer and industrial division and repayment of long term debt.
- The company plans to reduce Rs ~1000Mn long term borrowings over the next 3years with debt/equity of 0.1x by FY27E.
- We estimate the cumulative cash flow from operations between FY25-28E to be ~6769Mn which should take care of any further capex.

Balanced approach across segments with strong core competence and potential of large business optionality

- Shaily belongs to a global niche of select players with long standing capabilities in complex design and engineering where competence is sustained across market cycles. Over the years the company has de-risked its business model by focusing on Consumer, Healthcare and Industrial verticals based on shared processes and material similarities.
- Focus remains on converting one-off transactions to multi-year engagements with the same customers enhancing revenue visibility and at the same time add new customers which can give business for long term.
- The positioning of the company as a specialist in complex designing of products will translate into wider references that will attract a large cohort of brand enhancing global customers especially in the Healthcare vertical. The visibility of the company has increased due to its positioning as research led solutions provider.
- The company is already engaged in customer discussions and is in the process of setting up a roadmap for entry into consumer electronics industry.** We believe the potential is very large considering the niche capability the company currently possess and is trying to enhance it further to cater to the complex demands of the consumers. We await for an announcement from the company on the consumer electronics vertical and believe is a key trigger to watch out for.

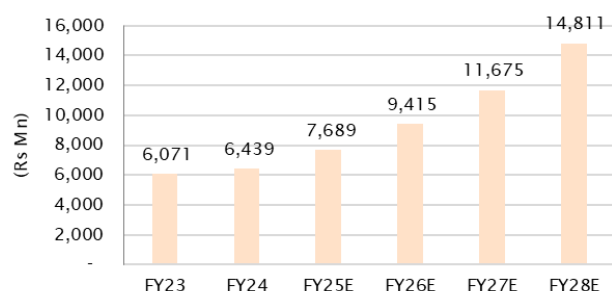
Valuation comparison

Company	Mcap (Rs in Bn)	Sales (Rs in Mn)				CAGR 25-28E
		FY25E	FY26E	FY27E	FY28E	
Ypsomed AG	Ypsomed AG: 433	66,012	76,350	90,132	113,148	20%
Shaily Engineering Plastics		7,689	9,415	11,675	14,811	24%
		EBITDA (Rs in Mn)				CAGR 25-28E
		FY25E	FY26E	FY27E	FY28E	
Ypsomed AG	Shaily Engineering: 75	20,916	28,560	33,852	42,756	27%
Shaily Engineering Plastics		1,682	2,155	2,763	3,694	30%
		EPS				CAGR 25-28E
		FY25E	FY26E	FY27E	FY28E	
Ypsomed AG		10	15	18	23	32%
Shaily Engineering Plastics		20	28	37	50	37%

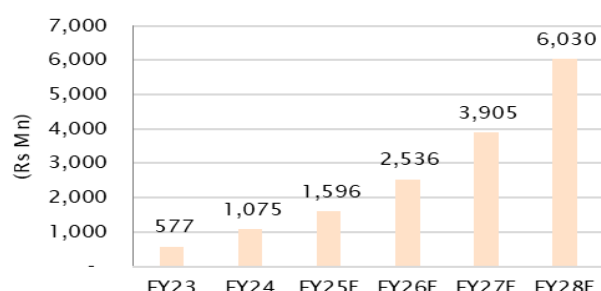
Ypsomed AG numbers converted to INR

Financial Analysis

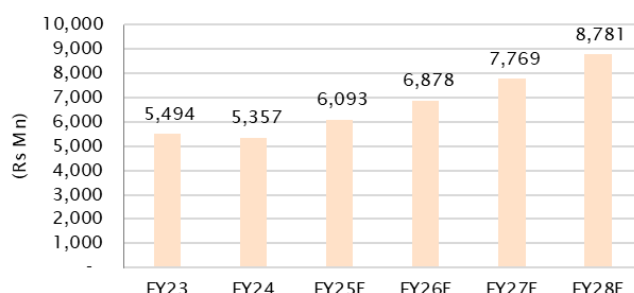
Overall Revenue to grow at a CAGR of 23% between FY24-28E



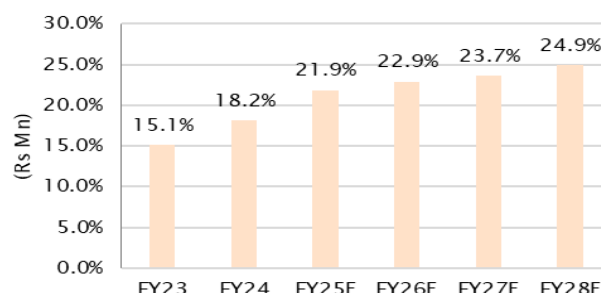
Healthcare revenue to grow significantly at a CAGR of 54% between FY24-28E (includes Shaily UK)



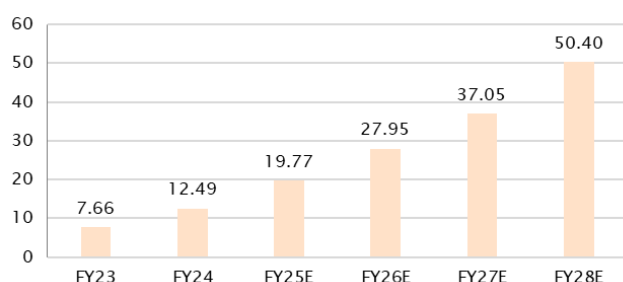
Consumer+Industrial revenue to grow at 13% CAGR between FY24-28E



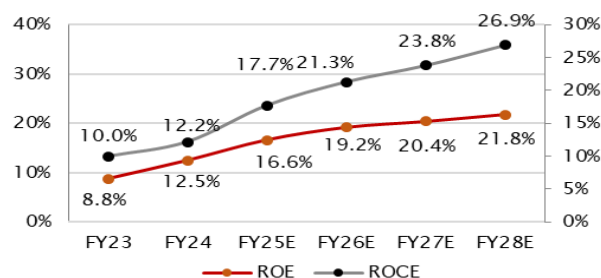
EBITDA margins to see significant improvement driven by Healthcare vertical



EPS to more than triple between FY24-28E



Return ratios to see significant improvement



As part of a strategic vision initiated in FY21, the company has been proactively building capability and manufacturing infrastructure for its healthcare vertical, ensuring readiness to meet future demand and establish credibility with clients. With the healthcare vertical expected to scale significantly from CY25, the company is on track to experience a substantial acceleration in financial performance (> 3x EPS growth by FY28E).

Business Momentum building reflected in Order Wins of FY24 & FY25

Q1FY24		
FY24	Healthcare	NA
	Consumer	• Home Furnishing (Plastics) New Business (Supplies start Q2FY25) - 50crs pa
	Industrial	• GE Appliances New Knobs Business Total Business Value Rs. 40 crores p.a. • Automotive 3 New Products confirmed with 2 customers. Total Business Value Rs. 5 crores p.a.
	Q2FY24	
	Healthcare	• Pharma New Applicator Project (Supplies start Q2FY25) - 35crs p.a
	Consumer	• Home Furnishing (Plastics) New Business (Supplies start Q2FY25) - 50crs pa
	Industrial	• Automotive 3 New Components confirmed - 3.crs p.a
	Q3FY24	
	Healthcare	• 4 Contracts signed for development and supply of Pen injectors
	Consumer	• 2 products Business awarded for products in carbon steel Business awarded for supply of caps by FMCG Customer omponents confirmed
	Industrial	NA
	Q4FY24	
	Healthcare	• Business confirmed with 3 customers for supply of pen injectors
	Consumer	• 1 New Product – Carbon Steel 1 New Product – Plastics
	Industrial	• New business confirmed for supply of knobs for export
Q1FY25		
FY25	Healthcare	• Contract signed for 2 new pen injectors
	Consumer	• Business awarded for 2 new FMCG products under development
	Industrial	• New business confirmed for supply of knobs for export
	Q2FY25	
	Healthcare	NA
	Consumer	• Received Business for 2 new products with marque FMCG Customer
	Industrial	• Business awarded from new marquee customer for automotive components
	Q3FY25	
	Healthcare	• Signed 6 contracts with different customers for Pen Injectors for GLP 1 / Other therapies
	Consumer	• Awarded business from 2 global retail chains and supplies to start from Q1/Q2 FY26
	Industrial	NA

Source: Company Investor PPT

About The Company

Shaily was established in 1987 with just two moulding machines. Today, its facilities have grown significantly to include more than 200 machines, and Shaily plastics can be found across the globe in products as diverse as medical devices, home furnishing, Toys, Personal Care and automotive components in plastic and we have recently forayed into steel furniture.

Extensive experience in processing filled and unfilled polymers such as PA6/66/12, PES, PPS, PBT, LCP, PC, Torlon and PEEK.

7 Facilities with over 200 moulding machines ranging from 35 tons to 1,000 tons



Rania

- Export Oriented Unit
- Pharma (Dedicated ISO Class 8 clean room manufacturing facility)
- Others

Halol (Existing)

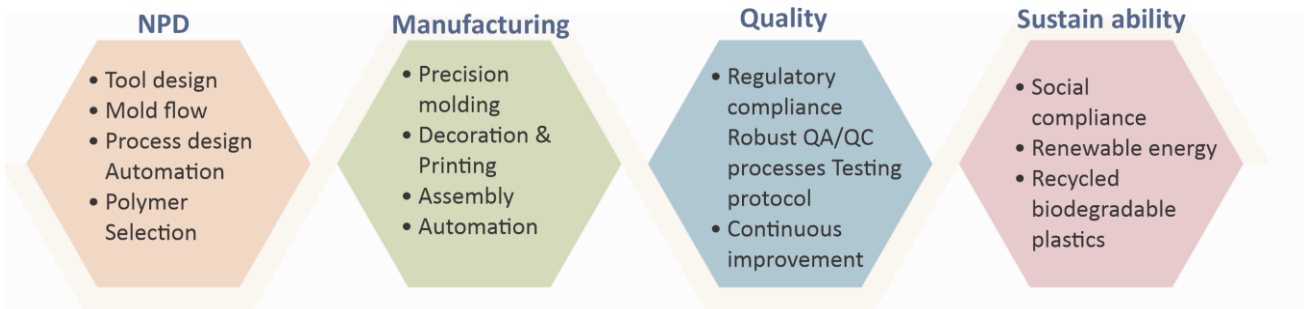
- Automotive & Engineering

Halol (New)

- Carbon Steel
- Plastic

Source: Annual Report

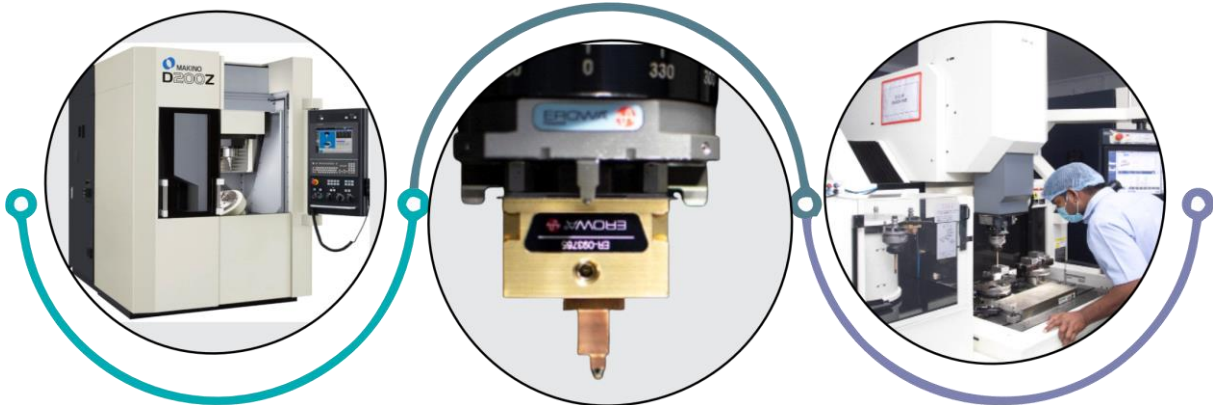
Core Capabilities



Source: Annual Report

Mold Manufacturing

State-of-the-art mold manufacturing facility with precision machinery (5-axis mills with 30k to 42k RPM) for high accuracy and superior surface finish.



Injection Moulding

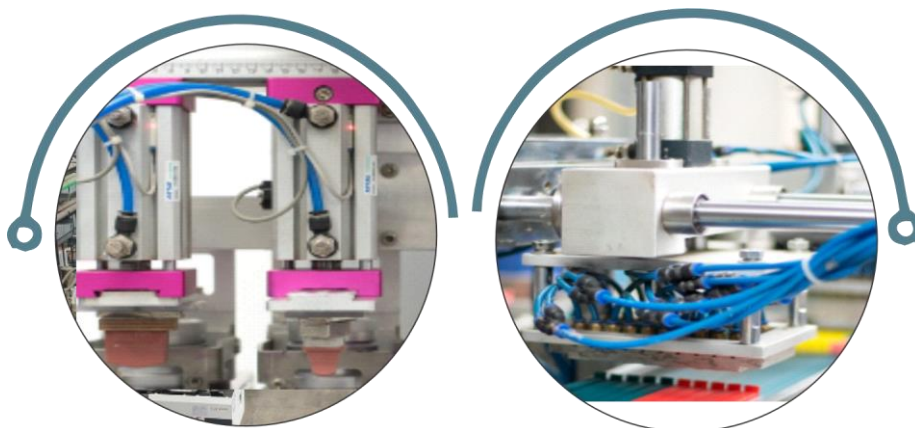
With 210 injection moulding machines ranging from 35 tons to 1200 tons, Shaily can meet the most stringent molding requirements including micro-moldings as small as 0.03 grams within 5 micron tolerances.

Shaily follows the principles of Scientific Injection Molding to ensure a robust, reliable and repeatable injection molding process.



Assembly and secondary operations

Shaily has comprehensive capabilities for secondary operations such as pad printing, hot stamping, painting, ultrasonic welding and vacuum metalizing. In addition, Shaily also specializes in innovating manual, semi-automated and fully-automated assembly processes that optimize cost while maintaining 100% product quality.



QC Lab & Metrology

Shaily’s fully equipped metrology lab consists of high accuracy VMMs and CMMs from Zeiss, Micro-Vu and Keyence.

Shaily has CT scanning capabilities from Zeiss, that not only allow for comprehensive metrology, but also for analysis of part interaction in complex mechanisms.

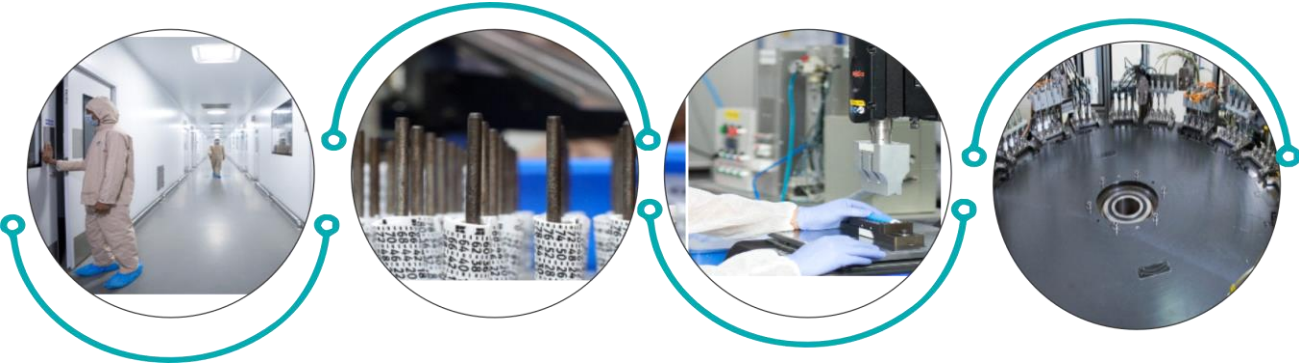
Pen & Auto-injector testing (for ISO 11608)

ZwickRoell ZwickiLine 1.0 KN	Dispense force & Dose accuracy, Push pull force measurement Devices and Packaging Testing
ZEISS METROTOM 6 scout (GOM CT)	CT scanning, inspection and metrology of complex parts
Zeiss O-Inspect CMM	Optical measurement of Dies/ Tool inserts and Pen device components
Micro Vu VMM	Precision measurement of Pen device components
Keyence VMM	Video measurement of parts on manufacturing line for defect monitoring
Mecmesin Helixa	Torque testing for rotational forces.



New Product Development

Shaily Innovations UK and Shaily India, work in partnership with leading international design consultancy, IDC, to develop new products from concept, design, and engineering right through to prototyping, testing and manufacturing, covering entire product development lifecycle. With design for manufacture (DFM), design for assembly (DFA), engineering, and manufacturing expertise, providing support to customers for new developments and ensure optimising manufacturing, assembly processes and secondary operations, without compromising quality.



Annual Report Analysis

Particulars (Rs Mn)	FY19	FY20	FY21	FY22	FY23	FY24
Mahendra Sanghvi	11.9	11.9	12.7	12.6	18.6	19.0
Laxman Sanghvi	6.8	6.8	7.3	7.7	9.5	11.7
Tilottama Sanghvi	2.9	1.2	6.2	6.4	6.4	9.6
Amit Sanghvi	11.9	12.0	13.1	13.4	22.1	40.3
Total Managerial Remuneration	33.5	31.9	39.2	40.1	56.6	80.5
Remuneration as a % of PAT	17.40%	13.50%	17.80%	11.40%	16.10%	14.10%
Audit Fees	1.64	1.76	1.68	2.82	3.98	3.82

Source: Annual Report

Employee Productivity Metrics

	FY20	FY21	FY22	FY23	FY24
Revenue/Employee	185,236	161,864	173,424	220,849	234,295
Employees (Roll + contractual)	1,601	2,266	2,739	2,064	2,474
Training hours	3.9	4.3	4.4	4.1	4.4
Women EE as a %	28	37	47	40	36
Average Age	37	33	33	33	34

Year	FY22	FY23	FY24
% of revenue from customers of three years or more	92.1	95.2	89.9

Source: Annual Report

Intangible Assets Accounting Policy

Balance Sheet item	FY20	FY21	FY22	FY23	FY24
Intangible assets	Company has estimated useful life for computer software at 6 years and for patents and copyrights at 10 years.	Company has estimated useful life for computer software at 3 years and for patents and copyrights at 10 years.			
Intangible assets under development	The Group expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as an intangible asset.				

Source: Annual Report

Experienced Board of Directors

Board of Directors	Position	Description
Mr Mahendra Sanghvi	Executive Chairman	Mr. Mahendra Sanghvi, aged 73 years, is the Promoter and Executive Chairman of the Company. He is a Chemical Engineer from Wayne State University, USA, Plastics Technologist and has studied his Diploma MBA from Toronto University, Canada. Shaily was established under his hands and the Company, under his guidance, management and leadership, has not only achieved remarkable growth but also bagged prestigious awards for the Company, including the TOP exporter awards. In addition to being an Executive Chairman of the Company, he also serves as an Independent Director on Boards of reputed Companies.
Mr Amit Sanghvi	Managing Director	Mr. Amit Sanghvi, aged 40 years, is an electrical engineer from the University of Ottawa and has pursued his M. Sc in Supply Chain and Manufacturing from Penn State University. He initiated his career with Arete Inc. (USA) as a Business Process Consultant for Pepsi and Coke and has progressively worked his way to the position of high cadre. In the past, he has also worked with reputed companies such as PAS Romania, Pepsi Bottling Group (PBG), New York, Coca Cola Bottling, Indonesia. At Shaily, he started off as General Manager – Projects and later became a Whole-time Director and then Managing Director, since 16th May, 2015.
Mr Laxman Sanghvi	Executive Director	Mr. Laxman Sanghvi is the Promoter and Executive Director of the Company. He is a qualified Chartered Accountant and a Law graduate. P. At Shaily, he looks after the Purchase and Projects. He has been a crucial part in setting of the carbon steel facility of the Company and the forthcoming new plastics plant of the Company, located at Halol, Gujarat
Mrs Tilottama Sanghvi	Whole Time Director	Mrs. Tilottama Sanghvi is the Promoter and Whole-time Director of the Company. Mrs. Tilottama Sanghvi, since inception of the Company, has been involved in the operations of the Company, more specifically the EOU Plants of the Company. In addition to managing the EOU plants, she looks after the administration and stores operation of various plants of the Company. She has been the most efficient Plant Manager and Operational Head and has handled number of plants of the Company, EOU Plant, Rania Plant. She is presently managing the healthcare and the finishing facility of the Company.
Mr Samaresh Parida	Independent Director	Mr. Samaresh Parida is a seasoned professional with over 35 years of experience in leadership roles spanning strategy, operations, finance, M&A, and business turnaround across diverse sectors and geographies, including India, the USA, Latin America, and Russia. He was also the Chief Financial Officer and Finance Director at PepsiCo Inc., leading global strategic initiatives, and served as CFO for Toyota's LCV business in India. Additionally, he has worked as a Management Consultant with Andersen Consulting. Mr. Parida holds a PGDM from IIM Ahmedabad and is both a Chartered Accountant and a Cost Accountant.
Dr Shailesh Ayyangar	Independent Director	With over 35 years of experience in healthcare, he has held key leadership roles across India, the UK, and Asia. He currently advises Goldman Sachs Private Equity in the healthcare sector, chairs Noveltech Animal Feeds and Universal NutriScience, and serves as an Independent Director on the boards of Emcure Pharma Group and Shaily Engineering and Plastics. Additionally, he is a Governor on the Board of IIM Ranchi and a member of the Governing Council for the Cancer Cure Fund of the Indian Cancer Society. His career includes senior roles at Sanofi India, where he served as Managing Director and Vice President for South Asia, and at GSK, where he led Tropical Medicine and commercial operations in the UK and India.
Ms Sangeeta Singh	Independent Director	Mrs. Sangeeta Singh is an HR professional with over 35 years of experience, specialising in critical human resources functions. Her expertise also extends to employer branding, corporate communications (both internal and external), and operations. Notably, she served as the India Head of the KPMG Network of Women and was a founding member of the Women in Leadership Forum.
Mr Ranjit Singh	Independent Director	Mr. Ranjit Singh has over 35 years of experience in industrial management across Indian, international, and multicultural business environments. His core strengths include corporate growth, turnaround strategy, and their effective implementation. He has held prominent leadership roles, including Managing Director at Kalpataru Power Transmission and Global COO and Board Member at Polyplex Corporation Limited, the world's fourth-largest polyester film manufacturer.

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Net Sales	5,677	6,071	6,439	7,689	9,415	11,675	14,811
Total Operating Expenses	3,575	3,865	3,701	4,145	4,990	6,129	7,702
Employee Cost	433	479	573	772	926	1,112	1,356
Power and Fuel	269	265	292	326	395	490	622
Other Expenses	588	543	703	764	948	1,181	1,437
Operating Profit	812	919	1,169	1,682	2,155	2,763	3,694
Depreciation	265	333	357	418	459	498	526
PBIT	547	586	813	1,264	1,697	2,265	3,168
Other income	88	45	65	30	30	30	30
Interest	169	179	179	171	124	116	116
PBT (Before exceptional)	465	452	698	1,123	1,603	2,179	3,082
PBT (post exceptional)	465	452	698	1,123	1,603	2,179	3,082
Provision for tax	113	101	126	216	321	479	771
Reported PAT	353	352	573	907	1,282	1,700	2,312

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Equity capital	92	92	92	92	92	92	92
Reserves	3,578	3,922	4,500	5,361	6,597	8,251	10,516
Net worth	3,670	4,014	4,592	5,453	6,689	8,343	10,608
Non Current Liabilities	1,206	831	941	743	545	448	452
Current Liabilities	1,896	2,082	2,292	2,299	2,353	2,683	3,132
TOTAL LIABILITIES	6,772	6,927	7,825	8,495	9,587	11,474	14,191
Non Current Assets	3,770	4,550	5,153	5,643	5,864	5,897	5,903
Tangible + Intangible Assets	3,616	4,352	4,938	5,428	5,631	5,644	5,628
Non Current Investments	0	0	0	-	-	-	-
Income Tax Asset	20	21	27	27	27	27	27
Other Financial Assets	34	5	5	5	5	5	5
Other Non Current Assets	100	172	183	183	201	221	243
Current Assets	3,002	2,377	2,672	2,852	3,723	5,577	8,288
Inventories	1,114	730	836	948	1,290	1,759	2,232
Trade Receivables	1,017	919	1,174	1,369	1,677	2,079	2,638
Cash and Bank Balances	471	230	264	120	292	1,217	2,832
Short Term Loans and Advances	2	57	64	64	64	64	64
Other Current Assets	398	441	335	350	400	457	523
TOTAL ASSETS	6,772	6,927	7,825	8,495	9,587	11,474	14,191

Financials

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Cash flow from operating activities							
Profit before tax	465	452	698	1,123	1,603	2,179	3,082
Depreciation & Amortization	265	333	357	418	459	498	526
Interest expenses	169	179	179	171	124	116	116
Operating profit before working capital change	900	964	1,234	1,712	2,185	2,792	3,724
Working capital adjustment	6	161	(208)	(152)	(460)	(624)	(687)
Gross cash generated from operations	906	1,125	1,026	1,560	1,725	2,168	3,037
Direct taxes paid	(64)	(60)	(88)	(216)	(321)	(479)	(771)
Others	(292)	(165)	(16)	37	(1)	8	20
Cash generated from operations	550	900	923	1,381	1,404	1,697	2,287
Cash flow from investing activities							
Capex	(1,208)	(1,116)	(950)	(908)	(662)	(510)	(510)
Others							
Cash generated from investment activities	(1,291)	(1,009)	(938)	(908)	(662)	(510)	(510)
Cash flow from financing activities							
Proceeds from issue of share	1,497	-	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-	-	-
Borrowings/ (Repayments)	(251)	118	210	(400)	(400)	(100)	-
Interest paid	(158)	(163)	(159)	(171)	(124)	(116)	(116)
Dividend paid	-	-	-	(46)	(46)	(46)	(46)
Others	(5)	(6)	(5)	-	-	-	-
Cash generated from financing activities	1,083	(51)	46	(617)	(570)	(262)	(162)
Net cash increase/ (decrease)	342	(160)	31	(143)	172	925	1,615
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
OPM	14.3%	15.1%	18.2%	21.9%	22.9%	23.7%	24.9%
NPM	6.1%	5.7%	8.8%	11.7%	13.6%	14.5%	15.6%
Tax Rate	24.2%	22.2%	18.0%	19.2%	20.0%	22.0%	25.0%
Growth Ratios (%)							
Net Sales	60.0%	6.9%	6.1%	19.4%	22.5%	24.0%	26.9%
Operating Profit	0.0%	13.2%	27.3%	43.8%	28.2%	28.2%	33.7%
PBIT	0.0%	7.2%	38.7%	55.6%	34.2%	33.5%	39.9%
PAT	60.0%	-0.3%	63.0%	58.3%	41.4%	32.5%	36.0%
Per Share (Rs.)							
Net Earnings (EPS)	7.7	7.7	12.5	19.8	28.0	37.1	50.4
Dividend	0.0	0.0	1.0	1.0	1.0	1.0	1.0
Book Value	80.0	87.5	100.1	118.9	145.8	181.9	231.3
Free Cash Flow	-7.2	-2.4	-0.3	5.2	8.1	12.9	19.4
Valuation Ratios							
P/E(x)	214.1	214.9	131.8	83.3	58.9	44.4	32.7
P/B(x)	20.6	18.8	16.4	13.8	11.3	9.0	7.1
EV/EBIDTA(x)	94.6	83.9	66.1	45.8	35.5	27.3	20.0
Div. Yield(%)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
FCFF Yield(%)	-0.4	-0.1	0.0	0.3	0.5	0.8	1.2
Return Ratios (%)							
ROE	9.6%	8.8%	12.5%	16.6%	19.2%	20.4%	21.8%
ROCE	10.1%	10.0%	12.2%	17.7%	21.3%	23.8%	26.9%
ROIC	8.4%	8.1%	10.4%	14.6%	17.7%	21.3%	26.5%

Source: Dalal & Broacha Research

Disclaimer

Dalal & Broacha Stock Broking Pvt Ltd, hereinafter referred to as D&B (CINU67120MH1997PTC111186) was established in 1997 and is an integrated financial services player offering an extensive range of financial solutions and services to a wide spectrum of customers with varied needs ranging from equities to mutual funds to depository services.

D&B is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE). D&B along with its affiliates offers the most comprehensive avenues for investments and is engaged in the securities businesses including stock broking (Institutional and retail), depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.dalal-broacha.com

D&B is registered as Research Analyst with SEBI bearing registration Number INH000001246 as per SEBI (Research Analysts) Regulations, 2014.

D&B hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in any time in the past. It has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time. SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on D&B for certain operational deviations in routine course of business.

D&B offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by D&B (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

D&B or its associates may have financial interest in the subject company.

D&B or its associates do not have any material conflict of interest in the subject company.

The Research Analyst or Research Entity (D&B) has not been engaged in market making activity for the subject company.

D&B or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Disclosures in respect of Research Analyst:

Whether Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report:	No
Whether the Research Analyst or his/her relative's financial interest in the subject company.	No
Whether the research Analyst has served as officer, director or employee of the subject company	No
Whether the Research Analyst has received any compensation from the subject company in the past twelve months	No
Whether the Research Analyst has managed or co-managed public offering of securities for the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
Whether the Research Analyst has received any compensation or other benefits from the subject company or third party in connection with the research report	No

D&B and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein.

In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject D&B or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to D&B. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of D&B. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of D&B or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com