Shaily Engineering Plastics Limited

Q1FY27 Result Update | **Engineered Plastics**

Execution led growth: Healthcare drives margin expansion

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

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Shaily Engineering Plastics delivered a resilient Q1FY27 performance, with Revenue/EBITDA/PAT growing 14%/22%/17% YoY, despite a 24% decline in Consumer revenue amid weak demand in Europe and the US. Growth was led by Healthcare (+84%) and Industrial (+25%), with the rising Healthcare contribution driving a significant 540 bps YoY expansion in gross margins. While higher employee and operating costs limited the flow-through to EBITDA, the continued shift towards higher-value Healthcare and engineering applications provides a strong foundation for further margin expansion.

The business outlook remains encouraging, with Healthcare emerging as the core growth engine and its contribution to revenue continuing to scale. The addition of 25mn pen capacity, new Semaglutide programs in Canada/Brazil and two new IP-led projects provide near-term growth visibility, while the planned expansion into emergency-use, on-body and reusable auto-injectors broadens the addressable market. Dedicated business development leadership in the US and Europe further strengthens the company's ability to secure global pharma partnerships.

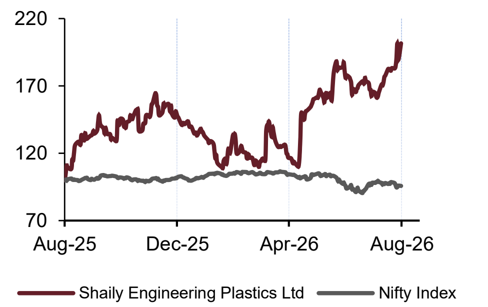
Beyond Healthcare, Consumer Electronics and Semiconductors are shaping the next leg of growth. Shaily has secured five new consumer-electronics components and expects semiconductor revenues to commence from Q4FY27, while its expanding customer base and newly commissioned capacities should support further scale-up. With increasing exposure to IP-led, high-value applications and continued capacity expansion, the company is steadily transitioning towards a more diversified and technology-driven product portfolio.

Rating	TP (Rs)	Up/Dn (%)
HOLD	**3,631**	**8**

Market Data		
Current price	Rs	3,367
Market Cap (Rs.Bn)	(Rs Bn)	155
Market Cap (US$ Mn)	(US$ Mn)	1,627
Face Value	Rs	2
52 Weeks High/Low	Rs	3434 / 1604.3
Average Daily Volume	('000)	301
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
Promoters	41.00	43.00
Public & Others	59.00	57.00
Total	**100.00**	**100.00**

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net sales	6,439	7,868	9,907	12,493	16,199
EBIDTA	1,169	1,761	2,799	3,806	5,240
Margins (%)	18.2%	22.4%	28.3%	30.5%	32.3%
Adjusted net profit	573	931	1,699	2,348	3,341
EPS (Rs)	12.5	20.3	36.9	51.1	72.6
P/E (x)	271	167	91	66	46
EV/EBITDA (x)	134	89	56	41	29
RoCE (%)	12.17%	18.21%	25.90%	29.01%	31.50%
RoE (%)	12.48%	17.01%	23.70%	24.80%	26.17%

Source: Company, Dalal & Broacha Research

Vinil Shah
+91 22 67141486
vinil.shah@dalal-broacha.com

Quarterly Snapshot

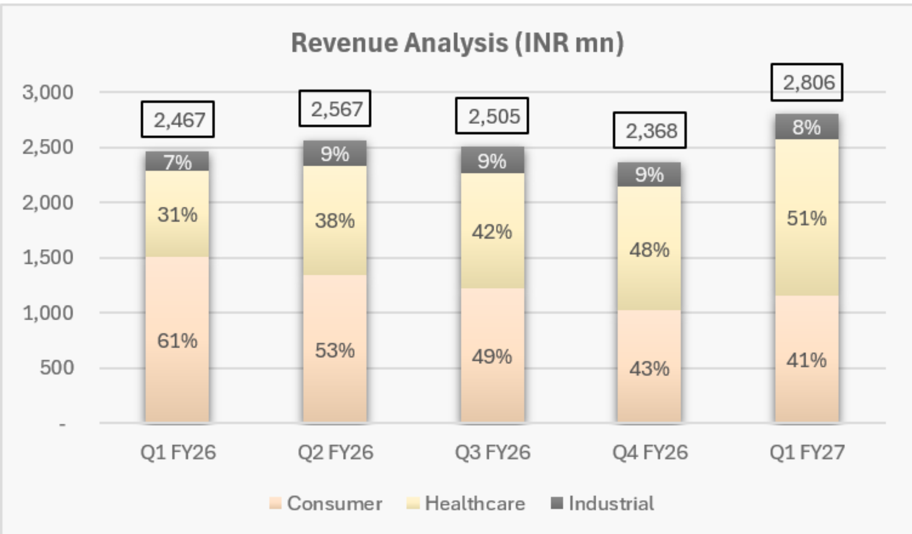
Particulars (INR in mn)	Q1 FY27	Q1 FY26	YoY%	Q4 FY26	QoQ%
Revenue from operations	**2,807**	**2,467**	**14%**	**2,368**	**19%**
Other Income	3	21	-88%	37	-93%
Total Income	**2,809**	**2,488**	**13%**	**2,405**	**17%**
Cost of Goods Sold	1,218	1,205	1%	971	26%
Employee Benefit Expense	328	249	32%	302	8%
Power and Fuel Cost	75	85	-12%	77	-3%
Other Expenses	356	245	45%	362	-2%
Total Expenses	**1,976**	**1,784**	**11%**	**1,712**	**15%**
EBITDA	**831**	**683**	**22%**	**656**	**27%**
Depreciation Expense	140	114	23%	133	6%
EBIT	**690**	**569**	**21%**	**523**	**32%**
Finance Cost	33	39	**-14%**	37	**-10%**
Profit Before Tax (PBT)	**659**	**551**	**20%**	**523**	**26%**
Tax Expense	179	140	28%	122	47%
Net Profit (Reported)	**480**	**411**	**17%**	**402**	**20%**
EPS	**10.4**	**8.9**	**17%**	**8.7**	**20%**
Margins			**Changes in bps**		**Changes in bps**
Gross Margins	56.6%	51.2%	543	59.0%	-243
EBITDA Margins	29.6%	27.7%	190	27.7%	189
PAT Margins	17.1%	16.5%	56	16.7%	40
Tax Rate	27.2%	25.3%	185	23.2%	395
Other Operational Matrix			**Changes in bps**		**Changes in bps**
COGS as % of Sales	43%	49%	-543	41%	243
EBE as % of Sales	11.7%	10.1%	158	12.8%	-108
P&F as % of Sales	2.7%	3.4%	-77	3.3%	-60
OE as % of Sales	12.7%	9.9%	272	15.3%	-263

Source: Company, Dalal & Broacha Research

Concall KTA's

- **Healthcare – Moving Beyond GLP-1 & Insulin**
  - Healthcare revenue +85% YoY to ₹142 Cr, now 51% of consolidated revenue.
  - Strategy: Scale GLP-1/insulin while entering emergency auto-injectors, reusable auto-injectors & on-body injectors.
  - 6/8 device platforms fully commercialised; Dedicated US & Europe BD Heads appointed to pursue global pharma partnerships.
- **Healthcare Capacity – Bottlenecks Being Resolved**
  - Q1 deliveries at **~9mn devices**; **50–60% GLP-1** mix.
  - Existing line efficiency improved **9%**; pending equipment installation can drive another **~30% improvement**.
  - Additional **25mn capacity** expected soon → total capacity of **~75mn pens p.a.**
- **Consumer Electronics – Scaling Up**
  - Commercial supplies have commenced; **5 new components** won from a new customer.
  - **Land secured** for expansion (new facility).
  - New components are **highly complex**, with some requiring greater precision than existing pen/auto-injector products.
- **Margins & UK Subsidiary**
  - QoQ gross-margin dip was **temporary**: higher polymers/freight and delayed customer pass-through.
  - Management expects **gross margins to normalise by Q3FY27**.
  - UK subsidiary weakness is **timing-related**, with delayed milestone invoicing expected to flow through over the **next 3 quarters**.
- **Semiconductor Trays – Large, High-Moat Opportunity**
  - Specialized **conductive-plastic trays** requiring tight dimensional tolerances; **<12 global players** currently operate in the space.
  - Consumable nature implies **millions of units** as India's semiconductor capacity scales.
  - Semiconductor revenue expected from **Q4FY27**.

Healthcare Contribution Continues to Rise



Source: Company, Dalal & Broacha Research

Valuation and Outlook:

We estimate **Revenue/EBITDA/PAT CAGR of 28%/37%/40% over FY26–FY28E**, supported by strong growth in healthcare, increasing contribution from high-value products and the ramp-up of Consumer Electronics and Semiconductor opportunities. Expanding production capabilities and a growing portfolio of IP-led products should provide sufficient headroom for both revenue growth and margin expansion over the medium term.

At the current market price of ₹3,374, the stock trades at 46.5x FY28E P/E. Given the strong earnings growth trajectory and multiple emerging growth opportunities, we assign a HOLD rating and value the stock at 50x FY28E EPS, arriving at a Target Price of ₹3,631, implying ~8% upside.

FINANCIALS

P&L (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	6,439	7,868	9,907	12,493	16,199
Total Operating Expenses	3,701	4,158	4,262	5,497	7,047
Employee Cost	573	804	1,097	1,316	1,645
Power and Fuel	292	315	330	437	567
Other Expenses	703	830	1,420	1,437	1,701
Operating Profit	1,169	1,761	2,799	3,806	5,240
Depreciation	357	421	492	583	702
PBIT	813	1,339	2,307	3,223	4,538
Other income	65	23	78	84	92
Interest	179	169	159	176	176
PBT (Before exceptional)	698	1,193	2,226	3,131	4,454
PBT (post exceptional)	698	1,193	2,226	3,131	4,454
Provision for tax	126	262	527	783	1,114
Reported PAT	573	931	1,699	2,348	3,341

Balance Sheet (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Equity capital	92	92	92	92	92
Reserves	4,500	5,385	7,075	9,377	12,672
Net worth	**4,592**	**5,477**	**7,167**	**9,469**	**12,764**
Non Current Liabilites	941	678	689	573	579
Current Liabilites	2,292	3,171	3,612	4,606	5,276
TOTAL LIABILITIES	**7,825**	**9,326**	**11,467**	**14,649**	**18,618**
Non Current Assets	**5,153**	**5,470**	**6,966**	**8,051**	**9,404**
Tangible + Intangible Assets	4,938	5,189	6,489	7,557	8,865
Non Current Investments	0	0	-	-	-
Income Tax Asset	27	38	53	27	27
Other Financial Assets	5	5	5	5	5
Other Non Current Assets	183	239	420	461	508
Current Assets	**2,672**	**3,856**	**4,501**	**6,598**	**9,214**
Inventories	836	1,378	1,508	1,882	2,441
Trade Receivables	1,174	1,717	2,148	2,567	2,885
Cash and Bank Balances	264	231	252	1,467	3,105
Short Term Loans and Advanc	64	3	4	4	4
Other Current Assets	335	526	590	678	779
TOTAL ASSETS	**7,825**	**9,326**	**11,467**	**14,649**	**18,618**

Cash flow statement (Rs in mn)	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities					
Profit before tax	698	1,193	2,226	3,131	4,454
Depreciation & Amortization	357	421	492	583	702
Interest expenses	179	169	159	176	176
Operating profit before working capital change	1,234	1,784	2,877	3,890	5,332
Working capital adjustment	(208)	(781)	(693)	(112)	(641)
Gross cash generated from operations	1,026	1,002	2,184	3,778	4,691
Direct taxes paid	(88)	(262)	(527)	(783)	(1,114)
Others	(16)	360	600	214	292
Cash generated from operations	923	1,101	2,257	3,209	3,870
Cash flow from investing activities					
Capex	(950)	(672)	(1,792)	(1,651)	(2,010)
Others					
Cash generated from investment activities	(938)	(713)	(1,847)	(1,651)	(2,010)
Cash flow from financing activities					
Proceeds from issue of share	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-
Borrowings/ (Repayments)	210	(208)	(108)	(120)	-
Interest paid	(159)	(169)	(159)	(176)	(176)
Dividend paid	-	(46)	(90)	(46)	(46)
Others	(5)	-		-	-
Cash generated from financing activities	46	(419)	(393)	(342)	(222)
Net cash increase/ (decrease)	31	(31)	17	1,216	1,638

Ratios	FY24	FY25	FY26	FY27E	FY28E
OPM	18.2%	22.4%	28.3%	30.5%	32.3%
NPM	8.8%	11.8%	17.0%	18.7%	20.5%
Tax Rate	18.0%	21.9%	23.7%	25.0%	25.0%
Growth Ratios (%)					
Net Sales	6.1%	22.2%	25.9%	26.1%	29.7%
Operating Profit	27.3%	50.6%	59.0%	36.0%	37.7%
PBIT	38.7%	64.8%	72.2%	39.7%	40.8%
PAT	63.0%	62.6%	82.4%	38.2%	42.3%
Per Share (Rs.)					
Net Earnings (EPS)	12.5	20.3	36.9	51.1	72.6
Dividend	1.0	1.0	1.0	1.0	1.0
Book Value	100.1	119.4	156.2	206.4	278.3
Free Cash Flow	-0.3	4.7	5.1	17.0	20.3
Valuation Ratios					
P/E(x)	270.9	166.6	91.4	66.1	46.5
P/B(x)	33.7	28.3	21.6	16.3	12.1
EV/EBIDTA(x)	134.3	89.1	56.0	40.8	29.3
Div. Yield(%)	0.0	0.0	0.0	0.0	0.0
FCFF Yield(%)	0.0	0.1	0.2	0.5	0.6
Return Ratios (%)					
ROE	12.5%	17.0%	23.7%	24.8%	26.2%
ROCE	12.2%	18.2%	25.9%	29.0%	31.5%
ROIC	10.4%	14.7%	20.3%	25.1%	30.1%

Source: Company, Dalal & Broacha Research

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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