SHAILY
Engineering Plastics Ltd

CIN # L51900GJ1980PLC065554

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SEPL/SE/MAY/25-26
20th May 2025

The General Manager,
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Scrip Code: 501423

The Manager,
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Mumbai – 400 051
Scrip Code: SHAILY

Sub : Q4FY25 Earnings Call Transcript

Ref : Regulation 30 of the SEBI Listing Regulations, 2015

Dear Sir,

We refer to our previous letter dated 14th May 2025, wherein the Company updated the audio link of Earnings call held on 14th May 2025 to discuss the Operational & Financial Performance of the Company for the quarter and financial year ended on 31st March 2025.

In context therein, kindly find attached herewith transcript of the referred Earnings call.

A copy of the same is also available on the Company's website at www.shaily.com at https://www.shaily.com/investors/compliances-policies/earnings-call

Kindly take the same on record.

Thanking You

Yours truly,
For Shaily Engineering Plastics Limited

Harish Govind Punwani

Digitally signed by Harish Govind Punwani
Date: 2025.05.20 16:23:26 +05'30'

Harish Punwani
Company Secretary & Compliance Officer
M. No. A50950

ENCL: A/a

"Shaily Engineering Plastics Limited

Q4 & FY '25 Earnings Conference Call"

May 14, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th May 2025 will prevail

MANAGEMENT: **MR. AMIT SANGHVI – MANAGING DIRECTOR – SHAILY ENGINEERING PLASTICS LIMITED**
MR. SANJAY SHAH – CHIEF STRATEGY OFFICER – SHAILY ENGINEERING PLASTICS LIMITED
SGA, INVESTOR RELATIONS ADVISORS – SHAILY ENGINEERING PLASTICS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Shaily Engineering Plastics Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Sanghvi, Managing Director, Shaily Engineering Plastics Limited. Thank you, and over to you, sir.

Amit Sanghvi: Thank you very much. Good morning, and a very warm welcome to all the participants to the post quarter 4 FY '25 Results Investor Call of Shaily Engineering Plastics. I have with me Mr. Sanjay Shah, our Chief Strategy Officer; and SGA, our Investor Relations Advisors. I hope you had a look at our Investor Presentation that is uploaded on our website as well as the stock exchange.

Let me start by giving some highlights on the operational performance as well as the business highlights. In FY '25, the company delivered a strong revenue growth of 22% to INR787 crores with EBITDA margins expanding by 350 basis points to 22.7%. This is mainly due to increased sales from our Healthcare segment, which grew by 53% on a year-on-year basis.

Let me give you a short brief on overall business updates for the quarter, as well as for the year gone by. Starting with the Healthcare segment. We've signed two new customers for our IP led pen platforms during the quarter. In FY '26, we will start commercial supplies of pens for GLP-1 drug semaglutide.

We are seeing growth of our IP led pen platforms going forward. We are in discussions with customers regarding volume commitments or capacity commitments and requirements for the next 3 to 5 years, and we would be aligning these commitments with our manufacturing capacity.

We're expanding our pen manufacturing capacity to add another 40 million to 50 million pens per year across primarily 2 platforms, both for servicing the growing demand of GLP-1. The capex for this expansion would be close to INR150 crores.

During the last year, we signed 8 contracts with different customers for pen injectors or auto injectors, primarily for GLP-1s, but also for some other therapies. We participated in Pharma Pack in Paris to showcase our innovation in the medical space. And we've also participated in other global exhibitions across the U.S. and Europe to increase our presence in regulated markets.

In FY '25, our revenues from Healthcare segment have grown by 53% on a year-on-year basis to INR165 crores, 21% of our top line. We anticipate that our medical device business will comprise about 30% of our revenues over the next few years, enhancing value and profitability.

Our focus is in line with expanding our horizons to include contract manufacturing for medical devices, products featuring our intellectual property and some specialty applications. Within this industry, we remain committed to continuous growth and innovation.

At this point, I would like to address concerns and questions that we've been receiving from the market regarding the impact of oral GLP-1s on the injectable. So it has always been known and also cited in various historic reports that orals would certainly play a role in GLP-1, but would likely be limited to a market share of somewhere around 20%. Orforglipron is not new. There has been published reports of various stages of development and trials since 2018, I believe.

Also, the data that is submitted based on publications of their clinical trials show a weight loss of 77% in diabetic patients, and they project a 13% to 15% weight loss in obesity trials. This is still lower than data for Wegovy and significantly lower than data for Mounjaro or Zepbound.

Now I'm no expert. But what I've learned from other experts in the domain is that orals have a lower efficacy, primarily because of the bioavailability of the molecule. For example, oral semaglutide has less than 2% bioavailability versus 80% to 85% for the injectable. Also, one of the reasons why you see a much higher API content in the oral products.

It is also important to note that there are currently between 55 and 60 GLP-1s under various stages of development. Even out of these 55 to 60, we see that 75% to 80% are injectable form and 20% to 25% in oral form.

Therefore, just to summarize, orals will certainly play a role in this growing market. However, we believe in fact by various reports that their share will be closer to 20% with the rest going to injectables.

Coming to the Consumer segment. We have added 2 new products in plastics and 3 new products in carbon Steel with home furnishings customer in Q4 FY '25. We've also received new business from a marquee FMCG customer for 2 new products during the last quarter.

over FY '25, we received new business from 2 global retail chains for which supplies have started in this quarter. We did also receive business for 2 new products from a marquee FMCG customer and has been awarded business with 2 new products which are under development during last year.

We've seen an improvement in our Carbon Steel business for the year. Revenues from this segment grew by 17% on a year-on-year basis to INR561 crores in FY '25 -- I apologize, I think there's a -- that's pertaining to the Consumer segment.

Lastly, coming to the Industrial segment. We received new business from marquee customers for automotive components in Q4 FY '25. Over the year, we have confirmed business for supply of knobs for exports and been awarded business of automotive components. In FY '25, revenues grew by 12% to INR61 crores, and we expect steady growth in this segment.

We have recorded the highest ever revenues and profitability in FY '25. This has been on the back of improved traction seen across segments and ramp-up in projects. Visibility we have across various businesses gives us immense confidence that we'll be able to scale up further and grow.

Last topic for me before I hand over to Sanjay. I just wanted to provide us a short update on our development pipeline, something that I've mentioned in the past. For the emergency use auto-injector, our program is progressing well. We plan to complete development and supply clinical batches in Q4 of current FY.

For the last 12 months, we've been working on the next generation of GLP-1 devices. The foundation of this development comes from having conducted user studies and seen over hundreds of hours of videos to understand how patients behave at large.

We have now developed a device that will be non-priming, fixed dose, activated by a simple pull and push mechanism instead of dialing, along with the dose counter to show the remaining pens in the device. All of which results in something which is simple, accurate and intuitive. With this device, we intend to target global large pharmaceuticals.

Our last development pipeline on the soft mist inhaler, we have reached the stage of getting one of our concepts cleared for intellectual property and will now be moving forward with the full development program.

That is all from my side. I shall now hand over the call to Mr. Sanjay Shah to give you the operating and financial highlights. Thank you very much.

Sanjay Shah: Thank you, Amit. Good morning, everyone. I shall share with you the highlights of our operational and financial performance of Q4 and FY '25. Following which, we will be happy to respond to your queries. During Q4 FY '25, we processed 6,536 tons of polymers as against 5,380 tons in Q4 FY '24. For FY '25, we processed 24,932 tons of polymers as against 22,098 tons in FY '24.

Machine utilization rate was around 44% in Q4 FY '25 and 40% in FY '25. We expect this to increase in the coming years, and we expect to increase utilization levels over the next 2 to 3 years. Exports during Q4 FY '25 and FY '25 stood at 80% and 78%, respectively, of total revenue.

I shall now brief you on consolidated for Q4 FY '25. Revenue stood at INR217.8 crores as compared to INR170.6 crores, a growth of 28% year-on-year. EBITDA stood at INR54.6 crores as compared to INR36.3 crores, a growth of 51% year-on-year. EBITDA margin stood at 25.1%, an increase of 380 basis points over Q4 last year.

PAT stood at INR28.6 crores as compared to INR19.3 crores, a growth of 48% year-on-year. PAT margin stood at 13.1%, an increase of 180 basis points over Q4 last year. Cash PAT stood at INR39.7 crores as compared to INR29.3 crores, a growth of 35% year-on-year.

Now coming to FY '25 consolidated highlights. Revenue stood at INR786.8 crores as compared to INR643.9 crores during FY '24, a growth of 22%. EBITDA stood at INR178.4 crores as compared to INR123.4 crores during FY '24, a growth of 45%. EBITDA margin stood at 22.7%, an increase of 350 bps over FY '24.

PAT stood at INR93.1 crores as compared to INR57.3 crores during FY '24, a growth of 63%. PAT margin stood at 11.8%, an increase of 290 bps over last year. Cash PAT stood at INR135.3 crores as compared to INR93 crores during FY '24, a growth of 45% year-on-year. Our ROCE and ROE stood at 24.4% and 18.5%, respectively, as of 31 March 2025. This has been achieved with disciplined use of capital. Our debt-to-equity stands at 0.4x while our long-term debt-to-equity stands at 0.07x as on 31 March 2025.

Now coming to consolidated segmental revenue break up for FY '25. In Consumer segment, revenue stood at INR560.8 crores as compared to INR481.2 crores during FY '24, a growth of 17%. In Pharma segment, revenue stood at INR164.7 crores as compared to INR107.7 crores during FY '24, a growth of 53%. In Industrial segment, revenue stood at INR61.4 crores as compared to INR55 crores during FY '24, a growth of 12%.

That is all from our side. Now we can open the floor for Q&A. Thank you.

Moderator: The first question is from the line of Aman from Astute Investment Management.

Aman: Congrats on good set of numbers. A couple of questions from my side. First is, sir, in the presentation, you have mentioned, 2 new customers for IP-led-platform. So could you talk about which these platforms are?

Amit Sanghvi: So we've got one for Neo and one for Toby.

Aman: Sure. And sir, we were expecting some commercial launches for teriparatide. So any time lines for the same? Do we expect someone in Q1 and Q2? And say for the full year, how many teriparatide launches do we expect in FY '26?

Amit Sanghvi: We have received commercial orders for teriparatide. So we are going to produce and ship. Now when it actually gets launched, I'm fingers crossed, any time over the next 3 to 4 months, hopefully, maybe 5 months.

Aman: And for how many customers do we expect for FY '26.

Amit Sanghvi: We expect 2 customers.

Aman: Okay. But I think we have a lot more customers than two, right? So only two are expected to launch in this year?

Amit Sanghvi: Correct.

Aman: Sure. On the capex plan for FY '26, you talked about INR150 crores for pharma. So what will be the gross block after this capex? And is there any other capex for any other division for FY '26?

Sanjay Shah: The overall capex, which we will end up doing will be about INR180 crores, INR185 crores. Predominantly INR150 crores is going into Pharma for capacity expansion in terms of our pen capacity. So gross block will go up about INR170 crores by the end of year.

Aman: Sorry, Sanjay, sir, what will be the gross block after the capex in Pharma?

Sanjay Shah: Pharma gross block will be probably somewhere in the region of about INR 370 crores to INR 375 crores.

Aman: Okay. And this will be enough for next 1, 2 years? Or do we expect similar capex in FY '27 as well?

Amit Sanghvi: See, Aman, it's a little early to tell because everybody is dealing with what market will look like post launch here. So let's just, I think, kind of wait. We are doing our expansions based on -- largely based on committed volumes from customers. So we don't want to make -- do any expansions except the small percent kind of buffer, but where we don't have the either committed forecast or volume or take-or-pays.

Aman: Sure. That makes sense. Next question is how many pens did we sell in FY '25? And could you talk about our target for next 1, 2 years?

Amit Sanghvi: I knew this question was going to come up, but I haven't had the exact answer. And unfortunately, my business development team is traveling at the moment. But we believe -- I believe this year -- I can tell you this year, we're looking at selling close to somewhere between -- somewhere around 30 million to 35 million pens this year.

Aman: For FY '26?

Amit Sanghvi: Yes.

Aman: And say, rough numbers -- sorry, you are saying these are conservative estimates.

Amit Sanghv: Take it at 30 million. Unfortunately, like I said, since 2 weeks, my business development team has been traveling, we haven't had a chance to catch up. But yes, about 30 million is I would assume that we're going to sell this year.

Aman: Yes. But roughly, for FY '25 -- for FY '26 over FY '25, you are almost talking about, say, 100% kind of number of devices growth roughly, I'm not talking about exactly.

Amit Sanghvi: Yes. I was going to say that it will be around 70%, yes, that's kind of what we're looking at.

Sanjay Shah: But then, Aman, just to add to that, the growth is basically going to come -- a large part of the growth is going to come from our own IP led pen platform.

Aman: Sure, sir. And could you talk a little bit about -- so you have given on the U.K. business, of course, we are commercializing one project at least in Q4 FY '26. But in terms of growth, so this year was [inaudible 0:18:25] and we are adding a lot of people in U.K. So for FY '26 and FY '27, what kind of growth should we assume in our U.K. business?

Amit Sanghvi: What I would say is, when you take a look at our international business, take a look at numbers collectively from the U.K. as well as Shaily innovations in UAE because what you will find is that combined, there is going to be growth. But in the U.K., likely that it will be around a similar number as what we've done this year.

Aman: Okay. And if we take the combined number, sir, what kind of growth should we assume, say, FY '26 and '27?

Sanjay Shah: So Aman, I think getting into individual growth numbers, we would refrain from giving. You have talked about in the past, which you're aware of in...

Amit Sanghvi: There will be growth. But I think, yes, we want to refrain from giving individual U.K. growth, especially.

Aman: Sure, sir. Another question before I come back in queue. On the industrial side, sir, we have won a couple of projects and all then other things. While growth was only around, I think, 12% FY '25, so given strong order book, can we expect maybe like 40%, 50% kind of growth and this segment crossing INR100 crore contribution in FY '26 itself?

Sanjay Shah: Aman, again, individual segment-wise growth, we would not want to talk about it, but yes, we will see better growth in FY '26 as compared to FY '25. FY '25 is when we commercialize 2 large projects for some customers, and you will see growth happening from those projects in the current year.

Aman: Sure, sir. Finally, on working capital side...

Moderator: Sorry to interrupt, sir, but I may request you to rejoin the question queue. The next question is from the line of Harsh Shah from Dalal & Broacha.

Harsh Shah: Yes. Firstly, the congratulations on a very strong set of numbers. I have a couple of questions. So firstly, as you mentioned that, say, in FY '26, we would kind of selling around 30 million, 35-million-odd pens. I'm assuming that this would also include insulin. If you could give a broad split between insulin and non-insulin, if that's possible?

Sanjay Shah: So Harsh, what we have said is a large part of the growth in the current year is going to come from our IP-led-pen platform.

Amit Sanghvi : Which is much higher above 60% growth from non-insulin.

Harsh Shah: Okay. Got it. And if I say suppose has to dissect the non-insulin part, right, so basically, that would be GLP. Is there any kind of a broad sense in terms of what would be the ratio broad between, say, the exhibit batches versus the commercial batches?

Amit Sanghvi: You want to dissect exhibit versus commercial?

Harsh Shah: Yes.

Amit Sanghvi: You will see upwards of 70% being commercial.

Harsh Shah: 70% commercial.

Sanjay Shah: So Harsh, first of all, if you see also, we've mentioned in the presentation, which we have put out. Also, we're looking at making commercial supplies of Sema in the current year. So that will be what will contribute to the growth in the current year.

Harsh Shah: Got it. And on the capex part that you mentioned, right, say, around INR150-odd crores. So the capacity increase that you mentioned, correct me if I'm wrong, is it 40 million to 50 million pens, the entire capacity will come on stream by end of FY '26. Is it correct?

Amit Sanghvi: Not FY, calendar '26. So Harsh, we'll be adding 40 million to 50 million pens over the next 18 months to 24 months.

Amit Sanghvi: 18 months -- 18 months to 20 months.

Harsh Shah: Got it. And also one thing on the consumer segment. So is there a case wherein say it's because of all the tariff issues that are going on, has there been any sort of inventory stocking or front-loading from your clients in the consumer vertical for Q4 because the growth that we are seeing of 27% on a Y-o-Y is significantly higher. So some color on it, if you can give.

Sanjay Shah: So Harsh, we have not been seeing inventory stocking or anything. What you have been seeing, the growth is basically we've made revenue or sales to customers where we bagged orders in Q3. We have started shipment to those customers. On the home furnishing customer, we have executed some projects, which we were under execution or development where we have started shipping. So we have seen growth happening from that.

On the tariff situation, I honestly feel is still an evolving situation where even buyers are not clear in terms of how things will pan out, you see that is being changed every day. So -- and negotiations happening every day. So probably you guys might have a better idea about it and you can tell us what do you expect?

Harsh Shah: But have you faced any sort of disruption yet in Q1?

Sanjay Shah: No. We have not seen any disruption. It's been -- orders have been going on at same pace. There have not been any changes on anything.

Harsh Shah: Got it. And on the consumer electronics part, say, have we started any sort of, say, sample shipments or maybe some sort of shipments have been done? And if possible, could you, I mean, highlight how big can this segment for us become, say, in the next 2 to 3 years? If board sense, you could give on this?

Sanjay Shah: So Harsh, on the consumer electronics, we have not made shipments. We have said as and when we do something, we will talk about it. I'll let Amit expand upon that.

Amit Sanghvi: We are engaged with a couple of customers. Beyond that, there's actually nothing to report.

Harsh Shah: Got it. And one last question. Yes, sorry.

Amit Sangvhvi: Go ahead.

Harsh Shah: Yes. So one last question before I get in the queue. So the gross margin improvement that we have seen in this quarter, is it a function of purely the product mix wherein the health care has kind of scaled up? Or has there been some element of crude benefit that we have gotten?

Sanjay Shah: Crude, no, I don't think there's has been any, no crude benefit.

Harsh Shah: Then does this -- yes.

Amit Sanghvi: Mostly On account of scale up of health care and higher revenue and better utilization.

Harsh Shah: So does this mean, I mean the EBITDA margins that we have posted for Q4 on a consol basis is around 25%, then should we consider this as the baseline margin in FY '26, at least 25% for the full year?

Amit Sanghvi: Don't look at it from a quarter-on-quarter perspective. Do we feel that if we execute the plan that we will have better margins? I mean the short answer is, yes. That's the ambition, and that's also what we think should happen. But don't consider as a baseline and look at it from a quarter-on-quarter perspective. You'll see significant changes in this year when we report our numbers quarter-on-quarter.

Sanjay Shah So the way you look at Shaily would basically be you need to look at more in terms of a year-to-year. And yes, year-to-year you would see improvement in margins is the way we would put it out, yes.

Moderator: The next question is from the line of Anant Jain, HNI.

Anant Jain: So my first question is on the consumer electronics, although you have said that you reported when you have something to say. But what I personally feel is that there's a massive opportunity that is coming up because of these large international brands moving into India. Apple giving a very high guidance? And also, in the process, looking to localize a lot of components. I know you can't speak on a customer-to-customer basis, but can we think of a very large capex from our side in the next 1 or 2 years?

Amit Sanghvi: Short answer is, yes. We -- if we can come to some sort of a conclusion on a business plan with the customers that we are speaking with, we will be looking at capex. And we will be looking at potentially at least medium to large capex in the next 2 years.

Anant Jain: Okay, I was looking for that. The second question is more of an accounting question. We've seen significant working capital increase. Our inventory days have gone up from 1 month to 4 months. Can you just give some understanding there? That's the first question.

And second question, if I see is like the other current liabilities have gone up significantly from, let's say, INR8 crores, INR9 crores to INR36 crores, I would guess. Is there an explanation for that as well?

Sanjay Shah: So Anant, on inventory, what we have done is there was a plant maintenance shutdown by one of our principal supplier. And that's a large quantity of material, which we use, so we've basically requested that if we can take on the next 3 months requirement. So that's something which we have done because we didn't want to run out of materials because of specifically, which was approved by the customer -- on the consumer business. So that's something where we have taken on inventory.

The second part of the inventory is do you build up some inventory on the pharma part of the business expecting scale-up and everything, so you would whether it's raw material or bought out, so we have basically built that up. So that's the second part due to which you have seen inventory buildup.

Increase in current liability would basically be in the normal course of business. So there could be some customer advances which would have come in...

Anant Jain: Okay. So we have had higher advances from customers for, and that's being shown as other current liabilities.

Sanjay Shah: Correct.

Anant Jain: It's not like customers paid up for capex...

Moderator: Sorry to interrupt sir, but I may request you to rejoin the question queue.

Sanjay Shah: This question is related one. So complete the question.

Anant Jain: Yes. So my question here is that we would have also received advances from customers. Where does that show up in the accounting part in terms of setting capex, not...

Sanjay Shah: That's essentially what I'm saying, Anant, is if there are advances from customers, it will show in other current liabilities.

Anant Jain: capex advances from customers, like setting up lines, dedicated lines for customers even that shows up in other customer -- current liabilities?

Sanjay Shah: Either way it is going to be a customer advance.

Amit Sanghvi: We did not take any capex advances. We take, if there would be -- basically contractually speaking, the advance would be taken on a certain committed volume, so that's essentially that would...

Moderator: The next question is from the line of Nirali Gopani from Unique PMS.

Nirali Gopani: Yes. So, Amit, in your opening comments, you mentioned about the new generation pens that you are working on, so if you can talk a bit more on that side. This is largely to cater a new set of customers on the pharma company side or better realization. How do you look at it?

Amit Sanghvi: So we've been working on our strategy for -- essentially for the last maybe 18, 20 months on how to look at attracting innovator pharma, the originators, so when it comes to the originators, we look at how do we engage with them would be the right approach. Of course, being present in the GLP-1 space, it's natural that we try to attack that space first.

Having looked at a lot of data -- research data, issues with existing devices, patient behavior, what we realized is that almost no one follows the -- no one follows the IFU, which means that people aren't priming.

Second is dialing a dose is always kind of -- on spring-driven pens, it's a little bit maybe easier. But if you're -- if you look at just the obesity market and not the diabetes market, basically eliminating the folks that are used to using a pen injector, you find lots of errors when it comes to setting the right dose, delivering. So the overall efficacy of the therapy may not be as high as intended.

The third thing we also found is that most people eyeball the cartridge and the plunger position in the cartridge to determine when they should re-order or put in a request for re-order. So these are very simple things which have been device intuitive, something which is sustainable. So auto injector is obviously very easy to use, but it's not sustainable, given that you have to use a new one every week. So you go through 4 auto injectors, 4 primary containers every month.

So from that perspective, we decided that we should develop a fixed-dose device, which is simple, accurate, intuitive, so essentially came down to nonpriming. We don't dial a dose. We just pull the button to activate and push the button to deliver. And with every push, who have a dose counter, which shows you how many doses are left in the system.

Now we could customize this device to deliver anything between with 0.1 ml to 0.8 ml. But the intention is to target large pharma, which is why we've developed that device.

Nirali Gopani: Perfect. And on the capex, on the health care side of INR150 crores. So does this number include the land part also because I guess we'll be needing new land also for this capex?

Amit Sanghvi: Whether we need a land or not, I don't think we'll acquire land.

Nirali Gopani: Okay. So will it be near our existing facility?

Sanjay Shah: Nirali, this is unknown at the moment, Nirali.

Sanjay Shah: This INR150 crores which we are talking about is -- a large part of it is basically being put inside the current plan.

Moderator: The next question is from the line of Ritesh Shah from Investec.

Ritesh Shah: A couple of questions. I just want to go back to the base. Basically, what is our current pen capacity right now, is it 40 million pens? We had indicated 100 million pens. What is the time line that we are looking at?

And just for clarification, when we say incremental INR150 crores, this is by when and what will be the eventual pen capacity that we are looking at? Is it like 100 million to 200 million or is it 100 million to 150 million? If you could just give some bridge over there, that will be quite useful.

Amit Sanghvi: We are adding 40 million to 50 million over the next 18 months. The INR150 crore capex is for the current year. Now after we add another 40 million to 50 million, our total capacity would likely be in the range of 80 million to 90 million. Beyond that, we would look at basically some commitment or purchase orders to increase it further.

Ritesh Shah: Okay. So this is something what we had indicated earlier as well, right, going from 40 million to 100 million and 18 to 24 months. So there's nothing new over here, right? And I think the earlier capex indicated was INR130 crores. Is it something that has moved up to INR150 crores? Is it the same number, which has moved up?

Amit Sanghvi: Marginally, yes. I mean I think, when you say nothing new, maybe there's a little bit, maybe 5% capacity added since our last call. Otherwise, no, nothing significantly new. It was always planned. The plan is just solidified a little bit more.

Ritesh Shah: Perfect. And out of this INR150 crores, what part of advances have we already received? Or what part of capex has already been incurred?

Amit Sanghvi: Like I said, we're doing capacity investments based on firm commitments from customers. So, Ritesh, we always keep kind of maybe a 25% to 30% buffer. But otherwise, it's all whatever we're doing in terms of capex would be committed.

Sanjay Shah: And Ritesh, this will happen gradually over the next 18 to 24 months, so it will be something over that period.

Ritesh Shah: Sure. Second question would be, if we had to go from 100 million to 150 million or say 200 million, what is the sort of comfort on orders that we are looking for because the outlook seems pretty good. Is there any specific milestone that we are waiting for, given we understand that lead time for all those machinery platforms is actually pretty huge. Won't we be missing out on the opportunity, if we don't go out with the capex right away given the lead times, which are there in place?

Amit Sanghvi: I don't think so. You have to understand, Ritesh, the product hasn't been launched yet by anyone. So everybody that's putting in capacities, talking about -- I've heard everything from 100 million to 200 million to 500 million. I mean, there's obviously an opportunity saying that there isn't.

But at some point, when you get into such large volumes of product, we have to be careful of how much capacity you set up. We will set up capacity, and we've said this on calls as well as to customers is that there is a baseline capacity that we offer when we do a program. Beyond that, we need firm commitments from customers to set up capacity.

Now the advantage with Shaily is that we are able to set up capacities in a much lower period of time versus our competitors. What gives us confidence is two things. Almost all of our customers have made fairly significant investments in setting up their own capacity.

So customers setting up right from someone setting up 20 million cartridge and assembly line to someone setting up 150 million cartridge and assembly line. We see across our customers setting up their own capacities in-house, which is what gives us confidence that we will be participating in that capacity as well.

Ritesh Shah: Sure. If I may, just for a clarification, when we say 40 million to 90 million pens, what is the number of cavity molds that we are assuming over here? Because to my limited understanding, I think we had spoken about 4 to 8 to 16 cavity. And as that happens, basically on the same line, the production throughput can increase significantly. So how should we just connect both the dots?

Amit Sanghvi: So I think from our perspective, again, product to product, it would differ. But the most economical way we find is somewhere when you create a capacity of 25 million on a particular product, which is 16 cavities molds and 80 parts per minute assembly line.

Moderator: The next question is from the line of Rupesh from Intelsense Capital.

Rupesh: Sir, my first question is you said you expect 70% growth in the pens. And our own IP-led pens have higher realization, so is it fair to say that this INR165 crores revenue we have done in pharma, there will be 100% kind of growth on the revenue side. I mean is anything wrong in this thinking?

Sanjay Shah: Rupesh, we would not want to put in a number there.

Amit Sanghvi: But we are seeing commercial pricing is also different than clinical pricing. So what we're saying is, we anticipate 77% growth, and that's what we're seeing to.

Rupesh: Okay. And any guidance on the broader company level, sir? I mean you are saying you don't want to talk segment-wise, but maybe broader company, can we reach, let's say, INR1,100 crores, INR1,200 crores revenue on the top line. Is that a fair assumption?

Amit Sanghvi: No guidance on the company wide. I mean we have growth. We have good growth, I think, and it will be backed by a stronger profitable facility. So that's where we'd like to keep our guidance.

Sanjay Shah: And just to add to what was said, we expect growth across all the 3 segments, it will be different, but we expect growth across all the three segments.

Rupesh: And then my second question, sir, can you give some color on our presence at market formation in Canada and Brazil? And are we present with, let's say, more than one customer in both of those markets? And any regulatory approval, which is spending on us on the device manufacturer?

Amit Sanghvi: We don't have any outstanding queries that we have to address, and we are present in both markets with at least 2 players.

Rupesh: And then, sir, just last one clarification. Applicator project, I think we had announced in one of the Q2 call, maybe INR35 crore applicator project. So if you can give some color on that, how did that contribute in '25? And then what will happen to that project in FY '26?

Amit Sanghvi: See, applicator is going to probably get validated, I think in the first half of Q2, potentially end of Q2 and then we should see at least somewhere around 4 to 6 months of sales for the applicator in the current year.

Moderator: The next question is from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: Just a clarification. So your gross block in Pharma after the current capacity expansion that you called out of about INR150 crores will be INR375 crores, right? That's the number you mentioned.

Sanjay Shah: Somewhere between INR350 crores and INR375 crores. It is after the investment.

Pritesh Chheda: No, sir, you're not clear your number, what you said?

Sanjay Shah: I said it will be somewhere between INR350 crores and INR375 crores after the investment that we have made.

Pritesh Chheda: After the investment, which is basically 80 million to 90 million pens.

Amit Sanghvi: No. The investment is in the current year. We're looking at adding 40 million to 50 million capacity over the next 2 years, so there will be some additional investment needed for the rest of the capacity.

Pritesh Chheda: So I am asking about the eventual number, so post this expansion, you will have a gross block of INR375 crores, which means about 90 million pen capacity. Is this 2 numbers, correct? Or there is any change here?

Amit Sanghvi: There are some small things. So we're still looking at our entire lab and other supporting services set up for which we don't know what the investment number is going to be today. But essentially, like I said, consider a 15% to 20% margin just for that -- so, nothing -- I don't think there will be anything significant.

Pritesh Chheda: Okay. What should be the asset turn of this INR375 crores block?

Amit Sanghvi: Anywhere between 1.5 to 2.

Pritesh Chheda: Okay. And the other question is, if you could tell us in the healthcare INR165 crores, what is the corresponding approximate pen volume?

Amit Sanghvi: I think somewhere around 16 million, 17 million, Pritesh.

Pritesh Chheda: Okay. No problem. And my last question is, on the non-healthcare side, so basically consumer and industrial, over the next 2 years, based on the contracts that we have in hand, newer businesses that we have in hand, what should be the growth in combining these 2 businesses over the next couple of quarters? Should we continue to grow at the CAGR we have or there will be some acceleration?

Sanjay Shah: Pritesh, again, difficult to put in a number in. But as we mentioned to a query raised by other participant also, we expect growth across all the 3 segments.

Pritesh Chheda: Okay. Just INR375 crores what you said -- just a minute, sir. You said 2.5x asset turn, right -- no, 1.5x, sorry.

Amit Sanghvi: Somewhere between number 1.5 to 2, Pritesh.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: Congratulations for a good set of numbers. Sir, in this target for 30 million, 35 million pens for FY '26, can you give a broad breakup of how much will be our own IP-led GLP pens, our own IP-led insulin, and customer-led IP? So any broad breakup, if you can give for those 3 segments?

Amit Sanghvi: Ankit, we already gave this on a previous question on this call. So we think about 70% is going to be IP-led.

Ankit Gupta: And that will be largely on the GLP side?

Sanjay Shah: A combination of GLP and insulin, yes.

Ankit Gupta: Okay. And sir, on our own IP-led GLP pens, can we assume that majority of the launches, which will happen in the markets like Canada and Mexico, will be pen injectors and not the auto injectors?

Amit Sanghvi: Sorry?

Sanjay Shah: Canada and Brazil will basically be pen injectors and not auto-injectors?

Amit Sanghvi: Yes, that's right.

Ankit Gupta: Okay. And across our various platforms in our own IP, will it be possible for you to share the average realizations even if you can give a broad range?

Sanjay Shah: Ankit, that's difficult. It is impossible. We'll not be able to share that.

Ankit Gupta: Sure, sir.

Moderator: Sorry to interrupt, sir, but I may request you to rejoin the question queue for any follow-up question. The next question is from the line of Dhwanil Desai from Turtle Capital.

Dhwanil Desai: So my first question is, the new product development side, you mentioned two products. So the question here is that do we develop these products suo moto from our side based on our understanding or is it based on some feedback from the customer innovators? How does this work? And if you're developing on our own, what is the process to commercialization of this product? Doesn't it get longer in terms of approval, validation? If you can talk more on that?

Amit Sanghvi: Dhwanil, that's a fairly long topic. We do two things. I'll keep the answer short. When we develop devices for the generic market, we already know what we need to develop based on what is available from innovators in terms of feature functionality, user steps, et cetera.

When we develop something novel, truly novel, that we intend to target the originators, then we develop it based on what is the user feedback, what are the clinical or human studies look like? So we look at usability. And we look at the complaints on the market regarding those products.

So we combine a few of these -- 3, 4 of these things and then come up with our own set of design inputs to develop our products. Now, so when you do something for an originator, we'll develop it fully. And then based on whoever jumps on that platform, there will be another set of customization required. So it is a semi-platform strategy, but doesn't work the same way as the generic business does. So it works quite differently.

Dhwanil Desai: Sure. Got it. And second question is, so this incremental 12 million to 15 million pens/autoinjector that we are targeting to sell in FY '26, is there any single customer concentration there where their success or failure dependent on that, anything like that? Is that a risk that exists?

Amit Sanghvi: So, I think customer concentration, that entire volume would be totally divided by 3 to 4 customers at the equal risk. None of the 3 to 4 have approval right now. So I also don't know. We will answer this question, let's say, in '26.

Moderator: The next question is from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: So I was asking if you can talk about how are you seeing the opportunity in the Indian market for the semaglutide?

Amit Sanghvi: All hard to tell. The product is not sold in India. It's anybody's guess. It could be maybe as low as a couple of million to who knows, who knows where the market actually comes both in terms of size. But given the product is not sold in India, we only anticipate from what we hear from our customers.

Ankit Gupta: Okay. So because we're not -- sure, sure. Because on the Canada side, a lot of -- some of the generic players who are in play for the market have indicated to the market opportunity itself will expand by 4, 5x post genericization of sema. So can we expect the same kind of trend to follow in Indian market? Or it is too early to say? Like any view that you would like to share also will be most valuable.

Amit Sanghvi: Even the RLD doesn't sell the product in India. We don't know what the baseline market is.

Ankit Gupta: Sure, sure. And sir, on our own IP-led insulin pens, can you talk about we had got a contract last year. And a lot of other competitors had vacated the market or were vacating the market. So how are we seeing the market for us on that side? And how do you see the scale up happening there?

Amit Sanghvi: I would probably say that pricing pressure on insulin-type pen is very, very high. And we, ourselves, are looking at, I wouldn't say getting out of insulin. We want to focus on insulin, but we want to keep that focus limited to maybe your large players in each of those markets. We don't want to do insulin kind of for everybody. So we are focused on the large insulin players in India. We remain focused in other regions of the world.

We're still trying to grow the business. We don't want to grow the business especially in regions where there is no regulation when it comes to devices. And the reason is because the Chinese can undercut you buy a very significant number. And we are looking at other therapies maybe not as price-sensitive insulin, not as large in volume as semaglutide, but somewhere in between where we can utilize our capacities for Protean. And there are many that we are actively supplying into as well.

Ankit Gupta: So how do you see the growth on our own IP led insulin pens over the next 2 years?

Amit Sanghvi: I mean we only have an insulin pen, right? One of our platforms is for insulin. Nothing else we supplied goes into insulin. So we think our insulin growth over the next 2 years will -- I wouldn't say that it will be 70%, 80%. But I think considering an average of maybe 20%, 25%, 30% growth on the insulin side.

Moderator: The next question is from the line of Anant Jain, HNI.

Anant Jain: One question here, Amit, is, when we think of pens, autoinjectors, there are like multiple processes in terms of fill/finish, the device itself, the API, packaging, all of these things. So do you think that we would be willing to -- or we are looking to expand in any adjacency area to give a one-stop, one solution to our customers? Do you think that would be a possibility, not in the next 6 months or a year, but going down the line?

Amit Sanghvi: I'm glad someone asked this question. I've spent the better part of last 12 to 18 months coming up with a strategy on how to vertically integrate. What are the other areas we can go after? Again, this is one of those questions we could have a very long conversation on. But to keep it short, just in 2 years, you've seen potentially somewhere close to a 200 million capacity created in India, in the CDMO space.

There's probably another 200 million to 300 million capacity created outside. Frankly, if you ask me, plus all the large pharma players, generics and nongenerics, are creating their own capacity. So I put all of my customers together, we would see another 200 million, 300 million capacity increase over a period of time.

I'm not sure how lucrative getting into the other domain space because at the end of the day, if there's no -- with devices, we lead this because of IP because of that. With the other value-added services, it would be merely an asset investments. There's no real technological know-how behind it.

So I don't have a straight answer to you, but I think my instincts are that I don't think we should -- short term, there is benefit. I don't deny that. There is certainly short-term benefit. You can make a limited business case out of it, saying that, okay, we'll support clinical development.

And we might actually do that, right? To support customers with clinical stages of development, we might put in kind of final assembly capabilities at some point. But long term, large capacities, I think anyone who sells more is going to bring this production process in-house because you look at the value chain, right, generics -- typical, most generics don't have control over almost any part of their value chain. So they're very limited. And the only way you can make money is by controlling as many aspects of the value chain as possible.

Anant Jain: Fantastic answer. One question here. One is on, when we look at Shaily, maybe 5 years back, we were limited in terms of our capabilities. But now if you look at Shaily, in your opinion, where do we stand with the global market leader, Ypsomed, BD, et cetera? And do you think that the new opportunities in pens or auto injectors for innovators, we are pretty much at par with these players. That's the first question. I mean, again, it would be a very long answer, but still if you could summarize it in some way.

And second, a very pointed question. On Tirze exhibit supplies, how many customers do we expect next year, next Q1, Q2, full year, whatever, if you have any idea there?

Amit Sanghvi: I think for any NC minus 1, I think this goes back to semaglutide time as well. We limit NC minus 1 because you have to end the supply by a certain deadline. So let's say, for example, we're in May right now. We need to make sure that we supply to any customer -- the last supply can potentially be made in September, October of this year. October is also pushing it, right? Because you have a May '26 deadline and you need 6 months of data and time to put your dossier together, et cetera.

So I think we're going to end up with about 3 that we will be able to supply to. Three -- we're debating whether to take a fourth on, but 3 is the number that we have right now. And as far as -- what was your first question, Anant?

Anant Jain: I was trying to understand how do we stack up, BD, Ypsomed?

Amit Sanghvi: So look, I'll be the first one to say, Ypsomed already manufactures maybe 100 million, 150 million devices a year. So it would be wise for me to say that we're as -- I guess they were as good as them, we've yet to prove it, right? So on the scale-up side, we have yet to prove it. We hope that with the expansion we're doing, with the semaglutide launch, we will be able to prove that we are as good.

I think on the development side, I would say that we have a slightly different approach than the competitors. We're more agile, but we feel that our product pipeline even today represents a significant benefit over most of our competitors, especially for pen injector. So as far as pen injectors are concerned, I think we certainly have a very significant advantage. We've been able to do that. And our development teams are very, very strong. We do not have this product in U.S. All of this at this point is just hearsay.

Anant Jain: I totally understand that. We don't have a product. One last question. One, just additional. In case of tirze, if you can specify the platforms?

Amit Sanghvi: Tristan, our platform is called Tristan.

Moderator: The next question is from the line of Dheeresh Pathak from WhiteOak Capital.

Dheeresh Pathak: So on the DMF filings, I see a lot of type 3 DMF filings for Shaily, whereas I don't see them for, let's say, Ypsomed, SHL or BD. So is there a particular reason I'm seeing Shaily in a lot of type 3 DMF filings, whereas I don't see that for the competitors? Is there a particular reason around this?

Amit Sanghvi: I would assume that we are a little bit more flexible with our customers, which means that we do the dossier, and we do a different dossier for each of our customers, right? So we don't have the same product. Even though it's the same product, we do a different documentation package for each of our customers.

I don't know what the pros and cons are, to be honest, I'll let my team decide that. But I would assume that some of our competitors might be providing the technical dossier filed as a final package from the pharmaceutical company. Maybe some are providing the CDRH route. Maybe some are doing -- so there are multiple ways of filing. I'm not quite sure why someone does it differently than the other.

Dheeresh Pathak: And there is 1 type 2 filing that I'm seeing in Jan 2025 for Neo pen for semaglutide, whereas all other filings are type 3. So if you can just help me understand why this one filing, which is mentioned as type 2 and other type 3, is there a nuance to that as well?

Amit Sanghvi: I'll be honest with you, I have no clue. I think you have -- I will need to check internally.

Dheeresh Pathak: Okay. Okay. Of the capacity that you mentioned, 80 million to 90 million pens, how much is autoinjector and how much is pens, it's all pens?

Amit Sanghvi: I would say, consider that pens will be probably -- I think I would say that you probably have a 70-30 split on the full capacity of pens versus auto injectors. 65-35, who knows, but somewhere around that. Just keep a range in mind.

Moderator: Ladies and gentlemen, we take that as the last question for today. I would now like to hand the conference over to the management for the closing comments.

Amit Sanghvi: Thank you, everyone, for joining the call. We hope that we've been able to answer your questions adequately. For any further information, I request you to get in touch with SGA, our Investor Relations advisers. Thank you, and have a great day.

Moderator: Thank you. On behalf of Shaily Engineering Plastics Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.