Midas
Equities and Research

Shaily Engineering Plastics Ltd

Initiating Coverage

09 Jul 2026

Spark Initiating Coverage Reports – Rebooted!

Outlining the framework from our desk

In our new, rejuvenated approach to publishing fundamental research ideas, we aim to balance a traditional, time-tested framework with a contemporary and hopefully refreshing segue into stock-picking. Accordingly, our Initiating Coverage reports will be presented in five sections: **(1) Annual Report Deep-dive, (2) Business Assessment Scores, (3) Valuation Framework, (4) Stock Buzz & Influencing Factors, and (5) Technical Analysis.**

This report is underpinned by three key beliefs: (1) Technical analysis, when combined with fundamentals, leads to better stock calls; (2) business assessment should be separated from valuation frameworks so that equity research can calibrate the mix objectively when making stock calls; and (3) reactions to "buzz" and other factors that influence price action must be identified and given due regard when timing stock calls, particularly in the current environment where information flow is incessant.

Annual Report Deep-dive

Drawing on the time-tested but sadly, rarely-applied practice of drilling into historical annual reports, we dedicate the opening section to the **Analytical Perspective gleaned** from this exercise. A helpful forensic overlay provides a clearer view of the company's **historical operating performance, balance sheet behaviour, cash flow quality & governance structure**. By anchoring the analysis in reported numbers and disclosures, this section helps assess earnings quality and risk before progressing to any forward-looking calls with conviction.

Business Assessment Scores

To address the question of whether a company's business can emerge as a long-term winner, we draw on Porter's Five Forces framework to examine key aspects such as revenue models, pricing risks, market positioning, and competitive moats. Our financial analysis and estimates are anchored in our assessment of both the company's current performance and its long-term potential. To ensure that this assessment remains objective and not influenced by subjective judgment, we employ a scoring model that captures the key drivers of business quality across five composite vectors. The resulting scores form the basis of our call on the business.

Valuation Framework

We have often observed how markets can make target multiples appear like the proverbial rabbits out of a hat. To avoid the temptation of retrospectively justifying valuations alongside the broader market, we returned to first principles while designing our Valuation Framework. Anchored in market, peer, and historical absolute benchmarks, our valuation scores incorporate Economic Value Added, return profiles, growth prospects, and leadership positions, mapped against relevant valuation multiples. Ultimately, the central question remains: given everything we know about the business, markets, and peers, does the current pricing appear attractive? This question forms the bedrock of stock-picking in equity research.

Stock Buzz & Influencing Factors

The **Buzz Chart** & Liquidity Chart track stock-specific news flow, events, and market activity to help identify **periods of elevated attention or sentiment shifts**, complementing fundamental and valuation analysis.

Technical Analysis

The report also includes a **Technical Analysis** section to capture prevailing price trends, momentum, and key support–resistance levels, offering additional insight into **market timing and near-term market behavior.**

Source: Company, Midas Research

Report in Gist (1/2)

Last Day Close	1Y TP	1Y Upside	Rating
Rs. 2,794	Rs. 3,654	31%	BUY

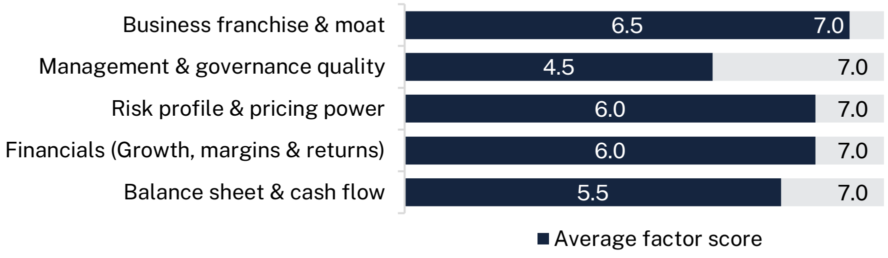
Shaily Engineering Plastics ltd.- About the company

- Shaily, established in 1987, is a precision plastic components contract manufacturer and India's largest exporter of high-precision injection-moulded plastic components, serving global OEMs across the healthcare, consumer, industrial, automotive, and packaging segments. Its core business spans the injection moulding of highly engineered polymer products, ranging from home-furnishing and FMCG components to pen injectors, auto-injectors, and pharmaceutical packaging for insulin and GLP-1 therapies.
- The core investment thesis rests on Shaily's strategic shift from lower-margin consumer products to higher-value, IP-adjacent healthcare devices, supported by its UK-based innovation arm focused on drug delivery systems. The company operates a diversified portfolio led by Consumer Products (52%), Healthcare (40%), and Industrials (8%), with a substantial export contribution of 68% as on FY26.

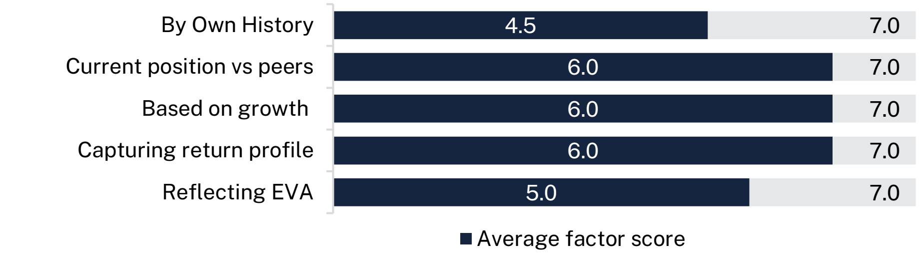
Annual Report Deep-dive

Shaily's earnings quality has improved sharply on the back of healthcare, which now drives most of the growth, margin expansion, and return-ratio improvement. Working capital and free cash flow reflect an active investment cycle rather than stress, with growth still funded by healthy operating cash generation, though inventory and receivables build-up remains the key monitorable. Revenue concentration is easing as healthcare's contribution rises from ~10% in FY23 to ~40% in FY26, diluting a historically single-customer-heavy base (~64% of FY25 revenue). Governance is backed by a clean audit trail, but promoter-heavy board representation, elevated executive and related-party remuneration, and lumpy UK IP-led earnings remain areas to monitor.

Business Assessment Scores



Valuation Framework



Financials and Estimates Summary

Particulars (Rs. cr)	Revenue	EBITDA %	PAT %	EPS	RoE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
FY24	644	18.2	8.9	12.5	13.3	13.0	224.1	111.4	19.9
FY25	787	22.4	11.8	20.2	18.5	19.1	137.9	73.9	16.3
FY26	991	28.3	17.2	37.0	26.9	28.4	75.6	46.4	13.0
FY27E	1378	32.8	21.2	63.6	34.3	38.3	44.0	28.6	9.3
FY28E	1701	33.1	21.9	80.9	32.3	37.2	34.5	22.9	7.6

09 Jul 2026

Industry	Plastic Products - Consumer

Key Stock Data

Bloomberg	SHEP IN
Shares o/s (cr)	4.6
Market Cap (Rs. cr)	12,841
52-wk High / Low	Rs 3,234 / 1,536
20D ADV (In '000)	368.2
Index	NSE SMLCAP 500
F&O	N

Latest Shareholding (%)

	Mar 26	Dec 25	Sep 25
Promoters	43.4	43.4	43.7
Institutions	27.3	25.7	25.0
Public	29.3	31.0	31.3
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	6M	12M
SHEP IN	(8.6)	25.0	76.2
NSE SMLCAP 500	5.0	7.7	0.1

RESEARCH ANALYST
Devang Bhatt
Devang.b@sparkcapital.in
Kaustubh Agrawal
Kaustubh.a@sparkcapital.in

Source: Company reports, Bloomberg, Midas Research

Report in Gist (2/2)

Stock Buzz & Influencing Factors

- **The stock has largely re-rated alongside improving confidence in Shaily's healthcare franchise**, with major inflection points including pen injector order wins, GLP-1 device opportunities, commercial launches, regulatory approvals, and the scaling of its IP-led drug delivery platform.
- **Near-term stock performance is likely to remain driven by execution in the GLP-1 and injectable drug delivery portfolio**, customer order conversion, commercialisation of new products, and continued margin expansion, while any delay in project ramp-ups or customer timelines could lead to periods of volatility.
- **Given its current balance sheet strength and ongoing organic growth opportunities, we do not expect meaningful equity dilution in the near term**, with management likely to prioritise internal cash flows to fund planned capacity expansion.

Technical Analysis

- The stock continues to exhibit a **strong bullish trend across both the daily and weekly timeframes**, supported by a healthy price structure and positive moving average alignment.
- The stock is currently trading within a well-defined **Rising Channel** and is witnessing a healthy pullback towards the **Ichimoku support zone**, presenting a favorable risk-reward entry opportunity. Overall. broader technical setup remains constructive, making the current decline a compelling buy-on-dips opportunity.

Investment Rationale

- **Shaily is transitioning from a precision plastics manufacturer to an IP-led drug-delivery platform,** warranting a structural re-rating as healthcare becomes the dominant profit pool**. Its competitive moat is significantly stronger than the market appreciates.** Proprietary spring-driven pen platforms are embedded in customers' regulatory filings, making supplier changes costly and time-consuming (18–36 months). Combined with a limited global pool of IP-clean, ISO 13485-certified manufacturers and a four-decade track record of clearing global customer audits, Shaily occupies a niche position that is difficult to replicate.
- The company is entering one of the largest structural growth opportunities in healthcare. As semaglutide patents expire across markets representing ~33% of the world's obese population, generic pharmaceutical companies will require independent pen-device partners, while innovator-owned devices remain inaccessible. We expect GLP-1 commercialisation to drive pen volumes from **23.5 mn to 62 mn units**, supporting **~31% revenue CAGR over FY26–28E.**
- **GLP-1 is only the first leg of the story.** Precision engineering capabilities create optionality in semiconductor trays and consumer electronics-multi-billion-dollar opportunities that are not incorporated in our estimates and could provide the next phase of growth beyond FY28E.
- **The earnings mix is improving materially.** Healthcare revenues are expected to increase from **~40% of revenue in FY26 to ~60% by FY28E**, with **50–55% EBITDA margins** versus **12–13%** in the legacy plastics business. Along with Shaily UK's IP-led platform, this should drive **EBITDA margin expansion from ~28% to ~33%** and improve **RoE from ~27% to ~32%** over FY26–28E.
- **Despite offering one of the strongest earnings growth profiles in the sector** (**~48% PAT CAGR over FY26–28E vs peer average of 41%**), industry-leading margins and superior return ratios, the stock trades at one of the lowest **PEG multiples (~0.72x)**. We believe the market is yet to fully price in Shaily's transformation into a differentiated healthcare platform.
- **We assign a 45x FY28E P/E multiple (PEG ~0.9x)**, arriving at a **target price of *Rs.* 3,654**, implying **~31% upside** from the current market price.

CONTENT

Midas
Equities and Research

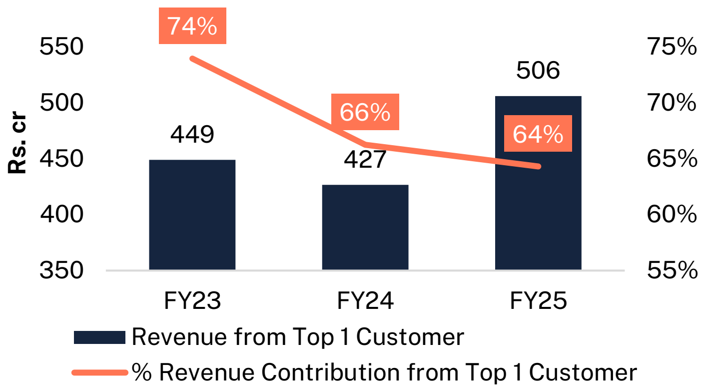
1 – Annual Report Deep-dive (1/2)

Quality of earnings drives valuation quality

Revenue diversification is improving

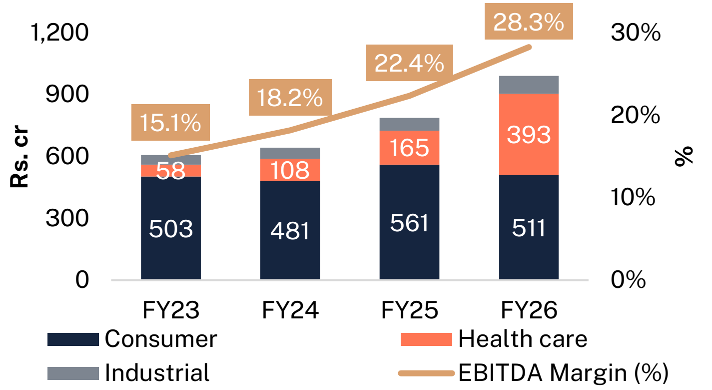
- Historically, Shaily derived a significant portion of its revenue from a single customer, which contributed ~74% of consolidated revenue in FY23, reflecting the company's IKEA-led growth phase.
- However, healthcare's contribution has increased meaningfully from ~10% in FY23 to ~40% in FY26, reducing dependence on the Consumer segment and lowering the top customer's contribution to 64% in FY25.
- The rising share of healthcare revenue, led by insulin and GLP-1 delivery devices, is expected to further diversify the customer base and reduce concentration risk over time.

Investor takeaway: While customer concentration has historically been elevated, the rapid scaling of the healthcare business is gradually reducing reliance on a single customer.



Healthcare dependent growth

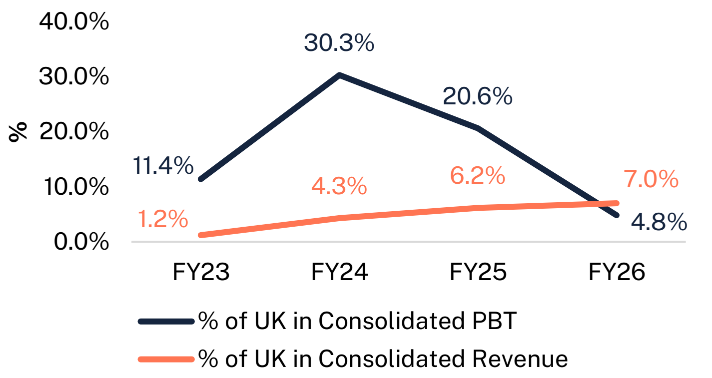
- Healthcare has become the primary driver of earnings growth, margin expansion, and return-ratio improvement.
- The sharp improvement in profitability coincides with the increasing contribution of healthcare revenue, highlighting the segment's superior economics versus traditional consumer plastics.
- With consumer demand remaining relatively subdued and new semiconductor & consumer electronics programmes yet to scale, the near-term investment thesis remains heavily dependent on continued execution in healthcare.



UK platform adds value, but earnings remain lumpy

- Shaily UK generated Rs. 48.7 cr of revenue in FY25 but contributed ~21% of PBT (Rs. 25 cr), reflecting the significantly higher profitability of IP-led income streams.
- Contribution moderated to ~Rs. 11 cr in FY26 (~5% of consolidated PBT) due to the milestone-based nature of platform fees and licensing income.
- The UK subsidiary houses the group's device development and licensing capabilities, supporting proprietary platform creation and new healthcare contract wins.

Investor takeaway: Earnings can be lumpy quarter-to-quarter, but the volatility stems from IP monetization rather than operating weakness.



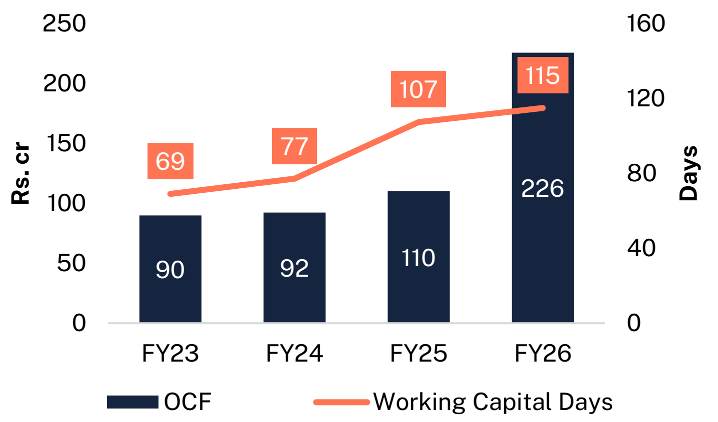
Source: Company, Midas Research

1 – Annual Report Deep-dive (2/2)

Quality of earnings drives valuation quality

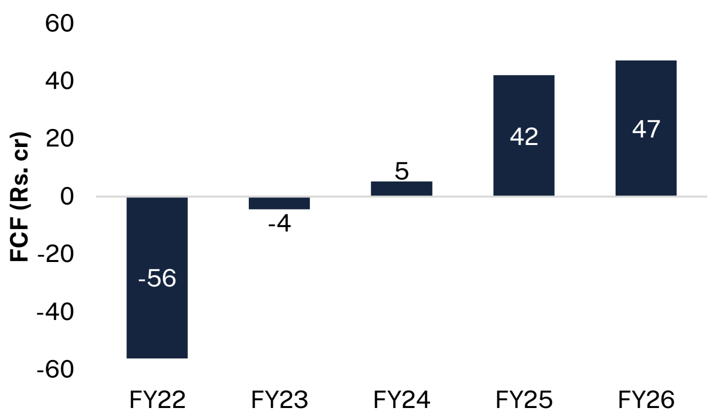
Working capital build-up needs monitoring

- Working capital requirements have increased as the company prepares for healthcare commercialisation and capacity ramp-up.
- Despite the higher capital intensity, cash generation has remained healthy, indicating that growth is currently being funded through operating cash flows rather than balance-sheet stress.
- Inventory and receivables build-up remain key monitorables, particularly if GLP-1 launches or customer offtake are delayed.



Free cash flow reflects investment cycle

- Current cash flows are being reinvested into capacity expansion and future growth initiatives across healthcare and international operations.
- The subdued free cash flow profile reflects the company's investment phase rather than deterioration in operating performance.
- Successful commercialisation of the new capacities will be critical to improving free cash flow conversion over the medium term.



Strong governance, with a few monitorables

- The auditor has issued a clean audit report, stating that the company has disclosed all information required under the Companies Act, 2013, in the prescribed manner and that the financial statements present a true and fair view in accordance with Indian Accounting Standards.
- M/s B S R & Co. LLP, Chartered Accountants, has served as the company's statutory auditor since May 2018.

Monitorables:

- Promoter-family executives occupy 4 of the 8 board seats, while aggregate remuneration of the Executive Directors stood at Rs. 11.09 cr (~11.9% of FY25 consolidated PAT).
- A promoter/KMP relative (Kinjal Bhavsar) received remuneration of Rs. 4.21 cr (~4.5% of FY25 consolidated PAT), up ~3x from FY24, warranting continued monitoring.

Source: Company, Midas Research

2 – Business Assessment Scores

Business Assessment Scores - Summary

2.1 Business franchise and moat:

Shaily's proprietary spring-driven platform, regulatory lock-in, and audit-cleared manufacturing create a self-reinforcing competitive system that supports durable customer stickiness and superior economics. We stop short of a 7.0/7.0 rating as commercial scale-up and diversification beyond GLP-1 are still evolving, supporting a **6.5/7.0** rating.

2.2 Management and governance quality:

Governance standards are satisfactory, supported by a clean audit history, experienced leadership, and independent board oversight. However, promoter-family dominance, elevated executive remuneration, and sizeable related-party compensation remain key areas to monitor. Accordingly, we assign a balanced **4.5/7.0** rating.

2.3 Risk profile and pricing power:

Shaily's differentiated healthcare portfolio, regulatory know-how, and integrated design-to-manufacturing capabilities support above-average pricing power despite operating in a competitive industry. However, customer concentration, the bargaining power of large pharmaceutical buyers, and intense industry rivalry temper pricing flexibility, resulting in a balanced **6.0/7.0** rating.

2.4 Financials (Growth, margins & returns):

The rapid scaling of Shaily's higher-margin healthcare business has structurally re-rated its financial profile. Even under conservative assumptions, healthcare revenue is likely to more than double by FY28E, with sufficient capacity to aid growth. While healthcare drives near-term earnings, semiconductor & consumer electronics offer long-term revenue diversification. We assign a **6.0/7.0** rating, with healthcare execution and GLP-1 demand remaining the key areas to monitor.

2.5 Balance sheet and cash flow:

Shaily's balance sheet reflects a business transitioning from an investment phase to stronger cash generation. Improving operating cash flows are expected to fund a larger share of future capex, supporting sustained free cash flow generation. Higher healthcare-led asset utilisation and margins should further improve capital efficiency and return ratios. We assign a **5.5/7.0** rating, with healthcare execution and the timely utilisation of new capacities remaining the key areas to monitor.

Company Factsheet (1/4)

Corporate Snapshot	
Company background	▪ Incorporated in 1987, Shaily Engineering Plastics Ltd. is India's largest exporter of high-precision injection-moulded plastic components, providing end-to-end polymer engineering solutions to global OEMs across the healthcare, consumer, automotive, industrial, and packaging sectors. ▪ The company is increasingly focused on healthcare, driven by growing demand for insulin and GLP-1 injection pens. Through its UK-based innovation subsidiary, Shaily Innovations Ltd., it develops IP-led drug delivery systems for global customers. With exports contributing 68% of revenue in FY26, Shaily serves customers in more than 35 countries across North America, Europe, Asia, and Australia.
Business verticals	▪ The company operates across three core verticals: **(i)** Consumer Products **(52%)**, which includes home furnishings, FMCG packaging, lighting and carbon steel furniture; **(ii)** Healthcare Devices **(40%)**, which includes pen injectors, auto-injectors, and medical packaging and **(iii)** Industrial Components **(8%),** which includes Automotive components, appliances, high-performance products, and engineering components.
Manufacturing facilities	▪ Shaily operates 7 manufacturing facilities (6 for plastics & 1 for steel furniture) across Gujarat (Savli, Halol & Rania) with 200+ molding machines ranging from 35 to 1,000 tonnes, including dedicated pharma clean-room facilities, supporting exports, healthcare, automotive, engineering, carbon steel, and plastic products.
Key customers	SANOFI, IKEA, P&G, SCHAEFFLER, Dr.Reddy's, Haier, SUN PHARMA
Promoter background	▪ Mr. Mahendra Sanghvi (Executive Chairman) – A US-trained chemical engineer from Wayne State University with over four decades of industry experience. ▪ Mr. Amit Sanghvi (Managing Director) – Holds a bachelor's degree in Electrical Engineering from the University of Ottawa and an MSc in Supply Chain and Manufacturing from Penn State University.
KMP	▪ Mr. Amit Sanghvi – Managing Director ▪ Mr. Paresh Jain – Chief Financial Officer (CFO) ▪ Mr. Sanjay Shah – Chief Strategy Officer (CSO) ▪ Mr. Harish Punwani – Company Secretary & Compliance Officer ▪ Mr. Chi Hung Kam – Chief Operating Officer (COO) – Healthcare
Auditors	▪ M/s B S Rand & Co., Chartered Accountants.
IPO details	▪ Listing predates SEBI's ICDR regulations (2009) and was done via older public issue/direct listing routes in the late 1990s.
Employee count	▪ Employees: 2,000+

Category (Mar'26)	% Share
Promoter Group	43.39
FII	16.73
DII	10.61
Others (Public)	29.27
Total	**100.0**

Key Metrics	FY22	FY23	FY24	FY25	FY26
Revenue (Rs. cr)	568	607	644	787	991
Gross Profit (Rs. cr)	210	221	274	371	564
Gross Margin (%)	37.0	36.3	42.5	47.2	57.0
EBITDA (Rs. cr)	81	92	117	176	280
EBITDA Margin (%)	14.3	15.1	18.2	22.4	28.3
PBT (Rs. cr)	47	45	70	119	223
PBT Margin	8.2	7.4	10.8	15.2	22.5
PAT (Rs. cr)	35	35	57	93	170
Net Worth (Rs. cr)	367	401	459	548	717
Net Debt (Rs. cr)	127	163	182	165	149
NWC - Ex Cash (Rs. cr)	155	162	184	235	262
Total Assets (Rs. cr)	677	693	782	933	1,147
ROE (%)	12.9	9.1	13.3	18.5	26.9
ROCE (%)	12.2	10.4	13.0	19.1	28.4

Source: Company, Midas Research

Company Factsheet – Story so far (2/4)

Shaily evolved into a global manufacturing and healthcare solutions provider through innovation and execution excellence

1987 - 1994

- Set up the first Halol facility.
- Secured a Japanese watch gear contract.
- Established a reputation in precision plastics.

1994– 2007

- Became India's only licensed Torlon processor.
- Expanded into ultra-high performance polymers & post-molding solutions.
- Transitioned into a solutions provider
- Onboarded marquee clients: IKEA, Gillette, P&G, GE Appliances, and Schaeffler.

2007– 2015

- Pivoted to pharma with Wockhardt reusable insulin pen.
- Partnered with IDC UK; added Sanofi as a customer.
- Expanded into pharma bottles, with certifications across regulated markets.
- Won the IKEA Trading South Asia Award for Best Supplier (IWAY compliance).
- Awarded Top Exporter of Engineering Components by the Plastics Export Promotion Council.

2015– 2021

- Focused on pen device manufacturing & innovation in consumer/industrial products
- Projects: leak-proof Vicks container, tamper-evident Aquafina cap, ABB switchgears.
- Established Shaily UK Ltd (2021) to advance IP-led drug delivery platforms through UK design collaborations and cross-divisional expansion.
- Opened sheet-metal furniture facility.

2021– 2025

- Expanded adjacent products; aligned strategy to GLP-1 drug delivery pens.
- Incorporated Shaily Innovations FZCO (Dubai).
- Won the Top Exporter Award at Concor Awards, 2022.
- Awarded 'GHKC-GreEnv Competition 2022-23' for Good Housekeeping contest (GHKC) with GreEnv (Green Environment).

2025 – 2026

- Announced the Abu Dhabi facility (Rs. 300–350 cr; 75 mn pen capacity by FY28E).
- Total pen injector capacity to scale to 150 mn units annually.
- Healthcare revenue share doubled to ~40%.
- Signed new GLP-1 contracts with global pharma majors.
- Received the Top 50 Innovative Company award from the Confederation of Indian Industry (CII).

Source: Company, Midas Research

Company Factsheet – Business Overview (3/4)

A business model curated to address a diverse set of customers across multiple industries and end markets

52% *in FY26* Consumers

Portfolio – Home furnishings, FMCG packaging, LED lighting, and carbon steel furniture.

- The segment offers end-to-end capabilities spanning product design, engineering, manufacturing, and global delivery across categories such as kitchenware, cooking, dining, organisation, and storage solutions.
- Its strategic expansion into carbon steel has enabled the development of integrated plastic-steel products, while its focus on quality, compliance, and high-volume precision manufacturing supports the delivery of innovative solutions.
- Key technical capabilities underpin its competitive advantage;
  - Screen Printing
  - Hot Stamping & Foiling
  - Ultrasonic Welding
  - Vacuum Metallizing
  - High-speed Rotary pad printing
  - Painting
- Leverages specialized technical capabilities as a white-label OEM partner to deliver end-to-end solutions for global customers.

Clientele

40% *in FY26* Healthcare

Portfolio – Platform devices, drug delivery devices, and pharmaceutical packaging.

- It is the fastest-growing segment where Shaily has evolved from a contract manufacturer of insulin pens into a proprietary drug delivery device platform with a pipeline of regulatory-approved, IP-led products, positioned to benefit from growing demand for GLP-1 and other injectable therapies.
- Among the few global suppliers of self-use injection systems, Shaily offers end-to-end capabilities in design, manufacturing, and regulatory support. The company developed the world's first 100% plastic insulin pen and continues to strengthen its innovation and manufacturing platform through its UK subsidiary and upcoming Abu Dhabi facility.
- How does the company recognize revenue from this division?
  - Take-or-pay contracts
  - Long-term agreements
  - Milestone-based payment structure
  - Regulatory-linked IP integration through customer filings
- Additionally, Shaily is the leading supplier of primary pharmaceutical packaging solutions, offering high-quality products that ensure the safety and protection of Active Pharmaceutical Ingredients (APIs).

Clientele

8% *in FY26* *Industrials*

Portfolio – Automotive components, appliances, high-performance products, and engineering components.

- Shaily's Industrial segment focuses on enabling the substitution of metal components with high-performance engineering plastics, helping OEMs improve productivity, reduce system weight, and lower manufacturing costs.
- The company possesses deep expertise in high-performance thermoplastics and is the only licensed processor of Torlon polymer in India.
- Its capabilities extend to the production of ultra-high-performance plastic components for mission-critical applications across;
  - Semiconductors
  - Aerospace & Defense
  - Electric vehicles
  - Medical device industries
- Its ability to replace metal rods with plastic rods, delivering superior productivity and lower costs, is unique to Shaily globally.

Clientele

Source: Company, Midas Research

Company Factsheet – Business Overview (4/4)

Glucagon-like Peptide-1 (GLP-1): At the center of the diabetes, obesity, and cardiometabolic revolution

GLP-1 is a naturally occurring hormone secreted by intestinal L-cells that regulates blood sugar levels and appetite by stimulating insulin release and reducing hunger

Semaglutide (API)
Drug: Ozempic, Wegovy & Rybelsus
Innovator: Novo Nordisk

Tirzepatide (API)
Drug: Mounjaro
Innovator: Eli Lilly

Liraglutide (API)
Drug: Victoza & Saxenda
Innovator: Novo Nordisk

Dulaglutide (API)
Drug: Trulicity
Innovator: Eli Lilly

Mechanism of GLP-1's Action

Insulin secretion stimulation

- Triggers pancreas to release insulin
- Lowers blood-sugar levels

Reduces glucagon secretion

- Limits glucose-raising hormone activity
- Prevents glucose spikes

Slows gastric emptying

- Slows stomach emptying
- Reducing glucose spikes and prolonging fullness.

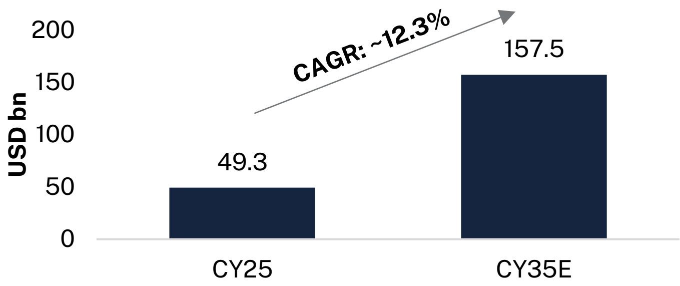
Signaling the Brain

- Signals the hypothalamus in the brain to control appetite
- Reduces caloric intake.

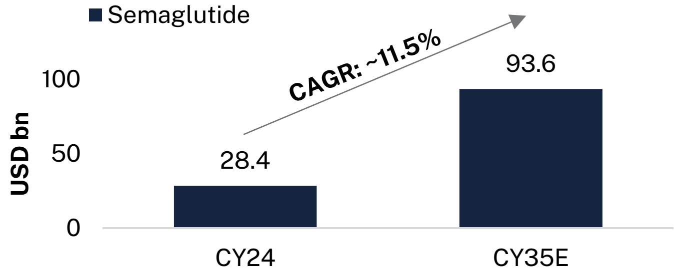
GLP-1 drug administration is largely enabled by the following delivery devices

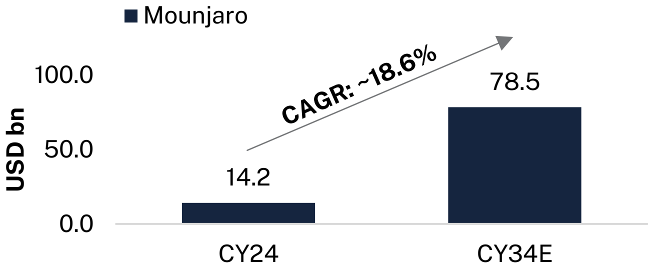
- **Pen injectors (~58% share):** Widely used for GLP-1 therapies due to their ease of use, portability & precise dosing. Preferred for self-administration in diabetes & obesity treatment, with a patient typically requiring ~12 pens annually (assuming weekly dosing & 4 doses/pen).
- **Auto injectors (~23% share):** Gaining traction in GLP-1 therapies due to their user-friendly design and consistent single-dose delivery. While more expensive than pen injectors, they offer greater convenience and require minimal user effort. A patient typically requires ~52 auto-injectors annually (assuming weekly dosing and 1 dose/injector).
- **Wearable patch injectors (~12% share):** On-body devices that automatically deliver medication over an extended period, making them suitable for higher-volume or more viscous GLP-1 formulations. They are expected to gain traction as next-generation dual/triple-agonist therapies require larger dose volumes.
- **Oral therapy (~6-7% share):** In addition to injectables, GLP-1 drugs are also available in oral formulations. However, only a small fraction of the drug is absorbed into the bloodstream, necessitating higher oral doses. Despite offering greater convenience, lower bioavailability, and comparatively lower efficacy, injectable devices are the preferred delivery platform for most therapies.

Global GLP-1 market is on an upward trajectory, driven by promising therapeutic outcomes



Two flagship GLP-1 therapies are on a strong growth trajectory





Source: Company, Midas Research

2.1 - Business Franchise & Moat (1/6)

Why we assign Shaily a 6.5 / 7.0 moat rating - five reinforcing barriers, not five separate ones

Shaily's proprietary spring-driven platform, regulatory lock-in, and audit-cleared manufacturing create a self-reinforcing competitive system that aids durable customer stickiness & superior economics. We stop short of assigning a 7.0/7.0 rating, as commercial scale-up & diversification beyond GLP-1 are still evolving. Accordingly, we assign a **6.5/7.0** rating.

Five reinforcing advantages - each one feeds the next

1. **Proprietary drug-delivery platform**
   Spring-driven pen architecture (Neo/Harmony) - the only Indian-owned IP semaglutide platform engineered for precise, consistent dosing of viscosity-sensitive GLP-1 therapies, matching the innovator reference design.

2. **Regulatory lock-in**
   Co-filed into customers' ANDA/MAA dossiers, making supplier changes a regulatory event requiring 18–36 months of revalidation and US$5–15mn of switching costs.

3. **Customer stickiness**
   Once commercialised, device programmes typically run under multi-year take-or-pay agreements with high qualification costs, supporting recurring revenues and long-term client retention.

4. **Qualified manufacturing Ecosystem**
   Manufacturing capabilities built over four decades and validated through IKEA's IWAY audits and global pharma qualifications create a trusted supplier ecosystem that new entrants cannot replicate quickly.

5. **IP-Led Business Model**
   UK-based device design combined with India's low-cost manufacturing enables Shaily to capture both IP-licensing fees and commercial production margins.

To conclude: this is a system, not a checklist - IP enables the filing, the filing creates switching costs, stickiness funds scale, and scale + design drive the margins.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (2/6)

The spring-driven advantage: Why customers choose Shaily

The Spring technology is the heart of the device

Consistent injection force

The C18 side chain makes semaglutide highly viscous, particularly in high-concentration formulations such as Wegovy. Too little force can result in under-dosing, while too much force can clog the needle or increase injection pain. A spring delivers controlled force regardless of patient hand strength, making it particularly critical for an elderly-skewed obesity population.

Variable-dose titration

The 0.25 → 0.5 → 1 → 2 mg dosing regimen requires a variable-dose pen mechanism, which is mechanically more complex than a fixed-dose design.

Agitation / light / temperature sensitivity

Cartridge-holder geometry must minimise air bubbles and shear stress during priming, or the peptide degrades at the point of injection.

Spring-driven vs commodity thumb-push

Spring-driven (Shaily Harmony / Neo)

- ✓ Consistent, controlled force
- ✓ Works regardless of hand strength
- ✓ Handles viscous high-conc. doses
- ✓ Innovator-parity (Novo's Ypsomed pen)

Commodity thumb-push / syringe

- × Force varies with the user
- × Under-dose / clog / pain risk
- × Struggles with viscous biologics
- × Cannot simply be swapped into a dossier

60-65% of semaglutide generic filers are expected to use Shaily's pen solutions

Key Reasons

1. Spring-driven mechanism is the reference design they design around.
2. Patent-protected device architecture creates meaningful barriers for competing manufacturers.

Innovator parity: The spring mechanism in Shaily's Neo pen mirrors the approach used by GLP-1 innovators, and handful companies have replicated it for the generic market to date.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (3/6)

Customer relationships are designed to last

Shaily operates in the most defensible layers of GLP-1 value chain

Regulatory execution ✓
Device co-filed in the ANDA/MAA dossier, creating long-term switching costs

Scale manufacturing ✓
ISO 13485 clean-room, GMP capacity – Very Few globally qualified suppliers posses these capabilities for commercial scale production

Drug-delivery device ✓
Spring-driven pen / auto-injector (the bottleneck) – IP Led Technology and engineering know-how which is difficult to replicate

Formulation
Viscous, agitation-sensitive peptide

API (semaglutide)
Off-patent in key markets from CY26

Shaily participates (✓) across device, scale & regulatory - the value-accretive top of the stack

Why the device is the moat, not the molecule

Structural Demand Opportunity

- Semaglutide remains predominantly an injectable therapy, with each patient requiring recurring pen-based administration throughout treatment.
- As the patient pool expands from ~8 mn in 2026 to ~58 mn by 2030, annual demand for delivery devices could exceed 0.7-0.8 bn pens, assuming 12 pens of requirement per patient in a year, creating a multi-billion-unit opportunity for device manufacturers.

Limited Qualified Supply

- Innovator delivery devices used by Novo Nordisk are not available to generic manufacturers, forcing filers to seek independent device partners.
- Only a handful of non-Chinese, IP-clean and regulated OEMs possess the technology, regulatory track record and manufacturing capabilities required for commercial-scale GLP-1 delivery devices.

Customer lock-in

- Device co-filed within ANDA/MAA submissions.
- Switching suppliers requires 18-36 months and US$5-15mn of revalidation costs.
- Commercial programmes are typically backed by 2-3 year take-or-pay agreements with committed volumes.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (4/6)

A broad, patented platform portfolio-not a single product, but an IP toolbox

Ten own-IP / patent-pending device platforms

Platform	Type	Therapy / application
Neo	Variable/Fixed-dose spring-driven pen	GLP-1, Liraglutide, Semaglutide
Toby	Auto-injector	GLP-1, Epinephrine in development
Tristan	Auto-injector	Tirzepatide, Dulaglutide, GLP-1
Protean	Disposable/Reusable pen	Insulin 0-60 IU, Liraglutide, Abaloparatide, Semaglutide
Maxim	Disposable/Reusable pen	Insulin 0-80 IU, GLP-1, alternates
Axiom	Fixed-dose pen	Teriparatide, FSH, PTH
Axiom Max	Fixed-dose pen	GLP-1
Harmony 2	Pen injector	GLP-1
Mira	Wearable auto-injector	Various possible therapies
LAN	Safety device	Lanreotide

Why the breadth matters

- Multiple pen architectures (variable-dose/fixed-dose, disposable/reusable, auto-injector, wearable) enable Shaily to match each client's regulatory and commercial requirements-not a one-size-fits-all product.
- Coverage spans GLP-1, tirzepatide, insulin, epinephrine, lanreotide, and PTH/FSH-creating a cross-sell runway well beyond the initial semaglutide wave.
- Most platforms are Shaily-owned IP, with the remainder patent-pending-protected and developed in-house through Shaily UK and IDC.

Shaily Mira™

- Shaily Mira is a user-friendly auto-injector designed for high-volume injections.
- Simply apply the device and start the injection, then sit back and relax until Shaily Mira indicates that the injection is complete.
- The device provides both audible and visual feedback to signal injection completion.

Model shift: Moulder → IP hybrid

- Own-IP devices command materially superior economics versus contract manufacturing. The portfolio converts Shaily from a per-part job-shop into an IP-licensing + manufacturing hybrid - the structural driver of the margin re-rating in section 1.10.

Source: Company disclosures (FY25 annual report, Shaily UK / CPHI product literature); patent status per Espacenet/USPTO assignee records; Midas Research

2.1 - Business Franchise & Moat (5/6)

Pedigree - four decades of clearing the world's most stringent customer audits

Evolution: each phase compounded capability

1987-91 — **Foundation** Halol plant, 2 moulding machines; first contract to mould precision gear parts for a Japanese watch maker.

1994-2007 — **Polymer differentiation** Becomes the ONLY licensed Torlon processor in India; masters PEEK, PPS, PES, LCP - metal-to-plastic conversion.

2002 — **IKEA onboarded** Approved as a supplier to IKEA - validation against one of the toughest global audit regimes (IWAY).

2005-15 — **Pharma pivot** Designs the world's first 100% plastic insulin pen for Wockhardt; later adds Sanofi - entry into regulated devices.

2021 — **IP-led transformation** Shaily UK established; own-IP drug-delivery platforms; collaboration with UK design firm IDC.

2024-26 — **GLP-1 inflection** 20+ pharma partnerships; spring-driven Sema pen; rapid healthcare scale-up.

Why marquee relationships are themselves a moat

Audit-cleared by the toughest buyers

- IKEA's IWAY (10-principle on-site audits), plus pharma GMP regimes (Sanofi, Dr Reddy's, Sun). Passing these is a multi-year barrier most moulders never clear.

Single-source → sticky

- Once Shaily is approved as single source for a product, IKEA's (and pharma clients') supply chains are extremely stable - designed-in relationships, not spot purchasing.

Polymer + precision DNA

- Only Torlon processor in India; high-performance polymers (PEEK, PPS, PES, LCP) and sub-100-micron tolerances - the exact toolkit GLP-1 devices demand.

Founder DNA: Mahendra Sanghvi-a chemical engineer from Wayne State University with an MBA from the University of Toronto-built a career in North America's plastics industry before returning to establish Shaily. The company is run by a precision-engineering family with a 40-year track record of quality.

Source: Company, Midas Research

2.1 - Business Franchise & Moat (6/6)

Shaily UK - the R&D engine that turns the business into a design-led franchise

A virtuous UK-design / India-manufacture cycle

1. Concept & design

UK engineers, near global pharma R&D hubs; collaboration with IDC

2. Validation & dossier

Testing protocols, regulatory-filing support for EU / US

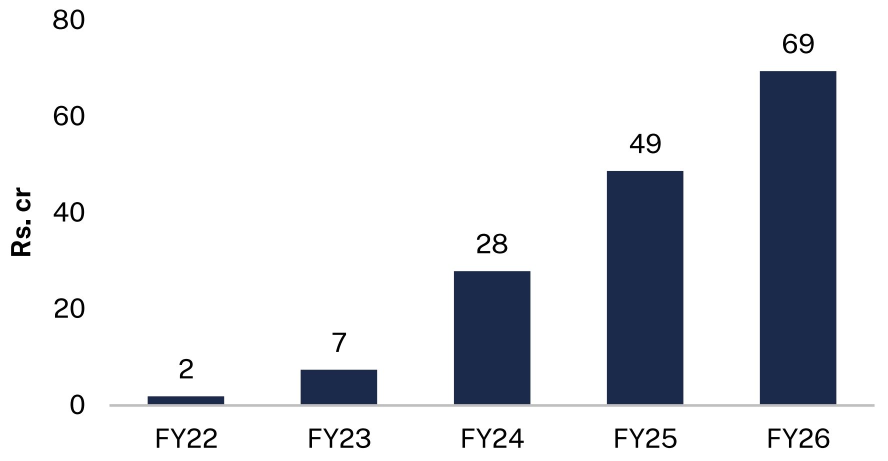
3. Tech transfer to India

Manufacturing shifted to low-cost, high-precision Indian plants

4. Dual value capture

Platform-access fee (UK) + commercial-batch margins (India)

Shaily UK: small base, explosive high-margin growth



Shaily UK revenue (Rs cr) - 2 in FY22 to 69 in FY26

- Proximity to the UK pharmaceutical R&D ecosystem enables faster co-development partnerships with both innovator and generic companies, while India provides a scalable, cost-efficient manufacturing base.
- The UK entity also serves as the route to EU and US quality certifications and regulatory filing support-providing access to the highest-value markets in Phase 2 of the patent cliff.
- Commercially, Shaily captures value at both stages: a platform-access fee for development, dossier preparation, and validation, followed by attractive manufacturing margins on complex designs produced in India.
- This is what differentiates Shaily from a contract moulder-it owns the design IP, not just the tooling.

Source: Company, Midas Research

2.2 - Management & Governance Quality (1/3)

✅ : Positive
☑️ : Neutral
❌ : Negative

Governance standards are satisfactory, supported by a clean audit history, experienced leadership, and independent board oversight. However, promoter-family dominance, elevated executive remuneration, and sizeable related-party compensation remain key governance monitorables. Accordingly, we assign a balanced rating of **4.5/7**.

Rating		Corporate factsheet
☑️	**Board of Directors- Independence & diversity**	▪ The Board of Directors comprises eight members: an Executive Chairman, a Managing Director, an Executive Director, a Whole-time Director, and four Independent Directors. ▪ One of the Independent Directors is a woman. ▪ The board is led by experienced promoter family members and complemented by Independent Directors with diverse professional expertise. ▪ Independent Directors constitute 50% of the board, providing balanced oversight and governance.
☑️	**Board of Directors- changes in directors**	▪ Mr. Milin Mehta has ceased to be an Independent Director w.e.f. 8th November 2024, due to the completion of his second term. ▪ Dr. Shailesh Ayyangar was re-appointed as an Independent Director of the Company, effective from 29th May 2025, for a further period of five years starting from 29th May 2025 to 28th May 2030. ▪ Mr. Mahendra Sanghvi was reappointed as an Executive Chairman of the Company, effective from 1st April 2025, for a further period of three years from 1st April 2025 to 31st March 2028.
✅	**Board of Directors- independence in board committees**	▪ The Nomination & Remuneration Committee comprises four directors, of whom three are Independent Directors ▪ The Audit Committee comprises 100% Independent Directors.
☑️	**Changes in Key Managerial Personnel**	▪ Mr. Paresh Jain was appointed as Chief Financial Officer with effect from 24th May 2024. ▪ Mrs. Dimple Mehta resigned as Company Secretary & Compliance Officer of the Company on 20th November 2024. ▪ Mr. Harish Punwani was appointed as the Company Secretary and Compliance Officer on November 21st , 2024. ▪ Mr. Chin Hung Kam was appointed as Chief Operating Officer – Healthcare with effect from 20th May 2026.
✅	**Management continuity**	▪ Mr. Sanjay Shah was re-designated from the office of Chief Financial Officer to Chief Strategy Officer of the Company on 24th May 2024. ▪ M/s B S Rand & Co., Chartered Accountants., has been the statutory auditor of the company since May 2018.
❌	**Promoter remuneration**	▪ Executive Chairman Mr. Mahendra Sanghvi's and Managing Director Mr. Amit Sanghvi's remuneration stood at Rs. 4.49 cr (4.8% of PAT) each. The other two promoters' combined remuneration stood at Rs 2.12 cr (2.3% of PAT). The aggregate remuneration of the executive directors amounted to Rs 11.09 cr, equivalent to 11.9% of FY25 PAT. ▪ A relative of the promoter/KMP (Mrs. Kinjal Bhavsar) received remuneration of Rs. 4.21 cr in FY25 (~4.5% of consolidated PAT), up ~3x from Rs. 1.41 cr in FY24, which merits monitoring.
✅	**Promoter holding**	▪ Mrs. Tilottama Sanghvi – 14.01%, Mr. Mahendra Sanghvi – 7.25%, and Mr. Laxman Sanghvi – 5.07%.
☑️	**Stock-based compensation**	▪ No material ESOP grants/share-based compensation were recorded for KMPs in FY25, with all employee stock option disclosures appearing routine.
❌	**Related-party transactions**	▪ ~4.5% of FY25 PAT (Rs 4.2 cr) was paid as compensation to Mrs. Kinjal Bhavsar, a KMP's relative, marking a 3x increase from FY24.

Source: Company, Midas Research
Note: All information is sourced from the FY25 Annual Report, as FY26 data has not been released.

2.2 - Management & Governance Quality (2/3)

Key Management Personnel – Committed & experienced leadership driving Shaily's growth

Mahendra Bhogilal Sanghvi
Company Chairman & Promoter

40+ Years of Experience

His vision and expertise laid the foundation for Shaily's sustained growth and success.

Amit Sanghvi
Managing Director

20+ Years of Experience

- Seasoned business leader with international experience spanning operations, supply chain, and manufacturing.

Tilottama Sanghvi
Whole Time Director

40+ Years of Experience

- Played a pivotal role in managing the Company's Export Oriented Unit (EOU) plant and Rania Plant.
- Known for her operational excellence

Paresh Jain
Chief Financial Officer

20+ Years of Experience

- Brings extensive Finance & Accounting expertise.
- Previously associated with Banco Aluminum Ltd as GM Finance & Accounts and as Plant Finance Controller at Safari Industries India Pvt Ltd.

Harish Punwani
Company Secretary & Compliance Officer

15+ Years of Experience

- A member of the Institute of Company Secretaries of India.
- Has led secretarial and compliance functions across manufacturing, technology, and consumer-focused organizations.

Sanjay Shah
Chief Strategy Officer

35+ Years of Experience

- Associated with Shaily for 35+ years, including serving as Vice President – Finance.
- Currently serves as Chief Strategy Officer, driving strategic planning and execution to support the company's long-term objectives.

Chi Hung Kam
Chief Operating Officer - Healthcare

20+ Years of Experience

- Has expertise in lean manufacturing, process optimization, productivity improvement & KPI-led operational excellence.
- Managed manufacturing operations across nine sites in Taiwan and the US, driving automation, capacity expansion, and operational excellence.

Source: Company Information

2.2 - Management & Governance Quality (3/3)

Board of Directors - Ensuring strategic governance and risk management

Mahendra Bhogilal Sanghvi
Executive Director (Promoter & Chairman)

- A Chemical Engineer and Plastic Technologist, with rich and diverse expertise in the plastic industry.
- His vision laid the foundation for the company's sustained growth and success since inception.

Tilottama Mahendra Sanghvi
Whole-Time Director

- A science graduate with deep involvement in the company's operation since inception.
- Played a pivotal role in managing the Company's Export Oriented Unit (EOU) plant and Rania Plant.

Amit Mahendra Sanghvi
Managing Director

- Brings global experience across consulting, manufacturing, and supply chain management, with prior roles at Pepsi, Coca-Cola, and PAS Romania.
- At Shaily, he started as General Manager – Projects before taking over as MD in 2015.

Laxman Bhogilal Sanghvi
Executive Director

- A Chartered Accountant and law graduate with extensive experience in operations, procurement, and project management.
- Played a pivotal role in establishing the Carbon Steel facility and developing the Halol plastics plant.

Ranjit Singh
Non-Executive Independent Director

35+ Years of Experience

- Mechanical engineer with an MBA from IIM Ahmedabad and has extensive expertise in corporate growth, business turnarounds, and strategy execution.
- Former Managing Director of Kalpataru Power Transmission and Global COO & Board Member of Polyplex Corporation.

Dr. Shailesh Kripalu Ayyangar
Non-Executive Independent Director

35+ Years of Experience

- Healthcare industry veteran and Former President of OPPI and advisor to the Prime Minister's Office as part of a select CEO panel.
- Held senior leadership positions at GlaxoSmithKline in India and the UK, including EVP – Commercial Operations.

Samaresh Parida
Non-Executive Independent Director

35+ Years of Experience

- Chartered Accountant with an MBA from IIM Ahmedabad and expertise in strategy, finance, operations, and M&A.
- Held senior leadership roles at Vodafone, PepsiCo, Toyota, and Andersen Consulting across global markets.

Sangeeta Kapil Jit Singh
Non-Executive Independent Director

35+ Years of Experience

- HR leader with experience across human resources, corporate communications, employer branding, and operations.
- Former India Head of KPMG's Network of Women and founding member of the Women in Leadership Forum.

Source: Company Information

2.3 - Risk Profile & Pricing Power

Shaily's differentiated healthcare portfolio, regulatory know-how, and integrated design-to-manufacturing capabilities support above-average pricing power despite operating in a competitive industry. However, customer concentration, the bargaining power of large pharma buyers, and intense industry rivalry temper pricing flexibility, resulting in a balanced **6.0/7** rating.

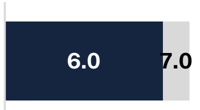
Porter's Five Forces

Threat of New Entrants	Bargaining Power of Supplier	Bargaining Power of Buyer	Threat of Substitutes	Industry Rivalry
Low	Moderate	High	Moderate	High
Entry into healthcare plastics and precision moulding requires significant capital, ISO certifications, and lengthy client qualification cycles. These barriers limit new entrants, although well-funded competitors with sufficient scale can still target less complex consumer and industrial programs.	Reliance on specialized polymers such as Torlon and medical-grade resins gives suppliers moderate bargaining power. Limited global sourcing increases cost sensitivity, although Shaily mitigates this risk through long-term contracts, in-house tooling, and diversified sourcing across its industrial and healthcare businesses.	Large multinational clients such as IKEA and pharma majors exert strong bargaining power due to scale, strict qualification cycles, and compliance requirements.. Shaily mitigates this through its integrated design-to-manufacturing capabilities, reliability, & long-term strategic partnerships.	Alternative drug delivery technologies, such as oral GLP-1 formulations, wearable infusion pumps, and non-plastic packaging solutions, pose substitution risks. Shaily mitigates these risks through investments in advanced injector designs, sustainable polymers, and a diversified product portfolio spanning multiple industries.	Competition in healthcare plastics & drug delivery devices is intense, with multinational players benefiting from scale, innovation, and cost advantages. Shaily differentiates itself through precision moulding, pharma partnerships, and expertise in Torlon, although pricing pressure remains significant.

Source: Company, Midas Research

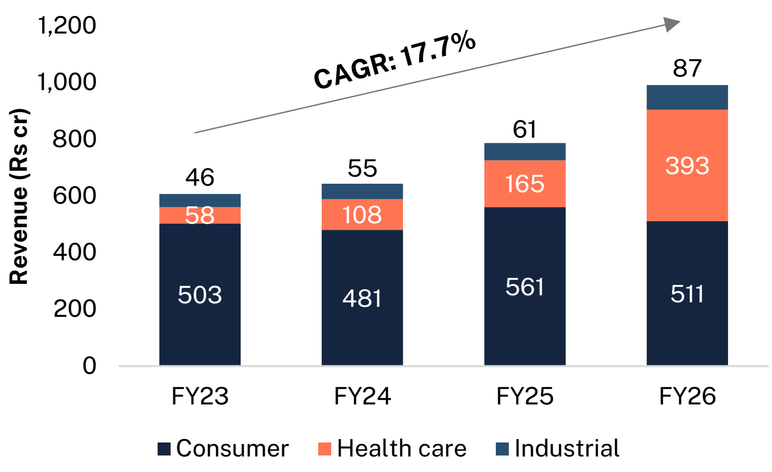
2.4 – Financials (1/5)

The story so far: Insulin pens built healthcare, GLP-1 now scales it

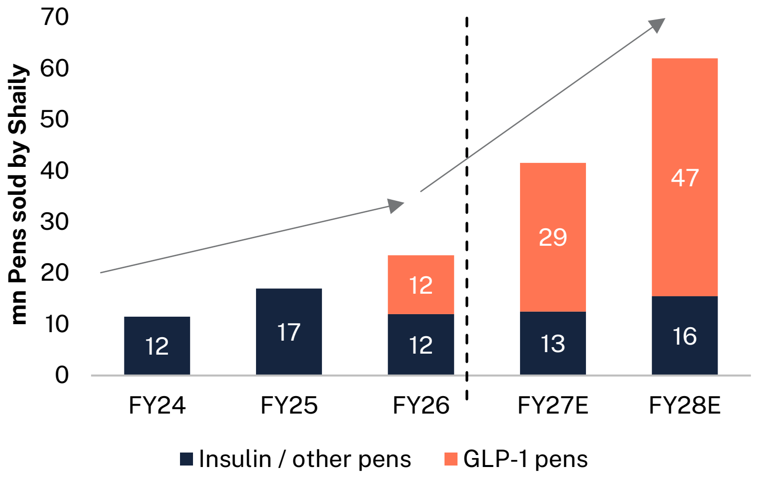


The rapid scaling of Shaily's higher-margin healthcare business has structurally re-rated its financial profile. Even under conservative assumptions, healthcare revenues are expected to more than double by FY28E, with sufficient capacity to support growth. While healthcare underpins near-term earnings, semiconductor and consumer electronics provide long-term revenue sustainability. We assign a **6.0/7** rating, with healthcare execution and GLP-1 demand remaining the key monitorables.

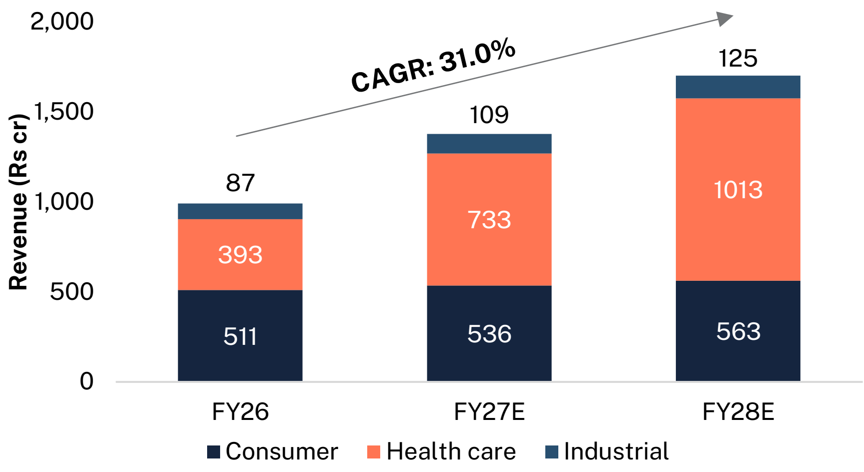
Healthcare went from a sixth of revenue to a growth engine



Pens: insulin built the base, GLP-1 now scales it



Our overall revenue forecast



Where it started

- In FY24, around 75% of revenue came from IKEA-led consumer plastics, while healthcare contributed only ~17%.
- Healthcare began with insulin pens for customers such as Wockhardt and Sanofi-a high-volume, lower-realisation business.
- This insulin platform established the clean-room capabilities and customer audit track record that Shaily now leverages for GLP-1.

Why it inflected

- GLP-1 (semaglutide) pens added a high-value, IP-led layer to the existing insulin business.
- Healthcare revenue grew 138% Y-o-Y in FY26, driven by the onset of the GLP-1 patent cliff.
- Pen volumes are expected to increase from 23.5 mn in FY26 to 62 mn by FY28E, with GLP-1 driving the incremental growth.

Where it's going

- Healthcare revenue is projected to increase from Rs. 393 cr in FY26 to Rs. 733 cr in FY27E and Rs. 1,013 cr in FY28E.
- Its contribution to group revenue is expected to rise from 21% in FY25 to ~60% in FY28E, while segment EBITDA margins of ~50–55% are expected to lift the blended EBITDA margin to ~33% from ~22%.
- Key growth driver is GLP-1, particularly semaglutide pens.
- As the molecule comes off patent country by country from 2026, generic pharma needs a device partner, and Shaily is one of the very few that can supply at scale.
- Foray into semiconductor and consumer electronics enhances long-term growth visibility and diversification

Source: Company, Midas Research

2.4 – Financials (2/5)

Semaglutide (Ozempic/Wegovy/Rybelsus) loses patent protection in key markets in 2026-27

Patent-expiry timeline & launch status

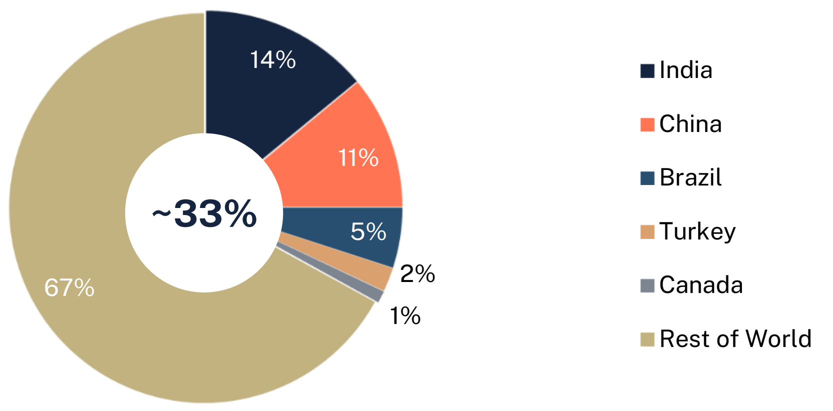
Market	Patent expiry	Status & who is selling
Canada	Jan 2026 (data excl.) / Mar 2026	LIVE - Dr Reddy's approved 28-Apr, Apotex 1-May; 7 more under review
India	20 Mar 2026	LIVE - 40+ brands launched; Dr Reddy's, Sun, Zydus, Natco selling
Brazil	Mar 2026	IMMINENT - Dr Reddy's, Biocon (Biomm), Hypera, Torrent filing
China	2026	RAMPING - 25+ domestic filers; local device supply
Turkey	2026	FILING - early-stage generic entry
US / EU / Japan	2031-2032	CLOSED until ~2031-32 - long runway of innovator pricing

Green = selling now **Orange = imminent/ramping** **Grey = closed till ~2031**

The structural shift

- Previously, Novo Nordisk exclusively manufactured semaglutide, with its injection pens made by Ypsomed AG and unavailable to generic manufacturers.
- As patents expire, generic pharmaceutical companies such as Dr. Reddy's, Sun Pharma, Biocon, and Apotex are expected to enter the market, but they require a pen-device partner.
- This creates a structural supply gap in drug delivery devices, providing Shaily with a significant entry opportunity.

A vast, underpenetrated addressable market



- Around 33% of the world's obese adults live in the five markets where semaglutide has already lost patent protection.
- Semaglutide delivers 10–20% weight loss, along with cardiovascular, renal, and liver benefits, supporting durable and recurring demand for injection pens.
- Generic pricing, typically 50–90% lower than branded products, is likely to expand the treatable patient population significantly.

Source: IQVIA; medRxiv; World Obesity Federation; company & regulator announcements; Midas Research

2.4 – Financials (3/5)

From market opportunity to revenue forecast

Building our FY28E forecast - Market by market (Top-down Approach)

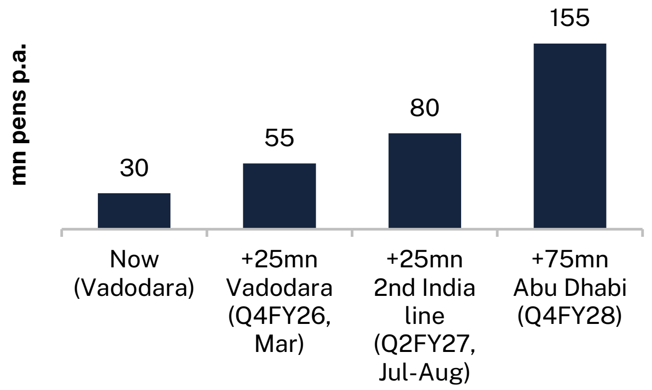
Market	Pens demanded (mn)	Shaily Share	Shaily Pens (mn)	Revenue (Rs cr)
Canada	19	30%	5.8	83
India	136	28%	38.1	564
Brazil	48	28%	13.4	198
China	129	6%	7.7	110
Turkey	24	15%	3.6	52
Total	**356**	**19%**	**68.5**	**1,006**

Our forecast: 46.5mn semaglutide + 15.5mn insulin = **62mn total pens (FY28E)**.

How we forecast - and why it's conservative

- **Top-down approach:** population → obese/diabetic pool → penetration → pen demand across the five 2026 patent-expiry markets → Shaily's share of the disposable-pen segment.
- Base-case model implies **~68.5mn addressable Shaily semaglutide pens** in the FY28-aligned year (Rs. 1,006 cr).
- Our forecast assumes **46.5 mn semaglutide pens** (~68% of the model) plus 15.5 mn insulin pens, totaling 62 mn pens. This reflects a deliberate haircut for launch ramp-up and customer qualification timelines.
- **Key takeaway:** Demand is not the constraint-our estimates remain well within the absorption capacity of the five markets.

Capacity expansion remains ahead of demand

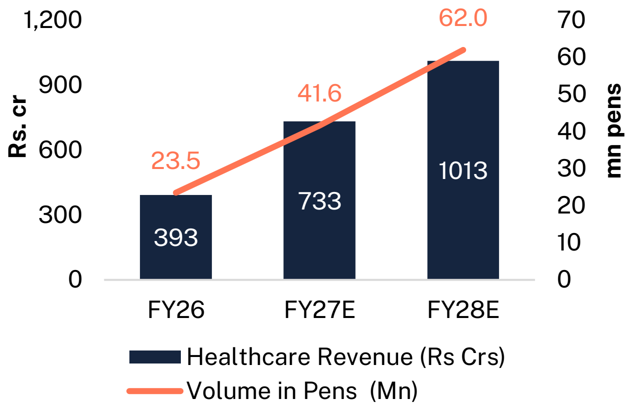


- **~30mn** — **Vadodara today** Current pharma facility (FY26)
- **+25mn** — **Vadodara line 2** Commissioned Q4FY26 (Mar) → 55mn
- **+25mn** — **2nd India line** Q2FY27 (Jul-Aug) → 80mn; ~Rs1.25bn for both
- **+75mn** — **Abu Dhabi** Q4FY28 → ~150mn; 16-cavity automated

Capacity ≫ demand

~100mn average capacity by FY28 vs **62mn** total pens we forecast - and above even the 68.5mn base-case demand. Ample headroom for upside and new launches.

Healthcare becomes the primary growth engine (61% CAGR over FY26-28E)



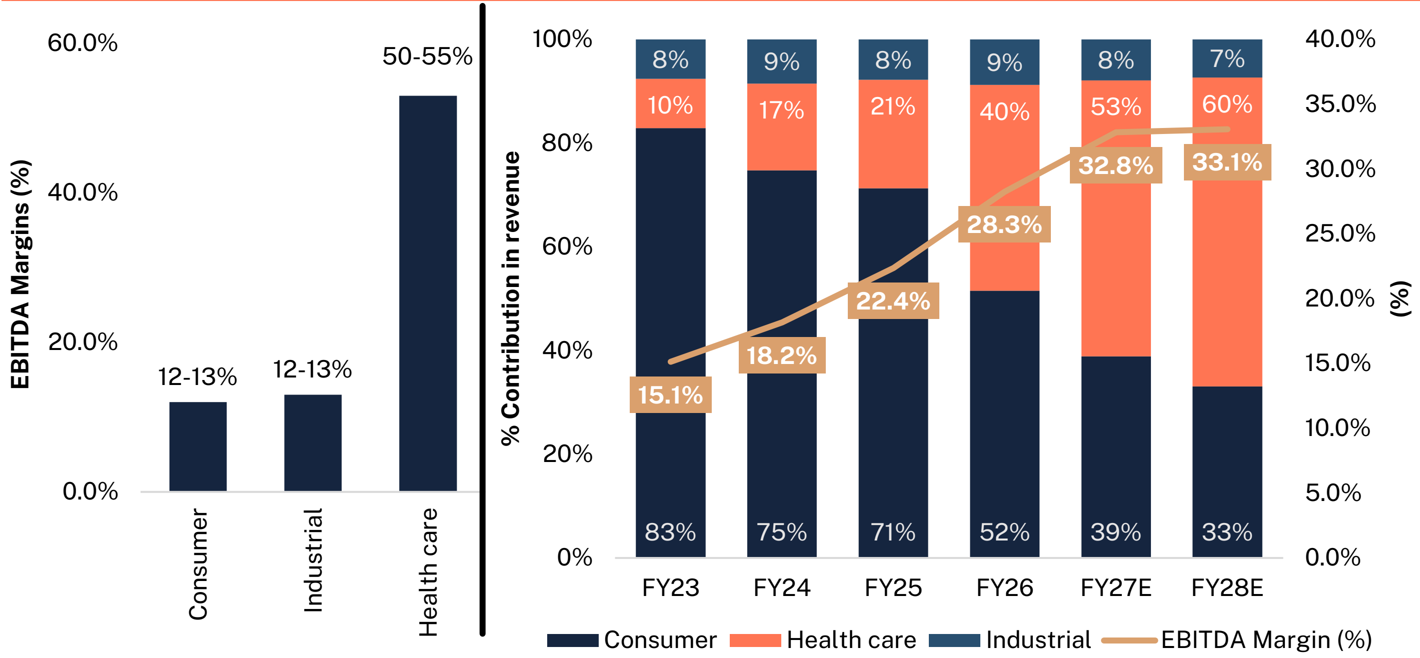
India's ~50mn is NOT added at once: 25mn live now (Vadodara, Mar-26) + 25mn from Q2FY27. Semaglutide-led pen / auto-injector lines.

Source: IQVIA; UN Population Prospects; World Obesity Federation; IDF Diabetes Atlas; Novo Nordisk Annual Report; Company; Midas Research estimates

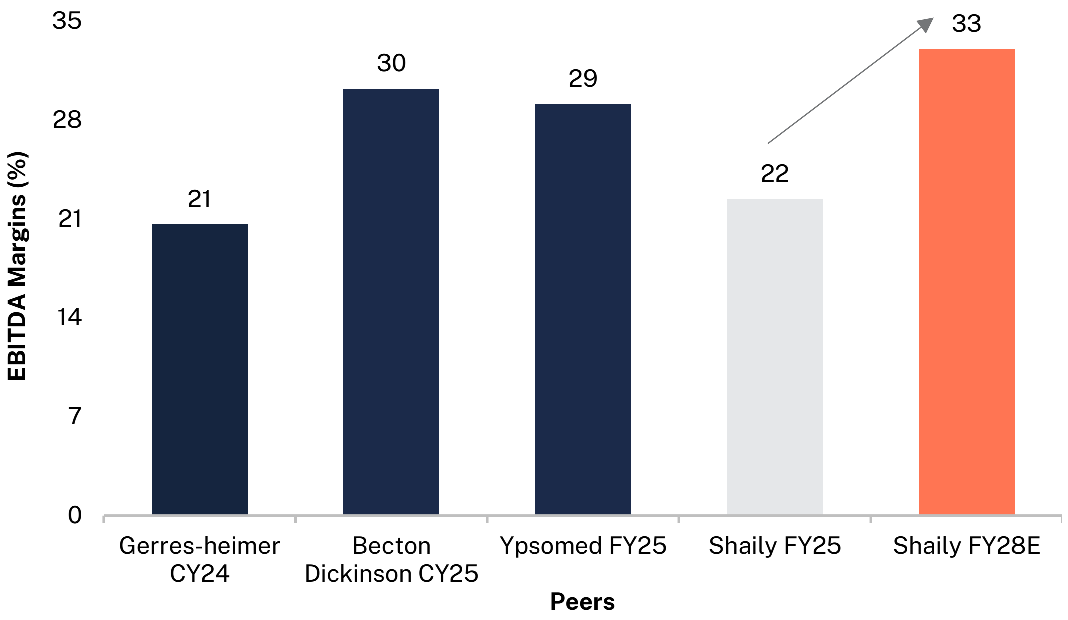
2.4 – Financials (4/5)

The moat is translating into superior economics

Healthcare mix drives structural margin expansion



Global economics at Indian manufacturing costs



- Healthcare EBITDA margins are expected to sustain at ~50–55%, compared with ~12–13% across the consumer and industrial businesses, making every incremental healthcare revenue structurally margin-accretive.
- RoCE/RoE are expected to improve from 19.1%/18.5% (FY25) to ~37.2%/32.3% (FY28E), driven by higher asset utilisation and an increasing healthcare mix.
- Cumulative operating cash flow of ~Rs. 870 cr over FY26–28E is expected to substantially fund the India and Abu Dhabi expansions, thereby reducing reliance on external capital.

- Global drug-delivery leaders such as Ypsomed (~32% EBIT margin) and Becton Dickinson (~30%+ device margins) validate the structurally attractive economics of regulated drug-delivery devices.
- Shaily's FY28E EBITDA margin of ~33% approaches the global peer band, supported by proprietary IP, a 30–50% India manufacturing cost advantage, and improving operating leverage.
- Pen devices account for <5% of total therapy cost, making device pricing relatively resilient to generic drug price erosion and supporting long-term margin sustainability.

Source: Company filings (Gerresheimer, Becton Dickinson, Ypsomed); Company; Midas Research

2.4 – Financials (5/5)

The next leg: semiconductor trays & consumer electronics -optional upside to the franchise

Semiconductor trays - where in the value chain?

- Value chain: sits in back-end packaging & test (ATMP) consumables - recurring, not one-off.
- Signed supply agreement with a Korean firm; sole manufacturing partner in India.
- Product: chip carriers / JEDEC trays in conductive plastic - appears simple, but conductive-polymer technology forms the moat, with only 1–2 machine makers globally.
- A consumable, day-to-day-use product: OSATs/fabs cannot import these frequently, necessitating local sourcing.
- Initial supplies will go to an OSAT player (Q4FY27), with fab customers expected to follow as India's fabs (four Gujarat fabs expected in CY27) come online.
- Value chain positioning: sits within the back-end packaging & test (ATMP) consumables segment - recurring in nature, not one-off.

Consumer electronics - the big one

- Commercial supplies to a major unnamed consumer electronics (CE) OEM began in Q4FY26 (likely within a premium smartphone supply chain).
- The product requires conductive plastic and high-performance polymer capabilities, with Shaily positioned as the sole manufacturing partner in India.
- Six CE OEMs are currently engaged for high-performance polymer components.
- Margins are expected to scale with volume (US$15–20m scale threshold), with comparable Chinese players having scaled to US$300–600m over ~10 years.
- Management indicates that healthcare and consumer electronics are the two largest opportunities, with semiconductors representing the second-largest scale-up area.

Where does Shaily sit in the semiconductor value chain

Wafer fabrication	Assembly, Test, Pack (◆ Shaily)	Chip carrier / JEDEC trays (◆ Shaily)	Device makers / OEMs (◆ Shaily)
Fab players (India fabs CY27)	OSAT players (first customer)	Conductive-plastic consumable	Consumer electronics

- **Why it sustains the story:** These are high-value, niche, complex plastic franchises with sole-supplier positions and structural India tailwinds (China+1, India semiconductor capex). They diversify Shaily beyond GLP-1 and provide growth visibility into FY29E+, representing the optionality the market is not yet pricing in.
- **Bull case:** A meaningful share of the Indian consumer electronics supply chain could position Shaily Engineering Plastics as a ~Rs. 3000 cr revenue company by FY30E.

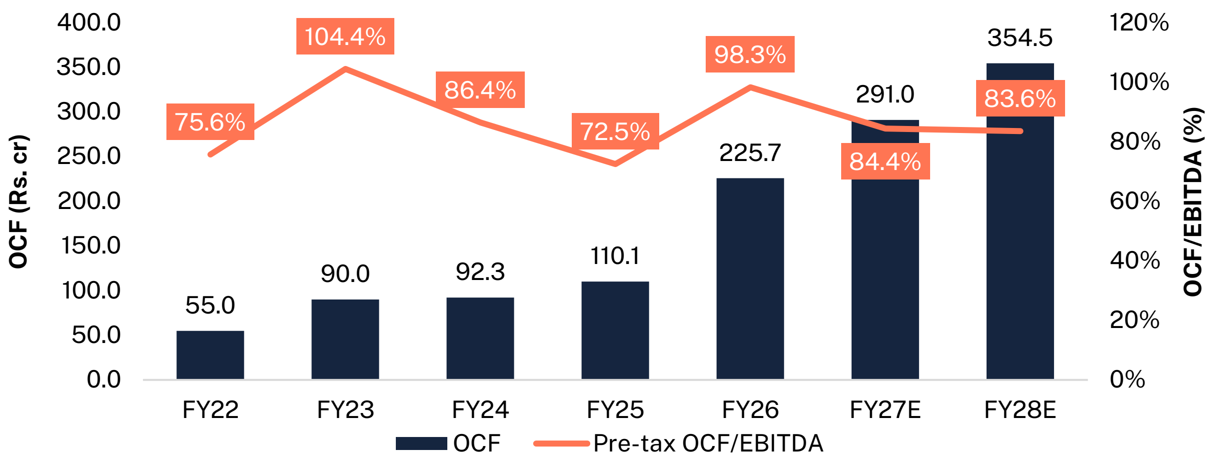
Source: Company, Midas Research

2.5 - Balance Sheet & Cash Flow

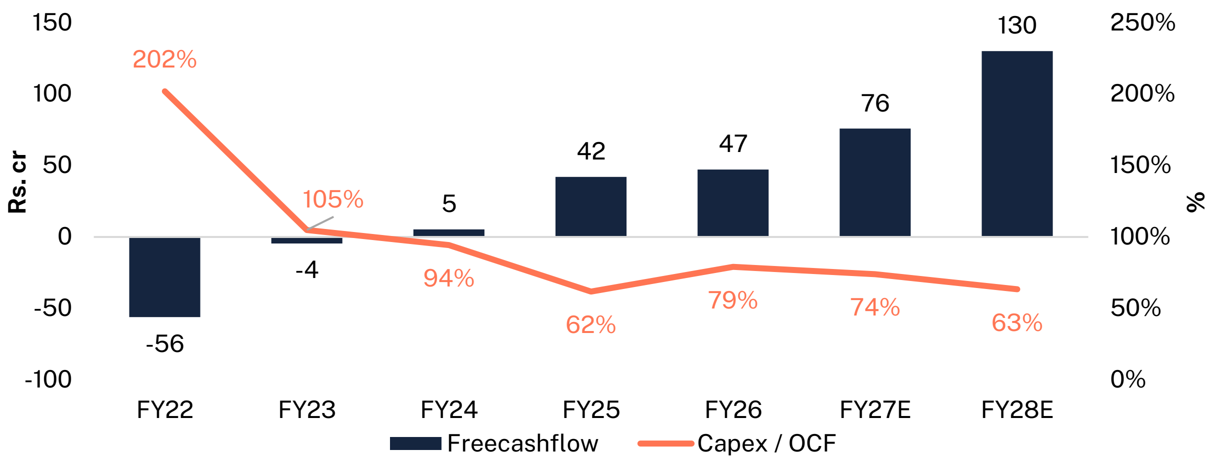
Revenue is vanity, profit is sanity, but cash is reality

Shaily's balance sheet reflects a business transitioning from an investment phase to stronger cash generation. Improving operating cash flows are expected to fund a larger share of future capex, supporting sustained free cash flow generation. Higher healthcare-led asset utilisation and margins should further improve capital efficiency and return ratios. We assign a **5.5/7** rating, with healthcare execution and timely utilisation of new capacities remaining key monitorables.

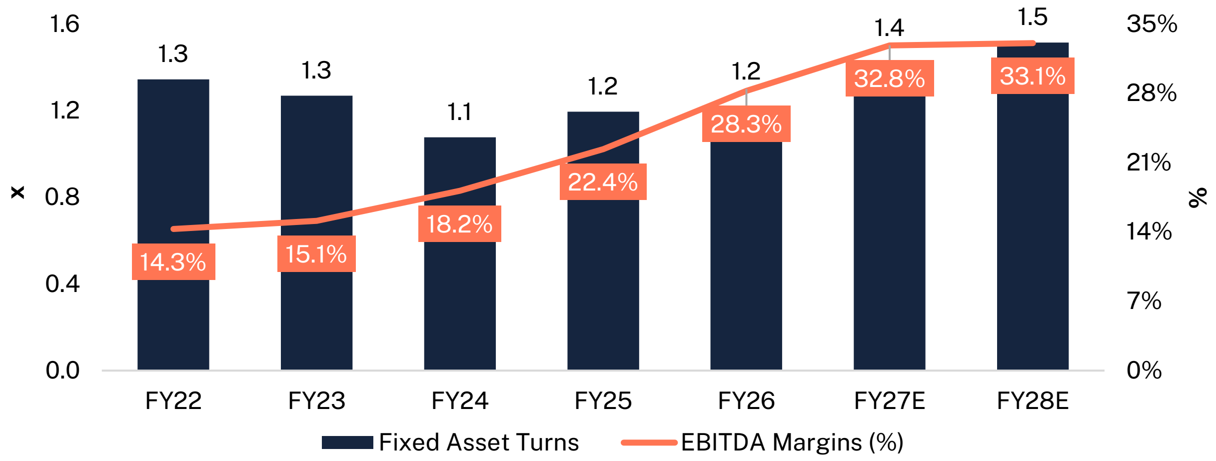
Operating cash flow scales with healthcare-led earnings growth

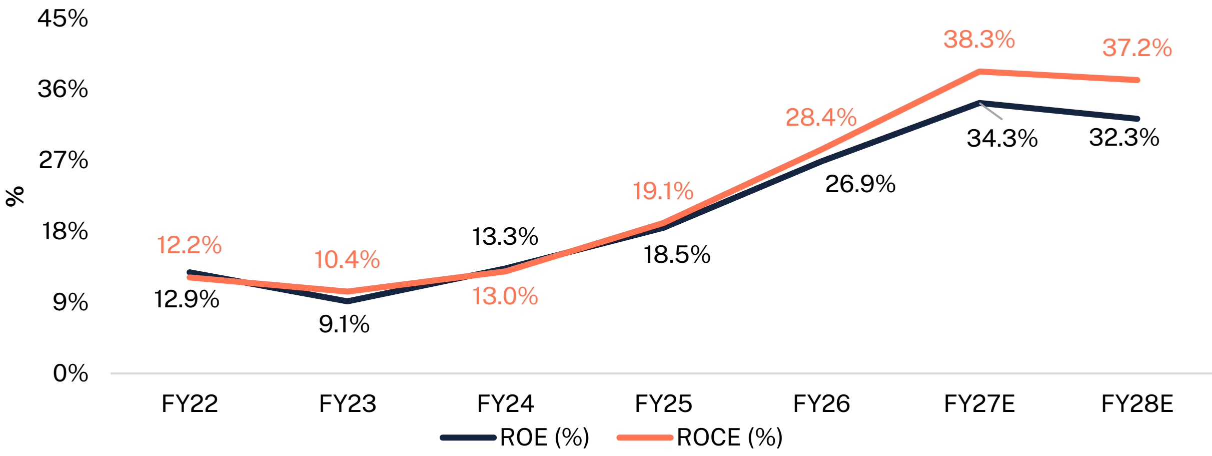


Lower capex as a % of operating cash flow drives free cash flow expansion



New GLP-1 pen facilities in Gujarat and Abu Dhabi are expected to operate at high asset turns (~2.5x), thereby lifting blended asset turns. Combined with structurally higher EBITDA margins, this is expected to drive a meaningful improvement in RoCE and RoE.





Source: Company, Midas Research

3 – Valuation Framework

Midas Equities and Research

Valuation Framework - Summary

3.1

By Own History:

Shaily Engineering Plastics' forward multiples de-rated to the lower end of historical ranges in early 2026 and subsequently re-rated sharply on recovering growth and margin expectations. As a result, P/E (~53x), EV/EBITDA (~34x), and P/S (~10x) now sit above historical bands, with P/B appearing the most stretched (~14x vs a ~9.9x median), reflecting expectations of sustained improvement in return ratios. The recent re-rating leaves limited valuation comfort on a purely historical basis, though it is underpinned by a genuine improvement in fundamentals. Balancing the improving outlook against a now-full multiple, we assign a **4.5/7.0** rating.

3.2

Current Position vs Peers:

Against the peer set (MTAR Technologies, Azad Engineering, Mold-Tek Packaging, Poly Medicure), Shaily trades broadly in line despite superior fundamentals. On our comparison table, Shaily is expected to deliver the highest FY28E EBITDA margin (33% vs the peer average of 26%), PAT CAGR (48% vs 41%), and RoE (33% vs 16%). However, its FY28E P/E of ~34.5x remains below the peer average of ~45.3x. Hence, we have assigned a rating of **6.0/7.0.**

3.3

Based on Growth:

This is the strongest lens. Shaily offers one of the strongest earnings growth profiles while trading at a relatively attractive PEG versus peers. Its valuation remains broadly in line despite higher growth, indicating scope for re-rating with sustained execution. With a PAT CAGR of ~48–54% versus a ~41% peer average and an implied PEG well below 1x, the growth-adjusted valuation appears compelling. Hence, a **6.0/7.0** rating is assigned, capped only by the need for consistent delivery.

3.4

Capturing Return Profiles:

Shaily's return ratios have inflected sharply. RoE expanded sharply post FY25–FY26, and by FY28E, the company is likely to deliver among the highest RoE in the peer group, while valuation remains relatively benign. The valuation premium is supported by improving RoCE, with further upside still to come, and cash conversion remains healthy vs peers. There is clear re-rating potential, though partially moderated by weaker returns in FY25 and still-improving cash conversion. Hence, we assign a **6.0/7.0** rating.

3.5

Reflecting EVA:

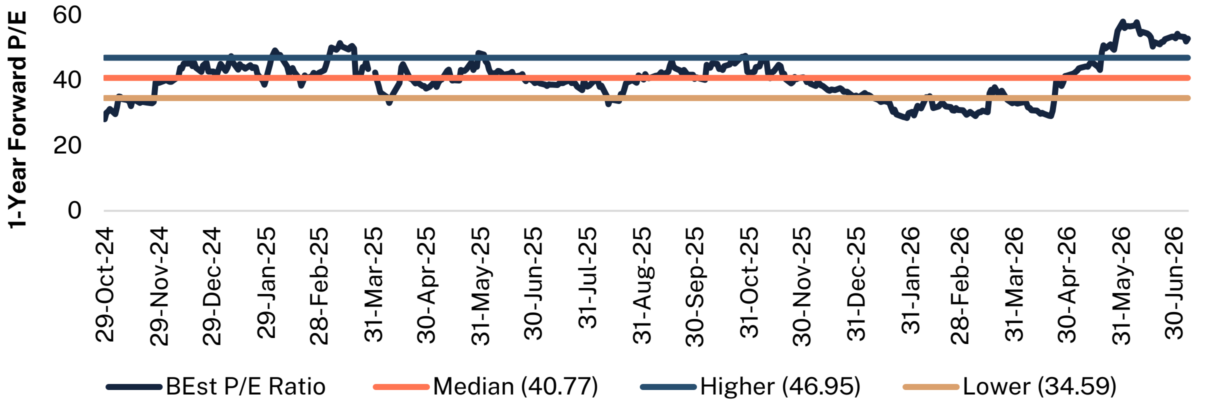
Shaily's' EVA spread is stronger than most peers and is improving through FY25, with further expansion expected through FY28E. The trajectory reflects this progression: the spread moves from roughly –0.4% in FY22–23 to +5.8% (FY25), +11.7% (FY26), and ~+22% by FY28E. However, since Shaily's EVA declined sharply post-capex and the recovery is still underway, residual uncertainty leads to a maintained score of **5.0/7.0**.

3.1 – By Own History (in charts)

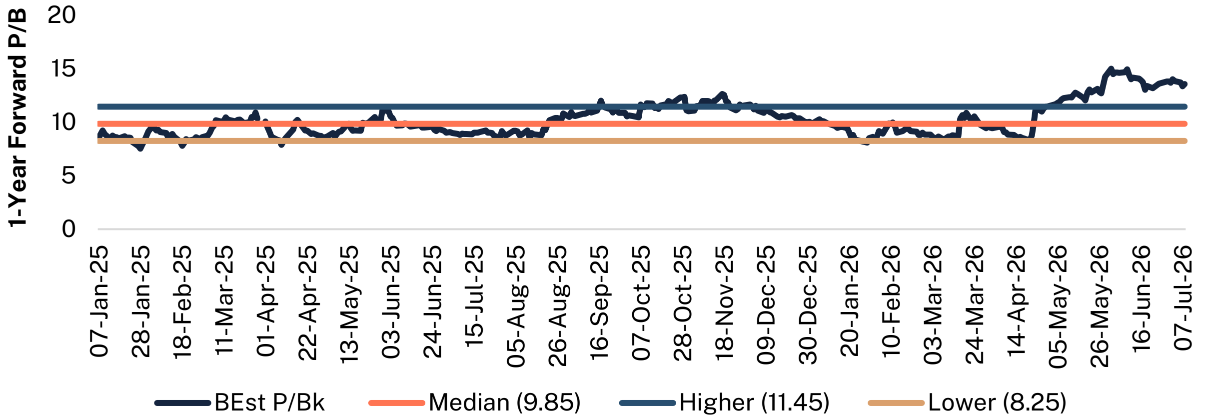
4.5 7.0

Shaily's forward multiples de-rated to the lower end of historical ranges in early 2026 and subsequently re-rated sharply on recovering growth and margin expectations. As a result, P/E (~53x), EV/EBITDA (~34x), and P/S (~10x) now sit above historical bands, with P/B appearing the most stretched (~14x vs a ~9.9x median), reflecting expectations of sustained improvement in return ratios. The recent re-rating leaves limited valuation comfort on a purely historical basis, though it is underpinned by a genuine recovery in fundamentals. Balancing the improving outlook against a now-full multiple, a **4.5/7.0** rating is assigned.

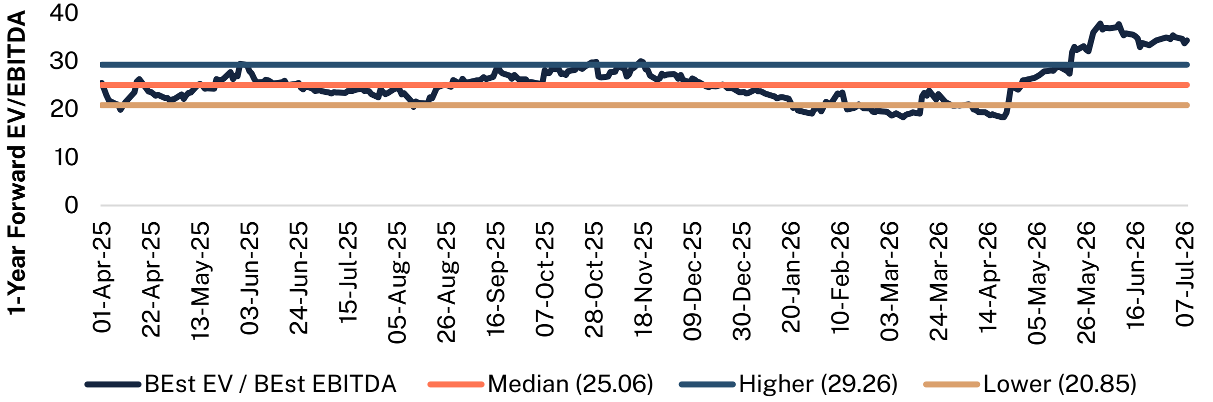
Margin pressure and higher working capital pulled P/E toward its ~40x mid-cycle median, but it has since moved above on improving margins and FY26 cash flows



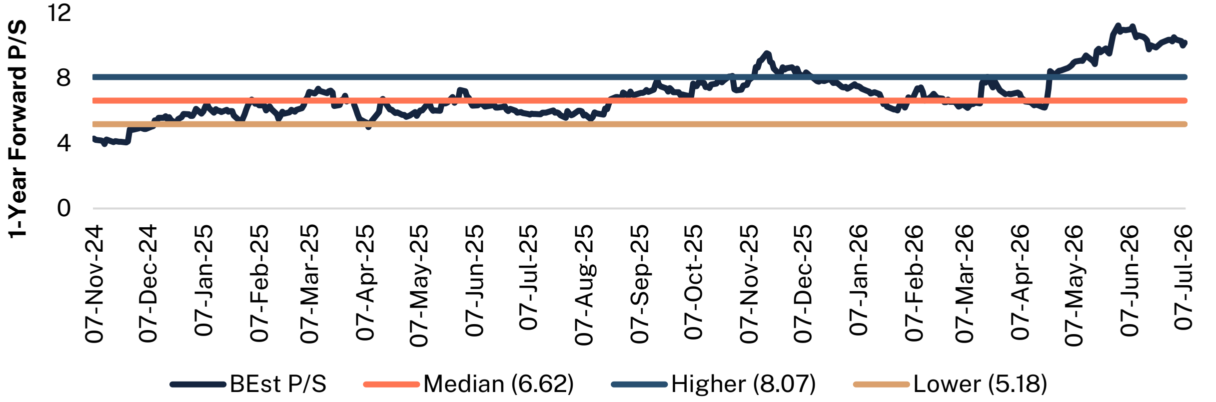
P/B holds above its historical range, pricing in sustained improvement in return ratios



EV/EBITDA de-rated below its historical band in early 2026, then re-rated sharply to a ~34x premium versus a ~25x median on margin improvement expectations



P/S is reflecting inflection in revenue expectations



Note: 1-year forward valuation metrics are shown only for the last two years due to unavailability of historical forward estimates.

Note: Higher Line - +1 S/D & Lower Line - -1 S/D
Source: Company, Bloomberg, Midas Research

3.2 – Current Position vs Peers

Against the peer set (MTAR Technologies, Azad Engineering, Mold-Tek Packaging, and Poly Medicure), Shaily trades broadly in line despite superior fundamentals. In the comparison table, Shaily is expected to deliver the highest FY28E EBITDA margin (33% vs the peer average of 26%), PAT CAGR (48% vs 41%), and RoE (33% vs 16%), yet its FY28E P/E of ~34.5x remains below the peer average of ~45.3x. Hence, we assign a **6.0/7.0** rating.

- We believe Shaily Engineering Plastics occupies a unique sweet spot between traditional plastic manufacturers and high-complexity precision engineering companies. While its regulated healthcare platform, IP-led drug delivery devices, and engineering capabilities warrant a premium to conventional plastic processors such as Mold-Tek Packaging, its business model has not yet fully converged with the complexity of aerospace and defence precision manufacturers such as MTAR Technologies and Azad Engineering. We believe its current valuation appropriately reflects this positioning, while still leaving room for re-rating as the healthcare business scales.
- Shaily currently trades at a discount to its peer group, with an FY28E P/E of ~34.5x versus a peer average of ~45.3x, reflecting continued market caution regarding the sustainability of recent GLP-1 pen revenue ramp-up. However, fundamentals indicate a clear inflection ahead. Over FY26–FY28E, Shaily is expected to deliver revenue, EBITDA, and PAT CAGRs of 31%, 42%, and 48%, respectively. While revenue growth is broadly in line with peers (~32%), EBITDA and PAT growth are meaningfully higher than peer averages of ~37% and ~40%, driven by scale benefits and a richer product mix.
- FY28E EBITDA margins of ~33% compare favourably with the peer average of ~26%, while FY28E RoE of ~32.3% is ~2x the peer average of ~16.3%, the highest in the peer set, supported by superior earnings growth and improving capital efficiency. We believe the stock offers meaningful valuation upside as execution strengthens and visibility on sustained growth improves, leading to a gradual narrowing of the current valuation discount.

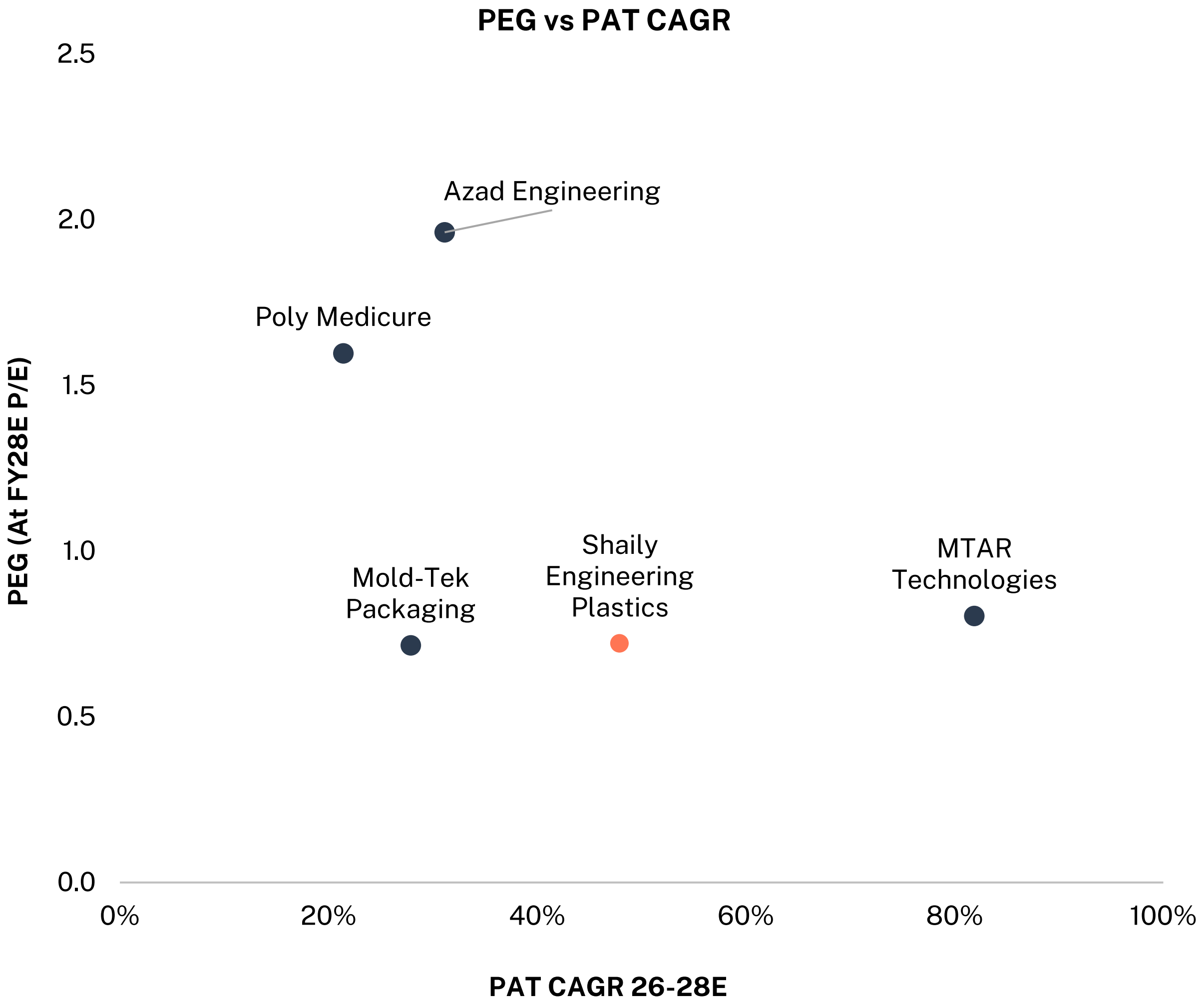
Particulars	CMP Rs	Mkt cap Rs. cr	Revenue (Rs. cr)			EBITDA(Rs. cr)			PAT(Rs. cr)			EBITDA Margin		RoE (%)		P/E
			FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	CAGR	FY26	FY28E	FY26	FY28E	FY28E
Shaily Engineering Plastics Ltd	**2,798**	**12,856**	**991**	**1,701**	**31%**	**280**	**562**	**42%**	**170**	**372**	**48%**	**28%**	**33%**	**26.9**	**32.3**	**34.5**
MTAR Technologies Ltd	7,143	21,999	876	2,150	57%	171	505	72%	96	319	82%	20%	23%	12.1	26.3	65.9
Azad Engineering Ltd	2,311	14,931	603	1,062	33%	225	390	32%	133	229	31%	37%	37%	9.1	12.5	61.1
Mold-Tek Packaging Ltd	694	2,305	887	1,219	17%	172	246	19%	72	118	28%	19%	20%	11.0	13.3	20.0
Poly Medicure Ltd	1,654	16,776	1,875	2,697	20%	443	676	24%	321	473	21%	24%	25%	11.0	12.9	34.2
Average					**32%**			**37%**			**41%**	**25%**	**26%**	**10.8**	**16.3**	**45.3**

Source: Company, Bloomberg, Midas Research

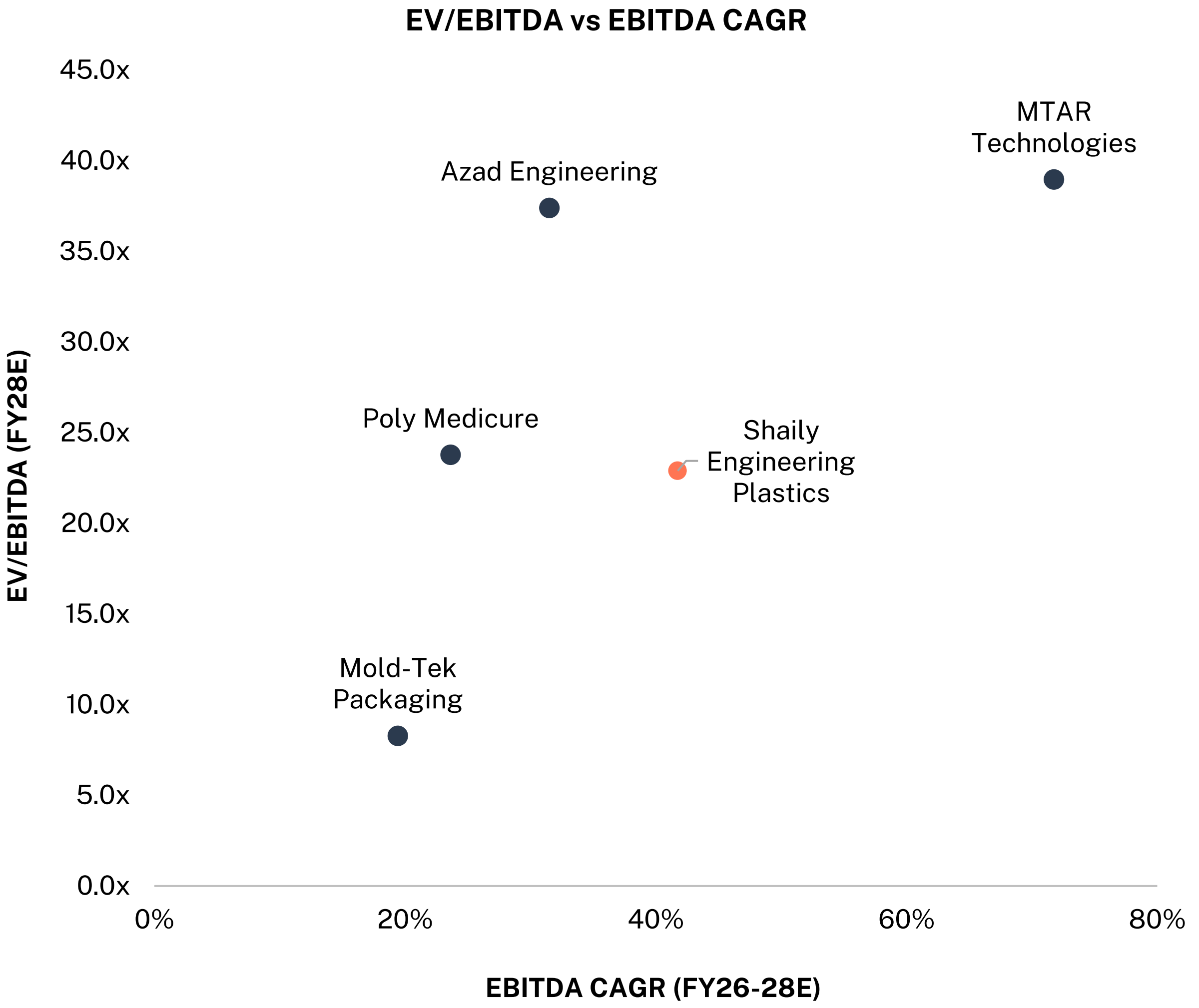
3.3 – Based on Growth

This is the strongest valuation lens. Shaily offers one of the strongest earnings growth profiles while trading at an attractive PEG relative to peers, with its valuation remaining broadly in line despite superior growth, indicating scope for re-rating with sustained execution. With an expected FY26–28E PAT CAGR of ~48% versus the peer average of ~41% and an implied PEG well below 1x, the growth-adjusted valuation is compelling, warranting a score of **6.0/7.0**, moderated only by the need for consistent execution.

Shaily pairs one of the highest PAT CAGRs (~48% over FY26-28E) with the lowest PEG (~0.72x) - strong growth at an attractive growth-adjusted price



Despite a sector-leading ~42% FY26–28E EBITDA CAGR, Shaily trades below slower-growing peers on EV/EBITDA, leaving room for re-rating

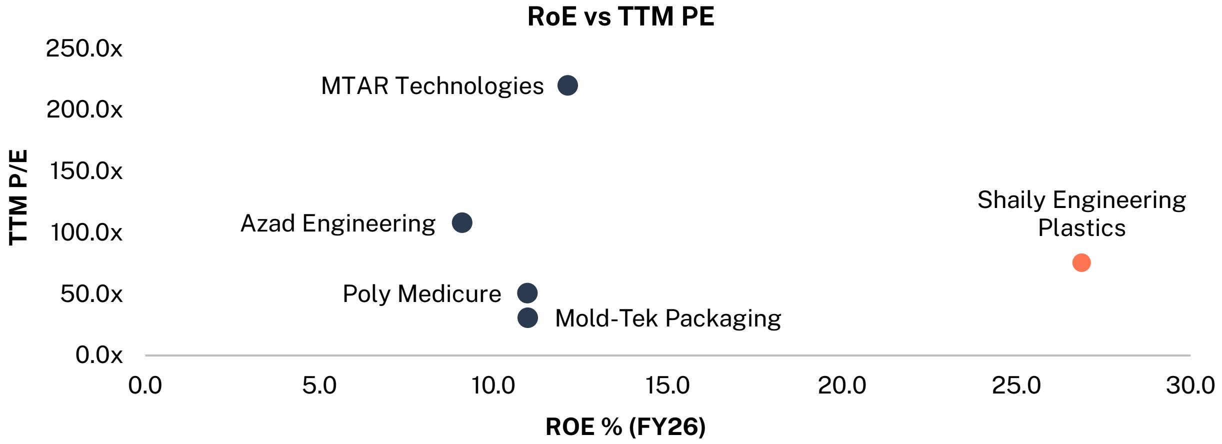


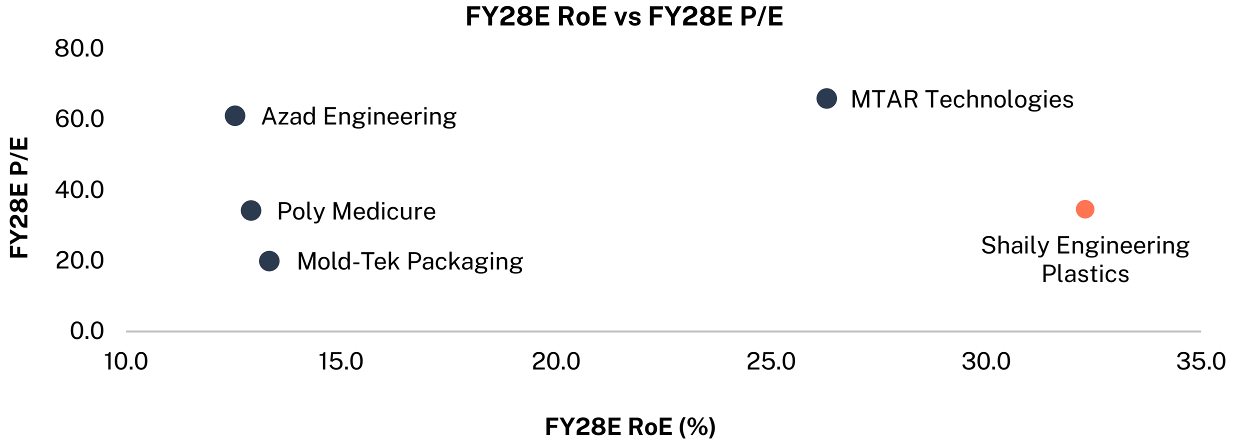
Source: Company, Bloomberg, Midas Research

3.4 - Capturing Return Profiles

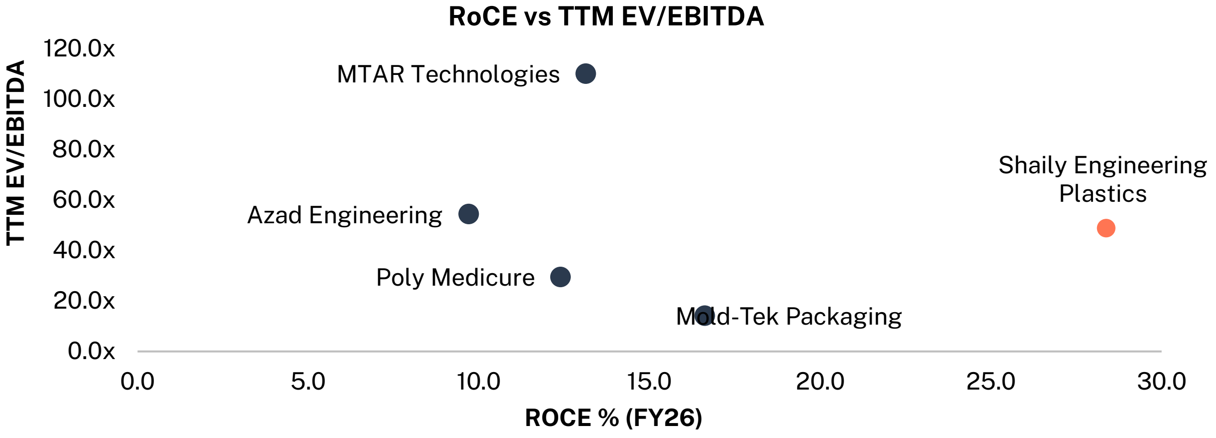
Return ratios have inflected sharply. RoE has shown a robust improvement post FY25, and by FY28E, Shaily is expected to deliver among the highest RoE in the peer group, while valuation remains benign. The valuation premium is supported by improving RoCE, with further upside still to come. Cash conversion is healthy relative to peers. Clear re-rating potential is moderated by weaker returns through FY25 and still-improving cash conversion, hence a **6.0/7.0** score.

Shaily already earns the highest RoE in the group (~27%) yet trades at a lower TTM P/E than the faster-growing names. By FY28E, Shaily is expected to deliver the highest RoE (~32%) among peers, while its ~35x P/E remains benign - indicating clear re-rating headroom.

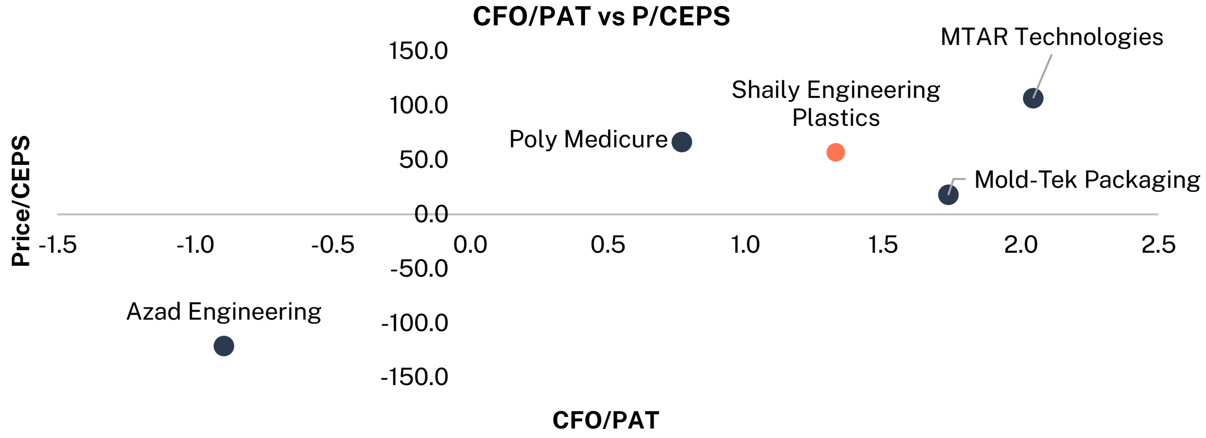




Peer leading RoCE (~28%) underpins Shaily's premium EV/EBITDA, with further RoCE gains to support it



Healthy cash conversion (CFO/PAT ~1.3x), well ahead of Azad and Poly Medicure, with room to improve further



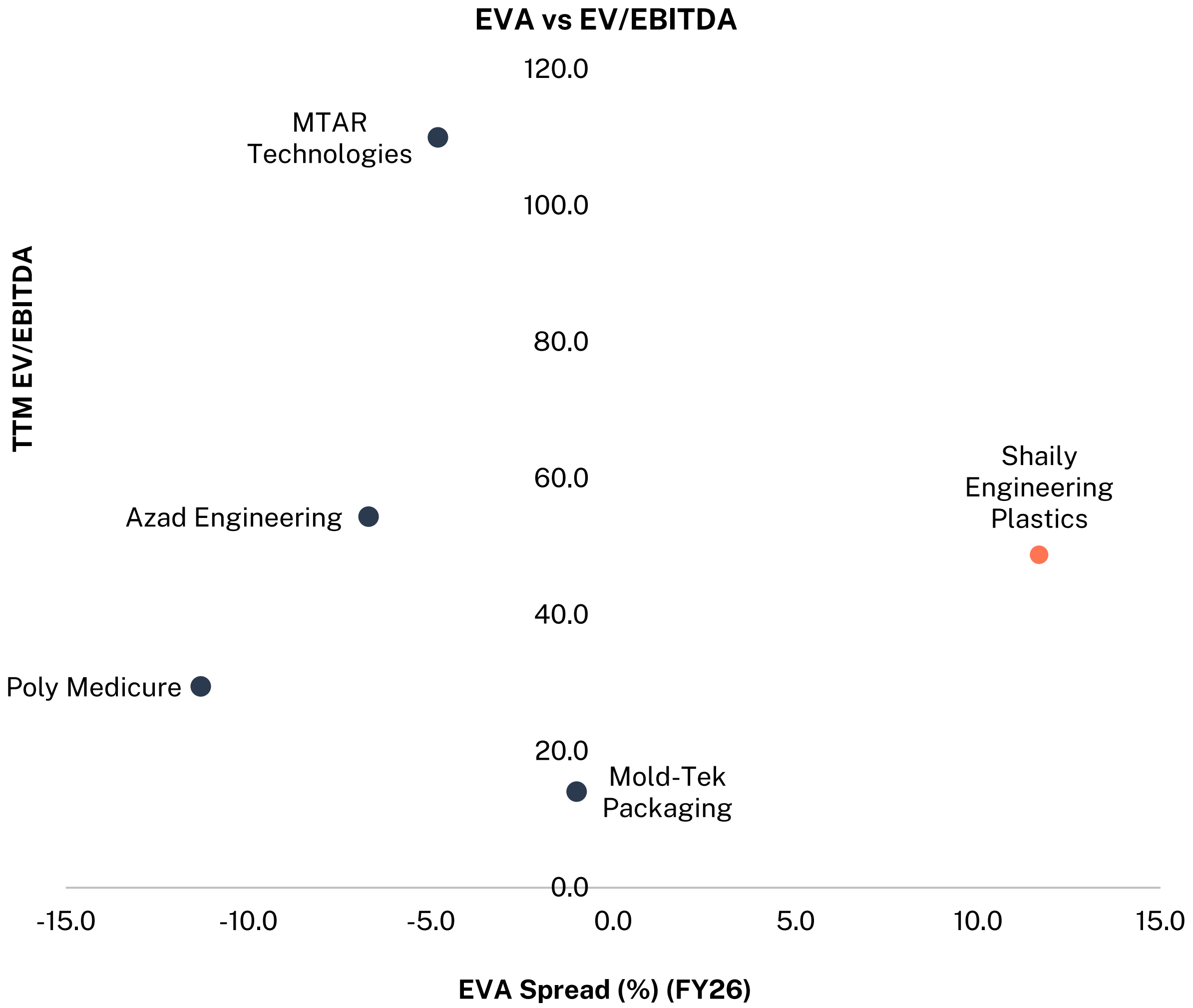
Source: Company, Bloomberg, Midas Research

3.5 – Reflecting EVA

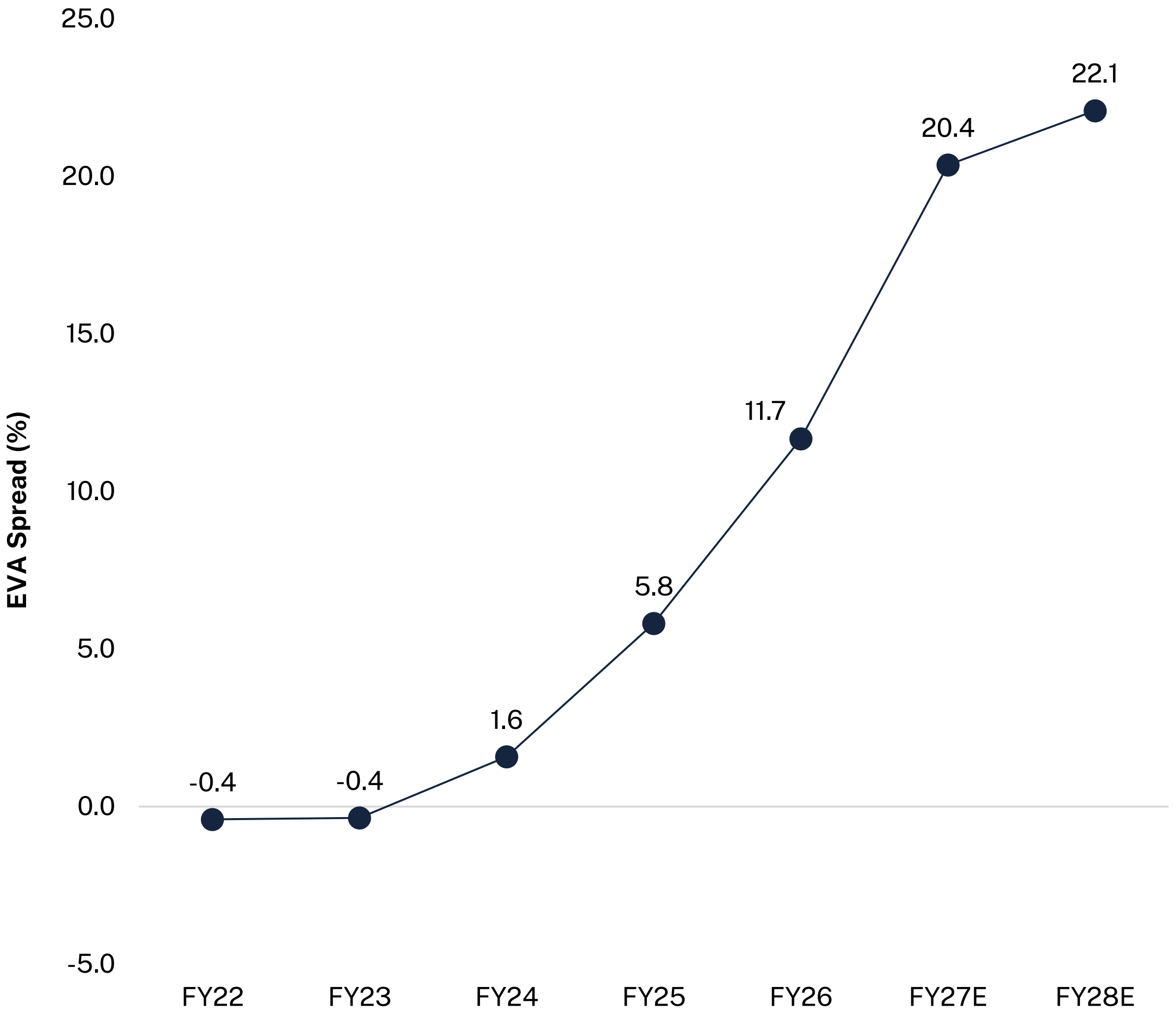
5.0	7.0

The EVA spread is stronger than most peers and is improving through FY25–FY26, with further expansion expected by FY28E. The trajectory bears this out: the spread moves from roughly –0.4% in FY22–23 to +5.8% in FY25, +11.7% in FY26, and ~+22% by FY28E. However, because Shaily's EVA fell sharply post-capex and the recovery is still underway, residual uncertainty prompts us to keep the score at **5.0/7.0**.

Shaily is the only peer with a positive EVA spread (+12% vs peers' −1% to −11%), helping justify its premium multiple



EVA spread turned positive from FY24 and is likely to scale to ~+22% by FY28E as return ratios recover post-capex



Source: Company, Bloomberg, Midas Research

Valuation Rationale

Conclusion

Return Profile vs Peers (1)

Key points

- Shaily pairs industry-leading growth with the best return ratios in the peer group - a combination that supports an FY28E RoE of ~32%, nearly 2x the peer average, without requiring a premium multiple to justify it.
- Current valuation only partly reflects this. FY28E P/E of ~34.5x sits below the peer average of ~45.3x despite superior margins, growth, and returns, leaving room for the gap to close as return ratio expansion proves durable.

What's driving our conviction

- Superior returns stem from the shift to IP-led drug-delivery devices (higher margins than legacy contract manufacturing), improving asset turns at new GLP-1 facilities (~2.5x), and disciplined, internally funded capex.
- Shaily posts an FY26 EVA spread of ~12% - the only positive spread among five peers (vs –1% to –11% for others) - expanding to ~22% by FY28E.

Growth-Adjusted Value (PEG) (2)

Key points

- Shaily's projected ~48% PAT CAGR over FY26–28E is ~1.2x the peer average of ~41%, placing it among the strongest earnings growth profiles in listed precision-manufacturing peers.
- The stock trades at an FY28E PEG of ~0.72x - the lowest in the peer group - effectively pricing this superior growth at a discount to slower-growing names.
- On a growth-adjusted basis, Shaily remains attractively valued even after its recent re-rating.

What's driving our conviction

- The projected ~48% PAT CAGR is underpinned by structural drivers - a healthcare mix shift from ~11% of revenue in FY23 to ~40% by FY26, scaling GLP-1 pen volumes from 23.5 mn units in FY26 to ~62 mn by FY28E, and operating leverage - rather than one-off gains, debt-funded acquisitions, or accounting changes.

Valuation Risk (3)

Key Monitorables

- Execution of the GLP-1 ramp remains a key monitorable for our earnings forecasts. India's semaglutide unit growth moderated to ~12% M-o-M in May 2026 from ~88% in April, reflecting normalisation after an exceptionally strong launch period (as per Pharmarack).
- Meanwhile, Shaily's FY26 machine utilisation stood at ~48%, with the Gujarat and Abu Dhabi capacities still ramping up. The largest customer contributed ~64% of FY25 revenue, albeit improving from ~74% in FY23.

Counter to Key Monitorables

- Take-or-pay commitments for new GLP-1 capacities cushion near-term demand volatility, while our conservative pen-volume assumptions (23.5mn–62mn units over FY26–28E) reinforce our long-term conviction.
- While customer concentration remains elevated today, the increasing contribution from healthcare, semiconductors and consumer electronics are expected to diversify the revenue mix over time, supporting long-term growth and the valuation premium.

Valuation Verdict: From a growth-adjusted perspective, Shaily looks attractively priced, trading at the lowest PEG (~0.72x) among its precision-manufacturing peers despite its projected FY26–28E PAT CAGR of ~48% and best-in-class return ratios. We conservatively assign a 45x FY28E P/E multiple (implied PEG ~0.9x), reflecting Shaily's IP-led healthcare franchise, improving return ratios and long-term optionality from semiconductors and consumer electronics. This results in a target price of Rs. 3,654, implying a 1-year upside of ~31% from the CMP, with customer concentration and execution on GLP-1 capacity ramp-up remaining the key monitorables.

Future Lens

In the long term, we believe Shaily's growth opportunity extends well beyond the initial GLP-1 wave. As semaglutide patents expire across additional global markets and next-generation injectable therapies such as tirzepatide, insulin, and other biologics gain wider adoption, the addressable market for proprietary drug-delivery devices is expected to expand significantly. With multiple pen and auto-injector platforms under development, Shaily is positioning itself as a long-term drug-delivery solutions partner rather than a single-product manufacturer.

Beyond healthcare, the company is laying the foundation for two more growth engines. Its entry into semiconductor consumables through conductive JEDEC trays provides an opportunity to move up the value chain as India's OSAT and FAB ecosystem develops, while recent customer wins in consumer electronics could evolve into another meaningful revenue vertical. We expect Shaily to deliver a revenue & PAT CAGR of 27% and 36%, respectively, over FY26–30E, aided by healthcare-led growth, operating leverage & these emerging long-term growth drivers.

Entry at **Rs. 2798** @ 35x FY28E P/E

Exit multiple at **45x** on FY30E P/E

+

Cumulative Dividend of **Rs. 42/share**

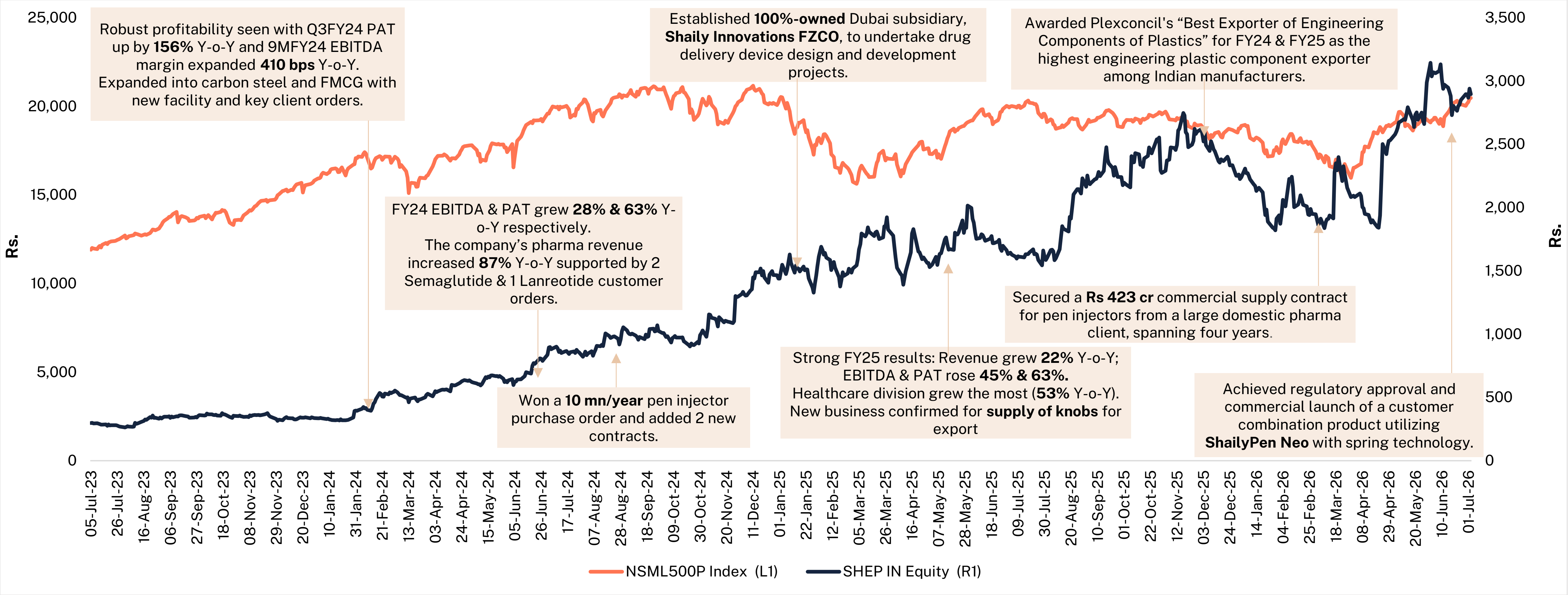
Total returns **105%**

Sensitivity of 3-yr TP

PE Multiple	EPS	Target Price	Dividend	Total Upside
43x	127	5,441	42	96%
45x	127	5,694	42	105%
47x	127	5,947	42	114%

4 - Stock Buzz & Influencing Factors

Follow the money



Near-term stock performance is likely to be driven by execution across the GLP-1 and injectable drug-delivery portfolio, customer order conversion, commercialization of new products, and continued margin expansion, while delays in project ramp-ups or customer timelines could lead to periods of volatility.

Source: Company, Bloomberg, Midas Research

5 - Technical Analysis

Bullish Structure Remains Intact

Technical View (Daily)

Technical View

- The stock continues to exhibit a strong bullish structure on the weekly timeframe, characterized by a consistent pattern of **higher highs and higher lows,** reflecting a sustained primary uptrend.
- The price is trading within a well-defined **Rising Channel** and is currently approaching a **key support zone aligned with the Ichimoku set-up** on both the daily and weekly timeframes.
- In addition, the stock remains comfortably above its 50-day, 100-day, and 200-day EMAs, underscoring the strength of the prevailing trend.
- Overall, the technical setup remains constructive and favors a buy-on-dips strategy. Investors may consider the **support of 2,600–2,650 zone as a key accumulation area**, while 3,300–3,350 is expected to act as the immediate resistance zone on the upside.

Plastic Products - Consumer	Reco/View	Buy	Last Day Close	Rs. 2794

RESEARCH ANALYST

Jay Kumar Purohit
jaykumar.p@sparkcapital.in

Source: Falcon, Midas Research

Financial Summary

All figures in Rs. cr

- Revenue is expected to compound at ~31% CAGR over FY26–28E, led by Healthcare scaling from ~21% of sales (FY25) toward ~40%+ as GLP-1/insulin pen volumes ramp on the ~Rs423 cr order and pen capacity rises from 30mn to ~155mn units (incl. the Abu Dhabi plant by FY28E), with steady Consumer and Industrial growth.
- EBITDA is likely to grow faster at ~42% CAGR (~480 bps margin expansion to 33.1%) as the mix shifts toward Healthcare (where segment EBITDA margin is ~50–55% vs ~13% in Consumer) and operating leverage.
- Adjusted PAT is projected to grow at ~48% CAGR (margin 17.2% to ~21.9%), aided by margin expansion, a steady ~24% tax rate and broadly flat finance costs.

- Shaily's operating cash flows have inflected, with post-tax OCF scaling from Rs226 cr to Rs355 cr over FY26–28E. The ~Rs500 cr pen-capacity capex (India + Abu Dhabi) is largely funded by customer advances and internal accruals, keeping the balance sheet clean and free cash flows positive.
- Return ratios strengthen as high-return Healthcare capex (~2.5x asset turns) ramps, with RoE expanding from 26.9% to ~32% and RoCE from 28.4% to ~37% by FY28E, while net debt/EBITDA falls to ~0.1x by FY28E from 0.5x in FY26, marking a transition to a stronger, more sustainable financial profile.

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profit & Loss					
Revenue	644	787	991	1,378	1,701
Gross profit	274	371	564	786	969
EBITDA	117	176	280	452	562
Depreciation	36	42	49	60	70
EBIT	81	134	231	393	493
Other Income	6	2	8	6	10
Interest expense	18	17	16	16	16
Exceptional items	0	0	0	0	0
PBT	70	119	223	383	487
Reported PAT (after minority interest)	57	93	170	292	372
Adj PAT	57	93	170	292	372
EPS (Rs.)	12.5	20.2	37.0	63.6	80.9
Balance Sheet					
Net Worth	459	548	717	987	1,314
Total debt	208	188	174	174	174
Other liabilities and provisions	115	197	256	361	455
Total Net worth and liabilities	782	933	1,147	1,522	1,943
Gross Fixed assets	598	658	823	973	1,123
Net fixed assets	435	459	574	664	745
Capital work-in-progress	15	17	29	94	169
Intangible Assets	0	0	0	0	0
Investments	0	0	0	0	0
Cash and bank balances	26	23	25	63	133
Loans & advances and other assets	6	0	0	0	0
Net working capital	299	433	518	700	896
Total assets	782	933	1,147	1,522	1,943
Capital Employed	668	735	891	1,161	1,488
Invested Capital (CE - cash - CWIP)	626	695	837	1,003	1,186
Net debt	182	165	149	111	41
Cash Flows					
Cash flows from Operations (Pre-tax)	101	128	275	382	470
Cash flows from Operations (post-tax)	92	110	226	291	355
Capex	-87	-68	-178	-215	-225
Free cashflows	5	42	47	76	130
Free cashflows (post interest costs)	-13	25	31	60	115
Cash flows from Investing	-94	-71	-185	-215	-225
Cash flows from Financing	5	-42	-39	-37	-60
Total cash & liquid investments	26	23	25	63	133

Particulars	FY24	FY25	FY26	FY27E	FY28E
Growth ratios (%)					
Revenue	6.1	22.2	25.9	39.1	23.4
EBITDA	27.3	50.6	59.0	61.6	24.3
Adj PAT	63.0	62.5	82.5	71.9	27.2
Margin ratios					
Gross	42.5%	47.2%	57.0%	57.0%	57.0%
EBITDA	18.2%	22.4%	28.3%	32.8%	33.1%
Adj PAT	8.9%	11.8%	17.2%	21.2%	21.9%
Performance ratios					
Pre-tax OCF/EBITDA	86.4%	72.5%	98.3%	84.4%	83.6%
OCF/IC (%)	14.7%	15.8%	27.0%	29.0%	29.9%
RoE (%)	13.3%	18.5%	26.9%	34.3%	32.3%
RoCE (%)	13.0%	19.1%	28.4%	38.3%	37.2%
Fixed asset turnover (x)	1.1	1.2	1.2	1.4	1.5
Total asset turnover (x)	0.8	0.8	0.9	0.9	0.9
Financial stability ratios					
Net Debt to Equity (x)	0.4	0.3	0.2	0.1	0.0
Net Debt to EBITDA (x)	1.6	0.9	0.5	0.2	0.1
Interest cover (x)	4.5	7.9	14.5	25.3	31.7
Working capital days	77	107	115	115	115
Valuation metrics					
Fully Diluted Shares (cr)	4.6	4.6	4.6	4.6	4.6
Market cap (Rs.cr)			12,840.6		
P/E (x)	224.1	137.9	75.6	44.0	34.5
P/OCF(x)	139.2	116.7	56.9	44.1	36.2
EV (Rs.Cr) (ex-CWIP)	13,022.6	13,005.2	12,989.5	12,951.2	12,881.3
EV/ EBITDA (x)	111.4	73.9	46.4	28.6	22.9
EV/ OCF(x)	141.1	118.2	57.5	44.5	36.3
FCF Yield	-0.1%	0.2%	0.2%	0.5%	0.9%
Price to BV (x)	27.96	23.45	17.92	13.01	9.77
Dividend pay-out (%)	0.0	4.9	5.4	7.5	12.0
Dividend yield (%)	0.0	0.0	0.1	0.2	0.3
Cash as a % of CE	3.9%	3.1%	2.8%	5.5%	9.0%

Source: Company, Midas Research

Key Risks

Dependence on GLP-1 Segment

Heavy reliance on GLP-1 injectors for growth; any shift toward oral therapies or slower adoption of injectables could materially impact revenue.

Product Quality & Recall Risk

Precision drug-delivery devices are subject to stringent regulatory requirements; even minor defects can trigger product recalls, regulatory penalties, and reputational damage.

Litigation & Regulatory Risk

Operations span highly regulated pharmaceutical markets; evolving regulatory standards or delays in approvals could disrupt product launches and customer contracts.

Geopolitical & Export Dependence

With 65–70% of revenue derived from exports, global disruptions (e.g., the Red Sea crisis and EU/US demand slowdown) or currency fluctuations pose significant earnings risk.

Source: Company, Midas Research

Glossary

CAPEX	Capital Expenditure	RoCE	Return on Capital Employed
MT	Metric Ton	RoIC	Return on Invested Capital
Bn	Billion	R&D	Research and Development
CAGR	Compounded Annual Growth Rate	PBT	Profits Before Tax
CMP	Current Market Price	ROA	Return on Assets
EBIT	Earning Before Interest and Tax	DTL	Deferred Tax Liabilities
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization	Avg	Average
EPS	Earnings Per Share	CF	Cash Flow
EV	Enterprise Value	QoQ	Quarter on Quarter
FCF	Free Cash Flow	RM	Raw Material
P/E	Price to Earnings	CoGS	Cost of Goods Sold
PBT	Profit Before Tax	Crs	Crores
RoE	Return on Equity	DCF	Discounted Cash Flow

Annexures

Product Overview (1/2)

Product	Description	End-user industries
Pen injectors (Semaglutide, insulin self-injectables)  	▪ Precision-engineered drug delivery devices with spring-loaded dosing systems that ensure consistent and accurate administration. ▪ High-tolerance plastic molding and assembly designed for patient safety, ergonomic handling, and repeatable performance. ▪ Specifically adapted for biologics such as semaglutide and insulin, meeting stringent pharma compliance standards.	▪ Pharmaceuticals ▪ Biotechnology ▪ Medical devices
Auto-injectors  	▪ Single-use, self-administered injection systems engineered for emergency and specialty therapies. ▪ Incorporates integrated safety shields and needle-concealment mechanisms to minimize risk and improve patient confidence. ▪ Manufactured under ISO 13485 with precision tooling to meet global regulatory and client requirements.	▪ Pharmaceuticals ▪ Emergency medicine ▪ Biotech therapies
Medical packaging  	▪ Custom-designed packaging solutions for vials, syringes, and diagnostic kits with high dimensional stability. ▪ Provides barrier protection, sterilization compatibility, and resistance to contamination. ▪ Includes advanced features such as child-resistant closures and tamper-evident seals for safety assurance.	▪ Pharmaceuticals ▪ Diagnostics ▪ Healthcare

Source: Company, Midas Research

Product Overview (2/2)

Product	Description	End-user industries
Household plastics 	▪ Injection-molded storage containers, kitchenware, and utility products designed for durability and long service life. ▪ Food-grade compliant materials ensure safety, while ergonomic designs enhance usability. ▪ Automated high-volume production lines support global retail clients with consistent quality and scalability.	▪ Consumer goods ▪ Retail ▪ Home & kitchen
Beauty care packaging 	▪ Precision packaging solutions for cosmetics and personal care, including compacts, jars, and dispensers. ▪ High-gloss finishes and tight tolerance closures deliver premium aesthetics and functional reliability. ▪ Supports multi-material assemblies and sustainable polymer options to meet evolving industry demands.	▪ Cosmetics ▪ Personal care ▪ Luxury packaging
Industrial & automotive components 	▪ Precision-molded trays for semiconductors, LED housings, and automotive parts requiring high dimensional accuracy. ▪ Engineered for heat resistance, mechanical strength, and long-term stability under demanding conditions. ▪ Includes applications of Torlon polymers, enabling extreme performance in industrial and automotive environments.	▪ Semiconductors ▪ Automotive ▪ Industrial equipment ▪ Lighting

Source: Company, Midas Research

GLP-1 Value Chain: From Peptide Synthesis to Patient

How GLP-1 drugs reach patients: Key stages and industry participants

Active Pharmaceutical Ingredients (APIs)

- Used in leading GLP-1 therapies such as Liraglutide, Semaglutide, and Tirzepatide.
- Manufactured either in-house by innovators or outsourced to specialized peptide API manufacturers.
- Production involves highly complex peptide synthesis and stringent quality standards, creating high entry barriers.
- **Key players:** Novo Nordisk, Eli Lilly, Divis Laboratories, Neuland Laboratories, etc.

I

Fill-Finish Process

- APIs are filled into pre-filled syringes, cartridges, or vials and integrated with drug delivery devices.
- Drug filling and device assembly can be performed in-house or outsourced to Contract Manufacturing Organizations (CMOs).
- **Key players**: Catalent (acquired by Novo Nordisk for $16.5bn), One Source, Novocol Healthcare, etc.

II.a

Innovator / Generic filers

- **Innovators:** Novo Nordisk (Ozempic, Wegovy), Eli Lilly (Mounjaro, Zepbound)
- **Generic players:** Dr. Reddy's, Biocon, Sun Pharma, Cipla, Aurobindo, Zydus, etc.

II.b

III

End Users

Injectable device manufacturing

- GLP-1 therapies are primarily delivered through single-use auto-injectors or multi-dose pen injectors.
- Manufacturing is concentrated among a limited number of global players due to high technological complexity and patent barriers.
- **Key players**: Ypsomed, SHL Medical, Owen Mumford, Becton Dickinson, **Shaily Engineering Plastics**, etc.

SHAILY

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	**REDUCE**	Stock expected to provide returns of <5% – -10% over a 1-year horizon
ACCUMULATE	Stock expected to provide positive returns of >5% – <15% over a 1-year horizon	**SELL**	Stock expected to fall >10% over a 1-year horizon

The terms defined above are applicable to fundamental research reports published by the Research Analyst. For technical research reports, the expected (target) price is given in the report along with the time period within which it can be achieved. For Momentum Ideas the expected timeline to achieve the price target would be upto 3 months from the date of publication of the research report.

Spark PWM Private Limited **("Spark PWM")** holding SEBI Research Analyst Registration No.: INH200008954 and its affiliates are engaged in the business of investment banking, structured finance, asset management and private wealth management. Spark PWM is also registered with SEBI as a Stock Broker, Portfolio Manager, Depository Participant, Investment Adviser and is also a Mutual Fund Distributor registered with the Association of Mutual Funds in India (AMFI) and is also registered with Association of Portfolio Managers in India as a distributor of portfolio management products. Spark PWM is also Investment Manager to a Category I Alternative Investment Fund.

Spark PWM's affiliates include (1) Spark Capital Advisors (India) Private Limited which is registered with SEBI as Category I Merchant Banker, (2) Spark Asia Impact Private Limited (formerly known as Spark Alternative Asset Advisors India Private Limited) which is an investment manager to a Category II Alternative Investment Fund (3) Spark Asia Impact Managers Private Limited (formerly known as Spark Fund Managers Private Limited) which is registered with SEBI as a Portfolio Manager and (4) Spark Fund Advisors LLP which is an investment manager to a Category II and a Category III Alternative Investment Fund, (5) Spark Financial Holdings Private Limited and (6) Spark Global PWM Private Limited, a Category 4 DIFC registered company engaged in providing financial services.

The information and opinion expressed in this research report do not constitute an offer or an invitation to make an offer, to buy or sell any securities. The securities quoted in this document are for illustration only and are not recommendatory. This research report is provided by Spark PWM on a strictly confidential basis for the exclusive use of the recipient and has been obtained from published information and other sources, which Spark PWM or its affiliates consider to be reliable. None of the research analysts of Spark PWM accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this research report.

This research report does not claim to contain all information that an investor / potential investor may require for the purpose of making an investment. The past performance of a security, product or portfolio does not in any manner indicate the surety of performance in future. Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

This research report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Spark PWM also puts together Technical Analysis, and each recipient of this report must note that the views of the Technical Analyst is always based on short term market variables and will be materially different from the views of the other sector/fundamental analyst in Spark PWM, whose research reports are based on fundamental analysis of the subject company. Each recipient of this research report should make such assessment as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this research report (including the merits and risks involved) and should consult their own advisors. This research report is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. The price and value of the investments referred to in this research report and the income from them may go up or down, and investors may realize losses on their investments. Spark PWM does not provide tax advise to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. The material is based on information that we consider reliable and may be obtained from third-parties or derived / deducted on the basis of such information. Spark PWM does not represent that such information is accurate or complete.

This research report is not directed or intended for distribution 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, regulation or which would subject Spark PWM and/or its affiliates to obtain any registration or licensing requirement within such jurisdiction. The research analyst preparing this research report is not registered as a broker-dealer in the United States and, therefore, is not subject to US Rules regarding the preparation of research reports. The Research Analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as research analysts with FINRA or a US-regulated broker dealer. Recipients of this material should keep themselves informed about any such restrictions. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. This material should not be construed as an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction where such an offer or solicitation would be illegal. Recipients shall be solely liable for any liability incurred by them in this regard and will indemnify Spark PWM and/or its affiliates for any liability it may incur in this respect.

Securities markets may be subject to significantly higher risks, and in particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. By accepting this document, you agree to be bound by all the provisions as may be applicable pursuant to it. Nothing contained herein should be relied upon as a promise, representation or an indication of future performance. Certain statements made herein may not be based on historical information or facts and may appear to be "Forward Looking Statements", including those relating to general business plans, future financial condition and growth prospects. The actual results may differ materially from any "Forward-Looking statements" due to a number of factors, including socio, political, competitive environment, force majeure etc. Spark PWM makes no representation or warranty, express or implied, as to the accuracy, completeness or fairness of the information and opinions contained in this research report.

While we would endeavour to update the information herein on a reasonable basis, Spark PWM is under no obligation to update the information. Also, there may be regulatory, compliance or other reasons that prevent Spark PWM from doing so. Neither Spark PWM nor its affiliates or their respective directors, employees, agents or representatives shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this report or the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the report or the inability to use or access our service in this report or for any loss or damages whether direct or indirect, incidental, special or consequential including without limitation loss of revenue or profits that may arise from or in connection with the use of or reliance on this report. Opinions expressed herein are our current opinion as of the date of appearing on this material only.

Spark PWM and/or its affiliates and/or employees may have interests/positions, financial or otherwise, in the securities mentioned in this report. To enhance transparency, Spark PWM has incorporated disclosure of interest statement in this research report. This should, however, not be treated as an endorsement of views expressed in this report.

Spark Capital Advisors (India) Private Limited (holding company of Spark PWM) has gone through a process of reorganisation and demerged its institutional equities business (stock broking license and research analyst license) to Spark Institutional Equities Private Limited (Resultant Company) through a Composite Scheme of Demerger ("Scheme"). Further the shares of SIE has been bought by Avendus Capital Private Limited with effect from December 20, 2022.

Disclaimer (2/2)

Disclosure of Interest & Material Conflict of Interest Statement

DISCLOSURE OF INTEREST

Name of the Research Analyst (s): Devang Bhatt & Kaustubh Agrawal

The research analyst(s) hereby certifies that opinion expressed in this research report accurately reflects his or her personal opinion about the subject securities and no part of his or her compensation was or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr No.	Particulars	Yes/No
1.	Research Analyst or his/her relative's has financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3.	Research Analyst or his/her relative has any other material conflict of interest at the time of publication of the research report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	Research Analyst has been engaged in market making activity for the subject company(ies)	No

- Spark PWM may have financial interest in the subject company(ies).
- Spark PWM may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report.
- Spark PWM may have any other material conflict of interest at the time of publication of the research report.
- Spark PWM may have received any compensation from the subject company in the past twelve months.
- Spark PWM may have 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.
- Spark PWM may have received any compensation or other benefits from the subject company or third party in connection with the research report.
- Spark PWM may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- Spark PWM may have been engaged in market making activity for the subject company(ies).

Since Spark PWM and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of Spark PWM may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of Spark PWM may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

Spark PWM and/or its affiliates and/or employees, or their relative(s) may have a financial interest in the subject company. Spark PWM and/or its affiliates may have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. Spark PWM and/or its associates and/or its employees have been engaged in market making activity for the subject company.

In the last twelve month period ending on the last day of the month immediately preceding the date of publication of the research report, Spark PWM and/or its affiliates and/or employees Research Analyst(s) may have;

- managed/co-managed public offering of securities for the subject company;
- received compensation for investment banking/merchant banking/brokerage services/other products/ services of the group from the subject company of this research report;
- received any compensation or other benefit from the subject company or third party in connection with the research report;
- provided services to the subject company as a client under the various services provided by Spark PWM or its affiliates.

However, the above shall have no bearing on the specific recommendation made by the research analyst(s), as the recommendation made by the research analyst(s) are independent of the view of the affiliates of Spark PWM. No part of the research analyst's compensation was, is, or will be related, directly or indirectly, to the specific recommendations or views as expressed in this report.

Research reports are not exchange traded products, and hence disputes relating to research activities of Spark PWM do not have access to exchange investor redressal or arbitration mechanism. Spark PWM also hereby declares that its activities were neither suspended nor Spark PWM has defaulted with any Stock Exchange authority with whom Spark PWM is registered in the last five years. We have not been debarred from doing business by any Stock Exchange/SEBI or any other competent authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

Certification by Each of the Authors of the Report

The research analyst certifies that the views expressed in this research report are a representation of the Analyst's personal opinions on the stock or sector as covered and reported. The Analyst is principally responsible for the preparation of this research report and does not have any material conflict of interest at the time of publication of this report.

A graph of the daily closing price of securities available is at https://economictimes.indiatimes.com/markets/stocks/stock-quotes (Choose a company from the list on the browser and select the "5 years" option from the drop-down available in the price chart).

Spark PWM Private Limited. (Registered Office: No. 1, 3rd Floor, First Crescent Park Road, Gandhi Nagar, Adyar, Chennai 600 020; CIN: U93000TN2012PTC086696; Telephone No.: +91 44 69250000; Website: www.sparkcapital.in; Correspondence Address: Solitaire Corporate Park, Unit 1252 , Building No. 12, Andheri Kurla Road, Chakala, Andheri (East), Mumbai 400093; Telephone No: +91 22 62916700; SEBI Registration: (Stock Broker: INZ000285135; Portfolio Manager: INP200007274; Research Analyst: INH200008954; BSE RA Enlistment No- 5503; Investment Adviser: INA000021067; BSE IA Enlistment No. 2390; Depository Participant: IN-DP-757-2023); AMFI – Registered Mutual Fund Distributor: ARN 86685. APMI – Registered PMS Distributor (APRN00662). Compliance and Grievance Officer details: Mr. Anupam Mohaney: +91 22 62916700. RA Grievance Redressal Matrix & Research T&Cs

Spark PWM Private Limited does not use any Artificial Intelligence tools to provide research services.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Our Offices

Chennai
No. 1, 3^{rd} Floor,
First Crescent Park Road,
Gandhi Nagar,
Adyar,
Chennai – 600 020

Mumbai
Unit – 301, 302, Windsor House,
2, Kolivery Village,
MMRDA Area, Kalina,
Santacruz East,
Mumbai – 400 098

11^{th} floor, C Wing, ONE BKC,
Unit Nos. 1116,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051

Delhi
No. 23, 1^{st} Floor,
Community Centre,
Basant Lok,
Vasant Vihar,
New Delhi – 110 057

Bengaluru
No. 2, 3^{rd} Floor,
Prestige
Emerald,
Lavelle Road,
Bengaluru – 560 001

Hyderabad
No. 25 & 42, 3^{rd} Floor,
Lumbini Avenue,
Near Preston Prime Mall
Main Road, Gachibowli,
Hyderabad – 500 032

Pune
No. 7/352 1^{st} Floor,
Elbee House,
Boat Club Road,
Sangamvadi,
Pune – 411 001

Ahmedabad
No. 409, 4^{th} Floor,
Venus Amadeus,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad – 380 015

Kolkata
No. 9A-1 & 9B-1,
9^{th} Floor,
No. 95A,
Park Street,
Kolkata – 700 016

Kochi
No.1285 F1, Ground floor,
The Quadrant, MP Pylee Road,
Jawahar Nagar Avenue,
Kadavanthra P O,
Ernakulam – 682 020

Thiruvananthapuram
2^{nd} Floor,
Mankulangara Tower,
Kuravankonam,
Pattom P.O.,
Trivandrum – 695 004

Lucknow
Unit No.6, 3^{rd} Floor
Marigold Building,
Sapru Marg Shahnajaf Road,
Hazratfang,
Lucknow – 226 001

Kanpur
Unit No 205, 2^{nd} Floor,
Imperial Square,
16/105,
MG Road,
Kanpur – 208 001

Spark Global PWM Private Limited
Unit number- GV-00-04-03-BC-24, Gate Village Building
04, Dubai International Financial Centre (DIFC), Dubai, UAE