“Shaily Engineering Plastics Limited

Q2 & H1 FY27 Earnings Conference Call”

October 30, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 30th October 2026 will prevail

MANAGEMENT:

Mr. Amit Sanghvi – Managing Director – Shaily Engineering Plastics Limited
Mr. Sanjay Shah – Chief Strategy Officer –Shaily Engineering Plastics Limited

Moderator: Ladies and gentlemen, good day, and welcome to Q2 and H1 FY27 Earnings Conference Call of Shaily Engineering Plastics Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance, and it may involve risks and uncertainties that are difficult to predict.

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

Amit Sanghvi: Thank you very much. Good afternoon, and thank you for joining the Shaily Engineering Plastics Limited Earnings Call for the second quarter and first half of FY27. With me today are Sanjay Shah, our Chief Strategy Officer; and SGA, our Investor Relations advisers. Our results and investor presentation for the quarter ended September 30, 2026, have been filed with the stock exchanges and are available on our website as well. I trust you've had a chance to review them.

Let me start with the headline numbers. Consolidated revenue for Q2 FY27 was INR320 crores, up 24% year-on-year and 14% sequentially. This is our highest ever quarterly revenue. EBITDA rose 25% year-over-year and 22% sequentially to INR102 crores at a margin of 31.9%. Importantly, this is the first time we have crossed the INR100 crores EBITDA milestone in a single quarter.

Three points define this quarter. First, Healthcare is now the primary engine of our business, contributing 55% of revenue and growing 78% year-on-year. Second, gross margins recovered to 60%, about 70 basis points higher than a year ago, following the cost pressures we highlighted in quarter 1. Third, the Consumer business has finally stabilized over two sequential quarters, although it continues to operate below last year's levels.

The quarter was shaped by certain geopolitical uncertainties, input cost volatility and divergent demand trends across markets. Development in West Asia continued to impact freight cost and polymer prices, while demand for home furnishings in Europe and the U.S. remained subdued. We navigated these pressures through pricing discipline, procurement efficiencies and a favorable product mix, prioritizing margin resilience and quality of returns over volume-led growth in Consumer.

The global GLP-1 market is also entering a significant phase of transition. With semaglutide patent protection expiring in the first wave of markets, generic competition is gaining momentum. Launches commenced in India in March, followed by Canada's approval of a generic in April and Brazil's approval of its first generic in August. The resulting price reductions are widening patient access to these therapies and increasing volume.

For Shaily, this represents a significant opportunity. As affordability improves and patient access expands, demand for drug delivery devices is expected to grow. With established partnerships across multiple customers and geographies, we are strengthening our platforms and scaling capacity, including through our Abu Dhabi facility to capture this next phase of market growth.

Let me turn to segments, starting with Healthcare. Revenue stood at INR175 crores in Q2, up 78% year-on-year. Healthcare contributed 55% of revenue compared with 38% a year ago. For the first half, Healthcare revenue was INR318 crores, up 81%. Growth was led from our pen injector platforms, particularly the GLP-1 programs, alongside steady volumes in insulin and other therapies. We have delivered 10.4 million devices in the quarter and remain on track to exceed our full year guidance of 36 million devices.

These results reflect the strength of our customer partnerships, our engineering capabilities and our ability to scale complex device programs with consistent quality and precision. On the innovation side, innovation has been central to the development of Shaily's Healthcare business. From the outset, we are focused on building our own IP-led platforms, creating differentiated solutions for our customers and patients. We continue to build on this foundation.

During the quarter, we signed 2 new contracts for these platforms and launched our latest innovation, the Toby Reusable auto-injector, our 2-step reusable auto-injector for next-generation GLP-1 therapies.

Toby Reusable retains the same simple 2-step interaction of our Toby disposable auto-injector while introducing a multi-use format. The pre-filled syringe is housed in a single-use syringe pod, which attaches to the main mechanism the patient retains and reuses for over 200 injections.

The device delivers medication subcutaneously and incorporates a needle lock-out mechanism for added safety. The pod is made entirely from a single material and can be made out of recycled material as well, making it very easy to recycle as well as sustainable.

Compared with the fully disposable auto-injector, Toby Reusable is designed to reduce material consumption, energy use, shipping, as well as cold chain requirements. Our initial assessments indicate that conservatively, it is 70% more sustainable than a disposable two-step auto-injector. It combines the convenience of a disposable device with the material efficiency advantages of a reusable system.

For a weekly therapy that patients may use over several years, this is very meaningful. It demonstrates how thoughtful engineering can address not just the delivery of a medicine, but also the patient experience, cost of treatment and environmental footprint. These are increasingly important considerations for patients, payers and our pharmaceutical partners across the world.

We are also extending our platforms beyond GLP-1 into new therapeutic areas with a particular focus on emergency use and oncology. While GLP remains our largest growth driver, broadening our presence across therapeutic areas will make our Healthcare business more diversified and resilient over time.

In emergency use, a device has one critical responsibility: to deliver the full dose the first time, often in stressful circumstances and in the hands of someone without medical training. There is very little margin for error. This is fundamentally a precision engineering challenge and one that plays directly to Shaily's strengths.

In oncology, an increasing number of biologic therapies are moving from intravenous infusion to subcutaneous injection. This transition calls for devices engineered to handle larger volumes at higher viscosities. We are developing our platforms to address these more demanding drug delivery.

Getting to Consumer and Industrial. Consumer revenue was INR116 crores, down 14% year-on-year and flat sequentially. During the quarter, we received business confirmation for a new product from an existing customer and for higher volumes of an existing product from another customer. A few product lines, which still represent a relatively small part of the segment, continue to grow rapidly.

Industrial revenue grew 23% year-on-year to INR29 crores, driven by customers in Automotive, Appliances and Consumer Electronics. During the quarter, we received business confirmation for 7 new power tool products and new knobs from an Appliance customer.

Semiconductor Tray revenue remains on track to commence in Q4 '27 from our existing facility. Consumer Electronics and Semiconductor Packaging represent another important engine for Shaily. Commercial supplies have commenced for Consumer Electronics, and we are progressively scaling production of the 5 components awarded by our new customer. We would start trial production of Semiconductor Packaging in Q3 FY27, expect to start commercial shipments in Q4.

In parallel, we're pursuing a significant scale-up opportunity in both these segments, which we expect to unfold over the next 36 months. This business calls for many of the same capabilities that underpin our medical device business: tight tolerances, high cosmetic standards, rigorous process control and consistent quality across millions of components. These capabilities are a result of sustained engineering investment, process discipline and a strong focus on customer requirements.

We see considerable potential to leverage these strengths in a new market. Our approach will remain measured and disciplined, with the capacity expansion aligned to customer commitments and the pace of business development. I will update you as we achieve key milestones.

As we enter the second half of FY27, our priorities are clear. We will focus on 5 areas: ramping up our newly commissioned capacity; exceeding our full year device guidance; advancing our platforms in emergency use in oncology; progressing the Consumer Electronics and Semiconductor Packaging scale-up opportunity; and importantly, maintaining margin discipline as we grow.

We remain confident in the underlying strength of our business: our engineering capabilities, our growing portfolio of proprietary platforms, our customer partnerships and our ability to execute with precision and consistency at scale. Our ambition is to build Shaily into a global

innovation-led engineering and manufacturing partner, creating lasting value for our customers, patients and shareholders.

With that, I will now hand over to Sanjay, who will take you through the operating and financial highlights in more detail. Thank you very much. Over to you, Sanjay.

Sanjay Shah: Thank you, Amit. Good afternoon, everyone. Let me take you through the operating and financial highlights for the quarter.

The changing mix of our business is now reflected in our improving capacity utilization and operational productivity. Machine utilization across our plants rose to 52.5% in quarter 2 compared to 47.8% a year ago. This reflects the growing contribution of our high-value Healthcare business and our ability to drive greater productivity from our existing manufacturing base.

Exports accounted for 62.9% of revenue in H1 FY27 compared to 71.7% in H1 FY26. The shift is primarily attributable to growth in the Healthcare business where we supply Indian pharma customers who, in turn, serve global markets. While the reported export mix has changed, our participation in global markets continues to expand through these customer relationships.

Our financial position continues to strengthen with returns improving further in the first half. In October, CARE Ratings reaffirmed our long-term bank facilities at CARE A+ with a stable outlook and upgraded our short-term facilities to CARE A1+ from CARE A1. The upgrade reflects our healthy operating margins, improving leverage and debt coverage, and new business secured from both existing and marquee customers. It is a strong endorsement of our financial discipline, execution capabilities and growing customer confidence.

Consolidated financial highlights for Q2 FY27. Revenue was INR320 crores compared with INR257 crores in Q2 FY26, up 24% year-on-year. EBITDA rose to INR102 crores from INR82 crores in Q2 FY26, up 25%. EBITDA margins were at 31.9% compared with 31.8% in Q2 FY26. Profit after tax was INR61 crores compared with INR51 crores in Q2 FY26, up 20%. PAT margin was 19.2% compared with 20.0% in Q2 FY26.

Segment revenue for Q2 FY27. Healthcare revenue rose to INR175 crores from INR99 crores, up 78% year-on-year. Consumer revenue was INR116 crores, down 14% year-on-year. Industrial revenue rose to INR29 crores from INR23 crores, up 23%.

On the consolidated financial highlights for H1 FY27, revenue was INR600 crores as compared to INR503 crores in H1 FY26, up 19% year-on-year. EBITDA rose to INR185 crores from INR152 crores, up 22%. EBITDA margin improved by 60 bps to 30.8%. Profit after tax was INR109 crores compared with INR92 crores in H1 FY26, up 18%. PAT margin was 18.2%, compared with 18.4% in H1 FY26.

Cash PAT was INR138 crores, up 19% from INR116 crores. ROCE and ROE were at 41.1% and 29.7%, respectively, as of 30th September 2026. Debt to equity was 0.2x, and the fixed asset turnover was 2x as of 30th September 2026.

Segment revenue for H1 FY27. Healthcare revenue rose to INR318 crores from INR176 crores, up 81% year-on-year. Consumer revenue was INR231 crores compared with INR286 crores in H1 FY26, down 19%. Industrial revenue rose to INR51 crores from INR41 crores, up 24%.

That concludes my update. We will now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ritesh Shah from Investec.

Ritesh Shah: Congratulations for a good set of numbers. Sir, I have multiple questions. First is, you indicated on Toby. Just wanted to understand how it will widen our TAM? What gives us comfort that it won't decimate our existing product basket? If you could add some comments with respect to pricing and profitability over here, that would be great. And lastly, indications besides GLP-1 that it can actually treat. That's the first question.

Second, you did touch upon emergency auto-injectors, but is it possible to give some time lines with respect to monetization or launch for on-body auto-injector, which is Mira, emergency auto-injector. And I think on the last call, you had indicated about eye applicator as well. So that's the second question, 3 parts.

And the third question is more of a clarification. I think there is a news flow with respect to one of the Ministry of Health advising a recall with respect to product impurities, incorrect dose display and packaging errors.

So I think these are the 3 variables which have been indicated. But if one goes into further detail over here, it does indicate incorrect dose display as well as incorrect dose delivery. So just wanted to have clarification that this is something which doesn't impact Shaily. And if it does, then what is the impact it would have? These are the 3 questions.

Amit Sanghvi: Thank you. All right. I got to remember all the questions, Ritesh. So on the pipeline, look, I think we're close to finalizing a customer for the on-body Mira, post which we will have a 14-month time line to deliver clinical batches, which means the product will be fully designed and verified, and we will deliver clinical batches, but we've not finalized the customer yet.

Now moving on to Toby Emergency Use. We have 2 active customers on emergency use for whom we are developing this product. From a time line perspective, the clinical batches are due end of '27, which means that earliest commercialization to production will be probably end of calendar '28.

Now on to Toby Reusable, whether it cannibalizes our existing market or not? To be honest, I don't think so. There is a place for pens and there is a place for auto-injectors. Now the reason auto-injectors are widely used is because how easy they are to use, especially when you have fixed dose therapies.

You don't want to go through the process of dialing, putting on a needle, etc. So the idea behind Toby Reusable is to find a way to give the same user use experience with the with a very significant sustainability angle. So at the moment, if you think about it just between 2 large

players, one is Mounjaro or Zepbound and Wegovy, you'd be looking at a global auto-injector consumption of over 1 billion injectors that end up in the landfill every year.

And to us, increasingly, Toby Reusable is targeted very much for innovator pharma because there isn't an innovator that has a reusable auto-injector, it's unlikely that a generic will take it forward. So a) it doesn't cannibalize any of our existing product portfolio; b) increasingly, most have commitments to cut waste, become more sustainable, various EU regulations and global regulations that account for it.

So we have a very nice solution where I think you maintain either same or higher possibly profitability, but providing a very, very unique solution to the customer, which also then gets a differentiated product on the market, right? Because everybody has a two-step auto-injector now. Does that answer your question on the first part?

Ritesh Shah: Yes. Is there any time line with respect to the tie-up, with respect to Toby or where are we in the process? I think that was one. I think I was also hoping you can tell something on eye applicator.

Amit Sanghvi: Eye applicator has just completed qualifications. We should be in supply by the end of this quarter, early next quarter.

Toby Reusable was just launched at CPHI. It's a product where we have completed potentially 80% of development. There are still some bits which are yet to be completed, which we're working on at the moment.

But the early launch was with the purpose that if there is interest in the product, which through the 3 exhibitions that happened in October, we know there is a lot of interest in the product. We can find a partner who then gets to put their stamp on the product in terms of feature, functionality, size, shape, etc. So we're looking for a partner. As and when we acquire one, we will give you that update.

Now coming to the product recalls announced by some of our potential customers in various markets. I can't comment on the API impurity because I have no expertise in that domain. As far as the label and dose marking is concerned, it's the same problem. So essentially, there is a variant of the pen, which had an incorrect label on it.

Therefore, the label indicates one dose, whereas the pen actually is for another dose. This has no bearing or there's nothing attributed to Shaily for this particular recall. It's whoever are essentially doing either final assembly or packaging or the distributors that are attributing to this particular issue.

Ritesh Shah: So just to clarify, when the document says incorrect dose delivery, basically, there's nothing to do with the device. It is more with respect to the labeling. Would that be a fair understanding?

Amit Sanghvi: Yes, because your label will state the dose the pen is supposed to deliver. But the pen actually it's a different SKU. It's not that SKU. So there's incorrect labeling on the pen. Does that clarify?

Ritesh Shah: Just a follow-up. No, that clarifies. And this won't have any impact on our volumes, say, Q3, Q4 or going forward, if at all?

Amit Sanghvi: No, our demand is strong, even stronger, to be honest. And that's where we are focused right now. We've just installed the Neo line, which we are now getting into qualifications next week.

Moderator: The next question is from the line of Harshh Shah from JM Financial PMS.

Harshh Shah: A couple of questions from my side. So Amit, sir, if you could give some color as to what sort of feedback we would have kind of received from a number of trade fairs that we kind of participated recently. So basically, what I'm trying to understand is, is it something that the potential customers are kind of asking from us, which probably we wouldn't right now have, say, maybe related to a certain specific therapy or anything else, something on that from the potential customers?

Amit Sanghvi: I think I mentioned in one of my previous calls, there's about 60-odd GLP-1s under development for various indications. 80% of them are injectables, which means they'll end up in either a pen or an auto-injector. Two-step auto-injector is a two-step auto-injector, whether you buy it from us, one of our competitors or anyone else.

There isn't a differentiation. And after single use, they end up in the landfill. So as I was telling Ritesh that the reason people like it is because it's very easy to use. You have only two steps to basically pull the cap off and inject and you're done with it. So we wanted to maintain that same usability, but offer a differentiated solution and there's a very significant cost associated with cold chain with the amount of material that is being disposed of.

So if you look at a size of one pack of auto-injector, we could put 4 pods in the same size. So essentially, if it's a once weekly therapy, then your cold chain costs are down to 20%, 25%. Your material consumption is down too .

Sanjay Shah: Even the logistics cost of distributing it.

Harshh Shah: I see. And how was the overall feedback in the trade fairs?

Amit Sanghvi: Very high. I mean, feedback has been very good. We, in fact, had subsequent meetings with potential customers to showcase the product on a one-to-one basis.

Harshh Shah: Okay. Got it. Secondly, if I circle back to your previous con calls, even the latest annual report and even in the AGM, there seems to be a lot of confidence that you all have regarding an innovator that you would probably crack in. So what I'm trying to understand is that at what stage of discussion are we with the innovator? Is it something safe to assume, say, that by end of calendar year '27, at least we could have 1 or 2 innovators onboarded?

Amit Sanghvi: Look, that's where all the efforts are. Conversations are also good. We're participating in RFQs. We're doing as much outreach as we can. I'm fairly confident that, yes, by the end of calendar '27, we should be able to crack 1 or 2 innovators. Having said that, when you crack an innovator,

the revenue isn't going to start flowing from '28. It's going to be a 3- to 4-year journey before you see revenue flow in.

Harshh Shah: Yes. Got it. Thirdly, I was going through your last 3 annual reports, there is a proper mention of aerospace and defense as a tangible opportunity for us. I am aware that your hands are full, you have a lot to do. But just as a clarification, are we kind of either looking into these segments? Or are we supplying indirectly some of the high-precision components?

Amit Sanghvi: We've been supplying indirectly some of the high-precision components for quite a long time. But have we made any headway in that, in aerospace and defense? The answer is no, we haven't.

Harshh Shah: Got it. Okay. And just last question from my side before I get back in the queue. On the Consumer Electronics part in the segment, just wanted to check, are we engaging in discussions, say, with other potential customers as well? Or the focus is currently to kind of ramp up with the customer who gave us 5 components.

Sanjay Shah: So Harshh, if you look at the last 2 concalls, what we have said is, we were working with one customer. We are adding 5 components with another customer, and we will look at other customers also as we go and ramp up that business.

Amit Sanghvi: We already have 2 customers. And we are in discussions. We cannot make any disclosures in terms of customer names and whatnot. But yes, we are working with multiple potential customers for scaling up the business.

Harshh Shah: Got it. Just a follow-up on this. Is there a possibility that our capex for the Consumer Electronics as a start could be in excess of INR100 crores? You did mention that minimum would be INR100 crores, but is there a possibility of doing even more as a start?

Sanjay Shah: Harshh, it's a little too early to talk about it.

Amit Sanghvi: Yes. I think it's a little early. And second, looking at all the discussions we've had, I think INR100 crores still makes good sense. Whether INR100 crores goes to INR120 crores or INR80 crores, I don't know, but that is going to be about that.

Moderator: The next question is from the line of Vinil Shah from Dalal & Broacha.

Vinil Shah: Congratulations on a good set of numbers. So my first question is with regard to the Healthcare growth. So last quarter also, you had indicated that the FY27 volumes would exceed 36 million pens. And now that we are seeing good growth and with our internal bottlenecks also easing out, do we wish to revise our guidance? And like is there a higher rate of growth we are expecting in the Healthcare segment?

Amit Sanghvi: I think we will exceed the guidance. Now how much we exceed it by, I have no clue. And short answer, we are not in a position where the pressure on ramp-up has eased off. It's easing off. It has not eased off. So it's still work in progress. Maybe end of this quarter, when we have our next call, we'll be in a better position to answer that question.

Vinil Shah: Okay. And just one clarity expansion which we are planning for Abu Dhabi, it shall be ready by end of FY 2028. Is my understanding right?

Amit Sanghvi: Correct.

Vinil Shah: Sorry. I was saying that our other expenses for the quarter have risen 45% Q-o-Q. So I just wanted to understand that is this because of a change in the revenue mix? Or is there some one-off cost or a specific opex, which we are putting in ahead of the new capacity? So just wanted to understand what will be the recurring cost base for us in this quarter?

Sanjay Shah: So other expenses basically includes a host of expenses as there will be some one-off costs which would have been incurred. But then yes, if you want to compare it against the last quarter, there is a change in the business mix for which there would be some higher expenses, which would have been there. So it's a combination of one-off expenses and some increase in expenses.

Vinil Shah: Would you like to quantify the one-off expense, Sir?

Sanjay Shah: I don't think I'll be able to quantify that currently.

Vinil Shah: The next question is from the line of Akhil Parekh from 360 One Capital.

Akhil Parekh: My first question is on the capacity. With this 25 million pens capacity, when should we start expecting the commercial sales from it?

Amit Sanghvi: Commercial sales for which capacity?

Akhil Parekh: Sir, the 25 million pens capacity, which we have added.

Amit Sanghvi: Yes. So it starts qualification next week. If all goes well, we should be in a position to start selling from that capacity in December.

Akhil Parekh: Second, on the consumer segment, now is it fair to assume we have bottomed out in terms of the quarterly revenue perspective. And from here on, bare minimum, we should see what we delivered over the last 2 quarters and maybe grow over that number basically in subsequent quarters. Is that a fair assumption?

Sanjay Shah: I think Akhil, Amit already mentioned that we see that business steadying at a level. So I think this year, we think it will probably steady at this level. And then depending on how geopolitics and the global situation plays out, we should basically look at growth next year. We had also indicated, I think, in the Q4 call as well as the Q1 call, on a net level, I think business will, on the consumer part of it, it will remain flat for the current year.

Akhil Parekh: And 2 more questions from my side. One is the subsidiaries, right? If I look at consol minus stand-alone, our subsidiary is incurring losses for the last 3 quarters. How should one read that particular number?

Sanjay Shah: So it's making a loss for the last 2 quarters. There has been some revenue which we have not recognized in quarter 2 because as we have said last time also, there were some customer

confirmations pending, which have not come in. But I think on an overall basis for the whole year, we would not have a loss.

Akhil Parekh: Yes. Just lastly, on the semiconductor trays and consumer electronics segment, any ballpark or directional sense you would like to give how this business will look like, say, a year down the line, FY28 and what numbers we can build in from these 2 segments?

Sanjay Shah: I think Amit already mentioned in his speech in terms of what we are looking at. Giving numbers right now would be a little difficult. But on consumer electronics, what we are looking at is basically starting supplies of the five components, which we have taken between Q3 and Q4. And on semiconductor, start qualification with customers and then start commercial shipments from Q4 FY27.

Akhil Parekh: Sure. And if I can squeeze in one last question. With regards to innovators, right, Amit mentioned that it's a process of 3 to 4 years after the approval where we get contribution. So is it because the innovators want more suppliers in the backup? Is that the reason why we might take 3, 4 years for them to kind of meaningfully contribute to the revenue? Or is there a capacity build-up happening at the innovator's end, and hence, we might see a healthy quarter over a period of...

Amit Sanghvi: It is very unusual that you get a chance to participate on an existing molecule. So what you do is you participate on a new molecule. When you participate on a new molecule, you're entering at about Phase II, Phase III of the customer. So from there, the journey to their own approval is 3 years.

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

Aman Vij: My question is on the Brazil, Turkey and Mexico market. Could you give a rough time line in terms of launch of our products in these markets? And what kind of market share we can get here? I believe Canada, we have maybe 50% plus. But what about these markets?

Amit Sanghvi: No, Canada, I think at the moment, we have 100%. I'm not aware of any generic player in Canada, which is not on our product. Okay, but not to sound arrogant or anything. I think we have approval in Brazil. We have it in Canada. We are supplying to multiple other smaller geographies. As far as Turkey and Mexico are particularly concerned, I don't have a time line. But I would assume that first mover's advantage will follow in those markets as well.

Aman Vij: Okay. Second question is, so you are increasing your guidance to 36 million pens for this year. What is a reasonable estimate as of now for, say, next year, FY28? Should we assume $50 million kind of number? Or should we assume higher or lower?

Amit Sanghvi: Difficult to answer, Aman. For this year, particularly, our second line is starting qualification. I'm fingers crossed, everything goes well. But in terms of what we could potentially do in the current financial year, I don't think we're in a position to answer that. The next call, I hope we can answer it then. But at the moment, we're not in a position. We'll exceed 36 million. That I think there's a fair bit of confidence.

As far as next year is concerned, the number you stated, give or take, 15% is what we're targeting. Could be higher, could be lower. We don't know again. It's not a guidance. Markets are still launching. So at the moment, you only have 3 markets where the product is launched. We still don't have enough data to comment what next year is going to look like.

Moderator: The next question is from the line of Vishal Manchanda from Systematix.

Vishal Manchanda: On your pen guidance for the year, what percentage of that would be GLP-1 pens? Or is that entirely GLP-1?

Amit Sanghvi: No, it's not entirely GLP-1. I think the split this year at the end of the year was likely to look at potentially 70-30.

Vishal Manchanda: Okay. And is there growth in insulin pens as well or largely the growth is going to come from the GLP-1s?

Amit Sanghvi: No, next year, we should be back on track with insulin. It's a priority issue right now. So we've prioritized GLP-1 over insulin. But with the added capacity, we should be in a position to take additional quantities for insulin next year.

Vishal Manchanda: Okay. And would you have a sense as to what percentage of your GLP-1 supplies is meeting the domestic demand and the exports? How would that be split?

Sanjay Shah: So Vishal, when we supply a pen to a customer, it's the same pen, which is for all the different markets. So we would probably not have a split in terms of what is the customer selling in India, what he is exporting it out.

Moderator: The next question is from the line of from Bhavika Singhvi from Niveshaay.

Bhavika Singhvi: So the first question I have on the pricing. Like if I take the Healthcare revenue per device has gone up this quarter, like around INR168 from the last quarter, which was around INR158 so wanted to understand that, is it led by the GLP pen prices?

Because I think in the previous call, you have mentioned that we are already facing like 10% to 15% pricing pressure in the pen. So just wanted to understand overall, like how we see the price decline happening over next 2 years? And how much we can absorb by holding the margins of what we are currently doing?

Sanjay Shah: I'll let probably Amit answer the second part of the question. On the first part of your question in terms of average price. Now when you look at average price, it's a combination of all the supplies which we are doing. It's not one standard price across different devices, which we do. At the same time, we used to do insulin on a contract manufacturing for a customer last year, which we are not doing in the current year.

So that capacity has been replaced by GLP, but the realizations would be higher. So that's the reason for the change in the price when you look at an average price. Amit, do you want to answer the second part of the question?

Amit Sanghvi: There is pricing pressure. And for all the long-term contracts that we currently have in place, a) price erosion has already been built into that contract. Now I'm very confident we will be able to maintain our margins. I'd say we will maintain our margins primarily because there's no operating leverage that has kicked in yet.

So we're still operating if you look at capacity utilization, you're at 52%, I believe. So you have a fairly significant operating leverage that's yet to kick in. For material prices, we do have an index mechanism with our pen pricing where at least the inflationary measures will be passed on. So even with erosion at a baseline, you will have not a situation where you're going to end up losing out on your margins.

Bhavika Singhvi: Got it. And sir, the second, I want to understand because now we are also building on-body injectors, which I think you mentioned in the last call that we will be able to do around like 15% to 35% in one device it's a high realization pens compared to the GLP-1s. But in volume terms, it's less like 1 million to 2 million.

So just wanted to understand that what is the market size? Do we see the market size of this on-body injectors because if I look at the oncology as an industry, it's going quite well. So do we see the penetration of this pen happening? And who are the competitors for us in this particular segment of pens?

Amit Sanghvi: So I think right now, you have about 3 or 4 molecules on on-body injectors. The one that is going to be targeted by generics is Neulasta. And then you have some recent launches for monoclonal antibodies by Sanofi in this EnFuse on-body system. So we see increasingly therapies going towards on-body, but I don't have a clear answer in terms of what that's going to look like in total volume.

Bhavika Singhvi: Okay. And what margins we are expecting for that category of pen?

Amit Sanghvi: The margins it's directly correlated to the volume and the complexity. So on-body obviously tends to be highly complex, which means that you have a high capex and a higher developmental cost. But yes, once you get into supply, the margins are far higher than that of GLP-1s, but it also because that there is a high capex cost upfront.

Moderator: The next question is from the line of Rupesh Tatiya from Long Equity Partners.

Rupesh Tatiya: Congratulations, Amit, for a very good set of numbers. My first question is, I mean, our auto-injectors, how do they work on, let's say, biologic or biosimilars? Are there any programs where we involved with such a product?

And the corollary to that is, are there any products in the pipeline which can eventually give us, let's say, 40 million, 50 million pen volume eventually in, let's say, 2, 3 years? Because I know the field is really small. There might be handful molecules, which can go to 40 million, 50 million pens, but are you working on any of them? So these are the 2 questions, yes.

Amit Sanghvi: I believe every molecule we are working on in pens and auto-injectors have a far higher potential than 40 million-50 million. See, I mean, just look at between semaglutide and tirzepatide, you have 1.5 billion devices potentially being made every year.

So most of that volume comes from auto-injectors, not from pens because U.S. is 100% in auto-injectors as far as Wegovy and Zepbound and Mounjaro are concerned. I don't think U.S. has a pen for these products yet. So I mean, even today, we're supplying auto-injectors in the Middle East at a volume of, I believe, 6 million to 7 million a year.

Rupesh Tatiya: I'm not questioning the potential of semaglutide. I'm asking is there another molecule which can become as big as semaglutide? That is essentially the question, be it biologics, biosimilar or any non-GLP therapy?

Amit Sanghvi: Every novel molecule that is especially in the GLP-1 category has the potential to become 50 million to a 100 million at a reasonable number. Now if we look at generics, you must have read recently, there's quite a few generic players now targeting Keytruda. So that will be another area where we participate with an auto-injector.

Rupesh Tatiya: That's good to know. And second question is on the U.K. subsidiary. If I do consolidated minus stand-alone, the EBITDA loss is roughly INR7 crores for H1. So you are saying that we will be EBITDA positive as well as PAT positive for the full year. Is that a fair understanding?

Amit Sanghvi: Yes.

Moderator: The next question is from the line of Raghav Mittal from Dhamma Capital.

Raghav Mittal: So I want to ask you, Amit, about your semiconductor tray. So from what we understand, there is the JEDEC trays and there's a ball grid arrays, and then there's tape and also IC tubes. So I just want to understand what is the strategy? What kind of products are we going to target?

And given the Malaysian and Chinese competitors here, how do we position ourselves to our customers that they feel compelled to buy from us versus others, the product, pricing and any sort of volumes that we are targeting would be helpful.

Sanjay Shah: So Rahul, what we're looking at is basically doing JEDEC trays, tapes, carrier tapes and wafer boxes. So that's what we would be looking at targeting. As we had mentioned in our earlier calls also that we have tied up with a Korean partner who are now the large players in this segment of the market and work with around 150-plus customers globally.

So from a product acceptance and everything, this will be much more faster because we are replicating their manufacturing process, which they have in their plants in Korea and Taiwan and India. So that's what we would be looking at.

Second is, I think from a pricing perspective, we won't be competitive against the other players because it's similar products which are there. Volume currently, it's a little difficult to mention because it will depend on how the ramp-up in India happens that will decide volumes.

Raghav Mittal: But for our products, what do you think is the packaging material that will be preferred by the Indian customers? Are you going to supply to Indian customers or also export? Because from what we understand, somebody might be using ball grid arrays, somebody might be using something else. So I just want to understand on what percentage of their product portfolio are we going to play in?

Sanjay Shah: So with Indian customers also, 5 players who are coming in India currently, or with the OSAT and the TSAT plants, they will be using a combination of JEDEC trays as well as carrier tapes and everything. When we discussed with them, their product portfolio is also evolving. So getting to an exact market size it's is a little difficult right now. But the take is we are setting up a small capacity to start with. And if we start supplying, we understand the demand, we will add more capacity.

Raghav Mittal: Got it. And the Korean partner, are we going to do like a contract manufacturing? Or is it a royalty? Like how does the tech partnership work? And also just lastly on this segment, do you expect the margins to be similar to your IKEA business or meaningfully higher or lower?

Sanjay Shah: So we will currently be doing contract manufacturing and also exporting to them in Korea or Taiwan. From a margin perspective, our take is that it will be better than the average margins on the consumer or the industrial business. So that's the expectation.

Moderator: The next question is from the line of Ananya Nichani from Thinqwise Wealth Managers LLP.

Ananya Nichani: I have a couple of questions on the consumer business. First is, how has the demand weakness been in the sense? Has it been market-wide or only from the top contributing clients?

Second is, how are the price pass-throughs being taken? Like what percentage of price hikes in polymer prices are you able to pass on and with how much of lag?

Sanjay Shah: So on the price inflation basically gets passed on with a lag. As we have said earlier on our calls, with different customers, you would have different time lags. With some customers, you would have a lag of 2 months, with some customers, you would have a lag of 3 to 4 months. So that's how it happens. Consumer demand in Europe and the U.S. is weak. Amit also mentioned about this in his opening remarks. And how and when it will improve will depend on how the global situation evolves and how inflation is tackled in these markets. So probably for me to guess on that will be very difficult.

But yes, what I can add is that if you were to look at last 4 quarters or last 6 quarters, we have been consistently adding newer products in this segment. So that's what we're looking at is basically building up a portfolio and adding more products. So as volumes pick up, you can do a ramp-up across different products.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Amit Sanghvi: Thank you very much. So in closing remarks, Healthcare now contributes 55% of Shaily's revenue and grew 78% year-on-year this quarter, underscoring the strength of this business as

our primary growth engine. Innovation remains at the core of our strategy. We are extending our proprietary platforms into new therapeutic areas, including emergency use in oncology, while actively pursuing a significant scale-up opportunity in consumer electronics and semiconductors over the next 36 months. While consumer demand remains subdued in the near term, our strategic priorities remain clear.

We will continue to combine engineering ingenuity, precision and responsible execution to solve complex customer challenges at scale. This is the foundation on which we intend to build Shaily's next phase of growth and create sustainable long-term value for our customers and shareholders.

Thank you for joining today's call and for your continued interest and support. Should you have any further questions, please reach out to SGA, our Investor Relations advisers. Thank you once again, and have a great evening.

Sanjay Shah: Thank you, everyone. Good day.

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