

**Shaily Engineering Plastics Ltd**

# **Q4 & FY20 Investor Presentation**

**May 2020**





# Overview

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**5  
Facilities in  
Gujarat**

**REVENUE  
5 Years CAGR  
10% ↑**

**120+ Injection  
Moulding  
Machines**

**EBITDA  
5 Years CAGR  
9% ↑**

**1,100+  
Employees**

**PAT  
5 Years  
CAGR  
10% ↑**

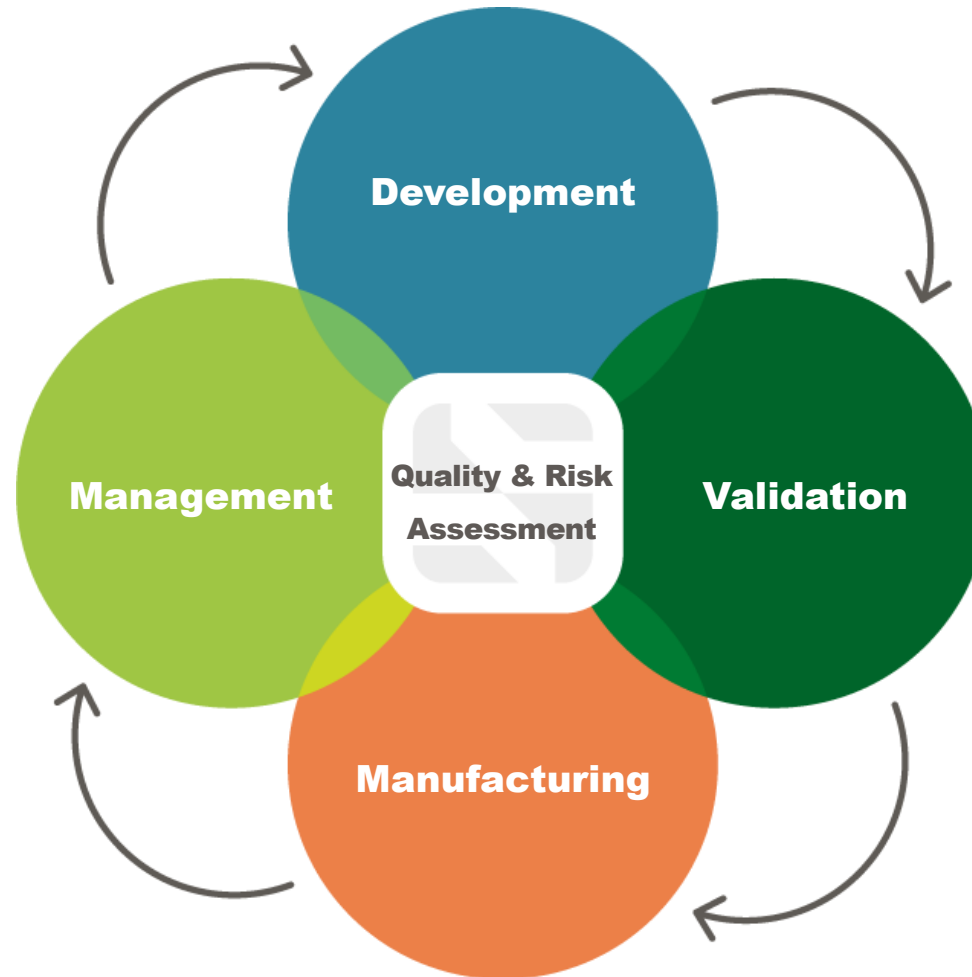


## Management

- Key account
- Supply chain
- Continuous improvement

## Manufacturing

- Precision injection molding
- Cleanroom manufacturing
- Innovative assembly
- Industrialization and scale up



## Development

- Conceptualization
- Program management

## Validation

- Pilot testing
- Quality management system
- Documentation

## Carbon Steel Plant Update

- Commissioning of Carbon Steel Plant at Halol was delayed on account of Covid-19 and is now expected to be commissioned in June 2020
- To commence trial production of Carbon Steel Products in June 2020

### New Carbon Steel Facility at Halol Photographs as of May 27, 2020





**Dr. Shailesh Ayyangar**  
(Independent Director)

- Dr. Ayyangar has a rich **experience of over 3 decades in the Pharmaceutical industry**
- He was the **Head of Sanofi in South Asia** and former **MD at Sanofi and MD at Sanofi Synthelabo India**
- Prior to Sanofi he held management positions at **GlaxoSmithKline (GSK), India, SmithKline Beecham, UK, London and SmithKline Beccham, India**
- Dr. Ayyangar has also been **a part of a select CEO group** formed to **advise the Prime Minister's Office (PMO)** in suggesting new policy framework to attract more FDI and create environment for ease of doing business
- He has also been **associated with** multi-lateral agencies such as **WHO and advocacy groups in US and European Union**



**Ms. Varsha Purandare**  
(Independent Director)

- Ms. Purandare has a rich **experience of over 3 decades in the Financial industry**
- She was **MD and CEO at SBI Capital Markets Limited** where she was in-charge of SBI Caps and its five subsidiaries
- Prior to this, Ms. Purandare was the **Deputy Managing Director and Chief Credit and Risk Officer of State Bank of India**, where she headed the highest Credit Committee and was in-charge of the overall credit function
- Besides the above, she has also held **several positions in State Bank of India, in India as well as abroad**

### Mr. Anil Kalra (Chief Executive Officer)

- Mr. Kalra has a rich experience of **over 4 decades**
- He holds a **Mechanical Engineering degree from IIT, Delhi**
- He has been **associated with Samvardhana Motherson International Ltd. for over 19 years as President & CEO**
- Mr. Kalra has led numerous organizations from strategic planning, growth & transformational perspectives, demonstrated turnaround of numerous troubled companies, directed wide-ranging mergers & acquisitions, and delivered stellar P&Ls
- **Other than his long stint at Samvardhana Motherson International his professional experience includes the following:**
  - CEO, Control Group
  - CEO, Oman filters, Muscat
  - Advisor to the management of Continental Engines (part of Bakshi Group)
  - GM and plant head, Blowplast
  - DGM, Anand group (Purolator)
  - Association with Eicher & Kinetics Technology
- Date of Appointment June 01, 2020





**Our  
Performance**



Q1

**Pharma:**

- Received Business for 1 new drug delivery device from a large domestic company
- Total number of drug delivery devices under development – 12

**Toys:**

- Business confirmation received from a large Toy company for manufacture & supply of two products

Q2

**Pharma:**

- Confirmation of Business for Bottles & Caps received from a Japanese entity

**FMCG:**

- New business under negotiation with a large MNC in personal care segment

**Automotive:**

- Additional business confirmed from an automotive customer for Rod

Q3

**Pharma:**

- Submission of trial batches of 4 different pens done to customer in Q3

**Toys:**

- Initial shipments made to Spin Master
- Ramp up expected in Q1 FY21

Q4

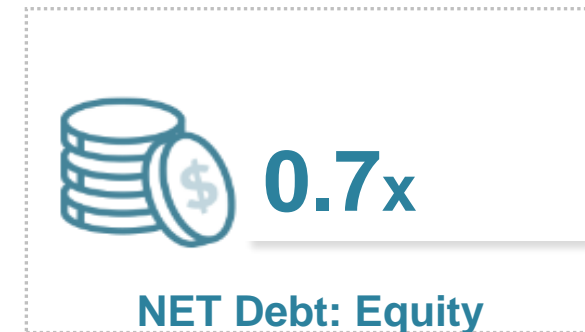
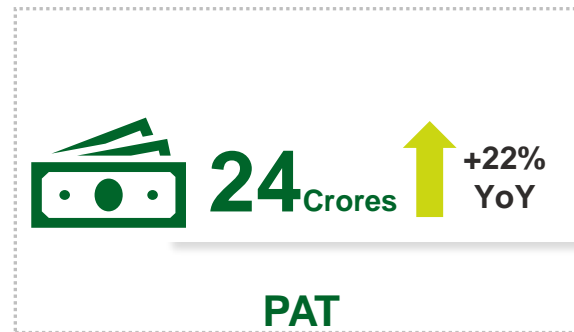
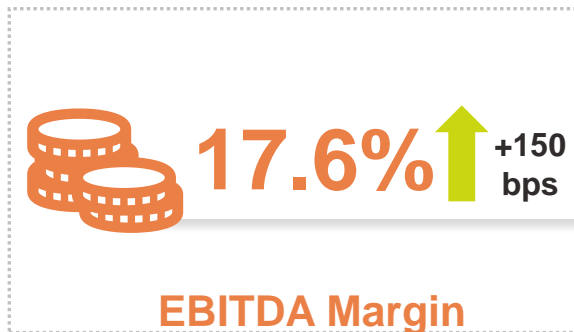
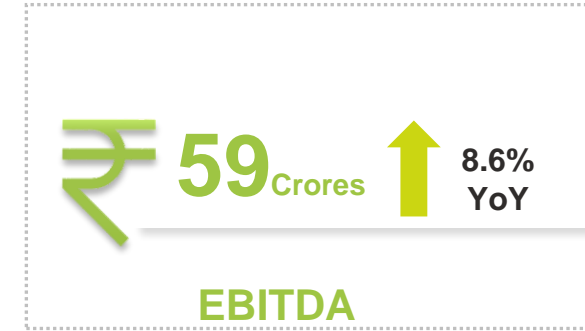
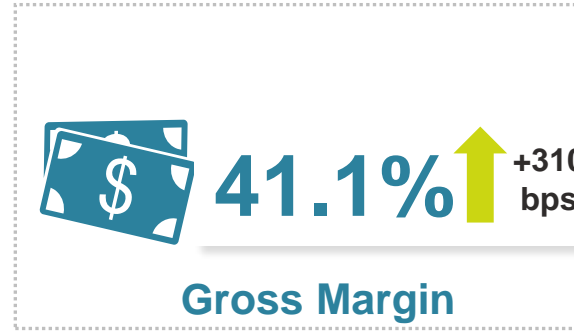
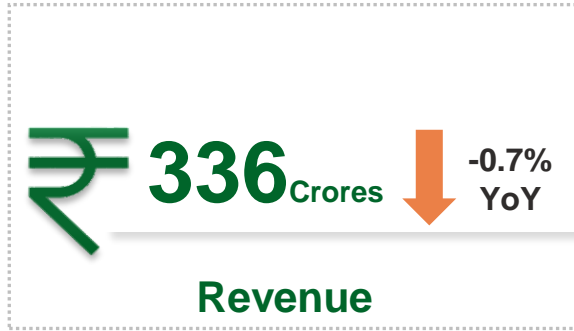
**Pharma:**

- Made commercial supplies of CRC caps to two companies during the previous quarter

**Automotive:**

- Additional business confirmed from an automotive customer for 2 parts

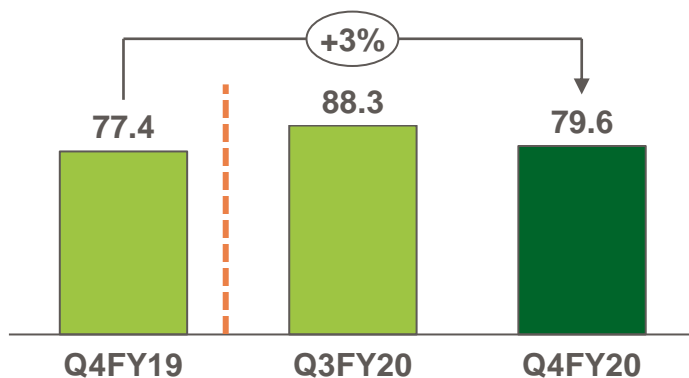
# Strong Operating Performance in FY20



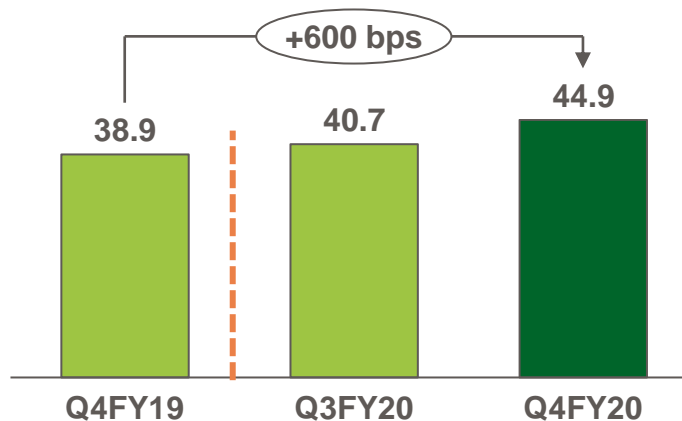
# Key Financial Highlights – Q4FY20



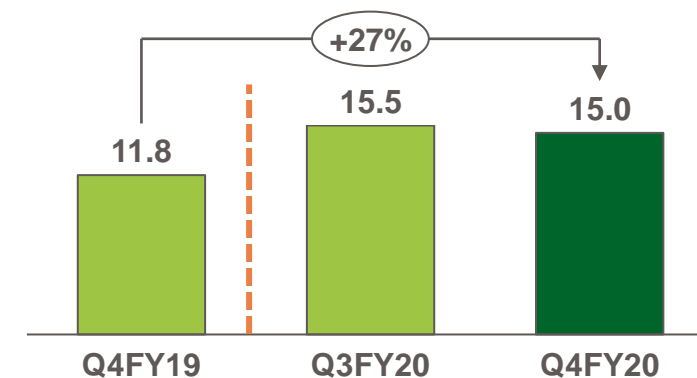
(Rs. Cr.) Revenue



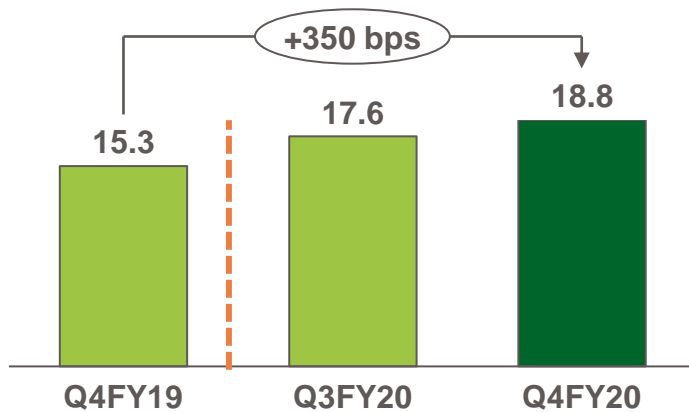
Gross Margin %



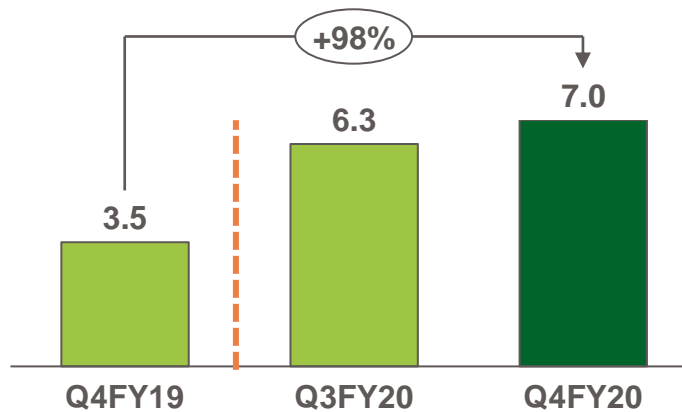
(Rs. Cr.) EBITDA



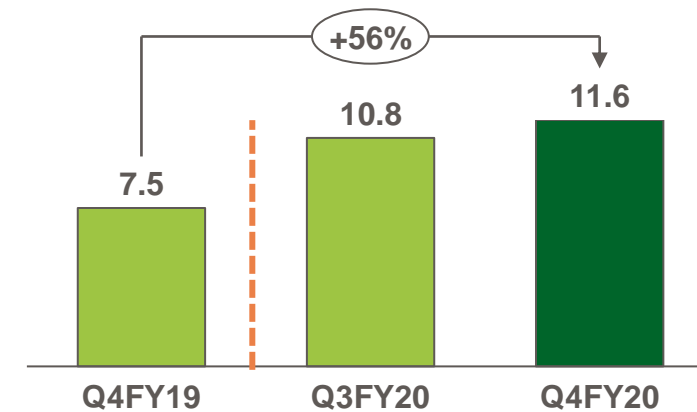
EBITDA Margin %



(Rs. Cr.) PAT



(Rs. Cr.) Cash PAT #

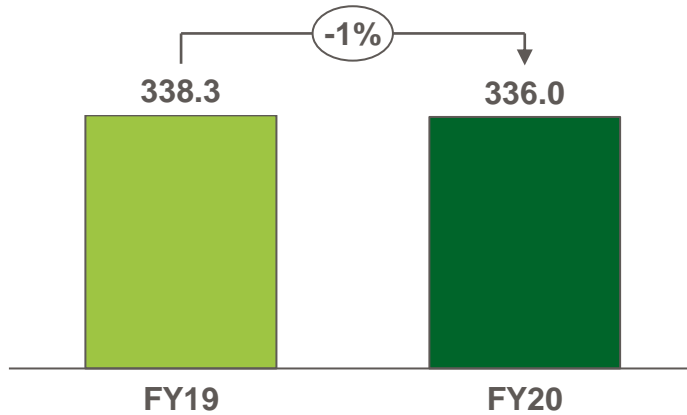


# Cash PAT includes PAT & Depreciation

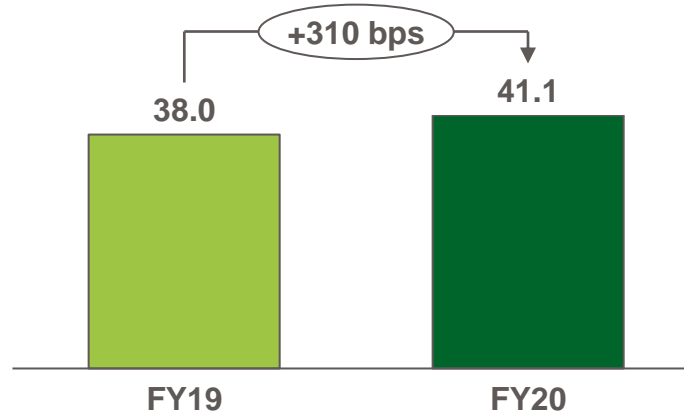
# Key Financial Highlights – FY20



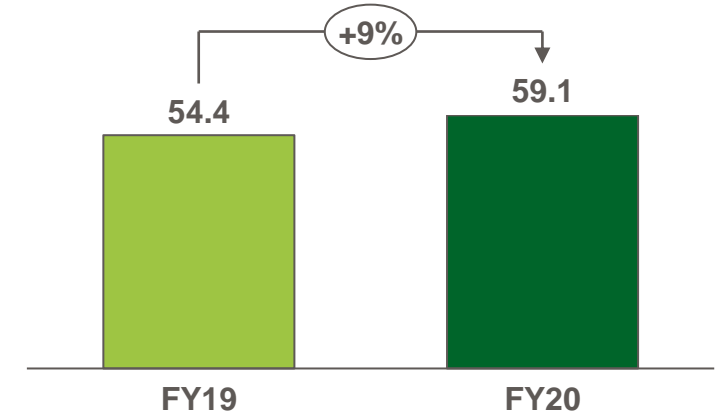
(Rs. Cr.) Revenue



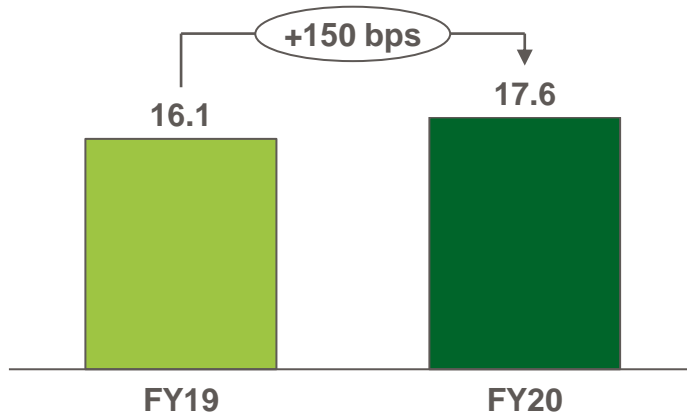
Gross Margin %



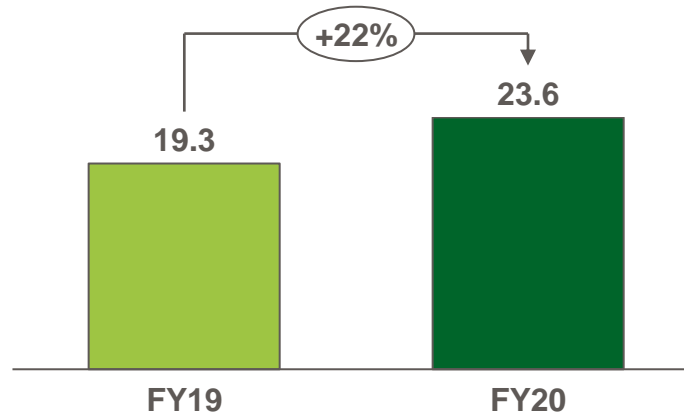
(Rs. Cr.) EBITDA



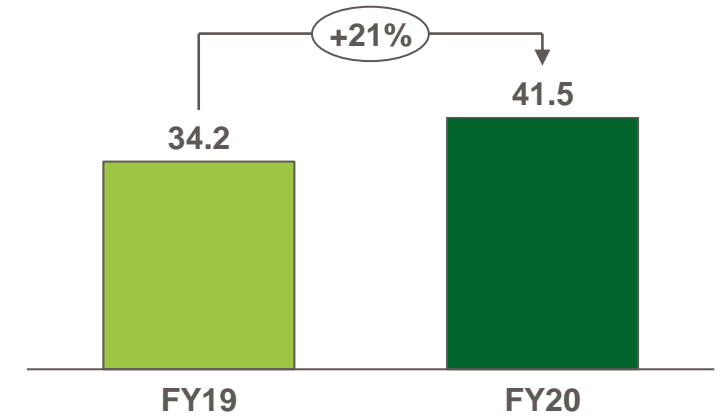
EBITDA Margin %



(Rs. Cr.) PAT



(Rs. Cr.) Cash PAT #

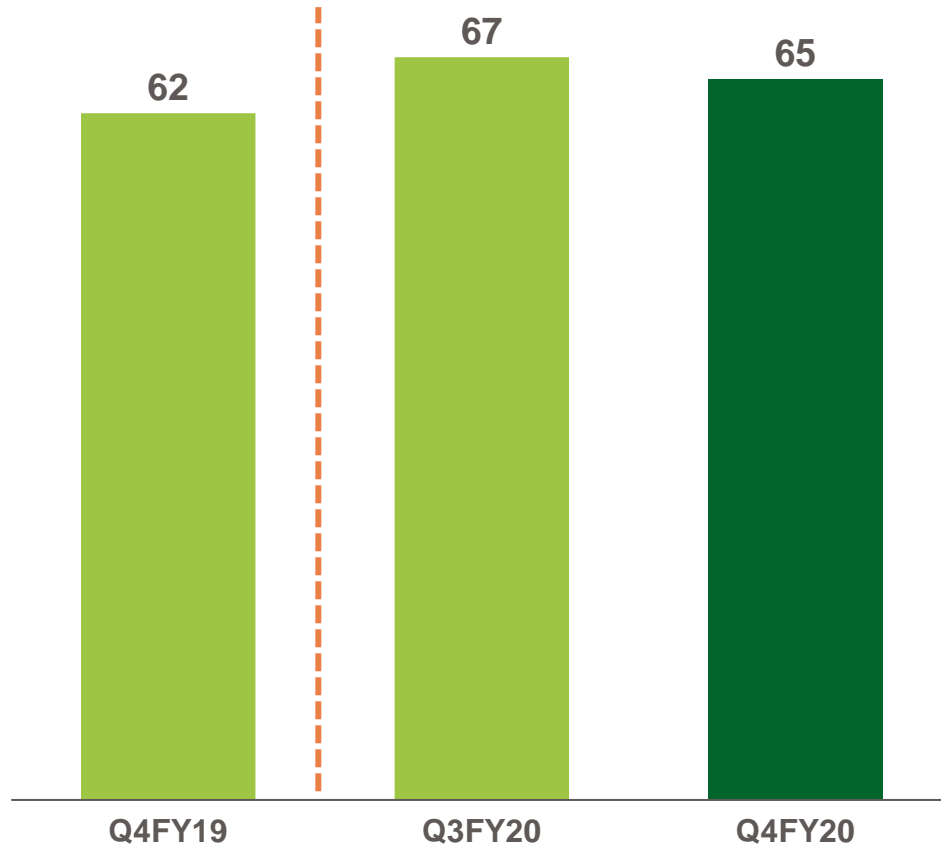


# Cash PAT includes PAT & Depreciation

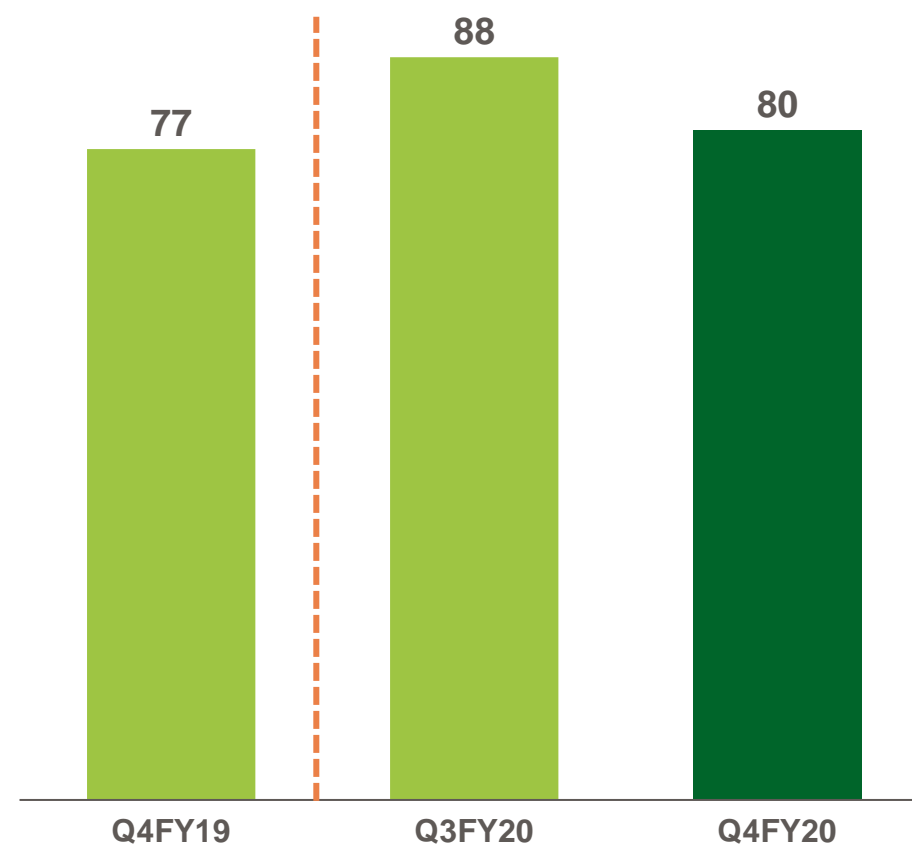
# Machine Utilization – Across Plants



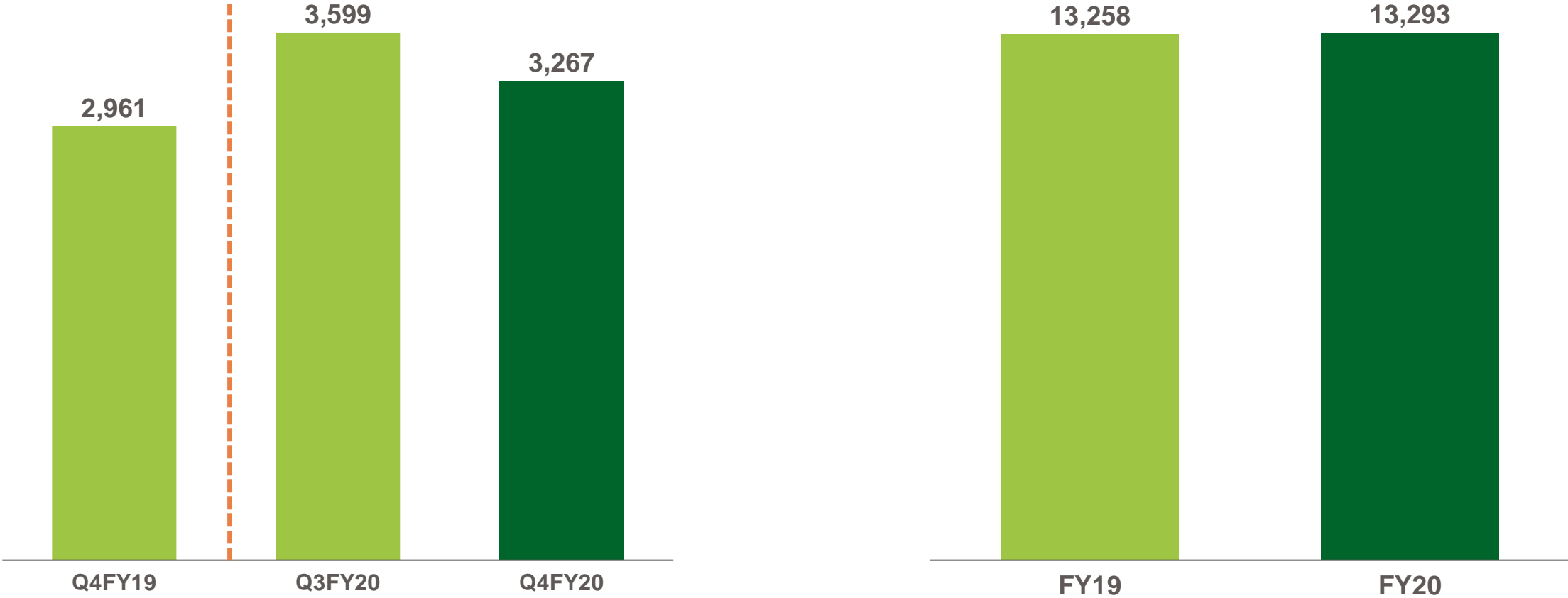
### Machine Utilization (%)



### Revenue (Rs. In Crs)



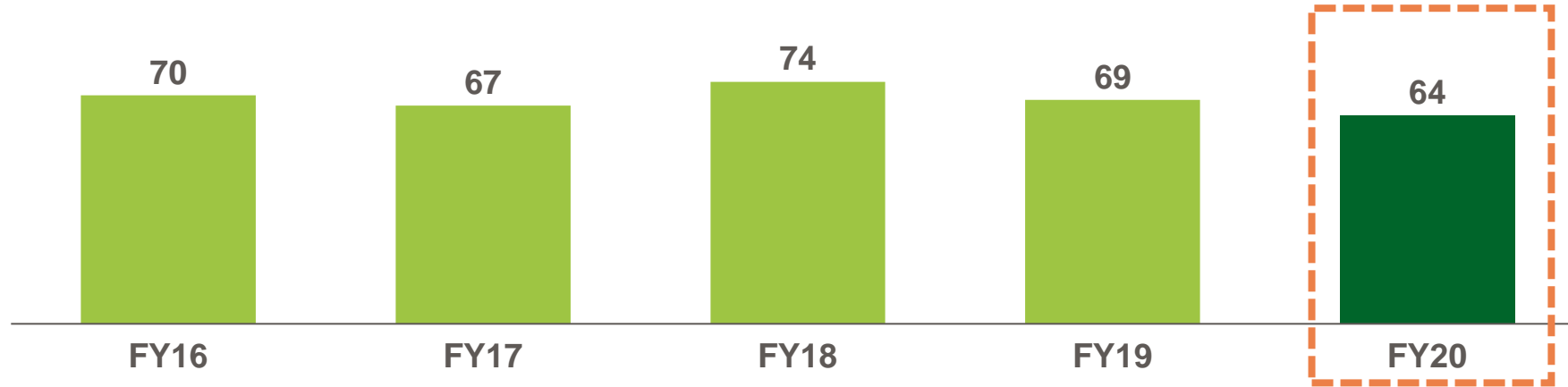
# Volume of Polymers Processed



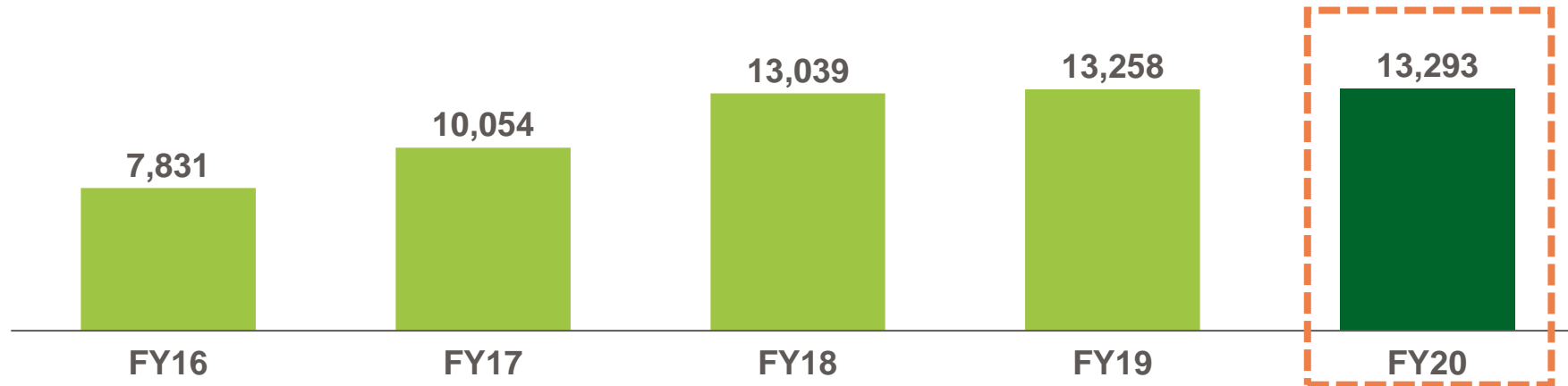
Volume in Tons

Figures are rounded off

## Machine Utilization (%)

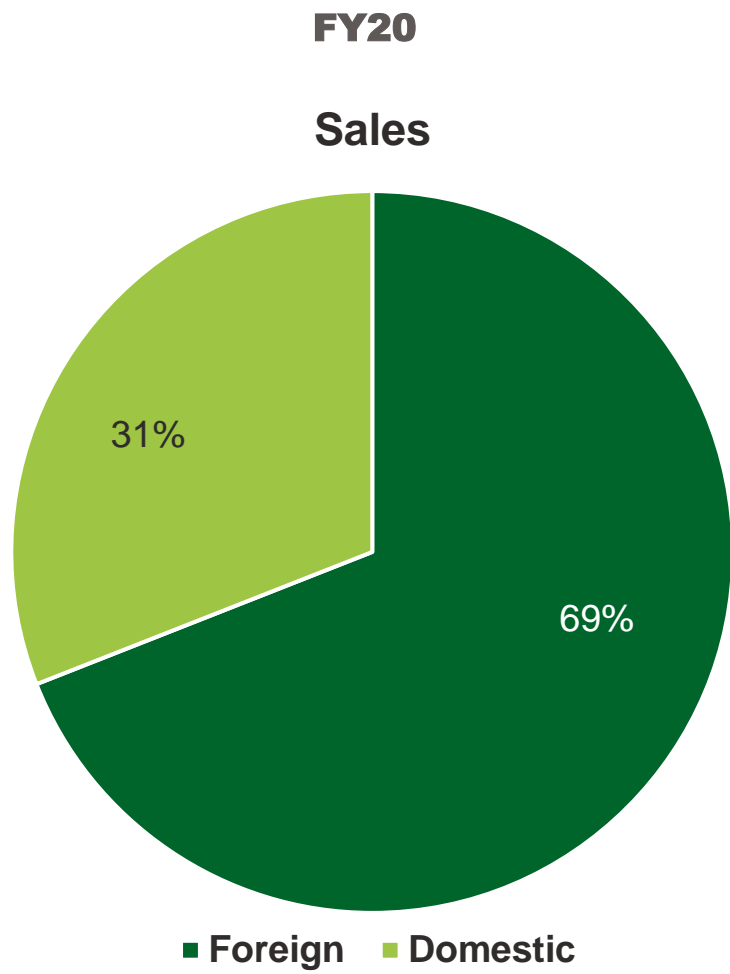
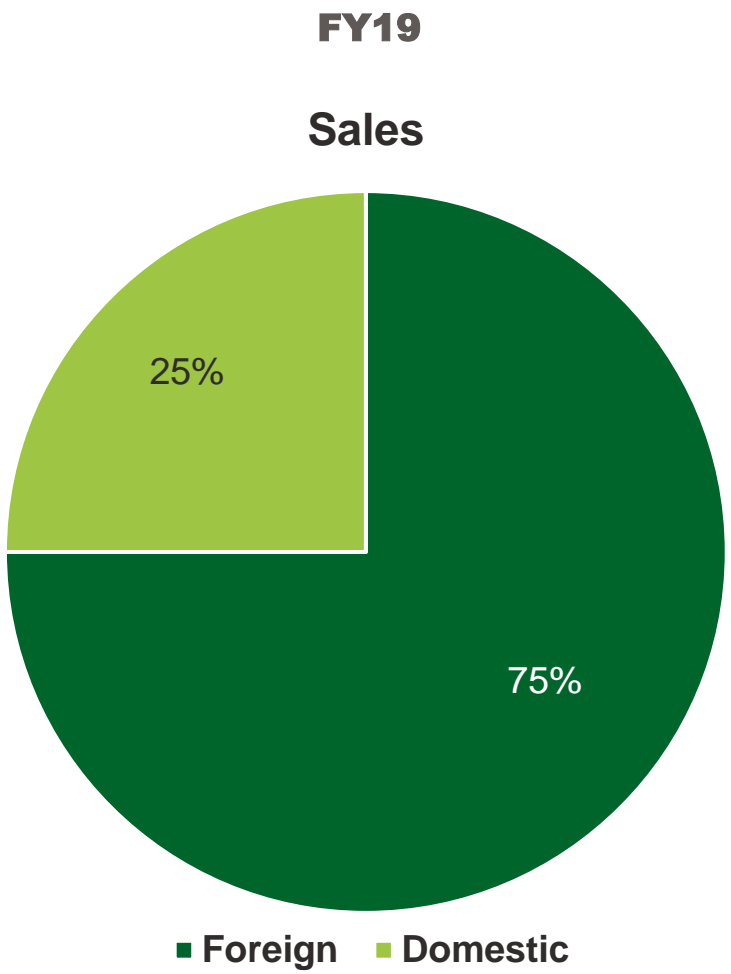


## Volumes of Polymers Processed (MT)





# Revenue Analysis - Domestic Vs. Exports



Figures are rounded off

# Income Statement



Particulars (Rs. Cr.)	Q4FY20	Q4FY19	YoY %	Q3FY20	QoQ %	FY20	FY19	YoY %
<b>Revenue</b>	<b>79.6</b>	<b>77.4</b>	<b>2.9%</b>	<b>88.3</b>	<b>-9.8%</b>	<b>336.0</b>	<b>338.3</b>	<b>-0.7%</b>
Raw Material	43.9	47.3		52.3		197.9	209.7	
Employee Expenses	6.9	5.9		6.5		26.0	24.7	
Other Expenses*	13.6	12.8		14.3		54.1	51.4	
Other Income	-0.2	0.4		0.3		1.0	1.8	
<b>EBITDA</b>	<b>15.0</b>	<b>11.8</b>	<b>26.5%</b>	<b>15.5</b>	<b>-3.4%</b>	<b>59.1</b>	<b>54.4</b>	<b>8.6%</b>
<b>EBITDA Margin</b>	<b>18.8%</b>	<b>15.3%</b>		<b>17.6%</b>		<b>17.6%</b>	<b>16.1%</b>	
Depreciation	4.7	4.0		4.5		17.9	14.9	
Finance Cost	2.8	2.6		2.3		10.5	9.5	
<b>PBT</b>	<b>7.6</b>	<b>5.3</b>	<b>41.9%</b>	<b>8.7</b>	<b>-12.9%</b>	<b>30.7</b>	<b>30.0</b>	<b>2.4%</b>
<b>PBT Margin</b>	<b>9.5%</b>	<b>6.9%</b>		<b>9.8%</b>		<b>9.1%</b>	<b>8.9%</b>	
Tax #	0.6	1.8		2.4		7.1	10.7	
<b>PAT</b>	<b>7.0</b>	<b>3.5</b>	<b>98.3%</b>	<b>6.3</b>	<b>10.8%</b>	<b>23.6</b>	<b>19.3</b>	<b>22.4%</b>
<b>PAT Margin</b>	<b>8.7%</b>	<b>4.5%</b>		<b>7.1%</b>		<b>7.0%</b>	<b>5.7%</b>	
<b>Cash PAT<sup>^</sup></b>	<b>11.6</b>	<b>7.5</b>	<b>55.7%</b>	<b>10.8</b>	<b>7.9%</b>	<b>41.5</b>	<b>34.2</b>	<b>21.3%</b>
<b>Cash PAT Margin</b>	<b>14.6%</b>	<b>9.7%</b>		<b>12.2%</b>		<b>12.3%</b>	<b>10.1%</b>	

# The Company expects to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 in FY22. Accordingly the Company has remeasured its defined tax assets (net) positions and has taken the full effect to Statement of Profit and Loss during quarter and year ended March 31, 2020.

Tax Expense for the quarter and year ended March 31, 2020 includes tax benefit of Rs. 104.71 Lakhs on account of re-measurement of deferred tax assets (net).

<sup>^</sup> Cash PAT = PAT + Depreciation

\* Other Expenses include Power & Fuel costs

# Balance Sheet



Particulars (Rs. Cr.)	Mar 20	Mar 19	Mar 18
<b>Assets</b>			
<b>Non-current Assets</b>	<b>220.9</b>	<b>175.4</b>	<b>125.9</b>
<b>Fixed Assets</b>			
Property Plant & Equipment	154.9	144	106.4
Capital WIP	37.2	2.7	5.8
Intangible Assets	10.9	3.3	1.2
<b>Financial Assets</b>			
Investments	0.2	0.2	0.2
Loans & Advances	0.5	5.9	8.0
Other Non-current Assets	14.0	17.4	4.4
Income Tax assets (net)	3.2	1.9	0.0
<b>Current Assets</b>	<b>160.6</b>	<b>136.2</b>	<b>158.9</b>
Inventories	49.7	43.1	40.7
<b>Financial Assets</b>			
Trade Receivables	61.0	59.6	68.2
Cash & cash equivalents	7.0	0.5	0.4
Loans & Advances	16.9	16.6	9.7
Other Current Assets	26.0	16.4	36.6
<b>Total Assets</b>	<b>381.5</b>	<b>311.6</b>	<b>284.8</b>

Particulars (Rs. Cr.)	Mar 20	Mar 19	Mar 18
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>	<b>159.4</b>	<b>136.1</b>	<b>124.3</b>
Share Capital	8.3	8.3	8.3
Other Equity	151.1	127.8	115.9
<b>Non-Current Liabilities</b>	<b>81.3</b>	<b>57.2</b>	<b>27.0</b>
<b>Financial Liabilities</b>			
Borrowings	72.1	47.2	21.0
Provisions	7.3	8.0	1.0
Deferred Tax Liabilities (Net)	0.4	0.8	4.2
Other Non-Current Liabilities	1.5	1.2	0.8
<b>Current Liabilities</b>	<b>140.8</b>	<b>118.3</b>	<b>133.5</b>
<b>Financial Liabilities</b>			
Borrowings	50.6	51.1	63.9
Trade Payables	51.2	32.5	39.0
Other Financial Liabilities	24.6	26.1	26.5
Other Current Liabilities	13.8	8.0	1.6
Provisions	0.7	0.6	0.5
<b>Total Equity &amp; Liabilities</b>	<b>381.5</b>	<b>311.6</b>	<b>284.8</b>

# Cash Flow Statement

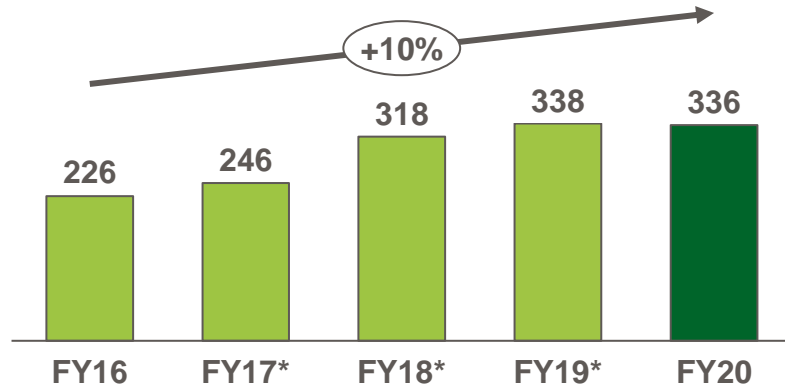


Particulars (Rs. Cr.)	FY20	FY19
<b>PBT</b>	<b>30.7</b>	<b>30.0</b>
Adjustments	29.7	24.8
<b>Operating profit before working capital changes</b>	<b>60.4</b>	<b>54.7</b>
Changes in working capital	14.6	22.4
<b>Cash generated from operations</b>	<b>75.0</b>	<b>77.2</b>
Direct taxes paid (net of refund)	-9.0	-10.7
<b>Net Cash from Operating Activities</b>	<b>66.0</b>	<b>66.5</b>
<b>Net Cash from Investing Activities</b>	<b>-63.8</b>	<b>-62.5</b>
<b>Net Cash from Financing Activities</b>	<b>4.3</b>	<b>-3.8</b>
<b>Net Change in cash and cash equivalents</b>	<b>6.4</b>	<b>0.2</b>
Opening Cash Balance	0.5	0.4
Impact of exchange (gain)/loss	0.0	0.0
<b>Closing Cash Balance</b>	<b>7.0</b>	<b>0.5</b>

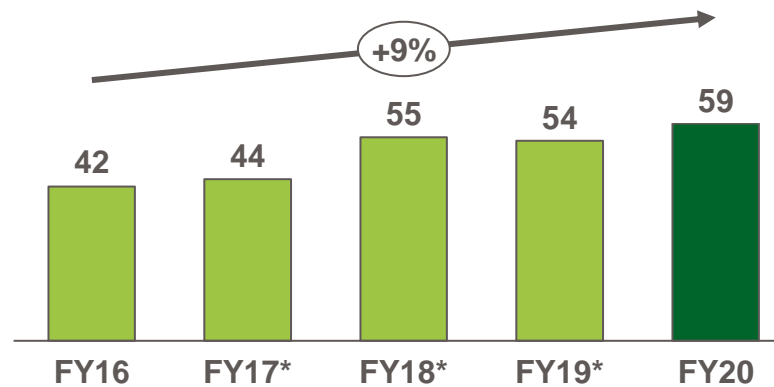
# Delivering PROFITABLE GROWTH



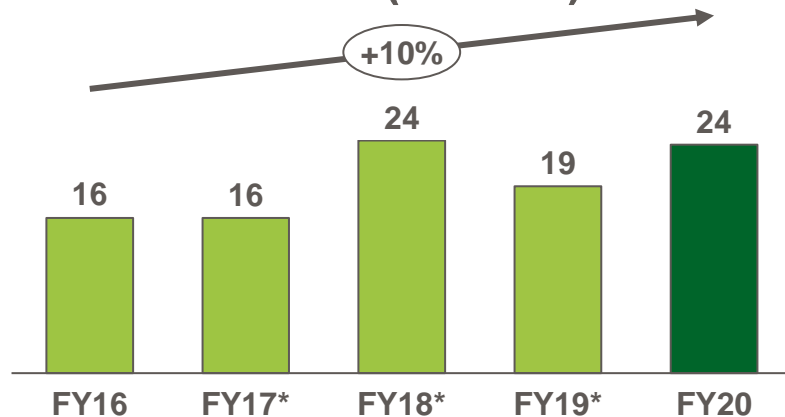
**Revenue (Rs. In Crs)**



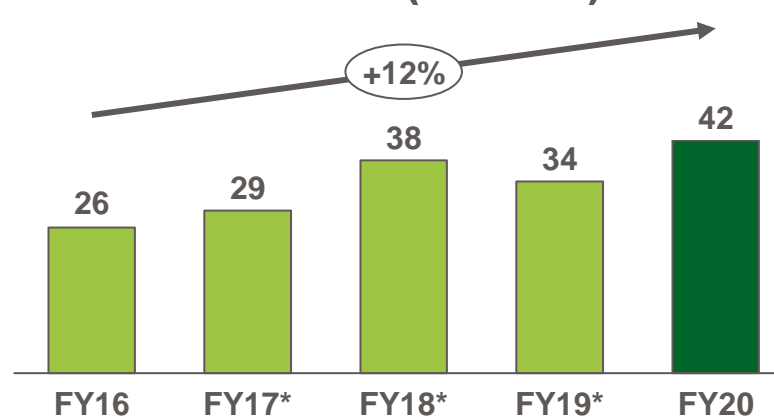
**EBITDA (Rs. In Crs)**



**PAT (Rs. In Crs)**

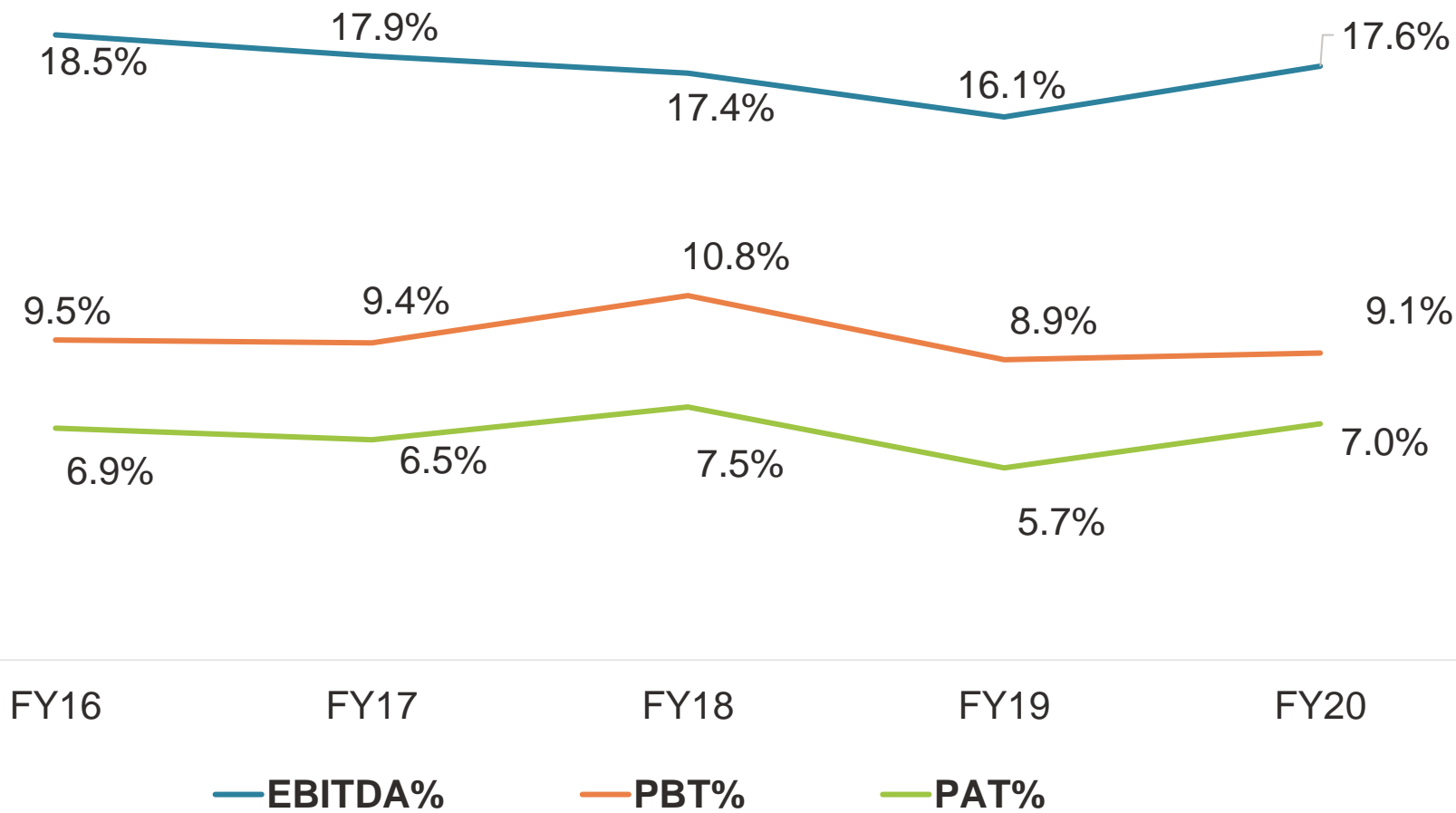


**Cash PAT (Rs. In Crs)**



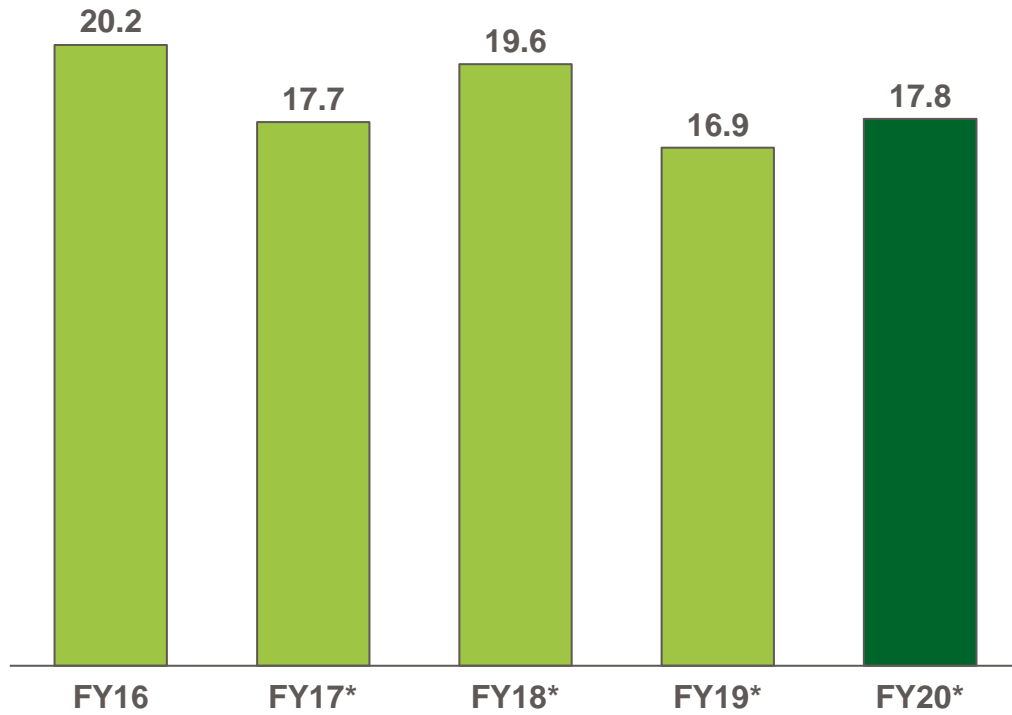
- Revenue growth has been aided by growth in business across verticals especially the Healthcare segment; we have added new SKUs in Home Furnishing segment and Devices
- Reported record EBITDA in FY20 on back of higher contribution from Healthcare segment

# MARGIN Profile

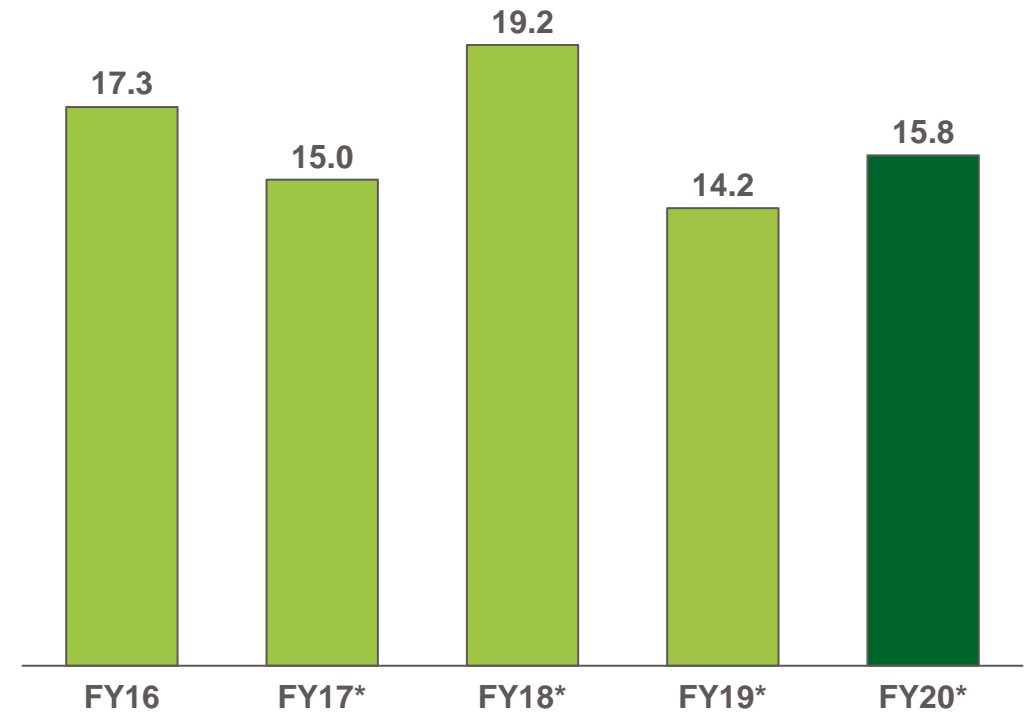


- Better Product mix and economies of scale on account of raw materials have led to improvement in margin profile from FY16 to FY20
- FY19 margin was profile impacted on account of labor shortage, power disruptions and change in ordering policy from a key client
- Witnessed improvement in margin in FY20 on back of higher contribution from Healthcare segment

### ROCE (%)



### ROE (%)

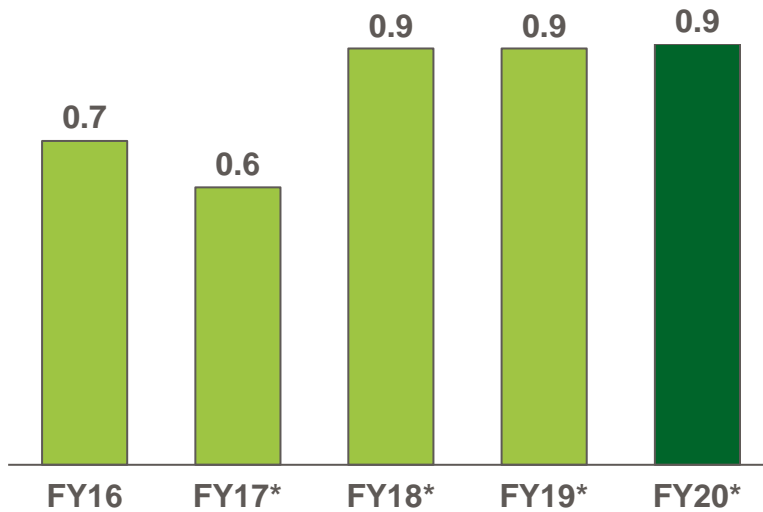


\*As per IndAS

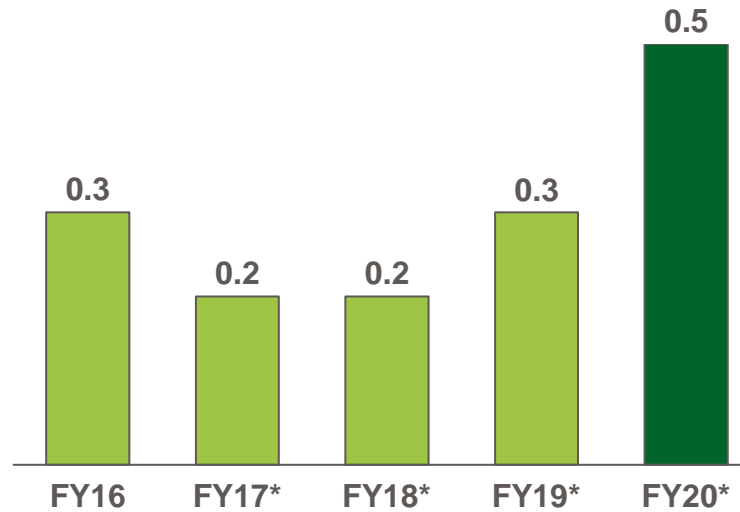
# Growth Along With Low Leverage



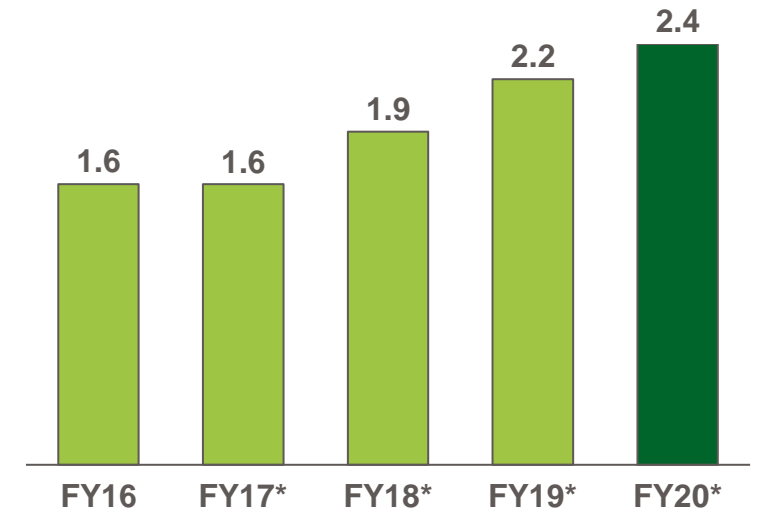
### Total Debt : Equity (x)



### Long Term Debt : Equity (x)



### Total Debt : EBITDA (x)



- The growth in Business has been achieved with disciplined use of capital
- The internal accruals also been utilized towards scheduled repayments of Long-term loans, which have positively impacted the credit rating therefore the borrowing costs

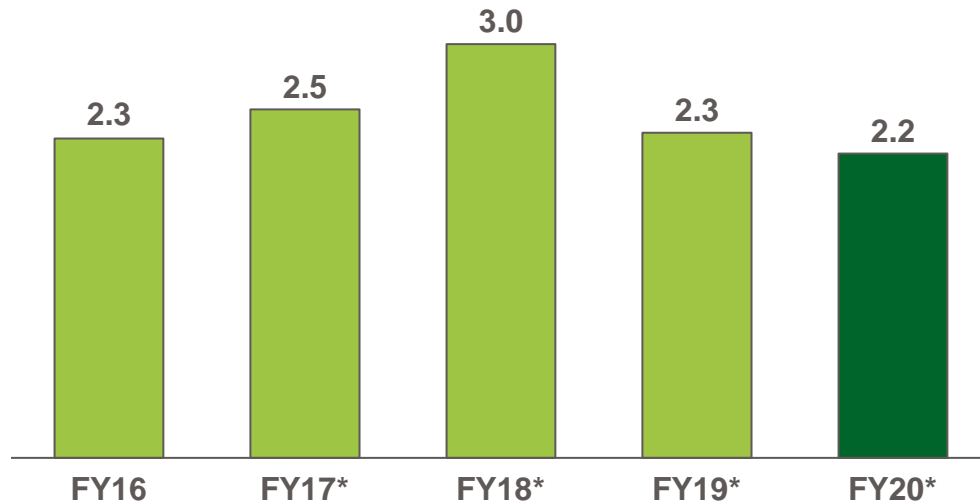
\*As per IndAS



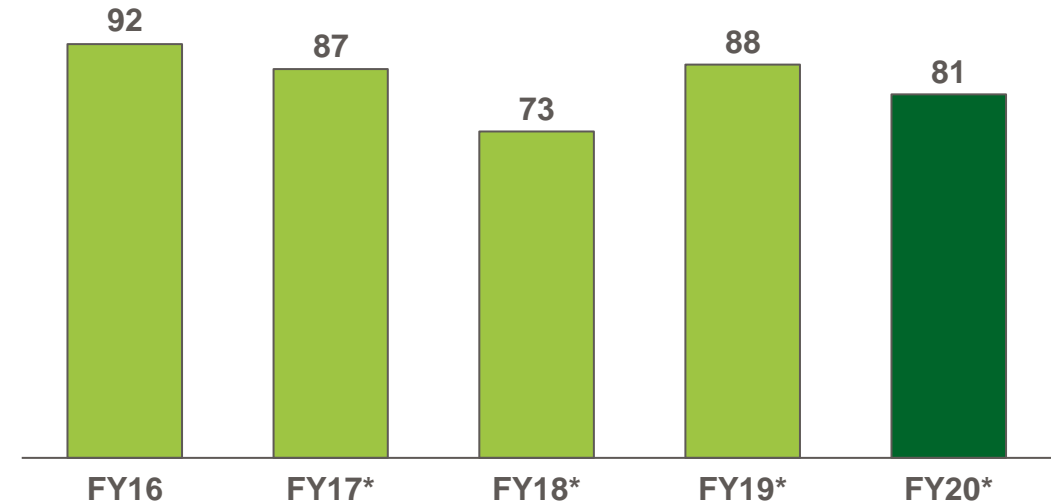
# Strong Focus on Improving Our Key Metrics



### Fixed Asset Turnover (X)



### FCFF to EBITDA (%)



- The Fixed Asset Turnover has been inching up despite continuous capex (barring FY19) on back of improving utilization levels to cater to the new business wins across multiple segments of Home Furnishing, FMCG, Pharma
- Cash flow generation has been healthy resulting in capex spends from internal accruals; the slowdown of FY19 has not affected the capex spends required to support the future growth

**UPGRADED Bank Facilities  
to CARE A- and CARE A2+  
with Stable Outlook**



Long and established track record in the plastic injection molding business along with experienced Promoters



Growth in Total operating income on the back of increased volumes & higher exports



Sustainable healthy operating margin along with strengthening leverage and debt coverage indicators



New business confirmations from existing clients along with addition of marquee clients across diversified industries



Sustainable healthy operating margin along with strengthening leverage and debt coverage indicators

## Risks

## Risk Mitigation strategy



### Revenue Growth

Risks: We are a B2B player and are dependent on the success of our customers products in end products as well as Global Economic Environment

Mitigation Strategy: We have diversified our product portfolio across multiple customers, multiple SKUs and multiple business segments



### Labour & Manpower availability

Risks: We have faced challenges in terms of Labour and Manpower affecting production schedules

Mitigation Strategy: We have increased the mix of permanent labour and manpower in all our facilities. Further we have hired technical Manpower from ITI



### Raw Material price volatility

Risks: Volatility in prices of Raw materials can create volatility in Margins

Mitigation Strategy: We have a raw material price pass through with all our customers. The price pass through mechanism is varied across customers

# Our Way Forward is... clear !

## Revenue Uptick

Sustained uptick in Revenue based on New business confirmations, addition of new clients and increased contribution from New business segment

## Increased Healthcare Revenue

Expect 2-3x revenue growth from Healthcare segment on back of faster penetration within existing and new clients as well as large pipeline of products

## Sustainable EBITDA Margin

EBITDA margin should be sustainable on annual basis on back of higher utilizations in existing facilities and increasing contribution from Healthcare segment

## Uptick in Profitability

Limited investment in capex, faster capacity utilization in Carbon Steel business and Healthcare business to lead to an uptick in Return ratios and profitability

## Vast Experience and Capabilities

Varied manufacturing experience across multiple segments, long standing Global relationships, complex engineering capabilities and consistent delivery, we are a highly competent Manufacturer

## Benefit under Make in INDIA

Global majors to increasingly outsource manufacturing to India and create alternate manufacturing hubs

### Company



### Investor Relations Advisors



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#### Company :

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#### Investor Relations Advisors :

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**Shaily Engineering Plastics Ltd.**  
CIN – L51900GJ1980PLC065554

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**Strategic Growth Advisors Pvt. Ltd.**  
CIN - U74140MH2010PTC204285

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