



CIN # L51900GJ1980PLC065554



**SEPL/SE/Aug/24-25**  
**5<sup>th</sup> August 2024**

**The General Manager,**  
**Corporate Relations/Listing Department**  
**BSE Limited**  
Floor 25, P.J. Towers,  
Dalal Street,  
Mumbai – 400 001  
**Scrip Code: 501423**

**The Manager,**  
**Listing Compliances Department**  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra – Kurla Complex, Bandra (E),  
Mumbai – 400 051  
**Scrip Code: SHAILY**

**Sub : Q1FY25 Earnings Call Transcript**

**Ref : Regulation 30 of the SEBI Listing Regulations, 2015**

**Dear Sir,**

We refer to our previous letter dated 29<sup>th</sup> July 2024, wherein the Company updated the audio link of Earnings call held on 29<sup>th</sup> July 2024 to discuss the operational & financial performance of the Company for the quarter ended on 30<sup>th</sup> June 2024.

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

A copy of the same is also available on the Company's website at [www.shaily.com](http://www.shaily.com) at <https://www.shaily.com/investors/compliances-policies/earnings-call>

Kindly take the same on record.

Thanking You

Yours truly,  
**For Shaily Engineering Plastics Limited**

**Dimple Mehta**  
**Company Secretary &**  
**Compliance Officer**

**M. No. FCS 13184**



“Shaily Engineering  
Q1 FY25 Earnings Conference Call”

**July 29, 2024**

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29<sup>th</sup> July 2024 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 Shaily Engineering Plastics Limited Q1 FY25 Earnings Conference Call.

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 date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict. 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 “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

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

**Amit Sanghvi:** Thank you very much. Good evening and a very warm welcome to all the participants with post results of Shaily Engineering Plastics. I have with me Mr. Sanjay Shah, our Chief Strategy Officer and SGA, our Investor Relations Advisors. I hope you've had a look at our investor presentation that is uploaded on our website and the stock exchange.

Let me start by giving you some highlights on the operational performance. Despite a challenging situation globally, we delivered a robust topline growth of 14% to Rs. 179 crores in Q1 FY25 and have improved our gross margins and EBITDA margins, which stand at 42.1% and 20.1% respectively. During Quarter 1 FY25, in the Consumer segment, we've been awarded business confirmations for two new FMCG products, which are currently under development. In the Healthcare segment, we've entered into new contracts to develop two new pen injectors. In the Industrial segment, we have business confirmations to manufacture two components for an automotive customer.

Three years into operations, Shaily UK has grown quite well, and we are now building capabilities including human factors engineering to cater to big pharma. The most significant update for the quarter is that we have received purchase orders for one of our pen injectors to the tune of 10 million per year. Looking ahead, our focus is on expanding our horizons to include contract manufacturing for medical devices, products featuring our intellectual property, and specialized packaging and delivery solutions. The dedicated efforts invested in advancing our injection system platforms are beginning to show good outcomes. Within this industry, our business scope is vast, as we have mentioned in the past before, and we remain committed to ongoing growth.

We have adopted a scalable approach that will enable us to increase our revenues at a much faster pace over the next 5 years, and we plan to increase our own IP contribution going forward. That is all from my side. I shall now hand over the call to Mr. Sanjay Shah to give you the operating and financial highlights. Thank you very much.

**Sanjay Shah:** Thank you, Amit. Good evening, everyone. I shall share with you the highlights of our Operational and Financial Performance of Q1 FY25. Following which, we will be happy to respond to your query.

During the quarter, we processed 5,902 tons of polymers, as against 5,822 tons of Q1 FY24. Machine utilization rate was around 39% in Q1 FY25. We expect this to increase in the coming years. Exports during Q1 FY25 to get around 80% of revenue.

Coming to consolidated result highlights:

Revenue stood at Rs. 179.4 crores during Q1 FY25 as compared to Rs. 157.3 crores during Q1 FY24, a growth of 14%. EBITDA stood at Rs. 36.1 crores during Q1 FY25 as compared to Rs. 27.7 crores during Q1 FY24, a growth of 31% year-on-year. EBITDA margins stood at 20.1% for Q1 FY25, an increase of 250 basis points over Q1 last year. PAT stood at Rs. 17.4 crores during Q1 FY25 as compared to Rs. 12.6 crores during Q1 FY24, a growth of 38% year-on-year. PAT margins stood at 9.7% an increase of 170 basis points over Q1 last year. Cash PAT for Q1 FY25 was reported at Rs. 27.6 crores as compared to Rs. 20.8 crores during Q1 FY24, a growth of 33% year-on-year. Our ROCE and ROE stood at 20.7% and 15.6% respectively as on 30<sup>th</sup> June 2024. Again, the growth in business has been achieved with disciplined use of capital.

Now coming to consolidated segmental revenue breakup:

In the Consumer segment, revenues stood at Rs. 132.8 crores in Q1 FY25 as compared to Rs. 120.8 crores in Q1 FY24, a growth of 10%. In the Healthcare segment, revenues stood at Rs. 27.4 crores in Q1 FY25 as compared to Rs. 22.7 crores during Q1 FY24, a growth of 21%. In the Industrial segment, revenues stood at Rs. 19.2 crores in Q1 FY25 is compared to Rs. 13.9 crores during Q1 FY24, a growth of 38%.

This is all from our side. We can now open the floor for Q&A.

**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. Please go ahead, sir.

**Ritesh Shah:** First is congratulations on the purchase order for 10 million pens. Would it be possible for you to provide some more specifics over here?

**Amit Sanghvi:** The 10 million pen purchase order is for supply for the insulin market.

**Ritesh Shah:** And what's the duration for this? Like, is it over a year?

**Amit Sanghvi:** It's over a year, so it will get supplied over a period of this year and also spill over into the next year.

**Ritesh Shah:** And so I understand, I think last year we did around 11 to 12 million pens. Is that number right?

- Amit Sanghvi:** Yes, yes.
- Ritesh Shah:** So, how should we look at this number including this particular purchase order?
- Amit Sanghvi:** I think given the current capacities we have, we should be able to fulfill somewhere around 60% to 70% of the order this year, and the balance in the following year.
- Ritesh Shah:** Right, so my question on that was like, are we looking at say 11, 12 plus say around 6, 7 million? So, looking at around 17, 18 million pens this year or could it be substantially higher than this?
- Amit Sanghvi:** No, 17 is correct. That's also what we said during the last earnings call.
- Ritesh Shah:** Would it be possible for you to quantify what would be the average pricing when we put out a share in the market?
- Amit Sanghvi:** No, sorry, Ritesh. It varies very significantly between different therapies.
- Ritesh Shah:** Sure. My second question is on Semaglutide. I understand for Tirzepatide, I think we were looking at NCE-1 filing sometime in May 26. Is there any specific update over here by when do we plan to start supplies? Any colour over here please?
- Amit Sanghvi:** So, we plan to start supplies end of this year, so either December or January following year. And we've just completed our, what do you call it, our multi-cavity tooling program and the assembly assets. So, assembly assets and the new tools will all be qualified to start production in September 24 which will then go through the design verification process over the next 3 months. And we plan to start supplies in December or January 25.
- Ritesh Shah:** Okay, and by when do we expect the customers to have approval so that we can say that it's fully commercialized?
- Amit Sanghvi:** Tirzepatide is a patent expiry of earliest, 36. So, I don't see customers starting to go into the market before 36. There will be some markets as early as 30, but I think most will open up in 36.
- Ritesh Shah:** Just a few related questions. When we say we are supplying to the customers, are we looking at generic companies over here, or is it potentially innovators or any of the contract manufacturing companies?
- Amit Sanghvi:** We look at contract manufacturers, we are talking about generics, and we are also talking about exceptionally large generics. With molecules like Tirzepatide, you also have companies that have a mixed model. They do generic business as well as they are also innovators. So, you'd have a whole range of pharma for Tirzepatide and Semaglutide.

**Ritesh Shah:** And lastly on the device, just wanted to understand, I think in the past you have indicated around spring driven devices, which is quite unique to us. So, wanted to get a sense like what percentage of the market would that be? And how different is this particular device as compared to what's already in the marketplace?

**Amit Sanghvi:** So, I think every single pen on the market except Novo's FlexTouch and Shaily's Neo are mechanical pens. The mechanical pens, when you dial the dose, you have a button and a mechanism that extends out of the pen, which you then have to manually push back in to deliver a dose. With the spring-driven pen, when you dial, there's no extension. So, upon dialing, the force is stored into a spring. And when a press of a button releases that force to deliver the drug.

**Ritesh Shah:** Just last question. Are there any other manufacturers who also have spring-based devices?

**Amit Sanghvi:** No, none that can be marketed globally like ours. None that don't have IP challenges. I think ours would be the only device which is free of infringement or potential infringement.

**Ritesh Shah:** I think you had indicated like we have around 22, 23 active projects. You had given a broad spread between Lira, Sema, Tirzep, and Teri. Is it possible to give some timelines around each of the buckets?

**Amit Sanghvi:** So, Liraglutide is launched on approval now. There's no IP hurdle at this moment. Teri is also launched on approval. So, Teri, we are looking at EU and North America launch in the current year. For Semaglutide, you will see the first markets being launched in 2026, which will be Brazil, India, Canada, potentially China. And then the majority of the regulated markets will see launch, I mean, you will see uptake from Shaily in 29, but launch in 2030.

**Ritesh Shah:** And Tirzep?

**Amit Sanghvi:** Tirzep, like I said, 30 to 36. It's a difficult timeframe to predict right now. But if you were to just go by IP expiry, I think 36 is the earliest launch.

**Moderator:** Thank you very much. The next question is from the line of Nirali Gopani from Unique PMS. Please go ahead.

**Nirali Gopani:** So, from FY24, we have started mentioning all the order wins every quarter. So, does Q1 of FY25 have any contribution of revenue from those orders?

**Amit Sanghvi:** No, Q1 FY25 does not have contribution from the orders we mentioned in the earlier speech right now.

**Nirali Gopani:** Because if I sum up all the orders, it's more than Rs. 180 crores –Rs. 200 crores of order wherever you have specified the numbers. If I understand correct, from Q2, the revenue growth should be much higher than the 14% that we saw in Q1? Not any number but directionally yes?

- Sanjay Shah:** Nirali, I think we wouldn't want you guys to look at Shaily more from a quarter-on-quarter basis, you should probably look at more on a year-on-year basis and I think whatever we have indicated in terms of year on year group we are quite confident of getting to that growth number.
- Nirali Gopani:** 20%-25% that you have mentioned, right?
- Sanjay Shah:** No, on the Healthcare we have set a higher growth number if you look at the transcripts.
- Nirali Gopani:** No, I'm talking about on a consolidated basis.
- Sanjay Shah:** We will not talk about the consolidated number. We talked about what we will grow in the Healthcare space. That's what we said.
- Nirali Gopani:** But just to confirm this number, the order wins are roughly about Rs. 180 crores, right? Wherever you specified the numbers and there are places where you have not specified the numbers. But Rs. 100 crores is only from home furnishings, right?
- Sanjay Shah:** Right.
- Nirali Gopani:** So, in Q4 and Q1 we have announced orders for knobs. So, are they for GE or any new customer?
- Sanjay Shah:** They are for an existing customer which is what we have talked about.
- Nirali Gopani:** So, this is additional than that Rs. 40 crores which we had announced in Q1 of FY24?
- Sanjay Shah:** Yes.
- Nirali Gopani:** And we've also announced a lot of orders for pen injectors in FY24. So, does we see any revenue contribution in FY25 from those orders?
- Sanjay Shah:** You are seeing some of the platform fees coming in and you will see some of the revenue coming in from when we start supplies also.
- Moderator:** Thank you very much. The next question is from the line of Anant Jain from HNI. Please go ahead.
- Anant Jain:** The first question is on this 10 million device. Is this our own IP, or is it an IP that we have some other companies?
- Amit Sanghvi:** No, it's our own IP.
- Anant Jain:** Congratulations on that. The second question that I have is, in the domestic what we are seeing is a bit of degrowth. Is it like we used to be around Rs. 45 crores every quarter and we have seen a degrowth this quarter and also on a year-on-year basis I think we are either flat or we have gone down by a few crores. Any reasons for that and how do you see the trend here?

- Sanjay Shah:** So, see the domestic business, if I were to look at from an overall full-year perspective, I think the domestic business will also grow. Quarter-on-quarter, there could be some areas where some dispatches have not happened or some dispatches have been delayed, but I think on a year-on-year basis, you will see the domestic business growing.
- Anant Jain:** The third question is like for, like what I understand is like, for every auto injectors that we supply, at least for the projects that we have, we have like 25 projects right now. We supply 3 exhibit batches, that is what my understanding is. And the companies with which we partner actually look for consistency across these 3 batches. Is that a fair understanding? That is the first thing. And secondly, in these batches, out of these 25 projects, how many have we supplied at least one exhibit batch? And what is the approximate quantity per exhibit batch?
- Amit Sanghvi:** A typical exhibit batch per variant of the molecule will be essentially what we call three PQ batches. Each PQ batch will be at least 10,000 pens. So, per variant, we would be supplying about 30,000 pens to a customer. For example, Semaglutide would have, let's say, it has three or four strengths depending on which market you look at. So, we would then be supplying anywhere between 900,00 to 120,000 pens per customer. And of course, that's just the exhibit batch. You would then have batches that you do for operational qualification, for design verification, for assembly, final assembly trials, etc. To answer your first question, Anant, when we supply a product the first time, it has to be three PQ batches. We cannot supply without establishing the consistent performance of the product, which can only be done after you've done three PQ batches and design verification.
- Anant Jain:** Okay, and out of the 25 projects, for how many have we supplied exhibit batches already?
- Amit Sanghvi:** I think all exhibit batches on Teriparatide, on Liraglutide, most on Semaglutide, Ozempic have been supplied. Now is also the start of Semaglutide, Wegovy, which is the weight loss version of the molecule.
- Anant Jain:** That is nice.
- Amit Sanghvi:** We will be starting the cross version of the devices.
- Anant Jain:** And when do we expect our first regulated market launch? I think is it going to be Q2 or Q3? Any ideas on that?
- Amit Sanghvi:** Sometime this year for Teriparatide and potentially Liraglutide.
- Anant Jain:** Also we expect Lira launch also this year?
- Amit Sanghvi:** Yes, we are looking where we have commercial orders to manufacture, launch could happen early next year, maybe end of this year, but Teri, we are more confident on regulated market launch in the current year.



- Anant Jain:** And in case of Lira, is it both the variants?
- Amit Sanghvi:** See, Lira is launched on approval, so if a customer has filed both variants, which is Victoza and Saxenda, then the launch would happen for both variants.
- Anant Jain:** And we have same device for Victoza and Saxenda or are they different devices? I would assume they are different devices.
- Amit Sanghvi:** They are different devices. The Saxenda device is a spring-driven device, and the Victoza device is the mechanical pen.
- Anant Jain:** Okay, great. All of that is a wonderful update. Just two more questions if I can squeeze in. For Shaily UK, as of now, from how many projects are we getting revenues from and how many additional projects will start contributing to Shaily UK this year?
- Amit Sanghvi:** Pipeline for the current year is quite strong, I'll say. We are looking at growing Shaily UK also at upwards of 35%, 45%. With the development project, there's always a little, I wouldn't say lack of clarity, but little, you've got to be careful when you commit timelines on revenue, at least because project spillover can happen very easily. I think every project we have in Shaily UK generates revenue except maybe two which are, I wouldn't call them like fully active projects, but their creation of technology that we have started on two new types of drug delivery devices, which aren't generating revenue. But every other project, active project we have generated revenue.
- Moderator:** Thank you, sir. The next question is from the line of Kumar Saumya from Ambit Capital. Please go ahead.
- Kumar Saumya:** I had a question, what are the products segments or products groups that we are looking at outside our current product basket? So, are we looking into electronics, mobile phones, something like that?
- Amit Sanghvi:** We are looking at consumer electronics, but again, I think we are at very, very initial stages of evaluating the business. We are talking to several potential customers in the industry. So, too early to comment on it right now.
- Moderator:** Thank you very much. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.
- Aman Vij:** My first question is, so three of these projects, basically home furnishing Rs. 50 crore, pharma new applicator Rs. 35 crore and then the knobs business around Rs. 40 crore. So, these three were expected to start in Q2 as per the initial communication. So, any of the projects which is delayed or all of them will start in Q2?
- Sanjay Shah:** So, all of the projects which we talked about will start in Q2.

- Aman Vij:** Okay, that is good to hear. On the home furnishing side, sir, there was last year, it was a little flattish. Demand was an issue from Europe, I believe. So, if you can talk about both on carbon steel as well as the normal plastic business, how is the demand going back to the initial level? Because we were expecting good ramp up last year, but because of demand issues, we could not. So, can we see the full recovery happening this year both on carbon steel and plastic, if you can talk about?
- Sanjay Shah:** So, I don't think Europe is still out of its problems. So, you're not seeing a demand recovery coming up in Europe. You will see some growth in the business, essentially on account of new projects which we have taken on. In carbon steel, we have taken on four new projects which we will be commercializing between now and between Q2 and Q3, essentially a large part of it in Q3. So, you will see that ramp up happening once these projects get commercialized. We are also bidding for new projects and everything and hope to add businesses before the end of the current calendar year.
- Aman Vij:** Sure, so combined for the plastic division individually and for carbon steel, do we see good growth this year?
- Sanjay Shah:** We see growth on both these segments.
- Aman Vij:** Sure. On the Healthcare side, sir, if you can talk about that, we were talking about 50% volume growth. So, Q1, did we see this kind of volume growth or is it backended? It will start in maybe Q2 or Q3 only?
- Amit Sanghvi:** Q1 was also to the tune of, I'd say, of course it will be a little bit more backended for sure, but the order book was quite strong. We did have a technical engineering challenge in Q1 with one of our products, which got resolved, and the supplies have already been made in Q2 for that particular product.
- Aman Vij:** So, Q2 onwards will be seeing a much stronger growth compared to what we have seen in Q1?
- Amit Sanghvi:** For Healthcare, yes.
- Aman Vij:** Sure, that helps. So, on the two new projects which we have won, if you can talk about which is the therapy, these two platforms, two new projects in healthcare?
- Amit Sanghvi:** The therapy remains a thing. One is Lanreotide, the second is Semaglutide.
- Aman Vij:** Okay, sure. And on the thirdly, we were expecting more customers. Will we see that in next 1-2 quarters?
- Amit Sanghvi:** Yes, absolutely.

- Moderator:** Thank you very much. The next question is from the line of Sanjay Kumar from ithought PMS. Please go ahead.
- Sanjay Kumar:** I have a bunch of questions. First, so how does the relationship work with the CDMO fill-finish partner, I spoke to one of them and they said that they validate the pen or the injector design on behalf of the client. Can you talk about this dynamics and how many projects out of the 23 or 25 is through these CDMO partners?
- Amit Sanghvi:** Sure. So, there's two parts to completing a program. One is where our part ends is design verification. After design verification, you put the batches on stability. And during stability, various time points of the stability, you'd have to test your pens for performance or test your combination product for performance, which is what the CDMO partner does. The know-how at CDMOs in general is quite limited, especially in India. So, full design verification at CDMOs is possible. It's not that it's not possible, but typically, in the industry, what happens is that the specific know-how on your device is so much higher with the manufacturer and the design of the device that customers prefer to do full design verification at the device supply. In a lot of cases, even the testing, ongoing stability testing happens outside the scope of the CDMO. So, either they would look at a third-party testing lab, their own testing lab, or go back to the supplier for doing even instability testing of the devices. So, it's a combination, but design validation potentially happens at the CDMO space.
- Sanjay Kumar:** Okay, and how many of our projects are through these partners and does the realization vary if we tie up with the client directly or does it decrease if we go through a CDMO partner?
- Amit Sanghvi:** We haven't tied up directly with any of the CDMOs. So, we tie up with the pharma companies who may or may not choose to execute the project at a CDMO.
- Sanjay Kumar:** And second, so you spoke about two new devices. Can you explain what these are on the application and also where we are on our precision electronics journey?
- Amit Sanghvi:** The two new devices, one is that we are seeing sustainability being a very significant topic in regulated markets. So, we are looking at coming up with a premium reusable device. And the second one is we are working in the respiratory space, so nasal. We are looking at developing some unique technology for a soft mist inhaler.
- Sanjay Kumar:** And another global peer makes devices for almost 15 indications and they're targeting 18. Are we working on any monoclonal antibodies or any biologics apart from the ones that we have already announced?
- Amit Sanghvi:** We are working on monoclonal antibodies using one of our auto-injectors. But again, too soon to talk about it. When we have more, we'll certainly inform the markets.

- Sanjay Kumar:** Okay, and finally on our drug device capacity, I think it's 40 million devices. By when do you think we'll be able to utilize this and when do you think we should go for the next round of CAPEX in Healthcare?
- Amit Sanghvi:** 40 million devices is, yes, generally speaking, on every device, you've got slightly different capacities installed. But we will be looking at expanding some capacities over the next 18 to 24 months. We'll be looking at doubling up on some pen platforms.
- Sanjay Kumar:** 18 to 24 months timeline?
- Amit Sanghvi:** Yes.
- Moderator:** Thank you very much. The next question is from the line of Ganesh Rao from Rupani Capital. Please go ahead.
- Ganesh Rao:** Thank you. I think a couple of my questions were answered earlier. The one question that I have is, can you please provide some clarity on the fungibility between the non-Healthcare side of the business from the toys machine? What needs to be incrementally added the value wise to switch the capacities over to these other areas?
- Amit Sanghvi:** We don't do any toys anymore, Ganesh. Capacities that we created for the toys business about two years ago, some of it have been utilized for the appliance business that we secured last year. Some of it is being utilized for some LED lighting that we manufacture, and the balance of it will get utilized once we have the increase on our consumer side of the business. Those capacities will not be utilized for healthcare.
- Ganesh Rao:** Yes, thank you, sir. I mean, that's helpful, but one question as a follow-up. Do you need to invest anything additional or is it easily fungible, say, to move this to produce something for the automotive division?
- Amit Sanghvi:** No, there's no further investment needed. It's fungible. There might be a specific investment needed on some sort of a testing equipment or some sort of robot handling for materials, but nothing significant, very, very marginal investment.
- Moderator:** Thank you very much. The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.
- Nikhil Jain:** I just wanted to ask a couple of questions. Related to the UK business, I actually wanted to understand a little bit about the projects that we are actually doing in the UK business. Are they same projects that we are actually supplying, let's say products from our India business or are there different projects?

- Amit Sanghvi:** The project starts in the UK. So, first you got to execute the project, complete the device development program which goes all the way up to design verification. And that's the only point when you can make supplies from India.
- Nikhil Jain:** Right. So, basically, then there's some kind of a technology transfer from UK to India, and then you go ahead and do and supply the commercial supplies or let's say the exhibit that supplies from India, right?
- Amit Sanghvi:** That's correct.
- Nikhil Jain:** Okay. So, basically, all, so the UK business will give you an indication of what is the commercial business or let's say exhibit that business that will come to India, right, at some point of time?
- Amit Sanghvi:** Yes. UK business, exactly that's where the project starts with the customer. And then project ends with supplies from India.
- Nikhil Jain:** Right. Just one last question. See, I see that in our profit, let's say if I look at the consolidated numbers, so almost 40% of our profit is to be contributed by the UK business, basically the design and development activities that are happening over there. And rest of the business actually including, let's say whatever exhibit batch supply that we are doing and all the other businesses are contributing probably 60%. But do you think it will change significantly over once the product starts to commercialize from India, from the manufacturing facilities?
- Amit Sanghvi:** Yes, profitability in India will go up as we scale up. UK profitability is not going to come down, it's also going to go up. So, combined consolidated numbers should be healthier than they are at the moment.
- Nikhil Jain:** And one last question. So, on the Liraglutide and on, let's say, Teriparatide, we are expecting some approval. So, is there any spending deficiency from our end, which is like, say, kind of holding back or from our customer's end, if you are aware, which is holding back any approval or is it like just a regular process of FDA that is going through?
- Amit Sanghvi:** No, it's a regular process. There are no deficiencies that we have to answer to at the moment on either Teri or Lira. Yes. Just a matter of time.
- Moderator:** Thank you very much. The next question is from the line of Anant Jain . Please go ahead.
- Anant Jain:** One question, I think one of the previous calls you mentioned that we are working towards something on the drug delivery solutions with electronic side, and you said that you will share more on this as time passes. Do you have any updates on this as to what are we planning here? How big can the opportunity be here? Anything on this if you could share?
- Amit Sanghvi:** I think the opportunity is very large, Anant. You would know the market because most of it is public domain knowledge in general. We are at a very nascent stage. So, we are still just having

discussions with maybe half a dozen potential customers. And when we have something more concrete to share, we will certainly do that.

**Moderator:** Thank you. The next question is from the line of Sanjay Kumar from ithought PMS. Please go ahead.

**Sanjay Kumar:** Again, a bunch of questions. One, we have won our own IP for insulin, but someone like Ypsomed has announced that it will do insulin only for one or two more years. This is contract manufacturing, CMO. So, are we getting more enquiries from our existing customers like Sanofi or is there any other own IP insulin under pipeline or are we in talks or is just the one that we have won so far?

**Amit Sanghvi:** There are several ongoing discussions, and you will see the order pipeline becoming stronger on insulin as well. I'm glad Ypsomed has announced that they're getting out of insulin. It gives us a better opportunity.

**Sanjay Kumar:** Okay and second on Liraglutide, I think in one of the previous concalls we said that we can do 2 million pens in Lira itself. Can we do that in FY26? 2 million pens in Lira?

**Amit Sanghvi:** FY26, yes, launch happens and yes, 2 million will happen for sure.

**Sanjay Kumar:** Let's say 50 million is the Lira market. Safe to assume a 10% market share for us.

**Amit Sanghvi:** It really depends on how the launches get or approvals come in. I think the customers we are working with do have good success rates. So, we are hopeful that if Lira launch happens, we should see starting with nothing less than potentially about close to a million pens in the first year and maybe not FY26 but FY27 maybe 2 to 3 million.

**Sanjay Kumar:** Okay, and are you still confident in one of the con-calls we said that we'll be having 70% of the generic players filing for these GLP-1s, is that still holding true?

**Amit Sanghvi:** Yes, Semaglutide, I believe it still holds true.

**Sanjay Kumar:** Have you signed or at least talking to any of these MNCs for GLP-1s or any small biotechs working on GLP-1s?

**Amit Sanghvi:** We are doing both.

**Sanjay Kumar:** And finally on consumer electronics, you did mention consumer electronics. I don't know if you can reveal the product, but is it similar to our existing capabilities of working with ABS?

**Amit Sanghvi:** ABS?

**Sanjay Kumar:** Yes, Acrylonitrile Butadiene Styrene.

- Amit Sanghvi:** No, not necessarily. Consumer electronics, we will be looking at high-performance engineering polymers more than ABS.
- Sanjay Kumar:** And are we also looking at other segments? Let's say, today, India imports almost 90% of its eyewear and sunglasses from China and some of it is plastic, cellulose based plastic. Are we looking at this market?
- Amit Sanghvi:** No, not at the moment.
- Moderator:** Thank you very much. The next question is from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Again, a couple of basic questions. Sir specifically on the device, what gives us confidence that our devices won't influence innovators device patents, how sir we looked at it?
- Amit Sanghvi:** We've spent about good close to \$180,000 conducting the FTO, freedom to operate on this particular device.
- Ritesh Shah:** And are there any patents in the emerging markets which are expiring earlier? How should one understand that?
- Amit Sanghvi:** Yes, so you've got Brazil, India, Canada, where you have Semaglutide launches, 26, right?
- Ritesh Shah:** Okay. And just last one question. I think in one of the earlier calls, you had indicated that there is margin differential between GLP-1 and insulin, insulin being lower. How should one understand this, comprehend this, given it looks like over next 3 to 5 years, you will have the option to choose what you want to do. So, how are you thinking about the opportunity and what would be the differential in margins?
- Amit Sanghvi:** Look, margins are healthy on both GLP-1 and insulin. Insulin obviously will be lower. But the way we look at it is that we are looking at scaling up the business right now very significantly. We are not going to add either now or in the foreseeable future. The insulin business is a very steady, stable, healthy business. So, we have no intention to pick one over the other. We will look at continuing to grow the insulin business as well as the others.
- Ritesh Shah:** The reason to ask this is I think in the prior question also, the gentleman did ask that it actually opens up an opportunity for us, which is a good thing. So, just trying to get a sense on the margins, like even for insulin, can one presume that the number would be upwards of 30% plus at EBITDA level?
- Amit Sanghvi:** It's contract to contract it will vary, but insulin is price sensitive. It is significantly commoditized. Ritesh, I will not give a margin on insulin.

- Moderator:** Thank you very much. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.
- Aman Vij:** Just on this insulin part again, so this order which we have won, is this the customer has won a tender kind of thing, or can it be a repeat kind of business for us?
- Amit Sanghvi:** No, it would end up being a repeat business. You can't go in and out of insulin, you have to supply.
- Aman Vij:** Sure, sir. The reason for asking is what we keep hearing is that the big three companies are now focusing on GLP-1 and they are exiting the insulin tender market and maybe even normal insulin market. They're not focusing on that. So, does this mean, are you seeing much more inquiries from our potential customers because of this vacant space being created and if yes, do you think for one is 10 million orders we have talked about, but do you think insulin pen itself we can supply, maybe own IP pens, maybe much higher number in the next 1-2 year because of this vacant space being created?
- Amit Sanghvi:** The short answer, Aman, is yes, but the reason behind the answer as you stipulated, I would not fully agree with because if you look at even Europe today, most of Europe is a tender business. I don't see the big three exiting any tender businesses just like that. Regardless of how well GLP-1 does, it's still a combination therapy. And for diabetes, insulin is absolutely needed. So, I don't see how one can aid the sale of the other, but exiting the insulin space for the big three would be quite devastating. I imagine.
- Aman Vij:** Yes, so let me clarify, not in regulated markets, but we were hearing say in South Africa or in emerging markets, they are kind of not participating in tenders. So, maybe there's an opportunity in the Middle East.
- Amit Sanghvi:** Yes, but South Africa volume will be what? It'll be less than a couple of 100,000 pens. So, that is possible. And we have customers who will consolidate volumes for several markets.
- Aman Vij:** So, you are seeing such kind of orders from other customers also, such big orders, possible in the next 1-2 years?
- Amit Sanghvi:** Yes. It's possible. Next two years, yes. We are seeing the orders coming for insulin.
- Moderator:** Thank you very much. Ladies and gentlemen, that was the last question for today's call. I would now like to hand the conference over to the management for closing comments.
- Amit Sanghvi:** Thank you. Thank you everyone for joining the call. We hope that we've been able to answer your questions adequately. For any further information, I request you to get in touch with SGA, our Investor Relations Advisors. Thank you and have a great evening.





*Shaily Engineering Plastics Limited*  
*July 29, 2024*

**Moderator:**

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