

SEPL/SE/Feb/25-26
20th February 2026

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 : Q3FY26 Earnings Call Transcript

Ref : Regulation 30 of the SEBI Listing Regulations, 2015

Dear Sir,

We refer to our previous letter dated 13th February 2026, wherein the Company updated the audio link of Earnings call held on 13th February 2026 to discuss the operational & financial performance of the Company for the quarter and nine months ended on 31st December 2025.

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

A copy of the same is also available on the Company's website at www.shaily.com at <https://static.shaily.com/QymFOaYUQ9OmN8uKKd4H-sepl-q-3-f-y-26-e-arnings-conference-call-transcript-pdf>

Kindly take the same on record.

Thanking You

Yours truly,
For Shaily Engineering Plastics Limited

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

ENCL: A/a



“Shaily Engineering Plastics Limited
Q3 & 9M FY '26 Earnings Conference Call”

February 13, 2026

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 13th February 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 the Q3 and 9 months FY '26 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. Please note that this conference is being recorded.

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 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 a very warm welcome to all of you to our quarter 3 earnings call. I have with me Mr. Sanjay Shah, Chief Strategy Officer; and SGA, our Investor Relations Advisors. I hope you've had a look at our financial results and the investor presentation that is uploaded on our website as well as the stock exchange.

Let me begin by giving you highlights of our key business development over the quarter. In Q3 FY '26, we delivered strong revenue growth along with meaningful margin expansion. Revenue stood at INR251 crores, up 27% year-on-year and EBITDA came in at INR66 crores, up 43% year-on-year with a margin of 26.5%, representing an expansion of 310 basis points year-on-year.

The growth was driven by the continued momentum across our business verticals, importantly, the Healthcare segment's contribution to our overall revenue mix, which has now doubled to 42% compared to last year, reflecting the increasing scale of this business.

During the quarter, there have been 2 important updates in healthcare that strengthen our future outlook. First and the most important, I'm very happy to announce that we're establishing a new scalable facility in Abu Dhabi for manufacturing of pen and auto-injectors.

This is a strategic move to build capacity in the fast-growing drug delivery segment and places us in close proximity to our international clientele. The planned investment is in the range of AED130 million to AED150 million, translating to about INR300 crores to INR350 crores to build a capacity of approximately 75 million pen injectors -- pen/auto-injectors per year.

We expect this facility to be operational by Q4 FY '28, significantly scaling our global manufacturing footprint in GLP-1 and other advanced therapies. With this addition, our total pen injector capacity will increase substantially to 150 million units from the current 80 million units per year. We are also in discussions with the government in Abu Dhabi for potential financial support and we will provide an update as those discussions progress.

Second, we are very pleased to announce the appointment of Mr. Joe Kam as Chief Operating Officer of Healthcare division in Shaily effective 1st March 2026. Joe brings over 20 years of

international experience in manufacturing and operations across highly regulated process-driven industries.

Prior to joining Shaily, he held senior leadership roles at SHL in Taiwan, managing their entire device manufacturing operations across 7 sites. Previous to SHL, he's worked at Flextronics in manufacturing of high-end medical devices, including electronics.

He holds an executive MBA from the Chinese University of Hong Kong and advanced qualifications in automation systems and engineering management. At Shaily, Joe will lead our global healthcare operations with a clear mandate to drive operational excellence, further strengthening quality and compliance, accelerating automation scale-up and building high-performance teams to support our next phase of growth.

In the Healthcare segment, beyond the upcoming facility, we have onboarded 2 new customers for GLP-1s and have also additionally signed 2 new contracts with Global Pharma for the manufacture and supply of pen injectors.

In the Consumer segment, we received a new product mandate from an existing home furnishings customer. And within Industrial segment, we commenced supplies of power tool components for a new client and added applications in LED lighting as well.

With that, I will now hand over the call to Mr. Sanjay Shah to take you through the operating and the financial highlights of the quarter. Thank you very much. Over to you, Sanjay bhai.

Sanjay Shah:

Thanks, Amit. Good afternoon, everyone. I will start with the operating metrics for the quarter and the 9-month period and then move to the financial performance. During Q3 FY '26, we processed 5,541 tonnes of polymers as compared to 6,308 tonnes in Q3 FY '25, a decline of 12%. For 9 months FY '26, polymer process stood at 19,209 tonnes versus 18,396 tonnes last year, a growth of 4.4%.

Machine utilization was flat at about 47.1% in Q3 as compared to 47.8% for 9 months FY '26. With the ramp-up of new programs, we expect utilization to improve going forward. Exports continue to remain strong and contributed approximately 71% of total revenue in both Q3 and 9 months FY '26.

Let me now summarize the consolidated financial highlights for Q3 FY '26. Revenue stood at INR251 crores as compared to INR198 crores during Q3 FY '25, a growth of 27% year-on-year. EBITDA stood at INR66 crores as compared to INR46 crores during Q3 FY '25.

EBITDA margins stood at 26.5%, an increase of 310 bps over Q3 FY '25. PAT stood at INR37 crores as compared to INR25 crores during Q3 FY '25, a growth of 48% year-on-year. PAT margins stood at 14.9%, an increase of 220 basis points over Q3 FY '25.

Coming to segmental revenue breakup for Q3 FY '26. In the Consumer segment, revenue stood at INR123 crores as compared to INR141 crores during Q3 FY '25, a degrowth of 13%. In the Healthcare segment, revenue stood at INR104 crores as compared to INR44 crores during Q3

FY '25, a growth of 139%. In the Industrial segment, revenue stood at INR23 crores as compared to INR13 crores during Q3 FY '25, a growth of 87%.

Now coming to 9 months FY '26 consolidated highlights. Revenue stood at INR754 crores as compared to INR569 crores during 9 months FY '25, a growth of 32%. EBITDA stood at INR218 crores as compared to INR124 crores during 9 months FY '25, a growth of 76% on a Y-o-Y basis.

EBITDA margins stood at 29%, an increase of 720 basis points over 9 months FY '25. PAT stood at INR130 crores as compared to INR65 crores during 9 months FY '25, a growth of 101% on Y-o-Y basis.

PAT margins stood at 17.2%, an increase of 590 basis points over 9 months FY '25. Cash PAT for 9 months FY '26 was reported at INR166 crores as compared to INR96 crores during 9 months FY '25, a growth of 73% year-on-year.

Our ROCE and ROE stood at 38.4% and 29.1%, respectively, as on 31st December 2025. The growth in business has been achieved with disciplined use of capital. Our debt to equity stands at 0.3x and fixed asset turnover ratio at 2.0x as on 31st December 2025.

Now coming to segmental revenue breakup for 9 months FY '26. In the Consumer segment, revenue stood at INR409 crores as compared to INR413 crores during 9 months FY '25, a degrowth of 1%.

In the Healthcare segment, revenue stood at INR280 crores as compared to INR109 crores during 9 months FY '25, a growth of 158%. In the Industrial segment, revenue stood at INR65 crores as compared to INR48 crores during 9 months FY '25, a growth of 36%. That concludes the update from my side. We can now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We take the first question from the line of Shaleen Kumar from UBS India.

Shaleen Kumar: Congratulations to the management for a fairly good set of numbers. So Amit and Sanjay bhai, 2 questions. First, on the capacity side. So can we get an update, if I missed the initial part. So we are having 2 lines coming up, right, of 25 million each. So is the first line operational?

Amit Sanghvi: The first line is going through operational qualification, should be completed next week and then we'll go into supply immediately after. The second line is scheduled to arrive in end of April, beginning of May '26. So it will get commercialized by end of July '26.

Shaleen Kumar: So fair to assume, Amit, that our commercial production from the new line will start like we'll be doing commercial production in March onwards?

Amit Sanghvi: Yes. We will have some commercial production in March, but we'll do the proper scale-up from April.

Shaleen Kumar: Got it. And for that one may be August, September, right?

- Amit Sanghvi:** No. That one- end of July, we should be in production. So yes, I guess, consider a month for getting the line up to speed that it's intended. We typically start at 50, 60 parts per minute on an 80 part per minute line and then scale it up to 80.
- Shaleen Kumar:** Got it. Got it. So Amit, we were setting up 2 lines with 50 million and now we have also setting up 75 million line, which were coming up by end of FY '28. And you have also highlighted that you have signed up 2 more customers, etcetera.
- So is it again fair to assume that you have pretty confident on at least these existing lines, 50 million to be able to fully utilize in the next 12 to 24 months and that's the reason you're looking for 75 million line?
- Amit Sanghvi:** So all the capacity expansion we're doing, I mean, let's look at the capacity expansion in India, are more or less fully backed by commercial contracts. The Abu Dhabi expansion, I would say, is somewhere around 50% to 60% secured in terms of capacity commitments, not fully, but it's anticipated to be 18 months out from now. So we anticipate that we will be fully backed by contracts even on the Abu Dhabi setup.
- Shaleen Kumar:** Yes. So basically, you're saying that 50 million is fully backed. But the point is we should be fully utilized in 12 to 24 months, right?
- Amit Sanghvi:** 24 months. Yes.
- Shaleen Kumar:** Yes, right. And 75 million, you're saying that you already have a commitment for more than 50%?
- Amit Sanghvi:** Yes, around 50% to 60%, somewhere in between that. Now sometimes you will see pen cannibalizing auto-injectors or vice versa, but that's a risk we have to live with.
- Shaleen Kumar:** Got it. And on the GLP-1 side now, how should we think about your supply, given there's a likelihood of launches coming in 1Q, should we expect that you will be starting supplying GLP-1 injectors in this quarter, fourth quarter?
- Amit Sanghvi:** We've already started supplying in the last quarter itself for commercial launches, which are planned in Canada, Brazil, India, Middle East, Turkey. So supplies have already started. We're struggling right now because our high-speed line is still not up and running. It's still in qualification. So as soon as that happens, we'll be in a better position to supply the volume that is needed.
- Shaleen Kumar:** Right. So basically, you're saying it will only ramp up from here. You already have a demand coming from customers.
- Amit Sanghvi:** Yes, absolutely. I mean, we've got customers breathing down our necks for supply.
- Shaleen Kumar:** Well, that's good news. Canada, like we have a lion's share, right? Can we say that? Like possible for you to quantify like what kind of a share you have amongst the customers you have signed up or the number of customers who have filed?

- Amit Sanghvi:** Without breaching any confidentiality, I believe Canada, potentially the first 6, 7, 8 filers, I would say we have upwards of 65%, 75% of that share.
- Shaleen Kumar:** You think 75% of the customers who have filed are with you?
- Amit Sanghvi:** Yes. If I look at the first filers.
- Shaleen Kumar:** So effectively, basically, there is a likelihood that anyone who gets an approval will be using a Shaily's line in Canada. Most likely. There's a good likelihood?
- Amit Sanghvi:** Very good likelihood.
- Shaleen Kumar:** Good to hear that. Now moving on to the consumer electronic bit. If we can get to know like what's the status on that front? Like when are we probably -- are we done with the qualification? When can we expect commercial deliveries to go on -- for the consumer electronic client?
- Amit Sanghvi:** I think we're coming closer to the end of the qualification cycle. But I don't have anything that I will be able to share beyond that. So we should come to an end of qualification either end of this month or early March. And hopefully, from there on, we will have a little bit more visibility on supplies.
- Shaleen Kumar:** So most likely, you're saying the supply will probably begin fourth quarter end of the 1Q. Can we assume that?
- Amit Sanghvi:** That's also my assumption at the moment.
- Shaleen Kumar:** The product is mostly qualified, right? Most of the qualification is done, if my understanding is correct.
- Amit Sanghvi:** I mean, there's a long qualification cycle. You have to always consider that one is to qualify a component, then it's to qualify the component at the assembly site. Then beyond that, there is a testing period for verification that everything works. So it's not a very short process, especially for a new supplier to enter. We assume that we are at the end of that cycle at the moment. Hopefully, we will start supply soon.
- Shaleen Kumar:** Got it. Got it. Last question from my side and then I'll go back in the queue. Last 2 questions actually. On the semiconductor casings, that's another excitement area you highlighted. If we can get some status update on that as well, right, where we are, like what kind of customers are we looking at? And when can we start seeing the commercial supplies happening on that front?
- Amit Sanghvi:** Look, plants in India are still are not up, So the chip manufacturing companies are not fully up and operational. I think it's going to likely be 12 months before they come up. We should see some small quantities in the new FY for sure. But I think any scale-up will largely depend on how quickly these capacities come up and how quickly they then scale from after setup. It's a direct link. Can't do anything else with the product except supply the chip manufacturers.
- Shaleen Kumar:** But can there be an export opportunity in that beyond the domestic supplier?

Amit Sanghvi: Not at the moment. It's not friendly to international shipping. It can be quite expensive. So in most regions, these are manufactured close to the end customer.

Shaleen Kumar: All right. All right. Last bit on the financials. While I can observe that your gross margin has been stable, but I could see there are some cost increases a little bit on the employee side and the other expenses. Just want to understand like what were they pertaining to?

Amit Sanghvi: I think largely admin and selling expenses have gone up. So Sanjay bhai, if you want to take it, that's fine.

Sanjay Shah: You're quite well covered. Yes, you are. No problem.

Amit Sanghvi: Yes. But as you can imagine, quarter 3, this particular year ended up with 3 very large, obviously, exhibitions, which is a very significant cost for us. Plus we're doing these setups in Abu Dhabi and elsewhere in the world.

So you've seen a temporarily cost increase on that. But the reason it's reflecting on the margin is because we've had some income, the onetime income, which has been delayed from quarter 3 to quarter 4.

Shaleen Kumar: Okay. So can we get like what -- the nature of that income? Like what was it like? So you say that cost is already booked for that.

Sanjay Shah: So Shaleen, what happens is that basically, from U.K. and Abu Dhabi, we basically license or give access to people to our platforms where the fees are recovered over 12 to 18 months or 21 months in terms of agreed milestones with the customer. Now we would have submitted papers to the customer, that's someone who would validate that and then confirm it and then invoices would be raised.

In this case, there have been some income, which has not been booked in the quarter 3 because we have not got confirmations from the customer. So we expect that we should basically be able to do that in quarter 4.

Shaleen Kumar: So Sanjay bhai, you're saying that the cost has been incurred, but the income has yet to receive for that?

Sanjay Shah: Yes. Actually, you're right. So what happens is, as I mentioned earlier, we raise income once the customer confirmations come in. Now these are long-term contracts with different agreed milestones at the start of the contract.

Now basically we would expect the customer approvals to come in for that milestone in, say, quarter 3, some of them would have been deferred to quarter 4 or something like that. So that's the reason that income has not come in.

You would see that when you look at the difference between the consolidated numbers and the stand-alone numbers, you would see that the revenue compared in quarter 1 and quarter 2 and quarter 3, revenue in quarter 3 from U.K. and Dubai operations is lower as compared to quarter

1 and quarter 2 and that's the reason for that. While expenses have been there, you don't have corresponding revenue which is coming.

Shaleen Kumar: Got it. So basically, as we move into 4Q, we will not have these exhibition costs and also we will have a revenue coming from the work we have done in our Q3.

Sanjay Shah: Yes. And just to add to what Amit said, with exhibition costs, we also have had expenses on Labor Code implementation in terms of gratuity and leave encashment. So that expense was about INR90 lakhs to INR1 crores.

Shaleen Kumar: And any sense on the exhibition cost, sir, if you can provide a figure like on that.

Sanjay Shah: That was substantial because there were 3 large exhibitions which we took part in. One was CPHI in Europe, then POD and PDA.

Moderator: We take the next question from the line of Vishal Manchanda from Systematix.

Vishal Manchanda: Sir, regarding the consumer business, that continues to decline. So if you could share whether we can expect a rebound there sometime soon?

Sanjay Shah: So when you look at the consumer business, the consumer business, we have seen some decline because of overall demand slowdown, which is happening in Europe and U.S. As and when economy improves there, I think we should see a rebound.

The other thing is with the U.S. FDA or U.S. agreement happening and the EU FTA happening, once this gets signed and implemented, you should basically see some advantage coming to India as compared to its peers in terms of exports. So you would see probably a couple of quarters, but post that, you should see improvement happening on that part of the business.

Vishal Manchanda: Would this stabilize at current level or there can be further downside from current numbers?

Sanjay Shah: Vishal, very difficult to say because again, it depends on how things pan out globally in these economies, which would be difficult for us to predict sitting here. So if you look at quarter 1, quarter 2, quarter 3, while we have taken on additional new business from home furnishings space from our customers, on existing businesses, we are seeing a drop in volumes. So that's something which will again depend on how does the revival happen in Europe and U.S.

Vishal Manchanda: Right. So is there not a annual commitment that these customers give you? Or these are more need-based orders that you get from your customers?

Sanjay Shah: There would be -- in some cases, there would be commitments. In a lot of these cases, this would be regular orders, which would be based on the demand. So we do have a 52-week rolling forecast, so we have some sense of it, but then that forecast also will change with time.

Vishal Manchanda: Right. And IKEA, kind of there are press articles saying IKEA is looking to source more from U.S. for the U.S. market. Any signals that you're getting on this?

- Sanjay Shah:** We have not seen that. So see, what happens is when you look at it, with tariffs coming down from 15% to 18%, India will have a significant advantage against its peers for exports to the U.S.
- Vishal Manchanda:** Okay. Got it. And sir, just one final one on the commitments that you say you have commitments for 50% of the capacity at Abu Dhabi. Are these commitments in form of capital advances? So like do they fund 50% of your capex? Is that the way these commitments work?
- Amit Sanghvi:** No. I think I mentioned this in 2 of my previous calls, but with every customer, it's different. In some customers, we do in a structure where an advance is given. Advance can range from anything from 20% to 40%. And in most cases, it will always be a take-or-pay contract. So every year, there's a certain minimum volume guaranteed by the customer, which they have to purchase.
- Vishal Manchanda:** And this volume guarantees for multiple years that they provide, let's say, for the next 5 years since inception?
- Amit Sanghvi:** Yes. I mean, look, it's to the customer's benefit to do that because if someone is taking a pen from us for Semaglutide and they only have a contract for 1 year, next year, I may not have supply for them because this market is like that. There's more demand than supply.
- Moderator:** We take the next question from the line of Harshh Shah from JM Financial PMS.
- Harshh Shah:** A few questions from my side. So firstly, once again on the consumer business. So I understand, as you mentioned that demand is kind of changing both in U.S. and Europe. But from a modeling perspective, would it be right assumption to kind of take a mid-single digit kind of growth annually in this business? Or do you probably feel that post the treaties, things could materially change in our favor?
- Sanjay Shah:** So Harshh, it will depend. So I think it's a little too early to talk about it. The EU needs to be ratified. India U.S. there are a lot of discussions going on while there is some sort of a framework agreement agreed upon, but there's still some discussions which are going on. So it's a little too early to talk about it.
- Harshh Shah:** Got it. Okay. No worries. On the pens' guidance in terms of volumes which you had given probably at the start of this financial year of almost around 30 million odd, would you retain that guidance for FY '26?
- Amit Sanghvi:** Yes. And it will be a little lower given our qualification activities are delayed by 3 months. So it will be slightly lower, but generally...
- Sanjay Shah:** It's the same. Broadly it's the same, right?
- Amit Sanghvi:** Yes.
- Harshh Shah:** Okay. Got it. And on the new capacity expansion in the UAE, right, if you could kind of walk us through in terms of the rationale why UAE was chosen as the location. So correct me if I'm wrong. So is it that your focus would be more on the regulated markets where the IP protection

on the pens would be much stronger vis-a-vis markets like India, wherein there's a lot of Chinese competition as well coming in? And also some color on the revenue and the payback period you would have assumed at the current juncture for the UAE plant?

Amit Sanghvi:

We'll not talk about revenue and payback in this call. I think when we get closer to taking a call on finalizing this, maybe we can announce it then. On the rationale for the UAE plant, if you look at the business for healthcare, particularly, we import resin. We import equipment and in Shaily's case, we're also importing people, right? So key senior engineering talent within Shaily running the healthcare business are expats.

Now maybe there is certainly a savings when you do all of these imports within the country. But more than anything else, the expats we hire come from regions in Asia where personal income tax is a lot lower. It's less than 50% of what it is in India. So we actually end up paying someone 2x what they should be getting paid just to bring them to India. So we're not able to, at the end of it, justify the cost of gaining this capability given the scale that we want to grow at.

So there's a lot of benefit of being here. I never wanted to mention this, but we lost out on a particular very large contract a year ago when Operation Sindoor happened just because the customer saw risk in their clinical program. So we have a very nice base in India. We'll continue to operate and grow that, but we need to have a business continuity plan in place. And there are large customers who will look at that very, very closely and not want to have all their eggs in one basket. So that's the rationale.

Harsh Shah:

Got it. And one last question before I get back in the queue. So the thing that you all mentioned in the PPT with respect to the 2 new contracts with global companies for pen injectors. So would these be completely newer customers? Or how should one read this?

Amit Sanghvi:

One is an existing customer, new project, one is a completely new customer.

Moderator:

We take the next question from the line of Ritesh Shah from Investec.

Ritesh Shah:

Quick questions. Sanjay bhai, you indicated around 30 million pens this year. Can you give guidance for '27, '28, if it's possible?

Sanjay Shah:

Ritesh, probably, I would say wait till the end of the year and then we can probably give an idea on that.

Ritesh Shah:

Okay. Second question is the consumer business has actually reported a decline on a year-on-year basis. Now in a way, this should be a good thing for a gross margin if we look at it on a sequential basis. So despite stellar growth what we have seen in healthcare, how should we comprehend the gross margin profile on a sequential basis?

Sanjay Shah:

So if you look at on a stand-alone basis, the gross margins have improved on a sequential basis. So the Q2 margins were at about 55%. The Q3 margins are at about 56%. So you have seen a 1% increase in terms of gross margins. So it's been marginal, but yes, it has been there.

- Ritesh Shah:** Correct. And on consol basis, basically, you did indicate about the revenue which has not been booked, the cost was there. If it's possible for you to quantify that number, basically, probably at a consol level, it will help us better appreciate the numbers?
- Sanjay Shah:** So I already indicated a number on the labor code, which is about INR90 lakhs to INR1 crores. And then there will be costs related to exhibitions and other costs, which is there, which I think when you look at the numbers, you should be able to arrive at the number.
- Ritesh Shah:** No, I'm referring to at the gross margin level, you indicated there was a revenue which was there between consol and stand-alone you were explaining, which was not booked in Q3...
- Sanjay Shah:** Right.
- Ritesh Shah:** And some income will be actually booked in Q4. Would it be possible for you to qualify that income number?
- Sanjay Shah:** Again, Ritesh, I would basically refrain from giving a number here because a lot of this is milestone based, but you will see some of this revenue getting booked in quarter 4.
- Ritesh Shah:** Sure. Okay. A few questions for Amit. Amit, you indicated the high-speed line under qualification. This was with respect to the first question that you answered about the next line by next week and the other one by July end. Can you detail like what are we referring to here?
- Amit Sanghvi:** Sorry, Ritesh, I didn't understand the question. What are we referring to in terms of the line or...
- Ritesh Shah:** Yes. You said high-speed line under qualification. So which qualification...
- Amit Sanghvi:** Pen assembly.
- Ritesh Shah:** Okay. So it's more procedural, okay. That's fine. And with respect to the UAE capacity what we have announced, how should we read into this capacity? Is this like on a 4 capacity cavity mould or a 8 cavity mould? And how does it stack up versus the facility that we have in Baroda from a technological standpoint?
- Amit Sanghvi:** So Baroda, we currently run a combination -- again, different on different products, but it's a combination of 4 cavity, 8 cavity and 16 cavity, right? So 16 cavity is only there for the lines which are supplying for GLP-1s. And there's only 2 lines doing that, right? All the rest of our products would be 4 and 8 cavities. In Abu Dhabi, we're looking at only 16 cavities.
- There will be no 8 cavity production lines so it's basically all high-speed lines in Abu Dhabi. So each line is capable of producing somewhere around 25 million to 28 million pens or devices per year, largely automated. Even our India facility is fairly automated, but this would be a much higher level of automation than that.
- Ritesh Shah:** Sure. And in the presentation, we have indicated Q4 FY '28 as the commissioning. If we had to read on the dispatches for FY '29, FY '30, I understand you won't probably give the number, but hypothetically, if we are 100% booked, what is the dispatch quantum it can happen? I'm not

looking at it from a commercial standpoint. I'm just looking at it from a manufacturing standpoint. Can there be any start-up issues? Or is it something which is very, very smooth?

Amit Sanghvi: That's what we are having right now. We're having start-up issues, right? That's why qualification, which should have happened in possibly in October last year, in Feb this year, it's still ongoing because the line is a very, very complicated line. And it's taking a lot more than we anticipated.

Ritesh Shah: Sure. And would it be possible for us to give some more flavor on the consumer electronics supplies that we have already started, basically how we entered in this business because historically, we have looked at high margin, high ROCE SKUs. This could be high volume, probably low margin. What is the thought process? And what is the scope of revenue margin profile opportunity that we have over here?

Amit Sanghvi: Look, it's a very big opportunity and very scalable opportunity, right? So maybe if you look at supply chain in China, each of these plastic guys that participate in consumer electronics opportunities, especially the high-end, more high-precision small parts, high complexity, each of them do revenues of between USD300 million to USD0.5 billion - USD600 million, right, annually.

And they've all kind of grown to that level maybe within a span of 10 years, really. So what we see is that this particular opportunity is highly, highly scalable in terms that it's long-term scalable. It's a very high amount of revenue that you can generate.

And because of the complexity, which takes out a lot of your competition, right, not everybody can do it, first of all, very, very difficult. You'll find a handful who will be actually be able to do this.

So which means that there is also margin to be earned. The margin is not going to be healthcare margins, but I'd say certainly higher than our home furnishings, much, I would say, higher than our home furnishings business. So you've got better margin, high complexity, which means there's return for someone else to enter and better margin profile. I mean, I think it's a good mix.

Ritesh Shah: Sure. And what sort of capex will we look for this particular business? I would presume like we'll be running out of capacity very quickly over here. So how should we look at the incremental capital allocation for this part of the business?

Amit Sanghvi: We're working on the capex plan. I think we don't have a very concrete answer yet, but it will be available shortly.

Moderator: We take the next question from the line of Nirali Gopani from Unique PMS.

Nirali Gopani: Congratulations on a good set of results. Amit, my first question is on the capacity time line. Now when we expect to sell around 30 million pens a few years and there in the very near future and the capacity to come up towards the end of FY '28, do you see any capacity constraint that we might see in the next 2 years? And is there an option to add further capacity in India if needed?

Amit Sanghvi: No, no. We did not intend to add the the 25 million pen line, which is being delivered in end April, beginning of May. We never intended that in India, but we had to do it, essentially because you can't execute a full project in a foreign country in 10 months.

I mean, we can do it in India in 10 months, but outside of India, it's not possible to do it in such a short time. So we decided to max out the capacity in India. We don't have any more building space left. We don't have any more factory space left in India. So we'd have to build new anyways.

And when we talk about capacity, you have to understand that most of our contracts will stipulate a upside of 20% to 25% depending on what a customer is potentially signing. So for example, if we have a capacity of 80 million pens in India, the guaranteed volume that we have is 80% of that, right?

So we always have to have spare capacity available for managing launches, managing seasonality, managing a sudden spike in demand from an X product versus a Y product. So capacity essentially never gets 100% utilized and you expect that it will be around 80% utilized.

Nirali Gopani: Perfect. Very clear. And secondly, Amit, on Axiom, I understand that the launch will be 3 years out and it's still far. But any directional update that you would like to share on onboarding of customer or signing any contract? Any time line that when can it happen?

Amit Sanghvi: We have quite a few advanced stage discussions ongoing, 2 in particular, to be honest, regarding GLP-1s for novel molecules. Okay. All of you keep your fingers crossed and pray for us. It could be this year. So we could look at potentially signing on a partner, a customer for one of our more innovative products this year. Sorry, this year, this calendar year, not financial year.

Nirali Gopani: Right. Very interesting. And Amit, not looking at the quarterly numbers, but U.K., we have a pipeline to grow substantially over the next 2, 3, 4 years, right? The pipeline, in your view, looks strong for the U.K. subsidiary to deliver numbers?

Amit Sanghvi: Absolutely. We've got 7 new projects in the pipeline and each of them could have multiple customers. So we've got 7 new projects in the pipeline. In fact, we are discussing how quickly we can implement this. We don't have the resourcing available. So U.K. pipeline is very strong. I don't see any challenges for the next 3 to 4 years.

Nirali Gopani: Okay. Okay. And one last question on the numbers...

Moderator: Ms. Nirali, I would request you to join back the queue for more questions. We take the next question from the line of Kunal Bhatia from Dalal and Broacha Stock Broking Limited.

Kunal Bhatia: Sir, I just had 2 questions. One was regarding the Abu Dhabi facility which we have, which we would be starting -- you've mentioned some bit about the funding on that, but if you could be more elaborative on how are we going to fund that?

Secondly, also will this facility be used only for the GLP-1 opportunity or even for other therapies? And the final question is also, if you could give some sense now since that global capacities have also increased, how are you facing the pricing end for the pens?

Sanjay Shah: Yes. So I'll probably answer the first part of the question in terms of funding. We basically look at funding it by a mix of internal accruals and debt. The implementation time, as Amit indicated in his opening remarks, is 18 months. So we will have enough of accruals, which we would be able to generate and we will be approaching our bankers as well as bankers in Abu Dhabi for funding the same. Amit?

Amit Sanghvi: On the other 2, pricing, yes, there is pressure on pricing, but it's not crashing down or anything. Anyways, you guys don't have this information and we cannot provide it.

But from what we had quoted when we first submitted proposals on high-volume offtake, it's not a whole lot different. We've seen essentially 10% to 15% price erosion on those numbers. But that's a given. When you sit down to negotiate large volume contracts, you will see that happen anyways. Pricing will be under pressure for sure.

But I think most companies now have their COGS for Semaglutide somewhere in the range of \$5 to \$7 or \$6 to \$8. So let's take a low point of \$6, high point of \$8. I'm not sure if a \$0.30, \$0.40 difference really makes that much of an impact and is it worthwhile taking the risk. So to be honest, yes, we anticipate some further price erosion, but it will probably stabilize after the first 24 months of supply.

Kunal Bhatia: So sir, this was much lesser than what was anticipated earlier, if I'm not wrong?

Amit Sanghvi: Yes, the erosion is lesser. You see pen capacities are limited. If you look at API, API prices eroded very significantly. But the most complex part of the entire combination product is the device.

Sanjay Shah: And there are too many players also who are there on the device front.

Moderator: We take the next question from the line of Pritesh from Lucky Investments.

Pritesh: So I have 2 questions. One on the bridge of the capacity addition in India. So you are supposed to add 25 million, 2 lines and take it to 80 million. Did I hear correctly that one of the line is slated to come in quarter 1 of '27? Is that correct?

Amit Sanghvi: Right. One line is already at Shaily, Pritesh, and it's under qualification. It arrived in Shaily in December. It's currently under qualification. The second line will arrive end of April, beginning of May and should be qualified by end of July.

Pritesh: So the line which was supposed to be qualified in quarter 3, current quarter, is yet to be qualified. And then there are another line will come in quarter 2 next year. So that will take it to 80 million?

Amit Sanghvi: Correct.

Pritesh: Second question is, we are seeing some movements on the oral GLPs. So Novo did that. Novo launched the Wegovy one, and then there was a rip-off in the form of Him & Hers. There was a launch there. So you had some assessment of the oral GLP market of the Sema or of the GLP. Any comment there, any observation, any changes on the oral as a percentage of the total GLP?

Amit Sanghvi: So look, as far as Him & Hers is concerned, there is ongoing litigation. My information is that it will be very difficult for them to come out with that product. Again, I don't want to speculate, but we'll see what happens.

Basic, the fundamental is that the oral GLP-1 is not as effective and has more side effects because of bioavailability and the API content that goes in a product, right? So it's a daily API content of 14 mg versus once a week of 2.4 mg, right?

So you can imagine you do 14 times 7 and you have your math of API comparison between oral and injectable. Oral will have a market share. They even currently do, but it's not going to impact our business.

Pritesh: And this qualification is what you're mentioning about these lines. So what are you referring from the qualification? Basically, what has to happen?

Amit Sanghvi: Oh, so much. First, you have to assemble the whole line, then you have to qualify each and every station. So an 80 parts per minute line conducting 25 to 30 operations on the line has a lot of equipment. And you have to qualify each of those equipment...

Moderator: It seems like the line for sir has been disconnected.

Moderator: The line to the management has been connected. Sir, you can go ahead.

Amit Sanghvi: Okay. I don't know if Pritesh is still on. So it's a very complex piece of equipment. So you have to qualify each and every operation separately. And then you have to qualify the whole thing together, right? So we're at a stage right now where we've been running the line at 60 parts per minute, 70 parts per minute.

We getting high levels of rejection, 30% rejection and that doesn't have to do with the quality of the product, but has to do with the settings of why the machine is rejecting it. So we're probably in the last stage of that process right now. We should be able to get that up and running over the next few weeks.

Pritesh: Qualification is from a customer or from the USFDA?

Amit Sanghvi: No, the line. Qualification of the line.

Sanjay Shah: So Pritesh, this is an internal qualification, which Shaily does and certifies that the product is meeting our specification. So this is a qualification which we end up doing it internally.

Pritesh: So just on the margin side and I did some assessment of the margin based on the 30 million devices that you're selling. When you move towards a larger scale and this line is obviously fully

utilized and also when you move towards a larger scale of volume between what is today and then, will there be a margin differential?

Amit Sanghvi: Sorry, Pritesh, are you talking about between India and Abu Dhabi or...

Pritesh: No, no. Just healthcare. I'm talking about healthcare in general, the healthcare business in general. When you move from the current scale to the higher scale and then will there be a margin differential between what you're doing -- a margin difference between what you're doing today and what you do then, considering the scale and on the other hand, considering the pricing of the product?

Amit Sanghvi: Yes. So if you look at just manufacturing margin, what will happen is we know that manufacturing higher volume product is at a lower price, right? But because of the scale, once we stabilize the operations, it's fully automated, a lot of manual intervention. So far, we've been doing a lot manually, right?

So the overhead cost is high. We should essentially be at a point where we are able to maintain the same margins or there could be a time that we increase them. But generally speaking, these are the margins that we will maintain on the pharma business.

Moderator: We take the next question from the line of Lucky Agarwal from Equirus Securities. I would request Mr. Lucky to join back the queue again till then. The next question is from the line of Aman from Astute Investment Management.

Aman: Sir, my question is on the India launch. So how many customers of ours do you expect -- do we have today in India? And how many do you think we'll be able to launch in March itself? And are they using mostly Harmony or are some of them also using Neo?

Amit Sanghvi: No. They're using both. We have customers that use Harmony, customers that use Neo. We have -- I think if I look at the guys who have been -- who received approval from CDSO, I think there's both Harmony and Neo. So I mean, whether it's March -- Harmony will go live in March for sure in India. Neo might be April, could be March, could be May, I really don't know. But sometime in the first 3 months of launch.

Aman: Sure. And continuing with this, we had read about that after India launch, it's like automatic approval in almost 50, 200 countries, except the big ones. So do you expect that after India launch in March, most of our customer is also launching in whatever, 50, 100 geographies, which is opening up directly after that using the same COPP?

Amit Sanghvi: I would assume wherever these guys have reach and partnerships already in place, they will launch. Everybody will prioritize volume for Canada. But beyond that, I think they will launch in all countries.

Aman: Sure, sir. And any update on Teri launch in EU or U.S.?

- Amit Sanghvi:** I think approval is there, but focus is on Sema right now. Teri launch will happen at some point once this Sema launch is completed. That is my assumption or possibly the latest information I have, so.
- Aman:** Sure. And among the other geographies like Turkey and Brazil, do you expect it to be launched in quarter 2? Or do you see there can be further delays in that?
- Amit Sanghvi:** I'd say there's a very high probability of quarter 1 launches, but I don't think it will get delayed beyond quarter 2.
- Amit Sanghvi:** But you have to understand my information is probably just as accurate as yours, same similar sources. So I'm assuming that everybody will be able to launch, will get approvals.
- Aman:** Sure, sir. That makes sense. On the semiconductor side, you talked about that the product has to be near the fabs (fabrication facility). And in my understanding, there are like 4 fabs in Gujarat.
- Amit Sanghvi:** Yes.
- Aman:** So are we in talks with at least 2 to 3 of them because some are maybe expected to commercialize their fabs in CY '27 itself? So are we in conversation with all? And do you think that do we require all 3 or 4 for this product to scale or even one is good enough for it to scale massively?
- Amit Sanghvi:** Sanjay bhai, you want to take this?
- Sanjay Shah:** Yes. So, basically, we would be looking at working with all the 4, is where we would talk about it. Most of these guys basically, as you rightly said, will look at starting commercial operations by next year. So that's when we would basically be looking at supplies. There will be some supplies which can probably be happen towards the end of the year.
- Aman:** Okay. But we are in talks with all 4?
- Sanjay Shah:** Yes.
- Aman:** Sure. Final question is on the margin side for this quarter in Healthcare. I understand that one-off because of delay. But was there any mix change also and maybe more contract manufacturing and more insulin versus GLP-1s?
- And do you expect, say, quarter 4 with the GLP-1 scaling and maybe quarter 1 back maybe even more. So do you expect it to go back like quarter 2, the margins of overall business?
- Amit Sanghvi:** I'd expect quarter 1 to go back for sure. Quarter 4, like I said, we're still qualifying the line. You're not going to have a lot coming from the high-speed line in quarter 4. So margins will certainly go up in quarter 4, but you will see full normalization only in quarter 1.
- Moderator:** We take the next question from the line of Akhil Parekh from B&K Securities.
- Akhil Parekh:** I have 2 questions. Amit, you couple of times mentioned that there is a difference between the supply and demand, right, the demand continues to be higher for the GLP-1 devices. Any

ballpark difference between the supply and demand you would like to highlight, specifically from a near term, like, next 12 to 18 months, what that percentage would be?

Amit Sanghvi: So demand is higher. When we look at capacity build and demand, we always look at sort of a minimum offtake plus an upside, right? Given that you look at players globally for pens, you really have, barring maybe some new Chinese entrants, which will supply into limited markets on account of IP infringement, you really have only 4 players globally. So I would assume that supply is limited and supply will only happen with firm commitments.

Akhil Parekh: So is it fair to assume no big capacities will be coming at least in near term basically?

Amit Sanghvi: We know the capacities which are already set up or in progress of being set up. But even with those capacities, we're not necessarily looking at a scenario where there's an overcapacity.

Akhil Parekh: Okay. Got it. That's helpful. And second and last question, you mentioned that capacity expansion is backed by orders from our clients. So what are the terms like if the client don't oblige and they don't buy the required order, any penalties which are there as a part of the contract? And that's my second and last question.

Amit Sanghvi: They're full take-or-pay contracts. Now that doesn't mean that we're not going to help our customers out in periods when they need it. But essentially, if you don't buy, you still have to pay the same value.

Moderator: We take the next question from the line of Ankit Gupta from Bamboo Capital.

Ankit Gupta: Sir, on the Turkey and Brazil market, when do we expect to see Shaily devices being launched there? Any update that we have from our clients?

Amit Sanghvi: Not really. We assume quarter 1, quarter 2 next year, don't know. Don't quote me on that.

Ankit Gupta: But do you think we'll have a significant market share or partners will have significant market share in this market? Or how many players are we planning to supply there?

Amit Sanghvi: I think certainly, 3, 4 of our large customers have partnerships. So we would assume that they would be successful in those regions.

Ankit Gupta: Sure. And Amit, with both the lines coming in operations by Q1 of next year, should we expect that for the expansion capacity in India, we should be looking at, at least 70% to 80% capacity utilization for FY '27?

Amit Sanghvi: No, '28. It takes time to scale up. It's not easy. Technically also not easy.

Ankit Gupta: Sure. And by that time, we'll also have the UAE expansion coming up by -- at least by the end of FY '28?

Amit Sanghvi: Yes. Yes. With expansion, expansion lead times are -- just equipment lead times have now become 15 months. And if you have to build a facility, it goes to 18, 20 months. It's hard to

predict. You could always have a scenario where you have very low utilization in the first year. But I think generally, the business plan is solid. We need the capacity. So that's what we're doing.

Ankit Gupta: Just one last question on the innovator side. You did talk about keeping our finger crossed on getting some contracts with at least one of them in this current year. But in terms of scalability and the time line, if you can give an indication how big can this be for Shaily? And when can we expect some supplies to start for that?

Amit Sanghvi: With innovator, from the time you engage with them on with an official agreement in place, minimum time line for launch will be somewhere between 2 and 3 years. And then it really depends on their success and how well the molecule does.

But we're bullish. We think at a minimum 50 million pens to 100 million pens is the potential for innovators to come in. Now we don't know whether it happens in '30, '29, '31, I really don't know. But that's part of the journey.

Ankit Gupta: Okay. Okay. Just one follow-up on this. So with this UAE expansion coming in, so let's say, for the innovator also, we might have to -- and hopefully, we get the contract for innovator supplies also, are we looking for further expansion apart from the Abu Dhabi or this expansion might also cater to that?

Amit Sanghvi: If a very large volume commitment comes in where we have to do 50 million additional pens, then we will need to expand that also.

Moderator: We take the next question from the line of Bhavika Jain from Niveshaay.

Bhavika Jain: So basically, I want understanding on the consumer electronics side. I want to understand management view what exactly we are planning to do in the consumer electronic and from which region this is expected to come, the business?

Amit Sanghvi: We are planning to participate in anything in consumer electronics where there is high complexity, high precision and small parts, including combination parts where you have metal and plastic. And the business is obviously going to come primarily from customers setting up their final assembly in India.

Bhavika Jain: Just a follow-up that because of my understanding, like there are a lot of value chain shifting happening like because of China plus one and a lot of things are coming to India. So basically, understand that are we participating in that thing or we are doing something totally different? Like are we trying to cater this shift happening in the value chain or we are going to do something other than this?

Amit Sanghvi: I would say a combination. We certainly are a part of the shift, -- wanting to participate because of the shift. And I think what's different is only the parts or the type of products in which we participate. So we likely will not do simple stuff because simple stuff

Bhavika Jain: Will it be high margin...?

Amit Sanghvi: Relatively speaking, yes. High is a very...

- Sanjay Shah:** It's a loaded statement. It's a loaded statement.
- Bhavika Jain:** It's aligned with your business margins.
- Amit Sanghvi:** It will be higher than our current consumer business and that's where I will end that. Yes.
- Bhavika Jain:** Okay. And when we are expecting this consumer electronics segment coming live?
- Amit Sanghvi:** Hopefully, over the next 12 to 18 months.
- Moderator:** We take the next question from the line of Shubham Aggarwal from Burman Capital.
- Shubham Aggarwal:** Sir, I just want to understand the supply and the competition side globally, like who are the large players if you comment on that. And since you mentioned that the demand will outstrip supply in the next 12 to 18 months, sir, I just want to understand why then are we talking about price erosion in the large volume contracts and from that, I mean, but if you could help out.
- Amit Sanghvi:** Sorry, Shubham, you were very choppy. I actually didn't get all of it. You asked something about price erosion?
- Shubham Aggarwal:** Yes, sir. Just want to understand the competition and supply globally, specifically for the GLP-1 drugs and why are we looking at price erosion if you are kind of mentioned that the demand for these GLP-1 drugs will outstrip the supply part? So just want to understand both of these angles together.
- Amit Sanghvi:** Price erosion will not happen because of a demand constraint. The reason for price erosion will be end market competition, right? So you need to support your customer so that they get more market share. If they get more market share, you get more market share. It's as simple as that.
- And if you look at the number of filers and GLP-1s in general for Semaglutide, the number is exceptionally high. So everybody -- the end customers are going to fight for volume for market dominance. And that's why you will see all of this play out in the first 24 months. After 24 months, it likely will consolidate and stabilize.
- Shubham Aggarwal:** Understood, sir. Got it. Secondly, sir, if you can comment on what's the capacity utilization that you currently have on the 30 million capacity currently for the healthcare space?
- Sanjay Shah:** So look, we don't report individual capacity.
- Amit Sanghvi:** Yes. But you can assume that we're adding 25 million plus 25 million, 50 million, which takes us to a total of 80 million capacity. And we're planning to supply 30 million, then we're nearly capped out.
- Shubham Aggarwal:** Understood. Got it. Sir, lastly, I think you mentioned that the Semaglutide prices for most of your customers will be at USD6 to USD8. This is like the price per pen or per...
- Amit Sanghvi:** No, I didn't say prices, I said COGS. I did not say price, I said cost of goods.

Shubham Aggarwal: Understood. So USD6 to USD8, including all the fill/finish costs as well as the pen device and any other cost, right?

Amit Sanghvi: That's the current COGS cost, yes.

Moderator: Ladies and gentlemen, due to time constraints, we take that as the last question. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

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

Sanjay Shah: Thank you. Thank you, everybody.

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