

Shaily Engineering Plastics Ltd

Q1FY21 Investor Presentation

Saturday, 8th August 2020



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**Our
Performance**

New Business confirmations... gaining traction across segments



01

Have been awarded 3 projects with a leading Toy Manufacturer. Commercial supplies to start from Q4FY21. New customer account added. Total business value US\$ 6 mn/year

02

Additional business of Rs 60 cr awarded by Home furnishing customer. Supplies to start from Q4FY21. Will add 9 new SKU's

03

Finalised development & supply contract with a global pharma customer for supply of pens for USA market

04

2 new SKU's confirmed for Steel furniture

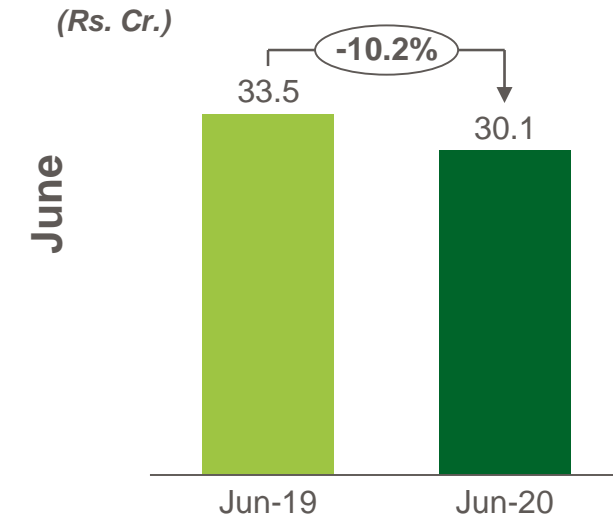
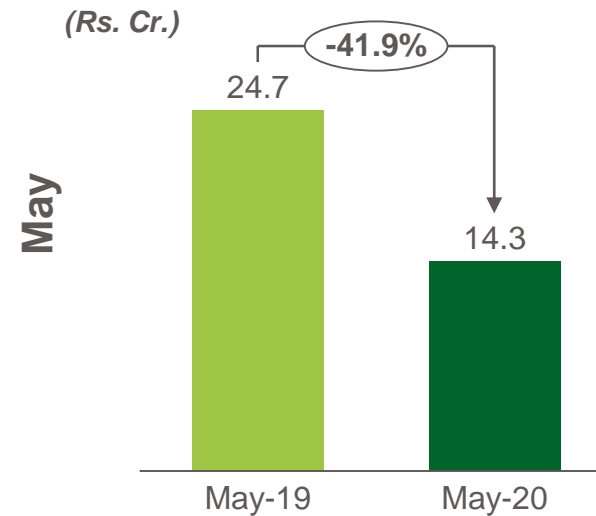
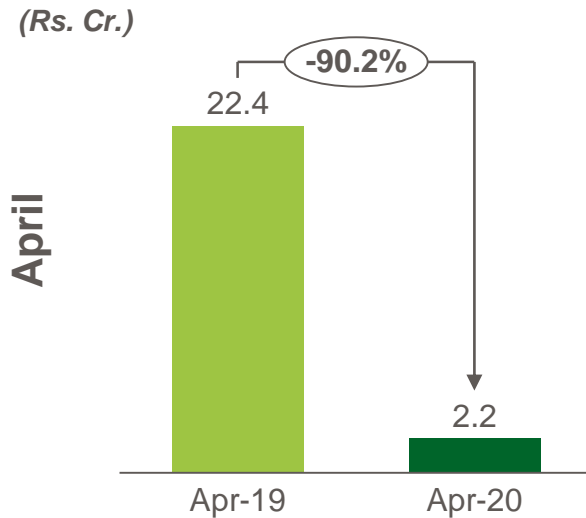
05

3 new projects awarded by Garrett Motion, Former Honeywell Transportation

06

Large supplies of CRC caps supplied to a large domestic pharma company

Witnessed gradual Revenue recovery in Q1FY21



- On-Account of Nationwide lockdown, our manufacturing facilities especially the Non-healthcare segment, were shut for large part of April 2020. The lockdown also affected our ability to complete the Carbon Steel Plant capex and commission manufacturing
- With ease in lockdown restrictions, manufacturing operations resumed in May 2020 with strict safety and hygiene protocols
- Production was ramped up month to month basis; pace of de-growth reducing and we expect to return to normalcy in Q2FY21
- **Utilization levels have increased in July 2020 and are now close to Pre-Covid levels**

Income Statement



Particulars (Rs. Cr.)	Q1FY21	Q1FY20	FY20
Revenue	46.6	80.6	336.0
Raw Material	27.9	48.6	197.9
Employee Expenses	7.0	6.1	26.0
Other Expenses*	8.3	12.6	54.1
Other Income	0.0	0.1	1.0
EBITDA	3.5	13.4	59.1
EBITDA Margin	7.4%	16.6%	17.6%
Depreciation	4.5	4.2	17.9
Finance Cost	3.0	2.7	10.5
PBT	-4.0	6.6	30.7
PBT Margin	-8.6%	8.1%	9.1%
Tax	-1.0	1.8	7.1
PAT	-3.0	4.7	23.6
PAT Margin	-6.5%	5.9%	7.0%
Cash PAT^	1.5	8.9	41.5
Cash PAT Margin	3.2%	11.1%	12.3%

^ Cash PAT = PAT + Depreciation

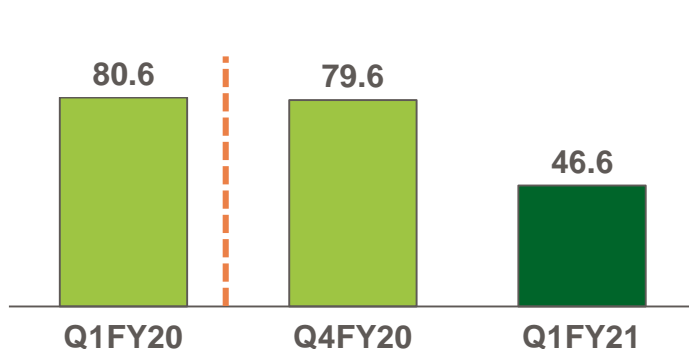
* Other Expenses include Power & Fuel costs

- On-Account of Lower Revenues due to Nationwide lockdown, there was lower absorption of fixed costs leading to subdued EBITDA
- As revenues scale up, we are confident to normalize the EBITDA margin profile of the company

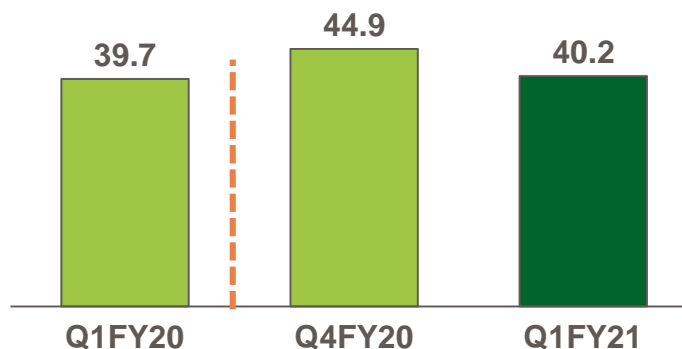
Key Financial Highlights – Q1FY21



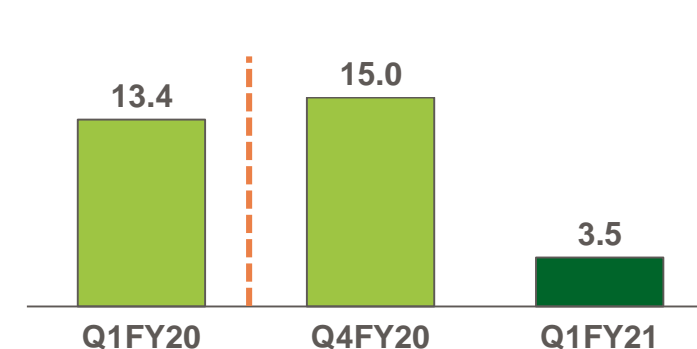
(Rs. Cr.) Revenue



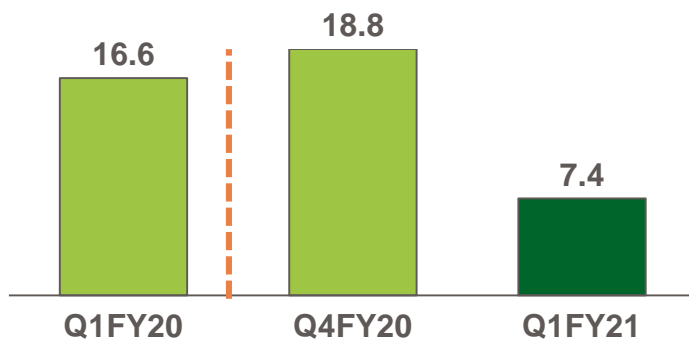
Gross Margin %



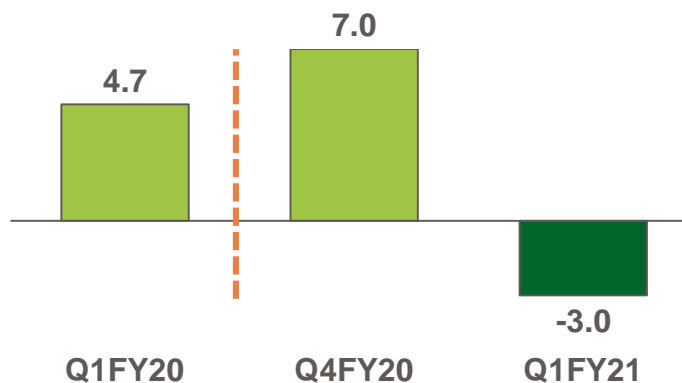
(Rs. Cr.) EBITDA



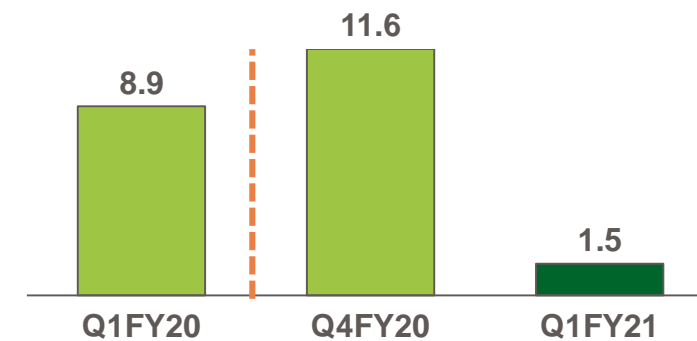
EBITDA Margin %



(Rs. Cr.) PAT



(Rs. Cr.) Cash PAT #

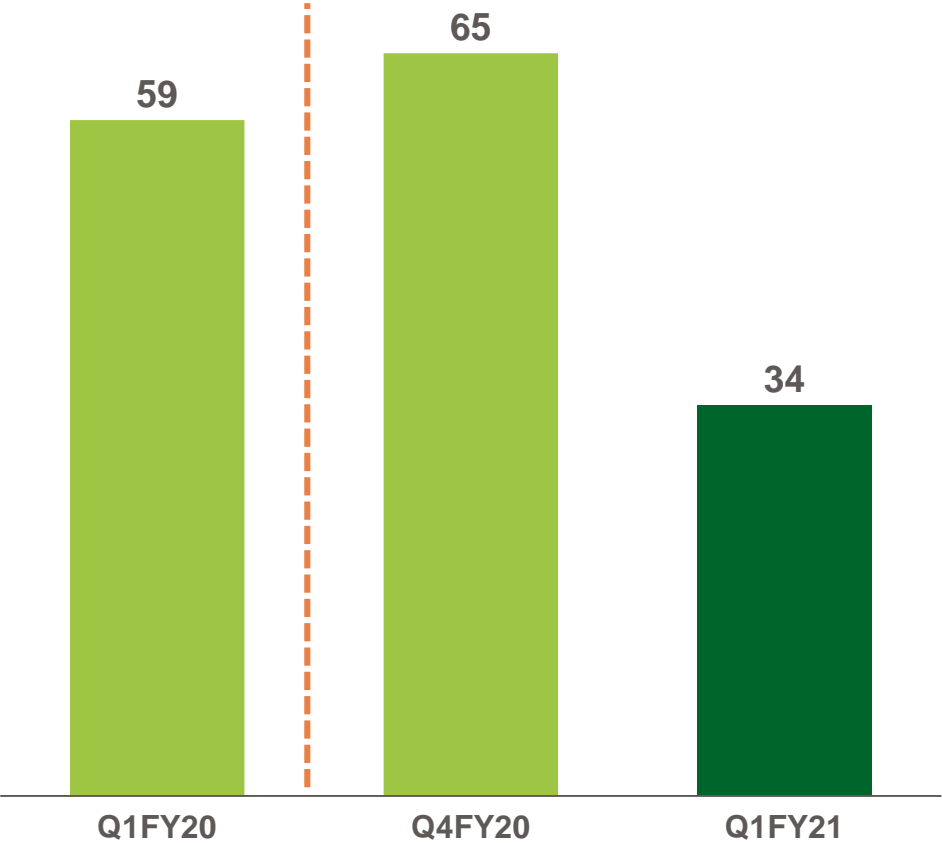


Cash PAT includes PAT & Depreciation

Machine Utilization – Across Plants



Machine Utilization (%)

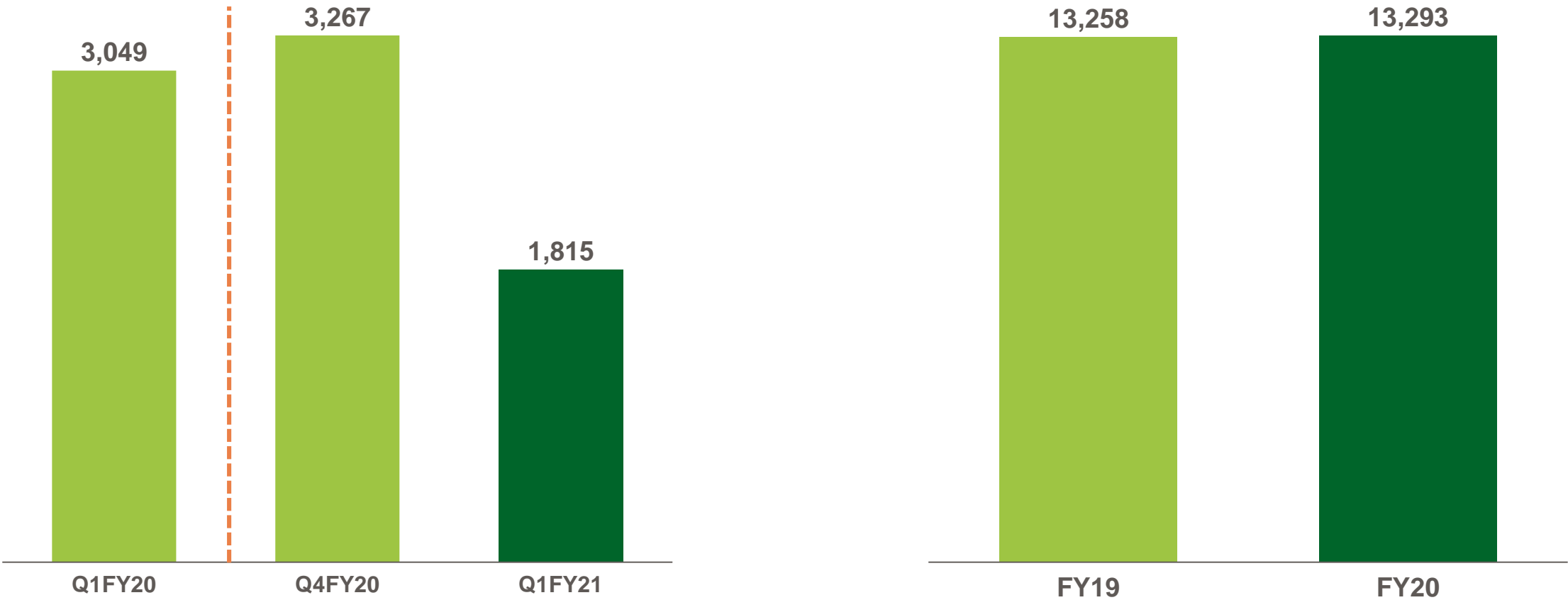


Revenue (Rs. In Crs)



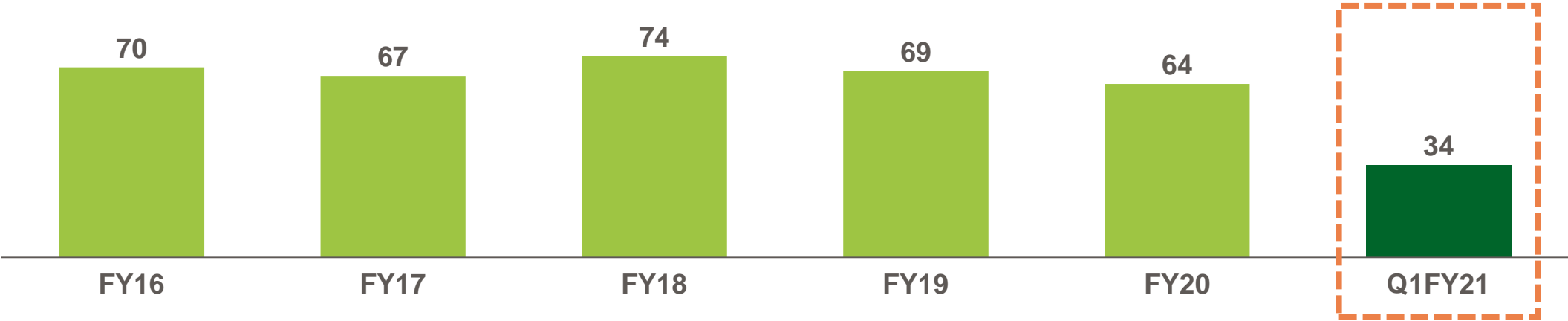
Figures are rounded off

Volume of Polymers Processed

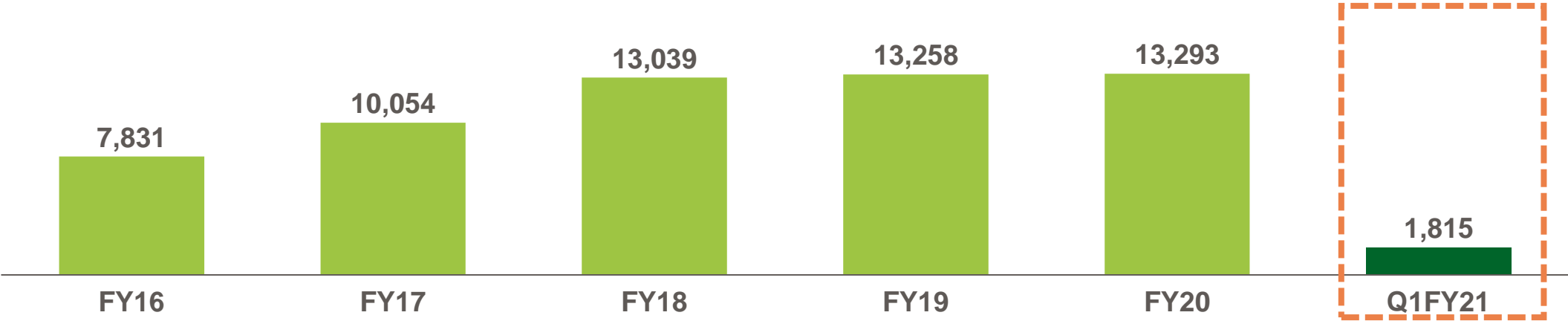


Volume in Tons

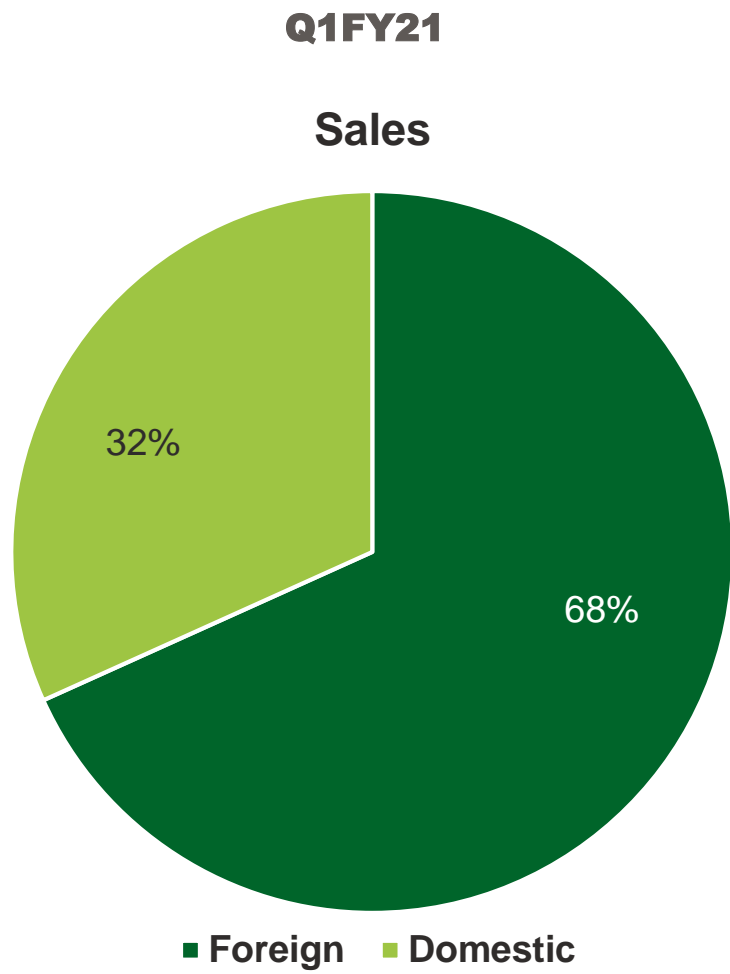
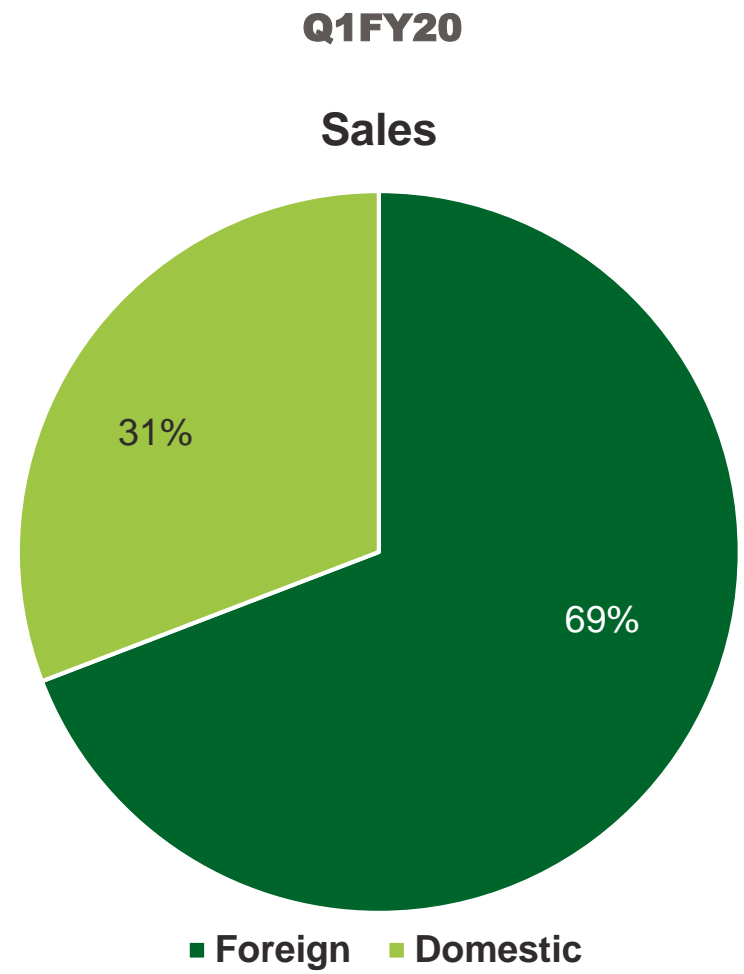
Machine Utilization (%)



Volumes of Polymers Processed (MT)



Revenue Analysis - Domestic Vs. Exports



Figures are rounded off

Balance Sheet

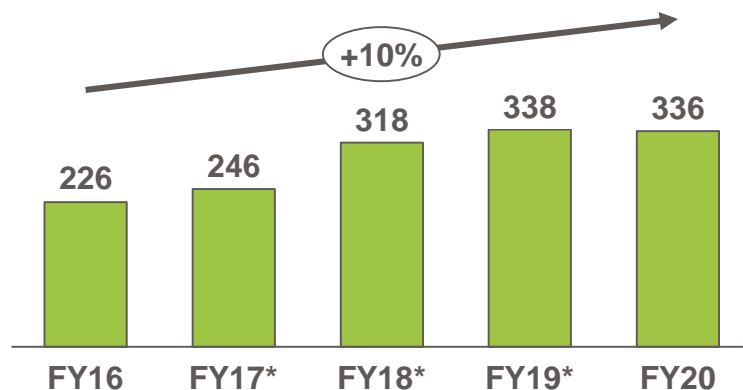
Particulars (Rs. Cr.)	Mar 20	Mar 19	Mar 18
Assets			
Non-current Assets	220.9	175.4	125.9
Fixed Assets			
Property Plant & Equipment	154.9	144	106.4
Capital WIP	37.2	2.7	5.8
Intangible Assets	10.9	3.3	1.2
Financial Assets			
Investments	0.2	0.2	0.2
Loans & Advances	0.5	5.9	8.0
Other Non-current Assets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

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

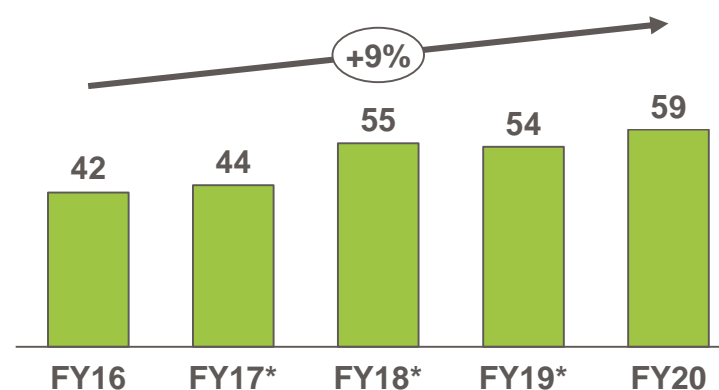
Delivering PROFITABLE GROWTH



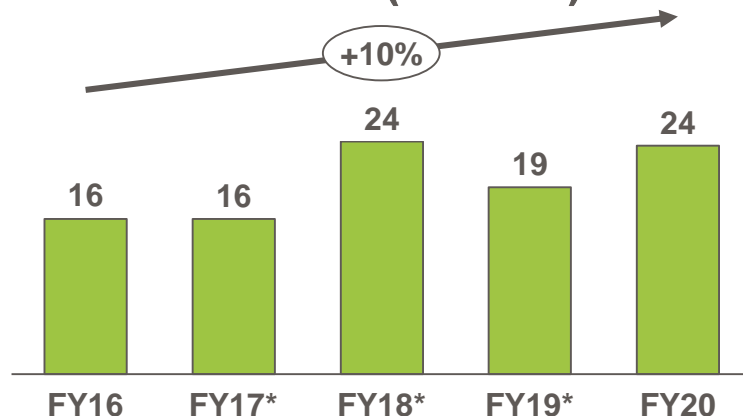
Revenue (Rs. In Crs)



EBITDA (Rs. In Crs)



PAT (Rs. In Crs)

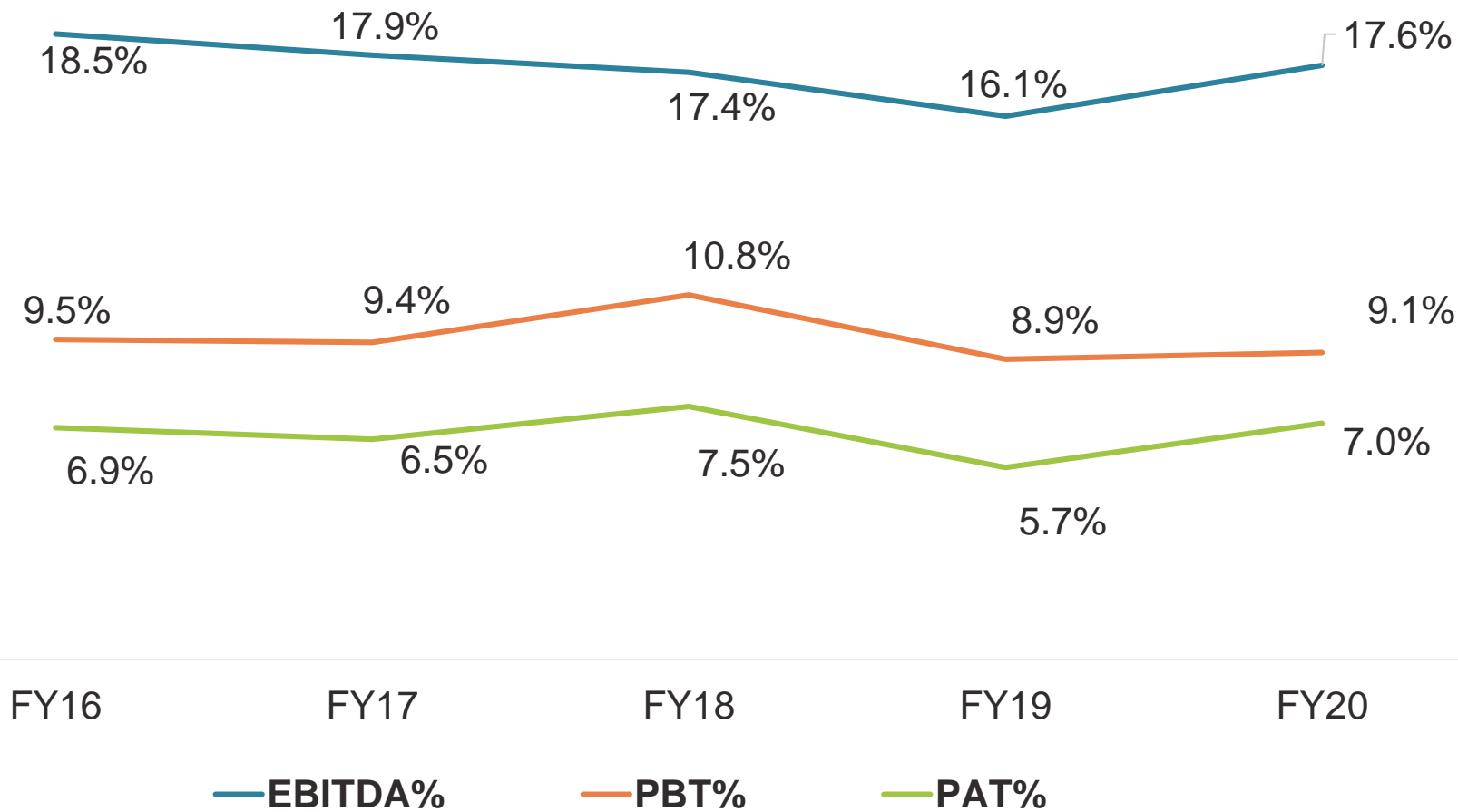


Cash PAT (Rs. In Crs)



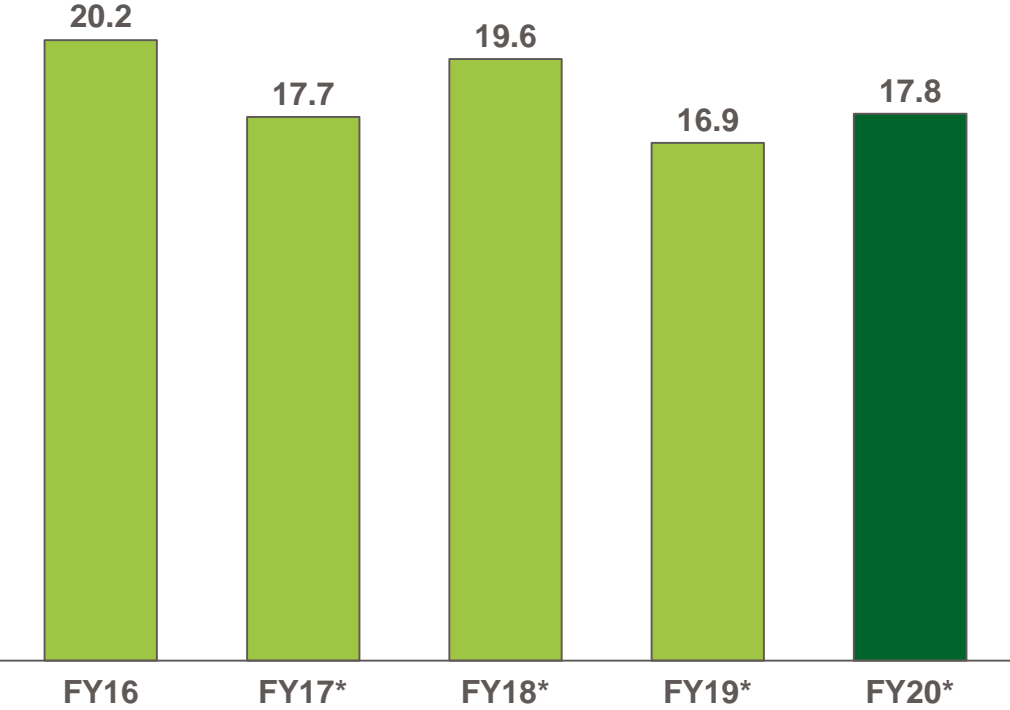
- Revenue growth has been aided by growth in business across verticals especially the Healthcare segment; we have added new SKUs in Home Furnishing segment and Devices
- Reported record EBITDA in FY20 on back of higher contribution from Healthcare segment

MARGIN Profile

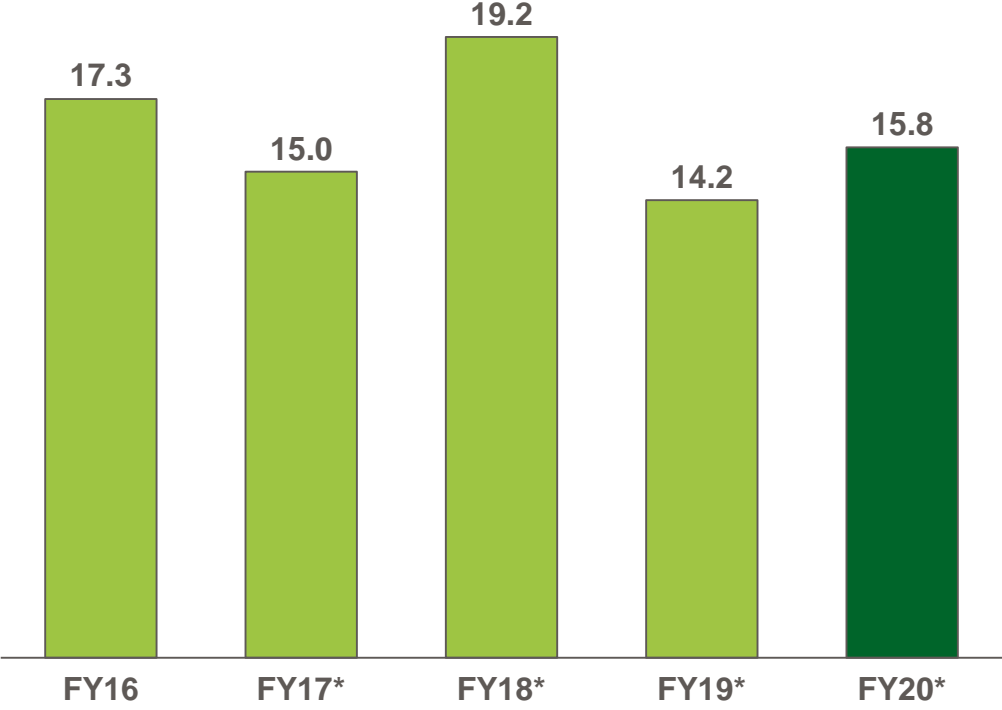


- Better Product mix and economies of scale on account of raw materials have led to improvement in margin profile from FY16 to FY20
- FY19 margin was profile impacted on account of labor shortage, power disruptions and change in ordering policy from a key client
- Witnessed improvement in margin in FY20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

ROCE (%)



ROE (%)



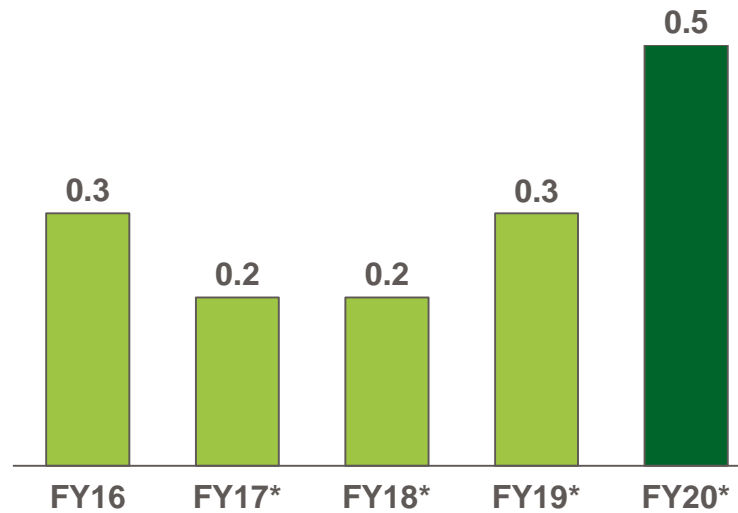
*As per IndAS

Growth Along With Low Leverage

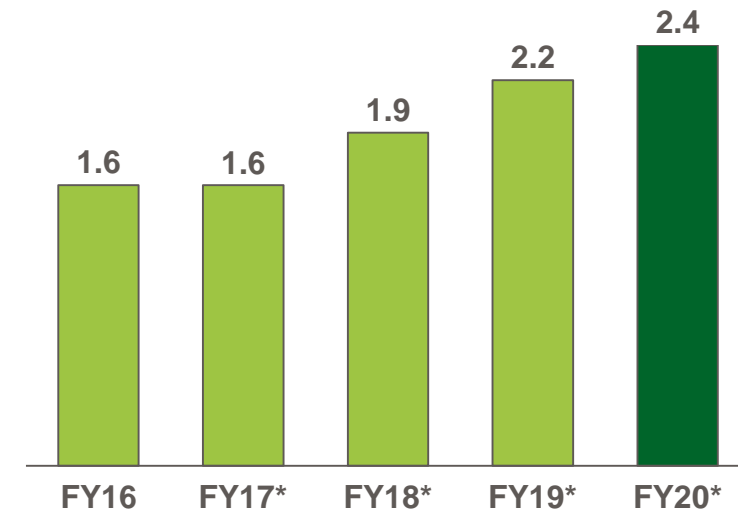
Total Debt : Equity (x)



Long Term Debt : Equity (x)



Total Debt : EBITDA (x)

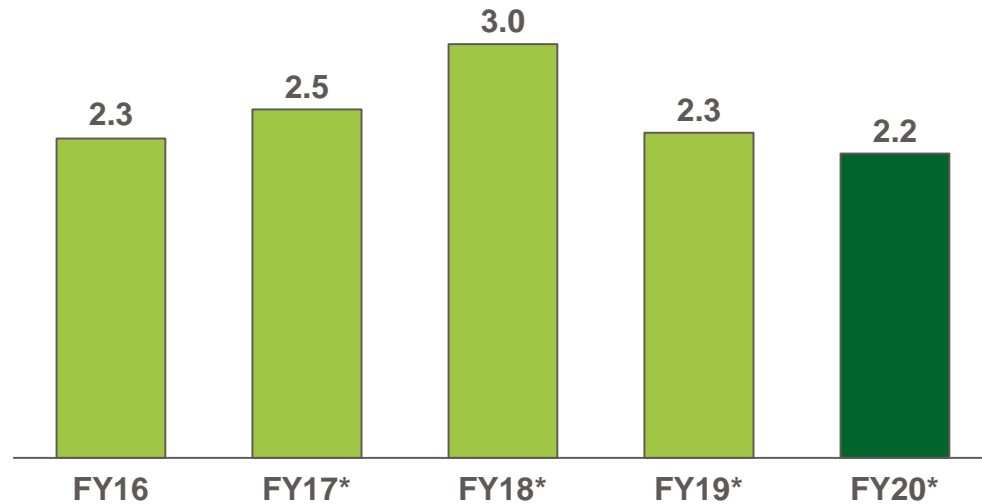


- The growth in Business has been achieved with disciplined use of capital
- The internal accruals also been utilized towards scheduled repayments of Long-term loans, which have positively impacted the credit rating therefore the borrowing costs

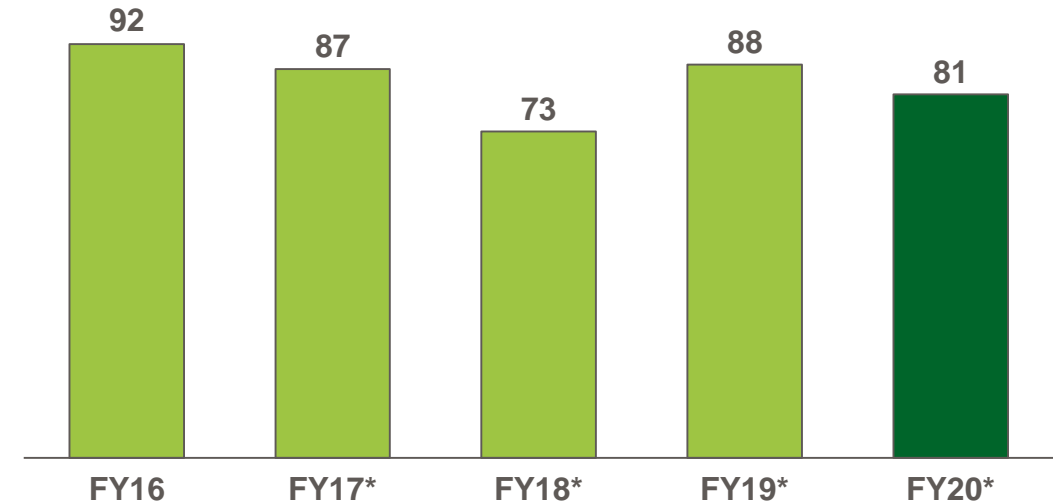
Strong Focus on Improving Our Key Metrics



Fixed Asset Turnover (X)



FCFF to EBITDA (%)



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

Carbon Steel Plant Update

- Commissioning of Carbon Steel Plant at Halol was delayed on account of Covid-19
- Started trial production of Carbon Steel Products in Q2FY21

New Carbon Steel Facility at Halol



Overview



Shaily at a Glance



**6
Facilities in
Gujarat;
5 for Plastic &
1 for Steel
Furniture**

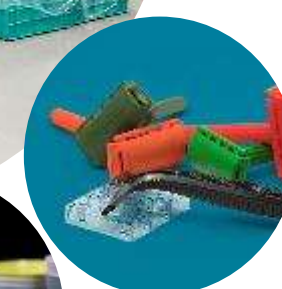
**REVENUE
5 Years CAGR
10% ↑**

**120+ Injection
Moulding
Machines**

**EBITDA
5 Years CAGR
9% ↑**

**1,100+
Employees**

**PAT
5 Years
CAGR
10% ↑**



Management

- Key account
- Supply chain
- Continuous improvement

Manufacturing

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



Development

- Conceptualization
- Program management

Validation

- Pilot testing
- Quality management system
- Documentation



Dr. Shailesh Ayyangar
(Independent Director)

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



Ms. Varsha Purandare
(Independent Director)

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

Mr. Anil Kalra (Chief Executive Officer)

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

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



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



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



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



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



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

Risks we face and Mitigation strategies against the same



Risks



Risk Mitigation strategy



Revenue Growth

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

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



Labour & Manpower availability

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

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



Raw Material price volatility

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

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

Our Way Forward is... clear !



Revenue Uptick

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

Increased Healthcare Revenue

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

Sustainable EBITDA Margin

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

Uptick in Profitability

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

Vast Experience and Capabilities

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

Benefit under Make in INDIA

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

Company



Investor Relations Advisors



Company :

Investor Relations Advisors :

Shaily Engineering Plastics Ltd.
CIN – L51900GJ1980PLC065554

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