

Shaily Engineering Plastics Ltd

Q2FY21 Result Update Presentation

Saturday, 7th November 2020



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**Our
Performance**

New Order Confirmations



FMCG

Consolidation of business with increase in volumes and addition of moulds from customer



Toys

New projects confirmed across 2 customers.
Total value US\$ 3.85 mn



Healthcare

Development and supply contract for 2 rectal devices received



Automotive & Engineering

Garett (Honeywell) –
2 new insulator rod project confirmed for development

Other Updates

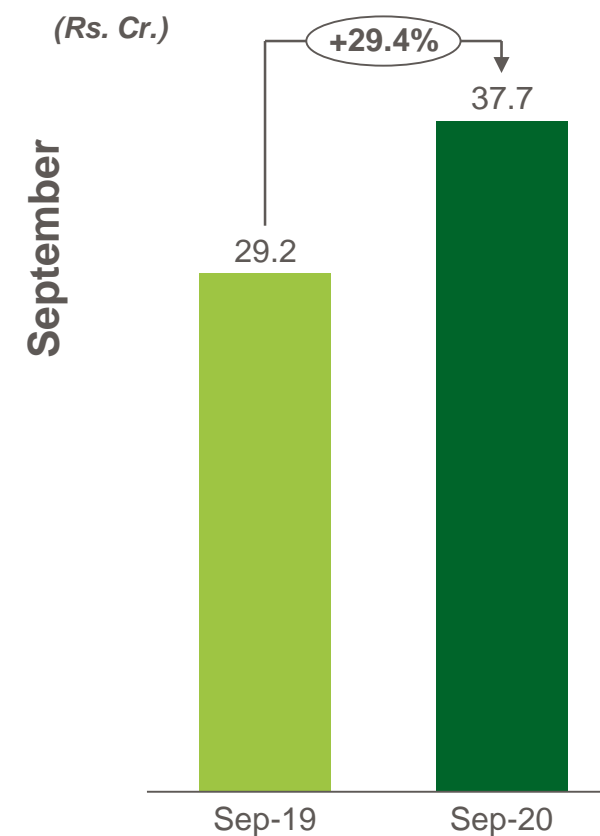
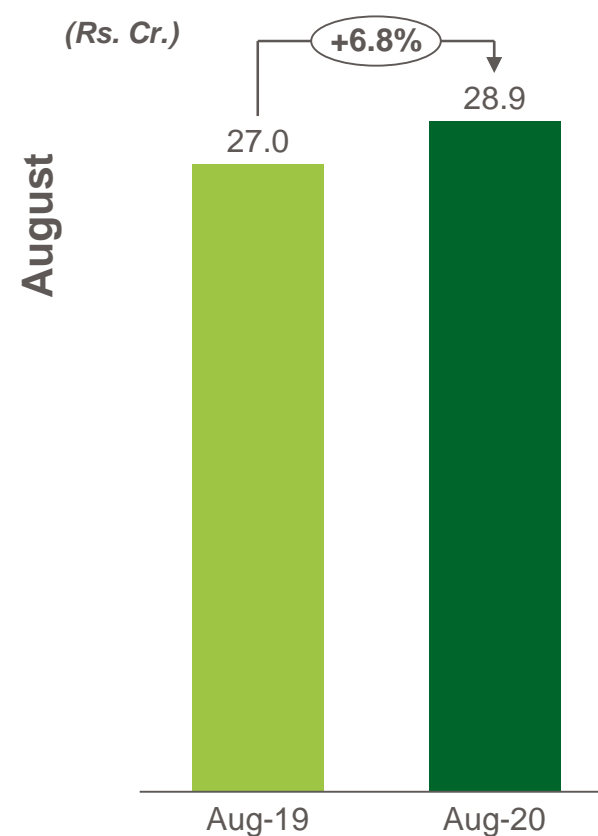
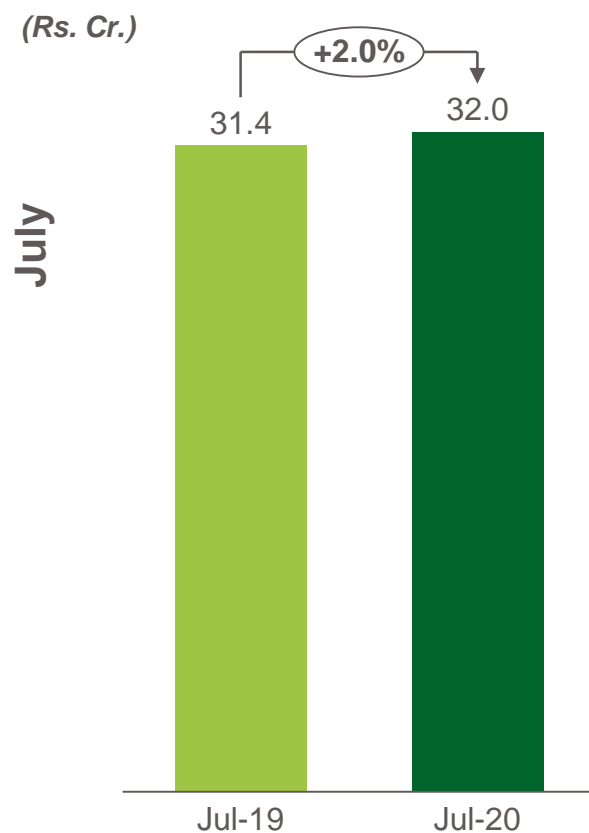
Carbon Steel Facility

Trial production at Carbon Steel factory commenced

New Subsidiary

**Set up subsidiary in UK
“Shaily UK Ltd”**

Witnessed Revenue recovery in Q2FY21

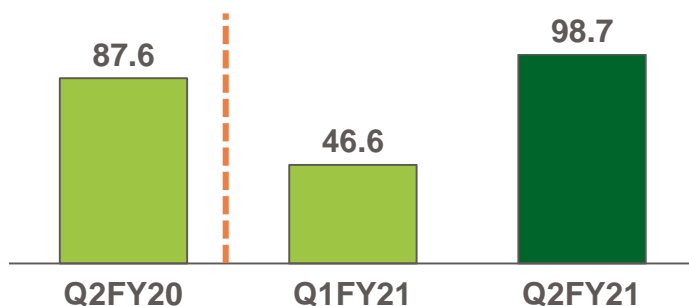


Crossed Pre-Covid levels in Q2FY21

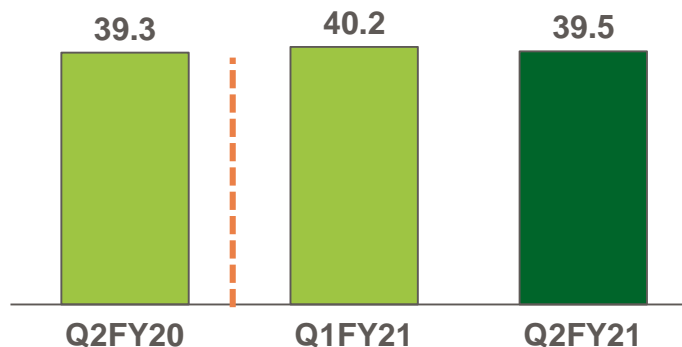
Key Financial Highlights – Q2FY21



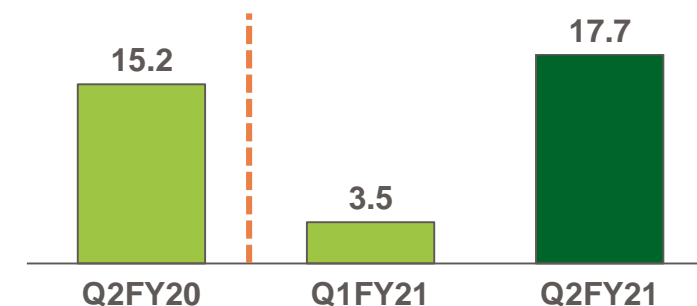
(Rs. Cr.) Revenue



Gross Margin %



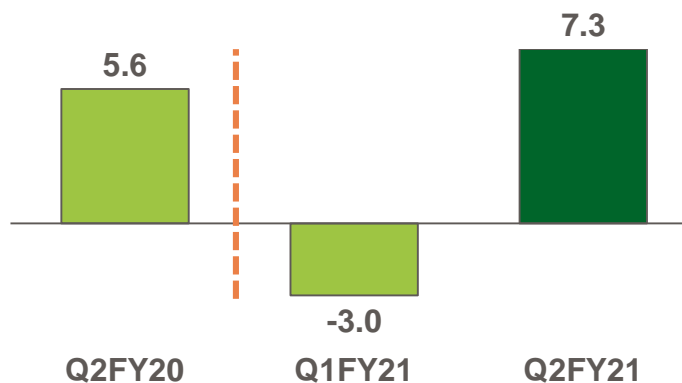
(Rs. Cr.) EBITDA



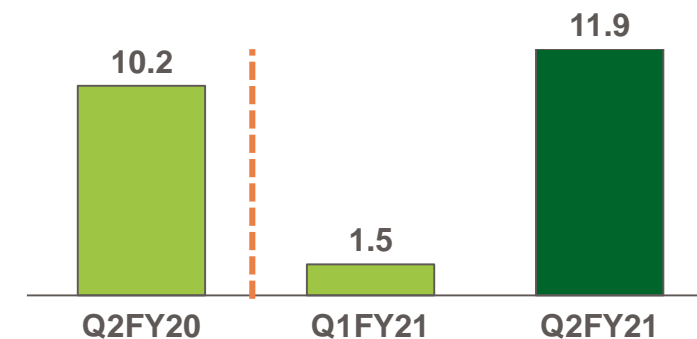
EBITDA Margin %



(Rs. Cr.) PAT



(Rs. Cr.) Cash PAT #

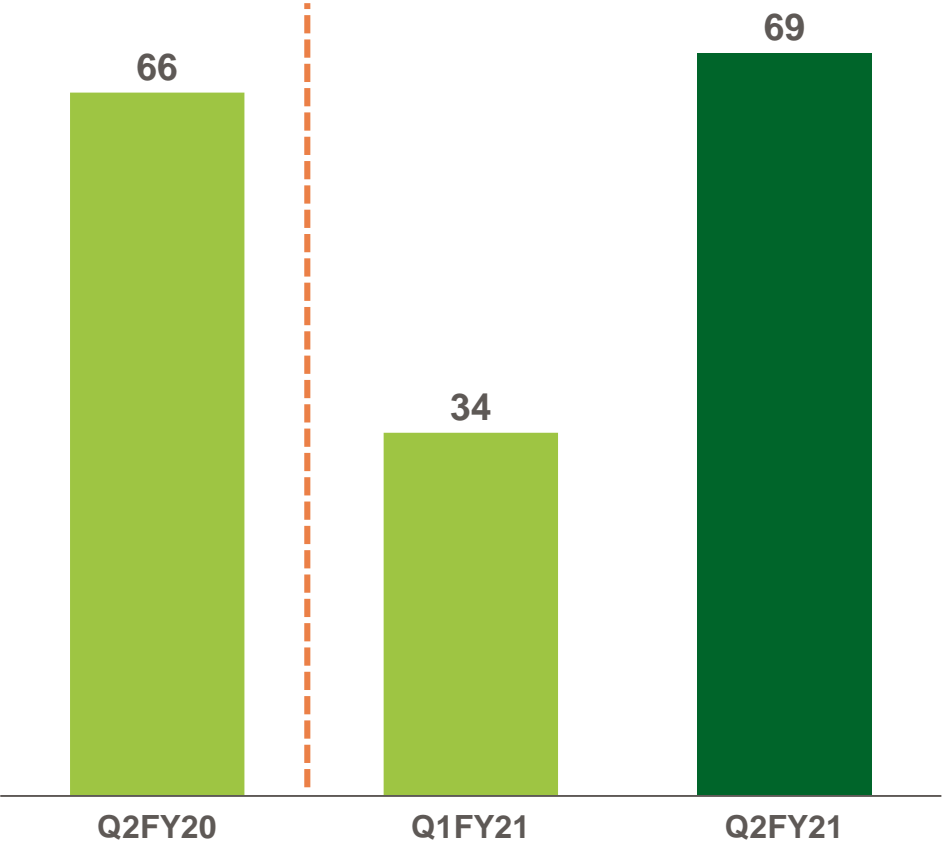


Cash PAT includes PAT & Depreciation

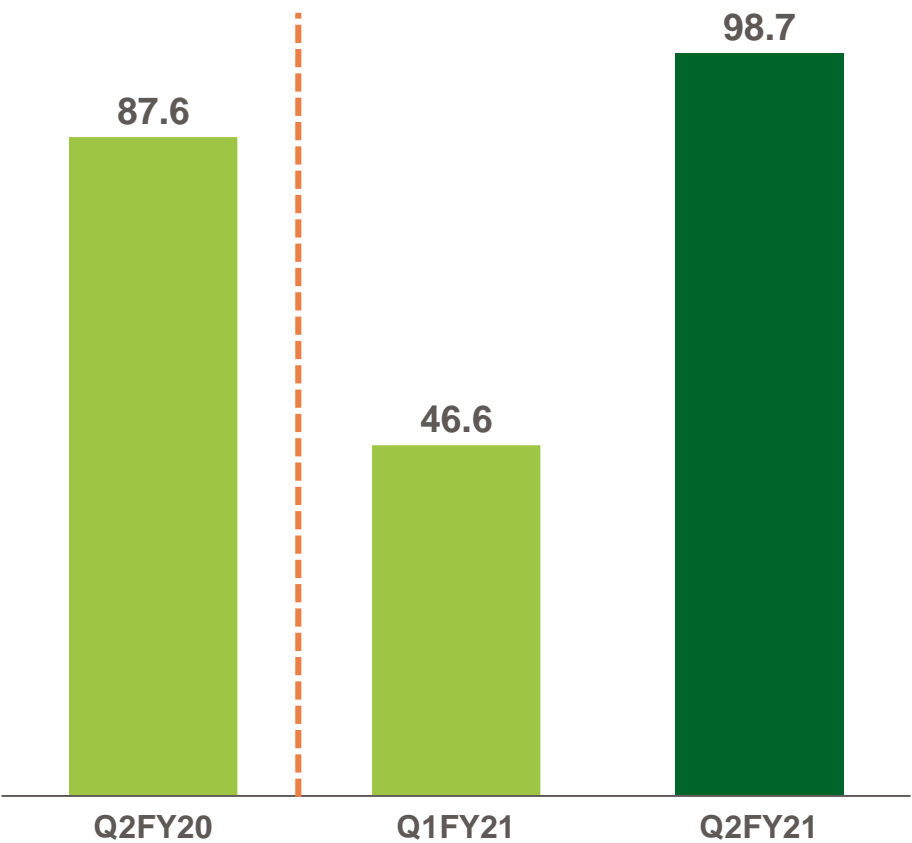
Machine Utilization – Across Plants



Machine Utilization (%)

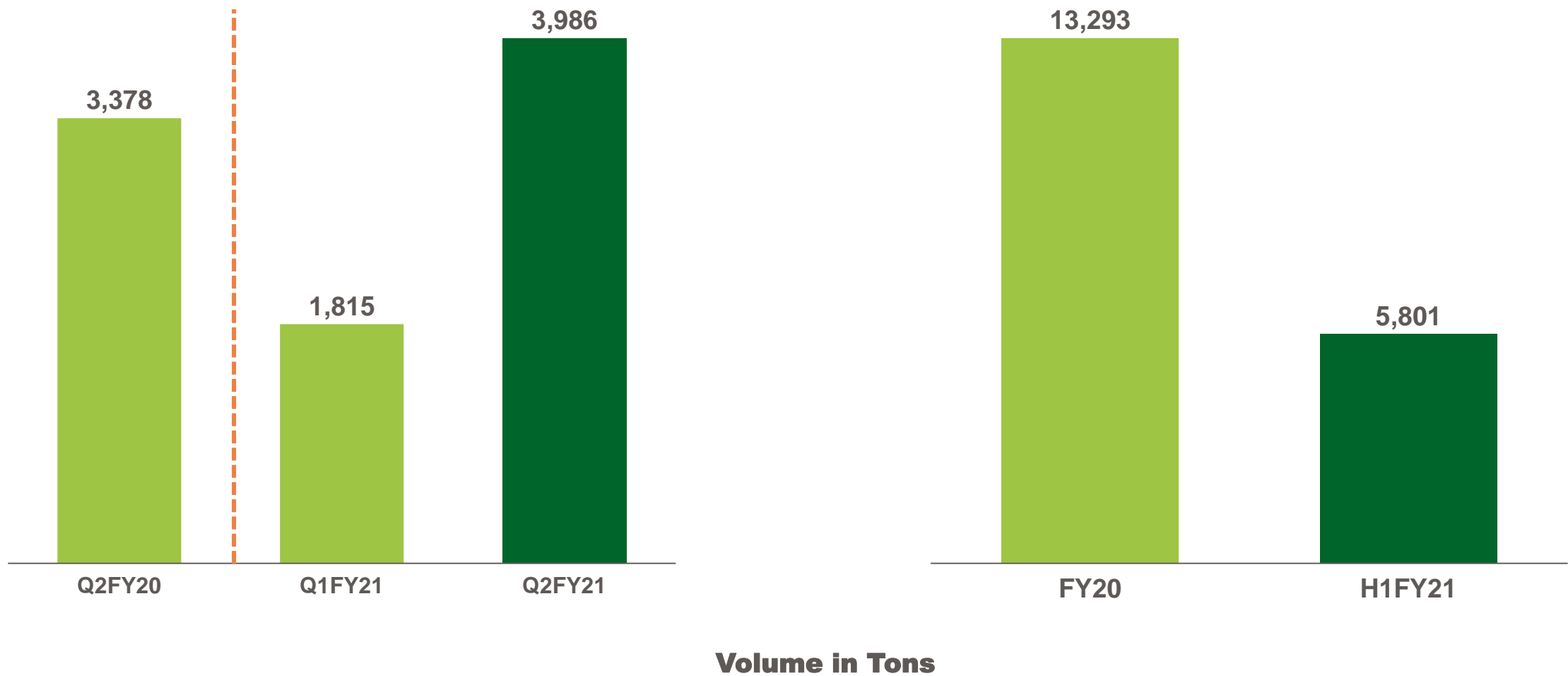


Revenue (Rs. In Crs)

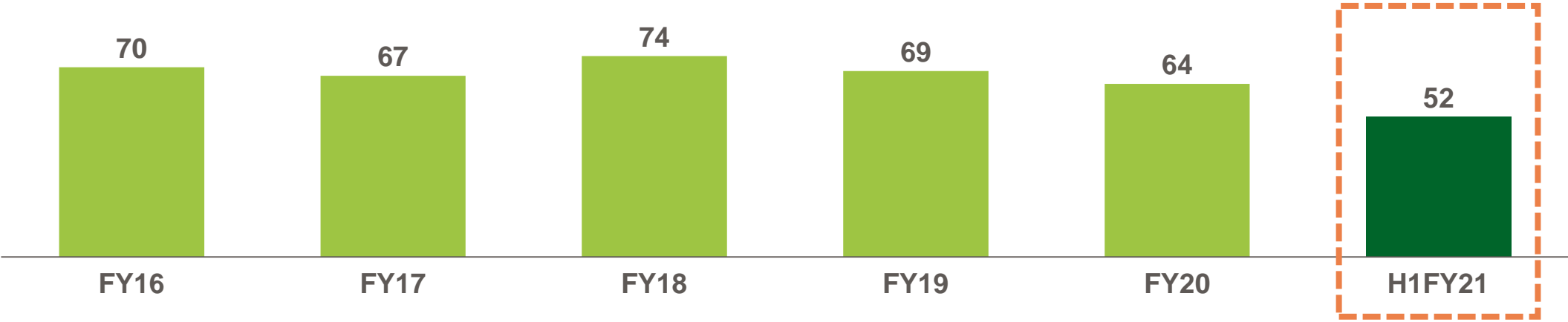


Figures are rounded off

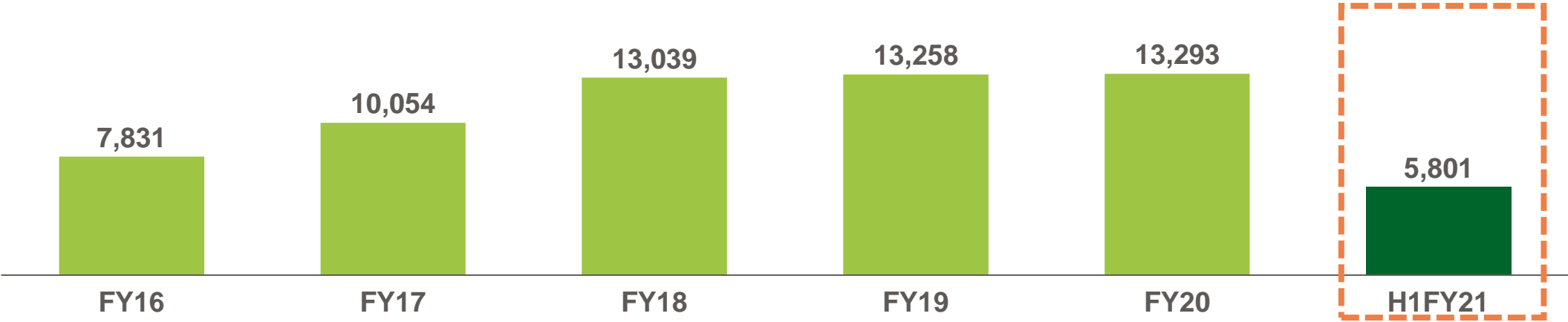
Volume of Polymers Processed



Machine Utilization (%)

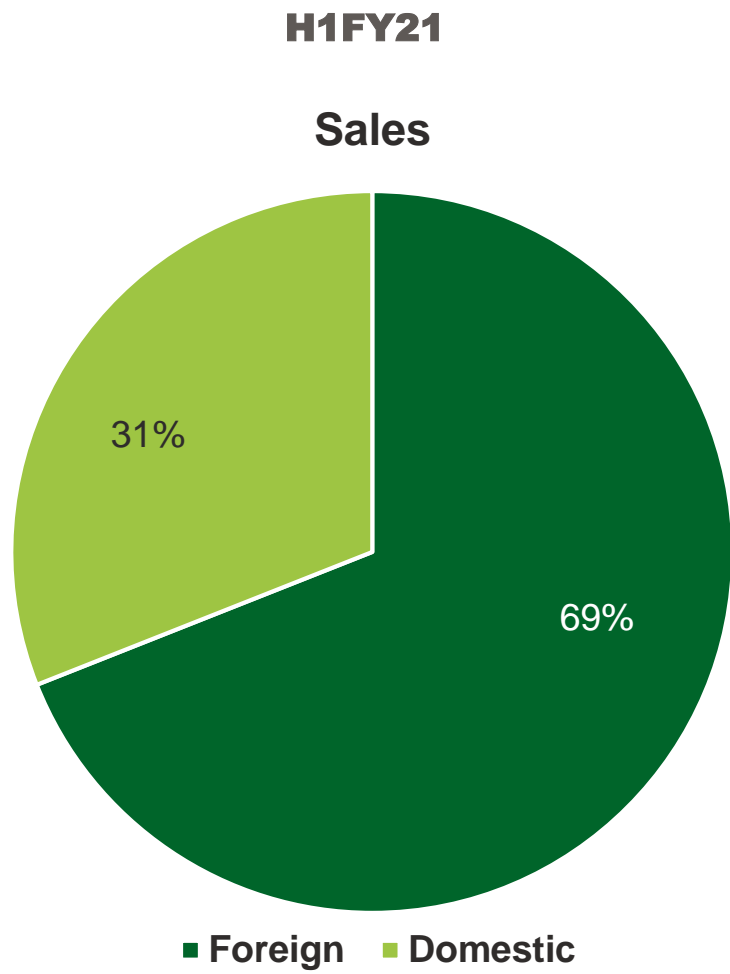
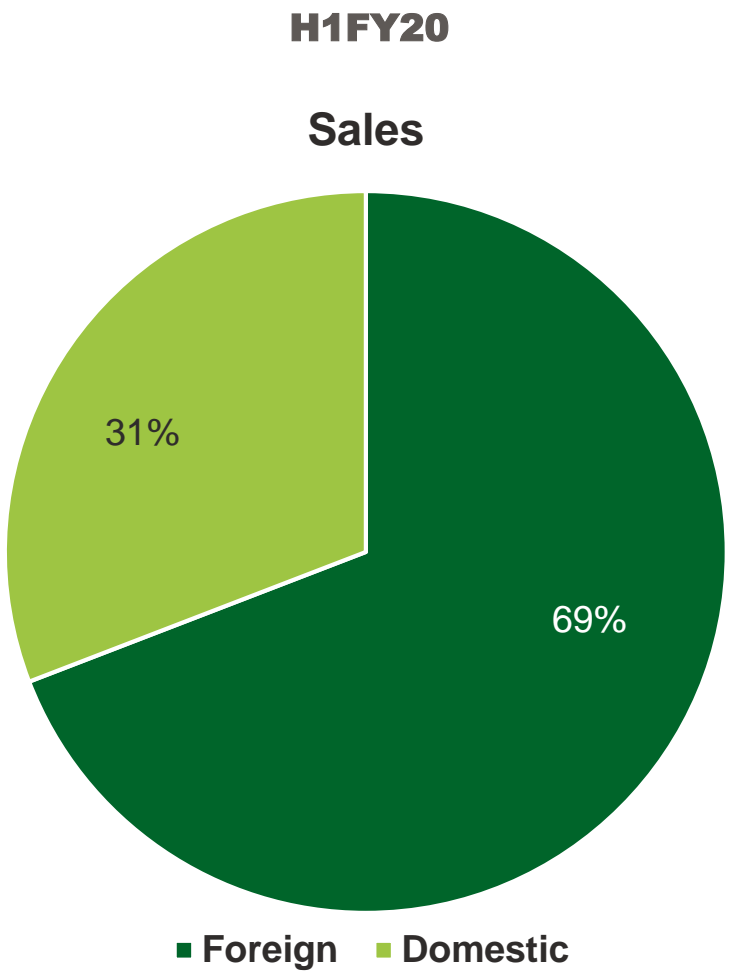


Volumes of Polymers Processed (MT)



Figures are rounded off

Revenue Analysis - Domestic Vs. Exports



Figures are rounded off

Income Statement



Particulars (Rs. Cr.)	Q2FY21	Q2FY20	YoY %	H1FY21	H1FY20	YoY %
Revenue	98.7	87.6	12.7%	145.3	168.2	-13.6%
Raw Material	59.7	53.1		87.6	101.7	
Employee Expenses	8.1	6.4		15.1	12.5	
Other Expenses*	13.3	13.7		21.6	26.2	
Other Income	0.1	0.8		0.2	0.9	
EBITDA	17.7	15.2	16.5%	21.1	28.6	-26.0%
EBITDA Margin	17.9%	17.3%		14.6%	17.0%	
Depreciation	4.6	4.5		9.1	8.7	
Finance Cost	3.1	2.7		6.0	5.4	
PBT	10.0	7.9	26.2%	6.0	14.5	-58.6%
PBT Margin	10.1%	9.1%		4.1%	8.6%	
Tax	2.7	2.3		1.7	4.1	
PAT	7.3	5.6	29.9%	4.3	10.4	-58.5%
PAT Margin	7.4%	6.4%		3.0%	6.2%	
Cash PAT[^]	11.9	10.2	17.5%	13.4	19.1	-29.7%
Cash PAT Margin	12.1%	11.6%		9.2%	11.3%	

[^] Cash PAT = PAT + Depreciation

* Other Expenses include Power & Fuel costs

Balance Sheet

Particulars in (Rs. Cr.)	Sep-20	Mar-20
Assets		
Non-current Assets	240.4	220.9
Fixed Assets		
Property Plant & Equipment	154.2	154.9
Capital WIP	52.9	37.2
Intangible Assets	12.1	10.9
Financial Assets		
Investments	0.0	0.2
Loans & Advances	0.5	0.5
Other Non-current Assets	15.3	14.0
Income Tax assets (net)	5.4	3.2
Current Assets	162.3	160.6
Inventories	43.8	49.7
Financial Assets		
Trade Receivables	63.9	61.0
Cash & cash equivalents	3.1	7.0
Loans & Advances	29.1	16.9
Other Current Assets	22.4	26.0
Total Assets	402.7	381.5

Particulars (Rs. Cr.)	Sep-20	Mar-20
Equity & Liabilities		
Equity	162.9	159.4
Share Capital	8.3	8.3
Other Equity	154.5	151.1
Non-Current Liabilities	100.5	81.3
Financial Liabilities		
Borrowings	91.6	72.1
Deferred Tax Liabilities (Net)	7.2	7.3
Other Non-Current Liabilities	0.4	0.4
Provisions	1.3	1.5
Current Liabilities	139.38	140.8
Financial Liabilities		
Borrowings	42.2	50.6
Trade Payables	42.3	51.2
Other Financial Liabilities	26.7	24.6
Other Current Liabilities	27.6	13.8
Provisions	0.5	0.7
Total Equity & Liabilities	402.7	381.5

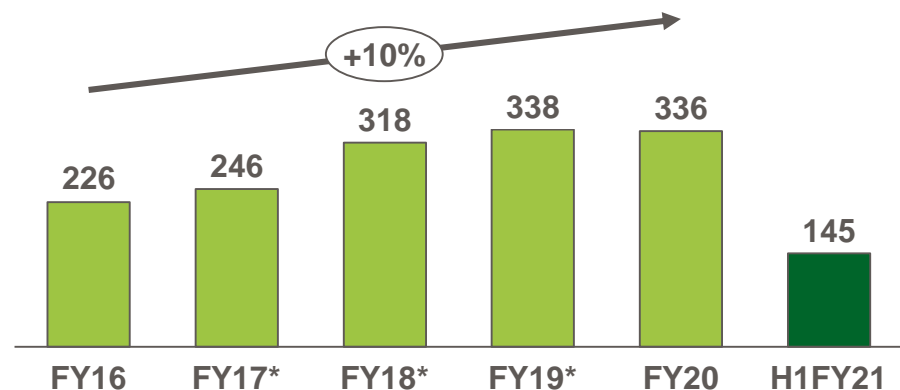
Cash Flow Statement

Particulars (Rs. Cr.)	H1 FY21	H1 FY20
PBT	6.0	14.5
Adjustments	16.5	11.5
Operating profit before working capital changes	22.5	25.9
Changes in working capital	13.1	18.3
Cash generated from operations	35.6	44.2
Direct taxes paid (net of refund)	-3.7	-4.6
Net Cash from Operating Activities	31.9	39.6
Net Cash from Investing Activities	-43.5	-21.1
Net Cash from Financing Activities	7.7	-17.7
Net Change in cash and cash equivalents	-3.9	0.8
Opening Cash Balance	7.0	0.5
Closing Cash Balance	3.1	1.3

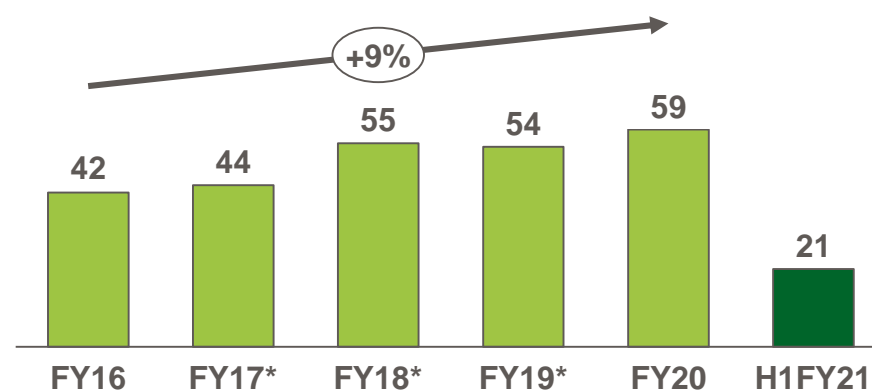
Delivering PROFITABLE GROWTH



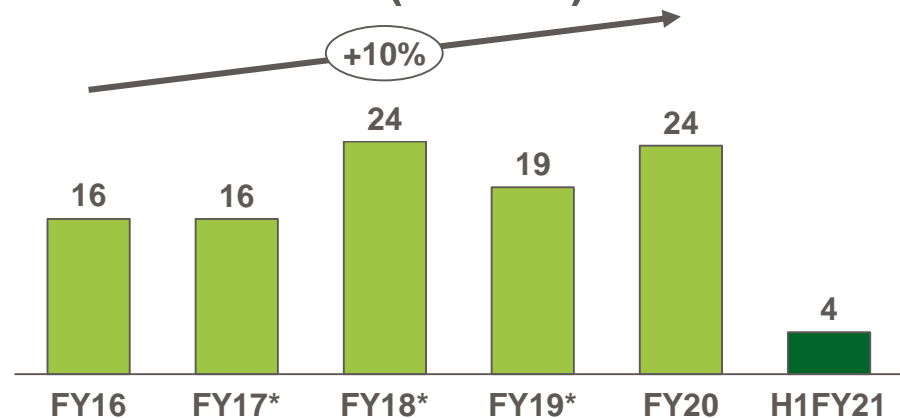
Revenue (Rs. In Crs)



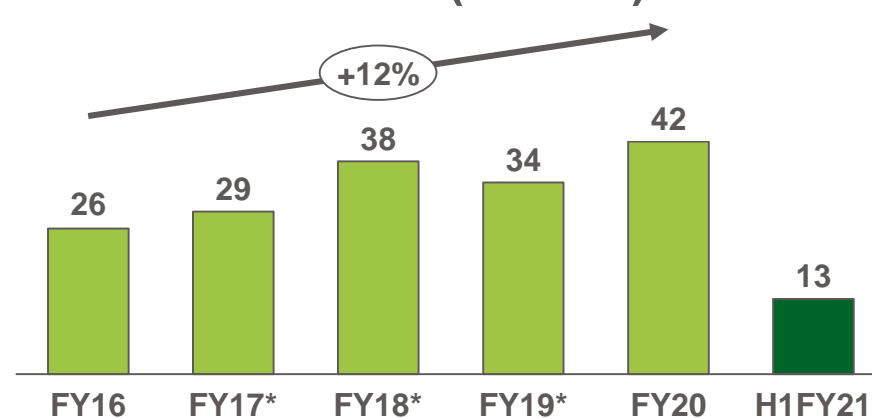
EBITDA (Rs. In Crs)



PAT (Rs. In Crs)



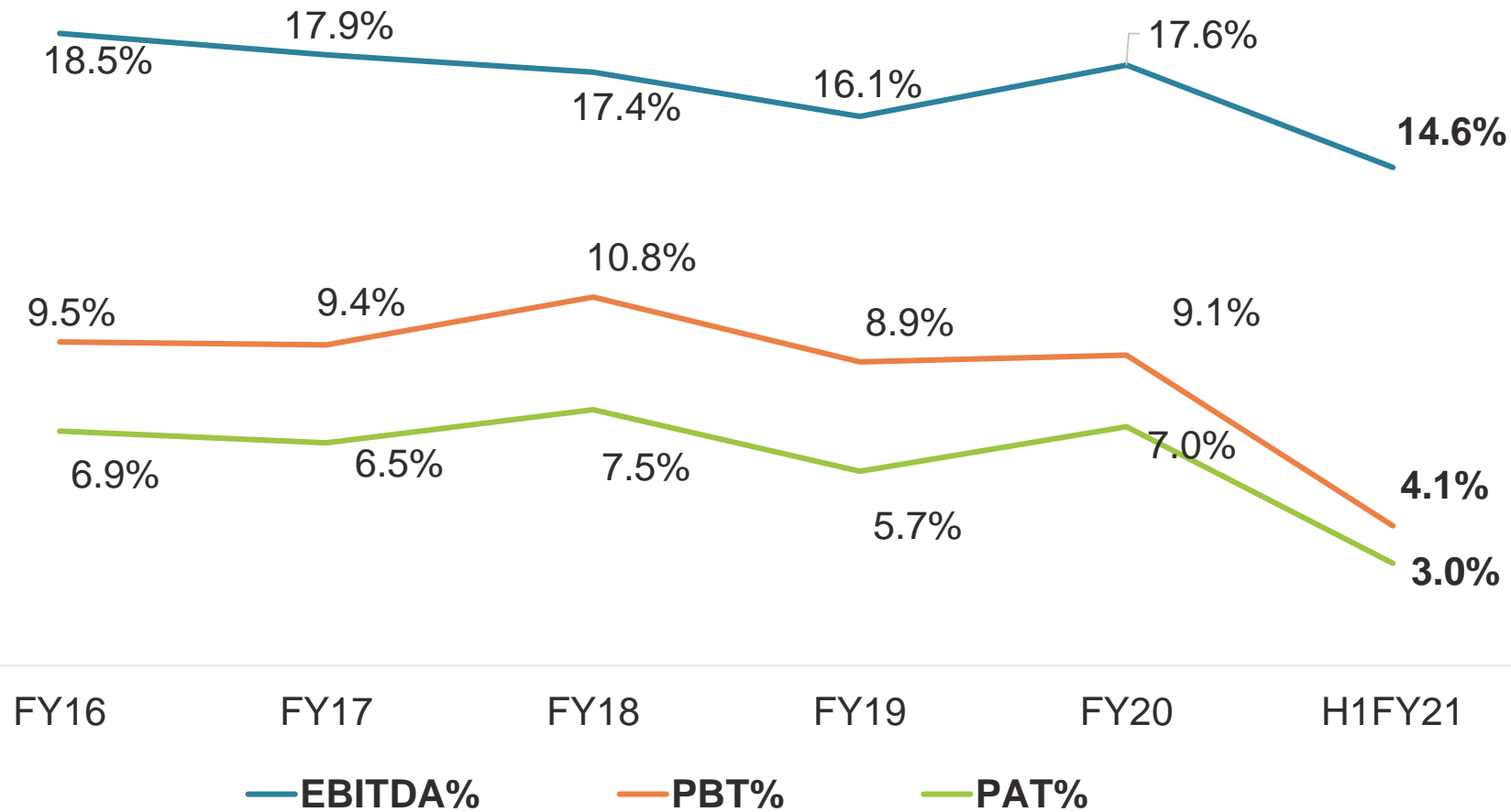
Cash PAT (Rs. In Crs)



- Revenue growth has been aided by growth in business across verticals especially the Healthcare segment; additionally new SKUs in Home Furnishing segment have also contributed

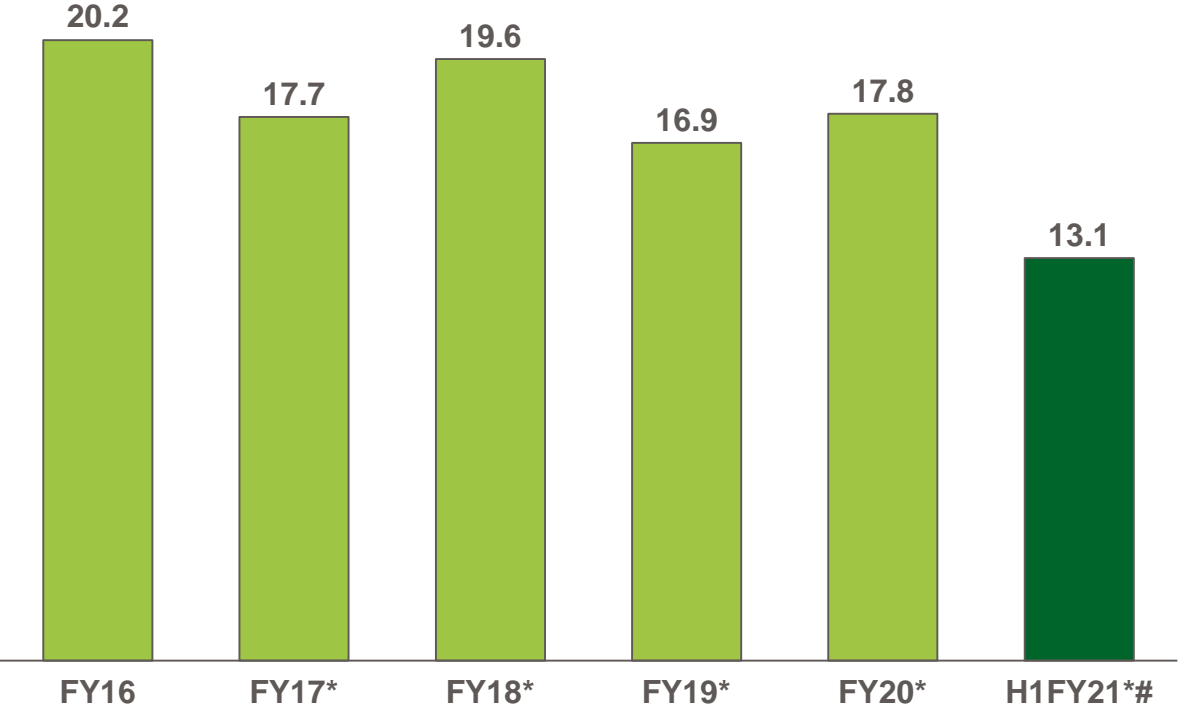
- Reported record EBITDA in FY20 on back of higher contribution from Healthcare segment

MARGIN Profile

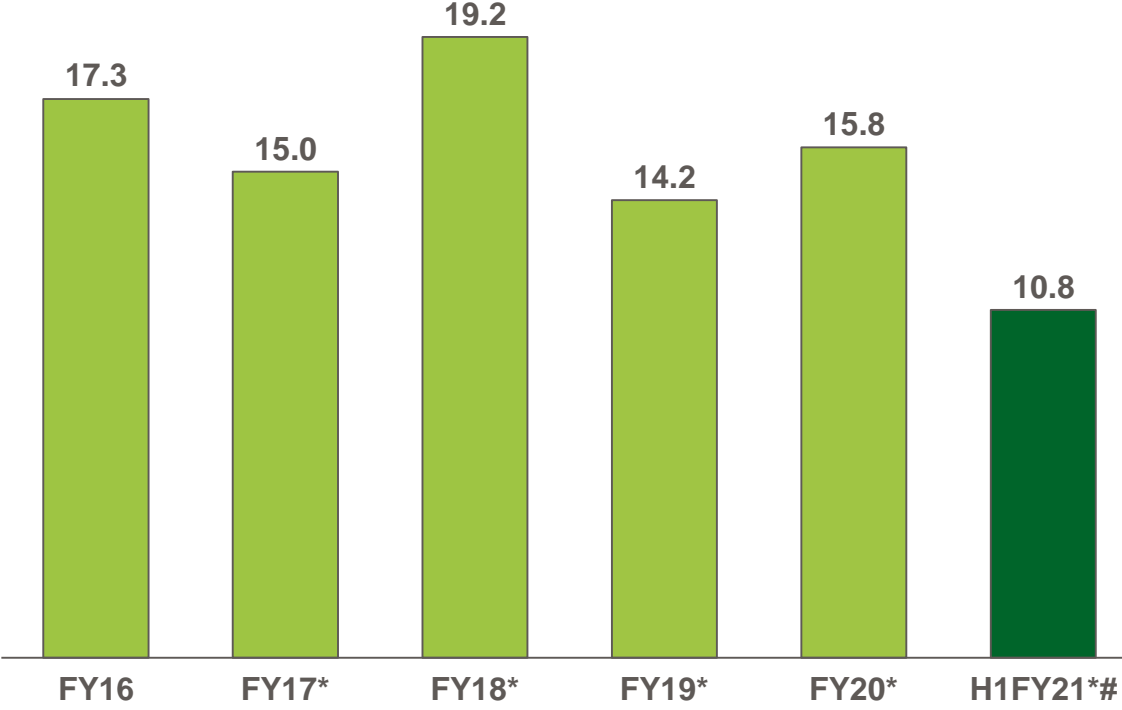


- Better Product mix and economies of scale on account of raw materials have led to improvement in margin profile from FY16 to FY20
- FY19 margin was profile impacted on account of labor shortage, power disruptions and change in ordering policy from a key client
- Witnessed improvement in margin in FY20 on back of higher contribution from Healthcare segment
- H1FY21 performance was impacted on account of Covid-19

ROCE (%)



ROE (%)



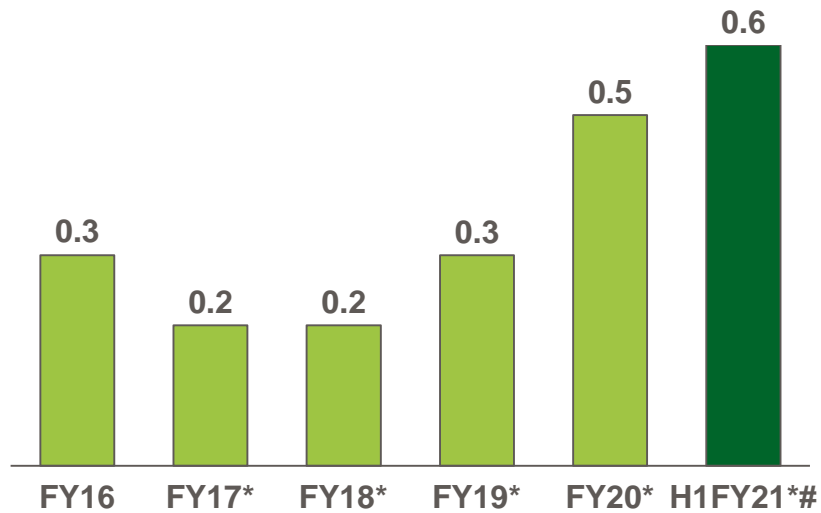
*As per IndAS
Annualised

Growth Along With Low Leverage

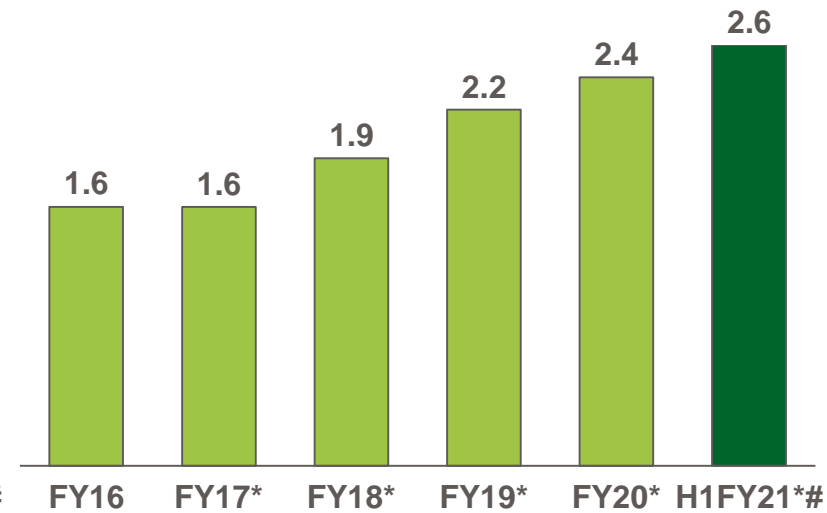
Total Debt : Equity (x)



Long Term Debt : Equity (x)



Total Debt : EBITDA (x)

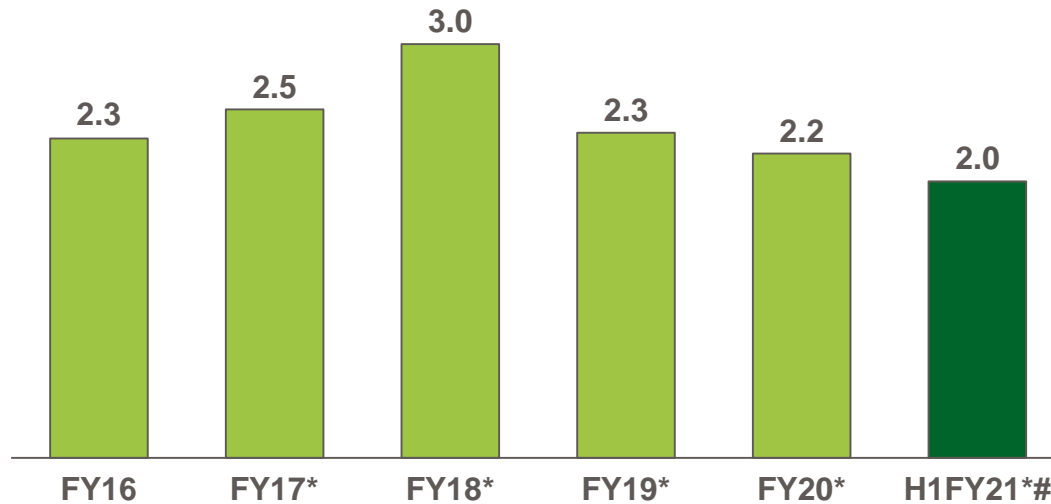


- The growth in Business has been achieved with disciplined use of capital
- The internal accruals also been utilized towards scheduled repayments of Long-term loans, which have positively impacted the credit rating therefore the borrowing costs

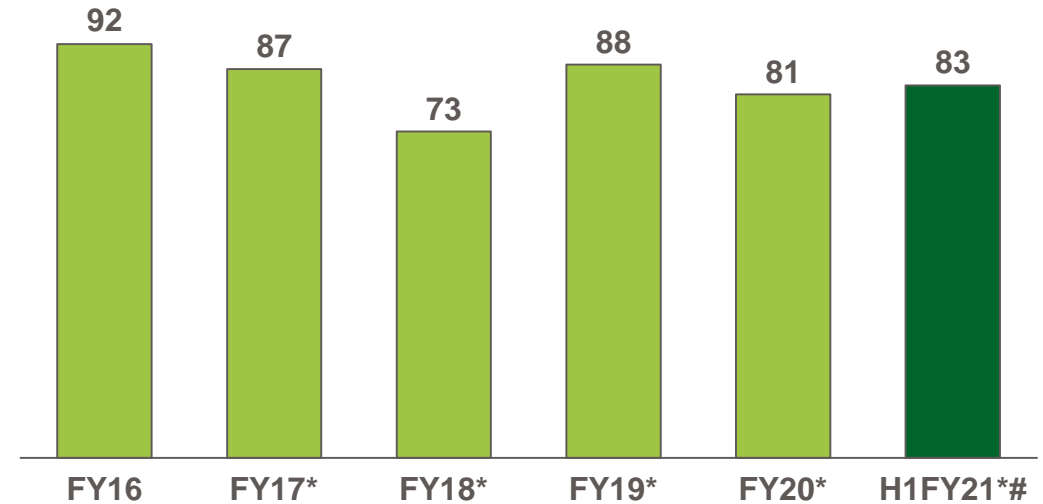
Strong Focus on Improving Our Key Metrics



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

Carbon Steel Plant Update

- Commissioning of Carbon Steel Plant at Halol was delayed on account of Covid-19
- Commenced Trial production of Carbon Steel Products

New Carbon Steel Facility at Halol



Overview



Shaily at a Glance



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

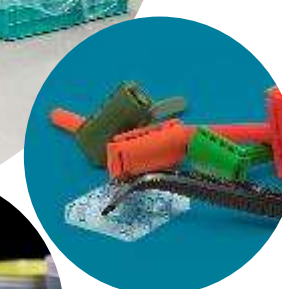
**REVENUE
5 Years CAGR
10% ↑**

**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 Beccham, India**
- Dr. Ayyangar has also been **a part of a select CEO group** formed to **advise the Prime Minister's Office (PMO)** in suggesting new policy framework to attract more FDI and create environment for ease of doing business
- He has also been **associated with** multi-lateral agencies such as **WHO and advocacy groups in US and European Union**



Ms. Varsha Purandare
(Independent Director)

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

Mr. Anil Kalra (Chief Executive Officer)

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

**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

Increase 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

Sustain 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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