Shaily Engineering Plastics Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	239.62 (Enhanced from 238.45)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	35.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shaily Engineering Plastics Limited (SEPL) continue to derive strength from healthy growth in its scale of operations and improvement in profitability in FY25 (FY refers to April 01 to March 31) backed by growth in both of its key segments, consumer and healthcare, translating into healthy financial risk profile of the company. Ratings also take cognisance of new contracts received by SEPL in both these segments indicating good revenue visibility for the company. Ratings continue to derive strength from its established presence in the plastic injection moulding business, promoters' vast experience in the plastic packaging industry, and established relationship with reputed clientele across diverse end-user industries.

However, these rating strengths are partially offset by SEPL's high customer and segmental concentration, moderate bargaining power with its large-size customers and vulnerability of its profitability to raw material price volatility and exchange rate fluctuations. Ratings also factor in project implementation and stabilisation risk associated with capex being undertaken in SEPL.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in its total operating income (TOI) to over ₹1,500 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 22% on a sustained basis.
- Scaling up of healthcare segment resulting in greater segmental and customer diversification.

Negative factors

- Decline in its TOI to less than ₹650 crore on the back of lower off-take by its key customers or moderation in PBILDT margin below 15% on a sustained basis.
- Increase in working capital intensity or large debt funded capex resulting in significant moderation in its financial risk profile.

Analytical approach: Consolidated

The analytical approach has been considered consolidated to factor the performance of its wholly owned subsidiaries. List of subsidiaries has been attached as Annexure-6.

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') opinion that SEPL will benefit from its demonstrated technical capabilities, established relationships with key clientele, and comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Sustained growth in SEPL's scale of operations and improvement in profitability

In FY25, SEPL demonstrated a strong operational and financial performance marked by y-o-y growth of 21.95%, in its TOI to ₹787.73 crore (PY: ₹645.93 crore). The growth was primarily driven by a substantial 53.92% increase in revenue from the healthcare division, apart from a 16.50% rise in the consumer segment. The company's strategic shift in product mix, with increased focus on high-value, IP-protected medical device solutions. While the consumer segment remained the largest contributor at 71% of total sales (PY: 75%), the healthcare segment's share rose to 21% (PY: 17%), and the industrial segment contributed 8% (PY: 9%).

SEPL also reported a 48.27% increase in revenue from collaborative design-to-manufacture contracts with multinational pharmaceutical companies, totalling ₹55.76 crore in FY25. This reflects the company's growing presence in precision moulding

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

and its ability to serve global industry leaders. The shift in product mix and scaling of healthcare operations led to a notable improvement in profitability, with PBILDT margin improving by ~400 basis points to 22.58% and profit after tax (PAT) margin improving by 295 basis points to 11.82% in FY25. Gross cash accruals (GCA) also grew, increasing by 42.92% to ₹138.63 crore in FY25.
As per the provisional financials of Q1FY26 (refers to the period April 01 to June 30), SEPL has reported y-o-y growth of 38% in its TOI to Rs. 248.78 crore (PY: Rs.180.09 crore) with PBILDT margin of 28.29% (PY: 20.06%).
Going forward, CareEdge Ratings expects growth in the company's scale of operations and profitability supported by addition of new customers in both, consumer and healthcare segment and increasing contribution of healthcare segment.

Comfortable financial risk profile
SEPL's financial risk profile has improved as reflected from the overall gearing of 0.37 times as on March 31, 2025, as against 0.50 times at FY24 end and debt coverage indicators have further strengthened with interest coverage of 9.77 times (PY: 6.33 times) and total debt to GCA of 1.36 years (PY: 2.16 years) during FY25. The interest coverage remained healthy at 18.19 times during Q1FY26.

SEPL is planning on undertaking a capex in healthcare segment for increasing the pen manufacturing capacity from 45 million pens to ~85 million pens in FY26 and FY27. The total cost of the capex is estimated to be ₹150 crore to be funded by the mix of customer advances and the internal accruals of the company. Considering the project's expansion nature with favourable funding mix, the project risk remains low.

With the upcoming capex in healthcare segment, SEPL's working capital intensity is projected to increase with anticipated growth in scale of operations. However, CareEdge Ratings expects its capital structure and coverage metrics to remain comfortable, supported by healthy accruals to reserves.

Established relationship with reputed clientele across diverse end-use industries
SEPL has a long-standing relationship with reputed global and domestic clients across its end-user industries. The company operates in the niche segment of precision moulding, serving the requirement of leading global companies in their respective segments.

Experienced promoters with established track record of operations in plastic injection moulding
SEPL is led by its promoter and Executive Chairman, Mahendra Sanghvi, who has over four decades of experience in the plastic industry. His son, Amit Sanghvi, serves as the Managing Director of SEPL and has over a decade of industry experience. The promoters are actively supported by a team of professionals and eminent independent directors with extensive experience in pharmaceutical, finance, and operations. With an established track record of operations, SEPL has developed a diverse portfolio across home furnishing, healthcare, fast moving consumer goods (FMCG), and automobile sector.

Key weaknesses
High customer concentration with moderate bargaining power
Consumer segment remains SEPL's largest segment, accounting for ~71% of its TOI in FY25 (PY: 73%). Moreover, this segment caters to a single industry player, indicating high level of customer concentration. While dealing association with leading global and domestic players mitigate counterparty credit risk, it limits SEPL's bargaining power with its larger clients.

Vulnerability of profitability to volatile raw material prices and exchange rate fluctuations
SEPL's key raw material is a derivative of crude oil, making its profitability is vulnerable to fluctuations in crude oil prices. Although SEPL has cost pass-through mechanism with most of its customers, price revision occurs with a time lag. Additionally, SEPL's profitability is vulnerable to exchange rate fluctuations, particularly to the extent of its net un-hedged position.

Liquidity: Strong
SEPL's liquidity remained strong marked by sufficient cushion available in the form of GCA against the annual debt repayment obligations and moderate operating cycle of 83 days (FY24: 71 days) in FY25. The elongation in SEPL's operating cycle in FY25 was primarily considering increase in inventory days due to advance procurement of raw materials for the consumer segment, following a planned maintenance shutdown by a key supplier. To avoid supply disruptions, the company secured a three-month inventory, approved by its customer. Additionally, SEPL built up inventory in the healthcare segment in anticipation of scaling operations, contributing further to the increase in inventory holding.
Going forward, SEPL is expected to generate annual cash accruals of over ₹200-crore which shall comfortably cover its routine capex requirement of ~₹50-60 crore and scheduled annual debt repayment of ₹38 crore in FY26. Utilisation of fund-based working

capital borrowing remained moderate at 61% in the trailing 12-months ended June 2025. Also, as on March 31, 2025, SEPL had free cash and bank balance of ₹19.08 crore (March 31, 2024: ₹22.22 crore).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Particulars*	Compliance and action taken by the company
Environmental	1. Renewable Energy Usage: SEPL has achieved 100% renewable energy usage across its operations, significantly reducing its carbon footprint. 2. Recycled Materials: Approximately 35% of raw materials used are recycled polymers, supporting circular economy goals. 3. Water Management: The company maintains a net water positive status, indicating responsible water usage and recycling. 4. Certifications: ISO 14001:2015 certification ensures compliance with environmental management standards. 5. Facilities: Dedicated cleanroom facilities for pharma manufacturing (ISO Class 8) reflect high environmental and safety standards.
Social	1. Workforce: Employs over 2,000+ workers, with a mix of permanent and non-permanent staff. Focus on skill development and safety. 2. Occupational Health and Safety: Adheres to SA 8000 and ISO 45001 standards for worker safety and social accountability. 3. CSR Activities: Engages in community development through NGOs and direct initiatives, aligned with Schedule VII of the Companies Act. 4. Diversity and Inclusion: Promotes inclusive hiring and has grievance redressal mechanisms in place. 5. Global Engagement: Participated in international drug exhibitions in Europe and the US to showcase IP-led healthcare platforms.
Governance	1. Board Composition: Includes independent directors and maintains 25% female representation, supporting diversity. 2. Transparency: Regular disclosures through BRSR, investor presentations, and earnings calls. 3. Ethical Practices: Strong internal controls and zero unresolved shareholder complaints in FY25.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Plastic products - consumer

Incorporated in 1980, Gujarat-based SEPL is engaged in manufacturing high precision injection-moulded plastic components and sub-assemblies for requirements of original equipment manufacturers (OEMs). It also offers secondary operations in plastics, such as vacuum metalising, hot stamping, and ultrasonic welding. The company caters to a wide range of industries, including home furnishing, FMCG, pharmaceuticals, switchgear components, auto components, electronics and electrical appliances. SEPL is a two-star export house with an in-house research and development unit and its manufacturing facilities are at Savli and Halol in Gujarat.

Consolidated

Particular	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	645.93	787.73	248.78
PBILDT	120.07	177.88	70.38
PAT	57.29	93.12	41.12
Overall gearing (times)	0.50	0.37	-
Interest coverage (times)	6.33	9.97	18.19

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	180.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	31-08-2030	59.62	CARE A+; Stable
Non-fund-based - ST-BG/LC		-	-	-	35.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	59.62	CARE A+; Stable	1)CARE A+; Stable (09-Apr-25)	1)CARE A; Stable (09-Oct-24)	1)CARE A; Stable (04-Sep-23)	1)CARE A; Stable (12-Aug-22)
2	Fund-based - LT-Cash Credit	LT	180.00	CARE A+; Stable	1)CARE A+; Stable (09-Apr-25)	1)CARE A; Stable (09-Oct-24)	1)CARE A; Stable (04-Sep-23)	1)CARE A; Stable (12-Aug-22)
3	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (04-Sep-23)	1)CARE A; Stable (12-Aug-22)
4	Non-fund-based - ST-BG/LC	ST	35.00	CARE A1	1)CARE A1 (09-Apr-25)	1)CARE A1 (09-Oct-24)	1)CARE A1 (04-Sep-23)	1)CARE A1 (12-Aug-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Shaily Innovations Limited	Full	Wholly Owned Subsidiary
2	Shaily Innovations FZCO	Full	Wholly Owned Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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