

Shaily Engineering Plastics Limited

October 06, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	239.24 (Reduced from 239.62)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	RBI	35.00	CARE A1+	Upgraded from CARE A1

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the short-term rating assigned to bank facilities of Shaily Engineering Plastics Limited (SEPL) factors in improvement in the company's liquidity profile, with sizable cash flow generation and moderate reliance on external working capital debt, despite significant scaling up of operations.

Ratings continue to derive strength from the sustained healthy growth in the company's scale of operations and a significant improvement in profitability in FY26 (FY refers to April 01 to March 31), with the momentum sustained in Q1FY27. The performance was primarily driven by robust growth in margin-accretive healthcare business, aligning with the management's strategic focus on this business, as reflected in addition of new capacities within the business.

Ratings continue to be underpinned by SEPL's established presence in precision plastic component manufacturing capabilities, the company's portfolio of proprietary pen-injector platform technologies, experienced promoters, and its established relationships with reputed clientele across diverse end-user industries.

These strengths are partially constrained by SEPL's relatively high customer and segment concentration, despite its ongoing diversification initiatives, which are expected to further strengthen its business profile in the medium term. Ratings also reflect the company's moderate bargaining power with large customers and its profitability vulnerable to raw material price volatility and exchange rate fluctuations. Ratings also factor in the project implementation and stabilisation risk associated with capital expenditure being undertaken by 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 operations through greater segmental and customer diversification.

Negative factors

- Decline in TOI to less than ₹650 crore, considering lower off-take by 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 the company's financial risk profile.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated approach for SEPL and its subsidiaries, Shaily Innovations Limited (Previously known as Shaily UK Limited) and Shaily Innovations FZCO. These entities are linked through a parent-subsidiary relationship and have business and financial linkages. List of subsidiaries has been attached under Annexure 5.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' view that SEPL will continue to benefit from its strong technical capabilities and well-established customer relationships, supporting a sustained growth in the healthcare business and facilitating new product

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

development in the industrial business, resulting in continued growth in the company's scale of operations with healthy profitability. Stable outlook also factors in expectations of a continued comfortable financial risk profile.

Detailed description of key rating drivers

Key strengths

Healthy revenue growth and improvement in profitability

SEPL demonstrated strong operational and financial performance in FY26, marked by a year-on-year (y-o-y) growth of 27% in its TOI to ₹996.97 crore. The performance was supported by a healthy growth in the healthcare (drug-delivery devices) business, which grew y-o-y by 138% in FY26, and contributed ~40% of gross sales in FY26 (PY: 21%). This growth was led by an increasing demand for insulin and glucagon-like peptide-1 (GLP-1) drugs with improved commercial supplies, and the company's established foothold in manufacturing delivery devices for these therapies for global majors.

With the gradual scaling up of the healthcare business and a moderation in home furnishing and fast-moving consumer goods (FMCG)-related demand, the contribution of the company's consumer business to its gross sales moderated to 51% in FY26 (PY: 71%). The third business of the company, industrial, contributed the balance 9% (PY: 8%) of gross sales. It grew by 41% y-o-y, due to customer additions and increased demand.

SEPL's PBILDT margin has historically remained healthy, owing to its precision plastic moulding capabilities and has gradually improved for last three financial years ended FY26, with increasing share of the high-margin healthcare business and improving revenue contribution from proprietary pen-injector products. In FY26, the company's PBILDT margin improved by 623 basis points to 28.81% (PY: 22.58%), resulting in sizeable gross cash accruals of ₹228.25 crore in FY26, registering a 65% y-o-y growth.

The growth momentum continued in Q1FY27, with the company reporting 13% y-o-y growth in its TOI to ₹280.70 crore, with continued healthy PBILDT margin of 29.68%. The revenue from healthcare business nearly doubled during this quarter and contributed the highest (51%) to gross sales, followed by 41% and 8% contribution from consumer and industrial businesses, respectively.

Going forward, CareEdge Ratings expects sustained growth in the company's scale of operations and profitability, supported by increasing contribution from the healthcare business with the addition of capacities in this business and new product developments in the industrial business.

Comfortable financial risk profile

SEPL's financial risk profile continued to remain comfortable, with an improvement in the overall gearing to 0.26x as on March 31, 2026, against 0.37x at FY25-end. With improvement in profitability, debt coverage indicators also strengthened further, as reflected by a PBILDT interest coverage of 16.99x (PY: 9.77x) and total debt to PBILDT of 0.62 years (PY: 1.06 years) in FY26. Return indicators also exhibited significant improvement, with return on capital employed (ROCE) improving to ~29% in FY26 (from ~17% in FY25).

SEPL has planned capex of ~₹500 crore from FY27-FY28 aimed at supporting its growth initiatives across healthcare, consumer electronics, and semiconductor-related businesses. The proposed capex includes ₹350 crore towards setting up a healthcare facility in Abu Dhabi for pen injectors to cater to Indian and global markets. Another ₹80-100 crore towards setting up a dedicated consumer electronics manufacturing facility in south India, and the balance towards expansion of domestic pen injector capacity, healthcare-related research and development (R&D) initiatives, and setting up semiconductor tray manufacturing capabilities to cater to the potential semiconductor ecosystem. Given that the capex programme is phased over a two-year period and comprises initiatives for expansion and new product development with a major financing from the company's internal cash accrual, the project implementation risk remains low; though stabilisation of upcoming facilities with generation of envisaged benefits thereof remains to be seen.

Despite the scaling up of the company's operations going forward, CareEdge Ratings expects its capital structure and coverage metrics to remain comfortable, supported by healthy accruals to reserves.

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 near two decades of industry experience.

Promoters are actively supported by a team of professionals and eminent independent directors with extensive experience in areas of finance, operations, and strategy.

With an established operational track record, SEPL has built a diversified business portfolio spanning the home furnishings, healthcare, FMCG, and automobile sectors. In the healthcare business, the company has developed several proprietary, IP-led pen-injector technologies, underscoring its strong capabilities and positioning in the drug-delivery devices market.

Established relationship with reputed clientele across diverse end-use industries

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

Key weaknesses**High customer concentration with moderate bargaining power**

Consumer business remains one of the largest revenue contributors for SEPL. Under this business, though the company caters to many players with regular addition of new customers, contribution from a single customer (to the revenues of the consumer business and to the overall revenue of the company) remains sizeable, indicating a high level of customer concentration.

While association with leading global and domestic players mitigates counterparty credit risk, it limits SEPL's bargaining power with its larger clients.

As a measure, SEPL has consciously undertaken several initiatives to diversify its customer base and end-user industries, through scaling up of healthcare business and product portfolio enhancement in the industrial business. The company has signed contracts with multiple pharmaceutical companies for its pen injector platforms and is also working with numerous partners across insulin, GLP-1, and other therapies. This apart, SEPL is also expanding into multiple new verticals, such as consumer electronics, semiconductor trays, LED lighting, power tools, automotive components, and advanced drug delivery devices.

Profitability vulnerable to volatile raw material prices and exchange rate fluctuations

SEPL's key raw material is a derivative of crude oil, making its profitability vulnerable to fluctuations in crude oil prices. While SEPL has a cost pass-through mechanism with most of its customers, price revision occurs with a time lag.

SEPL's profitability is vulnerable to exchange rate fluctuations, given its high dependence on imports for its specialty grade polymers; however, this is largely mitigated by the company's sizeable exports. Exports contributed 70% of the company's TOI in FY26 (FY refers to April 01 to March 31; PY: 79%), and the company reported a foreign exchange gain of ₹6.30 crore in FY26 (PY: ₹0.93 crore).

Liquidity: Strong

SEPL's liquidity profile remained strong, witnessing significant improvement in FY26, marked by sizable cashflow from operations of ₹192.92 crore registered during the year, registering ~2x growth in the last year. Cashflow from operations (CFO) has remained positive for five years ended FY26, underling the company's efficient working capital management. With this, despite significant scaling up of operations, SEPL's reliance on external working capital debt remained moderate with average utilisation of ~71% for trailing 12 months ended June 2026, and gross current asset (GCA) days standing moderate at 155 days in FY26 (PY: 168 days).

Going forward, SEPL is expected to generate healthy annual cash accruals of over ₹250 crore which is sufficient to meet its scheduled annual debt repayment obligations of ₹25-60 crore in the projected period. While a large part of accruals are envisaged to be deployed for capex, the company's low gearing level and moderate utilisation of its sanctioned working capital limits provides it with adequate headroom to raise debt, in case of requirement.

As on March 31, 2026, SEPL had free cash and bank balance of ₹20.79 crore (March 31, 2025: ₹19.08 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 3,000+ 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. Corporate social responsibility (CSR) activities: Engages in community development through Non-Governmental Organisations (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 United States (the US) to showcase IP-led healthcare platforms.
Governance	1. Board composition: Includes independent directors and maintains 25% female representation, supporting diversity. 2. Transparency: The company maintains a high level of transparency through regular disclosures, including Business Responsibility and Sustainability Reporting (BRSR), investor presentations, and earnings calls, facilitating effective stakeholder communication and informed decision-making. 3. Ethical practices: Strong internal controls and zero unresolved stakeholder complaints in FY26.

Applicable criteria
[Consolidation](#)
[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](#)
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). The company caters to a wide range of industries, including healthcare and pharmaceuticals, home furnishing, FMCG, switchgear components, auto components, electronics and electrical appliances. SEPL is a two-star export house with an in-house R&D unit and its manufacturing facilities are at Rania, Savli, and Halol in Gujarat.

Brief Financials (₹ crore)- Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	787.73	996.97	280.70

Brief Financials (₹ crore)- Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
PBILDT*	177.88	287.25	83.30
Profit after tax (PAT)	93.12	169.91	48.00
Overall gearing (x)	0.37	0.26	NA
Interest coverage (x)	9.97	16.99	25.24

A: Audited; UA: Unaudited; NA: Not available; Note: These are latest available financial results.

*PBILDT: Profit before interest, lease rentals, depreciation, and taxation

Status of non-cooperation with previous CRA: Nil

Any other information: Not applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	199.00	CARE A+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-05-2029	40.24	CARE A+; Stable
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	40.24	CARE A+; Stable	-	1)CARE A+; Stable (09-Oct-25) 2)CARE A+; Stable (09-Apr-25)	1)CARE A; Stable (09-Oct-24)	1)CARE A; Stable (04-Sep-23)
2	Fund-based - LT-Cash Credit	LT	199.00	CARE A+; Stable	-	1)CARE A+; Stable (09-Oct-25) 2)CARE A+; Stable (09-Apr-25)	1)CARE A; Stable (09-Oct-24)	1)CARE A; Stable (04-Sep-23)
3	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (04-Sep-23)
4	Non-fund-based - ST-BG/LC	ST	35.00	CARE A1+	-	1)CARE A1 (09-Oct-25) 2)CARE A1 (09-Apr-25)	1)CARE A1 (09-Oct-24)	1)CARE A1 (04-Sep-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Shaily Innovations Limited (Previously known as Shaily UK 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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Nikita Akhilesh Goyal Associate Director CARE Ratings Limited Phone: 079-40265670 E-mail: nikita.goyal@careedge.in Arpita Alax Christian Assistant Director CARE Ratings Limited E-mail: Arpita.Christian@careedge.in
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