



The company posted lower than expected results with Revenue/EBITDA/PAT below our estimates by 11.5%/11.3%/9%. This was largely due to consumer segment being a drag on the topline. However, ebitda margins still remain strong at ~ 27.71%. Healthcare continues to grow and scale up. Consumer electronics has also commenced in Q4FY26.

Key business highlights for Q4FY26

- Pens sold in FY26 – 24 Mn (vs guidance of 30 Mn). Guidance for FY27 and FY28 – 36 Mn & 50 Mn respectively. (~60% utilization)
- Capex planned for consumer electronics in South ~ Rs. 100 Crores. Revenue from consumer electronics started from Q4FY26
- Signed agreement with Korea based company to provide semiconductor Trays. supplies to OSAT players in India to begin from Q4FY27
- ₹500 cr fundraise approval only an enabling resolution to stay ready for large/global opportunities; not an immediate raise plan
- Abu Dhabi healthcare facility remains on track; management highlighted talent access, supply-chain efficiency & global scalability benefit

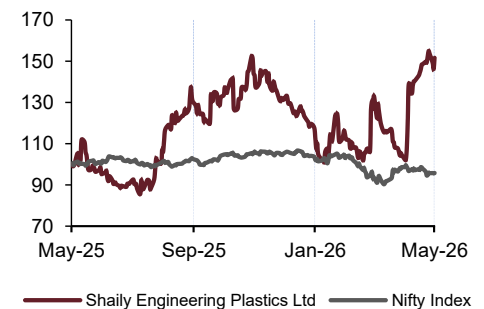
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	2,802	3

Market Data

Current price	Rs	2,715
Market Cap (Rs.Bn)	(Rs Bn)	126
Market Cap (US\$ Mn)	(US\$ Mn)	1,301
Face Value	Rs	2
52 Weeks High/Low	Rs	2,847/ 1,534
Average Daily Volume	('000)	200
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-25
Promoters	43.40	43.72
Public	56.60	56.28
Total	100.00	100.00

Source: Bloomberg

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net sales	6,071	6,439	7,868	9,907	12,493	16,199
Growth	6.9%	6.1%	22.2%	25.9%	26.1%	29.7%
EBIDTA	919	1,169	1,761	2,799	3,775	4,867
Growth	13.2%	27.3%	50.6%	59.0%	34.9%	28.9%
Margins (%)	15.1%	18.2%	22.4%	28.3%	30.2%	30.0%
Adjusted net profit	352	573	931	1,699	2,319	3,055
Growth	-0.3%	63.0%	62.6%	82.4%	36.5%	31.7%
EPS (Rs)	7.7	12.5	20.3	37.0	50.6	66.6
P/E (x)	222	217	134	73	54	41
EV/EBITDA (x)	87	108	72	45	33	25
RoCE (%)	9.96%	12.17%	18.21%	25.90%	28.81%	29.56%
RoE (%)	8.76%	12.48%	17.01%	23.70%	24.57%	24.54%

Source: Company, Dalal & Broacha Research

Het Shah

+91 22 67141414

het.shah@dalal-broacha.com

Valuation and Outlook:

At CMP of Rs 2715, the stock trades at 54x/41x /FY27E/FY28E. **We have not baked in any revenue from consumer electronics and semiconductor segments in our estimates since there is lack of clarity.**

We maintain our TP of Rs. 2,802 valuing the company at 42x FY28E with a BUY ON DIPS rating.

Concall KTA's

A. Healthcare Vertical

- Revenue: ₹1128 Mn (+163% YoY) | Contribution: ~49% of overall sales
- Received an order worth Rs. 4230 Mn by a large domestic pharma company for supply of pen injectors over a period of four years.
- FY26 pen volumes at ~23.5 Mn vs earlier ~30 Mn guidance due to slower-than-expected line ramp-up
- FY27 guidance maintained at ~36 Mn pens; FY28 targeted closer to ~50 Mn pens as new capacities stabilize
- New 25 Mn line commissioned in Mar'26; another 25 Mn semaglutide-focused line to be added by Jul–Aug'26
- Combined new lines expected to reach ~40–42 Mn optimal annualized capacity over time
- Rejection rates reduced sharply from ~30% earlier to ~8%; operational efficiency improving steadily
- Brazil approvals expected shortly; Turkey & Mexico likely to follow later
- EMA approval received by customer for Teriparatide.

B. Consumer Vertical

- Revenue: ₹1,021 Mn (–31% YoY)
- Consumer segment remained under pressure due to weak global discretionary demand (EU, USA)

C. Industrial Vertical

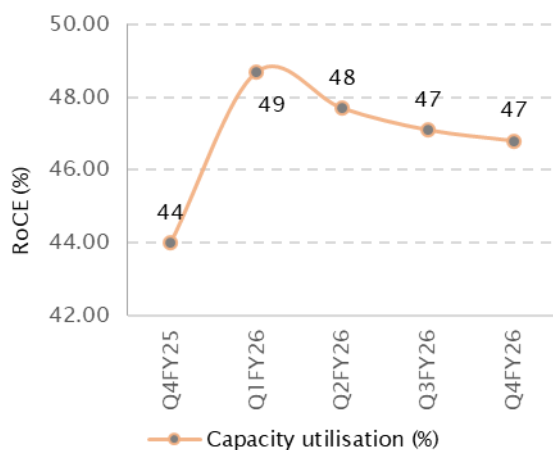
- Revenue: ₹219 Mn (+60% YoY)
- Industrial business continued strong momentum with diversification into higher-value applications.
- Business awarded from new customer for power tool components and LED light components.

D. Consumer Electronics and Semiconductor

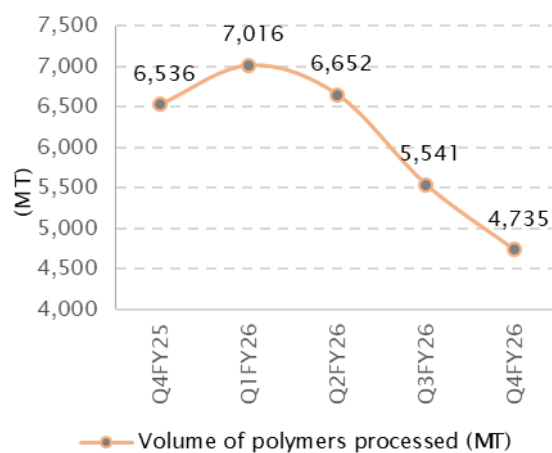
- Added 1 new project from a leading automotive OEM during the quarter
- Commercial supplies commenced during *Q4FY26
- Evaluating dedicated consumer electronics facility in *South India at 100 Cr capex
- Management indicated this is a scale-driven business requiring *US\$15–20 mn revenue* before achieving optimal profitability
- Signed supply agreement with a *Korean company* for semiconductor trays manufactured using conductive plastics
- Initial supplies targeted toward Indian *OSAT (Outsourced Semiconductor Assembly & Testing) players
- Commercial supplies expected to commence in Q4FY27
- Management sees long-term opportunity as India's semiconductor ecosystem and fab ecosystem expands.

Focus Charts

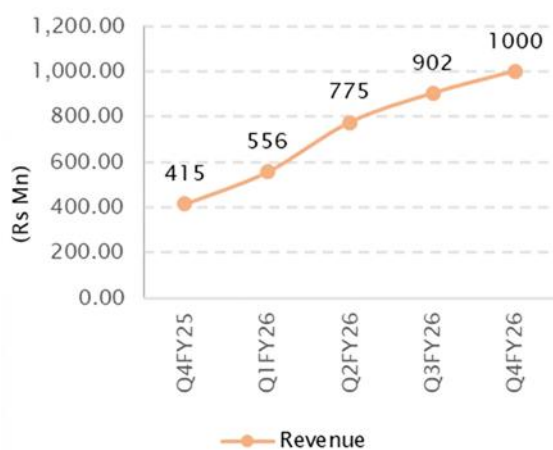
Capacity utilisation on a increasing trajectory (based on man hours)



Polymers processed on a growth trajectory



Strong growth in Healthcare (excl UK)



Shaily UK



Source: Company, Dalal & Broacha Research

Quarterly Snapshot

Particulars (Rs Mns)	Q4FY26	Q4FY25	YoY		QoQ
			Growth	Q3FY26	
Revenue from operations	2,368	2,178	8.7%	2,505	-5.5%
Other income	37	1	2789.8%	1	5069.0%
Total Income	2,405	2,180		2,506	
COGS	970	1,052	-7.7%	1,041	-6.8%
Employee Benefit expenses	302	232	30.0%	282	7.0%
Other Expenses	362	276	31.0%	438	-17.2%
Power and Fuel	77	73	6.4%	80	-3.7%
EBITDA (excl other income)	656	545	20.4%	663	-1.1%
Less : Depreciation	133	111	19.4%	125	5.9%
PBIT	524	434		538	
Less: Interest cost	37	39	-5.6%	44	-15.5%
PBT (before exceptional)	523	396	32.2%	495	5.7%
Exceptional	-	-		-	
PBT (after exceptional)	523	396	32.2%	495	5.7%
Less : Tax	122	110		121	
PAT	402	286	40.5%	374	7.5%
EPS	8.74	6.23	40.3%	8.13	7.5%
Gross Margins	59.02%	51.71%		58.42%	
EBITDA Margins	27.71%	25.02%		26.48%	
Net profit Margin	16.71%	13.12%		14.92%	

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Net Sales	6,439	7,868	9,907	12,493	16,199
Total Operating Expenses	3,701	4,158	4,262	5,622	7,452
Employee Cost	573	804	1,097	1,371	1,645
Power and Fuel	292	315	330	437	567
Other Expenses	703	830	1,420	1,288	1,668
Operating Profit	1,169	1,761	2,799	3,775	4,867
Depreciation	357	421	492	583	702
PBIT	813	1,339	2,307	3,192	4,165
Other income	65	23	78	84	92
Interest	179	169	159	184	184
PBT (Before exceptional)	698	1,193	2,226	3,092	4,073
PBT (post exceptional)	698	1,193	2,226	3,092	4,073
Provision for tax	126	262	527	773	1,018
Reported PAT	573	931	1,699	2,319	3,055

Balance Sheet (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Equity capital	92	92	92	92	92
Reserves	4,500	5,385	7,075	9,348	12,357
Net worth	4,592	5,477	7,167	9,440	12,449
Non Current Liabilities	941	678	689	573	579
Current Liabilities	2,292	3,171	3,612	4,606	5,276
TOTAL LIABILITIES	7,825	9,326	11,467	14,619	18,303
Non Current Assets	5,153	5,470	6,966	8,051	9,404
Tangible + Intangible Assets	4,938	5,189	6,489	7,557	8,865
Non Current Investments	0	0	-	-	-
Income Tax Asset	27	38	53	27	27
Other Financial Assets	5	5	5	5	5
Other Non Current Assets	183	239	420	461	508
Current Assets	2,672	3,856	4,501	6,569	8,899
Inventories	836	1,378	1,508	1,882	2,441
Trade Receivables	1,174	1,717	2,148	2,567	2,885
Cash and Bank Balances	264	231	252	1,438	2,790
Short Term Loans and Advanc	64	3	4	4	4
Other Current Assets	335	526	590	678	779
TOTAL ASSETS	7,825	9,326	11,467	14,619	18,303

FINANCIALS

Cash flow statement (Rs in mn)	FY24	FY25	FY26	FY27E	FY28E
Cash flow from operating activities					
Profit before tax	698	1,193	2,226	3,092	4,073
Depreciation & Amortization	357	421	492	583	702
Interest expenses	179	169	159	184	184
Operating profit before working capital change	1,234	1,784	2,877	3,859	4,960
Working capital adjustment	(208)	(781)	(693)	(112)	(641)
Gross cash generated from operations	1,026	1,002	2,184	3,747	4,318
Direct taxes paid	(88)	(262)	(527)	(773)	(1,018)
Others	(16)	360	600	214	292
Cash generated from operations	923	1,101	2,257	3,188	3,592
Cash flow from investing activities					
Capex	(950)	(672)	(1,792)	(1,651)	(2,010)
Others					
Cash generated from investment activities	(938)	(713)	(1,847)	(1,651)	(2,010)
Cash flow from financing activities					
Proceeds from issue of share	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-
Borrowings/ (Repayments)	210	(208)	(108)	(120)	-
Interest paid	(159)	(169)	(159)	(184)	(184)
Dividend paid	-	(46)	(90)	(46)	(46)
Others	(5)	-	-	-	-
Cash generated from financing activities	46	(419)	(393)	(350)	(230)
Net cash increase/ (decrease)	31	(31)	17	1,186	1,353

Ratios	FY24	FY25	FY26	FY27E	FY28E
OPM	18.2%	22.4%	28.3%	30.2%	30.0%
NPM	8.8%	11.8%	17.0%	18.4%	18.8%
Tax Rate	18.0%	21.9%	23.7%	25.0%	25.0%
Growth Ratios (%)					
Net Sales	6.1%	22.2%	25.9%	26.1%	29.7%
Operating Profit	27.3%	50.6%	59.0%	34.9%	28.9%
PBIT	38.7%	64.8%	72.2%	38.4%	30.5%
PAT	63.0%	62.6%	82.4%	36.5%	31.7%
Per Share (Rs.)					
Net Earnings (EPS)	12.5	20.3	37.0	50.6	66.6
Dividend	1.0	1.0	1.0	1.0	1.0
Book Value	100.1	119.4	156.2	205.8	271.4
Free Cash Flow	-0.3	4.7	5.1	16.7	17.3
Valuation Ratios					
P/E(x)	217.4	133.7	73.3	53.7	40.8
P/B(x)	27.1	22.7	17.4	13.2	10.0
EV/EBIDTA(x)	108.0	71.7	45.0	33.0	25.3
Div. Yield(%)	0.0	0.0	0.0	0.0	0.0
FCFF Yield(%)	0.0	0.2	0.2	0.6	0.6
Return Ratios (%)					
ROE	12.5%	17.0%	23.7%	24.6%	24.5%
ROCE	12.2%	18.2%	25.9%	28.8%	29.6%
ROIC	10.4%	14.7%	20.3%	24.8%	27.6%

Source: Company, Dalal & Broacha Research

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.
Tel: 91-22- 2282 2992, 2287 6173 | E-mail: equity.research@dalal-broacha.com