

Margins Surpass, Healthcare Leads



The company reported a strong set of results, with revenue in line with our estimates, while EBITDA and PAT exceeded expectations by 9% and 14%, respectively. The outperformance was primarily driven by higher-than-expected growth in the healthcare vertical and the resulting operating leverage, which lifted consolidated operating margins to 30.9%

The outlook for FY26 remains very strong.

Key business highlights for Q2FY26

- 19 new machines installed in Q2
- Pen capacity to double from 40 Mn → 80 Mn units by FY26-end (₹1.25 Bn CapEx)
- Signed 4 new projects (2 GLP-1 + 2 other therapies).
- Partnered with ~23–24 global GLP-1 players; ~50–60% of Canadian filers using Shaily's device.

Outlook

- Healthcare: 30–40% annual growth expected for next few years driven by GLP-1 and new device platforms (Axiom Max, Toby, Neo)
- New Avenues: Semiconductors and complex plastic components identified as potential future verticals
- Margin profile expected to remain strong (~30%+) with Healthcare scale-up.
- Revenue from consumer electronics to start reflecting by H2 of FY26.

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	6,071	6,439	7,868	10,398	13,607	16,706
Growth	6.9%	6.1%	22.2%	32.2%	30.9%	22.8%
EBIDTA	919	1,169	1,761	2,961	4,283	5,141
Growth	13.2%	27.3%	50.6%	68.2%	44.7%	20.0%
Margins (%)	15.1%	18.2%	22.4%	28.5%	31.5%	30.8%
Adjusted net profit	352	573	931	1,811	2,782	3,407
Growth	-0.3%	63.0%	62.6%	94.4%	53.7%	22.5%
EPS (Rs)	7.7	12.5	20.3	39.5	60.7	74.3
P/E (x)	222	196	121	62	40	33
EV/EBITDA (x)	87	98	65	38	26	21
RoCE (%)	9.96%	12.17%	18.21%	28.70%	33.34%	31.36%
RoE (%)	8.76%	12.48%	17.01%	25.00%	27.88%	25.54%

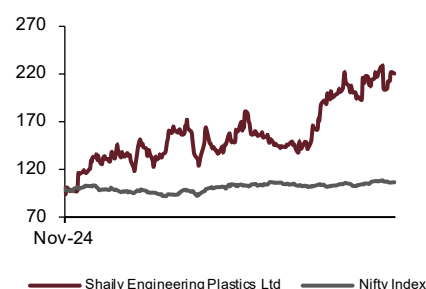
Rating	TP (Rs)	Up/Dn (%)
BUY	2,791	13

Market Data

Current price	Rs	2,478
Market Cap (Rs.Bn)	(Rs Bn)	113
Market Cap (US\$ Mn)	(US\$ Mn)	1,276
Face Value	Rs	2
52 Weeks High/Low	Rs	2670 / 1028.95
Average Daily Volume	('000)	632
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	43.72	43.81
Public	56.28	56.19
Total	100	100

Source: Bloomberg

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Valuation and Outlook:

At CMP of Rs 2478, the company is trading at 63x/41x/33x FY26E/FY27E/FY28E. We have not baked in any revenue from consumer electronics in our estimates as there is lack of clarity.

We maintain a BUY Rating valuing the company at 40x FY28E arriving at a target price of Rs 2791. (upside ~13%)-

Financial Highlights

- Revenue: ₹2567 Mn | +34% YoY+4% QoQ, driven by strong growth in Healthcare & Industrial verticals.
- EBITDA: ₹793 Mn | +97% YoY + 16% QoQ | Margin: 30.91% (+994 bps YoY + 322 bps QoQ)
- PAT: ₹512 Mn | +134% YoY +25% QoQ | Margin: 19.79% (+843 bps YoY + 326 bps QoQ).
- EPS: ₹11.17 vs ₹4.78 YoY vs ₹8.97 QoQ
- Gross Margin: 59.28% (+1,295 bps YoY +812 bps QoQ).
- Cash PAT: ₹632 Mn | +97% YoY + 20% QoQ

Subsidiary (Shaily Innovations FZCO (Dubai)

- Service-led innovation hub supporting clients with clinical batch filing, assembly & testing setups
- Focused on Middle East & Asia-Pacific markets
- No major CapEx at present

Concall KTA's

A. Healthcare Vertical

- Revenue: ₹986 Mn (+163% YoY) | Contribution: ~38% of overall sales
- Continued strong traction in GLP-1 device programs; commercial batches for Canada initiated
- Launch of “Axiom Max” – next-generation fixed-dose pen
- Healthcare expected to grow 30–40% CAGR over the next few years
- Market Outlook: Oral GLP-1 penetration limited to ~25-30% of market
- Margins to remain strong due to IP-led devices and better product mix
- H2FY26 to see higher commercial supplies of GLP-1 pens
- Showcased at CPHI Frankfurt, PDA Europe & PODD Boston; 130+ B2B meetings (18 for Axiom Max)
- Partnered with ~23–24 global GLP-1 players; ~50–60% of Canadian filers use Shaily devices.
- Long-term growth visibility: Healthcare expected to grow 30–40% CAGR over next few years
- Strategy to diversify across multiple generics mitigates customer concentration risk

B. Consumer Vertical

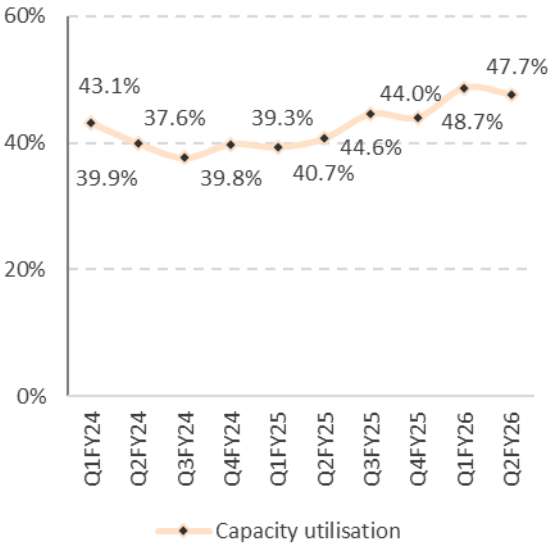
- Revenue: ₹1,349 Mn (–3% YoY)
- Secured 5 new projects from 3 marquee home-furnishing customers (including long-standing global clients)
- No material impact from recent tariff changes; outlook steady
- Shaily holds a competitive edge in precision molding capabilities vs domestic peers
- Evaluating entry into semiconductor components – early-stage strategic discussions underway for high-precision plastic parts

C. Industrial Vertical

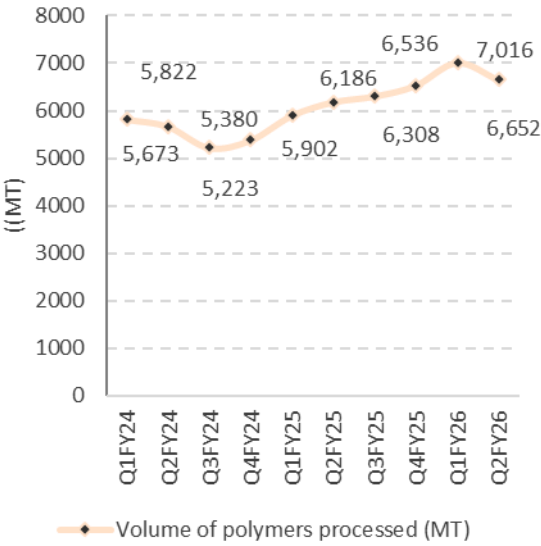
- Revenue: ₹232 Mn (+45% YoY)
- Added 1 new project from a leading automotive OEM during the quarter

Focus Charts

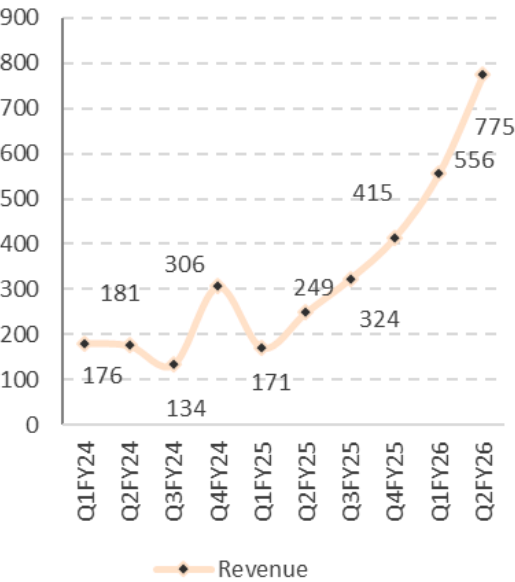
Capacity utilisation on a increasing trajectory
(based on man hours)



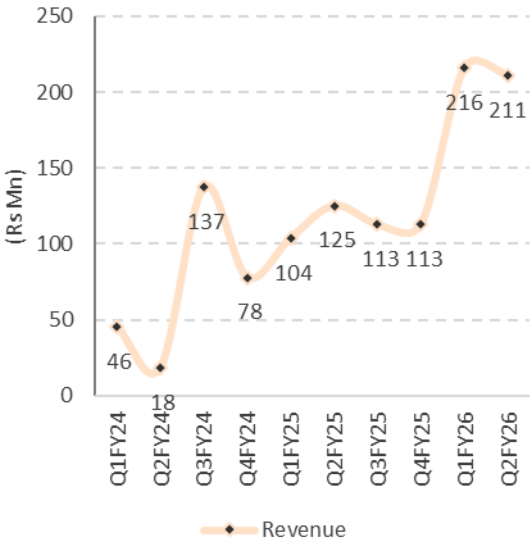
Polymers processed on a growth trajectory



Strong growth in Healthcare (excl UK Rs Mn)



Strong growth in Healthcare (UK Rs Mn)



Quarterly Snapshot

Particulars (Rs Mns)	Q2FY26	Q2FY25	YoY Growth	Q1FY26	QoQ Growth
Revenue from operations	2,567	1,920	33.7%	2,467	4.0%
Other income	23	10	118.7%	21	9.2%
Total Income	2,589	1,930		2,488	
COGS	1,045	1,031	1.4%	1,205	-13.3%
Employee Benefit expenses	263	197	33.6%	249	5.7%
Other Expenses	377	202	87.1%	245	53.8%
Power and Fuel	88	88	-0.4%	85	3.5%
EBITDA (excl other income)	793	403	97.0%	683	16.1%
Less : Depreciation	120	102	17.1%	114	4.9%
PBIT	673	300		569	
Less: Interest cost	39	45	-13.6%	39	1.1%
PBT (before exceptional)	657	265	147.6%	551	19.3%
Exceptional	-	-		-	
PBT (after exceptional)	657	265	147.6%	551	19.3%
Less : Tax	145	46		140	
PAT	512	219	133.7%	411	24.6%
EPS	11.17	4.78	133.7%	8.97	24.6%
Gross Margins	59.28%	46.33%		51.16%	
EBITDA Margins	30.91%	20.97%		27.69%	
Net profit Margin	19.79%	11.36%		16.53%	

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	6,439	7,868	10,398	13,607	16,706
Total Operating Expenses	3,701	4,158	4,783	6,123	7,685
Employee Cost	573	804	1,050	1,313	1,575
Power and Fuel	292	315	364	476	585
Other Expenses	703	830	1,240	1,411	1,721
Operating Profit	1,169	1,761	2,961	4,283	5,141
Depreciation	357	421	459	498	526
PBIT	813	1,339	2,503	3,786	4,615
Other income	65	23	51	55	59
Interest	179	169	140	132	132
PBT (Before exceptional)	698	1,193	2,414	3,709	4,543
PBT (post exceptional)	698	1,193	2,414	3,709	4,543
Provision for tax	126	262	604	927	1,136
Reported PAT	573	931	1,811	2,782	3,407

Balance Sheet (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	92	92	92	92	92
Reserves	4,500	5,385	7,150	9,886	13,247
Net worth	4,592	5,477	7,242	9,978	13,339
Non Current Liabilites	941	678	482	389	394
Current Liabilites	2,292	3,171	3,350	3,956	4,377
TOTAL LIABILITIES	7,825	9,326	11,073	14,322	18,110
Non Current Assets	5,153	5,470	5,926	5,965	5,978
Tangible + Intangible Assets	4,938	5,189	5,631	5,644	5,628
Non Current Investments	0	0	-	-	-
Income Tax Asset	27	38	27	27	27
Other Financial Assets	5	5	5	5	5
Other Non Current Assets	183	239	263	289	318
Current Assets	2,672	3,856	5,147	8,357	12,132
Inventories	836	1,378	1,567	2,050	2,517
Trade Receivables	1,174	1,717	2,137	2,796	2,975
Cash and Bank Balances	264	231	836	2,813	5,838
Short Term Loans and Advanc	64	3	3	3	3
Other Current Assets	335	526	605	695	799
TOTAL ASSETS	7,825	9,326	11,073	14,322	18,110

FINANCIALS

Cash flow statement (Rs in mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash flow from operating activities					
Profit before tax	698	1,193	2,414	3,709	4,543
Depreciation & Amortization	357	421	459	498	526
Interest expenses	179	169	140	132	132
Operating profit before working capital change	1,234	1,784	3,012	4,338	5,200
Working capital adjustment	(208)	(781)	(317)	(747)	(493)
Gross cash generated from operations	1,026	1,002	2,695	3,591	4,707
Direct taxes paid	(88)	(262)	(604)	(927)	(1,136)
Others	(16)	323	(1)	98	141
Cash generated from operations	923	1,064	2,091	2,762	3,712
Cash flow from investing activities					
Capex	(950)	(672)	(901)	(510)	(510)
Others					
Cash generated from investment activities	(938)	(672)	(901)	(510)	(510)
Cash flow from financing activities					
Proceeds from issue of share	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-
Borrow ings/ (Repayments)	210	(208)	(400)	(97)	-
Interest paid	(159)	(169)	(140)	(132)	(132)
Dividend paid	-	(46)	(46)	(46)	(46)
Others	(5)	-		-	-
Cash generated from financing activities	46	(424)	(585)	(275)	(177)
Net cash increase/ (decrease)	31	(32)	604	1,977	3,025

Source: Company, Dalal & Broacha Research

Ratios	FY24	FY25	FY26E	FY27E	FY28E
OPM	18.2%	22.4%	28.5%	31.5%	30.8%
NPM	8.8%	11.8%	17.3%	20.4%	20.3%
Tax Rate	18.0%	21.9%	25.0%	25.0%	25.0%
Growth Ratios (%)					
Net Sales	6.1%	22.2%	32.2%	30.9%	22.8%
Operating Profit	27.3%	50.6%	68.2%	44.7%	20.0%
PBIT	38.7%	64.8%	86.9%	51.3%	21.9%
PAT	63.0%	62.6%	94.4%	53.7%	22.5%
Per Share (Rs.)					
Net Earnings (EPS)	12.5	20.3	39.5	60.7	74.3
Dividend	1.0	1.0	1.0	1.0	1.0
Book Value	100.1	119.4	157.9	217.5	290.8
Free Cash Flow	-0.3	4.3	13.0	24.5	34.9
Valuation Ratios					
P/E(x)	196.5	120.8	62.2	40.5	33.0
P/B(x)	24.5	20.6	15.5	11.3	8.4
EV/EBIDTA(x)	97.8	64.9	38.2	25.9	21.0
Div. Yield(%)	0.0	0.0	0.0	0.0	0.0
FCFF Yield(%)	0.0	0.2	0.5	1.0	1.4
Return Ratios (%)					
ROE	12.5%	17.0%	25.0%	27.9%	25.5%
ROCE	12.2%	18.2%	28.7%	33.3%	31.4%
ROIC	10.4%	14.7%	23.8%	33.2%	39.0%

Source: Company, Dalal & Broacha Research

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