

The company reported a strong Q3 FY26 performance with revenue growth of 27% YoY, while EBITDA and PAT grew 45% and 48% YoY respectively, reflecting operating leverage benefits driven by Healthcare scale-up. Margin expansion remains the key highlight, supported by favorable product mix and improving execution in GLP-1 programs.

The outlook for FY26 remains very strong.

#### Key business highlights for Q3FY26

- Two new GLP-1 customers onboarded during the quarter, along with signing of two new global pharma pen programs, enhancing medium-term volume visibility.
- Leadership strengthening: Appointment of a new CEO (Ex-SHL) to drive the next phase of global scale-up, operational excellence and strategic execution.

#### Outlook

- Healthcare expected to sustain 30–40% growth over the next few years driven by GLP-1 platform scale-up and new device launches
- Abu Dhabi facility (75 mn units) provides long-term scalability with 50–60% capacity already secured via take-or-pay arrangements.
- Consumer segment expected to gradually stabilize, while Healthcare mix continues to structurally improve consolidated margins.

#### Financial Summary

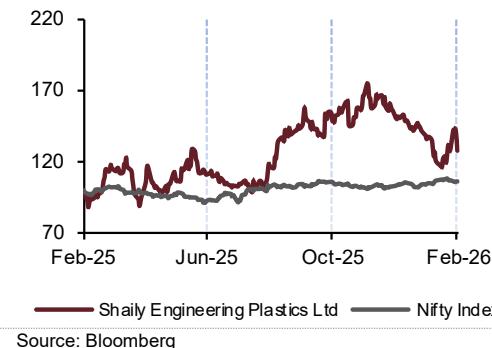
Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net sales	6,071	6,439	7,868	10,464	13,055	16,698
<b>Growth</b>	<b>6.9%</b>	<b>6.1%</b>	<b>22.2%</b>	<b>33.0%</b>	<b>24.8%</b>	<b>27.9%</b>
EBIDTA	919	1,169	1,761	3,008	4,033	5,108
<b>Growth</b>	<b>13.2%</b>	<b>27.3%</b>	<b>50.6%</b>	<b>70.9%</b>	<b>34.0%</b>	<b>26.7%</b>
Margins (%)	15.1%	18.2%	22.4%	28.7%	30.9%	30.6%
Adjusted net profit	352	573	931	1,846	2,594	3,382
<b>Growth</b>	<b>-0.3%</b>	<b>63.0%</b>	<b>62.6%</b>	<b>98.2%</b>	<b>40.5%</b>	<b>30.4%</b>
EPS (Rs)	7.7	12.5	20.3	40.2	56.6	73.7
P/E (x)	222	158	97	49	35	27
EV/EBITDA (x)	87	79	52	30	22	17
RoCE (%)	9.96%	12.17%	18.21%	29.13%	31.56%	31.52%
RoE (%)	8.76%	12.48%	17.01%	25.37%	26.40%	25.70%

Source: Dalal & Broacha

Rating	TP (Rs)	Up/Dn (%)
<b>BUY</b>	<b>2,802</b>	<b>40</b>
<b>Market Data</b>		
Current price	Rs	2,004
Market Cap (Rs.Bn)	(Rs Bn)	92
Market Cap (US\$ Mn)	(US\$ Mn)	1,016
Face Value	Rs	2
52 Weeks High/Low	Rs 799.9 / 1304.65	
Average Daily Volume	('000)	197
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

#### One Year Performance



Source: Bloomberg

% Shareholding	Dec-25	Sep-25
Promoters	43.40	43.72
Public	56.60	56.28
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Source: BSE

## Financial Highlights

### ➤ Q3 FY26 Highlights:

- Revenue stood at ₹251 cr (+27% YoY), led by strong Healthcare traction.
- EBITDA came in at ₹66 cr (+45% YoY); margin expanded to 26.5% (+327 bps YoY).
- PAT reported at ₹37 cr (+48% YoY); PAT margin improved to 14.9% (+220 bps YoY).

### ➤ 9M FY26 Highlights:

- Revenue at ₹754 cr (+32% YoY) indicating sustained growth momentum.
- EBITDA of ₹218 cr (+76% YoY); margin at 29% (+720 bps YoY).
- PAT at ₹130 cr (+101% YoY) supported by strong mix-led expansion.
- Cash PAT at ₹166 cr (+73% YoY), reflecting healthy cash generation.

## Concall KTA's

### ➤ Healthcare Vertical - Structural Shift Toward Healthcare

- Revenue: ₹1043 Mn (+139% YoY) | Contribution: ~42% of overall sales
- GLP-1 commercial supplies now active across Canada, Brazil, India, Middle East and Turkey, indicating successful execution beyond pilot scale.
- ~65–75% market share among early semaglutide filers in Canada reflects strong positioning in first-wave generics.
- FY26 volume guidance maintained at ~30 mn pens (minor moderation due to 3-month timing delay, not demand-related).
- Pricing erosion of 10–15% on large contracts acknowledged; management expects stabilization over ~24 months as competition normalizes.
- Two new GLP-1 customers on boarded during the quarter; two additional global pharma pen programs signed, strengthening forward pipeline.

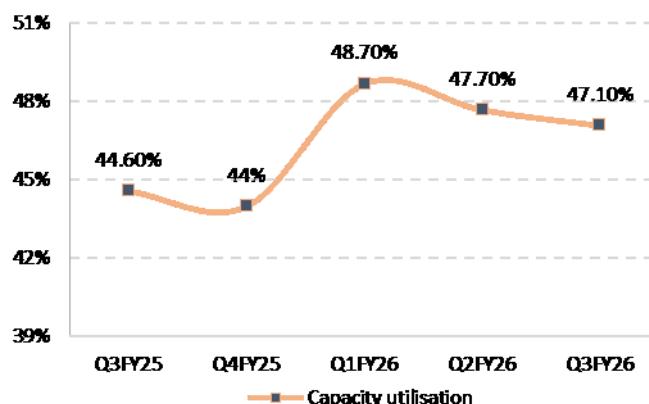
### ➤ Consumer Vertical

- Revenue: ₹1,228 Mn (–13% YoY)
- Decline due to continued slowdown in Europe and US discretionary demand
- Consumer margins remain stable; mix dilution impact offset by healthcare outperformance.
- Consumer Electronics entry (high-precision small parts) under qualification
- Electronics expected to carry better margin profile versus traditional home furnishing products.

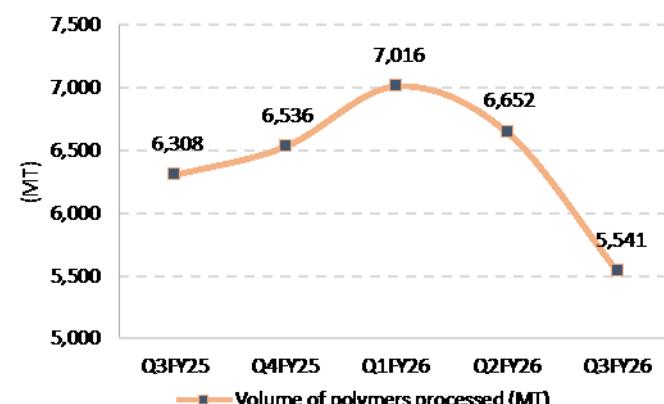
### ➤ Industrial Vertical

- Revenue: ₹234 Mn (+87% YoY)
- Semiconductor casing opportunity progressing — engaged with all four upcoming Indian fabs.

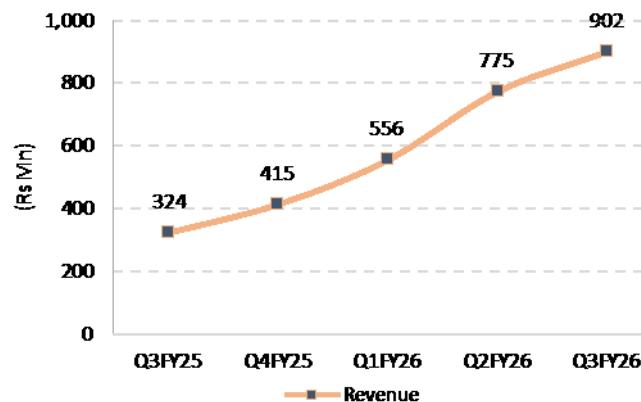
## Focus Charts

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

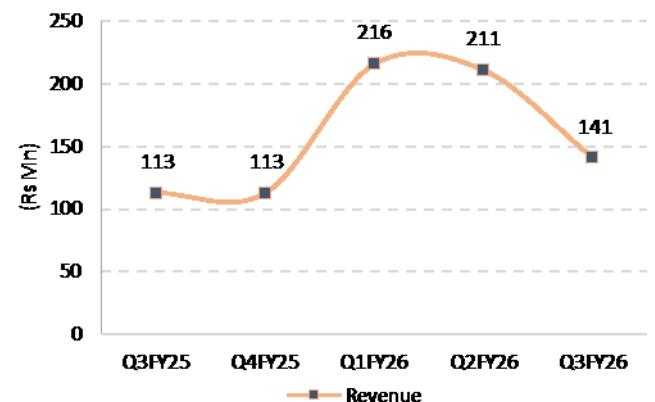
## Polymers processed on a growth trajectory



## Strong growth in Healthcare (excl UK Rs Mn)



## Strong growth in Healthcare ( UK Rs Mn)



Source: Company, Dalal &amp; Broacha Research

## Valuation and Outlook:

At CMP of Rs 2,006 the company is trading at 50x/35x/27x FY26E/FY27E/FY28E. We have not baked in any revenue from consumer electronics in our estimates as there is lack of clarity.

We have revised our EPS estimates by +2%/-7%/-1% in FY26/FY27/FY28 based on how Q3 has panned out.

We value the company at 38x FY28E and arrive at a target price of Rs. 2,802.

## Quarterly Snapshot

Particulars (Rs Mns)	Q3FY26	Q3FY25	YoY Growth	Q2FY26		QoQ Growth
				Q2FY26	QoQ	
Revenue from operations	2,505	1,976	26.8%	2,567		-2.4%
Other income	1	4	-83.9%	23		-96.9%
<b>Total Income</b>	<b>2,506</b>	<b>1,980</b>		<b>2,589</b>		
COGS	<b>1,041</b>	<b>1,037</b>	0.4%	<b>1,045</b>		-0.3%
Employee Benefit expenses	282	196	44.0%	263		7.3%
Other Expenses	438	206	112.4%	377		15.9%
Power and Fuel	80	78	2.8%	88		-8.5%
<b>EBITDA (excl other income)</b>	<b>663</b>	<b>459</b>	44.6%	<b>793</b>		-16.4%
Less : Depreciation	125	107	17.4%	120		4.3%
<b>PBIT</b>	<b>538</b>	<b>352</b>		<b>673</b>		
Less: Interest cost	44	41	5.8%	39		11.9%
<b>PBT (before exceptional)</b>	<b>495</b>	<b>315</b>	57.1%	<b>657</b>		-24.6%
Exceptional	-	-		-		
<b>PBT (after exceptional)</b>	<b>495</b>	<b>315</b>	57.1%	<b>657</b>		-24.6%
Less : Tax	121	63		145		
<b>PAT</b>	<b>374</b>	<b>252</b>	48.4%	<b>512</b>		-27.0%
<b>EPS</b>	<b>8.13</b>	<b>5.49</b>	48.1%	<b>11.17</b>		-27.2%
<b>Gross Margins</b>		58.42%	47.52%		59.28%	
<b>EBITDA Margins</b>		26.48%	23.21%		30.91%	
<b>Net profit Margin</b>		14.92%	12.72%		19.79%	

\* Consolidated P/L

Source: Company, Dalal &amp; Broacha Research

## FINANCIALS

P&L (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	6,439	7,868	10,464	13,055	16,698
Total Operating Expenses	3,701	4,158	4,615	5,875	7,681
Employee Cost	573	804	1,070	1,338	1,605
Power and Fuel	292	315	345	457	584
Other Expenses	703	830	1,426	1,353	1,720
<b>Operating Profit</b>	<b>1,169</b>	<b>1,761</b>	<b>3,008</b>	<b>4,033</b>	<b>5,108</b>
Depreciation	357	421	459	498	526
PBIT	813	1,339	2,550	3,535	4,582
Other income	65	23	51	55	59
Interest	179	169	140	132	132
PBT ( Before exceptional )	698	1,193	2,461	3,459	4,510
PBT (post exceptional)	698	1,193	2,461	3,459	4,510
Provision for tax	126	262	615	865	1,127
Reported PAT	573	931	1,846	2,594	3,382

Balance Sheet (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	92	92	92	92	92
Reserves	4,500	5,385	7,185	9,733	13,069
<b>Net worth</b>	<b>4,592</b>	<b>5,477</b>	<b>7,277</b>	<b>9,825</b>	<b>13,161</b>
 <b>Non Current Liabilities</b>	 941	 678	 482	 389	 394
<b>Current Liabilities</b>	<b>2,292</b>	<b>3,171</b>	<b>3,358</b>	<b>3,888</b>	<b>4,376</b>
 <b>TOTAL LIABILITIES</b>	 <b>7,825</b>	 <b>9,326</b>	 <b>11,117</b>	 <b>14,101</b>	 <b>17,931</b>
 <b>Non Current Assets</b>	 <b>5,153</b>	 <b>5,470</b>	 <b>5,926</b>	 <b>5,965</b>	 <b>5,978</b>
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
<b>Current Assets</b>	<b>2,672</b>	<b>3,856</b>	<b>5,191</b>	<b>8,136</b>	<b>11,954</b>
Inventories	836	1,378	1,577	1,967	2,516
Trade Receivables	1,174	1,717	2,150	2,683	2,974
Cash and Bank Balances	264	231	856	2,788	5,662
Short Term Loans and Advances	64	3	3	3	3
Other Current Assets	335	526	605	695	799
 <b>TOTAL ASSETS</b>	 <b>7,825</b>	 <b>9,326</b>	 <b>11,117</b>	 <b>14,101</b>	 <b>17,931</b>

## FINANCIALS

Cash flow statement ( Rs in mn )	FY24	FY25	FY26E	FY27E	FY28E
<b>Cash flow from operating activities</b>					
Profit before tax	698	1,193	2,461	3,459	4,510
Depreciation & Amortization	357	421	459	498	526
Interest expenses	179	169	140	132	132
<b>Operating profit before working capital change</b>	<b>1,234</b>	<b>1,784</b>	<b>3,059</b>	<b>4,088</b>	<b>5,167</b>
Working capital adjustment	(208)	(781)	(332)	(603)	(620)
<b>Gross cash generated from operations</b>	<b>1,026</b>	<b>1,002</b>	<b>2,727</b>	<b>3,484</b>	<b>4,548</b>
Direct taxes paid	(88)	(262)	(615)	(865)	(1,127)
Others	(16)	323	(1)	98	141
<b>Cash generated from operations</b>	<b>923</b>	<b>1,064</b>	<b>2,111</b>	<b>2,718</b>	<b>3,561</b>
<b>Cash flow from investing activities</b>					
Capex	(950)	(672)	(901)	(510)	(510)
Others					
<b>Cash generated from investment activities</b>	<b>(938)</b>	<b>(672)</b>	<b>(901)</b>	<b>(510)</b>	<b>(510)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issue of share	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-
Borrowings/ (Repayments)	210	(208)	(400)	(97)	-
Interest paid	(159)	(169)	(140)	(132)	(132)
Dividend paid	-	(46)	(46)	(46)	(46)
Others	(5)	-	-	-	-
<b>Cash generated from financing activities</b>	<b>46</b>	<b>(424)</b>	<b>(585)</b>	<b>(275)</b>	<b>(177)</b>
<b>Net cash increase/ (decrease)</b>	<b>31</b>	<b>(32)</b>	<b>624</b>	<b>1,933</b>	<b>2,873</b>

Ratios	FY24	FY25	FY26E	FY27E	FY28E
OPM	18.2%	22.4%	28.7%	30.9%	30.6%
NPM	8.8%	11.8%	17.6%	19.8%	20.2%
Tax Rate	18.0%	21.9%	25.0%	25.0%	25.0%
<b>Growth Ratios (%)</b>					
Net Sales	6.1%	22.2%	33.0%	24.8%	27.9%
Operating Profit	27.3%	50.6%	70.9%	34.0%	26.7%
PBIT	38.7%	64.8%	90.4%	38.6%	29.6%
PAT	63.0%	62.6%	98.2%	40.5%	30.4%
<b>Per Share (Rs.)</b>					
Net Earnings (EPS)	12.5	20.3	40.2	56.6	73.7
Dividend	1.0	1.0	1.0	1.0	1.0
Book Value	100.1	119.4	158.6	214.2	286.9
Free Cash Flow	-0.3	4.3	13.2	24.1	33.3
<b>Valuation Ratios</b>					
P/E(x)	158.1	97.3	49.1	34.9	26.8
P/B(x)	19.7	16.5	12.4	9.2	6.9
EV/EBIDTA(x)	79.0	52.4	30.3	22.1	16.9
Div. Yield(%)	0.1	0.1	0.1	0.1	0.1
FCFF Yield(%)	0.0	0.2	0.7	1.2	1.7
<b>Return Ratios (%)</b>					
ROE	12.5%	17.0%	25.4%	26.4%	25.7%
ROCE	12.2%	18.2%	29.1%	31.6%	31.5%
ROIC	10.4%	14.7%	24.2%	31.5%	38.7%

Source: Company, Dalal & Broacha Research

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