



The company posted a strong set of results with Revenue/EBITDA/PAT beating our estimates by 9%/17%/11%. The beat was primarily due to higher than estimates growth within the consumer vertical and significant improvement in gross margins which was purely due to change in product mix.

The outlook for FY26 remains very strong.

Key business highlights for Q4FY25 & FY25

- Signed 2 customers for IP led platforms (Neo and Toby) in Q4FY25, 8 new customers signed in FY25 for pen/auto injectors across GLP-1 and other therapies. 8 new customers signed in FY25 for pen/auto injectors across GLP-1 and other therapies
- Added 2 new products in plastics and 3 new products in carbon steel with home furnishing major in Q4FY25. Also received a new order from a marquee FMCG customer. Signed 2 new global retailers in FY25.
- Received new business from marquee customers for automotive components in Q4FY25. Received orders for export of knobs, commercialization to happen in FY26.

Key Financial Highlights

- Revenue at INR 2,178Mn, +10.2% qoq/+27.7% yoy
- EBITDA (excl OI) at INR 545Mn, +19% qoq/+57% yoy
- EBITDA margin at 25.02% vs 23.21% vs 20.34% in Q3FY25/Q4FY24
- PAT at INR 286Mn, +13.5% qoq/+48% yoy
- EPS at INR 6.2 vs 5.47/4.22 in Q3FY25/Q4FY24

Financial Summary

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Net sales	6,071	6,439	7,868	9,671	11,958	15,124
Growth	6.9%	6.1%	22.2%	22.9%	23.6%	26.5%
EBITDA	919	1,169	1,761	2,241	2,859	3,801
Growth	13.2%	27.3%	50.6%	27.3%	27.6%	32.9%
Margins (%)	15.1%	18.2%	22.4%	23.2%	23.9%	25.1%
Adjusted net profit	352	573	931	1,351	1,775	2,392
Growth	-0.3%	63.0%	62.6%	45.0%	31.4%	34.7%
EPS (Rs)	7.7	12.5	20.3	29.5	38.7	52.1
P/E (x)	222	136	84	58	44	33
EV/EBITDA (x)	87	68	45	35	27	20
RoCE (%)	9.96%	12.17%	18.21%	21.59%	23.88%	26.77%
RoE (%)	8.76%	12.48%	17.01%	19.92%	20.85%	22.03%

Source: Dalal & Broacha

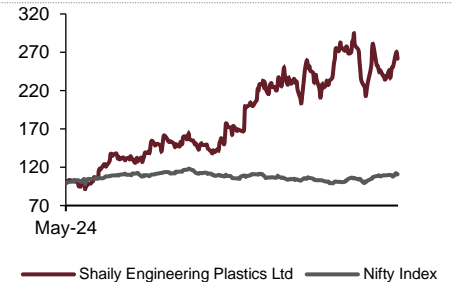
Rating	TP (Rs)	Up/Dn (%)
BUY	2,085	22

Market Data

Current price	Rs	1,708
Market Cap (Rs.Bn)	(Rs Bn)	78
Market Cap (US\$ Mn)	(US\$ Mn)	920
Face Value	Rs	2
52 Weeks High/Low	Rs 998.95 / 540.75	
Average Daily Volume	(000)	209
BSE Code		501423
Bloomberg		SHEP.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-25	Dec-24
Promoters	43.72	43.81
Public	56.28	56.19
Total	100	100

Source: Bloomberg

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Outlook

- Healthcare capacity to increase from ~40-45Mn pens to ~80-90Mn pens by end of CY26. Incremental capex of ~1500Mn to be incurred in the healthcare division partly funded by customer advances.
- ~30-35Mn pens to be sold in FY26 (~60-70% growth vs FY25), majorly IP led pens
- Consumer and Industrial vertical to see better growth rates in FY26 vs FY25
- Conversations with clients continuing for consumer electronics. If a capex is announced, there will be medium to high capex involved.
- Overall EBITDA margins in FY26 to be better than FY25 (FY25 - 22.4%)

Valuation and Outlook:

Basis how Q4 has panned out we have tweaked our EPS upwards by 5%/4.5%/3% for FY26E/27E/28E. Over FY24-28E, we expect Revenue/EBITDA/PAT to grow at a CAGR of 24%/34%/43%, respectively with **EPS to increase 4x in the same period.** **Consumer electronics is an optionality which is currently not baked in our estimates which could itself represent a very large opportunity.**

At CMP of 1700, stock is trading at 58x/44x/33x FY26E/27E/28E.

We assign a "BUY" rating for the stock, with a target price of Rs 2,085.

Concall KTA's

A. Healthcare Vertical

- **Growth:** Healthcare revenue grew 46% YoY and 28% QoQ
New projects: Signed 2 customers for IP led platforms (Neo and Toby) in Q4FY2, 8 new customers signed in FY25 for pen/auto injectors across GLP-1 and other therapies.
- Conversations going with customers for volume commitments over the next 3-5 years.
- **Risk for Oral GLP-1:** Risk was always present, oral could occupy ~20% of the total market which keeps large room for injectables which even have higher efficacy.
- **New Development:** Will start supplying clinical batches of emergency auto injectors from Q4FY26. For the past 12 months, work is being done for next generation GLP-1 devices. Focus is on attracting innovator companies. Product pipeline is strong for pen injectors.
- **Commercial order for Teriparatide already received**, likely to start over the next 6 months.
- **Exhibit batches for Tirzepatide will start in FY26**, will supply to 3 customers.
- **Scale Up:** Out of the 30-35Mn pens sold, ~70% would be IP led GLP-1 and Insulin pens. Launching in Canada and Brazil via 2 customers atleast.
- **Gross Block:** ~3600-3750Mn Gross Block within Healthcare division by FY27. Potential asset turnover of ~1.5x-2x.
- **Insulin Pens:** Focus is on IP led insulin pens and large players only where regulation is high and possibility of undercutting by Chinese players is low. Targeting ~20% CAGR growth over the next 2 years in Insulin Pens.

B. Consumer Vertical

- Consumer segment revenue grew by 27% YoY and 5% QoQ
- Added 2 new products in plastics and 3 new products in carbon steel with home furnishing major in Q4FY25. Also received a new order from a marquee FMCG customer.
- Signed 2 new global retailers in FY25.
- Improvement seen in carbon steel segment.
- **No disruption seen due to tariffs**

C. Industrial Vertical

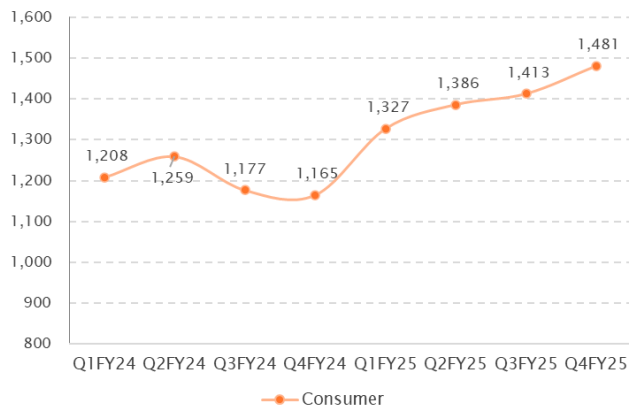
- Industrial segment revenue de-grew by 8% YoY and 10% QoQ.
- Received new business from marquee customers for automotive components in Q4FY25. Received orders for export of knobs, commercialization to happen in FY26.

D. Working Capital

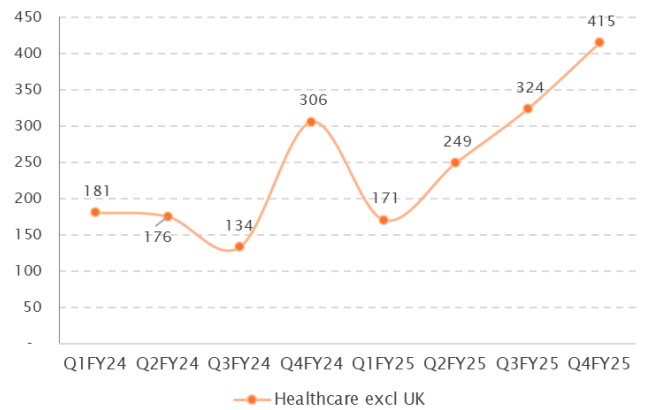
- Inventory has increased due to a planned maintenance shutdown by a supplier of a raw material for which stocking had to be done.
- With scale up of healthcare vertical, inventory requirements are higher.

Focus Charts

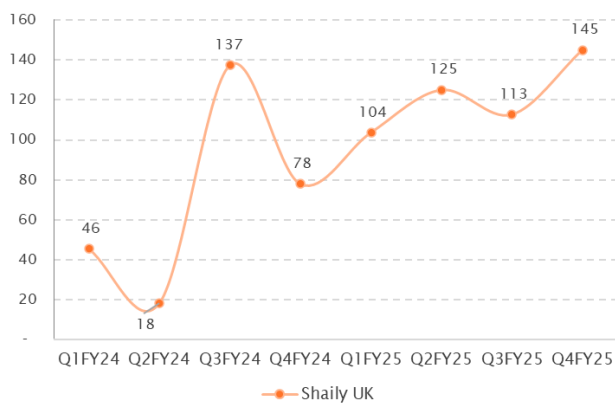
Consumer segment seeing sustained recovery



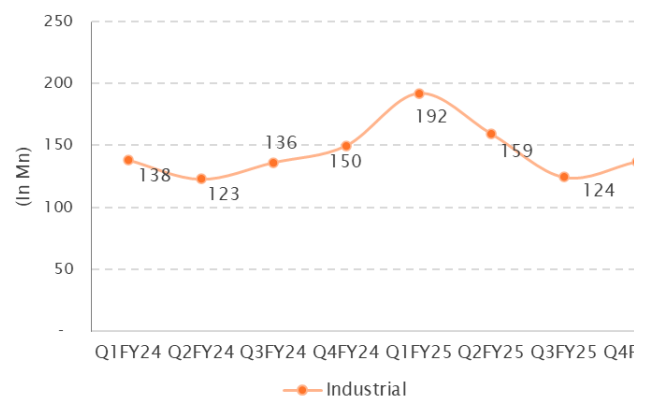
Strong growth in Healthcare (excl UK)



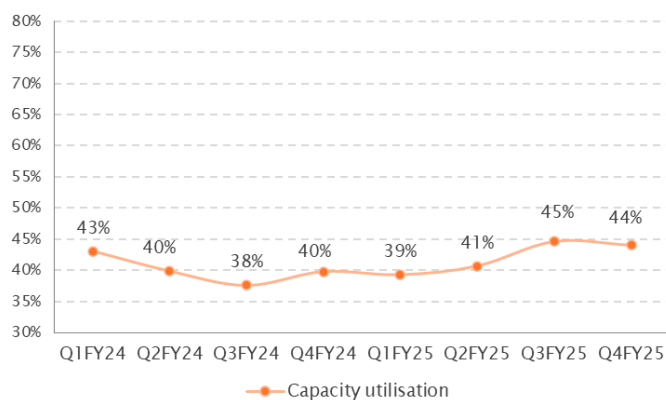
Shaily UK seeing ramp up as projects get executed



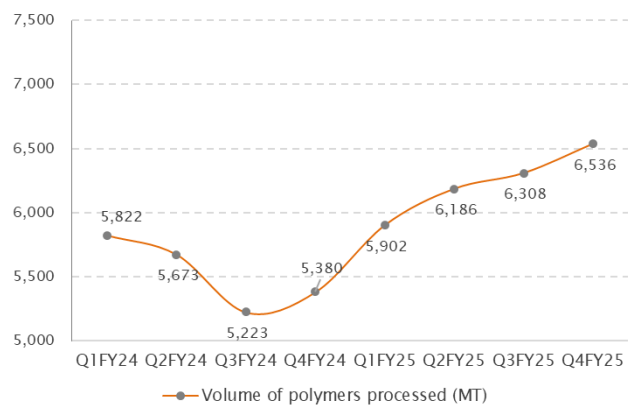
Industrial vertical yet to take off



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



Polymers processed on a growth trajectory



Source: Company, Dalal & Broacha Research

Quarterly Snapshot

Particulars (Rs Mns)	Q4FY25	Q4FY24	YoY Growth	Q3FY25	QoQ Growth
Revenue from operations	2,178	1,706	27.7%	1,976	10.2%
Other income	1	16	-91.9%	4	-71.1%
Total Income	2,180	1,721		1,980	
COGS	1,052	908	15.9%	1,037	1.4%
Employee Benefit expenses	232	158	47.1%	196	18.5%
Other Expenses	276	221	24.8%	206	34.2%
Power and Fuel	73	71	1.9%	78	-7.0%
EBITDA (excl other income)	545	347	57.1%	459	18.8%
Less : Depreciation	111	100	11.1%	107	4.2%
PBIT	434	247		352	
Less: Interest cost	39	47	-16.5%	41	-5.3%
PBT (before exceptional)	396	216	83.6%	315	25.7%
Exceptional	-	-		-	
PBT (after exceptional)	396	216	83.6%	315	25.7%
Less : Tax	110	22		63	
PAT	286	193	47.9%	252	13.5%
EPS	6.20	4.22	47.1%	5.47	13.3%
Gross Margins	51.71%	46.77%		47.52%	
EBITDA Margins	25.02%	20.34%		23.21%	
Net profit Margin	13.12%	11.23%		12.72%	

* Consolidated P/L

Source: Company, Dalal & Broacha Research

FINANCIALS

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	5,677	6,071	6,439	7,868	9,671	11,958	15,124
Total Operating Expenses	3,575	3,865	3,701	4,158	5,125	6,278	7,865
Employee Cost	433	479	573	804	926	1,112	1,356
Power and Fuel	269	265	292	315	406	502	635
Other Expenses	588	543	703	830	971	1,207	1,467
Operating Profit	812	919	1,169	1,761	2,241	2,859	3,801
Depreciation	265	333	357	421	459	498	526
PBIT	547	586	813	1,339	1,783	2,362	3,275
Other income	88	45	65	23	30	30	30
Interest	169	179	179	169	124	116	116
PBT (Before exceptional)	465	452	698	1,193	1,689	2,276	3,189
PBT (post exceptional)	465	452	698	1,193	1,689	2,276	3,189
Provision for tax	113	101	126	262	338	501	797
Reported PAT	353	352	573	931	1,351	1,775	2,392
Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	92	92	92	92	92	92	92
Reserves	3,578	3,922	4,500	5,385	6,690	8,419	10,765
Net worth	3,670	4,014	4,592	5,477	6,782	8,511	10,857
Non Current Liabilites	1,206	831	941	678	482	389	394
Current Liabilites	1,896	2,082	2,292	3,171	3,260	3,752	4,204
TOTAL LIABILITIES	6,772	6,927	7,825	9,326	10,524	12,652	15,454
Non Current Asset s	3,770	4,550	5,153	5,470	5,926	5,965	5,978
Tangible + Intangible Assets	3,616	4,352	4,938	5,189	5,631	5,644	5,628
Non Current Investments	0	0	0	0	-	-	-
Income Tax Asset	20	21	27	38	27	27	27
Other Financial Assets	34	5	5	5	5	5	5
Other Non Current Assets	100	172	183	239	263	289	318
Current Asset s	3,002	2,377	2,672	3,856	4,598	6,687	9,477
Inventories	1,114	730	836	1,378	1,457	1,802	2,279
Trade Receivables	1,017	919	1,174	1,717	1,987	2,457	2,693
Cash and Bank Balances	471	230	264	231	545	1,730	3,702
Short Term Loans and Advanc	2	57	64	3	3	3	3
Other Current Assets	398	441	335	526	605	695	799
TOTAL ASSETS	6,772	6,927	7,825	9,326	10,524	12,652	15,454

FINANCIALS

Cash flow statement (Rs in mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cash flow from operating activities							
Profit before tax	465	452	698	1,193	1,689	2,276	3,189
Depreciation & Amortization	265	333	357	421	459	498	526
Interest expenses	169	179	179	169	124	116	116
Operating profit before working capital change	900	964	1,234	1,784	2,271	2,889	3,831
Working capital adjustment	6	161	(208)	(781)	(148)	(533)	(530)
Gross cash generated from operations	906	1,125	1,026	1,002	2,124	2,357	3,301
Direct taxes paid	(64)	(60)	(88)	(262)	(338)	(501)	(797)
Others	(292)	(165)	(16)	254	68	98	141
Cash generated from operations	550	900	923	995	1,854	1,954	2,644
Cash flow from investing activities							
Capex	(1,208)	(1,116)	(950)	(672)	(901)	(510)	(510)
Others							
Cash generated from investment activities	(1,291)	(1,009)	(938)	(672)	(901)	(510)	(510)
Cash flow from financing activities							
Proceeds from issue of share	1,497	-	-	-	-	-	-
Share premium received on issue of shares	-	-	-	-	-	-	-
Borrowings/ (Repayments)	(251)	118	210	(208)	(400)	(97)	-
Interest paid	(158)	(163)	(159)	(169)	(124)	(116)	(116)
Dividend paid	-	-	-	(46)	(46)	(46)	(46)
Others	(5)	(6)	(5)	-	-	-	-
Cash generated from financing activities	1,083	(51)	46	(424)	(570)	(259)	(162)
Net cash increase/ (decrease)	342	(160)	31	(101)	383	1,184	1,972
Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OPM	14.3%	15.1%	18.2%	22.4%	23.2%	23.9%	25.1%
NPM	6.1%	5.7%	8.8%	11.8%	13.9%	14.8%	15.8%
Tax Rate	24.2%	22.2%	18.0%	21.9%	20.0%	22.0%	25.0%
Growth Ratios (%)							
Net Sales	60.0%	6.9%	6.1%	22.2%	22.9%	23.6%	26.5%
Operating Profit	0.0%	13.2%	27.3%	50.6%	27.3%	27.6%	32.9%
PBIT	0.0%	7.2%	38.7%	64.8%	33.1%	32.5%	38.7%
PAT	60.0%	-0.3%	63.0%	62.6%	45.0%	31.4%	34.7%
Per Share (Rs.)							
Net Earnings (EPS)	7.7	7.7	12.5	20.3	29.5	38.7	52.1
Dividend	0.0	0.0	1.0	1.0	1.0	1.0	1.0
Book Value	80.0	87.5	100.1	119.4	147.9	185.6	236.7
Free Cash Flow	-7.2	-2.4	-0.3	3.5	10.4	15.7	23.3
Valuation Ratios							
P/E(x)	221.1	221.9	136.1	83.7	57.7	43.9	32.6
P/B(x)	21.2	19.4	17.0	14.2	11.5	9.2	7.2
EV/EBIDTA(x)	97.6	86.6	68.2	45.2	35.2	27.1	19.9
Div. Yield(%)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
FCFF Yield(%)	-0.4	-0.1	0.0	0.2	0.6	0.9	1.4
Return Ratios (%)							
ROE	9.6%	8.8%	12.5%	17.0%	19.9%	20.9%	22.0%
ROCE	10.1%	10.0%	12.2%	18.2%	21.6%	23.9%	26.8%
ROIC	8.4%	8.1%	10.4%	14.7%	18.5%	22.6%	28.8%

Source: Company, Dalal & Broacha Research

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