Midas
Equities and Research

Shaily Engineering Plastics Ltd

Sandoz gets Health Canada nod for generic semaglutide — Canadian pen thesis validated

21 Sep 2026

- Sandoz is the third generic semaglutide approval in Canada after Dr. Reddy's (Apr-26) and Apotex (May-26); 7+ under review.
- Shaily dominates the Canadian pen market via proprietary ShailyPen Neo; model assumes ~30% share (~5.8 mn pens; ~Rs. 83 cr).
- Estimates unchanged — Sandoz nod is thesis-validating, not an incremental driver; Canadian demand is already in our thesis.

CMP Rs. 3,265
~40x FY28E P/E

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Shaily Engineering Ltd – Event update

CMP
Rs. 3,265

Sandoz receives Health Canada approval for generic semaglutide; validates Shaily's dominant Canadian pen position

- Sandoz Canada Inc. announced on September 18, 2026, that Health Canada has approved Sandoz Semaglutide, a generic version of Novo Nordisk's Ozempic, for the treatment of type 2 diabetes in adults. Available in three dose strengths (0.25 mg, 0.5 mg and 1 mg) in subcutaneous pen presentations, the approval makes Sandoz the third major generic entrant in Canada, after Dr. Reddy's (April 2026) and Apotex (May 2026), with seven more applications reportedly under review by Health Canada as of mid-2026.
- The Canadian GLP-1 market is estimated at USD 2.6 bn, with ~12 mn semaglutide pens issued annually, according to IQVIA. Each successive generic approval expands the addressable pen demand, as lower-priced alternatives (typically 50–90% below branded products) drive greater adoption. Shaily is entrenched in the Canadian pen supply chain through its proprietary spring-driven ShailyPen Neo, commercially supplying the market since partner Orbicular's May 2026 launch. Our IC top-down model assumes ~30% share of Canadian pen volumes for Shaily (~5.8 mn pens; ~Rs. 83 cr revenue at a FY28-aligned run rate).

Key takeaways from the announcement

- **Third consecutive Canadian approval reinforces the "LIVE market" thesis:** Sandoz is one of the world's largest generics and biosimilars players (USD 11.1 bn global net sales in 2025, ~1,300 products) and an established leader in off-patent medicines in Canada, with 700+ generics/biosimilars and 59 mn prescriptions issued domestically in 2025; its arrival should accelerate generic adoption and expand the total pen pool beyond ~12 mn issued annually. The Canadian generic semaglutide market now has three approved players within five months of first entry, consistent with the patent-cliff timeline underpinning our thesis. Several more applications under review point to a competitive pen-supply market building in the next 12–18 months, with each filer requiring device supply.
- **Volume trajectory well supported by capacity build-out:** Management guidance of 36 mn total pens for FY27 (with confidence to exceed), along with Vadodara semaglutide capacity ramping up to ~40–42 mn pens by CY26-end and the second India line adding ~25 mn pens by Sep 2026-end, takes total installed capacity to ~75 mn pens p.a. — comfortably supporting our 41.6 mn FY27E and 62 mn FY28E pen volume assumptions.
- Canadian pen demand is already built into our IC framework; the Sandoz approval is thesis-validating rather than an incremental estimate driver. Our FY27E/FY28E revenue estimates of Rs. 1,378 cr/Rs. 1,701 cr, EBITDA of Rs. 452 cr/Rs. 562 cr & PAT of Rs. 292 cr/Rs. 372 cr, respectively, remain unchanged.

Valuation — At the CMP of Rs. 3,265, Shaily trades at ~40x FY28E P/E.

Financials and Estimates Summary

Particulars (Rs. cr)	Revenue	EBITDA %	PAT %	EPS	RoE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
FY24	644	18.2	8.9	12.5	13.3	13.0	261.9	129.9	23.3
FY25	787	22.4	11.8	20.2	18.5	19.1	161.2	86.2	19.1
FY26	991	28.3	17.2	37.0	26.9	28.4	88.3	54.1	15.1
FY27E	1,378	32.8	21.2	63.6	34.3	38.3	51.4	33.4	10.9
FY28E	1,701	33.1	21.9	80.9	32.3	37.2	40.4	26.8	8.8

Source: Company, Midas Research.

21 Sep 2026

Industry	Plastic Products - Consumer

Key Stock Data

Bloomberg	SHEP IN
Shares o/s (cr)	4.6
Market Cap (Rs. cr)	15,006
52-wk High/Low	Rs. 3,615 / Rs 1,771
20D ADV (In '000)	131.7
Index	NSE SMLCAP 500
F&O	N

Latest Shareholding (%)

	Jun 26	Mar 26	Dec 25
Promoters	41.1	43.4	43.4
Institutions	33.0	27.3	25.7
Public	25.9	29.3	31.0
Pledge	0.0	0.0	0.0

Stock Performance (%)

	1M	3M	12M
SHEP IN	(1.9)	35.8	38.6
NSE SMLCAP 500	(0.4)	26.3	6.2

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Financial Summary

All figures in Rs. cr

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profit & Loss					
Revenue	644	787	991	1,378	1,701
Gross profit	274	371	564	786	969
EBITDA	117	176	280	452	562
Depreciation	36	42	49	60	70
EBIT	81	134	231	393	493
Other Income	6	2	8	6	10
Interest expense	18	17	16	16	16
Exceptional items	0	0	0	0	0
PBT	70	119	223	383	487
Reported PAT (after minority interest)	57	93	170	292	372
Adj PAT	57	93	170	292	372
EPS (Rs.)	12.5	20.2	37.0	63.6	80.9
Balance Sheet					
Net Worth	459	548	717	987	1,314
Total debt	208	188	174	174	174
Other liabilities and provisions	115	197	256	361	455
Total Net worth and liabilities	782	933	1,147	1,522	1,943
Gross Fixed assets	598	658	823	973	1,123
Net fixed assets	435	459	574	664	745
Capital work-in-progress	15	17	29	94	169
Intangible Assets	0	0	0	0	0
Investments	0	0	0	0	0
Cash and bank balances	26	23	25	63	133
Loans & advances and other assets	6	0	0	0	0
Net working capital	299	433	518	700	896
Total assets	782	933	1,147	1,522	1,943
Capital Employed	668	735	891	1,161	1,488
Invested Capital (CE - cash - CWIP)	626	695	837	1,003	1,186
Net debt	182	165	149	111	41
Cash Flows					
Cash flows from Operations (Pre-tax)	101	128	275	382	470
Cash flows from Operations (post-tax)	92	110	226	291	355
Capex	-87	-68	-178	-215	-225
Free cashflows	5	42	47	76	130
Free cashflows (post interest costs)	-13	25	31	60	115
Cash flows from Investing	-94	-71	-185	-215	-225
Cash flows from Financing	5	-42	-39	-37	-60
Total cash & liquid investments	26	23	25	63	133

Particulars	FY24	FY25	FY26	FY27E	FY28E
Growth ratios (%)					
Revenue	6.1	22.2	25.9	39.1	23.4
EBITDA	27.3	50.6	59.0	61.6	24.3
Adj PAT	63.0	62.5	82.5	71.9	27.2
Margin ratios					
Gross	42.5%	47.2%	57.0%	57.0%	57.0%
EBITDA	18.2%	22.4%	28.3%	32.8%	33.1%
Adj PAT	8.9%	11.8%	17.2%	21.2%	21.9%
Performance ratios					
Pre-tax OCF/EBITDA	86.4%	72.5%	98.3%	84.4%	83.6%
OCF/IC (%)	14.7%	15.8%	27.0%	29.0%	29.9%
RoE (%)	13.3%	18.5%	26.9%	34.3%	32.3%
RoCE (%)	13.0%	19.1%	28.4%	38.3%	37.2%
Fixed asset turnover (x)	1.1	1.2	1.2	1.4	1.5
Total asset turnover (x)	0.8	0.8	0.9	0.9	0.9
Financial stability ratios					
Net Debt to Equity (x)	0.4	0.3	0.2	0.1	0.0
Net Debt to EBITDA (x)	1.6	0.9	0.5	0.2	0.1
Interest cover (x)	4.5	7.9	14.5	25.3	31.7
Working capital days	77	107	115	115	115
Valuation metrics					
Fully Diluted Shares (cr)	4.6	4.6	4.6	4.6	4.6
Market cap (Rs.cr)			15,006.2		
P/E (x)	261.9	161.2	88.3	51.4	40.4
P/OCF(x)	162.6	136.3	66.5	51.6	42.3
EV (Rs.cr) (ex-CWIP)	15,188.2	15,170.8	15,155.1	15,116.8	15,046.9
EV/ EBITDA (x)	129.9	86.2	54.1	33.4	26.8
EV/ OCF(x)	164.6	137.8	67.1	51.9	42.4
FCF Yield	-0.1%	0.2%	0.2%	0.4%	0.8%
Price to BV (x)	32.68	27.40	20.94	15.21	11.42
Dividend pay-out (%)	0.0	4.9	5.4	7.5	12.0
Dividend yield (%)	0.0	0.0	0.1	0.1	0.3
Cash as a % of CE	3.9%	3.1%	2.8%	5.5%	9.0%

Source: Company, Midas Research

Disclaimer (1/2)

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BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	**REDUCE**	Stock expected to provide returns of <5% – -10% over a 1-year horizon
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