

Date: 12th February 2026

To,

National Stock Exchange of India Limited BSE Limited Phiroze Jeejeebhoy Towers
Exchange Plaza, C-1, Block G Bandra Kurla Dalal Street, Mumbai – 400001
Complex, Bandra (E), Mumbai – 400051 Scrip Code: 544619
Scrip Symbol- SUDEEPPHRM

Sub: Submission of Transcript of the analysts and investors conference call on Unaudited Financial Results (Standalone & Consolidated) on Q3FY26 (2025-26)

Ref: Regulation 30 of the SEBI Listing Regulations, 2015

Dear Sir/Ma'am,

We refer to our previous letter dated 09th February 2026, wherein the Company updated the audio link of Earnings call held on 09th February 2026 to discuss the operational & financial performance of the Company for the third quarter and nine months ended on 31st December 2025. In context therein, kindly find attached herewith transcript of the referred Earnings call.

A copy of the same is also available on the Company's website at <https://www.sudeeppharma.com/>.

Kindly take the same on record.

Thanking You.

For Sudeep Pharma Limited

Dimple Mehta
Company Secretary & Compliance Officer
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“Sudeep Pharma Limited
Q3 FY '26 Earnings Conference Call”

February 09, 2026

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 09/02/2026 will prevail.”



MANAGEMENT: **MR. SUJIT BHAYANI – MANAGING DIRECTOR –
SUDEEP PHARMA LIMITED**
**MR. SHANIL BHAYANI – DIRECTOR – SUDEEP PHARMA
LIMITED**
**MR. KETAN VYAS – CHIEF FINANCIAL OFFICER –
SUDEEP PHARMA LIMITED**

MODERATOR: **MR. RANJIT CIRUMALLA – IIFL CAPITAL SERVICES**

Moderator: Ladies and gentlemen, good day, and welcome to Sudeep Pharma Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ranjit Cirumalla from IIFL Capital Services. Thank you and over to you, Mr. Cirumalla.

Ranjit Cirumalla: Thank you, Renju. Good morning, everyone, and thank you for joining us on Sudeep Pharma Limited Q3 FY '26 Earnings Conference call. From the company, we have with us today Mr. Sujit Bhayani, Managing Director, Mr. Shanil Bhayani, Director and Mr. Ketan Vyas, Chief Financial Officer. We would begin the call with a brief opening remarks from the management, following which we will have a forum open for interactive Q&A session.

I would now like to invite Mr. Sujit Bhayani to make the initial remarks. Thank you and over to you, sir.

Sujit Bhayani: Thank you, Ranjit. Good morning, everyone, and a very warm welcome to everyone. I would like to begin by thanking the IIFL Capital team for hosting this Earnings call to discuss on Sudeep Pharma's operational and financial performance for Q3 and the 9 months ending for FY '26. Before I hand over the call to Shanil, I would like to briefly reflect on our journey so far.

Sudeep Pharma, which was founded before 36 years, with a clear vision to innovate in the speciality chemical space, with trust and reliability at the core of everything we do. Over the last three decades, we have remained steadfast in delivering on this vision. What began as a manufacturer of mineral excipients, today we have evolved into a diversified portfolio of over 100 products, serving a wide range of customers over 100 countries.

The trust we have built with our customers over the years is strong. Validation of our capabilities, not only to consistently deliver high-quality products, but also to provide customized value-added solutions. The trust underpins our long-standing relationship and reflects on our commitment to excel and partnerships.

Going forward, we will continue to remain a solution-driven organization focused on innovation and on developing products that align closely with our customers' needs, while ensuring efficiency and cost effectiveness. Our objective remains to create a sustainable value for all of our stakeholders as we scale the business responsibly.

With this, I will now hand over the call to Shanil. Thank you all very much.

Shanil Bhayani: Good morning, ladies and gentlemen, and thank you for joining us today to discuss Sudeep Pharma's operating and financial performance for the third quarter and 9 months of financial

year 2026. As this is only our second earnings call since our recent listing, I would first like to thank all our investors for the trust and support you have shown us.

For those joining us for the first time and a brief refresher for our long-term partners, I will begin by outlining our journey and the strategic direction that continues to guide our growth. Over the years, Sudeep Pharma has evolved from being a manufacturer of mineral-based pharmaceutical excipients into a technology-driven global supplier of excipients and specialty ingredients.

Today, we serve customers across pharmaceutical, food and nutrition in more than 100 countries, supported by a diversified portfolio of roughly 100 products. This evolution has been strategic. Our focus has steadily shifted towards highly engineered and customized solutions backed by deep expertise in mineral chemistry, process engineering and strong regulatory capabilities.

These trends allow us to operate in high-entry barrier markets, supporting both sustainable growth and healthy margins. From an operating perspective, our business today is organized into two primary verticals. The pharmaceutical, food and nutrition segment contributes approximately 60% of revenue, while specialty ingredients contribute about 40% and continues to emerge as an increasingly important growth driver.

With that context, let me now walk you through our performance for the quarter, starting with geographic trends. During Q3, we saw steady and broad-based momentum across regions. This reflects both robust underlying demand and the early benefits of strategic investments we have made over the last few years. Starting with Asia-Pacific, the region delivered strong growth during the quarter.

This was driven primarily by deeper collaboration with the leading FMCG and infant nutrition customers. Importantly, what we are seeing here is not just one-time growth, but increasing repeat business and wider product adoption, which gives us good visibility into sustainable long-term demand.

Turning to Europe, this region is beginning to emerge as a meaningful growth market. Our dedicated sales team is now fully operational, and we have started securing both regulatory and customer approvals. This has translated into strong sequential growth, with multiple products already approved and additional approvals underway.

We believe Europe represents a structurally attractive market with a significant medium-term potential. In India, the domestic market continues to provide a stable and reliable base. During the quarter, we delivered growth of nearly 20%, supported by consistent demand and long-standing customer relationships.

Looking ahead, we expect export markets, including APAC, Europe and South America to contribute an increasing share of incremental growth. At the same time, India and North America will continue to serve as our core markets. Additionally, developments such as tariff reversal and the European free trade agreement are creating a more favourable external environment, further reinforcing our confidence in export-led growth over the medium term.

I will now briefly touch upon our product portfolio, which continues to balance stability with expansion opportunities. Our calcium portfolio remains central to the business. It is not only a volume driver, but also a key platform for customer entry and cross-selling. In Europe, our CEP certification for calcium carbonate, where Sudeep is the only company in India and one of just nine globally, significantly reduces entry barriers and accelerates product approvals.

This gives us strong confidence in the scalability of this portfolio, particularly in regulated markets. Beyond calcium, our magnesium and iron portfolios are seeing strong momentum. This is being driven by rising consumer awareness, increasing demand for targeted health benefits and a shift in supplement preferences.

Together, these trends are expanding our application reach, improving portfolio mix and opening up new customer opportunities. While our core minerals provide resilience, it is the specialty ingredient segment that is increasingly driving incremental value and margin expansion. The specialty ingredient segment continues to strengthen as a key pillar of future growth.

During the quarter, our encapsulated and premixed product lines delivered strong growth momentum with improved traction across key customers and applications. More importantly, customer engagement in this segment continues to deepen. In the quarter, we have initiated business with a global leader in tortilla manufacturing, which opens up large volume potential.

Here, our encapsulated ingredient helps extend the shelf life and provides the customer an alternate supplier to their current dependence only on an American supplier. In addition, the world's largest big goods company has in fact – has expanded sourcing from us to additional geographies, including Brazil and India.

This is in addition to USA, where we are now increasing our wallet share. This reflects growing reliance on our formulation. Given the high degree of customization involved, along with switching costs and regulatory requirements, we believe this segment offers secure, scalable and high quality growth over the coming years.

I will now spend a little more time on Sudeep Advanced Materials, or SAM, as we refer to it internally, which represents a long-term strategic growth platform for the company and an area where we are increasingly encouraged by the progress we are seeing. At the core of SAM is our battery-grade iron phosphate, which continues to build momentum and is finding wider market need and acceptance across global customers.

As supply chains diversify and customers look for reliable, high quality alternatives, demand for an ex-China supply chain has become a need of our customers. In this context, Sudeep is uniquely positioned. We are the first company globally to offer an ex-China source of battery-grade iron phosphate and this differentiation is resonating strongly with customers across the battery value chain.

Increasingly, international customers are viewing Sudeep not just as a supplier, but as a critical and strategic partner in building resilient and compliant supply chains. From a geographic perspective, we have built strong traction across North America, South Korea, Japan and

Indonesia. Engagement levels in these markets continue to deepen and our focus is firmly on building long-term, scalable partnerships.

From an execution standpoint, the Dahej Battery Materials Facility is progressing as planned. We broke ground on January 23rd and Phase 1 capacity of 25,000 metric tons per annum remains on track for commissioning in early 2027. Capacity build-out is being closely aligned with qualification progress and demand visibility.

We are currently engaged with 34 customers across the battery value chain and our iron phosphate qualification process is progressing well. Around 70% of these customers have approved and validated Sudeep samples, while the remaining customers are closely working with us to optimize the product for their specific requirement.

We have also recently seen commercial scale-up orders from customers who are moving from product analysis to large-scale pilot testing. These orders will be served through the recent upgradation at our existing facilities, where we have added 5,000 tons of battery-grade iron phosphate capacity. The recent quarter also saw multiple facility visits from global OEM, cell, and cathode manufacturers, further strengthening engagement and confidence in our platform.

In parallel, we are in active discussions on multiple off-take agreements with large OEMs and cell manufacturers. While details remain confidential due to NDAs, these engagements provide growing confidence in the medium-term demand outlook for this platform. Sudeep Advanced Materials gives Sudeep Pharma a differentiated early-mover position in a strategically critical battery material segment with visible customer traction today and potential to scale meaningfully as global supply chains diversify.

Our confidence in future growth is underpinned by execution readiness. The Nandesari Greenfield facility with a capacity of 51,200 metric tons remains on track for commissioning Q4 FY '26 or more specifically, March 26. This facility will enable industrial-scale production of higher-value molecules such as gluconates, glycinates and citrines.

In addition, the NSS acquisition is integrating smoothly and further strengthens our formulation capabilities and presence in regulatory markets. Importantly, these investments are aligned with visible demand and are designed to support scalable growth. In closing, global trends towards health, nutrition and quality-driven regulation continue to support long-term demand of our products.

With deeper customer engagement, expanding global reach and capacity additions aligned to future opportunities, we are confident in Sudeep Pharma's ability to compound growth in a disciplined and sustainable manner. While we remain focused on execution and mindful of external variables, we believe the depth of our product portfolio, the strength of our customer relationships and the optionality from new platforms position us well for the next phase of growth.

With that, I will now hand over the call to Mr. Ketan Vyas, our CFO, who will take you through the financial performance for the third quarter and 9 months FY '26.

Ketan Vyas: Than you, Shanil. Good morning, everyone. We are pleased to report a very strong financial performance for Q3 and 9 months ended for the financial year 25-26. This performance reflects the strength of our business model, disciplined execution and favorable market condition during the period.

Let me take you through the quarter performance. Total income for the quarter grew by 52% on year-on-year basis to INR179.2 crores in Q3 FY '26 as compared to INR118 crores in Q3 FY '25 on account of better demand and our deeper customer engagement. EBITDA for the quarter stood at INR66.8 crores as compared to INR41.7 crores in Q3 FY '25, representing 60% growth on year-on-year basis.

EBITDA margin for the quarter stood at 37.3%. PAT for the quarter stood at INR47.7 crores as against INR28.7 crores in Q3 FY '25 with a strong growth of 66% on year-on-year basis. For Q3 FY '26, our export business contributed to 62% while domestic business contributed 38%. For Q3 FY '26, as Shanil mentioned specialty business did very well and is continuing to do very well.

It contributed to 41% while pharma, food and nutrition contributed 59%. Let me spend a minute on our year-to-date performance for December-end 25. Total income for nine-month FY '26 grew by 38% on year-on-year basis to INR482.1 crores as compared to INR350 crores in 9-month FY '25.

EBITDA for 9-month FY '26 also grew by 33% to INR181.5 crores as against INR136.7 crores in 9-month FY '25. EBITDA margin for 9 months came in at 37.6% as compared to 39.1% in 9-month FY '25. PAT came in at INR125.7 crores as compared to INR94.5 crores in 9-month FY '25. For 9-month FY '26, our export business contributed to 62% while domestic business contributed to 38%. For 9-month FY '26, specialty business contributed to 43%, while pharma, food and nutrition contributed to 57%.

With this, I would like to conclude the presentation and open the floor for the questions. Thank you, gentlemen.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Pratiti with Param Capital. Please go ahead.

Pratiti: Hi. Congratulations on a great set of numbers. I had a question around the financial details that were given. What is the revenue excluding NSS for quarter 3 and 9-month?

Ketan Vyas: Our revenue excluding NSS was INR416 crores on a year-to-date basis and for the quarter, they were INR156 crores for the quarter, which if you look at it excluding NSS, our business grew at 35.26% on a year-on-year basis for the quarter and on a year-on-year basis, excluding NSS, we grew at about 21%.

Pratiti: Okay. All right. And what would be the margins like without NSS EBITDA margin?

- Ketan Vyas:** We remain at similar EBITDA margins as our business trajectory. We remain in the range of 35% to 37% for both on a year-to-date basis and for the quarter.
- Pratiti:** Okay. Sure. Thank you.
- Moderator:** Thank you. Next question comes from the line of Shreya Chatterjee with Ageless Capital. Please go ahead.
- Shreya Chatterjee:** Hello, sir. Thank you for taking my question. Would you be able to give the number of inventory days and receivable days for this quarter? And when you say that you are one of the like competitive suppliers like China for the battery chemicals, where is the cost and moat advantage that Sudeep Pharma has versus the Chinese supplier?
- Shanil Bhayani:** Good morning, Shreya. Thanks for the question. So I will maybe answer your second part of the question regarding battery materials. So I think how we are positioning Sudeep is an alternative to China to support customers kind of fulfill the regulatory requirements in critical markets.
- From a technology perspective, we have developed something what we call green chemistry, which is I would say, significantly more efficient, both from an environment perspective as well as an opex perspective, compared to the chemistry being run in China. So our long term outlook is that the business will, while the focus is not to compete with China on pricing and to have a differentiated pricing model, but operationally the business will be more leaner and more efficient from an opex perspective compared to the Chinese chemistry and also lower on the capex.
- Shreya Chatterjee:** And sir the number of inventory days as of this quarter, is it possible to share and how are you seeing the customer volume uptake?
- Ketan Vyas:** Hi Shreya, we don't publish the balance sheet, but to answer your question, we remain -- our networking capital days remain in the range of about 180 days and which supports our growth trajectory in the coming period.
- Shreya Chatterjee:** Got it, sir.
- Ketan Vyas:** Yes, Shreya. Go ahead.
- Shreya Chatterjee:** Yes, sir. And I just wanted to ask a bit more about your liposomal chemistry as well. So apart from the mineral chemistry that you're doing, what sorts of end application uses you're doing for liposomal chemistry? Do we have any regulatory mode over there? If you could share some details, that would be helpful. And any new end products also in that chemistry?
- Shanil Bhayani:** So Shreya in the liposomal category, again the primary focus was initially minerals. Now we are expanding as a platform, the technology in the platform is indigenous and built in-house. We are expanding the capabilities to other nutrients, including say vitamins, DHA for brain health, glutathione from a Cosmeceutical application.

What we are currently focused on is we have taken two products through clinical studies, our liposomal iron and vitamin C and they have shown very strong results compared to the level of absorption in the human body. If you were to take a simple regular iron, the liposomal iron manufactured by Sudeep using our Lipoboost technology has an 80% higher absorption in the human body.

So our focus is to kind of build a scientific -- to get scientific data and then have our technology validated and then to kind of showcase this to again pharmaceutical and food and nutrition companies to position this product for specific end application needs.

Shreya Chatterjee: Got it, sir. And any plans on when these products will be approved or will be shared with customers? Any timeline for that?

Shanil Bhayani: So I think liposomal is currently, I would say it's in the majority of the projects would be under approval or under stability today. I would say we will start to see a revenue contribution from this maybe in H2 FY '27 and more significantly in FY28, as we have just completed our clinical studies on these two products.

Shreya Chatterjee: And which would be the geographies from which this revenue contribution would be coming majorly? It would be from like North America, Europe, which geography?

Shanil Bhayani: It's fairly diversified. We have, I would say, active engagement across India, North America, Europe and Middle East. I would say there are targeted product categories, which we are positioning for different markets, depending on the end therapeutic area that we are trying to serve in that market.

Shreya Chatterjee: Yes. Got it, sir. Thank you. Thank you for taking my questions.

Moderator: Thank you. Next question comes from the line of Viraj Shah with PGIM. Please go ahead.

Viraj Shah: Congratulations on good set of numbers. With such strong capacity expansion on cards, could you help me with the capex plans for the next couple of years?

Shanil Bhayani: Good morning, Viraj. So, maybe I will answer this in two parts. So, in our core business, which includes which is the pharmaceutical food nutrition, where we have the Greenfield getting commissioned next month, we are almost through with the capex so that 51,000 tons of capacity will come live.

Beyond that, we don't have any significant capex planned for this business vertical as we will have enough capacity to kind of grow the business. The specialty ingredients vertical that we have, that's a newer side, which we started in 2021. So, we are probably at close to 35% to 40% utilization.

So, no significant capex that will be required there. The only capex that we will be focused on going forward will be towards the battery materials project, wherein we will have Phase 1 capex of approximately INR300 crores, which includes the land for the entire 100,000 ton facility. It

includes the infrastructure for the utility and the infrastructure for up to 50,000 tons and the actual operational capacity from an equipment standpoint to 425,000 tons.

Viraj Shah: So, assuming excluding the land for the remaining phases, can we reduce discount just by close to 50%?

Shanil Bhayani: That's correct. So, I think without the land and the utility block, because that is an upfront investment that we are making, the scale up from 25 to 100 will be much lower than this. I think a total capex will be approximately INR550 crores to INR600 crores.

Viraj Shah: Okay. Thank you. That's it from my side. Thank you so much.

Moderator: Thank you. Next question comes from the line of Dhruv Muchhal with HDFC AMC. Please go ahead.

Dhruv Muchhal: Yes, sir. Thank you so much. Thanks for the chance. Sir, just one question. I was just trying to imply your 4Q numbers, 4Q FY '25 numbers, I mean last year's 4Q numbers. It seems there is some seasonality which happens in the 4Q. I'm not sure if this was just unique for Q4 last year or this is typically the nature of business. I'm particularly speaking about the pharma and food nutrition business. So, I'm just trying to understand is there a seasonality which happens in Q4 and probably if it can continue even this year?

Shanil Bhayani: Good morning, Dhruv. I would say in general, across the business there is no significant seasonality that happens. I think I alluded to this in our call, the previous call that happened as well that we operate, we have a mix of business which is sustainable month-on-month and then we have certain annual contracts that we offtake with large customers in the pharma food nutrition space.

But the call-offs happen, they basically may operate as a campaign. Historically, what we've seen is Q4 typically is the strongest for the business because we see export contributing significantly. I think the majority of the customers post the newer kind of start planning for the year and that is where we kind of see Q4 being the strongest, but from a seasonality perspective, nothing major.

Dhruv Muchhal: For example, if I imply the Q4 number for the pharma segment is about --for last year Q4 is about INR112 crores versus your typical last year's average run rate of about INR70 crores to INR80 crores. So, it seems some jump which happens in Q4. So, I'm just trying to understand, that's a normal jump which happens in Q4?

Shanil Bhayani: I think as a majority of the export-led growth kind of starts to realize a lot of our new contracts that we are negotiating or have negotiated kind of start to materialize for our Q4, their Q1. And that's just, that's how we've seen the business looks here.

Dhruv Muchhal: Got it. Perfect. That's all. Thank you. This is helpful. Thanks.

Moderator: Thank you. Next question comes on the line of Prateek Chaudhary with Saamarthya Capital. Please go ahead.

Prateek Chaudhary: Sir, I have questions on both our segments. So, first one on your core business, with the new capacity coming in Q4 for the base business, how do you typically when a new expansion is done, how do you see ramp up taking place given customer audits or facility or product approvals from the new site and how will you see it for this expansion going forward?

Shanil Bhayani: Yes. So, I think from -- it's a great question. I think what happens typically is once we commission the facility, we will have typically a 6 to 12-month period where majority of the customer approvals will happen. As you know, we operate in a highly regulated end market. So, customer approval is key.

Even though the site may have the necessary site approvals, each customer will go through the approval and some may even kind of look for stability data. So, what we see is that while we will commission the facility in March, H2 is when we kind of expect to start servicing certain customers from that site. And then I would say more significantly in FY '28. In Q1 and Q2, we will focus predominantly on getting the site approvals from all our key customers that we plan to serve from the new facility.

Prateek Chaudhary: And in terms of your per unit revenue profile or margin profile for the kind of products you will make in this facility, is it significantly better than what you're already doing in the existing capacity?

Shanil Bhayani: So, there's two things, Prateek, that we're doing here. One is we're increasing capacity of some of our core products, which is carbonates and phosphate. This is being built, keeping in mind the guidance that we have with some of our top 10 customers in terms of their demand offtake that they want from Sudeep, specifically targeting infant nutrition as a segment. In addition to that, I refer to gluconates and glycinates. Yes, these are new age molecules with very limited global competition and very strong margin profile. They will long term in the next -- as they kind of scale, they will help further margin expansion.

Prateek Chaudhary: And in your earlier call you had said that this facility would roughly have a 3x kind of an asset turn. So, roughly what proportion of that say if you say you can do INR300 crores, INR400 odd crores from this facility, roughly what proportion would come from gluconates and the other product category you mentioned, the high performance, high value ones?

Shanil Bhayani: I think I would say at least 50% of the capacity that we've grown here is for the core. So, the remaining 50% would come from the newer molecules and newer products that we're launching from this facility.

Prateek Chaudhary: Okay, great. And on the specialty ingredients, since it's at 40% utilization as of now, when -- which year are you internally planning that the capacity utilization would probably reach optimal utilization levels of 70% to 80%?

Shanil Bhayani: Yes, I think, Prateek, so the next two years, I would say we are our key for the specialty ingredients segment, a lot of critical customer approvals have come through in this quarter. So, we see this segment being a, I would say, key growth driver for the next two years for Sudeep. Both the encapsulated ingredients, I mentioned that we have received certain new approvals.

So, we work with the largest big goods company in the world. We are now doing a geographical expansion with them. We are working with the largest tortilla manufacturer now again. So, on that front, encapsulated, we have a very strong, I would say, opportunity pipeline. And then from when we talk about premixes, we have just received the approval from probably, say, one of the leading infant nutrition companies to supply them a blend of vitamin and minerals. So, we see the next two years that significant ramp up will take place in the specialty ingredient segment.

Prateek Chaudhary: Okay. And would it be more than 30%, 35% that you had dropped in earlier growth?

Shanil Bhayani: Yes. So, I think, I mean, that's the range in which the specialty ingredient, as you know that this business we started in FY '22, end of FY '22. So, '23 is when it kind of -- when it started to materially generate any revenue. And since then the growth has been significant. And we believe that the next two years, that kind of momentum will continue.

Prateek Chaudhary: Okay. And my final set of questions for the upcoming battery business. You said that the total project cost for 1 lakh tons capacity is around INR550 to INR600. So, INR550 to INR600 crores. If you can maybe just give a rough sense on, what would be the asset turns there and probable margins? And then I'll follow up with one or two more questions.

Shanil Bhayani: Again, great question, Prateek. So, I think from a capital allocation perspective, we've been very, very mindful. This business will deliver similar asset turns, so as our current core business as well.

Prateek Chaudhary: Which is 3x, right?

Shanil Bhayani: Yes, that's approximately 3x. And we have, in terms of how we manage this business from a working capital cycle. So, it will also have a strong ROE, ROCE profile as well.

Prateek Chaudhary: And typical average margin range, EBITDA margins?

Shanil Bhayani: I think, Prateek, I will, as we are not operational yet, I will not maybe entirely comment on the margin profile today. It will be, I can maybe generalize and say that...

Prateek Chaudhary: Broad range.

Shanil Bhayani: Maybe I'll not give a number, but all the other battery material companies that kind of operate, based on our guidance today, and the technology that we've developed, we believe that we can achieve better or higher margins than the broader battery materials industry today.

Prateek Chaudhary: And final question on, your assessment on, in what all aspects is your product way more or even slightly more superior than what is available from the Chinese?

Shanil Bhayani: In terms of iron phosphate, right?

Prateek Chaudhary: Yes, yes, yes.

Shanil Bhayani: So, I think our, what we've done is so, I don't know if you remember, but this product is not new for us. So, we have been making iron phosphate for the past 10 years for a different end application, which is nutrition. We're leveraging that chemistry expertise to kind of just increase the addressable market for the business, right?

What we've done is built on that. We've worked on this product for the past five years from an R&D perspective. And today we are seeing, I would say, at par, if not better, electrochemical performance of our iron phosphate vis-a-vis the Chinese vendors that our potential customers are currently using.

Prateek Chaudhary: And with a greener technology.

Shanil Bhayani: Yes. So, I think with the green technology, where for us, I mean, the end cause is also important. It's a lot more sustainable and it's scalable across multiple geographies, because we significantly cut down any liquid or solid waste that gets generated using the green technology. And more importantly, it's, I would say, lower in terms of capex cost and operationally or opex more efficient.

Prateek Chaudhary: Okay. Thanks. Thanks a lot, sir, for an extended answering of my questions, and all the best and wish you all the luck. Thank you.

Shanil Bhayani: Thank you, Prateek.

Moderator: Next question comes from the line of Disha from Sapphire Capital. Please go ahead.

Disha: Hello. Am I audible, sir?

Moderator: Yes. Please go ahead.

Disha: Yes. Congratulations on a good set of numbers. I'm sorry I joined the call a bit late. So, if my questions are repetitive. Also, firstly, on the US trade deal, I mean, the US is a very, very big market for us. And with the trade deal, how do you see the market scenario evolving? I think last time we spoke, you mentioned that the customers are on a wait and watch side. But now that we have more clarity, what sort of pickup you see there?

Shanil Bhayani: Thanks, Disha. So, I would say you're absolutely right. What I mentioned last time was customers who were kind of trying to assess the situation. What I would say for the supports or reiterates our confidence in the market is, even before the trade deal was announced, in Q4, starting December and more importantly, January, we already saw customers starting to call off the volumes that were originally contracted with Sudeep. So, that kind of growth momentum and the visibility had already started to materialize. And then with the trade deal, we believe that the project pipeline especially would be much stronger.

And more importantly, the wallet share that we're trying to build with the customer will be that much more lucrative also, because Sudeep today becomes from a tariff perspective. We're awaiting details. But if what we perceive, India will probably be one of the most competitive nations from a pure tariff perspective compared to other Asian countries.

So, we see both of these materially contributing to North America. And if this were to realize, then in FY '27, we'll see, I would say, North America again, significant revenue and growth and margin expansion, all three coming from this market.

Disha: All right, all right. That's great to know, sir. What's the contribution for NSS for this quarter?

Ketan Vyas: NSS for this quarter contributes to about INR17-odd crores of revenue.

Disha: How much, sir? Sorry?

Ketan Vyas: INR17-odd crores of revenue. And without NSS, our growth has been at 35% on quarterly basis, on quarterly, year-on-year basis.

Disha: And how do we see this business in terms of growth and the margin profile is similar to ours?

Shanil Bhayani: So, I think one, since acquiring the business in May, we focused on making it operationally, more competitive through just the raw material supply chain optimization, supplying them products from Sudeep versus them buying from -- so, the margin profile of the business is now similar to what Sudeep currently maintains. From a growth perspective, we have a very active pipeline.

We have just gone through a recruitment cycle. We've appointed a business head for NSS, who will be joining this quarter. So, I would say over the next two years, NSS will meaningfully contribute to the growth of the business because it operates in the infant nutrition segment.

So, the approval cycles are longer. It takes at least 12 months to go through the approval cycle. NSS has been growing typically, I would say, 15% odd percent historically, and at least for the next year or two that will continue. And whatever projects that we are able to add through Sudeep that will be on top.

Disha: All right, all right. And so, for this Greenfield Pharma project, I think we were planning a total capex of INR150 crores. So, how much have we spent till now?

Shanil Bhayani: I would say largely, Disha, majority has been spent. I believe we have a residual capex of maybe INR10 crores-INR15-odd crores, which will be done in this month and maybe next month. Some maybe some spillover in April, but majority has been completed.

Disha: Okay, all right. And you, I think you mentioned that it takes a longer time for approval. So, I think we'll see meaningful contribution from H2 onwards. So, what sort of utilization are we targeting for next year and for FY '28? Because that will have significant contribution from this now.

Shanil Bhayani: Yes, so you're right. So, I think this year, I would not say it would be significant from a utilization perspective because majority of the year will go in approvals, yes, H1 predominantly, and then it will start to scale up. And then maybe I would say FY '28 onwards is when we can look at that scale up of going to maybe 30%-40% and then ramping up.

Disha: 30-40%, right?

Shanil Bhayani: Correct.

Disha: Right. And so, for just the last question on the battery plant, what is the revenue potential that we see at optimum utilization? What's going to be the margin profile and the ramp up? If you could just throw some light on that, that would be really helpful.

Shanil Bhayani: So, I think I mentioned in my earlier question that we are looking at approximately INR550-INR600-odd crores of capex. This maintains a similar asset turn profile around 3x as our current business. We are currently scaling phase one, which is 25,000 tons.

So, that will be the ramp up, which will come live early 2027. And then there will be a sequential scale up from 25 to 50, and then from 50, depending on how the off-take agreements are kind of developing, and the guidance we have from the customer, we may look at scaling 50 directly to 100 instead of doing a step up to 75 first.

Disha: Okay. And so, just with all this Greenfield capex coming online, what sort of growth are we targeting for FY '27 and what sort of margins are we looking on an overall consolidated basis?

Shanil Bhayani: So, I would say margin profile, we will again maintain what we have historically maintained in the business. There will not be any significant change in FY '27. Battery material anyway will start contributing revenue in FY '28. Growth also, I think the growth that we've done over the nine months this year, that kind of growth we will continue to sustain in the coming year as well.

Disha: Okay. All right. That is it from my side. Thank you so much.

Sujit Bhayani: Thank you.

Moderator: Thank you. Next question comes from the line of Ankur Kumar with Alpha Capital.

Ankur Kumar: Hello, sir. Thank you for taking my question. Sir, I've started following your company recently only. So, maybe my question could be basic. But if I look at the last two years, FY '23 to FY '25, our growth was very low in single digits only. But in this nine months, it has been much better. So, can you please comment what exactly has changed in this year?

Shanil Bhayani: So, I think what is basically, we've expanded into key markets, Europe and US. We've built out sales teams in both these regions, which are now helping us scale up faster in these territories. In addition, specialty ingredients was a new business.

We commissioned the facility in '22. So, '23 was the first operational year. And a lot of approvals have come. So, that has been a dominant growth driver. So, today, specialty ingredients has become almost 40% of our revenue, which may be in FY '23 was less than 10%.

Ankur Kumar: And sir, in terms of capacity utilization, what will be our capacity utilization right now?

Shanil Bhayani: So, it's different across different verticals. Specifically, specialty ingredients, we will be close to 40% utilization on the specialty ingredients side. And on our other vertical, pharma food nutrition, currently, that specific vertical may be at around 65%, 70% odd, but we have the greenfield coming live next month. So, that will significantly add to the capacity available for that vertical.

Ankur Kumar: Got it. And sir, in terms of guidance, do you expect this 35%-40% growth to continue this year and next year? So, what are our estimates?

Shanil Bhayani: So, we are not, again, we are not giving any specific guidance in terms of revenue growth. What I can say is, I think the growth that we've done over the last couple of years, is what we will continue to sustain with a very stable and similar margin profile.

Ankur Kumar: Got it. And sir, on battery chemical, as you said, it will start contributing from FY '28.

Shanil Bhayani: Correct.

Ankur Kumar: But since it is already started, it will start hitting, depreciation and interest will start hitting in our numbers in the coming year?

Ketan Vyas: Ankur, the project is scheduled for completion in about 18 months. So, only when the revenue starts contributing to FY '28, then the depreciation will come in. Until that time, it's more of a capital expenditure. As we said, we will look at the debt in the coming period as we go across. Majorly, it is getting financed through our internal accruals. So, we don't see a significant interest impact coming in for the project as of now.

Ankur Kumar: Got it, sir. And sir, on this battery side, do we already, we have existing clients who are ready to take us or we will start looking for sales time after 18 months when the project completes?

Shanil Bhayani: It's a parallel activity, Ankur. As I mentioned, we are already working with customers, 34 customers across North America, Korea, Japan, Indonesia, and I would say a lot of approvals have gone through, a lot of development cycles have been completed, and off-take agreements are being negotiated or agreed upon as we speak. So, by the time we have the capacity available, we will also have an off-take for that capacity.

Ankur Kumar: Sure, sir. Thank you and all the best.

Shanil Bhayani: Thank you.

Moderator: Thank you. Next question comes to the line of Disha with IIFL Capital Services. Please go ahead.

Disha: Hi, thank you so much for taking my question. Just one thing, in the recent weeks, China had announced the elimination of the VAT rebate. How would that be beneficial for products like Di-calcium phosphate and other battery chemicals that we are in? If you could just provide some color on that?

Shanil Bhayani: Sure, Disha. Thanks for, I think, I would say for battery materials, the product we are talking about is iron phosphate. What we have seen in the last couple of weeks is already an increase in price from China for iron phosphate. I think it's gone up maybe 15%-20% and in terms of the revaluation of the battery, VAT rebate reduction of the battery, VAT will further kind of add to the cost.

So, while cost is not the criteria for our battery business today, but it definitely supports the overall narrative with the customer. So, China is going through a pricing pressure and there will be price increase from China.

Disha: Right. Another thing on the US tariff, it's positive to see that we are seeing more traction from that side now that there has been a reduction. What I wanted to understand was, we had mentioned in the previous quarter that we were sharing the tariff weightage, partly us and partly the customers. When would we have renegotiating our contracts further to provide some relief on that front?

Shanil Bhayani: So, I think, Disha, again, I maybe just to clarify, what we mentioned was 50% of our business was exempt from tariff and there was 50% which was subject to tariff of our total US business and in that the customers were more on a wait and watch mode. They were trying to assess what is the impact of the 50% tariff. We have not taken a margin hit or margin dilution by accepting the tariff impact.

Majority, I would say, maybe at least across 90% of the business where tariff was effective, we have passed on the tariff impact to the customer. So, from a margin perspective, we have not seen any dilution from the US. This reversal will kind of help, I would say, fast track the end of the wallet share expansion from a volume perspective.

Disha: Got it. That's helpful. That's all from mine. Thank you and all the best.

Shanil Bhayani: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Shanil Bhayani: Thank you everyone for taking the time to participate in Sudeep Pharma's Investor Call. Thank you for the participation.

Ketan Vyas: And we look forward to have your participation in the next quarter. Thank you all.

Sujit Bhayani: Thank you

Moderator: Thank you. On behalf of Sudeep Pharma and IIFL Capital Services, that concludes this conference. Thank you for joining us. You may now disconnect your lines.