

**Date: 25<sup>th</sup> December 2025**

**To,**

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

**Sub:** Submission of Transcript of the analysts and investors conference call on Unaudited Financial Results (Standalone & Consolidated) on Q2FY26 (2025-26)

**Ref:** Regulation 30 of the SEBI Listing Regulations, 2015

**Dear Sir/Ma'am,**

We refer to our previous letter dated 22<sup>nd</sup> December 2025, wherein the Company updated the audio link of Earnings call held on 22<sup>nd</sup> December 2025 to discuss the operational & financial performance of the Company for the quarter and half year ended on 30<sup>th</sup> September 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**  
**M. No.: F13184**

**ENCL: A/a**

CIN: U24231GJ1989PLC013141

Registered Office: 129/1/A, G.I.D.C. Estate Nandesari, Baroda-391340, Gujarat, India.

Phone No.: +91 265 2840656, 7624095107

Corporate Office: 601, 602, 6th Floor, Sears Towers-2, Gotri-Sevasi Road, Sevasi, Vadodara-390021, Gujarat,  
India Website: [www.sudeepgroup.com](http://www.sudeepgroup.com), Email ID: [mail@sudeepgroup.com](mailto:mail@sudeepgroup.com)



“Sudeep Pharma Limited  
Q2 FY '26 Earnings Conference Call”  
December 22, 2025

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 22/12/2025 will prevail.”



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

**MODERATOR: MR. SANJESH JAIN – ICICI SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to the Sudeep Pharma Limited Q2 FY26 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. Sanjesh Jain from ICICI Securities. Thank you and over to you, sir.

**Sanjesh Jain:** Thanks, Steve. Good morning, everyone. Thank you for joining on for Sudeep Pharma Limited Q2 FY26 results conference call. We have Sudeep Pharma Management on call, represented by Mr. Shanil Bhayani, Director and Promoter, Mr. Ketan Vyas, Chief Financial Officer. I would like to invite Mr. Shanil to initiate with his opening remarks, post which we will have a Q&A session. Over to you, Mr. Shanil sir.

**Shanil Bhayani:** Thank you and good morning, everyone. First of all, thank you for joining us today for Sudeep Pharma Limited's maiden earnings call following our recent listing on the NSE and BSE on 28th November. We have uploaded our investor presentation on the exchanges and I hope you have had a chance to go through it.

FY26 marks a defining milestone for Sudeep. The listing signifies our commitment to delivering sustainable long-term growth and value creation for all our investors. On behalf of the board and the management team, I would like to thank our team at Sudeep, partners, advisors, and most importantly, our shareholders for the trust you have placed in us.

I would also like to thank the ICICI Securities team for hosting today's call. Since this is our first earnings call as a listed company, I will start by giving you a brief overview about the business. After that, I will hand over the call to Mr. Ketan Vyas, our CFO, who will take you through the operational and financial performance for Q2 and H1 FY26.

Sudeep Pharma Limited was incorporated in 1989, beginning with the manufacturing of mineral-based pharmaceutical excipients. Over the past three and a half decades, the company has strategically evolved, strengthening our technical capabilities, expanding the end markets we serve, and consistently validating our value proposition for our customers.

Today, we have transformed into a technology-led manufacturer of excipients and specialty ingredients with a portfolio of 100 products serving the pharmaceuticals, food, and nutrition industries globally, becoming a critical ingredients partner, supplying application-specific inputs that directly influence the safety, stability, performance, and nutritional efficacy of our customer's end products.

Additionally, we are expanding into the battery material segment, one of the fastest-growing areas within the global energy transition space, by leveraging our deep mineral chemistry and process engineering expertise. The rapid adoption of electric mobility and large-scale energy storage is driving sustained demand for advanced, high-purity materials, making this a natural and scalable extension of our existing capabilities.

This evolution from basic mineral ingredients to highly engineered, customized solutions has been driven by sustained investment in process technology, regulatory compliance, and quality systems, enabling us to build long-term relationships with global customers in regulated markets, which include 14 Fortune 500 and 40 blue chip companies.

Now, let me spend a moment on what truly differentiates Sudeep Pharma. Over the years, we have built strong in-house capabilities in mineral chemistry and process engineering. Our proprietary technologies, such as encapsulation, spray drying, granulation, trituration, liposomal delivery systems, and precision blending, allow us to engineer minerals and ingredients for improved functional outcomes, including increased absorption in the human body, controlled release, enhance shelf life, and elevate performance of the final formulation.

This becomes especially critical in segments like infant nutrition, clinical nutrition, and regulated pharmaceutical applications, where performance consistency is non-negotiable. This technology-led approach gives us a clear competitive mode. In these specialized segments, primary competition is largely concentrated in the U.S. and Europe, with limited participation from other geographies, due to the technological depth and customization capabilities required.

This works to our advantage, as we are able to work closely with our customers, offer faster development and turnaround, and deliver tailored solutions aligned to a specific formulation need, while meeting global regulatory expectations. As a result, customers partner with us not just as a supplier, but as a long-term solution provider. Now, I will walk you through how our business is structured today.

We operate through two primary business verticals. First, pharmaceutical, food, and nutrition, which continues to remain the core foundation of Sudeep Pharma, and continues to anchor the scale and sustainability of our business. Under this segment, we manufacture high purity mineral-based ingredients, such as calcium, zinc, iron, potassium, magnesium, and sodium, which form critical inputs across regulated pharmaceutical and nutrition applications.

Our products are widely used in pharmaceutical tablets, dietary supplements, infant nutrition, fortified foods, beverages, and dairy products, with consistency, safety, and regulatory compliance are non-negotiable. What clearly differentiates Sudeep in this segment is our regulatory strength and global positioning. We are the first and only company in India to receive a USFDA approval for our mineral-based ingredients, and one of nine companies globally, and again, only company in India with a European CEP certification to promote and sell calcium carbonate as an API.

These certifications are difficult to achieve and create a significant entry barrier for new players. We also have a strong leadership position in infant and clinical nutrition, supported by long-

standing relationships with leading global customers. Today, Sudeep is the only Indian company to be approved for supplies to the three largest infant nutrition companies globally, with a typical approval cycle requiring five to seven years.

This vertical delivers consistent volumes, resilient cash flows, and a stable customer base, and contributed approximately 60% of our total revenue in H1 FY26. It also provides a strong foundation on which our specialty and advanced materials businesses continue to scale. Second, I would now like to pay particular attention to the specialty ingredients verticals, which contributed approximately 40% of revenues in H1 FY26.

This vertical is built around our core philosophy of developing technology-driven, customized ingredient solutions aligned with specific formulation needs of our customers, whether that is improving nutritional delivery, maintaining taste and texture, or ensuring product stability. Specialty ingredients vertical gives us a strong presence in a high-growth, high-margin segment with high barriers to entry. Since its inception in 2021, this vertical has grown at a healthy CAGR of 32%, underscoring both customer acceptance and the strength of our differentiated capabilities.

Next, I will talk about our manufacturing footprint, which is a critical enabler of our growth. Sudeep Pharma currently operates four manufacturing facilities with 12 production lines, three in Gujarat, supporting pharmaceutical food and specialty ingredients, and one in Ireland, focused on vitamin and mineral blends, with a core focus on infant nutrition. Together, these facilities span approximately 68,000 square meters, with an annual available capacity of 72,000 metric tons.

In addition, we are setting up a greenfield manufacturing facility in Nandesari, Gujarat, which will be our fifth and largest facility expected to be commissioned in Q4 FY '26. While our mother plant has served us well over the years, this new investment is aimed at addressing rising demand from our customers while also meeting increasingly stringent regulatory requirements, particularly for pharmaceutical infant and clinical nutrition segments.

This facility is being designed with higher efficiency and tighter process control, which is critical for sensitive applications such as minerals used in infant formula. Along with expanding capacity for the existing product portfolio, this site will also enable us to introduce next-generation product categories, such as bisglycinate and gluconates, which are clinically developed to improve nutrient absorption in the human body.

This expansion further strengthens our ability to support customers with high-performance and regulatory compliant products at scale. Earlier, I spoke about our capabilities in areas such as particle engineering, nutrient bioavailability, shelf-life enhancement, and complex formulation development. All of these are enabled by a strong and deeply integrated R&D platform. We operate three dedicated R&D facilities, two in India and one in Ireland, supported by a team of 41 scientists and technical professionals.

We consistently invest around 2% of our revenue into R&D, ensuring that innovation remains closely aligned with both customer requirements and commercial scalability. This directly

strengthens customer stickiness, wallet share, and margin sustainability. As we are often involved early in customer formulation and product development cycles, ensuring innovation remains a core driver of long-term value creation.

Moving on to our global presence, we currently serve customers across nearly 100 countries, supported by regional sales offices in the U.S., with a sales team of five people, Europe, with a sales team of seven people, and one in Latin America, along with localized stocking arrangements. Sudeep operates across multiple geographies in highly regulated markets, with U.S. being the largest.

Historically, the first half of the year contributes around 40% to 45% of our annual revenues, reflecting the normal seasonality of customer procurement cycles. Following the tariff announcements in August 2025, customers in the U.S. adopted a more measured procurement approach as they awaited clarity and assessed the potential impact.

Given the high criticality and relatively low cost contribution of our ingredients in the customer end product, they resumed their procurement cycles with a larger set of customers agreeing to absorb the tariff impact. As a result, some sales that would have typically been recorded in Q2 will now reflect in Q3.

With additional guidelines issued in October 2025, it became clear that only 50% of our U.S. business is subject to the announced tariff, while the remaining 50% of the business is now exempted. Since then, the customer ordering patterns have returned to the original forecast without any significant volume or margin impact.

Now let me take you through an important strategic initiative, our European expansion through the NSS acquisition. In May 2025, through Sudeep Pharma BV, our wholly owned subsidiary, we acquired an 85% stake in Nutrition Supplies and Services, an Ireland-based company with over 40 years of experience in infant and medical nutrition premixes.

This acquisition enables us to access infant and clinical nutrition markets without the typical four to five-year approval timeline, significantly strengthening our presence in this segment. Going forward, infant and clinical nutrition will be a key focus area for the business, reinforcing our long-term commitment to building scale and leadership in this critical market.

In the last few months, we have made strategic upfront investments in building a direct sales presence across Europe. While this has increased costs in the short term, it improves customer servicing, reduces distributor dependence, and is expected to support margin improvement over [Inaudible 13:37] We expect these investments to start reflecting positively over the next couple of quarters.

Finally, let me take you through Sudeep Advanced Materials, which represents an exciting new chapter in Sudeep Pharma's growth journey. SAM operates in the fast-growing global battery materials market, with a focus on precursor cathode-active materials, starting with battery-grade iron phosphate for Lithium-Iron Phosphate, LFP batteries.

We have been manufacturing food-grade iron phosphate for 10 years, building strong mineral chemistry and process expertise in this area. As a result, this is not a new product for us, but a natural diversification based on our existing strengths and capabilities. The lithium-ion phosphate technology is central to electric vehicles, renewable energy storage, and large-scale energy solutions, especially for AI data centers, seeing rapid global adoption and strong demand.

What makes SAM particularly compelling is the early validation we have received from global customers across the US, Europe, Japan, Korea, Indonesia, and India. The key opportunity and value proposition for SAM today is the strategic positioning in the context of evolving regulatory restrictions, such as the OPPPA driving a shift towards secure, reliable, and ex-China supply chains.

This positions us as one of the first scalable suppliers outside of China, creating a distinct competitive advantage. On the execution side, we are now fast-tracking our commercial manufacturing facility in Dahej, Gujarat, with first-phase plans for 25,000 metric tons capacity targeted for completion by early 2027.

As I conclude, I would like to say that over the past three years, Sudeep Pharma has delivered consistent growth through strategic investment in capacity, R&D, and a strengthened European presence with NSS acquisition, and our entry into the high-growth battery material segment, aligned with our core capabilities. With these foundations in place, we are well-positioned for the next phase of sustainable growth.

With that, I will now hand over the call to Mr. Ketan Vyas, our CFO, to take you through the operational and financial highlights for Q2 and H1 FY26. Thank you.

**Ketan Vyas:**

Thank you, Shanil. Good morning, everyone. We are pleased to report financial performance for H1 FY '26 and Q2 FY '26, driven by sustained demand and higher volumes across both the segments, that's pharma food and nutrition and specialty ingredients on year-on-year basis. Let me take first the H1 FY '26 financial highlights.

Total income for H1 FY '26 grew by 31% on year-on-year basis to INR302.9 crores as compared to INR232 crores in H1 FY '25. EBITDA for H1FY '26 also grew by 21% to INR114.7 crores as against INR95 crores in H1 FY '25. EBITDA margin for half-year stood at 37.9% as compared to 40.9% in H1 FY '25. PAT came in at INR78 crores as against INR65.8 crores in H1 FY '25.

Coming to Q2 FY '26 for Sudeep consolidated results, total income for the quarter grew by 15% on year-on-year basis to INR172.8 crores in Q2 FY '26 as compared to INR150.7 crores in Q2 FY '25. EBITDA for the quarter came to INR65.6 crores as compared to INR65.3 crores in Q2 FY '25. EBITDA margin for the quarter stood at 38%.

PAT for the quarter stood at INR46.8 crores as against INR48.7 crores in Q2 FY '25. For H1 FY '26 our international business including exports contributed to 61% while domestic 39%. For H1 FY '26 specialty business contributed 60% while pharma food and nutrition 40%.

Coming on the balance sheet side, on the working capital performance, as of 30th September 2025 the company's net working capital days stood at 195 days. The working capital cycle primarily reflects the company's expanding global business base. In addition, the company has recently commenced warehousing operations in USA and Europe to improve service level and responsiveness.

The inventory position at this expected to begin turning over in the next few quarters. Also, please note that inventory of newly acquired entity NSS has got added for 6 months but sales only for 4 months. With normalization of above mentioned factors, the company expects its working capital cycle to moderate and sustain approximately around 140 to 150 days over the medium term.

As of 30th September 2025, the company's net debt stood at INR73 crores with a net debt to equity ratio of 0.1x reflecting a conservative and comfortable leverage position. With this, I would like to conclude the presentation and open the floor for questions and answers. Thank you.

**Moderator:** The first question comes from the line of Shreya Chatterjee with Ageless Capital Finance. Please go ahead.

**Shreya Chatterjee:** Congratulations on this wonderful set of numbers. So the first question of mine is regarding your specialized capability on the mineral chemistry that you are doing for food grade and pharma. What are the typical use cases because vitamins and minerals is a large market and you are doing some specialized technology on it also?

What are the specialized use cases? Who are the competitors and how are you standing out and how does the customer like for example Pfizer or Danone procuring orders, how does that cycle look like?

**Shanil Bhayani:** Thank you Shreya for the question. So if you see Sudeep operates across the entire value chain. Through Sudeep Pharma, we manufacture the straight minerals, the calcium, magnesium, iron which typically you consume in a dietary supplement or through the food you are consuming which are fortified and enriched with a nutritional value.

Through our specialty ingredients vertical what we are now doing is we have six proprietary technologies which I shared during my introduction and these are used to further enhance the functionality or performance of these minerals or other ingredients in the customer's end product.

So what I mean is how can we make the iron absorb better in the human body, for example. If the iron is interacting with another ingredient in the customer's product, how can we coat the iron to make it more stable in the customer's end product and then still be fully absorbed by the person consuming the product. So that is our primary focus on using technology.

From a comparative landscape as I mentioned, these are novel technologies not very common and have been scaled significantly by select companies in the US and Europe. In India today we would probably be the first and the largest doing this and apart from Sudeep in India and China

there is very limited competition in this space purely because one the technology, second using the technology to get the functional ingredient correct and third is the regulatory approval and fourth but the most critical is the customer approval that you require to operate in this category.

I hope this helps answer the question.

**Shreya Chatterjee:**

Just the other part like how does the customer procurement cycle look like? Because your inventory days is quite high so how does it look like and also there's some margin fluctuation at the EBITDA level. So if you could explain on that.

**Shanil Bhayani:**

Sure, sure. So our business operates in two models. One where customers have a monthly recurring requirement when the supplies are going into a more static category you know like a calcium supplement which every month has a certain demand and then there are certain customers especially in this specialty ingredients category where we run a campaign where we run campaign orders.

So we will for example you mentioned Pfizer or Danone we would do a campaign for them at scale for a particular site or particular global site which may not happen every quarter. So it operates in two ways. I would say it's in the business is equal split between campaign orders and what we fulfill on a monthly basis.

Your second point on the EBITDA margin Shreya. So as I and Ketanbhai mentioned we have been making significant investments today to further strengthen our reach and capabilities in Europe and the US. So in the last 12-18 months we have built out a significant sales team and a distribution network including warehousing capabilities.

These are all expenses that the business is incurring today which will eventually in the next couple of quarters will start to deliver of course a growth in terms of revenue but more importantly even margin improvement as we look to change our sales strategy by going direct to the end customer.

So that is what you see reflected in the EBITDA and third or one more point I would like to add is there is also investment being made in our battery materials business. While some of the expense on the R&D technical front is being capitalized there are also other expenses which are currently getting expensed out which also have an impact here which you see in the EBITDA level.

**Shreya Chatterjee:**

So what about the inventory day? Will it be so high in a normal course of business and what will be the normalized EBITDA margin?

**Shanil Bhayani:**

So, I think if you see the inventory level yes it is currently higher or elevated compared to our historical average. Again because we have been building inventories in Europe and the US and in LATAM to service the -- to support the growth that we foresee and to service the customer contract that we are entering into.

Initially right now what you see is a buildup of inventory in the next two quarters or so you will see that inventory rotate and the inventory levels to kind of stabilize through the historical average. So that is how we see the -- that is how we see the inventory cycle panning out.

**Shreya Chatterjee:** And the margin so what will be the normalized margin?

**Shanil Bhayani:** I think if you see our -- if you see the last couple of years in terms of what the business is delivered on an EBITDA level I think that is something that we have fair comfort to sustain in the business as well.

**Shreya Chatterjee:** So around 30%-35%?

**Shanil Bhayani:** I think, if you see our business is delivered above 35% for the past couple of years and then we expect to maintain that going forward as well.

**Shreya Chatterjee:** Sure sir. Thank you for taking my question.

**Shanil Bhayani:** Thank you Shreya.

**Moderator:** Thank you. The next question comes from the line of Yashovardhan with Tiger Assets. Please go ahead.

**Yashovardhan:** Hello sir. So, I wanted to understand a bit on the capex. So how much have we currently invested for the capex and how much debt are we planning to take for the capex?

**Ketan Vyas:** For our Greenfield capex we have a project outlay of INR150 crores and we have spent approximately INR120 odd crores by September '25. So what remains is about INR20-odd crores that we expect to be spent by March '26.

Let me reiterate our project outlay for our new Greenfield which is for 51,200 metric tons is approximately INR150 crores. Out of which approximately INR120 crores is already spent by September '25. Balance INR20 crores, INR30 crores will be incurred by March '26 which we expect to use it through our internal accruals. The debt levels what we have are expected to remain at the same levels.

**Yashovardhan:** Sir, what is the peak revenue that we are expecting from the 51,200 metric tons capex?

**Ketan Vyas:** What you should look at is our asset turn which has been in the range of 2.5x to 3x. So similar asset turns we believe we will be able to deliver. So that's what we should say.

**Yashovardhan:** And just last question so. Wanted to understand our current utilization levels and what would be the utilization levels post the Greenfield capex that we can expect in fiscal '27?

**Shanil Bhayani:** Hi, Yashovardhan, this is Shanil. So, currently across all our manufacturing capacities we are at close to a 50% capacity utilization. Of course different by the two -- they differ by the two business verticals. The expansion that we are doing with the Greenfield will add capacity to the

pharma food nutrition business vertical which currently operates close to 65%, around 65% with an optimum utilization of 70%.

So that is where we are seeing the need to invest and that is where we will add the capacity. FY '27 as you imagine typically we will spend the first 6-odd months in going through a lot of the customer approvals for the site approval and then we will start to ramp up production from that site as well. Typically, this capex should cover us for the next couple of years in terms of from a volume that we are scaling today.

**Yashovardhan:** Understood. So we have any internal target for say as such 50% of utilization in FY '27? Anything of that sort?

**Shanil Bhayani:** I think our targets for the site typically will be for the next at least three years knowing the longest approval cycle the typical pharma and nutrition industry requires. So FY '27 we will continue to service majority of the business through the existing capacity that we have but we will see meaningful contribution coming in the second half of '27 and predominantly in '28.

**Yashovardhan:** Awesome. All right. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Sagar Tanna with Alchemie Ventures. Please go ahead.

**Sagar Tanna:** Hi, sir. Since NSS has been amalgamated or the numbers would be captured, can you give us numbers separately for NSS and non-NSS business in Q2 and first half?

**Shanil Bhayani:** So, the acquisition for NSS only happened I would say in close in May 2025. So majority of the consolidation has come in Q2. I think their contribution in Q2 was approximately INR20 crores of revenue.

**Sagar Tanna:** And how much at the EBITDA level?

**Shanil Bhayani:** I think they operate close to a 30% EBITDA margin.

**Sagar Tanna:** So the Q2 EBITDA reported EBITDA was INR66 crores. So is it fair to say that X of NSS we did INR60 crores of EBITDA?

**Shanil Bhayani:** That's correct.

**Sagar Tanna:** And sir, so what is the current capacity utilization at NSS and what are our plans to scale them up?

**Shanil Bhayani:** **Sure,** So current capacity utilization at NSS is only a third, I think close to 35%. And what we have done, as I mentioned earlier, was we have built out a significant, we have built out a large sales team in Europe to kind of expand the NSS offering to the larger European market. Plus there are global customer tie-ups that Sudeep already has, which we are leveraging to position NSS as a solution for their requirements in Europe. So we have a significant project pipeline at NSS, which we will see come through in FY '27.

- Sagar Tanna:** How much revenue and EBITDA did it generate last year on a full year basis, FY '25?
- Ketan Vyas:** Sorry, that data has been confidential for the acquisition. So we may not be able to share the NSS last year's data for now, as of now.
- Sagar Tanna:** Sure. Sir, another question is, since we've consolidated NSS, right, and now with the US tariffs also, we have a lot of clarity. What kind of guidance can you give on '26 and '27 basis our current capacity? Both on revenue and EBITDA front?
- Shanil Bhayani:** Sure. I think great question. So, US Q2 specifically was somewhere where we saw customers kind of wait and watch to see how the tariffs are panning out. As I mentioned, I think they saw the cost in use of our product versus the criticality and we see the U.S. demand returning to normal levels now. And we mentioned that typically H1 contributes close to 40%, 45%. I think the growth that we've done in H1, 26% is something that we kind of foresee for the remainder of the year and that we will be able to sustain that kind of growth for the year as well.
- Sagar Tanna:** Got it. With margins reverting back to mean, is it -- normalized margins of?
- Shanil Bhayani:** Yes, the margins will be similar to what we have historically done in the past couple of -- in the past few financial years. We will be operating at those similar margin levels.
- Sagar Tanna:** Got it. Thank you.
- Moderator:** Thank you. The next question comes from the line of Madhur Chaturvedi with MAIQ Investment Advisors. Please go ahead.
- Madhur Chaturvedi:** Thank you for the opportunity. Shanil bhai, Ketan bhai, first and foremost, congratulations on the listing. I believe this is just the beginning of a long and fruitful journey. Just had a couple questions, Shanil bhai and this is more from a strategic point of view, because I think a lot of the technical questions have already been asked.
- So, it's such a thing of pride to be from India and be such a research and quality first company. And I assume that stands us in good stead when it comes to the food business and the pharma business and expanding that. And the specialization of the chemistry, I believe, can also get us the right sort of air of legitimacy when it comes to the pCAM division.
- I just want to understand from you what you think is the more difficult aspect of expanding into pCAM. Is it the regulatory approval? Is it interfacing with customers? Is it getting the right talent in place? Is it getting the right people in place? So, I was just wondering what are your thoughts on the nuances of expanding the pCAM business?
- Shanil Bhayani:** I think, thanks, Madhur. So, I think on the pCAM business the primary focus has been on the technology. So, we have been working on the battery technology for the past five to seven years. And the goal was to build the tech which was differentiated from China, could operationally be as competitive, if not more competitive or more competitive, while also keeping in mind the sustainability aspect.

So, what we have done is we have built a technology which is very low and effluent compared to the Chinese technology, still delivers at par or superior electrochemical performance that the customers need. And being the first to be able to scale as an ex-China alternative for the global LFP market.

So, that is the value proposition that we see. And I think the early investment we've done in technology and the R&D capability, including building out the team, has significantly helped Sudeep achieve the level of integration and the kind of engagement that we are having with customers globally.

**Madhur Chaturvedi:** Right. And then once the tech is in place, do you think that takes care of most of the challenges in terms of sort of customer acquisition, in terms of penetration? I know the One Big Beautiful really helps us in that regard, but what else do you see as something that -- what do you think that needs to fall in place for this to become like a wonderful business like a food and pharma business currently is for Sudeep?

**Shanil Bhayani:** I think the technology was one which we have successfully developed.

**Madhur Chaturvedi:** And that's a big one. I told you the technology is a big part of it so let me not

**Shanil Bhayani:** The second is the scale. I mean if you see that the competition and how the industry is evolving, we need to build scale in this industry to really be competitive and to service meaningful contracts with large OEMs globally. So, the second part is execution in terms of the scale at which we are going to operate.

And that is the vision with which we are currently working on. 25,000 tons is only phase one, but the goal over the next couple of years or I would say three to five year period is to scale this to 100,000 ton capacity to really be a meaningful supplier to some of these large customers globally.

**Madhur Chaturvedi:** Got it. That makes perfect sense and then just one sort of another strategic follow up. With this expansion into Europe and sort of managing a business that isn't based here, how do we feel about that? How do we feel about managing an international business with talent over there, with operations over there? How does that sort of digest for us?

**Shanil Bhayani:** **Sure,** So, I think, Madhur, what we have done is we appointed Serkan Celebi, who's our MD for the European business. He's been with the business now for just about two years. And he has also assumed the role of MD for NSS, which we have recently acquired. So, he comes and Serkan has maybe 20 years of experience in the ingredients space, focusing on nutrition, especially infant nutrition.

So, he has assumed, he understood Sudeep very well for the past two years and now has taken over the leadership role for NSS. I also, along with Serkan sit on the board and I'm very involved in integrating NSS into Sudeep. So, while he spearheads the sales and the business development there, our focus from India is to integrate and bring the backend operations to India to make it operationally more competitive from a cost perspective.

So, whether it's R&D, whether it's finance, procurement, that is a backend operation that we are leveraging the existing team at Sudeep to support the growth of NSS. In addition to that, NSS becomes a customer of Sudeep Pharma. So, what we are really offering NSS now is a supply, a more optimized supply chain, where typically they were buying from European and American suppliers.

Now, they have a supplier in Sudeep itself, a majority of the ingredients that they need for the infant blend that they make. So, we are able to drive value and cost through the supply chain optimization as well. And then eventually, leverage the global contacts, customers of Sudeep in the infant formula space to bring them to NSS as well.

**Madhur Chaturvedi:** Got it. No, that's very helpful. And that makes a lot of sense. And definitely think about it from the right POV. And just one final question from my end and maybe this one, Ketan bhai, is more for you. In terms of R&D, Ketan bhai, how do we treat it? Is it generally capitalized expense? Can you just walk me through your thought process behind that?

**Ketan Vyas:** The R&D capitalization only happens if the product, depending on the accounting standards guides, that you need to have a sustainable product. So, based on those guidance, we capitalize it. But largely, we have a P&L R&D coming into play, where the product consumables and all are captured and reported as R&D expenditure, which are used for our long-term product strategies.

**Madhur Chaturvedi:** Understood. Thank you so much, Shanilbhai and Ketan bhai. I believe this is the start of a wonderful journey for you guys. And thank you for taking my questions.

**Moderator:** Thank you. The next question comes from the line of Agraj Shah with Tata AIA Life Insurance. Please go ahead.

**Agraj Shah:** Thank you for taking my question. So, I had a question on the growth in the second quarter as well as the margins. And so, it just excludes the INR20 odd crores revenue that you said for NSS. The asset increase in business has grown only 2% and the pharma and food and nutrition business has declined around 7.5%. So, besides the tariff issue that you said, is there, has there been any pricing issue? In fact, even the gross margins have declined almost 360 to 410 bps on a Q-o-Q, Y-o-Y basis?

**Shanil Bhayani:** Hello, Agraj. So, unfortunately, I think I will try and answer some part of the question, which I could hear clearly. If I missed something, please do repeat the question. I heard you on the margin front, on the gross margin, what you were referring to. So, what I would like to highlight, Agraj, is typically our business has -- if you look at our historical average or historical trend, we have always operated in that 63%-64% gross margin category.

Last year was an exceptional year, where we typically do a lot of annual contracts with some of the global customers that we work with, where annual contracts were finalized, and then there was a reduction in certain raw material pricing, which was not necessarily passed through to the customer.

However, when we did our contracts for FY '26, that pass-through went to the customer, and we are back to the historical average of the business. And these are gross margins that we are comfortable sustaining going in the future as well. There was one question on the margin. You mentioned something on the revenue, but the line was not very clear. If you could repeat, please.

**Agraj Shah:** Okay. Am I audible now?

**Shanil Bhayani:** Yes, much better.

**Agraj Shah:** Yes. So, just on the growth trends, but in both the segments, we have seen growth actually coming quite weaker. So, let's say the pharma food and nutrition business declined 7% year-on-year.

And even if you adjust for the 20odd crore NSS contribution for the quarter, the specialty ingredients business has grown only 2%. So, how much of this would you attribute to the tariff uncertain impact, or have you seen any pricing pressure in any of the business segments?

**Shanil Bhayani:** So, I think on the growth front, maybe what I will answer is, I think best to look at our business on a YTD basis. You know, I was mentioning that we operate, what we have a mix of campaign production or campaign orders that we service for certain large customers, and then the monthly recurring orders.

So, in Q2 specifically, yes, there were two impacts. One, there are certain campaign orders that have been executed in Q1, not necessarily in Q2, or would have been executed in Q2 of '25, but not in Q2 of FY '26. And these are large campaigns that we do for large nutrition and pharma companies. In addition to that, as I mentioned, so US tariff may what happened was that it took people time to assess the impact.

And while people started placing their orders again, or giving us call-offs for the demand, it was already late in the quarter and majority of invoicing would have rolled over into Q3. So, you will see a significant, a lot of the recognition or the revenue being realized in Q3, and a strong Q3, which was not necessarily captured in Q2, especially for the US business, which is again a key market for us, both from pharma food nutrition and specialty ingredients.

**Agraj Shah:** Got it, Thank you. That's all from me. All the best.

**Shanil Bhayani:** Thank you, Agraj.

**Moderator:** Thank you. The next question comes from the line of Sanjesh Jain with ICICI Securities. Please go ahead.

**Sanjesh Jain:** Yes, good afternoon. Thanks for taking my question. I got a few. First on the pharma side, can you help us understand how is the product pipeline looks like? In the overall scheme of things, we have been largely been an excipient. We were also looking at some of the active ingredient on the mineral side. If you can elaborate your thought process on the pharma side, that will be very helpful. Thank you.

**Shanil Bhayani:**

Sure, Sanjesh ji. So, as you rightly mentioned, we have been focused on excipient from an R&D product pipeline perspective. What we will commercialize through the new Greenfield is a mix of excipient and also APIs.

The bisglycinate and gluconate that I mentioned, these two compounds again will come across multiple mineral salts. Basically, these categories are designed for higher absorption in the human body. So, how can we make the absorption of iron, calcium, magnesium stronger in the human body? That is the primary focus from an R&D perspective for the core nutrition business.

In addition to that, what we are working on pharma was while we were under a JV, with a German company, we were in a non-compete, which since the buyout has been terminated. So, while we were earlier not working on other excipient, today we are very actively working on building out the excipient category further.

So, maybe not to make specific names, but broadening the category in excipients to look at again value-added excipients, where again competition is limited in India, where we have a significant advantage. Binders like HPMC, PVP, for example, are areas that we are very actively looking at, which again with very limited manufacturing in India and can give Sudeep a strong competitive advantage in this category.

**Sanjesh Jain:**

Got it.

**Shanil Bhayani:**

Just to add, I think what we are also very much focused on is the specialty ingredient category, where we have the maximum focus on R&D. I think we have executed over, we currently have over 200-odd projects in the pipeline. And here our goal is for common solutions, like adding iron into a instant noodle, for example. How can we ensure that you can go into that? How can our product go into salt?

So, while the end product is common, but our product becomes very critical from an R&D perspective in how we support these projects with again large global FMCG companies. So, R&D for specialty ingredients also is a key focus for us.

**Sanjesh Jain:**

That's very clear. And on the international expansion now that we have mentioned that we have opened warehouses in US and Europe, how is that going to help us improve the reach in international geography?

**Shanil Bhayani:**

So, Sanjesh ji, what we are doing is through the sales team that we built. So, we have actually over the last 12-18 months, we've looked at our global distribution and the specialty ingredients are very technical in nature. So the distributors were not necessarily carrying them or marketing them the way they need to be presented in front of an R&D as a solution, not really as a product.

So, through the sales team, we've established the technical capabilities of our sales team to really present that as a solution and the value add that we are bringing. Second, the distributors were typically generating anywhere between 15%-20% margin.

The goal is through the sales team and the warehousing capabilities is to eventually move away from the distributor network, engage directly with the customer set and to improve the overall margin realization that we are -- that we project and envision in Europe and the US through the direct sales approach.

**Sanjesh Jain:** Got it. On the specialty side, we mentioned that NSS will help us expand the Europe business. Will NSS also help us improve the reach in the America business or will that be limited for the Europe business?

**Shanil Bhayani:** I think the primary focus for NSS first. So, the entire NSS business today, they operate with select customers and in select countries in Europe. They've not really had a sales team. Our goal through the acquisition is to first expand that business PAN-Europe where we are already seeing a lot of engagement as an offering. And through the acquisition, what we've done is, we've cut out the five-year approval that we would have typically needed to enter the European market.

Plus, we've acquired certain proprietary formulations which NSS has built over the 40 years. So, the primary focus will be to service the European market. For the US, both Sudeep, our capabilities in India and NSS are offering depending on who the customer is and their preference in terms of which side they wish to procure from. So, both can service the business in the US.

**Sanjesh Jain:** Got it. And how will Sudeep Parma get benefited from NSS acquisition? Will there be more procurement from Sudeep or you will maintain the same relationship which NSS had earlier?

**Shanil Bhayani:** No, I think absolutely. Great question, Sanjeshji. So, I think the goal really is that NSS was buying a lot of the ingredients which Sudeep also manufactures, but they were just buying it from our European or American competition.

So, our goal now is how can we optimize that supply chain, supply majority of those ingredients from Sudeep Parma, so NSS becomes a customer to Sudeep. But through that process, deliver on, say, shorter lead times and more competitive pricing without any change in margin for Sudeep and yet make NSS more competitive as we look to scale and build out NSS across Europe.

**Sanjesh Jain:** Got it. But will that change in the vendor of procurement will require further approval from the customer or it is up to the NSS to decide?

**Shanil Bhayani:** So, it is a mix of both. In some cases, customers do need to be intimidated that they are changing the vendor. However, the benefit here is because Sudeep Pharma is already approved with the three leading infant formula companies and similar customer set for NSS as well, the approval becomes much faster because they are moving to a vendor which is already approved by the end customer for direct supplies to them as well. So strategically, the process becomes much easier for us.

**Sanjesh Jain:** And what will be the contribution of infant nutrition in NSS?

**Shanil Bhayani:** I would say 70% to 75% revenue would be infant nutrition for NSS.

**Sanjesh Jain:** Got it. Now, shifting gear to the precursor of SAM, can you help us understand what is the capex plan? You did mention that you want to start the phase one plant early CY'27. Can you help us understand the total capex?

We have mentioned it in Dahej. We largely operate today in Vadodara, Nandesari. So, do we have a land in Dahej? What is the capex plan and what are the investments we are looking for next three to four years there?

**Shanil Bhayani:** Sure. So, we have just acquired the land in Dahej. It is a 20-acre plot that we have acquired. There is already work that is ongoing on the land now as we speak. For phase one, including the land and the entire development that we are doing for phase one, there will be a capex of around INR220 crores which includes the cost of land as well as the land development.

The phase one capacity of 25,000 tons. But at the same time, we are also building out the utility section and the infrastructure to support phase two which would be an additional 25,000 tons to bring the capacity to 50,000 tons.

So, the reason why we are doing this capex upfront is, because we see the kind of engagement that we are having with the customers, the discussions, off-take agreement discussions that we are having. We see the demand coming much sooner. To ensure that we are well equipped from a scale-up perspective, we are making the investment upfront over a 2-3-year period. As I mentioned, the goal is to scale this to a 100,000-ton facility for battery-grade iron phosphate.

**Sanjesh Jain:** Got it. So, total capex over two years, we are talking about what? In the range of INR260 to INR270 crores, right?

**Shanil Bhayani:** In the next 18 months, around 220 crores which will be for phase one. And then as we scale up, the capex will continue to get to 100,000 tons. The total capacity, the total capex will be close to INR500 crores.

**Sanjesh Jain:** Got it. Thank you. And these are generally long-term contracts. So, how many samples have we sent already? Are we running any pilot plan right now? When should we see some of these consignment visible in our numbers? Or we have to wait for that new plant in Dahej to get operational?

**Shanil Bhayani:** So, we currently have a pilot plant, what we also call a customer qualification plant, which is up and running, which currently does 200 kgs per day, from which we have currently supplied, I think, samples to over 36 customers across the key markets, predominantly US and Korea.

And what we are also doing is, as we see demand coming sooner or before our Greenfield gets commissioned, we are working to increase capacity in our existing food grade iron phosphate manufacturing line to get an additional capacity available for battery grade. So, that should hopefully come live in the next month or two. And through that, we will start to service at least the initial scale of quantities required by our customers. But meaningful revenue, you will see contributed in FY'28 once we have the Greenfield commissioned in Dahej.

**Sanjesh Jain:** That's clear very much. Thanks, Shanilji, for answering all those questions and best of luck for the coming quarters.

**Shanil Bhayani:** Thank you very much, Sanjeshji. Thank you, everyone.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.