Date: 3rd November 2026

To,

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

Sub: H1 & FY 2026-27 Earnings Call Transcript

Ref: Regulation 30 of the SEBI Listing Regulations, 2015

Dear Sir/Ma'am,

We refer to our previous letter dated 29th October 2026, wherein the Company updated the audio link of Earnings call held on 29th October 2026 to discuss the operational & financial performance of the Company for the quarter and half year ended on 30th September 2026. 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/investor-relations/financial-results/#concall-transcript

Kindly take the same on record.

Thanking You.

For Sudeep Pharma Limited

DIMPLE ASHWINBHAI MEHTA

Digitally signed by DIMPLE ASHWINBHAI MEHTA
DN: cn=DIMPLE ASHWINBHAI MEHTA, c=IN, st=Gujarat, o=Personal, title=8748, serialNumber=be901a7b4cfd5ff4b6e3310581e678582e8fcab3536586c4a365ba53eccbf1a6
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Dimple Mehta
Company Secretary & Compliance Officer
M. No.: F13184

ENCL: A/a

“Sudeep Pharma Limited

Q2 & H1 FY27 Earnings Conference Call”

October 29, 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 29th October 2026 will prevail.”

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

MODERATOR: **MR. ROHIT NAGRAJ – 360 ONE CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Sudeep Pharma Limited Q2 and H1 FY27 Earnings Conference Call hosted by 360 One Capital Markets Private Limited. As a reminder, all participant lines will be in the lesson 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, this conference is being recorded.

I now hand the conference over to Mr. Rohit. Thank you and over to you sir.

Rohit: Thanks, Nazneen. We thank Sudeep Pharma management for providing us the opportunity to host their 2Q FY27 conference call. We have with us Mr. Shanil Bhayani, Whole-Time Director; and Mr. Ketan Vyas, Chief Financial Officer from Sudeep Pharma. I would like to hand over the call now to Shanil sir for his opening remarks. Post which we'll have Q&A session. Thanks, and over to you, sir.

Shanil Bhayani: Thank you, Rohit, and thank you to the 360 ONE team for hosting today's call. A warm welcome to everyone joining Sudeep Pharma's Q2 and H1 FY27 Earnings Conference Call. I trust you have had the opportunity to review our results and investor presentation. I will begin with our operating performance, followed by updates on Specialty Ingredients, Pharma Food Nutrition and our Battery Materials business.

We are pleased with our performance this quarter. Q2 marked our highest ever quarterly revenue and EBITDA, supported by strong growth in our core business and improvements in both gross margin and EBITDA margin. Revenue from operations reached INR196 crores, growing 21% year-on-year and 24% sequentially. EBITDA stood at INR73 crores, up 32% year-on-year. Gross margin improved to 64.7% compared to -- compared with 62.5% a year ago, while EBITDA margin increased to 37.2%, an improvement of over 300 basis points.

PAT stood at INR51 crores, growing 11%, reflecting a higher effective blended tax rate together with lower other income. Ketan will explain this in more detail. These results reflect healthy customer demand and improving contribution from higher-value products and continued progress in manufacturing efficiencies. The principal operating challenge during the quarter was logistics, particularly elevated sea freight costs.

Our selling and distribution expenditure was approximately INR8 crores above the normal quarterly average, largely because of freight. We absorbed these costs without passing them on to our customers to honor our commitments and ensure on-time deliveries. Despite this additional expenditure, we were able to improve our operating margins.

Let me now turn to Specialty Ingredients, where accelerating growth is a key priority for us. Revenue stood at INR54 crores, up 9% sequentially, although 25% lower year-on-year. Accelerating growth in this segment is a key priority, and our focus is on translating recent customer approvals and contracts into revenue and profitability.

Two factors affected the segment's performance this quarter. First, the Government of India's Fortified Rice program, which is a significant contributor to this segment has temporarily been paused. Procurement typically begins in August or September and contributed to Q2 revenue last year. That contribution was absent this quarter, and we currently do not have visibility on whether the program will restart during this financial year.

Second, NSS had a softer quarter with lower revenue and earnings. Despite these factors, we have good visibility into Q3 and Q4 through customer contracts and new approvals. During Q2, we received approvals from large customers across infant nutrition, dietary supplements and human nutrition with commercial revenues expected to begin in Q3. These approvals expand our presence with large customers and provide opportunities to build recurring volumes across multiple applications.

As these contracts begin contributing, we expect Specialty Ingredients to return to positive year-on-year growth in Q3 and Q4 and make a stronger contribution to overall profitability. Importantly, this expectation is based on customer contracts and new business alone and does not assume a restart of the Fortified Rice program.

At NSS, we continue to strengthen the project pipeline. NSS has secured five customer approvals and has approximately 12 customer projects at different stages of evaluation and development. We are broadening its customer reach beyond Ireland and increasing sourcing from India where it improves competitiveness and operating flexibility.

Our focus is on converting these projects into regular commercial business and the progress so far gives us confidence in a stronger FY28 for NSS. Across Specialty Ingredients, the priority is clear: execute the contracts already secured, build the volumes with newly approved customers and improve the contribution of the business to consolidated growth and profitability.

Turning to Pharma Food Nutrition. The business delivered an excellent quarter and demand continues to strengthen. Revenue grew 57% year-on-year to INR142 crores, contributing approximately 72% of consolidated revenue. Segment EBITDA margin increased to approximately 41% from 33% a year ago, while segment EBITDA nearly doubled.

Growth was broad-based across India, Africa, APAC and Europe, supported by our phosphate portfolio, new customer additions and a growing contribution from higher-value ingredients. In India, demand from pharmaceutical customers remained healthy across our core minerals ingredients.

Africa and APAC benefited from new customers and opportunities across pharmaceutical applications and food fortification. In Europe, our direct commercial presence is helping convert customer approvals into regular orders and deepen relationships with existing accounts.

With our current facilities operating close to optimum utilization, additional capacity is an important next step. It gives us the ability to respond to demand, increase volumes with existing customers and participate in larger supply opportunities. This is where our greenfield facility at

Nandesari becomes particularly important. During the quarter, the facility received FDA approval, marking a significant milestone. With annual capacity of 51,000 tons, it provides substantial headroom across our existing PFN portfolio and newer product categories, including glycinates, gluconates, citrates and phosphates.

The approval strengthens our ability to pursue a larger share of business from major customers who already know our products and capabilities. For these customers, having additional approved capacity gives us the opportunity to bid for larger volumes and take a greater share of their requirements.

Customer qualifications are underway, and we expect commercial supplies to begin in H2 FY27 with utilization building as these qualifications convert into orders. Within PFN, magnesium bisglycinate is a product category we are particularly encouraged by. Our AbsorBis range continues to grow strongly.

As we mentioned on the previous call, Q1 sales had already exceeded sales for the whole of FY26 and the momentum continued in Q2. We see scope for significant sequential growth as customer additions and approvals translates into commercial volumes. Magnesium bisglycinate builds directly on our expertise in mineral chemistry and our relationships with pharmaceutical, dietary supplement and nutrition customers. It also supports a higher value product mix with average realization more than 3x the average of our PFN portfolio.

We plan to introduce a dedicated brand, MaxZobis to strengthen the product visibility with supplement and nutrition customers. The greenfield facility includes dedicated glycinates capacity, giving us the manufacturing base to support this opportunity. With growing customer interest, progress in approvals and additional capacity becoming available, we are optimistic that magnesium bisglycinate can become one of the top 3 revenue contributors within PFN over the next 2 to 3 years. Our focus will be on building that position through consistent quality, customer relationships and reliable supply.

Finally, let me turn to Sudeep Advanced Materials, our Battery Materials business. The Dahej project continues to progress, and we remain confident of commencing commercial operations in April 2027. Phase 1 will have an annual capacity of 25,000 tons of battery-grade iron phosphate, a key precursor in the LFP battery value chain. Our immediate focus remains on project execution, product qualification and customer readiness so that commissioning is followed by a steady buildup of commercial supply.

Customer engagements and contract discussions continue to advance. We see strong demand to support the first 100,000 ton annual capacity, and we expect to provide a more concrete update on firm binding offtake contracts in Q4. In parallel, customer discussions for the next phase are progressing faster than expected, giving us increasing confidence in our planned expansion towards 200,000 tons of annual capacity.

The pace of investment will remain aligned with firm customer commitments and progress in the initial phase. We are developing these relationships across the U.S., Korea, Europe and India.

Our customer base across multiple geographies is an important part of our approach as we build long-term partnerships and establish the business.

Disciplined capital allocation remains central to this project. We will assess each stage of investment against demand visibility, execution requirements and the returns we expect to generate. Our objective is to build a business that uses capital efficiently and delivers attractive returns as it scales. We will keep all our stakeholders updated as commissioning progresses and customer agreements reach firm milestones.

To conclude, this has been a strong quarter for Sudeep Pharma with record revenue and EBITDA and improved margins. PFN continues to see strengthening demand. New customer contracts give us visibility for a better second half in Specialty Ingredients. The Nandesari facility provides capacity to deepen customer relationships and scale high-value products, while our Battery Materials project continues to move towards commercial operations.

We remain confident in our business plans and focused on delivering against these opportunities with discipline. Thank you for your continued trust and support. We look forward to sustaining growth and creating long-term value for our shareholders.

With that, I will hand over to our CFO, Mr. Ketan Vyas, to take you through the financial performance in more detail.

Ketan Vyas: Thank you, Shanil, and good afternoon to everyone. Sudeep Pharma delivered a strong performance in Q2 FY27 with our highest ever quarterly revenue and EBITDA. Let me start with Q2 FY27 highlights.

Revenue from operations grew 21% year-on-year to INR196.7 crores compared with INR162.7 crores in Q2 FY26. Sequentially, revenue grew 24% from INR158.3 crores in Q1 FY27. EBITDA grew 32% year-on-year to INR73.2 crores compared with INR55.5 crores in Q2 FY26 and 33% sequentially from INR54.9 crores in Q1 FY27.

EBITDA margin was 37.2% compared with 34.1% in Q2 FY26 and 34.7% in Q1 FY27. The supply chain cost, as Shanil mentioned, remains elevated in Q2 FY27 above the normal levels. Our new greenfield plant is capitalized in the current quarter and put to use. With that being operative, expense related to plant are now getting charged to the P&L. Similarly, certain expenditures on SAM are also part of the P&L.

Profit after tax was INR51.8 crores compared with INR46.8 crores in Q2 FY26 and up 28% sequentially from INR40.6 crores in Q1 FY27. PAT margin was 26.3%. Year-on-year, PAT growth was lower than EBITDA growth, mainly because of other income, which was lower by INR6 crores against INR10.2 crores in Q2 FY26, and our effective tax rate was at 27% compared to about 21% last year.

This was mainly due to depreciation increase because of the new assets getting capitalized and the revenue mix contributing from PFN, which has a higher tax rate of 28% -- on an average of

28%. By geography, export accounted for about 65% of revenue and domestic sales for about 35%. Exports grew 24% year-on-year.

Moving on to the half yearly financial performance. Revenue from operations for H1 FY27 grew 23% year-on-year to INR355 crores compared with INR287.6 crores in H1 FY26. EBITDA grew 29% year-on-year to INR128.1 crores compared with INR99.3 crores in H1 FY26 with an EBITDA margin of 36.1% compared with 34.5% in H1 FY26.

PAT grew 18% year-on-year to INR92.4 crores compared with INR78 crores in H1 FY26. H1 FY27 delivered PAT margin of 25.22%. At the end of H1 FY27, at consol level, cash flow from operations was INR43.5 crores, up by INR26 crores on a year-on-year basis, driven by higher profitability and stable working capital.

We remain focused on the working capital discipline and net working capital days remained at 214 days as on 30th September 2026, similar to the level of March '26. Considering the geopolitical situation, we strategically stocked the raw materials of -- key raw materials like purified phosphoric acid to ensure our finished good demands are met through enough supply of raw material.

The inventory also includes a bit of inventory built up on the battery project materials. We remain committed to bringing down our working capital cycle down to about 170 to 180 days, excluding the Battery Materials inventory and to about 150 days over a longer period of time.

Capital expenditure in FY27 was about INR77 crores, mainly towards the Battery Materials project at Dahej and the completion of the greenfield facility. Net debt was INR72.5 crores as of 30th September 2026 with net debt-to-equity ratio of about 0.07x compared with INR33.6 crores and 0.04x as of 31st March '26.

Even as we invest in our growth projects, our balance sheet remains conservatively leveraged and gives us flexibility to fund the next phase of growth. Our returns on annualized basis, ROCE for H1 FY27 was 22.4% and ROE on an annualized basis was 19%. These returns are because -- the numbers are because we have deployed our capital to the greenfield facility and SAM, which are not yet -- which will start generating revenues in the coming period of time. As this project commenced operations and scale up, we expect ROCE to improve.

To conclude, we have delivered a strong first half with healthy growth in revenue and EBITDA. Our focus on high-value product, pricing discipline and operational efficiency positions us well to meet our growth objective for FY27.

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

Moderator: The first question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few questions. First, on the Specialty Chemicals, apart from Fortified, how was the like-to-like growth if we adjust for the Fortified Rice program, which got paused. If we remove that, what was the underlying growth? And number two, now that we don't have a visibility for even

next couple of quarters for this to come back, what was the contribution of this segment in the second half? And how much of it will be able to compensate from the new order? So what is the growth we are looking in the Specialty for the second half? That's the first question.

Second question on the margin. In Specialty, overall margin looks very, very strong and healthy. But if I look at segmental margin, the specialty margin was 28%, which is significantly lower than last year. The margin in the PFN has gone up very sharply. So why was there so much of divergence in the margin in the 2 segments? These were my first set of questions.

Shanil Bhayani: Yes. Sanjeshji. I think to answer both the questions, the first on Specialty. So broadly speaking, let's say, for the full year, the revenue contribution from the rice program was approximately, say, around 20% to 25% of our overall Specialty Ingredients revenue, right? So if I look at overall performance of last year, roughly INR40 crores to INR50 crores.

This -- and that was also at a higher realization. I think you do not have volume data, but if I were to break up the segment for you, Specialty Ingredients even in Q2 actually has grown in volume, but has not grown or has degrown in the -- from a value perspective because of product mix change.

So our capacity utilization, everything continued to improve in other areas, including spray dry encapsulation. Premix business specifically is the one that got impacted. However, as I mentioned, we have very good visibility for non-fortified rice demand for specifically the premix business for Q3 and Q4, which will largely offset or I would say, almost entirely offset the loss of revenue due to Fortified rice but also additionally contribute to growing this category. So we still remain comfortably confident that Q3, Q4, we should see positive growth contribution from specialty.

Second question on the margin profile. So, I think, again, it was primarily to do with operating leverage. I think our premix, which was a large contributor, generated limited revenue, plus I would say that impact, along with the drag from NSS is what kind of depressed the margins in Specialty.

I would say the business that we will have come in Q3 and Q4 and the contracts that we have done will probably have a better margin profile than the fortified rice business that we used to do. So, all in all, Q3, Q4, you should also see margin improvement at least going back to the pre-Q2 levels, basically or maybe if you look at the last couple of financial years, we should be able to go back to those levels from a margin standpoint.

Sanjesh Jain: That's quite helpful. On the PFN side, the growth is very strong. I think FDA approval we got very recently. Was this growth largely from the old plant? And how much was it pricing and how much was its volume led?

Shanil Bhayani: So, as you rightly mentioned, the FDA approval for the greenfield only came last week. So there is 0 contribution from the new site. What we basically have done is we have we have a lot of, I would say, phosphates, which is the largest product category has grown significantly, I think,

closer to 70%, 80%, if not higher. And we have -- I think because we have fungible capacities, we have allocated higher capacity to certain product categories. So phosphate was one.

Second was the bisglycinate category, specifically magnesium bisglycinate. Whatever was the maximum possible capacity we could allocate to magnesium bisglycinate in our existing setup is what we have produced, and that is -- both these product categories have supported the growth in the PFN segment.

And we are -- with the FDA approval, that will only kind of help aid the growth for the PFN category, not just for the coming 2 quarters, but on a more mid- to long-term basis as well. So PFN should continue to strengthen because demand side continues to remain very strong. And I would say volume growth also actually, again, if I were to give you volume data, I would say around 35% is what -- around 30%, 35% is what the PFN has also grown from a volume perspective.

Sanjesh Jain: Because I thought the bisglycinate had a much higher realization. If that has started contributing, that means a lot more realization gain should have come, right? And then there is a pass-through of phosphonate and all. Was there an adverse mix in the base category beyond this for the entire growth to come from the volume side? Because on a Y-o-Y basis, our revenue has only grown 35%, right? We are telling that entire growth has come in from the volume. That...

Shanil Bhayani: Sorry, I was talking about revenue growth for the quarter or the volume growth for the quarter, not on H1 basis. I think -- on H1 basis also, I would say the volume growth is approximately 19%.

Sanjesh Jain: I was talking for the quarter only, not for the H1. PFN revenue growth for this quarter is 31%, right, Y-o-Y. We were INR90 crores last year, we are INR142 crores this year, correct? So when we say that's like 31% kind of a revenue growth. If we say 35%...

Shanil Bhayani: No, sorry. Sanjeshji, sorry, I think there's -- so PFN has grown 57% for the quarter.

Sanjesh Jain: Okay. Let me see. Let me see. I think there is some problem with my modeling in that case, and let me reconcile. But how is this bisglycinate now. The reception has -- is this more like a commercial supply we have started or it's still an approval stage we are in bisglycinate?

Shanil Bhayani: I would say commercial supplies have started, but to select customers because -- again, because of the lack of capacity. But I would say, let's say, I would not really account for Q3, but starting Q4, we should start seeing a lot more sizable volumes being supplied to bisglycinate customers in India as well as globally.

Sanjesh Jain: And we have all the approvals. Now how many -- we said we had 2 approvals in U.S. Has it increased? The number has gone up?

Shanil Bhayani: That has gone up. I would say, U.S. alone, I think we have, maybe 8 or 9 approvals. I would say globally, if I were to include India, Europe, I would say close to maybe 30, 35 approvals is what we have.

Sanjesh Jain: That's good. Last question on battery chemicals. Any more progress? We said we added 2 more final approval. Last quarter, we were at 8. Any improvement in that number as well?

Shanil Bhayani: So Sanjeshji, I think coming to Battery Materials, I would say number of customer approvals continues to increase. I think for us, because we have limited capacity coming live in Phase 1 and then even the scale up to 100, what we are largely focused on is how we can scale the partnership with, say, 5 or 7 customers, large customers -- the large Korean customers in Korea, Europe and the U.S. and allocating capacity to them.

So, while number of customer approvals continues to increase, we may not be able to allocate too much of capacity to those new approvals just because the offtakes or the contracts will be for the current 100,000 tons, but they give us visibility beyond 100,000 tons, closer to 200,000 tons.

Moderator: Next question is from the line of Mannat from Dhamma Capital.

Mannat: Congrats on building up the bisglycinate business to such a scale so fast. My question is regarding how you as the management think about the bisglycinate business, especially as far as GTM is concerned. How much of the market can we service with our Nandesari capacity at full utilization?

And how do you, as a management, think about how do you want the customer base to look like? Do you -- are we looking at a concentrated customer base taking up most of our capacities? Or are we looking at a much-diversified customer base where nobody has a large share? How sticky is the customer base? So, if you could throw some light on these aspects.

Shanil Bhayani: Mannat on bisglycinate, I would say it will be a combination of some customers who will drive significant volume because they also hold significant market share in their respective regions. For example, in the U.S., I mentioned in my last call that globally, the opportunity for the magnesium bisglycinate ingredient is close to $1 billion. 40% to 45%, so roughly $400 million to $450 million is from the U.S. alone.

Within that, you have 4, 5 very large tolling contract manufacturing companies, which produce for most of the customers, and they would probably have 50% of the U.S. demand. So we have approvals with 2 of those very large -- or 2 of the largest customers in the U.S. So when we start allocating volumes to them, they would probably take up a fair share of the demand.

But I would say we will not run a highly concentrated book just from a derisking perspective. So I would say maybe 50% demand would come -- 50% of the volume would go to larger customers globally as well as in India. And then the remaining 50% would be kind of diversified with mid- to smaller companies.

Mannat: And how much of the -- sorry, how much of the Nandesari capacity are we comfortable allocating to bisglycinate?

Shanil Bhayani: So currently, 40% of our capacity is allocated to other products, which includes bisglycinate, gluconate and citrate. The capacity is fairly fungible. Today, we expect out of that 40%, majority -- at least closer to 70%, 80% will go to bisglycinate purely just because of the demand and the kind of approvals that we are seeing.

So, a large part -- and which is why I mentioned that in the next 2 or 3 years, we see the -- not even the larger bisglycinate, but specifically magnesium bisglycinate becoming a top 3 revenue contributor to the PFN segment, right? And for us -- when I say top 3, typically, it would be north of INR100 crores as an ingredient alone. So we see a lot of potential in this category.

Mannat: Got it. And one last question is how much higher in percentage terms are we expecting our realizations to be on bisglycinate citrates and gluconates portfolio when compared to the current PFN blended realizations that we are achieving?

Shanil Bhayani: So I would say -- again, it's a combination of how we allocate capacity. But if 70%, 80% is bisglycinate, then as I mentioned, it's typically anywhere between 2 to 3x the average realization -- 2 to 3x higher average realization compared to our current PFN category.

However, within PFN also, the remaining 60% capacity in the greenfield will be from -- is largely of phosphates, which also have a higher realization than our other carbonates/oxides category. So hard to give you a specific number, but in general, we would expect the Nandesari site to operate at a higher realization than our -- compared to our existing site just because of how the product mix that we are planning to scale from this site.

Mannat: Got it. And if needed, can we use the remaining 60% capacity at Nandesari for bisglycinates, citrates, gluconates as well? Or is that capacity not fungible?

Shanil Bhayani: No, that capacity is currently not fungible. Let's say, there is -- 50% of the processing which remains same. There would have to be certain capex -- not significant, but certain capex that would have to be made if we wanted to allocate more capacity to bisglycinates.

Moderator: The next question is from the line of Nirali Shah from Ashika Investment Managers.

Nirali Shah: Congratulations on great set of numbers. I have a couple of questions. The first one is in Q2, so this quarter, our EBITDA margins have improved to 37% plus. I just wanted to know with the phosphoric acid prices increase being passed on, how much of that improvement is sustainable? And should we expect any further benefit from that pass-through?

Shanil Bhayani: So I would say, as Ketan bhai mentioned, phosphoric acid has seen a significant upswing in cycle. When we, maybe last spoke in Q1, it was up anywhere between -- it was up maybe 40% compared to Q4 levels. Currently, it strengthened further, right? So we have done our pass-through keeping in mind the contracts we've done in Q1. And because we had visibility that the market will further strengthen, we basically built up a lot of inventory in Q1, which has catered the business in Q2 and will kind of also support the business in all of October, also November. I think -- so I would not say the margins will -- we are not expecting margins to further strengthen

at this level. We would have to still look at the new contracting cycle before we look at margin improvement.

Nirali Shah: Understood. And the second one, if you could help us understand what differentiates Sudeep's iron phosphate at the product level, how it compares with what other manufacturers are producing and what makes customers choose Sudeep over them?

Shanil Bhayani: You mean for battery?

Nirali Shah: Yes, yes.

Shanil Bhayani: So Nirali, as I alluded to in the past, today, China -- 100% of battery-grade iron phosphate is produced in China, right, which is close to 5 million tons. We are the first and only company today to produce at scale battery grade iron phosphate. We have an indigenous tech, which is proprietary. It is green chemistry, is very competitive on opex, has very good -- and also it is delivering at par product performance.

So, I would say having a ex-China supply chain, certain regulatory requirements in the U.S. are driving the change and us being the first in the industry is what is driving the development of the offtake. Currently, we do not see anyone close to producing battery-grade iron phosphate at a commercial level. So we would have an 18- to 24-month head start to anyone else that would start working on this now.

Nirali Shah: Yes. So, if I'm not wrong, we are the only non-Chinese player, right?

Shanil Bhayani: Correct.

Nirali Shah: But if the -- so what I'm trying to understand is the iron phosphate that we are doing and the other companies that are working on the sodium portion of it. So what is the differential, which one is better in quality purpose?

Shanil Bhayani: I think you are comparing LFP, which is lithium ion phosphate with sodium-ion batteries. Sodium ion is, I would say, newer to LFP. It's only being put to use at scale recently in China, CATL announcement plans. I'm a firm believer that LFP will continue to grow over the next 5-, 7-year period, especially for energy storage.

However, the silver lining for us is even in sodium ion, they will still need iron phosphate as a precursor. So the chemistry -- for us, the market becomes even bigger if both the chemistries continue to grow.

Moderator: Next question is from the line of Tanmay from Finterest Capital.

Tanmay: Congratulations on good set of numbers. Sir, I have one question regarding our greenfield facility. How do we expect the capacity utilization to ramp up across this financial year and FY28? And at maturity -- once we reach maturity level, so what kind of asset turnover can we expect from this facility?

Shanil Bhayani: So, I would say typically, in the PFN category, you would expect not a significant ramp-up in year 1. Typically, it will -- a lot of -- it takes 6 to 12 months, as I mentioned before, for customers to approve this facility. Some approvals are already in place. So we would start to see revenue contribution from this side largely in Q4.

And then I would say, FY28, we would typically target, I don't know, maybe closer to a 15%, 20% utilization. And then over a 3-year period, a 3 to 4 year period is when we would see the significant ramp-up where we would be at the 75% optimum utilization level. At that level, we would -- typically, you can expect close to 3x asset turnover.

Tanmay: Okay. And sir, for our battery business, you have already indicated that we have a number of customers who have progressed to commercial validations and we are in discussions with binding offtake agreement. Could you help me distinguish between the volumes that is currently covered by the binding commitments against the volumes that are under negotiation? Just trying to understand what proportion of our Phase 1 capacity do we have secured under the offtake agreement?

Shanil Bhayani: Yes. I think, Tanmay, I will -- so I think, let's say, I will refrain from giving out too many details today. In the next 2 months or maybe in our next call, we would be at a point where we can very openly share with everyone how our binding -- for what volume our binding agreements are secured.

But I would say, let's say, our Phase 1, which is 25,000 tons, but beyond that, we have very, very strong visibility for Phase 1, but also to our 100 KTPA capacities that we are looking to build. And then also from 100 to 200. So, when we talk maybe in the next call, we will be able to break it out by customer and what kind of offtakes we have up to 100 and then beyond 100.

Tanmay: Right. Okay. Fair enough. Sir, one last question on our bisglycinate portfolio. So if you could give some colors on what was the contribution to the total revenue -- PFN revenue?

Shanil Bhayani: I think product-specific breakup, we don't typically share. But maybe what I can tell you is, let's say, even today, the contribution in PFN would be insignificant because of this very limited volume availability.

What you will start to see is -- maybe from Q4 and then Q1 onwards is when you will start to see, I would say, a much larger 10%, 15%, 20% contribution from this category once we are able to start producing this at the new greenfield in Nandesari.

Moderator: Next question is from the line of Nirali from UniquePMS.

Nirali: Congratulations on a good set of results. My question is on battery-grade iron phosphate. So as you mentioned that you are the only non-Chinese player, how would the pricing work for us? Will we get a premium or there will be a pricing pressure because of this Chinese competition? Some light on that side.

Shanil Bhayani: Good question. I think, let's say, typically -- so first of all, our goal is not to compete with China. We have positioned Sudeep as an ex-China source which operates at a slight premium. The premium cannot be 100% because you still have to be competitive and the end customer has to be competitive. But it would be -- it would largely be at a price higher than China.

What is driving this is we see the U.S. as the main market. The regulation in the U.S. require for the cell manufacturer in the U.S. to receive any credit, which is called 45X, wherein they get $35 per kilowatt hour of cell capacity in the U.S.

Now for them to be eligible for that, they have to use a PFE compliant, which is a probable foreign entity compliant supply chain where India benefits from that. And basically, then the customers are willing to pay a premium to have a PFE-compliant supply chain and then for them to become eligible for the 45X credit.

Nirali: Right. Okay. Okay. And how will the business metrics look like, say, on EBITDA margin or the return ratios, given that Chinese don't make a lot of margin in this business. So...

Shanil Bhayani: So I think -- I will, maybe not comment specifically on EBITDA margin, but high level, what I can share is for us, whether the battery business or for any business for it to be investable, right? And for us to put capital behind it, it has to meet certain requirements.

The margin profile in this business will be different to our core business because it has significant scale. What we look at is delivering similar asset turns and a similar ROCE profile. And if a business is able to achieve those 2, then it becomes investable and that is what we are targeting in the battery business as well.

Moderator: Next question is from the line of Meet from Niveshaay.

Meet: Congratulations on a good set of numbers. Just one question on battery -- 1, 2 questions on Battery Materials. So let's say, it's -- I was talking with 2, 3 our Indian customer, right? So they were saying that Sudeep has the monopoly outside of China. There is no one from whom we can source iron phosphate.

So they were even at least thinking that, let's say, in this year or next year, we can even -- at least we are thinking that we can make iron phosphate, right? So -- can you just tell us that the kind of process that we make from iron phosphate. So is it very difficult to replicate? Or is there any moat that they will take too much time to develop the process?

Process, what we think is it's easy to crack or, of course, it is very unique that a competitor will not be able to match the costing of ours. And approval cycle is there that they will require, let's say, 1, 2 years of approval cycle. But is there any more that -- suppose if anyone thinks to put iron phosphate, Sudeep will be in a better position as compared to them?

Shanil Bhayani: I think, again, great question. So let's say, if I were to tell you, iron phosphate 100%, there will be other players in India and globally who will produce battery-grade iron phosphate. I think what would eventually differentiate them from Sudeep or anyone else who is successful in this

business is the technology. We have now an 11-year learning curve behind us in producing on iron phosphate across pharma. And from 2018 to now is what we have worked on the battery-grade iron phosphate.

Within that, if you look at the Chinese chemistry or what is called the conventional process, it is extremely high in effluent generation. Just to give you an idea, per metric ton, the conventional process produces 15,000 liters of effluent per ton. Now imagine this scale at 100,000 tons, 200,000 tons.

Now all that effluent, first of all, getting permission in India is close to impossible. The only way you can run this process is if you then set up an MEE plant to evaporate the effluent, then you have to dry the byproduct. That byproduct has a parallel market in China, but does not exist in India because it goes into the poultry or the pork industry in China.

So, all of those opex advantages which China has, India does not have. So, the easiest thing for someone to do or probably the only thing that someone can do to move fast is to replicate the conventional chemistry, but then they will reach a scale limitation where beyond 10,000-15,000 tons would become difficult to produce in India.

In our process, which is why we call it green, right, that we have reduced effluent by 90%, we have reduced solid waste by almost 95%. And I would say, from an opex perspective and capex perspective, our process is more competitive. And that is what we believe that even at scale, we will compete with non-Chinese manufacturers, but will give us an advantage.

Meet: Understood. Understood. And let's say, suppose if someone wants to, let's say, follow the same method that we are doing, right, purification route of cheaper iron feed. So let's say, broadly, how much time it can take for any new player?

Shanil Bhayani: I cannot comment on capabilities of others, but I can tell you, it took us 4 years to develop this process. So it took -- so there is 2 things that we want to solve for, right? One is -- it has taken us 4 years to develop this process. Then to get this process validated by customers took 2 years or normally it would take 2 years because we have gone through that process since then.

And the third thing someone has to solve for is also how you look at upstream, right? We have -- in phosphoric acid, which is a very large cost contributor, the largest cost contributor for battery-grade iron phosphate, we have been buying this product for the raw material for the past 30 years.

So we know cycles. We have those long-term contracts in place to support the ramp-up. So there are multiple aspects that someone would have to kind of solve for before they build scale, right? At a small scale, they would be able to do it.

Meet: Understood. Understood. And just one last question. Let's say, our 1 lakh ton initial iron phosphate capex is around INR600 crores, right? So another 1 lakh ton would be brownfield only. So any rough capex number that you would like to share if we announce additional capex?

I think the incremental ROCE should be good, right -- extremely good in another 1 lakh ton. So any broad number you can share?

Shanil Bhayani: I mean you're right, Meet. I think that is the expectation when we scale from 100,000 to 200,000 tons. I think I will refrain from sharing too much about the capex numbers and ROCE, especially because you mentioned that you spoke to -- there are people who are looking at doing iron phosphate.

But, jokes apart, I would say -- see, we are very focused on maintaining the 3x, let's say, at a higher -- at 200,000 tons, it could be higher than 3x. I don't want to say a specific number. And the ROCE, as I mentioned, if you look at our ROCEs, maybe not for FY27, but if you look at maybe FY26 and earlier, those are the kind of ROCEs that we would target in the battery business as well.

Meet: Understood. Understood. And just one last question, that 2 Korean customers, we were planning. Suppose, they have a capability to be a very large order, right? So do this require even approval when we start our plant in April 2027 that we need to supply from that plant also and then we'll get the approval or it does not work like that. If we qualify through our 5,000 ton line, it is sufficient?

Shanil Bhayani: So, it fast tracks the approval. Typically, for the new greenfield in Dahej, let's say, it would take typically ideally 3 months, maximum 6 months to go through approval because they have -- so it would only be a plant approval. The process and product approval would remain the same because they've already approved the current plant or the current product.

Moderator: Next question is from the line of Gagan from Emkay Global.

Gagan: My question is regarding this Battery Material business. So will Phase 2 start only after the some binding contracts are signed? And typically, how much is the percentage you have the target of the contract to be signed before the commissioning, sir?

Shanil Bhayani: So our target today is to be able to sign binding commitments, as I mentioned, in Q4. So that would still largely be before we commission our Phase 1 in April '27. And once those binding commitments are signed, then we would be -- we would have a very clear visibility of the deliveries that they require for each calendar year or each financial year.

And then we would base our scale-up or our Phase 2 expansion, Phase 3 expansion based on those plans. It doesn't necessarily -- we don't have to wait until our Phase 1 is commissioned. And a lot of back-end engineering design work is something that we are already doing to kind of curtail the time to market.

Gagan: And sir, my second question about the return, sir. You have guided typically 3x asset turnover for this business, although margins slightly below PFN. So what is the EBITDA margin ROCE you have assumed typically for the 100 KTPA and might be some different for the 200 KTPA, sir?

Shanil Bhayani: So Gagan, as I mentioned on this call and in previous calls, currently, we do not guide for EBITDA margins in the battery business. What I mentioned is, yes, we would target a similar asset turn, which is close to 3x and a similar ROCE profile, right? And that is what has made the business investable for us to really put capital behind it. EBITDA levels today is something that we would not openly talk about.

Gagan: Okay, sir. And sir, my final question is just to be eligible for getting the 45X U.S. benefit. So my sense is that your supply source should be also be the non-China. So how do you secure the non-China, this purified phosphoric acid at this larger scale of 100, 200 KTPA?

Shanil Bhayani: Yes. So -- again, great question. So we currently already operate an ex-China supply chain for both our raw materials. We have secured supplies for the first -- for the -- up to 100,000 tons largely from India. There are some players who are currently producing it, some that have announced capex, some that will be entering this space.

And then geographically, there are other markets which are -- who are large producers of purified phosphoric acid. You have Morocco, you have Israel, you have Vietnam, you have Mexico. So, we have diversity also in terms of how we will solve for 100,000 tons, but as well as 200,000 tons of our requirement. But it will all be ex China.

Moderator: Next question is from the line of Shreya Chatterjee from Ageless Capital.

Shanil Bhayani: I'm unable to hear anyone, if someone is asking a question.

Moderator: Shreya you are not audible.

Shreya: Hello, am I audible now?

Moderator: Yes.

Shreya: Congratulations for a great set of numbers. My question was more to understand, in the next few quarters, what would be like the volume offtake? And what are some of the new products like magnesium glycinate, which could have a better pricing? And what is the current capacity utilization across all your facilities? And how do you see that evolving over the next 2 to 3 quarters?

Shanil Bhayani: Shreya, so I'm assuming you're referring to our current core business, which is PFN and Specialty Ingredients and not Battery.

Shreya: Yes, yes.

Shanil Bhayani: So our current site in Nandesari PFN, as I mentioned, for the core product categories, phosphates and all, it is operating at optimum utilization. Maybe we would have stressed it slightly higher, so it may be closer to 80% utilization. Our greenfield just received the approval, so it doesn't have any utilization today. We expect some utilization to start coming -- flowing through from Q4, maybe some small quantities in Q3, but largely from Q4.

Specialty Ingredients, say, on a full year basis in FY26, maybe would have been closer to 40% utilization -- 40%, 45%. This quarter, it has been lower, but we expect to go back to the 40% odd utilization, if not slightly higher to 45% by Q4 of this year in the Specialty Ingredients segment. And the greenfield, as I mentioned, will take some time. You can expect some growth, 10%, 15% utilization from this site in '28. And then in year 2 and year 3, it will start to ramp up faster once all the approvals are through -- customer approvals are through.

Shreya: Got it. And with the U.S. FDA approval coming through, how do you see the volume growth ramp-up across these facilities? And what -- like magnesium glycinate, are there any other further certain attractive products in your pipeline? And how do you see it evolving in the next 2 to 3 quarters? If you could just quantify some of the metrics, it would be really helpful.

Shanil Bhayani: So I think I mentioned that we are -- glycinate is one category. You have multiple types of glycinate. Magnesium is one of those. So you have other glycinates, but I also -- we also spoke about gluconates and citrates and sulfates. So where we are seeing -- so citrates and sulfates specifically, they have been around for a very long time. Some people globally have been producing these categories.

Why have we decided to develop these categories is we see clinical nutrition or basically adult nutrition as a very large area, everyone that is on a GLP-1 related diet. So anyone who's a patient for Ozempic or Mounjaro, they typically end up skipping a meal. What they do is protein demand has increased substantially. Along with protein intake, they meet their necessary daily requirement of vitamin and minerals.

And for that application, the sulfate citrates, which are water soluble, will see a very large demand. And that is -- and it is built by certain -- because we are developing these for certain very large customers, and that is -- that will also drive demand for these 2 product categories.

Shreya: So we have already received RFPs or customer volume contracts with this -- for these categories that you have mentioned?

Shanil Bhayani: I would say -- I would not say binding volume contracts, but I mean, these are customers that we have been working with for a very long time, maybe 10 years or longer. And they are also currently in the development of their products. So as their product scales, their demand for Sudeep will also scale.

Shreya: And how big can the magnesium glycinate, gluconate, citrate be in, maybe next 1 year or so? How much can they contribute to the total revenue, like if broadly as a percentage or something, given everything is normal. Obviously, there's no supply chain disruption and nothing up and down comes through, the normalized state?

Shanil Bhayani: Yes. I think as I mentioned that we see a lot of potential in magnesium bisglycinate. If I were to give you a 3-year view, 2 to 3 years, we do see this having at least INR100 crores, if not higher than INR100 crores opportunity as a product alone to contribute revenue to Sudeep. So that is one number that I can share based on the visibility and the number of customer approvals we

have. Collectively, citrate, gluconate combined could be similar, but those would be hard to tell exactly when the scale-up happens because customers are also under the development process.

Moderator: Next question is from the line of Hoshang from Elios Financial Services.

Hoshang: So I actually had one question. So this is regarding -- like I understand currently, there is a geopolitical situation because of which you need to keep a higher amount of inventories. As a result, the working capital cycle has increased year-on-year as well. Just wanted to check, would you be in the long run, what would be the plan to perhaps reduce it? Do you see any space in perhaps even reducing the inventory cycle?

Ketan Vyas: Yes. Hoshang, we are taking multiple steps on inventory, receivables and payables, closely monitoring the key inventory levels which we require and where we can do just-in-time part. But that being the policy or the philosophy that should not hamper the business. So where appropriate time has to be -- decision has to be taken to ramp up the inventory level, like we had the case now because of the geopolitical situation, we had to do the raw material purchase. We had to. Otherwise, we would have been at much lower inventory level.

Also, we should be looking at -- when we look at our customer mix, we have to be mindful where our key customers are there and at what credit terms we can get the volume business from them. So what we will be mindful more is what good customers we have, what appropriate levels of inventory we should be able to maintain. As we said that about 170-odd days, 170, 180 days is our -- this year's target. That's the first step that we want to take in managing our working capital.

Hoshang: So this 170, 180 you're talking about?

Ketan Vyas: **Ex-**Battery business, because there would be an investment required in the -- as we are doing our plant set up, there would be materials required for doing -- for the battery business. And that -- so that we are excluding from the calculation, though officially, we will have -- the public results -- consol results will have those numbers, but this 170, 180 days would exclude those battery business inventory.

Hoshang: Okay. This would be excluding battery, roughly 180 days, around FY27?

Ketan Vyas: Yes

Moderator: Next question is from the line of Rohit from 360 ONE Capital.

Rohit: Congratulations on strong set of numbers. First, on the NSS front, given that we have secured approvals from 5 customers, what is the kind of revenue that we are looking for FY27? And how is it likely to scale up by FY29? And similarly, on the margin profile also, you can talk how the margins will be scaled up from FY27 to FY29?

Shanil Bhayani: Yes. Rohit, so let's say, as I mentioned in the last call also that NSS will have a flattish year in FY27. They will not have any significant growth coming in, but these 5 customer approvals will largely support the growth in FY28 and then also in FY29.

What we see is that in FY28, NSS, let's say, conservatively should grow at a similar pace to what Sudeep -- our core business is growing today. So that is the growth that we are currently targeting or kind of envisaging for NSS for FY28.

Additionally, I would say the change in supply chain that we are doing, optimizing that from India, it should operate closer to -- or the target for NSS is to operate close to a 30% EBITDA margin and largely -- barring any additional supply side challenges shocks that come. But if nothing of that sort happens, then in '28, we should be able to target that profitability and margin profile for NSS.

Rohit: Perfect. The second question is on our iron phosphate. So once our plant gets commissioned by April next year, how much time line are we looking at from the commercial scale batches validation from the customers? And given that the domestic customers may not be really ready with their CAM capacities, are we initially looking at the exports market and which geographies?

Shanil Bhayani: Yes. So I would say, for us, the battery business, the 25,000 ton, even maybe the Phase 2 that we scale up, and we will talk more specifically about this when we talk in our next quarter once the binding is signed, but it will all be largely export driven. I mentioned that we see Korea as a very important market where cathode capacity, LFP capacity, already exists. You also have very large cell companies in Korea who have presence in the U.S. So that's one market -- key market that we're targeting. Eventual supply is going to the U.S.

Outside of that, Europe is one area that we are seeing some very good progress with specific customers. And I would say from a scale-up perspective of Phase 1, we are assuming that it will be largely between 3 to 6 months for customers to kind of validate the site in Dahej. So we can assume 6 months, basically half year of FY28 to have commercial supplies and generate revenue for SAM.

Rohit: Perfect. And just last one clarification on Q2 margins. We said that we had benefit from the low-cost RM. And at the same time, there was adverse impact from the higher freight cost. So given that we have reached about 37% margins, can we safely assume that for the next couple of quarters, barring any incremental disruptions, the margins would be able to stabilize at these levels?

Shanil Bhayani: So, I would say PFN has benefited from a lot of operational leverage that we will continue to see. So PFN, independently we should be able to sustain -- Specialty growth to sustain. But just to keep in mind that the greenfield that we have just capitalized and commissioning or have received approvals, that will operate -- start to operate at a lower utilization, but we'll have certain operating costs. So those will come in.

So, the goal will be to kind of sustain these margin levels. There would not be any significant change from these margin levels. But we would have certain battery costs as we continue to come close to commercialization and the operating cost from the greenfield, that will also kind of start getting accounted in our P&L.

Moderator: That was the last question for today. I now hand the conference over to the management for closing comments.

Shanil Bhayani: Yes. I would like to once again thank Rohit and the 360 One team for hosting today's call and all our participants and shareholders. I would like to wish them in advance a very Happy Diwali and a very happy and prosperous New Year.

Ketan Vyas: Happy Diwali to you all, and Happy New Year.

Shanil Bhayani: Thank you.

Moderator: Thank you. On behalf of 360 ONE Capital Markets Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.