Date: 11th August 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: Q1 & 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 5th August 2026, wherein the Company updated the audio link of Earnings call held on 5th August 2026 to discuss the operational & financial performance of the Company for the quarter ended on 30th June 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
Date: 2026.08.11 12:39:13 +05'30'

Dimple Mehta
Company Secretary & Compliance Officer
M. No.: F13184

ENCL: A/a

"Sudeep Pharma Limited
Q1 FY27 Earnings Conference Call"
August 05, 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 05th August 2026 will prevail."

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

MODERATOR: **MR. ARCHIT JOSHI -- NUVAMA INSTITUTIONAL EQUITIES**

Moderator: Operator: Ladies and gentlemen, good day, and welcome to the Sudeep Pharma Limited Q1 FY27 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 '*' then '0' on your touchtone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Archit Joshi from Nuvama Institutional Equities. Thank you, and over to you, sir.

Archit Joshi: Thank you. Good morning, everyone. On behalf of Nuvama Institutional Equities, I welcome you all on Sudeep Pharma's 1Q FY27 earnings conference call. We have with us from the management today, Mr. Sujit Bhayani, Managing Director; Mr. Shanil Bhayani, Director; and Mr. Ketan Vyas, Chief Financial Officer, to initiate the proceedings.

I hand over the call to the management for their opening remarks, post which we can take a Q&A session. Thank you, and over to you, sir.

Sujit Bhayani: Thank you, Archit, and good morning, everyone. I am Sujit Bhayani, here. First of all, I'd like to thank the Nuvama team for hosting today's earnings conference call. On behalf of the entire Sudeep Pharma team, I'd like to extend a warm welcome and thank you all for joining us for this Q1 FY27 earnings conference call.

Q1 FY27 marks a strong and resilient start to the new financial year. We delivered revenue growth of 27% year-on-year, driven by broad-based performance across both our pharma, food and nutrition and specialty ingredient business. This performance was achieved despite a challenging global operating environment characterized by geopolitical uncertainties, intermittent gas supply constraints, elevated logistics costs and continued supply chain disruption.

Over the past several quarters, we have remained focused on improving operational efficiencies through manufacturing excellence initiatives and manpower optimization. These efforts have helped us mitigate cost pressures, improve operational leverage and support our overall business performance during the quarter.

We are also delighted to welcome Mr. Milin Mehta to our Board of Directors. Mr. Mehta brings with him extensive experience in business strategy, finance, and corporate governance. We are confident that his guidance and insight will further strengthen our leadership team and support the company as we enter the next phase of our growth journey. On behalf of the entire Sudeep Pharma family, I extend a warm welcome to him and look forward to his valuable contribution.

Before I conclude, I'd like to highlight that our diversified product portfolio, strong global customer relationships, and balanced geographic presence continue to provide resilience in our evolving global environment. Supported by our ongoing growth initiatives and disciplined execution, we remain confident in our ability to sustain our long-term growth trajectory and create enduring value for our stakeholders.

With this, I would like to now hand over the call to Shanil, who will take you through the business and operational highlights in greater detail. Thank you, and over to Shanil.

Shanil Bhayani: Good morning, and a very warm welcome to all of you joining us today. I hope you have had the opportunity to review our financial results and investor presentation, which have been uploaded on the stock exchanges, as well as our website.

For today's call, I would like to focus on three areas: the key drivers behind our performance this quarter, the progress across our strategic growth initiatives, and our outlook for the remainder of the year. We are pleased to report a quarter of strong growth with consolidated revenue growing 27% year-on-year. This growth was predominantly driven by our operations in India, and I would like to emphasize this because it reflects the quality and resilience of the growth we are delivering.

Our overseas subsidiary, NSS, had a more challenging quarter, operating in a difficult European environment. However, we believe this to be temporary in nature and the underlying momentum in our core businesses remain robust, supported by healthy customer demand, an improving product mix, and the investments we have made over the past several years in expanding our commercial capabilities and international presence.

The quarter was not without its challenges. Continued logistics disruptions, elevated freight costs, and a sharp increase in sulfur prices resulted in phosphoric acid price increasing by approximately 50% during the quarter.

Despite these headwinds, we remained focused on protecting customer relationships, ensuring continuity of supply, and effectively passing on the price increase, which will largely offset the input cost impact in Q2. Looking at the business today, we are encouraged by the underlying fundamentals.

Demand remains healthy across our key product categories, our custom pipeline continues to strengthen, our specialty portfolio is gaining increasing market acceptance, and the strategic investments we have made over the past few years are beginning to translate into stronger operating performance.

We, therefore, believe the business is well-positioned for another year of profitable growth. Our pharma, food and nutrition business remained our largest business segment and started the year with a strong quarter with revenues growing 31% year-on-year. Demand across both our phosphate and Absorbis Bisglycinates portfolios remain robust. In particular, customer demand for our phosphate portfolio continues to exceed our current manufacturing capacity, providing us with excellent visibility for the balance of the financial year and reinforcing our confidence in the sustainability of this growth.

Our Absorbis Bisglycinates portfolio also continues to exceed our expectations. Sales during the first quarter have already surpassed the total sales achieved during the entire previous financial year, reflecting strong customer acceptance of our differentiated specialty ingredients and validating our strategy of steadily increasing the contribution from higher-value products. The investments we have made over the past few years in strengthening our international sales team and deepening customer engagement are now translating into tangible business outcomes.

While these investments required patience and upfront capital, we are now seeing significantly higher customer traction, a stronger opportunity pipeline, and an increasing sales across our specialty product portfolio. From a geographic perspective, Europe, North America, and the MENA region meaningfully contributed to growth this quarter. Importantly, these international markets continue to carry a stronger margin profile, supported by an increasing contribution from differentiated and value-added products.

This performance was delivered despite continued geopolitical uncertainty and volatile raw material markets. As these conditions gradually normalize, we believe our international business remains well-positioned to continue growing while contributing positively to our overall margin profile and supporting our target to sustain EBITDA margins between 37% and 38%. Our specialty ingredients business delivered 19% year-on-year growth during the quarter.

While we are pleased with this performance, it is below the growth levels that this business has consistently delivered over the past several years. This was primarily due to temporary operational constraints arising from the LPG supply shortage during April and the first half of May. During this period, our facilities operated at significantly lower utilization levels with production affected by the limited availability of LPG. We subsequently secured supplies, albeit at higher costs, enabling us to progressively restore normal operating levels.

It is important to highlight that this was purely a supply-side constraint rather than a demand issue. Customer demand remained healthy throughout the quarter, our order pipeline continues to strengthen, and production has now normalized. As a result, we expect this business to return to its historical growth trajectory beginning the second quarter.

Turning to NSS, the operating environment in Europe remains challenging. Elevated energy costs and subdued industrial production have continued to impact customer demand across several end markets, resulting in a slower recovery. However, we remain encouraged by the progress of the integration. Procurement, supply chain, commercial operations, and customer engagement continue to come together on track, while the strengthening of the leadership team has already begun to generate encouraging customer activity.

Since our new business head joined in June, we have initiated approvals with five customers across the infant nutrition and dairy segments and have built an active pipeline of 12 customer projects. While we expect NSS to recover more gradually than our core specialty ingredients business, we continue to believe it represents a compelling long-term strategic asset and expect both growth and profitability to improve as European market conditions normalize and integration benefits begin to materialize, with a target for NSS to deliver similar margins as our core specialty ingredients business by FY '28.

Sudeep Advanced Materials continues to make excellent progress and remains one of the most significant long-term growth opportunities for the Group. Construction remains on schedule, and we continue to target commissioning of Phase 1 by April 2027. Deliveries of all major long-lead equipment are expected to be completed this October, while statutory approvals continue to progress in line with our project schedule. Our customer engagement continues to strengthen each quarter.

Today, 21 customers are at the laboratory validation stage, 16 customers have progressed to pilot-scale evaluation, and 7 customers have successfully completed pre-commercial or commercial validation and are currently engaging in active off-take discussions. This steady progression across the qualification funnel continues to strengthen our confidence in the commercial outlook for the project.

During the quarter, we also signed two additional strategic MOUs with leading South Korean cathode active material manufacturers and their respective cell manufacturing partners, further strengthening our commercial pipeline. The broader industry environment also continues to evolve to our benefit with an increasing focus on supply chain diversification and localization. The evolving regulatory framework is encouraging battery manufacturers and OEMs to establish reliable supply chains outside China.

Recent regulatory developments in China, including Decree No. 837, are expected to further increase the complexity for Chinese companies seeking to establish manufacturing presence outside China and achieve FEOC compliance, as such structures now require government approval for any divestment or reduction of equity in overseas Chinese-owned plants. This further reinforces the strategic importance of credible non-China suppliers. Against this backdrop, we continue to see increasing engagement from global customers.

Based on the progress of ongoing commercial discussions, we remain optimistic about concluding two significant binding off-take agreements later this year. Subject to these agreements, we also expect to accelerate planning for our Phase 2 and Phase 3 expansions to support future customer demand. While our immediate focus remains on executing Phase 1 through Phase 3, which together take our planned capacity to 100 KTPA, we are encouraged by the level of customer interest we are seeing beyond this scale.

The strength of demand reflected in our ongoing off-take discussions has led us to begin early evaluation of a further expansion from 100 KTPA to 200 KTPA to ensure we are positioned to support customer demand well beyond our current buildout. We look forward to sharing more on this as our discussions progress. Overall, the project continues to progress as per plan and reinforces our conviction that SAM has the potential to become a meaningful long-term growth engine for the Group.

In conclusion, the business has started the year with strong momentum. Our first quarter performance, together with our current order book, custom pipeline, and pricing actions implemented during the quarter, gives us confidence that this momentum will continue into the second quarter. Historically, our business has delivered a stronger second half, reflecting the seasonal demand patterns across our end markets.

With improving demand visibility across businesses and continued progress across our strategic initiatives, we believe we are well-positioned to build on this momentum and deliver a year of strong growth.

With that, I would now like to hand over the call to our CFO, Mr. Ketan Vyas. Thank you.

Ketan Vyas: Thank you, Shanil, and good morning, all. Sudeep Pharma delivered a strong start to FY '27, reporting robust growth across all key financial parameters while maintaining industry-leading profitability. Revenue growth from operation increased by 27% year-on-year to INR158.3 crores in Q1 FY '27 compared to INR124.9 crores in Q1 FY '26. The growth reflects continued demand across key product segment and strengthening market penetration in both domestic and export markets.

EBITDA grew by 25% year-on-year to INR54.9 crores from INR43.9 crores in Q1 FY '26. EBITDA margin remain resilient at 34.7%, demonstrating the company's ability to sustain operational efficiency and cost discipline while scaling the business. Profit after tax increased to INR40.6 crores compared to INR31.3 crores in the corresponding quarter last year. PAT margin improved to 25.6% from 25%, reflecting enhanced operating leverage and efficient capital management.

The pharma and food nutrition segment continued to be primary revenue contributor for this quarter, accounting for 69% of Q1 FY '27 revenue compared to 66% in Q1 FY '26. Specialty ingredient contributed 31%, indicating a balanced and diverse product portfolio. Export remain dominant revenue driver. The increase in export contribution underscores the company's growing global footprint and strong customer relationship in international market in addition to the continued efforts in domestic markets.

Company has commenced FY '27 on a strong note with healthy revenue growth, sustained margins, and improved profitability. The continued expansion of export and domestic market, focus on high-value product, and operational excellence position Sudeep Pharma to achieve its FY '27 growth objectives.

With this, I thank -- with this, I open up the forum for questions.

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

Sanjesh Jain: Yes. Good morning. Thanks for taking my questions. I have a few of them. First on the pharma, food, and nutrition. The 30% solid growth, how much of it was led by pricing and how much it was volume? That's number one.

Number two, you did mention about strong off-take in bisglycinate. What is -- now that we have already start seeing early off-take, what is the visibility for this entire year on the bisglycinate portfolio?

Number three, have we fully commercialized the new plant which we were putting up in the new greenfield location in Navsari? So, these are on the food pharma, food, and nutrition. I will take the specialty post this.

Shanil Bhayani: Good morning, Sanjesh-ji.

Sanjesh Jain: Good morning, Shanil.

Shanil Bhayani: Thank you for the questions. The first question regarding the growth in pharma, food, nutrition. So, predominantly, the growth was volume-driven. I would say approximately around 3% of the growth comes from not necessarily price increase, but just currency change. Predominantly price increase, which we have passed through, will get reflected in Q2. So, there is not much of that price pricing today. Majority of that is to do with volume on the back of phosphates, which we have been able to scale significantly with our largest customer.

Sanjesh Jain: Got it.

Shanil Bhayani: The second question regarding the bisglycinate portfolio. So, we as I mentioned in my previous call as well, or the last call, we are currently seeing or we have received two very important approvals from two large -- two very large customers in the North American market. Currently, we are scaling up our supplies to them. We are behind schedule in terms of delivery.

As I mentioned we had to -- so, we -- I think, we believe that the year, we will see we will see significant growth coming from the bisglycinate portfolio, maybe not in the current financial year, but we believe in the next 2 or 3 years, it will become -- maybe it will probably be the top two or three revenue-contributing products for the pharma, food, nutrition category.

Sanjesh Jain: Got it.

Shanil Bhayani: And the third question regarding the greenfield. So, the greenfield facility is currently undergoing regulatory approvals. We are -- the facility has already been approved to supply into the food and nutrition category, and is currently under also undergoing FDA approval, which we expect in this quarter itself.

And we have also received five customers of – five, food nutra customers are also currently approving the facility, three of which are from India, and two are global MNCs that are currently approving the site. We expect that approval to come in this quarter as well, and for supplies to start from this facility in Q3.

Sanjesh Jain: Very clear. Thanks, Shanil ji. Second on the specialty, one, margin at 26% purely operating leverage? Why it fell steeply? That's number one. Number two, how is our -- so sorry, what was the impact of the non-availability of LPG in this specialty segment?

Shanil Bhayani: So, on specialty, there are two as you rightly mentioned, let's say for half of the quarter, we were operating sub-50% utilization level, or in terms of the demand that we have, and the overheads were -- the overall operational inefficiency led to some margin dip. However, and as I mentioned, I would say the specialty number that you see is inclusive of NSS. The business without NSS still was in the mid-30s in terms of margin profile.

NSS has had a tough, challenging quarter, and that has kind of dragged down the profitability to the 26% level. But we expect specialty to kind of bound --- at least our core specialty to bounce back in the in the current quarter.

Sanjesh Jain: Got it. On the on the TAM side, now we are talking of 200,000 metric ton. This we are talking by 2030, or we'll now scaling up this capacity from 25,000 metric ton in Phase 1 to 2 lakh metric ton by end of 2030, is that what we are planning, or…?

Shanil Bhayani: I would say, Sanjay ji, the scale up from 100,000 to 200,000 ton is something that we are very actively currently evaluating. As I mentioned, we are working with two very large customers from for binding off-take, which we expect to conclude this year or later this year. As soon as we have signed those agreements, we would we will time the scale up from 100 to 200 KTPA. So, I would say in the next two quarters, we will have a lot more visibility. Current planning is not FY30, but in terms of between calendar year '30 and '31, we would be able to the current target is to be at 200 KTPA.

Sanjesh Jain: Got it. One last question here from my side before I join the queue. Is the land which we are developing in Dahej, how much capacity can it take from the setting up perspective?

Shanil Bhayani: So, the current site in Dahej can support our 200 KTPA scale-up.

Sanjesh Jain: And that's where we will exhaust that land. Then then if we want to scale up, we will need more land availability?

Shanil Bhayani: That is correct. Beyond 200 KTPA, we will we will have to have a new location.

Sanjesh Jain: Very clear. Thanks, Shanil ji, for answering all these questions and best of luck for the coming quarter.

Shanil Bhayani: Thank you.

Moderator: Thank you. The next question comes from the line of Nirali Shah with Ashika Investment Managers. Please go ahead.

Nirali Shah: Yes, thanks for the opportunity. I had three questions. So, firstly on PFN. So, like you mentioned, PFN has grown 30% this quarter, and this is, of course, significantly ahead of the full year guidance. Should we view this growth rate as sustainable over the coming quarters, or will this only inched approach towards, say, mid-30s?

Shanil Bhayani: So, good morning, Ashika. I think it's a valid question.

Nirali Shah: My name is Nirali.

Shanil Bhayani: Nirali. Sorry. My apologies. I can't see the screen. Nirali, thank you. So, I would say the growth in PFN today from our current capacity which is probably with a maybe couple of percent is what we can extract further in terms of sweating the asset, but beyond that, we will have to wait for the greenfield to be commissioned in Q3 to kind of to kind of have that additional alpha in growth.

Nirali Shah: Okay, so I'm asking from a full-year perspective, say FY'27 and then FY'28. So, once we have commercialized a greenfield in Q3, then the second -- so only last quarter will be the one that will see the impact of and then in FY'28.

Shanil Bhayani: Yes, so I think I would I would say the growth in terms of the what we've had in the quarter is something that we believe will be sustainable at scale, given once we have the kind of the full traction or the availability of the capacity from the greenfield. So, more importantly, FY'28, the pharma, food, nutrition should be able to kind of sustain this level of growth.

Nirali Shah: Okay, understood. Secondly, on the specialty ingredients, Europe has, I guess, remained a little bit softer and do you see that this is a temporary demand issue or some customer ordering patterns have structurally changed in the region, if you can give some color on that?

Shanil Bhayani: So, Nirali, I think Europe actually has been a key growth contributor for us this quarter for our core specialty business. So, I mentioned that we've the investment we've done in the sales team over the last couple of years that is now starting to yield the results that we had anticipated.

NSS, the company that we acquired, specifically is having a challenging environment because of the certain customers that they operate on and require a lot more energy. But for our core business, Europe I think grew significantly for us this quarter and we expect our core business to continue to grow in Europe.

Nirali Shah: Okay, understood. And thirdly on the battery material side, how does the qualification funnel look as of now?

Shanil Bhayani: So, I think from where we were last quarter, we were at -- we gone through approvals with six customers. Today, we received one or two more approvals in the current quarter or in Q1, so we are now qualified with eight.

I would say now, more than the number of approvals, it's about how do we kind of mature and take these approvals forward and convert those into binding, because even at 25 KTPA or even at 100 KTPA, the capacity would not be sufficient to serve beyond seven, eight customers. And all the customers that we have gone through approval with are all existing large Korean companies, American companies who have existing capacity.

Nirali Shah: Understood. Can I squeeze one more, if you may?

Shanil Bhayani: Sure.

Nirali Shah: So, once both our greenfield and battery facilities stabilize, where do you believe steady-state asset turns can settle compared to the historical levels?

Shanil Bhayani: I would say for battery at scale and greenfield at scale, I would say closer to between 2.7x and closer to 3x is where we would be the asset turns would sit.

Nirali Shah: That's it. Thank you so much.

Shanil Bhayani: Thank you.

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

Viraj Shah: Hi, thank you for the opportunity. I just have one question. So, for NSS, you mentioned that there was some customer issues because of which the company's facing problems. Can you elaborate or explain on the nature of customer issues, whether this is temporary in nature and how are we looking to resolve this? And you also mentioned about the NSS margins, if you could please repeat on that, that how are you planning to bring that to the core specialty levels?

Shanil Bhayani: Yes, sure, Viraj. Actually, great question. On NSS, what so -- let's say NSS predominantly operates in the dairy space and the infant nutrition space, both of which require a lot of energy in terms of the manufacturing process. They basically were working with the largest infant formula company who had a plant in Europe. Due to the current energy crisis, that customer has scaled down operation significantly in Ireland, which is kind of -- while we have POs, they've delayed the buying.

I would say FY'27 continues to -- they may have a more like a flattish year with, I would say, maybe single-digit growth. What we're doing from an intervention perspective is the new sales head that we brought on board, he's expanding the business of NSS outside of Ireland, taking it to a lot more developed markets, diversifying the end market also, where we are seeing very good opportunities.

And to make to make NSS more resilient or operationally more resilient, we have basically focused entirely on make supplementing the current supply chain using the Sudeep resources in India to kind of supply majority of the products, making it more competitive.

So, as I said, we are -- I would say, maybe if I talk about FY'28, where we expect some of these projects to materialize, if once the revenue starts to grow and the operational overheads don't kind of pull down the business, the business has the potential to kind of start tracking similar margins to what our Indian specialty ingredient business is currently doing.

I hope that helps answer the question.

Viraj Shah: Yes, definitely. That's very helpful. Thank you so much. Just a follow-up question on this, if you could help me with what's your growth guidance for specialty ingredients for the year and how much share is NSS as of now?

Shanil Bhayani: Yes, so NSS is not significant in our current revenue in specialty ingredients. While we don't give out specific guidance, I think if you look at my -- if you look at how specialty ingredients has grown over the last couple of years, that kind of growth momentum is something that we believe is sustainable for '27 and also '28.

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

Shanil Bhayani: Thank you.

Moderator: Thank you. The next question comes from the line of Tarun Krishna with iThoughtPMS. Please go ahead.

Tarun Krishna: Hi, thank you for the opportunity. My question is on the PFN segment. So, if you could give me the split between the revenue from product sold as pharma excipients and nutraceutical active ingredient?

Shanil Bhayani: So, Tarun, it's a good question. Unfortunately, hard to give you a specific split because a lot of end customers buy the product, they use it also as an excipient and then they also use it as an active in their OTC.

To give you an example, you look at Torrent Pharma, for example, they buy ingredients from Sudeep as an excipient but then it also goes into Shelcal, so which would become a nutra active. So, we supply them a particular grade, not necessarily knowing the exact split of how they're using it in their end product.

Tarun Krishna: Okay, understood. And the next one on if you could talk about the relationship between cellulose-based excipients and nutrient-based excipients and do you see a case where these cellulose guys will come up with a product which will not require nutrient-based excipients? So, do you see this as a possibility?

Shanil Bhayani: So, Tarun, again, I would say, all these excipients, whether it's calcium phosphate, what we produce or the cellulose-based MCC, they've both coexisted for a very, very long time, right? Maybe over a decade. There are certain APIs which are not compatible with MCC, but are only compatible with, say, calcium phosphate or lactose and vice-versa.

So, I would say there will always remain a market where various excipients will coexist due to the compatibility with different APIs, depending on moisture levels, pH, all of those things from a stability perspective.

Tarun Krishna: Okay, got it. And just one more. So, in the last con-call, you mentioned about HPMC and PVP. So, in what stage is it now, when can we see it getting commercialized and how would the realizations be different from a base PFN segment?

Shanil Bhayani: So, again, those products are something that we are currently, of course, developing and also commercially kind of evaluating with specific customers. We do we do not expect those to be commercialized in the current financial year. Our current focus is to kind of scale the greenfield and to scale the bisglycinate portfolio and then the other excipients would be something that we will take up as Phase 2.

Tarun Krishna: Okay, understand. And the last one, so I think the last con-call, you mentioned that the prices of iron phosphate are around $2 per kg, the battery-grade one. And so how much would it cost an integrated player to make the same, maybe across regions?

Shanil Bhayani: So, I would say if you track -- if you've been tracking China, price of iron phosphate has increased significantly. I would say, it's gone up maybe 50%-60% on the back of, of course, phosphoric acid but also the short supply of the iron source. I think it's more to do with technology than really integration and I think the technology that we have and that we are scaling will give us a lot of operational competitiveness at scale.

Tarun Krishna: Okay. If any in dollar terms, you could give any realizations, like how much would it cost them to make it? Will it be more than $2 or less than $2?

Shanil Bhayani: In terms of the cost to make iron phosphate?

Tarun Krishna: Yes.

Shanil Bhayani: For someone who's integrated. As I mentioned, Tarun, it really depends on the technology. If you're certain technologies may require you to make it at much higher cost, so it really depends on what technology you're using. It's hard to generalize.

Tarun Krishna: Okay, understood. Thank you very much and all the best.

Moderator: Thank you. The next question comes from the line of Jay Shah with Genuity Capital. Please go ahead.

Jay Shah: Congrats to you and entire set of team for a good set of numbers, given the tough environment that businesses are operating in. I just had a question on bisglycinate. Basically, we had two major customers in the US. So, the numbers that you said it has surpassed the FY'26 number, obviously because it's a small number, is it primary from the two customers that we had on boarded or there are other customers also who have started approaching us?

Shanil Bhayani: Yes, hi, good morning, Jay. So, I would say it's a combination of both. Sales to existing customers who had approved the product plus expanding the customer base. Of course, North America continues to be the largest market from an opportunity standpoint but we are now also kind of tracking this product in other markets, including India, where we are receiving approvals. So, it would be a collection of both.

Jay Shah: Okay. And the second thing is, you'd said when we met at one of the conferences, you'd said that Q2 would show a large amount of cost pass-through for phosphates. So, has it been happening or has it already factored in in this 30% odd growth from 85% to 105% odd that we've done year-on-year in PFN? So, is it a lot of phosphate price pass-through in that making?

Shanil Bhayani: So, I think a lot of the pass-through has happened later in Q1, so I would say marginal benefit or kind of we would have received in Q1, but in Q2, majority of the sales would happen with the pass-through.

Jay Shah: Okay. And sir, just one last question for you and the management team. If you can just broaden out three, four years out with Nandesari coming in and the SAM also, hopefully, we'll be shipping good volumes. If you have to name two, three sectors or rather, I would say, not sectors, but even if two, three product lines specifically, which is what gives you confidence that the long-term growth target that we have of 25% 30% odd percent.

What is it that you feel are the top three or five products/sectors or end customers are going to help you achieve that target, because what I see is from Nandesari, the new greenfield plus the Dahej plant of SAM, we have put in the pillars but how would we build on that and what gives you the confidence, if I have to take a three, four years view?

Shanil Bhayani: So, I think from a product standpoint our core, which is minerals, specifically calcium, magnesium, iron, these three and their derivatives, right? So, phosphates, carbonates, the bisglycinates, these will continue to have a very attractive opportunity from a TAM perspective because as we've also been diversifying, so, of course, the core excipient business is there, it may not grow at the growth rates that you mentioned, but from a nutrition application, we are very excited something that I actually didn't talk about, but which where we see a very large opportunity is the whole GLP-1 category, right?

I mean, where more and more people globally are moving to weight management, they need protein and they need they need the level of nutrition. You can skip a meal, but you cannot so, we are seeing a lot of infant formula companies, even pharma companies, moving into what we call clinical medical nutrition, and all of that will require vitamins and minerals, so that's a large opportunity that we will be focused on outside of the existing category in infant nutrition, dietary supplement where we are building wallet share.

In the specialty ingredients business, the encapsulated ingredients that I mentioned, which help extend shelf life is something that we are seeing the market size grow, because customers are shifting from the conventional raw ingredients to the specialty ingredients, so the market size is growing instead of us just taking market share.

And then the premix business, while NSS is having a tough year this year, between our India and the European blending sites, I think infant nutra -- infant nutrition is a big area for us. We already have the customer approvals, we now need to expand those approvals. And then outside of both these verticals, of course, you have the battery.

I mean, battery is where we see, it's like the North Star, we have, -- touchwood, we have very good approvals, very strong approvals in terms of the OEM, the battery, and the and the cathode suppliers. So, it's more on execution and our ability to scale.

Jay Shah: Understood. So, very interesting insight actually on the nutra space. So, if I may just double-click on that, so, are you saying that infant or, I mean, whatever age bracket, but nutrition companies are basically trying now to make formulations even for adults or people who are basically targeting weight management programs, so that these formulations can be taken as pseudo-meals, which will spike up to the levels of nutrition that is needed, is that what is happening in the market?

Shanil Bhayani: Well, that's basic one of the development areas that we're seeing a lot. I mean, you have I would say clinical nutrition was always a category. People who were recovering from pancreatitis, cancer, all of those who needed the right level of nutrition. But weight management is becoming a very big category or has already become a very big category in some markets, including the US, and we are seeing that trend kind of continue to other markets. And eventually, protein and nutrition is something that everyone will require. So, over the next couple of years, we see that becoming a very large opportunity for us to focus on as well.

Jay Shah: Understood. Understood. That's all from my side. All the best for the future. Thank you.

Shanil Bhayani: Thank you.

Moderator: Thank you. The next question comes from the line of Sachin Jain with Prahas Capital. Please go ahead.

Sachin Jain: Am I audible?

Moderator: Yes, sir, you are audible. Please go ahead.

Sachin Jain: Yes, congratulations, team, for a great set of numbers. It is very great to know that you people are already evaluating on from 1 lakh to 2 lakh ton on battery material side. Just what can you qualitatively touch upon what gives you that confidence, considering the fact that one, Chinese pricing environment, so what kind of margins, if you can touch upon qualitatively, that what kind of margins you can make on this particular side of the business?

And second, looking at what is happening on sodium side of the battery, what risk you see in a long run? And I'm aware of the fact that LFP significantly market share is very significant, but how do you see emerging technologies in battery, particularly on sodium side, what kind of impact it may have in a long run?

Shanil Bhayani: Yes, thanks, Sachin. So, to give you my quick answer because of being conscious of time, is first maybe I'll first answer the sodium question. So, while we are focused on LFP, and I, as an individual and as a business, we truly believe LFP will be the dominant chemistry for the next 5-7 years because storage is just kind of at the cusp of scaling up.

But from a risk perspective, I think what gives us comfort is even if sodium ion were to scale, it will also require iron phosphate as a precursor. So, for our product will find will find dual application. And from a margin standpoint, again, it's I would say too premature, too early to talk about margins today, but how we look at capital allocation is looking at how looking at asset turns and then the ROCE profile that we can generate for the business, and both will deliver very similar, you know, asset turn and ROCE to our current business. And that's how we looked at the opportunity and the capital allocation behind it.

Sachin Jain: But can you can you give some range probably in your mind because you as you're thinking of from 1 lakh to 2 lakh ton, I'm sure probably math looks very interesting. So, some qualitative comment on the range you are looking from margin perspective, any indication?

Shanil Bhayani: I mean qualitative would not be a range, right? I would have to then quantify the number, but as I said, it will -- the if your question is, will it deliver the margin that my current PFN category is delivering? The answer on face value would be not, but as I said, it's a very attractive opportunity in terms of how the ROCE profile will actually develop in this category along with the asset turns.

At 200 KTPA, the asset turn may even be north of that because we do not require an additional site. So, as I said, from an overall return metrics, it's a very attractive opportunity that we're targeting, and our technology gives us that operational competitiveness and, you know, comfort on how we can deliver certain margins for the business.

Sachin Jain: Understood. And my last question is, how do you see the utilization level of your 51,000 ton, the new facility -- greenfield facility in '28 and '29? I mean, what can you give some comment, can you give that?

Shanil Bhayani: So, again, Sachin, it really depends on the level of approval. As I said, we're currently approve -- regulatory point of view approved for the food nutra space, we're going through approvals. Pharma, of course, is important approval, we have to wait for that. '28, typically in our business, you see year one, year two as a ramp up, and then year three is when you really have that hockey stick kind of utilization levels being achieved. So, so that is how we expect more '27, '28 to play out. '28, let's say, would be we can look at maybe like a third utilization in '28 and then kind of ramping up from there.

Sachin Jain: Sure, sure. Thank you, and all the best.

Shanil Bhayani: Thank you.

Moderator: Thank you. The next question comes from the line of Shreya Chatterjee with Ageless Capital. Please go ahead.

Shreya Chatterjee: Thank you for taking my question. I actually have three questions. The first one is, you mentioned that there was a disruption in capacity in this quarter because of the LPG crisis, so what was the capacity utilization of your facility this quarter, and with the all the ongoing capacities coming ahead, what do you think capacities will be this year and the next?

And also, you mentioned about your customer like pre-qualifications for your upcoming facilities, so five in pharma, food, and nutrition, eight, I think, in battery chemistry, so if you could a bit more colour into the kind of these customers and also the kind of products that you intend to supply to these customers.

Shanil Bhayani: Yes, thanks for the questions. So, as LPG there was short supply, largely April, we were at a third utilization of our, what we typically consume. Half of May, we were below 50%, so overall for the quarter, we were significantly underutilizing our capacity, which has now largely reversed, and we are back to normal operations in Q2.

In terms of battery, you asked about the customer and the kind of products. I mean, the only product that we are currently scaling in battery is iron phosphate to support the LFP chemistry.

So, we will be, all the eight customers that we, that I've mentioned about, we are basically working to supply them iron phosphate for the LFP requirement.

Shreya Chatterjee: And on the food pharma, food and nutrition side? What are the products or the customers that we are targeting for the upcoming facility?

Shanil Bhayani: So that is, let's say, 50% or basically a large part of the capacity is actually going into expansion of our existing capacity, which is the phosphate product, and then bringing newer products to market, which is the bisglycinate, the gluconate, the citrate products from the new site.

Shreya Chatterjee: Got it. And would it be possible to give, like, revenue per ton for your top two, three products, like phosphate and calcium carbonate and glycinate, and also the EBITDA per ton, and, like, what would it be going forward, some metrics to that?

Shanil Bhayani: Shreya we typically do not share this information, especially in terms of EBITDA per ton, and even revenue, I would say again, it's one product that has multiple applications. A product going into infant formula is priced very differently to the product going into, a calcium tablet versus what it goes into pharma. It could be the same compound, but three different applications and three different price points, so, again, hard to generalize.

Shreya Chatterjee: But a general trend to the revenue and EBITDA, maybe the EBITDA only, how does it evolve from here with all these specialty, like, product portfolio coming in?

Shanil Bhayani: So, I mentioned, I think if you see, we've been last year or so, maybe year and a half, we've been around the 35% EBITDA level. Historically, we before we kind of made the investment in building out the sales team and all, we were maybe tracking around 37%-38% EBITDA, and with the right level of utilization of the new greenfield and sales coming from both these markets, we're comfortably we can kind of achieve those levels.

Shreya Chatterjee: Okay. Okay. So, it's majorly, as is, or slight improvement?

Shanil Bhayani: Yes.

Shreya Chatterjee: Okay. And regarding your inventory days, it had taken a sharp jump in FY25, and maybe do we see the inventory days going back to those levels, or do we see the current inventory days continuing with all the capacity expansion?

Shanil Bhayani: So, it's a mix of both. In our core business the inventory days have started to kind of normalize as sales in Europe and U.S. pick up. At the same time, with the current geopolitical scenario, we are building up inventory of certain key raw materials because there's a significant delay in terms of logistics, so it's kind of offsetting the impact at the moment, plus there is a lot of inventory that is kind of currently also going and building into the battery materials business, which is also getting consolidated.

So, if you kind of exclude that, then there will be our goal, as I mentioned in the last call, is also to kind of improve the working capital cycle. I had mentioned that the target was to come down to maybe 170-odd days, but this would be ex to everything that we're doing in battery.

Shreya Chatterjee: So, the target working, like, steady-state working capital cycle is around 160 days-170 days, that you're targeting?

Shanil Bhayani: In the near term, the long-term sustainable would be closer to 150 days.

Shreya Chatterjee: 150 days, okay. And what is your steady-state capacity utilization, like, after everything goes, like, everything normalizes all the capacity and everything?

Shanil Bhayani: Optimum utilization is between 70% and 75% depending on the product mix that we are running.

Shreya Chatterjee: Okay. Thank you. Thank you for taking my questions.

Moderator: The next question comes from the line of Vinod with Vedant Investments. Please go ahead.

Vinod: Hello?

Shanil Bhayani: Yes, hello.

Vinod: Hello.

Shanil Bhayani: Hello, we can hear you.

Vinod: Yes, am I audible?

Shanil Bhayani: Yes, you are.

Vinod: Yes. First of all, I would like to appreciate the communication that has come in the annual report. It's quite sincere and straightforward, so it's great to read. My first question is regarding the Europe distribution expansion that we're doing with warehouse and sales team build-up. Is that also warranted because of our German partner exiting, were they involved in our distribution? And now that they have exited, are we competing with them in Europe or in India?

Shanil Bhayani: So, there are two parts to the question. The first part, yes, they were managing our distribution in Europe. Was it warranted? Not necessarily. We could have gone through a distribution model. We invested in a sales team with a long-term view that as we are able to recover the sales, it will also help improve the margin profile and the margin realization that we have from the European market, and to have more focused approach towards specialty products for the business

So, that was that was the rationale behind building the sales team. And to the second part, the answer is no, we do not compete in terms of in our existing product categories, not in India, nor in Europe.

Vinod: Thank you. My second question is regarding the battery chemical supply chain. Are we dependent on China for phosphoric acid? Is there a risk of the margins getting affected when there is -- you're saying you are the only player outside of China, so are we at their mercy in some way when we scale up?

Shanil Bhayani: So, we will not be sourcing any phosphoric acid from China. That is a prerequisite for us for Sudeep or Sudeep Advanced Materials to be FEOC compliant and to supply into the US market that we do not have any supply chains from China. So, we have -- the short answer is, we would not be dependent on China.

Vinod: So, is the supply kind of, I mean, is it already assured for you? Is it all -- where does it come from, if it is not?

Shanil Bhayani: So, phosphoric acid is not a new raw material for us, it's our largest raw material today as well in terms of value. We have geographical diversification. We source a large part now from India. You have few very large companies making phosphoric acid. We also import from 3 other countries, but not from ex China.

And for the battery business, we have the level of visibility in terms of supplies, and working also, as we have our binding off-takes to also kind of secure the supply to ensure that when we scale to 100 KTPA and then beyond to 200 KTPA, we are not in short supply.

Vinod: All right. That's it from my side. Thank you so much.

Shanil Bhayani: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Shanil Bhayani: Thank you, everyone for taking the time to join this call and to for asking us very relevant questions. Thank you, Archit and Nuvama team, for arranging this call. Thank you, everyone. Hope you have a nice day.

Moderator: Thank you. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you for joining, and you may now disconnect your lines. Thank you.