Operator: Ladies and gentlemen, good day and welcome to Sudeep Pharma Ltd. Q2 and H1 FY27 earnings conference call hosted by 360 ONE Capital Market Private Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rohit. Thank you, and over to you, sir.

Operator: Thanks, Navneet. We thank Sudeep Pharma Ltd. management for providing us the opportunity to host their Q2 FY27 conference call. We have with us Mr. Shanil Bhayani, Whole-Time Director, and Mr. Ketan Vyas, Chief Financial Officer from Sudeep Pharma Ltd. I would like to hand over the call now to Shanil for his opening remarks, after which we will have the Q&A session. Thanks, and over to you, sir.

Shanil Bhayani – Whole-Time Director: Thank you, Rohit, and thank you to the 360 ONE team for hosting today's call. A warm welcome to everyone joining Sudeep Pharma Ltd.'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 196 crores, growing 21% year-on-year and 24% sequentially. EBITDA stood at 73 crores, up 32% year-on-year. Gross margin improved to 64.7% compared with 62.5% a year ago, while EBITDA margin increased to 37.2%, an improvement of over 300 basis points. PAT stood at 51 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, improving contribution from higher-value products, and continued progress in manufacturing efficiencies. The principal operating challenge during the quarter was logistics, particularly elevated seafreight costs. Our selling and distribution expenditure was approximately 8 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 54 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

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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. NSS is broadening its customer reach beyond Ireland and increasing sourcing from India, where this 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 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 142 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 mineral 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 optimal 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

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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 Absorbiss 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 translate 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 three times the average of our PFN portfolio. We plan to introduce a dedicated brand, Magzobis, to strengthen product visibility with supplement and nutrition customers.

The greenfield facility includes dedicated glycinate 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 three revenue contributors within PFN over the next two to three 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 build-up 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 US, Korea, Europe, and India. A 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 Ltd., 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

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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 plan 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 – CFO: Thank you, Shanil, and good afternoon to everyone. Sudeep Pharma Ltd. delivered a strong performance in Q2 FY27 with our highest-ever quarterly revenue and EBITDA. For the—

Let me start with Q2 FY27 highlights. Revenue from operations grew 21% year-on-year to rupees [trails off]

Management: 196.7 crores compared with INR 162.7 crores in Q2 FY26. Sequentially, revenue grew 24% from INR 158.3 crores in Q1 FY27. EBITDA grew 32% year-on-year to INR 73.2 crores compared with INR 55.5 crores in Q2 FY26, and 33% sequentially from INR 54.9 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 Nishant mentioned, remains elevated in Q2 FY27, above normal levels.

Our new greenfield plant was capitalized in the current quarter and put to use. With it becoming operational, expenses related to the plant are now being charged to the P&L. Similarly, certain expenditures on SAM are also part of the P&L.

Profit after tax was 51.8 crores, compared with INR {? 46.8 crores ?} in Q2 FY26, and was up 28% sequentially from INR 40.6 crores in Q1 FY27. PAT margin was 26.3%. Year-on-year, PAT growth was lower than EBITDA growth, mainly because other income was lower by 6 crores, at 10.2 crores in Q2 FY26, and our effective tax rate was 27% compared with approximately 21% last year.

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

By geography, exports accounted for about 65% of revenue and domestic sales accounted 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 INR 355 crores compared with INR 287.6 crores in H1 FY26. EBITDA grew 29% year-on-year to INR 128.1 crores compared with INR 99.3 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 INR 92.4 crores compared with INR 78 crores in H1 FY26. H1 FY27 delivered a PAT margin of 25.2%.

At the end of H1 FY27, at the consolidated level, cash flow from operations was 43.5 crores, up by 26 crores on a year-on-year basis, driven by higher profitability and stable working capital.

On the balance sheet, we remain focused on working capital discipline, and net working capital days remained at 214 days as of September 30, 2026, similar to the level of March {? 26 ?}—25, 26. Considering the geopolitical situation, we strategically stocked up on a few key raw materials, such

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as purified phosphoric acid, to ensure our finished-goods demands are met through sufficient supplies of raw materials.

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

Capital expenditure in H1 FY27 was about 77 crores, mainly towards the battery material project at Dahej and the completion of the greenfield facility. Net debt was 72.5 crores as of September 30, 2026, with a net debt-to-equity ratio of about 0.07x, compared with 33.6 crores and 0.04x as of March 31, 2026. 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.

On an annualized basis, ROCE for H1 FY27 was 22.4% and ROE was 19%. These returns are because we have deployed capital in the greenfield facility and SAM, which are not yet generating revenues and will start generating revenues in the coming period. As these projects commence 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 products, 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.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain – ICICI Securities: Good afternoon. Thanks for the opportunity. I have a few questions. First, on specialty ingredients, apart from fortified rice, how was the like-for-like growth if we adjust for the fortified rice program, which has been paused? If we remove that, what was the underlying growth?

Number two, now that we do not have visibility for even the next couple of quarters for this to come back, what was the contribution of this segment in the second half? How much of it will we be able to compensate for through the new orders? What growth are we looking for in specialty ingredients in the second half? That is the first part.

The second question is on the margin. Again, specialty ingredients: the overall margin looks very strong and healthy, but if I look at the segmental margin, the specialty margin was 28%, which is significantly lower than last year. The margin in PFN has gone up very sharply. Why was there so much divergence in the margins of the two segments?

These were my first set of questions. Thank you.

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Management: Good afternoon, Sanjesh. I think, to answer both your questions, the first is on specialty ingredients. Broadly speaking, for the full year, the revenue contribution from the rice program was approximately 20% to 25% of our overall specialty ingredients revenue. If I look at the overall performance of last year, it was roughly 40 to 50 crores, and this 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, has actually grown in volume but has not grown, or has declined, from a value perspective because the product mix changed. Our capacity utilization continued to improve in other areas, including spray drying and encapsulation. The premix business specifically is the one that was impacted.

However, as I mentioned, we have very good visibility for non-fortified rice demand, specifically for the premix business, for Q3 and Q4. This will largely offset, or I would say almost entirely offset, the loss of revenue due to fortified rice, while also additionally contributing to the growth of this category. So we still remain comfortably confident that in Q3 and Q4, we should see a positive growth contribution from specialty ingredients.

The second question is on the margin profile. Again, it was primarily due to operating leverage. Our premix business, which was a large contributor, generated limited revenue. I would say that impact, along with the drag from NSS, is what depressed the margins in specialty ingredients.

I would say the business that will come in Q3 and Q4, and the contracts that we have entered into, will probably have a better margin profile than the fortified rice business that we used to do. All in all, in Q3 and Q4, you should also see margin improvement, with us at least going back to the pre-Q2 levels. Or, 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 – ICICI Securities: That is quite helpful. On the PFN side, the growth is very strong. I think we received the FDA approval very recently. Was this growth largely from the old plant, and how much was pricing-led and how much was volume-led?

Management: As you rightly mentioned, the FDA approval for the greenfield facility only came last week. So there is zero contribution from the new site. What we have done is that phosphates, which are the largest product category, have grown significantly, I think closer to 70% to 80%, if not higher.

Because we have fungible capacity, we have allocated higher capacity to certain product categories. Phosphate was one. The second was the bisglycinate category, specifically magnesium bisglycinate. Whatever the maximum possible capacity we could allocate to magnesium bisglycinate in our existing setup was, that is what we produced. Both these product categories have supported growth in the PFN segment.

With the FDA approval, that will help and aid growth in the PFN category, not just for the coming two quarters but also on a more medium- to long-term basis. PFN should continue to strengthen because demand continues to remain very strong. I would say volume growth also, if I were to give you volume data, is around 30% to 35% for PFN from a volume perspective.

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Sanjesh Jain – ICICI Securities: Because I thought bisglycinate had a much higher realization. If that has started contributing, that means a lot more realization gain should have come, right? There is also a pass-through for 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 year-on-year basis, our revenue has only grown 35%, right? You are saying that the entire growth has come from volume, so—

Management: Sorry, I was talking about revenue growth for the quarter, or volume growth for the quarter, not on an H1 basis. On an H1 basis also, I would say the volume growth is approximately 19%.

Sanjesh Jain – ICICI Securities: I was talking about the quarter only, not H1.

Management: Okay.

Sanjesh Jain – ICICI Securities: PFN revenue growth for this quarter is 31% year-on-year, right? We were at 90 crores last year and we are at 142 crores this year, correct? When we say that is approximately 31% revenue growth, if we say 35% has—

Management: No, sorry, Sanjesh. I think there is an issue. PFN has grown 57% for the quarter.

Sanjesh Jain – ICICI Securities: Okay. Let me check. I think there is some problem with my modeling in that case, so let me reconnect. But how is the reception for bisglycinate now? Is this more like commercial supply that we have started, or are we still at the approval stage for bisglycinate?

Management: I would say commercial supplies have started, but to select customers, again because of the lack of capacity. I would say that we should not really account for Q3, but starting in Q4, we should start seeing much more sizeable volumes being supplied to bisglycinate customers in India as well as globally.

Sanjesh Jain – ICICI Securities: And do we have all the approvals now? We said we had two approvals in the US. Has that increased? Has the number gone up?

Management: That has gone up. In the US alone, I think we have perhaps eight or nine approvals. Globally, if I include India and Europe, I would say we have close to 30 to 35 approvals.

Sanjesh Jain – ICICI Securities: That is good. Last question on battery chemicals. Any further progress? We said we added two more final approvals last quarter and were at eight. Has there been any improvement in that number as well?

Management: Sanjesh, coming to battery materials, I would say the number of customer approvals continues to increase. For us, because we have limited capacity coming live in Phase 1 and then even the scale-up to 100,000 tons, what we are largely focused on is how we can scale the partnership with five or seven large customers, including the large Korean customers in Korea, Europe, and the US, and allocate capacity to them.

While the number of customer approvals continues to increase, we may not be able to allocate too much capacity to those new approvals, simply because the offtakes or the contracts will be for the

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current 100,000 tons, but they give us visibility beyond 100,000 tons, closer to 200,000 tons.

Sanjesh Jain – ICICI Securities: Those are my questions, Shanil. Thank you for patiently answering all those questions, and best of luck for the coming quarters. Happy Diwali in advance.

Shanil: Happy Diwali. Thank you.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Manan from DAM Capital. Please go ahead.

Manan – DAM Capital: Thank you for taking my question, and congratulations on building the bisglycinate business to such a scale so quickly. My question is regarding how management thinks about the bisglycinate business, especially as far as go-to-market strategy is concerned.

How much of the market can we service with our Nandesari capacity at full utilization? How does management think about the desired customer base? Are we looking at a concentrated customer base taking up most of our capacity, or are we looking at a much more diversified customer base where no one customer has a large share? How sticky is the customer base? If you could provide some insight into these aspects, that would be helpful. Thank you.

Shanil: Hi, Manan. Good afternoon. 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 US, I mentioned in my last call that globally the opportunity for the magnesium bisglycinate ingredient is close to $1 billion. Approximately 40% to 45%, or roughly $400 million to $450 million, is from the US alone. Within that, there are four or five very large tolling and contract manufacturing companies that produce for most of the customers, and they would probably have 50% of the US demand.

We have approvals with two of those very large customers, or two of the largest customers, in the US. 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, purely from a de-risking perspective.

I would say perhaps 50% of the demand would come from larger customers globally as well as in India, and the remaining 50% of the volume would be diversified among mid-sized and smaller companies.

Manan – DAM Capital: How much of the Nandesari capacity are we comfortable allocating to bisglycinates?

Shanil: Currently, 40% of our capacity is allocated to other products, which include bisglycinate, gluconate, and citrate. If the capacity is fairly fungible, today we expect that out of that 40%, the majority, at least approximately 70% to 80%, will go to bisglycinate, purely because of the demand and the kind of approvals we are seeing.

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A large part of this is why I mentioned that over the next two or three years, we see not only the larger bisglycinates but specifically magnesium bisglycinate becoming a top-three revenue contributor to the PFN segment. For us, when I say top three, it would typically be north of 100 crores as an ingredient alone. We see a lot of potential in this category.

Manan – DAM Capital: Understood. One last question: how much higher, in percentage terms, do we expect our realizations to be on the bisglycinates, citrates, and gluconates portfolio compared with the current blended PFN realization that we are achieving?

Shanil: Again, it is a combination of how we allocate capacity. If 70% to 80% is bisglycinate, then, as I mentioned, its average realization is typically two to three times higher than the average realization of our current PFN category.

However, within PFN, the remaining 60% capacity in the greenfield facility will largely be phosphates, which also have a higher realization than our other carbonate and oxide categories. It is difficult to give you a specific number, but in general, we would expect the Nandesari site to operate at a higher realization than our existing site, simply because of the product mix that we plan to scale from this site.

Manan – DAM Capital: Understood. If needed, can we use the remaining 60% capacity at Nandesari for bisglycinates, citrates, and gluconates as well, or is that capacity not fungible?

Shanil: No, that capacity is currently not fungible. Let us say that 50% of the processing remains the same. There would have to be certain capex, not significant but some capex, if we wanted to allocate more capacity to bisglycinate.

Manan – DAM Capital: Perfect. Thank you so much. That is all from my end, and all the best going forward.

Shanil: Thank you, Manan.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Nirali Shah from Ashika Investment Managers. Please go ahead.

Nirali Shah – Ashika Investment Managers: Congratulations, and great set of numbers. I have a couple of questions. The first one is on Q2. This quarter, our EBITDA margins have improved to above 37%. I wanted to know, with the increase in phosphoric acid prices being passed through, how much of that improvement is sustainable? Should we expect any further benefit from that pass-through?

Shanil: Hi, Nirali. Good afternoon. As Ketan mentioned, phosphoric acid has seen a significant upswing in the cycle. When we last spoke in Q1, it was up anywhere between, or perhaps 40%, compared with Q4 levels. It has strengthened further currently.

We have carried out our pass-through keeping in mind the contracts we entered into in Q1. Because we had visibility that the market would strengthen further, we built up a lot of inventory in Q1, which catered to the business in Q2 and will also support the business throughout October and

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November. I think [cut off]

Nirali Shah – Ashika Investment Managers: That is helpful.

Shanil: I would not say that margins will further strengthen at this level. We would still have to look at the new contracting cycle before we look at margin improvement.

Nirali Shah – Ashika Investment Managers: Understood. The second question is whether 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: You mean for batteries?

Nirali Shah – Ashika Investment Managers: Yes.

Shanil: Nirali, as I have alluded to in the past, today China produces 100% of battery-grade iron phosphate. It is produced in China, which is close to 5 million tons. We are the first and only company today to produce battery-grade iron phosphate at scale.

We have indigenous, proprietary technology. It is green chemistry, is very competitive on operating expenditure, and also delivers product performance at par. I would say that having an ex-China supply chain, along with certain regulatory requirements in the US, is driving the change. Our being the first in the industry is what is driving the development of the offtakes.

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 over anyone else who starts working on this now.

Nirali Shah – Ashika Investment Managers: If I am not mistaken, we are the only non-Chinese player, right?

Shanil: Correct.

Nirali Shah – Ashika Investment Managers: What I am trying to understand is the iron phosphate that we are producing and the other companies that are working on the sodium component of it. What is the difference? Which one is better in terms of quality?

Shanil: I think you are comparing LFP, which is lithium iron phosphate, with sodium-ion batteries. Sodium-ion is newer than LFP. It is only being put to use at scale recently in China. CATL announced some plans.

I am a firm believer that LFP will continue to grow over the next five- to seven-year period, especially for energy storage. However, the silver lining for us is that even in sodium-ion, iron phosphate would still be needed as a precursor. So, for us, the market becomes even bigger if both chemistries continue to grow.

Nirali Shah – Ashika Investment Managers: That is fabulous. That is all. Thank you.

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Operator: Thank you. The next question is from the line of Tanmay from Finterest Capital. Please go ahead.

Tanmay – Finterest Capital: Thank you for the opportunity, and congratulations on a good set of numbers. I have one question regarding our greenfield facility. How do we expect capacity utilization to ramp up across this financial year and FY28? At maturity, once we reach the maturity level, what kind of asset turnover can we expect from this facility?

Shanil: Hi, Tanmay. Typically, in the PFN category, you would not expect a significant ramp-up in year one. It typically takes 6 to 12 months, as I mentioned before, for customers to approve the facility. Some approvals are already in place, so we would start to see revenue contribution from this site largely in Q4.

In FY28, we would typically target perhaps closer to 15% to 20% utilization. Over a three- to four-year period, we would see the significant ramp-up, when we would be at approximately 75% optimum utilization. At that level, you can typically expect close to 3x asset turnover.

Tanmay – Finterest Capital: For our battery business, you have already indicated that we have a number of customers who have progressed to commercial validation and that we are in discussions regarding binding offtake agreements. Could you help me distinguish between the volumes currently covered by binding commitments and the volumes under negotiation? I am trying to understand what proportion of our Phase 1 capacity we have secured under offtake agreements.

Shanil: Tanmay, I will refrain from giving out too many details today. In the next 2 months, or perhaps on our next call, we would be at a point where we can openly share with everyone the volume for which our binding agreements are secured.

Our Phase 1 is 25,000 tons, but beyond that, we have very strong visibility for Phase 1 and also for the 100,000-ton-per-annum capacity that we are looking to build. Then there is also the expansion from 100,000 tons to 200,000 tons. When we speak on the next call, we will be able to break it out by customer and explain what kind of offtakes we have up to 100,000 tons and beyond 100,000 tons.

Tanmay – Finterest Capital: Fair enough. One last question on our bisglycinate portfolio. Could you give us some color on its contribution to total PFN revenue?

Shanil: We do not typically share a product-specific breakdown. However, what I can tell you is that even today, its contribution to PFN would be insignificant because of the very limited volume availability.

What you will start to see is perhaps from Q4 and then from Q1 onwards, when you will start to see a much larger contribution—perhaps 10%, 15%, or 20%—from this category once we are able to start producing it at the new greenfield facility in Nandesari.

Tanmay – Finterest Capital: Thank you so much, and wishing you and your team a happy Diwali.

Shanil: Thank you. You too.

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Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Nirali from Unique PMS. Please go ahead.

Nirali – Unique PMS: Thank you for the opportunity, and congratulations on a good set of results. My question is on battery-grade iron phosphate. As you mentioned, you are the only non-Chinese player. How would pricing work for us? Would we receive a premium, or would there be pricing pressure because of Chinese competition? Please provide some insight on that.

Shanil: Hi, Nirali. Good question. First of all, our goal is not to compete with China. We have positioned Sudeep as an ex-China source that operates at a slight premium. The premium cannot be 100% because we still have to be competitive and the end customer has to be competitive, but it would be—

Management: It would be at a price higher than China. What is driving this is that we see the US as the main market. Regulations in the US require cell manufacturing in the US to meet certain conditions to receive any credit, which is called 45X, under which they get $35 per kilowatt-hour of cell capacity in the US.

For them to be eligible for that, they have to use a PFE-compliant, or Prohibited Foreign Entity-compliant, supply chain, where India benefits from that. Basically, customers are willing to pay a premium to have a PFE-compliant supply chain and become eligible for the 45X credit.

Nirali – Unique PMS: How will the business metrics look, such as EBITDA margin or return ratios, given that Chinese companies do not make much margin in this business?

Management: I may not comment specifically on EBITDA margin, but at a higher level, what I can share is that for us, whether it is the battery business or any other business, for it to be investable and for us to put capital behind it, it has to meet certain requirements.

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

Nirali – Unique PMS: Great. Thank you for answering my questions.

Management: Thank you, {? Nyali ?}.

Operator: Thank you. The next question is from the line of Meet from Niveshaay. Please go ahead.

Meet – Niveshaay: Hi, Shanil. Congratulations on a good set of numbers. I have one or two questions on battery materials.

I was speaking with two or three of our Indian customers, and they were saying that Sudeep has a monopoly outside China. There is no one from whom we can source iron phosphate. They were even thinking that, in this year or next year, they could make iron phosphate themselves.

Can you tell us about the kind of process we use to make iron phosphate? Is it very difficult to replicate, or is there a moat that would cause others to take a long time to develop the process? Is

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the process easy to replicate, or is our process very unique, such that a competitor would not be able to match our costs? There is also the approval cycle, which could require one or two years. Is there any moat whereby, if anyone decides to produce iron phosphate, Sudeep would be in a better position compared with them?

Management: Good afternoon, Meet. Again, that is a great question. If I have to tell you, there will definitely be other players in India, and perhaps globally, who will produce battery-grade iron phosphate.

What will eventually differentiate them from Sudeep, or from anyone else who is successful in this business, is the technology. We have an 11-year learning curve behind us in producing iron phosphate for pharmaceutical applications, and from 2018 until now, we have worked on battery-grade iron phosphate.

If you look at the Chinese chemistry, or what is called the conventional process, it generates extremely high levels of effluent. To give you an idea, the conventional process produces 15,000 liters of effluent per ton. Now imagine this at a scale of 100,000 tons or 200,000 tons.

First of all, obtaining permission for all that effluent in India is close to impossible. The only way you can run this process is to 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 pork industry in China.

Therefore, all of the operating-cost advantages that China has, India does not have. The easier thing for someone to do, or probably the only thing someone can do to move quickly, is to replicate the conventional chemistry. However, they will reach a scale limitation, where producing beyond 10,000 to 15,000 tons would become difficult in India.

In our process, which is why we call it green, we have reduced effluent by 90% and solid waste by almost 95%. I would say that from an operating-cost and capital-expenditure perspective, our process is more competitive. We believe that even at scale, we will compete with non-Chinese manufacturers, and this will give us an advantage.

Meet – Niveshaay: If someone wants to follow the same method that we are using, the purification route using cheaper iron feed, broadly how much time could it take for any new player?

Management: I cannot comment on the capabilities of others, but I can tell you that it took us 4 years to develop this process. There are two things that you have to solve for. First, it took us 4 years to develop this process.

Then, getting this process validated by customers took 2 years, or would normally take 2 years, because we have gone through that process since then. The third thing someone has to solve for is how to address the upstream process.

Phosphoric acid is a very large cost contributor, or the largest cost contributor, for battery-grade iron phosphate. We have been buying this product, or this raw material, for the past 30 years. We know the cycles, and we have long-term contracts in place to support the ramp-up.

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There are multiple aspects that someone would have to solve for before they start building scale. At a small scale, they would be able to do it.

Meet – Niveshaay: Understood. One last question: our initial 100,000-ton iron phosphate capex is approximately 600 crores, right? The next 100,000 tons would be brownfield only. Is there any rough capex number that you would like to share if we announce additional capex? I think the incremental ROCE should be very good for another 100,000 tons. Is there any broad number you can share?

Management: You are right, Meet. That is the expectation when we scale from 100,000 tons to 200,000 tons. I will refrain from sharing too much about capex numbers and ROCE, especially because you mentioned that there are people looking at producing iron phosphate. [laughs]

Jokes apart, we are very focused on maintaining 3x. At 200,000 tons, it could be higher than 3x. I do not want to state a specific number. As I mentioned, if you look at our ROCEs, perhaps not for FY27, but if you look at FY26 and earlier, those are the kind of ROCEs that we would target in the battery business as well.

Meet – Niveshaay: Understood. One last question: regarding the two Korean customers that we were expecting could provide a very large order, would they require approval when we start our plant in April 2027? Would we need to supply from that plant and then receive approval, or does it not work that way? If we qualify through our 5,000-ton line, is that sufficient?

Management: No, it fast-tracks the approval. Typically, for the new greenfield facility in Dahej, it would ideally take 3 months, and a maximum of 6 months, to go through approval. It would only be a plant approval. The process and product approval would remain the same because they have already approved the current plant and the current product.

Meet – Niveshaay: Understood. Done. Thank you so much, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Gagan from MK Global. Please go ahead.

Gagan – MK Global: Thanks for taking my question. This question is regarding the battery materials business. Will Phase 2 start only after binding contracts are signed? Typically, what percentage of the contracts do you target signing before commissioning?

Management: Hi, Gagan. Our target today is to be able to sign binding commitments, as I mentioned, in Q4. That would still largely be before we commission Phase 1 in April 2027.

Once those binding commitments are signed, we will have very clear visibility of the deliveries that they require for each calendar year or each financial year. We would then base our scale-up, or our Phase 2 and Phase 3 expansions, on those plans.

We do not necessarily have to wait until Phase 1 is commissioned. We could proceed, and a lot of the backend engineering design work is something that we are already doing to reduce the time to market.

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Gagan – MK Global: My second question is about returns. You have typically guided to 3x asset turnover for this business, although the margin is slightly below PFN. What EBITDA margin and ROCE have you assumed, typically, for 100,000 tons per annum, and might they be different for 200,000 tons per annum?

Management: Gagan, as I have mentioned on this call and in previous calls, we currently do not provide guidance for EBITDA margins in the battery business. What I have mentioned is that we would target a similar asset turn, which would be close to 3x, and a similar ROCE profile.

That is what has made the business investable for us and enabled us to put capital behind it. EBITDA levels are not something that we would openly discuss today.

Gagan – MK Global: For my final question, to be eligible for the 45X US benefit, my understanding is that the supply source should also be non-Chinese. How do you secure non-Chinese purified phosphoric acid at the larger scale of 100,000 to 200,000 tons per annum?

Management: Again, that is a great question. We currently already operate an ex-China supply chain for both our raw materials. We have secured supplies for the first 100,000 tons, largely from India.

There are some players that are currently producing it, some that have announced capex, and some that will be entering this space. Geographically, there are other markets that are large producers of purified phosphoric acid. These include Morocco, Israel, Vietnam, and Mexico.

We therefore have diversity in terms of how we will address both 100,000 tons and 200,000 tons of our requirement. However, it will all be ex-China.

Gagan – MK Global: That is all from my end. Thanks.

Management: Thank you.

Management: I am unable to hear anyone. If someone is asking a question—

Operator: Shreya, you are not audible.

Shreya: Hello. Am I audible now?

Operator: Yes.

Shreya: Thank you for taking my question, and congratulations on a great set of numbers. My question is to understand, over the next few quarters, what the volume offtake would be, what some of the new products such as magnesium glycinate would be that have better pricing, what the current capacity utilization is across all your facilities, and how you see that evolving over the next two to three quarters.

Management: Hi, Shreya. I am assuming that you are referring to our current core business, which is PFN and specialty ingredients, and not battery materials?

Shreya: Yes.

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Management: Our current site in Nandesari for PFN, for the core product categories such as phosphates, is operating at optimum utilization. We may have stretched it slightly higher, so it may be closer to 80% utilization.

Our greenfield facility has just received approval, so it has no utilization today. We expect some utilization to start coming through from Q4, perhaps in small quantities in Q3, but largely from Q4.

For specialty ingredients, on a full-year basis in FY26, utilization may have been closer to 40% to 45%. This quarter, it has been lower, but we expect to return to approximately 40% utilization, if not slightly higher at 45%, by Q4 of this year in the specialty ingredients segment.

The greenfield facility, as I mentioned, will take some time. You can expect some growth, with 10% to 15% utilization from this site in FY28. In the second and third years, it will start to ramp up faster once all customer approvals are in place.

Shreya: With the US FDA approval coming through, how do you see volume growth ramping up across these facilities? Apart from magnesium glycinate, are there any other attractive products in your pipeline? How do you see this evolving over the next two to three quarters? If you could quantify some of these metrics, that would be really helpful.

Shreya: If that would be really helpful.

Management: I think I mentioned that glycinate is one category. There are multiple types of glycinate. Magnesium is one of them, and there are other glycinates as well. We also spoke about gluconates, citrates, and sulfates.

Citrates and sulfates specifically have been around for a very long time. Some companies globally have been producing these categories. The reason we decided to develop these categories is that we see clinical nutrition, or adult nutrition, as a very large area.

Everyone who is on a GLP-1-related diet, including patients taking Ozempic or Mounjaro, typically ends up skipping a meal. As a result, protein demand has increased substantially. Along with protein intake, they need their necessary daily requirement of vitamins and minerals.

For that application, sulfates and citrates, which are water-soluble, will see very large demand. This demand is being built by certain very large customers because we are developing these products for them, and that will also drive demand for these two product categories.

Shreya: Have we already received RFPs or customer volume contracts for the categories you mentioned?

Management: I would not call them binding volume contracts, but these are customers with whom we have been working for a very long time, perhaps 10 years or longer. They are also currently developing their products. As their products scale, their demand for Sudeep will also scale.

Shreya: How large can magnesium glycinate, gluconate, and citrate become over the next year or so? How much can they contribute to total revenue, broadly as a percentage or otherwise? This assumes that everything is normal, with no supply chain disruption or other significant changes, and

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that conditions return to a normalized state.

Management: As I mentioned, we see a lot of potential in magnesium bisglycinate. If I were to give you a three-year view, over 2 to 3 years, we see this having an opportunity of at least 100 crores, if not more than 100 crores, as a product alone contributing revenue to Sudeep.

That is one number I can share based on the visibility and the number of customer approvals we have. Collectively, citrate and gluconate could be similar, but it would be difficult to say exactly when the scale-up will happen because customers are also in the development process.

Shreya: Understood. Thank you so much for taking my question.

Management: Thank you, Shreya.

Operator: Thank you. The next question is from the line of Hoshang from Helios Financial Services. Please go ahead.

Hoshang – Helios Financial Services: I have one question regarding the current geopolitical situation, because of which we need to maintain higher inventory levels. As a result, our working capital cycle has also increased year-on-year. I wanted to check what the long-term plan would be to reduce it. Do you see any scope to reduce the inventory cycle as well?

Management: Hoshang, good afternoon. We are taking multiple steps regarding inventory, receivables, and payables. We are closely monitoring the key inventory levels that we require and identifying where we can use a just-in-time approach.

However, that policy or philosophy should not hamper the business. An appropriate decision has to be taken at the right time to ramp up inventory levels. That was the case recently because of the geopolitical situation, when we had to purchase raw materials. We had to do so; otherwise, we would have had much lower inventory levels.

We should also be mindful of our customer mix, where our key customers are located, and the credit terms on which we can obtain volume business from them. We will be more mindful of the quality of our customers and the appropriate inventory levels that we should maintain.

As we said, approximately 170 days, or 170 to 180 days, is our target for this year. That is the first step we want to take in managing our working capital.

Hoshang – Helios Financial Services: You are referring to 170 to 180 days—

Management: Excluding the battery business. There will be investment required as we set up our plant, and materials will be required for the battery business. We are excluding that from the calculation.

Officially, the published consolidated results will include those numbers, but the 170- to 180-day target would exclude inventory related to the battery business.

Hoshang – Helios Financial Services: Understood. Excluding the battery business, approximately 180 days in FY27 would be the target, right?

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Management: FY25 target. Yes, FY25.

Hoshang – Helios Financial Services: Understood. That is great. If there is anything else, I will join back in the queue.

Management: Sure.

Operator: Thank you. The next question is from the line of Rohit from 360 ONE Capital. Please go ahead.

Rohit – 360 ONE Capital: Thanks, and congratulations on a strong set of numbers. First, on the NSS front, given that we have secured approvals from five customers, what kind of revenue are we looking for in FY27, and how is it likely to scale up by FY29? Similarly, on the margin profile, could you discuss how margins will scale up from FY27 to FY29?

Management: Hi, Rohit. As I mentioned, I think in the last call as well, NSS will have a flattish year in FY27. It will not have any significant growth, but these five customer approvals will largely support growth in FY28 and also in FY29.

In FY28, conservatively, NSS should grow at a similar pace to what Sudeep's core business is growing at today. That is the growth we are currently targeting or envisaging for NSS for FY28.

Additionally, the change in supply chain that we are implementing and optimizing from India should help NSS operate closer to its target of approximately a 30% EBITDA margin. Barring any additional supply-side challenges or shocks, if nothing of that sort occurs, then in FY28 we should be able to target that profitability and margin profile for NSS.

Rohit – 360 ONE Capital: The second question is on iron phosphate. Once our plant is commissioned by April next year, what timeline are we looking at for commercial-scale batch validation by customers? Given that domestic customers may not yet be ready with their CAM capacities, are we initially looking at the export market, and if so, which geographies?

Management: For us, the battery business, including the 25,000 tons and perhaps the Phase 2 that we scale up, will be largely export-driven. We will perhaps discuss this in more detail on our next quarterly call once the binding agreements are signed.

I mentioned that we see Korea as a very important market where cathode and LFP capacities already exist. There are also very large cell companies in Korea that have a presence in the US. That is one key market we are targeting, with eventual supply going to the US.

Apart from that, Europe is one area where we are seeing very good progress with specific customers. From a Phase 1 scale-up perspective, we are assuming that it will take approximately 3 to 6 months for customers to validate the site in Dahej. We can therefore assume 6 months, or half of FY28, to have commercial supplies and generate revenue for SAM.

Rohit – 360 ONE Capital: Just one clarification on Q2 margins. We said that we benefited from low-cost raw materials, while at the same time there was an adverse impact from higher freight costs. Given that we have reached approximately 37% margins, can we safely assume that, for the

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next couple of quarters, barring any incremental disruptions, margins will stabilize at these levels?

Management: I would say that the P&L has benefited from a lot of operational leverage, which we will continue to see. The P&L, independently, should be able to sustain this.

Specialty ingredients will also sustain, but we should keep in mind that the greenfield facility that we have just capitalized and commissioned, and for which we have received approvals, will start operating at a lower utilization level while incurring certain operating costs. Those costs will come in.

The goal will be to sustain these margin levels. There will not be any significant change from these margin levels, but we will have certain battery-related costs as we move closer to commercialization. The operating costs from the greenfield facility will also start getting accounted for in our P&L.

Rohit – 360 ONE Capital: Perfect. Thanks a lot for answering all the questions, and all the best.

Management: Thank you, Rohit.

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

Management: I would once again like to thank Rohit, the 360 ONE team for hosting today's call, and all our participants and shareholders. I would like to wish everyone in advance a very happy Diwali and a very happy and prosperous New Year.

Management: Happy Diwali to you all, and happy New Year.

Management: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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