SUDEEP PHARMA LTD.

November 21, 2025

Sudeep Pharma Limited

SMC Ranking

★ ½ ☆ ☆ ☆ (1.5/5)

Issue Highlights

Industry	**Pharma**
Offer for sale (Shares)	13,490,726
Fresh Issue (Shares)	1,602,024
Net Offer to the Public	**15,092,750**
Issue Size (Rs. Cr.)	849-895
Price Band (Rs.)	563-593
Offer Date	21-Nov-25
Close Date	25-Nov-25
Face Value	1
Lot Size	25

Issue Composition

	In shares
Total Issue for Sale	15,092,750
QIB	7,546,375
NIB	2,263,913
Retail	5,282,463

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	89.36%	76.15%
QIB	10.64%	17.17%
NIB	0.00%	2.00%
Retail	0.00%	4.68%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Sudeep Pharma IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Capital expenditure towards procurement of machinery for the production line located at Nandesari Facility
2. General corporate purposes

Book Running Lead Manager

- ICICI Securities Limited
- IIFL Capital Services Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Incorporated in 1989, Sudeep Pharma Limited is a leading manufacturer of pharmaceutical excipients, food-grade minerals, and specialty nutrition ingredients, serving customers across more than 100 countries. The company operates six manufacturing facilities with a combined capacity of 50,000 MT, producing a wide range of mineral-based products including calcium, iron, magnesium, zinc, potassium, and sodium. Its portfolio spans over 200 products catering to the pharmaceutical, food, and nutrition industries. Sudeep Pharma has robust R&D capabilities supported by in-house laboratories and pilot-scale facilities dedicated to mineral salts and excipient development. Its key business segments include Pharmaceutical, Food and Nutrition, Specialty Ingredients, and Triturates. As of December 31, 2024, the company employed 704 permanent staff.

Strength

Market leadership with a diversified product portfolio in a high-barrier industry: According to the F&S Report, the company is a leading manufacturer of pharmaceutical, food, nutrition, and specialty ingredients, particularly excipients and mineral-based products such as iron phosphate. It is also recognized as one of India's leading producers of specialty food ingredients, with a portfolio of over 100 products as of June 30, 2025. Its market position is strengthened by a customer-centric approach built on the philosophy "Listen, Understand, and Create," enabling customized solutions. The company is well-placed to benefit from the rapid expansion of India's food and nutrition ingredients market, driven by rising health awareness and the demand for fortified foods. Additionally, the Indian excipient market offers strong long-term growth potential due to high regulatory entry barriers, where the company's accredited facilities, cost-effective raw materials, and favorable global outsourcing trends provide a competitive edge.

Distinguished global customer base with long-standing relationships: The company serves a broad global clientele, with over 1,100 customers across the pharmaceuticals, food and nutrition, and FMCG sectors as of June 30, 2025. This includes more than 40 blue-chip multinational companies and 14 Fortune 500 companies, with marquee names such as Pfizer Inc., Intas Pharmaceuticals Limited, and Danone S.A. The company enjoys strong customer stickiness, reflected in an average relationship tenure of 7.08 years with its top five customers. Its largest customer has contributed between 8.15% and 14.58% of revenue from operations over the past three fiscal years and the three months ended June 30, 2025. High retention rates are driven by stringent quality standards, regulatory compliance, and reliable export operations, which form a significant share of overall revenue.

Well-equipped and globally compliant manufacturing infrastructure: The company operates four manufacturing facilities with 12 production lines and a combined annual production capacity of 72,246 MT as of June 30, 2025. This includes two facilities in Gujarat for pharmaceutical and food-grade minerals, a specialty ingredients facility in Gujarat, and an international facility in Ireland acquired through NSS. These sites leverage six proprietary technologies—including encapsulation and spray drying—along with advanced automation, and are supported by a fully equipped in-house quality control laboratory. Collectively, the facilities hold 35 global accreditations such as USFDA, WHO-GMP, and FSSC. Notably, the Nandesari Facility I secured USFDA approval in March 2024 for manufacturing mineral-based food ingredients, making the company the first in India to achieve this milestone. The company also maintains 15 warehouses worldwide and is

commissioning an additional 51,200 MT facility at Nandesari, expected to be operational by Q4 FY26, to meet rising demand. Continuous investments are being made to strengthen manufacturing capabilities.

Strong research and development capabilities: R&D remains a key differentiator, with a focus on particle engineering, improving shelf life, enhancing nutrient bioavailability, and solving formulation challenges. As of June 30, 2025, the company operates two R&D centers with a team of 41 specialists, equipped with advanced systems such as fluidized bed coaters and spray dryers. Over the past three fiscal years and the three months ended June 30, 2025, the company has undertaken more than 420 R&D projects, successfully commercializing 127 products. Its technological expertise spans encapsulation, spray drying, granulation, trituration, liposomal preparations, and blending. Key innovations include Lipoboost, a liposomal ingredient line designed to improve bioavailability, and Novelcap, an encapsulated ingredient range addressing stability and controlled-release challenges.

Strategy

Expand into high-growth businesses: The company has established a wholly owned subsidiary, Sudeep Advanced Materials Private Limited (SAMPL), to diversify into the electric vehicle and energy storage sectors through the production of precursor cathode active materials (pCAM), beginning with battery-grade iron phosphate for lithium iron phosphate batteries. Under a job-work arrangement, SAMPL leverages the parent company's capabilities for key processes such as synthesis, drying, and calcination, ensuring efficient use of existing infrastructure while developing next-generation manufacturing competencies. This venture, built around a proprietary eco-friendly process and marketed under the EcoCath™ brand, aligns with the company's broader strategy to capitalize on its manufacturing ecosystem, regulatory credibility, and integrated supply chain. It also supports capacity expansion at Nandesari Facility I for multiple grades of iron phosphate and investment in advanced technologies to drive sustainable growth.

Expand market reach through multiple growth initiatives: The company plans to enhance its global presence by using its USFDA-approved Nandesari Facility I to enter highly regulated markets such as the United States and Europe, shifting from a distributor-led approach to direct market access supported by investments in warehousing and local teams. Additional growth is expected through R&D-led product lines such as Lipoboost—liposomal ingredients designed for enhanced bioavailability—and Novelcap, a portfolio of encapsulated solutions addressing formulation challenges. These innovations position the company as a competitive, cost-efficient alternative to global players. The company also aims to leverage government-driven public health programs, including India's rice fortification initiative and similar efforts in Africa and Southeast Asia, by applying its expertise in micronutrient premixes and specialized food minerals to address malnutrition and broaden its footprint in high-demand regions.

Develop customized solutions and forge strategic partnerships: To meet evolving customer needs, the company intends to expand its portfolio of customized solutions, particularly in specialized food minerals, premixes, and advanced delivery systems such as encapsulated ingredients. Strengthening its global presence is a key priority, with plans to establish new international partnerships for faster market entry and localized expertise. This strategy is reinforced by investments in region-specific manufacturing and marketing, along with agile product adaptation based on customer feedback. Execution is already underway through the creation of dedicated sales teams and expanded warehousing in Europe, including an office in the Netherlands and warehouses in Spain and the Netherlands, enabling deeper engagement with priority markets.

Integrate acquired entities and pursue inorganic growth opportunities: The company continues to evaluate strategic acquisitions to expand its geographic reach, strengthen market positioning, and enhance its product portfolio, guided by criteria such as managerial strength, scale, technology capabilities, and valuation discipline. A recent example is the acquisition of 85% of NSS by its subsidiary, Sudeep Pharma B.V., effective May 22, 2025. NSS, a manufacturer of vitamin and mineral

blends for high-care infant nutrition and critical care, provides the company with a domestic manufacturing footprint in Europe, existing customer approvals, and advanced formulations. This integration is expected to create new revenue opportunities and drive cross-selling across global markets.

Enhance manufacturing capabilities: According to the F&S Report, the company is well-positioned to benefit from the strong growth of India's pharmaceutical sector—the world's largest producer of generic medicines—and the rising demand in the excipient market, supported by cost-efficient raw materials and labor availability. These opportunities are further strengthened by global trends in outsourcing formulation work to Asia due to rising operational costs, labor shortages, and higher energy prices in the United States and Europe. To capture this expanding demand, the company is increasing its manufacturing footprint by setting up a new excipient facility at Nandesari, Gujarat, with a proposed annual capacity of 51,200 MT. Scheduled to be operational by Q2 FY26, the facility will incorporate automation to enhance efficiency and support long-term operational scalability.

Risk Factor

- A significant share of revenue comes from a limited number of customers, and losing any of them or seeing reduced demand could negatively impact the company's business and financial performance.
- The pharmaceutical, food, and nutrition segment contributed 66–77% of revenue over the past periods, so any downturn in this segment could adversely affect overall operations and cash flows.
- The company's facilities undergo regular regulatory and customer audits, and any quality or manufacturing issues could lead to regulatory action, reputational harm, and business disruption.
- Most manufacturing and one R&D facility are located in a single region, making the company vulnerable to regional disruptions that may affect operations and financial performance.
- Any interruption or slowdown in manufacturing or R&D activities could negatively impact business continuity and financial results.
- Failure to launch new products on time or underperformance of new products could adversely affect growth and profitability.
- The NSS acquisition and any future acquisitions or strategic ventures pose integration and execution risks that could affect business and financial outcomes if unsuccessful.

Peer Comparison

AS per RHP, there are no peer group companies listed in India which are in the same line of business as the Company.

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.593, the stock is priced at pre issue P/E of 47.61x on FY25 EPS of Rs.12.46. Post issue, the stock is priced at a P/E of 48.29x on its EPS of Rs. 12.28. Looking at the P/B ratio at Rs. 593 pre issue, book value of Rs. 65.13 of P/Bvx 9.10x. Post issue, book value of Rs.72.62 of P/Bvx 8.17x.

Considering the P/E valuation, on the lower end of the price band of Rs.563, the stock is priced at pre issue P/E of 45.20x on FY25 EPS of Rs. 12.46. Post issue, the stock is priced at a P/E of 45.85x on its EPS of Rs.12.28. Looking at the P/B ratio at Rs. 563 pre issue, book value of Rs. 65.13 of P/Bvx 8.64x. Post issue, book value of Rs.72.62 of P/Bvx 7.75x.

Industry Outlook

The industry outlook, as detailed in the F&S Report, is marked by rapid growth across multiple sectors in India, which is positioned to become a global hub for manufacturing. India's food and nutritional ingredients market is expanding quickly, driven by increasing health awareness, a growing population, and rising disposable incomes, leading to a surge in demand for fortified foods, dietary supplements, and functional beverages, with the sector poised for growth through innovation to address consumer health and nutrition needs globally. Simultaneously, the Indian excipient market holds significant growth potential due to the accessibility of cost-effective raw materials and labour, a trend that is reinforced by the expected outsourcing of drug formulation to Asian nations like India from the U.S. and Europe, which are facing rising expenses and workforce shortages. Although stringent regulatory processes serve as an entry barrier for new entrants, this ultimately benefits existing players with established manufacturing and regulatory capabilities, positioning them strongly to capitalize on the sustained growth in the pharmaceutical, food, and nutrition industries.

Outlook

The company's strong market leadership, diversified portfolio, and robust R&D pipeline position it well for sustained growth. Expansion into high-potential sectors, global market penetration, and capacity enhancement further strengthen prospects. However, customer concentration, segment dependence, operational risks, and integration challenges may moderate momentum, making disciplined execution and risk management essential for long-term stability.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	21-November-25
BID/ISSUE CLOSES ON	25-November-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	26-November-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	27-November-25
Credit of Equity Shares to Demat Accounts of Allottees	27-November-25
Commencement of trading of the Equity Shares on the Stock Exchanges	28-November-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Jun-25 (3 Months)	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)
Revenue from operations	124.92	502.00	459.28
Total expenditure	81.04	312.05	277.62
Operating Profit	**43.88**	**189.95**	**181.66**
OPM%	35.12	37.84	39.55
Other Income	5.16	9.33	6.10
Total Net Income	**49.03**	**199.28**	**187.76**
Interest	1.71	5.85	3.92
PBDT	**47.32**	**193.44**	**183.83**
Depreciation	3.25	10.59	9.01
PBT	**44.07**	**182.85**	**174.82**
Tax	12.80	44.15	41.63
Profit & Loss	**31.27**	**138.69**	**133.19**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Jun-25	As on 31-Mar-25	As on 31-Mar-24
Non-current assets			
Property Plant & Equipment	225.64	177.07	167.04
Capital work-in-progress	110.06	88.22	44.66
Right-of-use assets	11.84	12.05	12.89
Goodwill	68.70	0.00	0.00
Intangible assets under development	0.19	0.21	0.30
Financial assets			
Others	14.23	4.19	2.98
Deferred tax assets (net)	0.35	0.33	0.23
Other tax assets (net)	1.58	2.07	2.52
Other non-current assets	9.03	8.92	7.89
Total non-current assets	**441.60**	**293.05**	**238.50**
Inventories	157.92	128.67	66.58
Current asset			
Financial Assets			
Investments	0.14	0.14	0.13
Trade Receivables	187.59	185.36	144.57
Cash & Cash Equivalents	42.67	36.81	13.98
Bank balances other than (iii) above	15.00	15.00	0.00
Loans	0.46	0.30	1.31
Others	26.48	9.91	1.50
Other current assets	50.40	47.95	47.30
Total current assets	**480.65**	**424.12**	**275.37**
Total Assets	**922.26**	**717.17**	**513.87**
Non-current liabilities			
Financial liabilities			
Borrowings	36.88	39.55	11.14
Lease Liabilities	1.54	1.66	2.30
Provisions	1.97	1.75	1.32
Deferred tax liabilities (net)	6.84	6.36	5.85
Total Non- Current liabilities	**47.23**	**49.32**	**20.61**
Current liabilities			
Financial Liabilities			
Borrowings	99.09	95.70	63.89
Lease Liabilities	0.56	0.64	0.75
- Total outstanding dues of MSME	1.30	2.27	2.49
- Total outstanding dues of creditors other than MSME	58.27	58.21	48.22
Other financial liabilities	6.10	5.38	5.53
Other Current Liabilities	7.54	8.87	9.10
Provisions	0.69	0.90	7.11
Current tax liabilities (net)	7.54	2.79	0.13
Total - Current Liabilities	**181.09**	**174.76**	**137.22**
Total Liabilities	**228.33**	**224.08**	**157.83**
Net worth represented by:			
Equity share capital	9.72	9.72	1.41
Instruments entirely equity in nature	2.82	2.26	0.00
Other equity	668.52	481.11	354.63
Non-controlling Interest	12.87	0.00	0.00
Total Equity	**693.93**	**493.09**	**356.03**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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