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CM RATING 42 /100

Sudeep Pharma

Excipients and specialty ingredients manufacturer

Expanding production capacity to meet growing demand

Sudeep Pharma is a manufacturer of excipients, and specialty ingredients for the pharmaceutical, food and nutrition industries. Excipients are the inactive but essential components that help medicines hold their form, dissolve correctly, and remain stable, while specialty ingredients are functional additives that improve the quality, texture, or performance of products in food and nutrition.

Since inception in 1989, the company has expanded its operations from production of excipients to a wide variety of over 100 products in the pharmaceutical, food and nutrition industries, as of June 30, 2025.

The business is primarily structured into two verticals. (1) The Pharmaceutical, Food, and Nutrition vertical focuses on refined, mineral-based single ingredients essential to these industries, offering key mineral salts such as calcium, zinc, iron, potassium, magnesium, sodium, and copper that support a wide range of health-focused applications. (2) The Specialty Ingredients vertical is operated through the subsidiary SNPL. It focuses on developing technology-driven, application-specific mineral and micronutrient systems. These include micronutrient premixes, encapsulated ingredients, liposomal and spray-dried formats, granulated minerals, and triturated blends. These products cater to functional foods, dietary supplements, infant and clinical nutrition, FMCG, and convenience food formulations.

In Q1 FY26, Pharmaceutical, food and nutrition segment contributed 66.43% to revenue, and Specialty ingredients segment 33.57%.

The company has a strong global presence, operating in approximately 100 countries across key regions including the United States, South America, Europe, the Middle East, Africa, and Asia-Pacific, as of June 30, 2025.

In Q1 FY2026, India contributed 41.32% to total sales, while exports accounted for 58.68%. Of the total exports, Europe contributed 17.46%, North America 15.92%, Asia-Pacific 13.87%, the Middle East and Africa 8.08%, and other regions 3.35%.

Sudeep pharma is one of the largest exporters of mineral ingredients for pharmaceutical, food and nutrition industries from India to global markets in terms of volume of products exported during 2024, as of December 31, 2024.

Focus on scientific precision and quality has helped position it as a trusted partner for customers around the world. As of June 30, 2025, the company served over 1,100 customers. Moreover, it has built longstanding relationships with marquee customers including Pfizer, Intas Pharmaceuticals, Mankind Pharma, Merck Group, Alembic Pharmaceutical, Aurobindo Pharma, Cadila Pharmaceutical, IMCD Asia, Micro Labs, and Danone S.A.

Its largest customer accounted for 14.58% and 8.15% of revenue for Q1 FY26, and Fiscals 2025, respectively. The average tenure of relationship with its five largest customers is 7.08 years as of June 30, 2025.

The company is one of the largest producers of food-grade iron phosphate for infant nutrition, clinical nutrition, and the food and beverage sectors, in terms of production capacity.

The company operates three manufacturing facilities in Vadodara, Gujarat. Further, pursuant to acquisition of NSS as a Material Subsidiary with effect from May 22, 2025, the company also owns a manufacturing

facility in Ireland. These facilities span a total land area of approximately 68,446 square meters and have a total annual available production capacity of 72,246 MT, as of June 30, 2025.

To meet growing demand, the company is setting up a new manufacturing facility in Nandesari, Gujarat, with an annual capacity of 51,200 MT, expected to be operational by Q4 FY2026.

The United States Food and Drug Administration (USFDA) have approved one of its manufacturing facilities for the manufacturing of mineral-based ingredients.

In Q1 FY26, the company incurred Rs 12.95 crore on capacity expansion and manufacturing infrastructural development.

The company has two R&D facilities and a team of 41 personnel as of June 30, 2025, including one dedicated R&D facility in Vadodara, Gujarat. In Q1 FY26, R&D expense was 2.06% of revenue.

The company is open to exploring opportunities for inorganic growth to expand operations, enter new markets, and strengthen its market position in existing business verticals.

Going forward, the company intend to develop customized solutions and enter into strategic partnerships that help meet the unique requirements of customers across diverse sectors.

Offer and its objects

The IPO comprises fresh issue of equity shares worth up to Rs 95 crore and an offer for sale of 1,34,90,726 equity shares aggregating up to Rs 800 crore by existing shareholders Sujit Jaysukh Bhayani, Sujeet Jaysukh Bhayani HUF, Shanil Sujit Bhayani, and Avani Sujit Bhayani.

Price band for the IPO is Rs 563 to Rs 593 per equity share of face value Re 1 each.

The objectives for the fresh issue includes Rs 75.8 crore for capital expenditure towards procurement of machinery for production line located at Nandesari Facility I, and remaining amount for general corporate purpose.

The promoters are Sujit Jaysukh Bhayani, Shanil Sujit Bhayani, Avani Sujit Bhayani, Sujeet Jaysukh Bhayani HUF, Riva Resources, and Bhayani Family Trust. The promoters and promoter group hold an aggregate of 9,95,03,523 equity shares, aggregating to 89.36% of the pre-offer issued and paid-up equity share capital. Their post IPO shareholding is expected to be around 76.15%.

The issue, through the book-building process, will open on 21 Nov 2025 and will close on 25 Nov 2025.

Strengths

Leading manufacturer of specialty food ingredients in India, offering a wide portfolio in a high-barrier industry.

Well positioned to capitalize on the growth in the pharmaceutical, food, and nutrition industries, driven by rising healthcare demand and chronic disease prevalence in pharmaceuticals, increasing consumption of processed and fortified foods in the food industry, and growing awareness of health, wellness, and preventive nutrition in the nutrition sector.

Distinguished global customer base with long-standing relationships with key customers. As of June 30, 2025, it served over 1,100 customers, and the average relationship tenure with its five largest customers stood at 7.08 years.

Only company in India and one of nine companies globally with certification of suitability issued by the Council of Europe (CEP) and written confirmation certification for sale of calcium carbonate as API in the European Union as of June 30, 2025.

Well-equipped and regulatory compliant Manufacturing Facilities. Its manufacturing facilities have received an aggregate of 35 global accreditations and certifications, including 10 product specific regulatory approvals

(including from jurisdictions such as United States and Europe) as of June 30, 2025.

Expanding into high-growth businesses, through its wholly owned subsidiary SAMPL. Leveraging its expertise in mineral chemistry and precision processing, the company plans to produce battery-grade iron phosphate for electric vehicles and energy storage systems.

Strong research and development capabilities. Its proprietary processes, including EcoCath™, micronutrient premixes, and encapsulated formats, enhance product efficacy, shelf life, and bioavailability, enabling the company to meet evolving customer needs.

Extensive experience of promoters and senior management personnel.

Weaknesses

A substantial portion of revenue is generated from export sales, accounting for 58.68% in Q1 FY2026. This reliance makes performance vulnerable to currency fluctuations, trade tariffs, and regional disruptions.

Compliance with stringent regulations in pharmaceuticals, food, and nutrition industries can delay product launches or increase costs.

Subject to counterparty credit risk, as operations involve extending credit to customers. In Q1 FY2026 and FY2025, trade receivables were 150.17% and 36.92% of revenue, respectively.

New entrants and global players in the specialty ingredients market could pressure pricing and margins.

Fluctuations in prices of raw materials such as mineral calcium, phosphoric acid and sorbic acid could adversely affect production costs and profitability.

The company reported negative cash flow from operating activities in Q1 FY2026, indicating liquidity pressure.

Some equity shares held by the promoters were previously pledged to secure debentures issued by a promoter entity. Any future invocation or re-creation of these pledges could dilute promoter shareholding.

Certain subsidiaries have incurred losses or have negative net worth.

Valuation

Net sales increased 9% to Rs 502 crore in FY2025 as compared with FY2024. The OPM decreased 171 bps to 37.84%, leading to 5% increase in OP to Rs 189.95 crore. OI increased 53% to Rs 9.33 crore. Interest cost rose 49% to Rs 5.85 crore. Depreciation cost went up 17% to Rs 10.59 crore. PBT surged 5% to Rs 182.84 crore. Tax expenses were Rs 44.15 crore as compared with Rs 41.63 crore. Net profit increased 4% to Rs 138.69 crore.

The FY2025 EPS on post-issue equity works out to Rs 12.3. At the upper price band of Rs 593, P/E is 48. The OPM and ROE stood at 37.84% and 32.66% respectively, in FY 2025.

There are no peer group companies listed in India, which are in the same line of business.

Sudeep Pharma holds a notable position in the mineral-based excipients and specialty ingredients segments. Its planned expansion into growth verticals, including battery-grade iron phosphate through its subsidiary SAMPL, provides potential for diversification. The company's investments in manufacturing capacity and R&D support its ability to meet evolving market demand. However, the offer comes at a premium valuation, and the company's heavy reliance on exports, exposure to raw material price fluctuations, and competitive pressures in specialty ingredients could pose operational challenges.

Sudeep Pharma: Issue highlights	
For Fresh Issue Offer size (in no of shares)	
- On lower price band	16,87,388

- On upper price band	16,02,024
Offer size (in Rs crore)	95
For Offer for Sale Offer size (in Rs crore)	
- On lower price band	759.53
- On upper price band	800
Offer size (in no of shares)	1,34,90,726
Price band (Rs)	563-593
Minimum Bid Lot (in no. of shares)	25
Post issue capital (Rs crore)	
- On lower price band	11.3
- On upper price band	11.29
Post-issue promoter & Group shareholding (%)	76.15
Issue open date	21-11-2025
Issue closed date	25-11-2025
Listing	BSE, NSE
Rating	42/100

Sudeep Pharma: Consolidated Financials

	2303 (12)	2403 (12)	2503 (12)	2506 (3)
Sales	428.74	459.28	502.00	124.92
OPM (%)	20.79%	39.55%	37.84%	35.13%
OP	89.12	181.66	189.95	43.88
Other inc.	9.52	6.10	9.33	5.16
PBIDT	98.64	187.76	199.28	49.04
Interest	4.74	3.92	5.85	1.71
PBDT	93.90	183.83	193.43	47.33
Dep.	7.92	9.01	10.59	3.25
PBT	85.98	174.82	182.84	44.08
Share of Profit/(Loss) from Associates/JV	-	-	-	-
PBT before EO	85.98	174.82	182.84	44.08
Exceptional items	-	-	-	-
PBT after EO	85.98	174.82	182.84	44.08
Taxation	23.66	41.63	44.15	12.80
PAT	62.32	133.19	138.69	31.27
Minority Interest	-	-	-	0.46
Net Profit	62.32	133.19	138.69	30.81
EPS (Rs)*	5.5	11.8	12.3	#
* EPS is annualized on post issue equity capital of Rs 11.29 crore of face value of Re 1 each				
# EPS is not annualised due to seasonality of business				
EO: Extraordinary items. EPS is calculated after excluding EO and relevant tax				
Figures in Rs crore				
Source: Capitaline Corporate Database				