RATING SELL | CMP INR 1,100 | TP INR 855

PL Capital PRABHUDAS LILLADHER

Sudeep Pharma (SUDEEPPH IN)

Company Update

August 14, 2026

■ Estimate Change | ■ Target | ☑ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	SELL		REDUCE	
Target Price	855		855	
Sales (INR mn)	7,276	8,191	7,276	8,191
% Chng.	-	-		
EBITDA (INR mn)	2,546	2,867	2,546	2,867
% Chng.	-	-		
EPS (INR)	17.3	19.0	17.3	19.0
% Chng.	-	-		

Key Data SUDP.BO | SUDEEPPH IN

BSE Code	544619
NSE Code	SUDEEPPHRM
52-W High / Low	INR 1,159 / INR 524
Face Value	1
Sensex / Nifty	78,009 / 24,366
Market Cap	INR 124 bn / $ 1,302 mn
Shares Outstanding	112.95 mn
3M Avg. Daily Value	INR 300.77 mn

Shareholding Pattern (%)

Promoters	76.15
FIIs	1.81
Mutual Funds	5.47
Domestic Institutions	10.18
Public & Others	4.18
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	31.4	63.6	64.6	-
Relative	29.7	58.1	74.3	-

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	5,020	6,423	7,276	8,191
EBITDA (INR mn)	1,900	2,219	2,546	2,867
Margin (%)	*37.8*	*34.6*	*35.0*	*35.0*
PAT (INR mn)	1,387	1,743	1,954	2,146
EV (INR mn)	107,934	125,607	124,861	124,681
Total Debt (INR mn)	1,353	1,483	1,943	2,143
C&C Eq. (INR mn)	368	267	1,326	1,706
EPS (INR)	14.3	15.4	17.3	19.0
Gr. (%)	*(84.9)*	*8.1*	*12.1*	*9.8*
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*32.7*	*25.3*	*19.9*	*18.1*
RoCE (%)	*33.9*	*25.0*	*20.5*	*18.6*
EV/Sales (x)	21.5	19.6	17.2	15.2
EV/EBITDA (x)	56.8	56.6	49.0	43.5
PE (x)	77.1	71.3	63.6	57.9
P/BV (x)	21.7	14.1	11.5	9.6

Learning from Tsaker New Energy's pCAM segment

Quick Pointers

- Battery grade iron-phosphate (pCAM) realizations have tanked by more than half in 2018-25
- As a result, Tsaker, one of the largest merchant producers, has reported losses for past 3 consecutive years

Sudeep Pharma Ltd's (SUDEEPPH IN) has reported a sharp rise of 63% in its stock price since we initiated in Apr'26. The rise has been more on account of market expectations on its pCAM, the capacity guidance of which, it has doubled since then. Our study of Tsaker New Energy suggests that pCAM is heavily commoditized with manufacturers losing money, even at gross margin level. Sudeep initially intends to rely upon exports till the time domestic ecosystem comes up. Tsaker's financials paint a grim picture of what may unfold for Sudeep too, unless the domestic ecosystem with sufficiently forced indigenization supports offtake of domestically produced pCAM, that too supported by ADD or PLI. We downgrade the stock from "Reduce" to "Sell", valuing the company's existing business at 45x FY28 EPS with target price if INR855 and ascribing no value for its pCAM segment.

- **pCAM of Sudeep builds upon its existing business:** The company has successfully developed pCAM grade too and has signed up MOUs with buyers. The samples are in various stages of validation and approvals. It has doubled its initial plan of setting up 100ktpa pCAM capacity at a cost of Rs5bn to 200ktpa. The first phase of 25ktpa is expected to be operational by Mar'27.

- **Tsaker continues to make losses since 2023:** Tsaker has a capacity of 110,000mtpa pCAM. It supplies to LFP manufacturers. It is further expanding its capacity to 140tmtpa. Its financials suggest that pCAM realization has declined from USD3.3/kg in 2018 to USD1.3/kg in 2025. The company has reported gross margin level loss of 13% during 2023-25.

- **Exports could stress margins:** Under the Inflation Reduction Act of the US, a clean-energy credit is limited by Foreign Entity of Concern, thereby opening prospects for non-Chinese suppliers. Sudeep is also likely to benefit from the same. However, larger players like Lanxess have also announced foray into merchant pCAM, in addition to integrated LFP manufacturers setting up their manufacturing plants. This may result in poor profitability on exports.

- **Absence of domestic ecosystem a key challenge:** The PLI in ACC (Advanced Chemistry Cell), 2021 envisages creation of 50GWh of domestic capacity with a layout of Rs181bn. Out of this, 40GWh was awarded to four firms- ACC Energy (5GWh), Ola (20GWh), Reliance New Energy Battery Storage (5GWh) and Reliance New Energy Battery (10GWh). ***As per July'26, the government reports that no claim has been made by any entity so far***.

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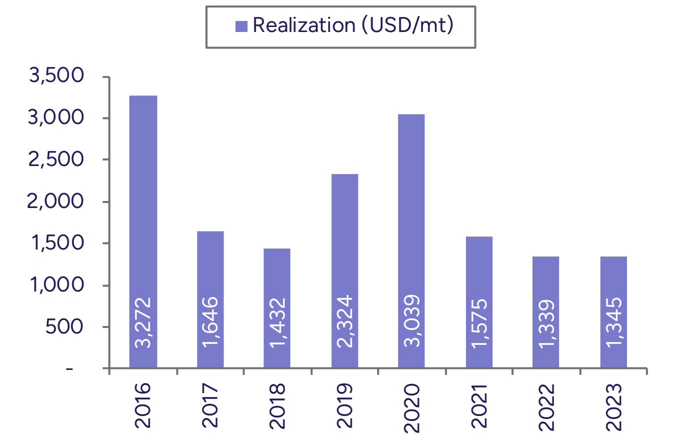
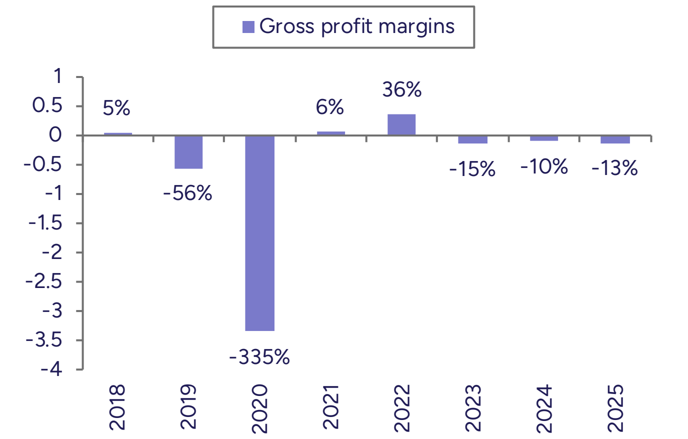
- **Domestic ecosystem, best bet in the future:** The PLI in ACC envisaged atleast 25% localization to begin with the aim of raising it to 60% within five years. The scheme has two years of gestation period (Jan'23-Dec'24) followed by five years of performance period. This could have been the best bet for Sudeep even if its manufacturing cost was not at par with the Chinese. However, the absence of the domestic ecosystem may turn out to be Aichilles' heel for the company.

Exhibit 1: Tsaker's realization for pCAM (USD/mt)



Source: Company, PL

Exhibit 2: Gross margin for Tsaker's battery materials segment (%)



Source: Company, PL

Exhibit 3: Progress of PLI awarded for ACC, Mar'26

Beneficiary firms under ACC PLI	Land acquisition completed?	Capacity Awarded (GWh)	Capacity installed (GWh)
ACC Energy Storage	Y	5	0
Ola Cell Technologies	Y	20	1
Reliance New Energy Battery Storage Ltd.	Y	5	0
Reliance New Energy Battery Ltd.	Y	10	0
Total		**40**	**1**

Source: PIB, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	**5,020**	**6,423**	**7,276**	**8,191**
YoY gr. (%)	*9.3*	*27.9*	*13.3*	*12.6*
Cost of Goods Sold	1,648	2,273	2,619	2,949
Gross Profit	3,372	4,150	4,656	5,242
Margin (%)	*67.2*	*64.6*	*64.0*	*64.0*
Employee Cost	383	519	582	655
Other Expenses	1,089	1,412	1,528	1,720
EBITDA	**1,900**	**2,219**	**2,546**	**2,867**
YoY gr. (%)	*4.6*	*16.8*	*14.8*	*12.6*
Margin (%)	*37.8*	*34.6*	*35.0*	*35.0*
Depreciation and Amortization	106	148	189	285
EBIT	**1,794**	**2,071**	**2,357**	**2,582**
Margin (%)	*35.7*	*32.2*	*32.4*	*31.5*
Net Interest	58	76	78	86
Other Income	93	286	291	328
Profit Before Tax	**1,829**	**2,281**	**2,571**	**2,824**
Margin (%)	*36.4*	*35.5*	*35.3*	*34.5*
Total Tax	441	538	617	678
Effective Tax Rate (%)	*24.1*	*23.6*	*24.0*	*24.0*
Profit After Tax	**1,387**	**1,743**	**1,954**	**2,146**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,387**	**1,743**	**1,954**	**2,146**
YoY gr. (%)	*4.2*	*25.6*	*12.1*	*9.8*
Margin (%)	*27.6*	*27.1*	*26.9*	*26.2*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,387**	**1,743**	**1,954**	**2,146**
YoY gr. (%)	*4.2*	*25.6*	*12.1*	*9.8*
Margin (%)	*27.6*	*27.1*	*26.9*	*26.2*
Other Comprehensive Income	(16)	(12)	-	-
Total Comprehensive Income	1,371	1,731	1,954	2,146
Equity Shares O/s (mn)	**97**	**113**	**113**	**113**
EPS (INR)	**14.3**	**15.4**	**17.3**	**19.0**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	**2,017**	**2,635**	**4,135**	**5,635**
Tangibles	2,017	2,635	4,135	5,635
Intangibles	-	-	-	-
Acc: Dep / Amortization	**247**	**395**	**584**	**869**
Tangibles	247	395	584	869
Intangibles	-	-	-	-
Net Fixed Assets	**1,771**	**2,240**	**3,551**	**4,766**
Tangibles	1,771	2,240	3,551	4,766
Intangibles	-	-	-	-
Capital Work In Progress	884	1,852	1,852	1,852
Goodwill	-	682	-	-
Non-Current Investments	42	195	221	248
Net Deferred Tax Assets	(40)	(55)	(67)	(81)
Other Non-Current Assets	210	501	567	639
Current Assets				
Investments	1	-	-	-
Inventories	1,287	2,160	1,866	2,100
Trade Receivables	1,854	2,275	2,686	3,024
Cash & Bank Balance	368	267	1,326	1,706
Other Current Assets	629	1,481	1,677	1,888
Total Assets	**7,172**	**11,749**	**13,848**	**16,333**
Equity				
Equity Share Capital	97	113	113	113
Other Equity	4,834	8,720	10,674	12,820
Total Networth	**4,931**	**8,833**	**10,787**	**12,933**
Non-Current Liabilities				
Long Term Borrowings	396	343	343	343
Provisions	18	-	-	-
Other Non Current Liabilities	17	311	15	17
Current Liabilities				
ST Debt / Current of LT Debt	957	1,140	1,600	1,800
Trade Payables	605	684	775	873
Other Current Liabilities	186	195	221	247
Total Equity & Liabilities	**7,172**	**11,748**	**13,848**	**16,333**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	1,829	2,281	2,571	2,824
Add. Depreciation	106	148	189	285
Add. Interest	58	76	78	86
Less Financial Other Income	93	286	291	328
Add. Other	(10)	(134)	-	-
Op. Profit before WC Changes	1,983	2,371	2,838	3,194
Net Changes-WC	(1,090)	(1,121)	(285)	(754)
Direct Tax	(406)	(555)	(617)	(678)
Net Cash from Op. Activities	**487**	**696**	**1,935**	**1,763**
Capital Expenditures	(639)	(854)	(1,500)	(1,500)
Interest / Dividend Income	1	34	-	-
Others	(150)	(2,489)	-	-
Net Cash from Invt. Activities	**(788)**	**(3,309)**	**(1,500)**	**(1,500)**
Issue of Share Cap. / Premium	380	70	-	-
Debt Changes	(86)	(103)	-	-
Dividend Paid	-	2,483	-	-
Interest Paid	(54)	(113)	(78)	(86)
Others	287	136	463	203
Net Cash from Fin. Activities	**527**	**2,473**	**385**	**117**
Net Change in Cash	**227**	**(141)**	**820**	**380**
Free Cash Flow	(155)	(158)	435	263

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**1,627**	**1,723**	**1,823**	**1,583**
YoY gr. (%)	*9.3*	*49.2*	*15.7*	*26.7*
Raw Material Expenses	609	602	639	566
Gross Profit	1,017	1,121	1,185	1,017
Margin (%)	*62.5*	*65.1*	*65.0*	*64.2*
EBITDA	**555**	**600**	**626**	**549**
YoY gr. (%)	*(12.6)*	*52.6*	*6.4*	*25.2*
Margin (%)	*34.1*	*34.8*	*34.3*	*34.7*
Depreciation / Depletion	38	39	39	40
EBIT	**517**	**561**	**587**	**509**
Margin (%)	*31.8*	*32.6*	*32.2*	*32.2*
Net Interest	23	12	24	21
Other Income	102	68	64	54
Profit before Tax	**595**	**618**	**627**	**543**
Margin (%)	*36.6*	*35.8*	*34.4*	*34.3*
Total Tax	128	141	142	137
Effective Tax Rate (%)	*21.4*	*22.8*	*22.6*	*25.2*
Profit After Tax	**468**	**477**	**485**	**406**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**468**	**477**	**485**	**406**
YoY gr. (%)	*(4.0)*	*66.1*	*9.7*	*29.8*
Margin (%)	*28.8*	*27.7*	*26.6*	*25.6*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**468**	**477**	**485**	**406**
YoY gr. (%)	*(4.0)*	*66.1*	*9.7*	*29.8*
Margin (%)	*28.8*	*27.7*	*26.6*	*25.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**468**	**477**	**485**	**-**
Avg. Shares O/s (mn)	97	113	113	113
EPS (INR)	**4.8**	**4.2**	**4.3**	**3.6**

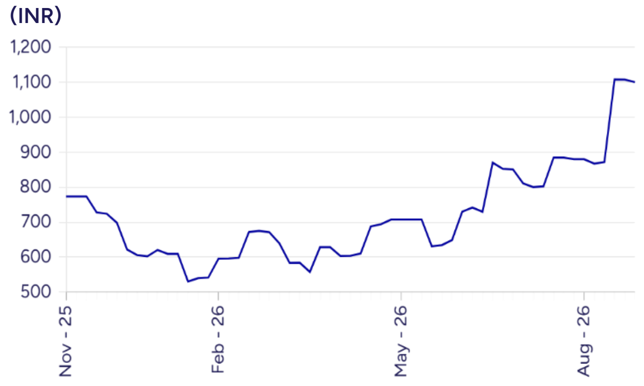
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	14.3	15.4	17.3	19.0
CEPS	15.4	16.7	19.0	21.5
BVPS	50.7	78.2	95.5	114.5
FCF	(1.6)	(1.4)	3.9	2.3
DPS	-	-	-	-
Return Ratio (%)				
RoCE	33.9	25.0	20.5	18.6
ROIC	27.0	19.8	16.7	15.8
RoE	32.7	25.3	19.9	18.1
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.1	0.0
Net Working Capital (Days)	184	213	189	189
Valuation (x)				
PER	77.1	71.3	63.6	57.9
P/B	21.7	14.1	11.5	9.6
P/CEPS	71.6	65.7	58.0	51.1
EV/EBITDA	18.8	17.1	15.0	13.3
EV/Sales	49.6	49.4	42.8	37.9
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	-0.1	-0.1	0.4	0.2
PEG Ratio	-0.9	8.8	5.3	5.9

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Aug-26	Reduce	855	959
2	07-Jul-26	REDUCE	760	811
3	22-May-26	REDUCE	627	673
4	24-Apr-26	Reduce	638	682

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aarti Industries	Accumulate	526	489
2	Acutaas Chemicals	BUY	3790	3260
3	Bharat Petroleum Corporation	HOLD	305	310
4	Bharti Airtel	BUY	2275	1978
5	Clean Science and Technology	HOLD	745	734
6	Deepak Nitrite	Reduce	1586	1750
7	Fine Organic Industries	BUY	6357	5028
8	GAIL (India)	BUY	206	181
9	Gujarat Energy	HOLD	275	274
10	Gujarat Fluorochemicals	HOLD	4498	4566
11	Gujarat State Petronet	Hold	242	236
12	Hindustan Petroleum Corporation	Reduce	350	385
13	Indian Oil Corporation	Accumulate	147	140
14	Indraprastha Gas	BUY	181	152
15	Jubilant Ingrevia	Hold	711	745
16	Laxmi Organic Industries	Reduce	169	182
17	Mahanagar Gas	Accumulate	1254	1121
18	Mangalore Refinery & Petrochemicals	HOLD	150	157
19	Navin Fluorine International	Accumulate	8377	7610
20	NOCIL	HOLD	179	171
21	Oil & Natural Gas Corporation	Accumulate	273	240
22	Oil India	Accumulate	551	453
23	P.I. Industries	HOLD	2569	2483
24	Paradeep Phosphates	Accumulate	158	147
25	PCBL Chemical	Accumulate	388	366
26	Petronet LNG	Accumulate	297	279
27	Reliance Industries	BUY	1675	1327
28	SRF	Reduce	2482	2632
29	Sudeep Pharma	Reduce	855	959
30	Vinati Organics	Accumulate	1443	1296

PL's Recommendation Nomenclature (Absolute Performance)

BUY	:	> 15%
Accumulate	:	5% to 15%
Hold	:	+5% to -5%
Reduce	:	-5% to -15%
Sell	:	< -15%
Not Rated (NR)	:	No specific call on the stock
Under Review (UR)	:	Rating likely to change shortly

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