BLUE JET HEALTHCARE LIMITED
REGISTERED & CORPORATE : 701 & 702, BHUMIRAJ COSTARICA,
PLOT 1 & 2, SECTOR - 18, SANPADA, NAVI MUMBAI - 400705
T : 022- 41840550 / 40037603 | F : +91 22 27814204
E : sales@bluejethealthcare.com | CIN NO. : L99999MH1968PLC014154

November 8, 2025

To,

BSE Limited Phiroze Jeejebhoy Towers Dalal Street Mumbai - 400 001 **Scrip Code (BSE): 544009**	**National Stock Exchange of India Limited** "Exchange Plaza" Bandra-Kurla Complex, Bandra (East) Mumbai – 400051 **Symbol: BLUEJET**

Sub: Transcript of the Earnings Call with Analysts/Investors on Financial Results for the quarter and half year ended September 30, 2025

Dear Sir / Ma'am,

Pursuant to Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the transcript of the Earnings Call with the Analysts/ Investors on the Financial Results for the quarter and half year ended September 30, 2025 held on November 4, 2025.

The same is also available at: https://bluejethealthcare.com/investor-presentation/

You are requested to take the same on record.

Thanking you,

Yours faithfully,

For **Blue Jet Healthcare Limited**

SWETA PODDAR
Digitally signed by SWETA PODDAR
Date: 2025.11.08 11:17:57 +05'30'

Sweta Poddar
Company Secretary & Compliance Officer
(M. No.: F12287)

“Blue Jet Healthcare Limited Q2 FY '26 Earnings Conference Call”

November 04, 2025

MANAGEMENT: **MR. SHIVEN ARORA – MANAGING DIRECTOR**

MR. V. K. SINGH – CHIEF OPERATING OFFICER

MR. GANESH KARUPPANNAN – CHIEF FINANCIAL OFFICER

MR. SANJAY SINHA – DEPUTY CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to Blue Jet Healthcare Limited Q2 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an operator by pressing '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Advait Bhadekar from EY. Thank you and over to you, sir.

Advait Bhadekar: Thank you. Good evening and a warm welcome everyone to Q2 and H1 FY '26 Earnings Call of Blue Jet Healthcare Limited. Please note, the Investor Presentation and the Financial Results are available on the company website and on the Stock Exchange.

Also, anything said on this call which reflects our outlook for the future or which could be construed as a forward-looking statement must be reviewed in conjunction with the risks that the company faces.

The conference call is being recorded and the transcript along with the audio of the same will be made available on the website of the company as well as on the exchanges. Please also note that the audio of the conference call is the copyright material of Blue Jet Healthcare Limited and cannot be copied, rebroadcasted or attributed in press or media without specific and written consent of the company.

From the Management, we have with us today, Mr. Shiven Arora - Managing Director; Mr. V. K. Singh - Chief Operating Officer; Mr. Ganesh Karuppannan - Chief Financial Officer and Mr. Sanjay Sinha - Deputy Chief Financial Officer.

Now, I would request Mr. Shiven Arora - Managing Director of Blue Jet Healthcare Limited to provide you with the updates for the quarter and half year ended 30th September 2025. Thank you and over to you, sir.

Shiven Arora: Thank you, Advait. Good evening, everyone and thank you for joining us today. We have just completed the first half of FY '26 and I am pleased to share that our strategic priorities, portfolio diversifications, capacity-led growth and disciplined execution continues to deliver tangible results, despite transient fluctuation in quarterly revenues.

In terms of financial snapshot for Q2 and H1 FY '26:

EBITDA for Q2 was Rs. 601 million at 36% margin, up 14% year-on-year and for H1 stood at Rs. 1,820 million, 35% up 41% year-on-year. PAT for Q2 was Rs. 432 million which is 26% and Rs. 1,342 million for H1 representing 36% year-on-year growth. Despite revenue fading this quarter, we have sustained high quality earnings with continued strength in margin and cash

generation. Business performance in contrast media recorded revenues of Rs. 810 million in Q2 down 17% quarter-on-quarter. However, the dispatches or the quantity produced was much higher and the same would be recognized in the next quarter. H1 revenues at Rs. 1,780 million is consistent with the previous year despite our muted at Q1. The order book visibility remains strong and new iodinated intermediate is expected to go commercial in Q4 with encouraging outlook by the customer.

Next segment, Pharma Intermediates and API:

Q2 revenue was Rs. 420 million down 80% quarter-on-quarter due to phasing. However, H1 revenue grew by 113% year-on-year to Rs. 2,550 million. High-intensity Sweeteners grew 7% sequentially in Q2 and H1 growth stands at 3% year-on-year. I am pleased to announce the development results are very encouraging and approved by our key customer for a new Sweetener which has a global market size of Rs. 1 billion and a high per kg realization.

In terms of operational and strategic highlights:

We have commenced the groundwork on our 103 acre Vizag site with Phase-I targeting capacity for contrast media and Artificial Sweeteners. We have commitments from global customers that are backing this investment. In Mahad, our backward integration facility is on track for commissioning by H2 FY '26. In terms of cash flow and liquidity, we remain debt-free with robust internal accruals supporting our expansion plans. Working capital increased due to in-transit inventory, but operational cash flows remain positive.

To summarize:

At Blue Jet, we remain committed to building a resilient multi-segment CDMO platform anchored in innovation, customer intimacy and capital discipline. While quarterly variations are natural, our medium to long term visibility is strong, fueled by order book momentum, customer lock-ins, new validations and upcoming commercial milestones. Our performance in H1 demonstrates the strength of our core business and the stickiness of customer demand, which should provide comfort as we navigate quarter-to-quarter dynamics.

With now, I hand over to Mr. V. K. Singh – our COO, to take you through our operational highlights. He will be followed by our CFO, Mr. Ganesh, who will walk you through the financials in detail. Thank you.

V. K. Singh: Thank you, Shiven and good evening all of you. Just to pick it up from where Shiven left, our endeavor always is to create capacity to keep in step with client requirements. In the last 4 years, we have quadrupled our capacity. With a similar intent, we are adding capacity at Unit 3 Mahad, which we will deploy to backward integrate for our Contrast Media Intermediate segment, which I will hereafter refer to as CMI. This is a highly engineered plant on continuous flow synthesis. This is the first time that we are migrating to flow synthesis for making KSMs for our CMI products. The project is on track and the site would go live as we committed in H2 of FY '26.

With this plant going on stream, we strengthen our position as a credible and leading global supplier of CMI to all the leading innovator companies in this segment. We further demonstrate our resolve to retain leadership position in the CMI segment. And with this backward integration, we achieve not only strategic independence but also insulate the business from significant volatility that we have in key raw material prices. Additionally, the economies that we get due to the scale that we are building, we should be able to sell these intermediates also to third parties for which we already have significant customer interest and visibility.

High level of versatility in automation has been built into the design of this Mahad facility. We envisage that the earlier planned CAPEX of Rs. 250 crores that we had spoken to you about, this will increase to about Rs. 300 crores because of this automation. Of this, we have already incurred about Rs. 135 crores in H1 of the current financial year. I am very happy to share that there has been a surge of RFPs that we are receiving. While our focus has traditionally been on the chronic segment, we are building capacity to supply building blocks and peptide fragments to the innovators or the global CDMOs which are very active and leading in this field. Given the interest that we are seeing in this segment, we are advancing with a plan to build a multipurpose plant and a state-of-the-art R&D center in Hyderabad.

We are today tracking about 20 RFPs. Of this, about 6 are very high conviction Phase-III leads in the chronic space. Last week, we were at a global conference that we call CPHI and we have received an RFP for an NCE and 2 high conviction RFPs for commercial products that may fructify into lateral entries. To respond to this surge in RFPs, a state-of-the-art R&D center is being planned at a cost of about Rs. 40 crores and we will have newer chemistry platforms like peptides, intermediates for GLP1s, biocatalysts, particularly on the immobilized catalysts, and work to augment and strengthen the innovator-oriented pipeline of the company with a focus once again on chronic diseases. We are very conscious of human health and climate change intersection. We contribute from our solar and windmills about 70% of our total energy consumption from renewables. In recognition of our efforts, we have received the CII National Award for Excellence in Energy Management.

Now, the most important and interesting part is the future expansion plan. As I mentioned at the outset, in the last 4 years, we have quadrupled our capacity. In the next 2-3 years, we will maintain this growth momentum and will add another 1,000 KL capacity to keep in step with the aspiration, to keep in step with the medium-term goals and the requirements of our clients. To achieve this, we have acquired a 103 acre land in Vizag, where we will lay the foundation of a globally competitive world-class CDMO. This land will be developed in 3 phases. In Phase-I, at an approximate CAPEX of Rs. 1,000 crores, we are planning 4 blocks, 2 for Contrast Media, 1 for high-intensity Sweetener that Shiven mentioned in his opening comments, and the fourth block, which is a multipurpose block, where we will do several new chemistries, including the peptide fragments for GLPs. We envisage that by FY '28, we will complete Phase-I. The master planning of this land at Vizag is already complete, and we believe that the groundbreaking will be done in the coming quarter.

With this, I hand over the call to our CFO, Ganesh, to take you through the key financials.

Ganesh Karuppannan: Good evening. Thanks for joining this Conference Call. I will revisit all the financial numbers.

Starting with sales:

Reported revenue from operations excluding other income for Q2 FY '26 of Rs. 165 crores is a decrease by 54% against Q1, and 21% for the same period last year. For H1, reported revenue at Rs. 518 crores is an increase by 40% for the same period last year.

We will discuss revenue by product category. We will start with Contrast Media:

Contrast Media reported a turnover of Rs. 81 crores, a decrease by 17% sequentially. For H1, reported sale is at Rs. 178 crores, almost the same as H1 of last year. In the recent times, the transit time for shipment to the customer has reached a level of 60 days, what used to be 35-40 days. Now, due to geopolitical reasons, the transit time has increased to 60 days. As you are aware, we can recognize revenue only when the customer receives the material at their site due to commercial terms.

During this quarter, the goods in transit is higher, resulting in lower recognition of sales compared to the total production. Out of the total production this quarter, only 55% of the sale was recognized. The remaining are in transit will be recognized in the subsequent quarter. We will discuss the gross margin impact separately because of this transit related issues. The visibility of our order book in this segment on the marketed product is stable. The order book for intermediate for the NCE molecule is encouraging. The commercial scale of the iodinated intermediate is expected in Q4 of this financial year. Overall, we believe the trend is pretty stable in this particular segment.

PI-API category:

In the PI-API category, reported sale of Rs. 42 crores, a decrease by 80% sequentially. For the first half year, the sale reported at Rs. 255 crores is an increase of 113% compared to H1 FY '25. Intermediate for cardiovascular drug contributes to the growth of this category. As per customer publicly available data, the product is consistently growing and is able to get approval in multiple geographies quarter-on-quarter. Our growth in this molecule will follow the customer growth pattern. As far as Artificial Sweetener is concerned, we report there is a growth of 7% sequentially and for half year ended September, there is a growth of 3% compared to the previous year.

Coming to gross margin:

Our reported gross margin for Q2 is at 65% and for Q1, it was 48%. For H1, the reported gross margin is 54%. I had mentioned about the goods in transit in contrast media and only 55% of the production was recognized as sale in Q2. As you are aware, the overhead gets apportioned

to the production quantity. Only to the extent of sales, the overhead gets charged to P&L. Since only 55% of the production was sold, the reported gross margin for Q2 is at 65%. If you want further details, you can actually get the data points from the published P&L statement under the head change in finished goods and WIP. In the PI-API product category, since the delivery term is Ex Works, such variance does not occur.

Moving on to EBITDA:

There are no major significant difference variance in the operating expense. You can actually see the operating expenses are more or less stable quarter-on-quarter. EBITDA remains at 33% for Q2 FY '26, a reduction of 1% sequentially. EBITDA for H1 at 34% is an increase by 3% compared to H1 of last year.

Coming to profit after tax:

The reported PAT is at 32%, an increase by 6% compared to sequential quarter. This increase is driven more by other income of Rs. 24 crores, which is primarily due to exchange gain and return on short-term investments. Our liquidity position is healthy at Rs. 341 crores and we are a debt-free company.

Now, we open the floor for questions and moderator, you can actually take it on.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have first question from the line of Sudarshan from ASK ND-PMS. Please go ahead.

Sudarshan: Thank you for taking my question. Sir, a little bit more on the Contrast Media. You mentioned that 55% of the production was dispatched and it is goods in transit. But if I am looking at the impact on EBITDA, one, I understand that there is goods in transit. But also, we have seen a benefit to the extent of about Rs. 50 crores in terms of changing inventory. So, can you give some color with respect to what would be the impact on EBITDA if probably the elongated timelines had not happened this quarter?

Ganesh Karuppannan: If you look at this particular quarter, maybe the best example would be to see the half yearly where we had 64% gross margin and we were able to deliver 34%. To me that is a good example where you could actually judge even without the variance of goods in transit. The catchment would be a good indicator to make an assessment in terms of gross margin, EBITDA and PAT.

Sudarshan: Just to purchase this, probably 55% is about Rs. 80 odd crores. Probably, we will be looking at something like Rs. 75 crores. We had seen some kind of benefit in gross margins of about Rs. 50 crores. So, about Rs. 25 crores, is that something you would be looking at? I am just trying to understand the impact on these Rs. 25 crores?

Ganesh Karuppannan: We will not be able to discuss the profitability by segment. I think for you, you have two clear sets of actual numbers, Q2 as well as H1, which would be a good indicator.

Sudarshan: Sure, sir. Sir, then coming to the Pharma Intermediate space, two things here, this quarter has been much lower than expected and I, of course agree that it can be lumpy on a quarter-on-quarter basis. Given what we have discussed about new regions getting approvals and if I read the cardiovascular drug is also getting a triple combination which is awaiting appearances. So, some color with respect to what should we look at in terms of the second half and probably beyond? Should we look at the numbers in improving? Because if I look at it, we have basically moved from Rs. 150 crores-Rs. 200 crores and back to Rs. 50 crores. So, it is a little bit all around the place in that sense?

Ganesh Karuppannan: Shiven, you want to take it?

Shiven Arora: I think where we can see some positive upsides, not just by this particular cardiovascular product, I think the results are quite encouraging. I think the way the molecule is behaving and the way it has been able to capture newer markets. And most importantly, in such a molecule, we should see the prescription trends. So, they are also consistently increasing. Considering our position in this space, working closely with the innovator, we believe that we should be able to capture a significant part of this projected growth, at least for the full patient-protected cycle.

Sudarshan: Sure, sir. And one final question before I join back the queue is, we talked about the other molecules, 6 high-concentrate stage molecules. We have talked about GLP-1, with respect to the numbers flowing in, so when do we start, in your opinion, start to look at the other molecules contributing apart from the cardiovascular drug, meaningfully?

Shiven Arora: FY '27 and beyond.

Sudarshan: Sure. And for the full year, we should be maintaining the EBITDA of about 35% or so, right? That is what we have been doing? There is no change in that kind of?

Shiven Arora: That should be the endeavor. And see, right now also, the other molecules in the, Mr. V. K. mentioned about the portfolio, they are contributing to the overall segment. But I think in a meaningful way, I think in the coming years, this should be our endeavor.

Sudarshan: Sure. Thanks a lot. I will join back the queue.

Shiven Arora: Thank you.

Moderator: Thank you very much. Next question is from Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Yes. Hi. Good evening. Thanks for taking my questions. I got a few of them. First, starting with the Contrast Media segment. The supplies which got delayed in terms of recognizing into revenue, was it largely an ABA HCL we are talking about or even the new product which we have started shipping both on iodinated ABA HCL and NCE on the MRI?

Shiven Arora: Difficult to contribute specifically on a molecule, but I think it depends on the NCO terms that we have with the customer.

Sanjesh Jain: And is that the term same for all the three products or it is just for the few molecules?

Shiven Arora: The major molecule, I think, has an impact of this recognition. But with the other candidates, at least with one of them, we have been able to have a better outcome.

Sanjesh Jain: Got it. And in terms of iodinated ABA HCL, what should be the run rate we should be now seeing now that it is commercially started supplying? How should we see that pan out, say, in FY '27 or in the second half of FY '26? Should it have a stable and an increasing volume? We should anticipate that to happen?

Shiven Arora: Absolutely. Stable and an increasing volume offtake. As you are aware, we won't be able to give a guidance, but in terms of the end molecule and API, it is growing. And the kind of visibility we have from our customer is extremely encouraging. In fact, it got reinforced at our trade show this year. So, we are quite happy with a capacity being ready and a product being validated.

Sanjesh Jain: It is just validated or we have started the commercial supply?

Shiven Arora: Started the commercial supply.

Sanjesh Jain: Both for the MRI as well as the iodinated ABA HCL, both we have started the commercial production, right?

Shiven Arora: Yes.

Sanjesh Jain: Got it. Second on the Sweetener, Shiven, you talked about a new Sweetener. Can you elaborate more? When should we start seeing it? How large is the opportunity we are looking at it? And when should that product start contributing to the revenue?

Shiven Arora: So, it is a very established Sweetener. The overall market size is about a billion dollars. Today, we would be the only source manufacturing it out of India. What we have done in Saccharin, we want to replicate the same strategy. And what we had done in Saccharin, we were trying to capture 10% of the world market. Over here also, our endeavor would be to reach to that 10% in a long-term vision. Clients are similar. So, they know our track record. They know our quality standards. So, we have the anchor customer with us. Meaningful commercial volumes will come from Vizag. In the meantime, we will be doing some smaller quantities from our multipurpose plant. But the design of the plant is completed. And this will form a part of the groundbreaking in Vizag.

Sanjesh Jain: So, when should that start? Vizag plant should start, 18 months from now?

Shiven Arora: We will give some more clarity on that, Sanjesh. But the way I look at Vizag plant, you will see capacities coming on stream in different phases, in FY '28, FY '29 and beyond. Some would also kick in earlier from our brownfield expansions in Mahad. But that is broadly the way we look at Vizag.

Sanjesh Jain: Got it. And next on the peptide side of the business, we can see some peptides getting exported. At least that is visible in the data now. Are we more looking at validation or these are the customer-oriented validation or these are internal capability validation? When should we see commercial activity happening on the peptide side of the business?

V.K. Singh: See on the peptide part, few opportunities that we are tracking are for the NCEs. And a few opportunities that we are tracking are on the products which are already commercial. And one opportunity as we mentioned once in the past as well is for an excipient for a product that is already commercial. So, there are different layers on the peptide fragment part. Just to clarify that for the moment, our plan is only to be the peptide fragments. And what we will be supplying and engaging with clients and signing up supply contracts will be for the fragments.

Shiven Arora: Thanks, Sanjesh.

Moderator: Thank you. Next question we have is from Nikhil from SIMPL. Please go ahead.

Nikhil: Yes. Hi and good evening. Thanks for the opportunity. Two questions. One is in the presentation, we have mentioned about this inventory destocking of the channel inventory in the pharma intermediate while the prescriptions and all are very strongly growing. So, how should one understand what is this channel inventory destocking and why was it happening? Secondly, if we go to our Q1 call, our view was that for the full year, we should see slight growth on the intermediate business based on the order book and all, what do you see today? How do you see this scaling up for the rest of the year?

Shiven Arora: I think the question is quite complicated. There are too many variables around it. And I think in terms of the off-take requirements, sometimes high growth molecules can be very dynamic in nature. We still continue to hold the statement that we have earlier issued to the larger audience. But I think from your standpoint, you should monitor about the growth in the molecules and the acceptance in the new markets. As long as things are okay on that front, we should be able to continue to grow in this segment.

V. K. Singh: Just to add to what Shiven said, when a molecule is getting launched in new markets, then there are certain launch quantities that are ordered. And that will always create some channel inventory. And if you can, this is something in public domain that this molecule is entering more and more markets. It is getting approvals and is entering more markets. One of the very large markets will be Japan.

Nikhil: No, I understand and we have seen this happening in other companies as well. But generally what we see is that after the commercial launches, it is a lull of at least 1, 1-1/2 year before the

CDMO partner again sees kind of a bigger volume off-take. So, over the next 12-18 months, I am not asking for next quarter or 6 months, but over the next 12-18 months, how should we build in the numbers here?

Shiven Arora: No, I really appreciate your understanding of the segment to start with. I think our lag won't be, this is on a very extreme case that we have good visibility. And we are in touch with the innovator and their key partners in the segment. I think it feels like right now, a temporary impact.

Nikhil: Secondly, see on the gross margin, if we go back to our Q1 call, our idea was that we would stay in that 50%-53%. Now, you did mention about the reason, but if you can just help us understand a little better, because there is too much variability. And this variability was not there all these, like, since the time we have been listed. And only in last 2 quarters, the variability has increased from 48, 65. If you can just help us understand what has happened, because the freight impact and all, most companies have been calling out for last 1, 1.5 years that the time periods have increased. But it is getting reflected in our numbers in a very aggravated manner. If you can just help us understand what has changed in last 6 months.

Shiven Arora: I think the long and short answer of this should be, we should take care in terms of that direct comparison of the H1 numbers, right. I think that sets a good average. It gets blended in very well. In this particular molecule, as far as the cardiovascular drug is considered, we have been able to grow this segment by triple digits percentage. So, things like this happen, there is an element of inventory. Maybe Ganesh, you want to add up something to this aspect?

Ganesh Karuppannan: Actually, we are consistent when we talk about our gross margin. See, one thing you have to appreciate, the shipments cannot be uniform across all quarters. The customers have very different schedules. And in the last couple of quarters, we also had this transit time issue. If you recall, it used to be 30 odd days, then the Red Sea jacked it up to 45-50 days. Now, we have to re-route it, now it is becoming 60. More than this particular reason, the reality is the off-take or by the customer. So, it may not be uniform across quarters, across months. So, there will be variability and that is actually showing up. For you to get a better understanding, if you take a half-yearly number or an annual number, that is a very good representation of our margin profile.

Nikhil: Sure, I will probably try to connect offline to understand it better. Thank you.

Ganesh Karuppannan: Sure. You can do that.

Shiven Arora: Thanks for asking this question.

Moderator: Thank you very much. Next question is from Piyush Kumar from Magnus Hathaway Investment. Please go ahead.

Piyush Kumar: Thank you so much for taking my question. Sir, my question is regarding the Bempedoic Acid. So, what exactly is happening in this entire market of the Bempedoic and how do you see the entire thing going ahead, sir?

V.K. Singh: Hi, thank you for this question. This is in the cardiovascular space and it is the only oral product which is approved for hypercholesterolemia. And if you see quarterly growths, even in the last quarter, the molecule grew between 10%-15% quarter-on-quarter. So, I think the growth is very good. The additional indications which are getting approved, that is an excellent news. New markets are opening up. A very large market like Japan is opening up. So, I think everything is going very good for the molecule. It is patent protected till 2031. So, I don't see any concern, any issue as far as this product is concerned for us.

Piyush Kumar: Thank you. And my last question is regarding the gross margins of all 3 segments. As we can see, we are driving 45% of our revenue from the API segment right now. So, how are the gross margins of all three segments, sir?

V.K. Singh: We don't prepare segment-wise P&L. You get only the blended gross margin, actually.

Piyush Kumr: Sir, just one last question. The entire chronic disease molecules, how are they performing, sir, apart from Bempedoic Acid? Do you have any view on that on the market?

V.K. Singh: So, one is what we are supplying today. So, there are 10 or 12 products in addition to Bempedoic in this product category. And we believe that 2 or 3 candidates are very scalable. But beyond that, what is more important is the RFPs that we are tracking and the process of signing up with some of the very large innovator companies, extremely large innovator companies. So, I think as a segment, this is poised for good growth. And seeing that, we are also building extra capacity for this particular product vertical, both in Mahad and Vizag.

Piyush Kumar: Thank you so much.

Moderator: Thank you. Next question is from the line of Shashank Krishnakumar from Emkay Global. You may go ahead.

Shashank Krishnakumar: Hi, thanks for taking my question. My first one was on the CMI business. So, the part of the revenue getting recognized this quarter, so given the input terms, isn't that probably a regular feature every quarter or is there something that was drastically different? Because typically in any case, you would end up recognizing only a part of what we end up producing in this business segment, right?

Ganesh Karuppannan: Normally, like if your opening cutoff and closing cutoff are similar, you won't have this issue. Because of the customer off-take, our opening cutoff was very less. So, this is, you can take it partially a one-off situation. As long as you have, what you say is right, if the opening and closing transit are identical, one should not have this issue. If you look at our Q1, we didn't have that much of in transit. So, this you could actually like see, understand from the P&L, what has been published in terms of changes in finished goods and this is purely based on customer off-take.

Shashank Krishnakumar: Got it. And just a related question. So, I think we have been guiding to 2H recovery in the CMI business. Now, if I look at 1H, we have been flattish, Y-o-Y. 2H, could we see an uptake on a Y-o-Y basis or how should we think about CMI revenue in the second half?

Ganesh Karuppannan: Like, based on our forecast, I think it is pretty stable. And you could see getting a repeat of last year trend.

Shashank Krishnakumar: Got it. And just last one, if I could just please one more in. So, given that we are looking to add close to 1000 KL of capacity next 2-3 years and particularly two blocks for CMI. Now, given the phase where our CMI business is in, do you foresee a phase where you could probably see a sharp cost revenue mismatch once incremental capacities come in, say, sometimes towards the end of FY '27. How should we think about margins when new capacities come on stream? Because there will be this phase where incremental revenue might not hit, but some costs would start coming in?

Ganesh Karuppannan: See, as far as the Greenfield is concerned, almost the majority of the cost will be capitalized. So, there won't be any incremental cost till the commercialization happens. Obviously, there would be certain R&D expenditure. And we are also expanding our senior management which could actually increase our operating expenses. But given the growth what we see in the next 18-24 months, we could still sustain the similar margins.

Shushank Krishnakumar: Got it, sir. Thank you. That is it from me.

Moderator: Thank you. Next question is from Naveen Baid from Nuvama AMC. Please go ahead.

Naveen Baid: Thank you. Thank you for the opportunity. Sir, you spoke of three late-stage Onco and CNS candidates. Where are we in terms of the visibility on when they could be commercialized?

V.K. Singh: I think we are looking at FY '27 for this.

Naveen Baid: For all three of them?

V.K. Singh: It is very difficult to, how the segment works, how the CDMO business works, particularly for NCE molecules. But then all that we can say right now is there is high conviction. The data is extremely good. And the customers that we are tying up with, they are extremely large. So, there are very good opportunities.

Naveen Baid: And just some color on what would be the opportunity size for those 3 molecules? Irrespective of the timeline, whether it is '27 or '28?

V.K. Singh: So, they are blockbusters, which means that they are all, the end formulation market is more than a billion dollars.

Naveen Baid: Individually, for all three of them?

V.K. Singh: Yes, of course. Individually. And this, I am talking of only the Onco opportunities. I am not including the fragments that we are doing for GLPs where the opportunity size, as far as the end product is concerned, as you know, is significantly larger.

Naveen Baid: Thank you. That was helpful.

Moderator: Thank you. Next question is from the line of Ravi Purohit from Securities Investment Management. Please go ahead.

Ravi Purohit: Yes. Hi. Thanks for taking my question. Sir, the Sweeteners new product that we are, where we have tied up and we will be supplying to the anchor customer. Will we be shipping some of it from Mahad or is it going to be exclusively done from the Vizag facility? And whether these kind of products also need any kind of US FDA inspection and approvals or that is not required in this case?

Shiven Arora: So, US FDA does not fall under this particular category. It is more about different respective regulations for food safety. It will be offered in the interim period from our multi-purpose facilities. But just wanted to clarify that there is one anchor customer, but there are a range of customers that are on our radar. We will make the right noise once the plant is ready. But they will be more than happy to buy it from us as well.

Ravi Purohit: So, this will exclusively come from Vizag. It will not come in the existing facilities that we have. So, we don't really have any place to kind of make that in the interim. This is essentially we are talking of once the new Vizag facility comes up, right?

Shiven Arora: See, a major needle mover would be the Vizag facility. But at the same time, there will be some movement, some traction from our existing plants. But at this particular volume and once you have to be competing with the Chinese price, it is more about the engineering and the scale. So, this will be a specialized plant just like our flow-through synthesis that we are doing in Mahad. Just the higher level of automation, there will be quite similarity between these two particular blocks.

Ravi Purohit: And do these kind of things come with like some long-term off-take agreements with the customers? And we have seen a few CDMO projects in India where the customer has actually kind of gone ahead and funded some of the CAPEX requirements of the CDMO company or have kind of done some sort of long-term arrangement, off-take arrangement. So, are we looking at similar structure here? Or is it like an annual affair that you will be supplying certain amount of goods every year?

Shiven Arora: The commitment, off-take commitment typically with some of these angles that we speak in the CMI, in the Sweetener segment are long-term in nature, right? But given the company's strong financials and strong net cash position, we typically have been funding the CAPEX from our internal accruals. And with the growth we envisage, we should be able to maintain this trend going forward.

Ravi Purohit: And sir, on the Pharma Intermediates, particularly for Bempedoic Acid, right, we have a certain amount of capacity. Could you kind of roughly indicate what kind of patient pool can it address? Let us say, for example, if we have 100 metric tons or 180 metric tons capacity per annum. Now, the Bempedoic Acid from intermediate to API requires a certain conversion and then from there to the final formulation?

Shiven Arora: It is a complicated math, but I will just simplify it the way we look at it. This has been in close discussion with the innovators also. So, when we build capacities, not just for Pharma Intermediate, but the CMI vertical also, we look at a 5-year view. And given this 5-year view, we have developed this kind of capacity. The ramp-up could be accelerated or could be delayed by 12-18 months. But given the trends, given the projections, I think it is fairly moving well.

Ravi Purohit: What I meant was, next year, let us say, 2 million patients are taking this drug, right? So, would that mean?

Shiven Arora: I don't want to give a specific number because there are CDAs involved. And it is sometimes inaccurate to just give a specific number also. So, fundamentally, you should understand what is the company's view in terms of capacity build-up, whether it is in anticipation of an order or working very closely with the customer? I think the latter part is well entrenched in our strategy.

Moderator: Thank you. Next question is from Deepak Poddar from Sapphire Capital. Go ahead, please.

Deepak Poddar: Thank you very much, sir, for this opportunity. Sir, I just wanted to understand, first up, now a couple of reasons that you mentioned because of the revenue decline that we have seen in this quarter was the transit time and de-stocking in the channel inventory. So, I just wanted to understand, as we speak, has the situation normalized in terms of transit time as well as in terms of the channel inventory? And can one expect normalized growth from this third quarter onwards?

Shiven Arora: We don't give a guidance, Deepak, but in terms of the question, I think this has been asked and also answered in different ways. So, I think we are in line with what we believe for these respective segments.

Deepak Poddar: So, has the transit time, which has increased to 60 days, has reduced now?

Shiven Arora: See, we live in a very dynamic world. It is somewhat similar, to be honest with you. But some vessels are getting rerouted in a more optimized manner. Some are taking that 50-60 days. So, we are trying to optimize things as we speak.

Deepak Poddar: Understood. And do we have any exports to US as well?

Shiven Arora: Very limited.

Deepak Poddar: Understood. And just one final thing, we are adding capacity at Mahad, right?

Shiven Arora: Sorry, the US number would be less than 5% of the overall revenues.

Deepak Poddar: Less than 5%. And is there any tariff impact we can see there?

Shiven Arora: Again, it is a very dynamic world we live in.

Deepak Poddar: And just one final thing, we are adding capacity at Mahad, right? So, is it entirely for backward integration?

Shiven Arora: Backward for the CMI and also there are other derivatives that could be used for not just, so backward integration is for bottomline expansion and the other derivatives would be used for the topline expansion. So, it is again taking a 5-year view and the growth in the segment. And it just strengthens our position in the segment particularly.

Deepak Poddar: I got it. That is very helpful, sir. That would be it from my side. All the very best to you. Thank you.

Shiven Arora: Thanks, Deepak.

Moderator: Thank you. Next question is from Alankar from Kotak Institutional Equities. Go ahead, please.

Alankar: Hi. Good evening, everyone. Sir, firstly, what was the utilization rate in the PI-API facility in this quarter? And also, if you could give the utilization rate at the aggregate level?

V. K. Singh: Hi, Alankar. On a quarterly basis, it is not possible for us to give utilization rates. But on an annualized basis, like we said in the previous call, about 60%-65% capacity utilization. And we believe that we would stay in that range. There is headroom that we have provided for the uptake. But in the near term, I think we will stay in that range.

Shiven Arora: But I understand why this question is being asked. We will try to clarify it in the coming calls also.

Alankar: Yes, sir. That question was more related to the gross margin fluctuation. So, maybe on that, Shiven, from a cost accounting standpoint, especially regarding the recognition of fixed cost overheads, do you think you are adopting the right approach? While I understand the volatility in the PI-API segment, it is just that the extent of gross margin volatility seems way too high?

Shiven Arora: We are aware of it. And this has been validated multiple times. It is just that the growth is quite radical in the PI segment and we will try to connect offline and perhaps dwell a bit more into the segment for the concept you are trying to refer.

Alankar: Understood. And just one question there as a follow-up with sales in the cardiovascular molecule likely reaching more normalized levels going forward compared to the levels we saw from, say,

the 3rd quarter FY '25 to 1st quarter FY '26, should we expect lesser volatility in gross margins here on?

Ganesh Karuppannan: With current portfolio, if you take it on an annualized basis, it will be more or less stable. You won't see this volatility.

Alankar: So, on a quarterly basis, this could continue, this kind of volatility?

Ganesh Karuppannan: It depends on how the customer picks up the order. I think volatility happens purely because of this and this happens only in the contrast media. As far as the PI-API is concerned, whatever we produce, we sell. And there it is Ex Works. So, we don't have this issue of transit and all. So, we don't have that sort of an issue as far as PI-API is concerned. This is very specific to a particular customer who has this incoterm.

Alankar: Sir, just one last question there. If I look at the issue in the 1st quarter, when our gross margins came down to 48%, wasn't it because of the PI-API segment? And please correct me if I am wrong. Or was it, as you are saying now, it was because of the CMI segment?

Ganesh Karuppannan: It is purely on account of contrast media. If you notice, the transit was very low in Q1. And this number we can actually see from the printed financials. What you see is, Rs. (-50) crores in Q1, it will be (+70).

Alankar: Thank you, sir. That is it from my side.

Ganesh Karuppannan: We can connect offline.

Moderator: Thank you. Next question is from Rusmik Oza from 9 Rays EquiResearch. Go ahead, please.

Rusmik Oza: Yes. Thanks for the opportunity. I have two questions. First is on the molecule that is on the Bempedoic Acid. How much of this product, in terms of the innovator requirement is made from our company? And second question, in the same regard is, one of the competitors, Neuland Laboratories also expanded its capacity by 100 metric tons in this space. So, do you see any threat or any competition in terms of fulfilling the demands of innovators on this side?

Shiven Arora: There are strong CDAs in place, and it is very hard to comment on any other company. Our track record has been quite solid with the innovator, and hence this growth that you have seen and which has translated into numbers as well. So, we believe if we are honest to our efforts and our execution plans, we should be able to capture a decent amount of growth in the next coming years.

Rusmik Oza: Thanks. And the second question is regarding the backward integration at Mahad. Once the first phase comes in, how much of your requirements of whatever raw material intake gets covered by this CAPEX? And in terms of margins, how much headroom or improvement in margins do you expect from this backward integration?

Shiven Arora: We will continue to buy some material from our existing partners. Since it is a critical raw material, it is important to build resilience in the supply chain. So, margin expansion will be gradual in nature. It will be spread out over the next few quarters. It is more about building more stability and resilience.

Rusmik Oza: But is it fair to assume that the majority of your requirements will be met with this backward integration?

Shiven Arora: So, the capacities are big enough. So, we have again taken a long-term view. If we want to accelerate, we can accelerate much faster. But I think it is more important to think about the business continuity and all the risk mitigation strategies when you are trying to build long-term partnership with R&D.

Rusmik Oza: And just a follow-up question, sir. I just want to understand what is the size and opportunity of Bempedoic Acid based on your combination of usage is going to increase and so on and so forth. What is the scale, size, opportunity of this and how much of that can be catered by our company? That is my question?

V. K. Singh: So, as Shiven mentioned, we have taken a long-term view for the capacity. So, as far as capacity is concerned, we are very well placed. The second, you asked about competition, this, that. So, we are not privy to what type of capacity is being put up. But the molecule is growing very fast. So, there is space for us and for any other competitor. The other thing is that we are protected with long-term contracts. And if you see the data, the primary source of supply is us, besides the opportunity is extremely big and the triple combination could be a game changer.

Rusmik Oza: Thank you, sir. That is it from my side. Very nice to hear that at least we have covered and there is a little threat from competition. Thank you, sir.

Moderator: Thank you. Next question is from Shradha from Neo AMC. Please go ahead.

Shradha: Yes. Hi. Thank you and good evening. Just wanted to understand on the contrast media side, as you explained that a lot of transit issues were there in this quarter, which are gradually getting resolved. And also given that we are entering new segments like the MRI, CMI. So, what is the kind of visibility as our CFO was referring in one of the earlier questions that it should be more steady state. But isn't it that we were earlier talking of going at least to the FY '23 levels in the CMI segment. So, just wanted to understand the visibility over the next 12-18 months in the CMI segment?

Shiven Arora: Very encouraging, Shradha. I think it is just that we don't want to give a specific number to the growth, right. We are just being a bit mindful about it. But there are two needle movers. One is the NCE molecule for the MRI space. It is growing extremely well. You can see the reports about it, which are quite easily available. And on the iodinated intermediate for contrast media, that also the capacity is ready and the product is being validated. So, things are looking good from that standpoint also for a 12–18-month period.

Shradha: Sure. Thank you. That is all from my side.

Shiven Arora: Thank you.

Moderator: Thank you very much. Ladies and gentlemen, in the interest of time, that was the last question. I now hand over the conference to management for closing comments.

Shiven Arora: Thank you all. I really appreciate the questions being asked and looking forward to our future interactions.

Moderator: On behalf of Blue Jet Healthcare Limited, that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

(This document was edited for readability purpose.)