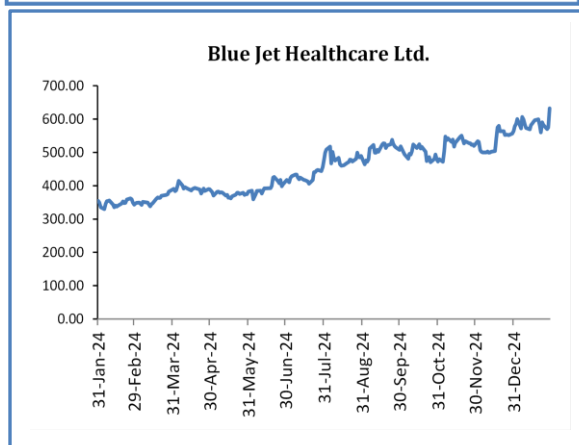


February 19, 2025

BLUE JET HEALTHCARE LTD

Industry	Pharmaceuticals & Drugs
No. of Shares (Crore)	17.35
Face value (Rs.)	2.00
Mkt. Cap (Rs. Crore)	13,038.53
Price (18/02/2025)	751.65
Book Value (Rs)	58.97
P/BV	12.75
BSE Code	544009
NSE Code	BLUEJET
Bloomberg	BLUEJET IN
Reuters	BLUJ.BO
Avg. Weekly Volume (NSE)	29,72,380
52 W H/L (Rs)	844.85/ 328.95
Shareholding Pattern	%
Promoters	86.00
Institutions	3.12
Non- Institutions	10.87
Total	100.00

(As on December 31, 2024)

RECOMMENDATION
BUY

Company Background

Blue Jet Healthcare (BJHL), incorporated in 1968, is a specialized pharmaceutical and healthcare ingredient and intermediate company, offering its products to customers that includes innovator pharmaceutical companies, research laboratories, multinational generic pharmaceuticals companies and FMCGs. The company has a product portfolio of 46 commercialized items, which is produced in its three plants with a combined capacity of 1,020.90 kl (FY24). The company specializes in manufacturing integrated Contrast Media, Artificial sweeteners and its salts, as well as niche Pharmaceutical Intermediaries (PI) and Active pharmaceuticals ingredients (APIs) with dedicated R&D laboratories. The company serves 7 states and 50+ export markets including Norway, USA, Denmark, Switzerland, France, Spain, Italy and Sweden.

Investment Rationale

➤ With more than 20 years of expertise, Blue Jet is one of the biggest producers of Contrast Media Intermediates accounting for 55.4% of Q2FY25 net sales. The company has 4-25 years of relationship with the three main manufacturers GE Healthcare (27%), Guerbet, Group (11%) and Bracco Imaging S.p.A. (20%), which along with Bayer (17%) controlled 75% of the market.

➤ The Global Contrast media market reached \$6.2 Billion in CY23 and is projected to grow at a CAGR of 7.9% from CY24-CY30. Blue Jet exported 75% of selected contrast media intermediate (5-Amino-N,N'-bis (2-3-dihydroxypropyl) isophthalamide) from India. This segment registered CAGR of 10.7% between FY21-FY24 to Rs.479.94 crs.

➤ Blue Jet Healthcare has made notable advancement in MRI Contrast media and forward integration for iodine-based contrast media and effectively completed validations.

➤ Sweeteners revenue was up 50% YoY to Rs.37.10crs in Q3FY25. Blue Jet is focusing only on FMCG customers like Colgate Palmolive (India) Ltd. and Unilever and has discontinued spot sales. It has commissioned calcium saccharine, a new product in sweeteners segment for a particular customer which has higher realizations.

➤ In Q3FY25, BJHL has commenced its operation at plant Unit 2 in Ambernath which would add 120 KL capacity with a capex of Rs.90 crs that would cater to Pharmaceutical Intermediate and Contrast Media clients. BJHL plans to allocate Rs. 200 crores in capital expenditure over the next 12 to 18 months for the expansion of unit -3, where it has already finished common utilities and intends to install an APD (Amino Phenyl Acetic Acid) plant (a Raw material) to be self-reliant and the plant is expected to go commercial in FY26.

Recommendation

Blue Jet's Q2FY25 revenue faced some pressure due to an increase in goods-in-transit, though was balanced by a robust increase in supply of cardiovascular molecule to an innovator client. The company remains debt free with cash and cash equivalent of Rs.323.3 crs. BJHL has also filed 6 patents for novel processes and products, to maintain its competitive edge. We expect the company to grow at a CAGR of 30% in topline and bottom line with a strong product line and expect its margins to improve over the next two years on back of ramp up in its total annual capacity to 1248 KL soon. At the CMP of Rs.752 the scrip is trading at ~37.5 times its FY26e earnings. Hence, we recommend BUY with target price of Rs.977- with an investment horizon of 12-15 months.

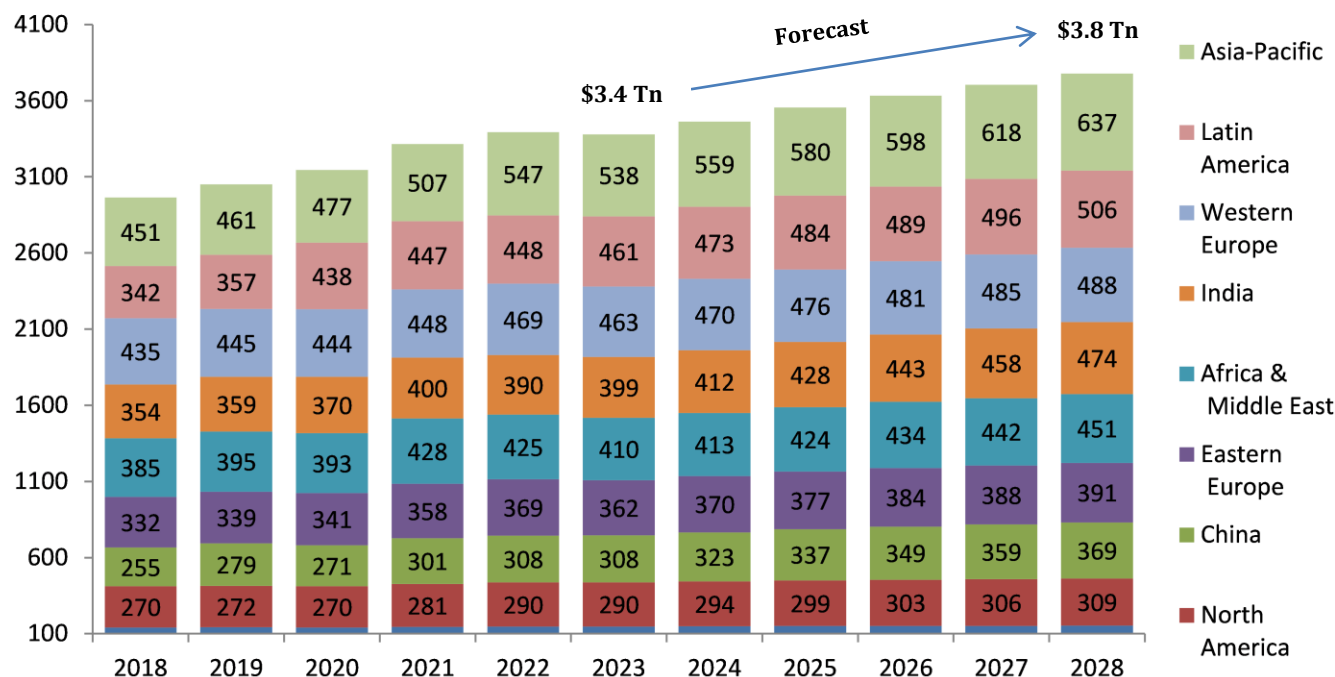
Particulars (In Rs. Crs)	Q3FY25	Q3FY24	Var%	9MFY25	9MFY24	Var%
Net Sales	318.38	166.76	90.92	689.54	527.65	30.68
PBIDT (Excluding OI)	194.37	112.18	73.27	237.76	176.16	34.97
Net Profit	98.98	32.11	208.25	195.11	124.10	57.22
PBIDTM% (Excluding OI)	38.95	32.73	19.00	34.48	33.39	3.26
PATM%	31.09	19.25	61.51	28.30	23.52	20.32
Equity	34.69	34.69	0.00	34.69	34.69	0.00
EPS (Rs.)	5.71	1.85	208.65	15.00	9.54	57.23

Global Pharmaceutical Industry

Over the past five years, global medicine usage has increased by 14% YoY and is projected to rise further by 12% (400 billion doses) by 2028. The increase is attributed to enhanced accessibility to Pharmaceuticals across the globe. Notably growth rates in immunology, hormones and cancer therapies have surpassed average growth rates since new pharmaceuticals are readily available in different parts of the world

The Global medicine market – using invoice price levels is expected to grow 2.3% annually over the next five years

Fig 1: Historical and projected use of medicines by region, 2018 – 2028, Defined Daily Doses (DDD) in billions



Industry Highlights

- The global use of medicines – based on modeling medicine volumes shipped according to defined daily dose assumptions – is expected to grow by another 400 billion by 2028.
- Highest volume growth over the next five years is expected in China, India and Asia –Pacific, all exceeding 3% CAGR.
- Lower volume growth in higher income regions such as North America, Western Europe and Japan are linked to more established health systems and access to medicine.
- Eastern Europe growth is essentially unchanged with the outlook for 1.6% CAGR down 0.1% from the past five years despite any regional or localized impacts of the Ukraine conflict.
- Access to medicine has drastically decreased in lower income countries. The last five years have seen a decline in the access, and throughout the next five years, it is anticipated that this trend will not change, possibly undermining other legislative efforts to enhance health in those nations.
- The outlook for medical spending by 2028 seems better than earlier projected, even though the COVID-19 pandemic has turned into an endemic state.
- Biotechnology is anticipated to experience the highest growth accounting 39% of global expenditure, with specialty medicines comprising a significant portion of this expenditure.
- Growth is also anticipated in areas such as obesity, neurology and mental health with the introduction of new therapies.

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Company Overview

Incorporated in 1968, Blue Jet Healthcare Ltd (BJHL) is a leading specialty pharmaceutical and healthcare ingredient and intermediate company. The company is India's first manufacturer of saccharin and its salts (artificial sweeteners). BJHL is renowned across the world as a science-driven pharmaceutical company which specializes in collaboration, development and manufacturing (CDMO) of advanced pharmaceutical intermediates and APIs. The company operates primarily in three categories: (i) contrast media intermediates, (ii) high-intensity sweeteners, and (iii) Pharma intermediates (PI) and active pharmaceutical ingredients (APIs). Over the past five decades, the company has developed over 100 products with over 46 commercialized.

Manufacturing Facilities with regulatory accreditations

Blue Jet currently operates three manufacturing facilities which are located in Shahad (Unit I), Ambernath (Unit II) and Mahad (Unit III) in the state of Maharashtra, India, with an annualized installed capacity of 200.6 KL, 607.30 KL, and 213.0 KL, respectively. The company has also acquired a leasehold Greenfield manufacturing site (Unit IV) in Ambernath in 2021 to build several multi-purpose blocks, dedicated to its CDMO (Contract Development and manufacturing Organisations) business, Subject to obtaining approvals, This Unit IV facility is expected to have an estimated installed capacity of 71 KL. The company t

Location	Description	Annual Total Installed Capacity
Unit I Shahad Maharashtra	<ul style="list-style-type: none"> • Contrast media intermediates • High-intensity sweeteners • Pharma-intermediates and API 	200.6 KL
Unit II Ambernath Maharashtra		607.30 KL
Unit III Mahad Maharashtra		213.0 KL
Unit IV Ambernath Maharashtra		Expected to be 71 KL

Revenue Analysis

<i>Segmental financials</i>						Var
Value in Rs. Crs	Q3FY24	Q2FY25	Q3FY25	9MFY24	9MFY25	(YoY,%)
Revenue						
Contrast Media	112.0	113.40	124.90	368.20	302.80	-17.76
Sweeteners	24.7	31.60	37.10	94.20	103.70	10.08
Pharma & APIs	27.5	59.60	146.50	58.90	266.30	352.12
Others	1.8	2.5	8.2	4.00	12.80	220.00
Total	166.00	207.10	316.70	525.30	685.60	30.52
Mix (%)						
Contrast Media	67.47	54.76	39.44	70.09	44.17	-
Sweeteners	14.88	15.26	11.71	17.93	15.13	-
Pharma & APIs	16.57	28.78	46.26	11.21	38.84	-

The company maintained a solid EBIDTA margin of 34.48% and net profit growth of 57.22% YoY to 195.11 crs. In the Pharma and API space the company achieved a revenue growth of 352.12% YoY due to focus on chronic therapeutic areas and import substitution, leveraging collaborations with innovator companies to reduce development risk through technology transfer.

*Source: Company, Ace Equity, AUM Research

Rationale For Investment

Largest manufacturer of contrast media intermediates in India (44.7% of 9MFY25 revenue)

The portfolio of Blue Jet Contrast Media consists of 20 products that are either in the process of being validated or are commercialized. In medical imaging, contrast media are substances that improve the visibility of bodily tissues during computed tomography (CT), magnetic resonance imaging (MRI), ultrasound, or X-rays. Three of the biggest producers of contrast media worldwide have long-term supply agreements with Blue Jet. These relationships have continuously held about 70% of the world market share.

- The primary drivers of contrast media growth are projected to be coming from growing number of people over 65, who will account for 10.4% of the global population by 2025 (8.2 billion), up from 6.9% (6.97 billion) in 2000. Additionally, there would be a rise in lifestyle disorders like obesity, diabetes, and physical inactivity.
- Q3FY25 Contrast Media revenue jumped by 11.52% to Rs.124.90 crs, At Mahad, Unit 3, the company is establishing built-to-suit capacity for backward integration for contrast media. The production of NCE (New Chemical Entity) molecule has started from the new production block and a new advance intermediate is expected to go live in Q1FY26. BlueJet has invested Rs.10 crs for the commissioning of additional manufacturing block.
- In this segment the company has entered long term supply contracts with customers and 70% of sales are backed by contracted sales volumes and products are qualified, approved and validated.

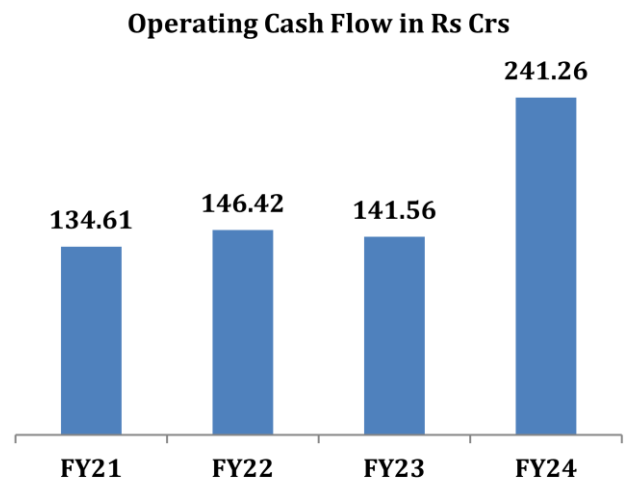
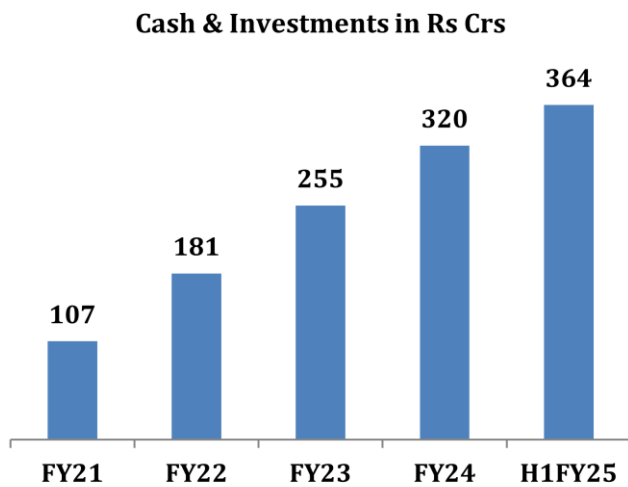
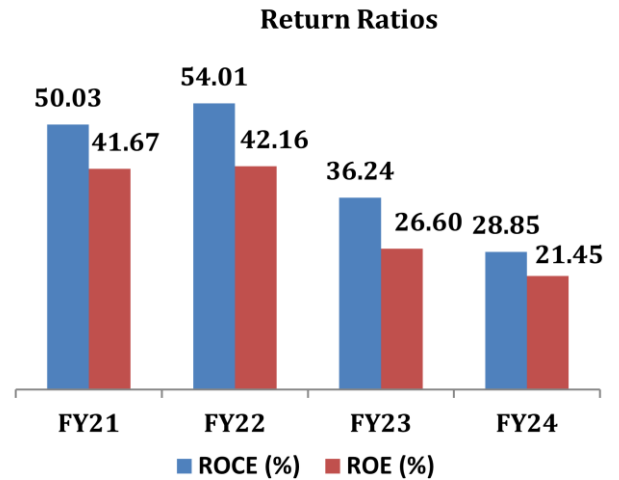
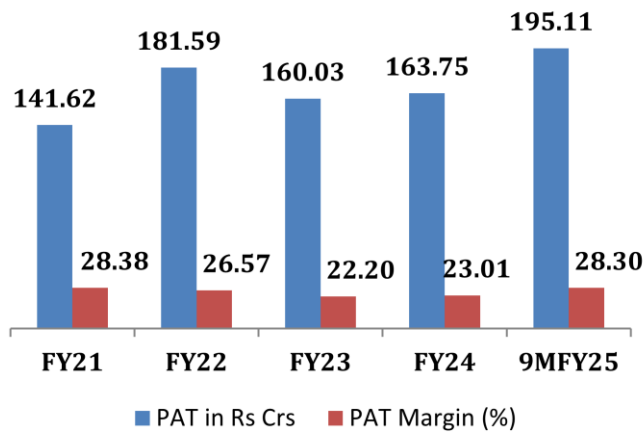
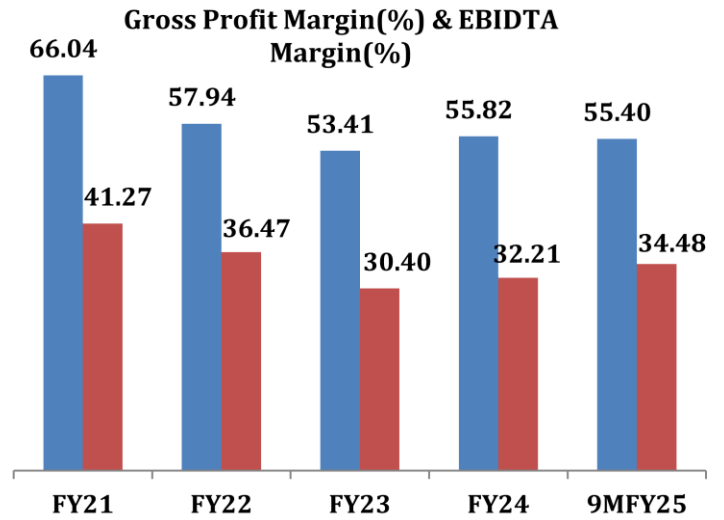
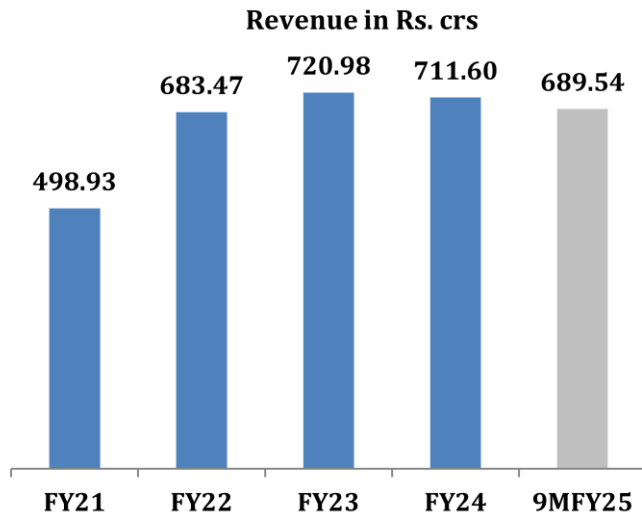
Blue Jet's positioning in High Intensity Sweetener (15.13% of 9MFY25 revenue)

- Blue Jet's high-intensity sweetener business involves development, manufacture and marketing of saccharin and its salts. The FSSAI (Food Safety Standards Authority of India) have approved saccharin as a food additive since 1977 to be used in beverages, fruit juices, drinks, etc., as a sugar substitute for cooking or tabletop use, and in processed foods. Currently, it is being used in various applications like tabletop sweeteners, oral care products such as toothpaste and mouthwashes, beverages (primarily soft drinks), confectionary products (such as mints, candies, and bakery products), pharmaceutical products, food supplements, and animal feeds.
- The company provides sweeteners to over 300 customers globally with marquee customers in FMCG and Agro chemical space. The company has 4 commercialised products under this segment.
- High intensity sweeteners grew at CAGR of 9.1% between FY21 to FY24. The company has booked sales of Rs.37.10 crs in Q3FY25 and Rs.103.70 crs in 9MFY25 respectively under this segment. BJHL has recently commercialised another salt in the saccharin family and started dispatching in Q2FY25.

Pharma Intermediates and APIs (38.84% of 9MFY25 revenue)

- This segment primarily focuses on collaboration with innovator pharmaceutical companies and multi-national generic companies by providing them with pharma intermediate that serves as building block for APIs in chronic therapeutic areas such as cardiovascular system ("CVS"), Central nervous systems ("CNS"), oncology etc. In June 2024 the company added 120KL capacity to the Unit II, which now is producing cardiovascular intermediate optimally and was reflected in revenue growth in this segment in Q3FY25. The company added another 37KL capacity in this unit itself for which validation batches have been successfully completed.
 - **Demand Drivers in this segment**
 - Increased propensity to outsource manufacturing of intermediates & APIs by top pharmaceutical companies which provides them cost advantage and supply chain efficiencies.
 - Derisking dependence on China by Global API and formulation players post Covid-19
 - Help from the government initiatives such as PLI scheme and bulk drug parks
 - Growth in launch of novel therapies (including biologics and personalised therapies) and growing demand for generic medicines.
- BJHL has over 40 customers in India and 16 globally across Europe, North America, South America and Asia. It supplies to marquee customers like Olon, Hovione Farmaciencia, Esperion Therapeutics and Bial – Portela & CA among others. The company has commercialized 22 APIs and pharma intermediates.
- Pharma Intermediate and APIs segment recorded a CAGR growth of 31.4% between FY21-9MFY24 and in Q3FY25 this segment registered YoY growth of 432.73% to Rs. 146.50 crs. The segment contribution grew from 16.57% in Q3FY24 to 46.26% in Q3FY25.

Financial Performance - Key Metrics



February 19, 2025

Financials

Consolidated Quarterly Results (Value in Rs. Crs)						
Particulars	Q3FY25	Q3FY24	Var%	9MFY25	9MFY24	Var%
Net Sales & Other Operating Income	318.38	166.76	90.92	689.54	527.65	30.68
Total Expenditure	194.37	112.18	73.27	451.78	351.49	28.53
PBIDT (Excl OI)	124.01	54.58	127.21	237.76	176.16	34.97
Other Income	13.24	6.75	96.15	34.03	20.03	69.90
Operating Profit	137.26	61.34	123.77	271.79	196.19	38.53
Interest	0.02	0.04	-50.00	0.06	0.13	-53.85
Exceptional Items	0.00	-9.74	-100.00	0.00	-9.74	-100.00
PBDT	137.24	51.56	166.18	271.73	186.32	45.84
Depreciation	4.74	7.86	-39.69	12.84	20.37	-36.97
PBT	132.49	43.70	203.18	258.89	165.95	56.00
Tax	33.51	11.59	189.13	63.78	41.85	52.40
Net Profit	98.98	32.11	208.25	195.11	124.10	57.22
Equity	34.69	34.69	0.00	34.69	34.69	0.00
EPS (Rs.)	5.71	1.85	208.65	11.25	7.15	57.34

Consolidated Income Statement (Value in Rs. Crs)				
Particulars	FY24	FY23	FY22	FY21
Net sales	711.60	720.98	683.47	498.93
Total Expenditure	482.37	501.89	434.21	292.08
Operating Profit (Excl OI)	229.23	219.09	249.26	206.85
Other Income	28.86	23.96	19.41	8.61
Operating Profit	258.09	243.04	268.68	215.46
Interest	0.16	1.36	3.30	5.31
PBDT	257.93	241.69	265.38	210.15
Depreciation	28.09	25.07	22.15	19.66
Profit Before Tax & Exceptional Items	229.84	216.61	243.23	190.49
Exceptional Income / Expenses	-9.74	0.00	0.00	0.00
Profit Before Tax	220.10	216.61	243.23	190.49
Provision for Tax	56.34	56.58	61.64	48.87
Net Profit	163.75	160.03	181.59	141.62
EPS (Rs.)	9.44	9.23	10.47	8.16

*Source: Company, Ace Equity, AUM Research

February 19, 2025

Consolidated Balance Sheet (Value in Rs. Crs)				
Particulars	FY24	FY23	FY22	FY21
EQUITY AND LIABILITIES				
Share Capital	34.69	34.69	34.69	9.91
Total Reserves	810.53	646.79	486.85	329.91
Shareholder's Funds	845.22	681.49	521.54	339.82
Secured Loans	0.00	0.00	0.00	28.67
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Tax Assets / Liabilities	3.16	1.02	0.26	1.38
Other Long Term Liabilities	0.38	1.55	13.30	0.01
Long Term Provisions	4.12	4.13	3.77	3.29
Total Non-Current Liabilities	7.66	6.70	17.33	33.35
Trade Payables	30.30	53.79	56.55	59.53
Other Current Liabilities	50.55	38.66	32.35	46.12
Short Term Borrowings	0.00	0.00	0.00	7.13
Short Term Provisions	280.74	225.98	170.17	107.27
Total Current Liabilities	361.59	318.42	259.07	220.05
Total Liabilities	1214.47	1006.61	797.94	593.22
ASSETS				
Gross Block	275.58	230.57	214.58	176.03
Less: Accumulated Depreciation	103.64	79.52	58.10	37.11
Net Block	171.94	151.04	156.48	138.92
Capital Work in Progress	147.06	30.46	3.43	2.58
Intangible Assets Under Development				
Non Current Investments	15.00	0.00	0.00	0.00
Long Term Loans & Advances	18.98	15.34	5.02	4.66
Other Non Current Assets	0.24	0.17	0.10	0.08
Total Non-Current Assets	353.21	197.02	165.03	146.25
Current Investments	235.49	189.28	93.77	36.84
Inventories	129.84	125.66	105.03	117.72
Sundry Debtors	176.93	239.38	227.44	144.00
Cash and Bank	84.71	65.63	87.66	70.45
Other Current Assets	15.49	18.13	8.21	4.20
Short Term Loans and Advances	218.81	171.42	110.58	73.77
Total Current Assets	861.26	809.59	632.70	446.97
Asset as held for sale and discontinued operations	0.00	0.00	0.21	0.00
Net Current Assets (Including Current Investments)	499.67	491.17	373.63	226.93
Total Current Assets Excluding Current Investments	625.78	620.32	538.93	410.14
Total Assets	1214.47	1006.61	797.94	593.22

*Source: Company, Ace Equity, AUM Research

February 19, 2025

Aum Capital RESEARCH DESK

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