



IPO Details:

Blue Jet Healthcare Ltd is coming out with an IPO of about Rs. 840.26 cr consisting of 2,42,85,160 shares of face value of Rs. 2 each in a price band of Rs. 329 – Rs. 346. The entire IPO comprises of Offer for Sale of Rs. 840.26 cr by the promoters of the Company. The IPO opens on 25th October and closes on 27th October.

Company Details:

- **Speciality pharmaceutical and healthcare ingredients and intermediates company**, offering niche products targeted towards innovator pharmaceutical companies and multi-national generic pharmaceutical companies.
- Established a Contract Development & Manufacturing Organization (CDMO) business model with **specialized chemistry capabilities in contrast media intermediates and high-intensity sweeteners**, on the back of strategic and early investments in R&D and manufacturing infrastructure.
- Manufactures range of products in-house, including the **key starting intermediate and advanced intermediates**, which allows it **to control its production process for consistent quality and cost effectiveness**.
- **Operates 3 manufacturing facilities**, located in Shahad (Unit I), Ambernath (Unit II), and Mahad (Unit III) in the state of Maharashtra with an annual installed capacity of 200.60 KL, 607.30 KL and 213.00 KL, respectively.

Strength:

- **Built long-term customer base** with innovator pharmaceutical companies and multi-national generic pharma companies which are supported by committed **multi-year contracts of up to 5 years**.
- Supplying critical starting intermediate and several advanced intermediates **primarily to 3 of the largest contrast media manufacturers of the world** viz. GE Healthcare AS, Guerbet Group and Bracco Imaging S.p.A, directly.
- **Supplied over 75% of the value of exports** of a selected contrast media intermediate, from India over CY 2020 – CY 2022.
- High-intensity sweetener which are used in oral care products such as toothpastes and mouthwashes, beverages (soft-drinks), confectionary products (such as mints, candies and bakery products), require consistency of taste and brand equity. As a result, **Oral – Care and**



FMCG companies prefer long-term stability in supply chain operations and hence work with few selected ingredient suppliers like Blue Jet Healthcare.

Growth Drivers:

- Global **contrast media formulation market** had a market size of US\$ 5.9 bn as of Jun' 23 and is **expected to grow at a CAGR of 6% - 8%** between CY 2023 – CY 2025.
- Global **high-intensity sweetener market** which comprises products such as sucralose, aspartame, saccharin, stevia and neotame was estimated to be between US\$ 2.9 bn - US\$ 3.0 bn as of CY 2023 and is **expected to grow at a CAGR of 4% - 6%** between CY 2023 – CY 2026.
- Engaging with CDMO customers **early in the drug development process**, provides the opportunity to continue to expand relationship with the customers as the drug development progresses through the clinical phase and into commercial manufacturing.
- **Strategically incurring capex** to expand manufacturing capacity.

Key Financial Highlights –

Blue Jet Healthcare Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	498.93	206.05	41.3%	138.42	7.98	49.7%	50.2%
FY22	683.47	249.26	36.5%	181.59	10.47	47.1%	42.2%
FY23	720.98	219.09	30.4%	160.03	9.23	31.9%	26.6%
Q1 FY24	179.54	58.96	32.8%	44.12	2.54	8.0%	6.3%

- Revenue from operations have grown from Rs. 498.93 cr in FY21 to Rs. 720.98 cr in FY23, translating into CAGR of 20.2%.
- Ebitda has however grown at a lower CAGR of 3.1% between FY21 – FY23 as Ebitda margins have declined from 41.3% in FY21 to 30.4% in FY23 on the back of significant increase in Raw Material prices which as a percentage of Operating Revenues inched up from 34.0% in FY21 to 46.6% in FY23.
- Profits after tax has grown from Rs. 138.42 cr in FY21 to Rs. 160.03 cr in FY23. Lower growth in profits vis a vis growth in operating revenues is due to drop in Ebitda margins.



- Capital efficiency of the business is good with company generating RoCE and RoE of 32.0% and 23.5% in FY23 despite drop in Ebitda margins.

Valuations:

- At Upper end of the IPO price band of Rs. 349, Blue Jet Healthcare Ltd will be valued at about Rs. 6,001.90 cr.
- On EV/Ebitda basis (TTM), Company is available at 25.0x while on PE basis, its available at 34.0x its TTM Adjusted EPS of Rs. 10.16.
- **Investments can be made in Blue Jet Healthcare Ltd as the business characteristics is very good in terms of long term business prospects and customer stickiness, very high operating and capital efficiency which is evident from the fact that Ebitda margins stood at about 30.4% despite significant raw material cost pressures in FY23, RoCEs and RoEs too have been consistently high and fair valuations.**



Wellworth Share & Stock Broking Ltd

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159008/67159097 Fax: 022-67159090

www.wellworthgroup.co

Disclaimer: For Private Circulation Only

The contents of report in the above company are based on information generally available to the public from sources believed to be reliable. No representation is made that it is TIMELY, ACCURATE or COMPLETE

Wellworth Share and Stock Broking Ltd has taken due care and caution in compilation of data as this has been obtained from various Sources, which it considers reliable. However, Wellworth Share and Stock Broking Ltd does not guarantee the accuracy, adequacy or completeness of any information and it is not responsible for any errors or omissions or for the results obtained from the use of such information. Wellworth Share and Stock Broking Ltd is also not responsible for any errors in transmission and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. The information herein, together with all estimates and forecasts, can change without notice. This report does not purport to be a complete solicitation of offers to buy or sell any securities. Reader of this report are advised to consult experts or study prospectus and other legal offer documents issued by companies before taking any decisions based on information provided in the Report.

All material presented in this report, unless specifically indicated otherwise, is under copyright to Wellworth Share & Stock Broking Ltd. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of Wellworth Share & Stock Broking Ltd. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of Wellworth Share & Stock Broking Ltd or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Either WSSBL or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. WSSBL may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall WSSBL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

*Long Term Investments could range from 3-5 years.