

Blue Jet Healthcare

Estimate changes



TP change



Rating change

	BLUEJET IN
Equity Shares (m)	173
M.Cap.(INRb)/(USDb)	141.7 / 1.6
52-Week Range (INR)	1028 / 403
1, 6, 12 Rel. Per (%)	-6/29/83
12M Avg Val (INR M)	302

Financial Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	10.3	15.0	18.8
EBITDA	3.8	5.7	7.1
PAT	3.1	4.4	5.6
EPS (INR)	17.6	25.3	32.2
EPS Gr. (%)	78.5	43.6	27.2
BV/Sh.(INR)	65.3	88.9	118.8

Ratios

Net D:E	-0.1	0.2	0.0
RoE (%)	30.9	32.8	31.0
RoCE (%)	30.7	29.1	26.5
Payout (%)	6.8	6.8	6.8

Valuations

P/E (x)	46.3	32.3	25.3
P/BV (x)	12.5	9.2	6.9
EV/EBITDA (x)	37.1	25.4	19.9
Div. Yield (%)	0.1	0.2	0.3
FCF Yield (%)	-0.2	-2.7	1.0

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	86.0	86.0	86.0
DII	0.9	1.3	2.2
FII	2.0	2.3	2.0
Others	11.1	10.4	9.8

FII Includes depository receipts

CMP: INR817 TP: INR1,100 (+35%)

Buy

Gross margin under pressure in 1Q, but recovery imminent

EBITDA lower than the estimate

- Blue Jet Healthcare (BLUEJET) reported an EBITDA of INR1.2b up 2.7x YoY (vs. our est. of INR1.5b), with a gross margin of 48.8% (vs. 54.9% in 1QFY25). EBITDA margin contracted to 34.1% from 41.1% in 1QFY25 (est. 41.6%). EBITDA missed our estimate due to a shift in product mix and reduced inventory levels, resulting in lower overhead absorption.
- The pharma intermediates & API segment sustained its robust momentum, with the cardiovascular intermediate continuing to scale under long-term contracts. We expect this trend to persist owing to the strong customer demand visibility and expected additional launches in the near term.
- Factoring in the 1QFY26 performance, we cut our FY26/FY27 earnings estimates by 6% each and value the stock at 35x FY27E EPS to arrive at our TP of INR1,100. **Reiterate BUY.**

Pharma intermediaries drive revenue growth

- The company reported a revenue of INR3.5b, up 2.2x YoY and 4% QoQ (in line). The revenue growth was fueled by growth in the 1) contrast media intermediaries, which rose 51% YoY to INR972m, and 2) pharma intermediaries, which surged 3.5x YoY to INR2.1b, while revenue from high-intensity sweeteners remained flat at INR349m.
- Gross margin stood at 48.4%, which contracted 620bp YoY/650bp QoQ primarily due to a shift in product mix and reduced inventory levels resulting in lower overhead absorption.
- EBITDA surged 2.7x YoY, while it declined 14% QoQ to INR1.2b (est. INR1.5b). EBITDA margin expanded 690bp YoY but contracted 700bp QoQ to 34.1% (est. 41.6%).
- Adj. PAT stood at INR912m (up 2.4x YoY, down 17% QoQ) in 1QFY26, below our estimate of INR1.2b.

Highlights from the management commentary

- Gross margin:** The dip in gross margin to 48.4% in 1Q from 54.7% in 4QFY25 was mainly due to a shift in product mix and reduced inventory levels. This led to lower overhead absorption for the quarter. Going forward, management guides that the gross margin will be normalized in the range of 53%.
- Capacity addition:** BLUEJET is focusing on amino acid derivatives and late-stage intermediates and additionally plans to add 1,000 KL of capacity over the next 2–3 years through a newly acquired land parcel, which will be developed in three phases. This expansion will support a range of products, including APIs, with one of the key targets being the API for Bempedoic Acid.
- R&D:** The company has committed to a capex of INR400m towards R&D capabilities and maintains a strong pipeline of 20 opportunities with high client interest, with ~30% (six opportunities) in the late phase 3 or commercial phase.

Valuation and view

- We anticipate the pharma intermediates and APIs to continue their robust growth momentum in FY26, supported by strong customer demand visibility and additional product launches.
- Further, contrast media molecules are likely to see growth driven by ramp-up in client offtake, while high-intensity sweeteners are expected to sustain the steady volume performance.
- We expect a revenue/EBITDA/ PAT CAGR of 35%/ 38%/ 35% during FY25-27, led by the structural tailwinds because of the de-risking of supply chains by global innovators and the increasing adoption of complex APIs and NCE intermediates.
- Factoring in the 1QFY26 performance, we cut our FY26/FY27 earnings estimates by 6% each and value the stock at 35x FY27E EPS to arrive at our TP of INR1,100. **Reiterate BUY.**

Standalone - Quarterly Snapshot

Y/E March	(INR m)											
	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Gross Sales	1,629	2,083	3,174	3,404	3,548	3,603	3,764	4,097	10,290	15,012	3,689	-4%
YoY Change (%)	-9.3	14.8	90.3	85.1	117.8	73.0	18.6	20.4	44.6	45.9	126.4	
Gross Margin (%)	54.7%	57.0%	54.5%	54.9%	48.4%	52.5%	53.8%	55.7%	55.2%	52.7%	54.9%	-6.4%
EBITDA	443	695	1,230	1,400	1,210	1,325	1,443	1,683	3,767	5,661	1,534	-21%
Margin (%)	27.2	33.4	38.8	41.1	34.1	36.8	38.3	41.1	36.6	37.7	41.6	-7.5
Depreciation	35	46	47	49	57	62	77	79	178	275	52	
Interest	0	0	0	0	7	10	15	15	1	47	1	
Other Income	87	121	132	122	83	123	133	180	463	519	132	
PBT before EO expense	495	769	1,315	1,472	1,229	1,377	1,483	1,769	4,051	5,858	1,613	-24%
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	495	769	1,315	1,472	1,229	1,377	1,483	1,769	4,051	5,858	1,613	-24%
Tax	117	186	335	371	317	376	376	406	1,009	1,474	406	
Rate (%)	23.6	24.1	25.5	25.2	25.8	27.3	25.3	22.9	24.9	25.2	25.2	
Reported PAT	378	583	980	1,101	912	1,001	1,107	1,364	3,042	4,384	1,206	-24%
Adj. PAT	378	583	980	1,101	912	1,001	1,107	1,364	3,042	4,384	1,206	-24%
YoY Change (%)	-14.4	21.9	149.5	177.6	141.3	71.5	13.0	23.9	77.9	44.1	219.3	
Margin (%)	23.2	28.0	30.9	32.3	25.7	27.8	29.4	33.3	29.6	29.2	32.7	-7.0
Segment revenue (INR m)												
Contrast Media Intermediates	645	1,134	1,249	1,011	972	1,302	1,473	1,734	4,039	5,481	1,184	-18%
High intensity sweeteners	350	316	371	297	349	393	438	474	1,334	1,654	336	4%
Pharma Intermediaries	602	596	1,465	1,959	2,120	1,963	1,797	1,747	4,622	7,626	2,112	0%
Others	21	25	82	118	97	60	61	33	246	251	56	72%

Exhibit 1: One-year forward P/E

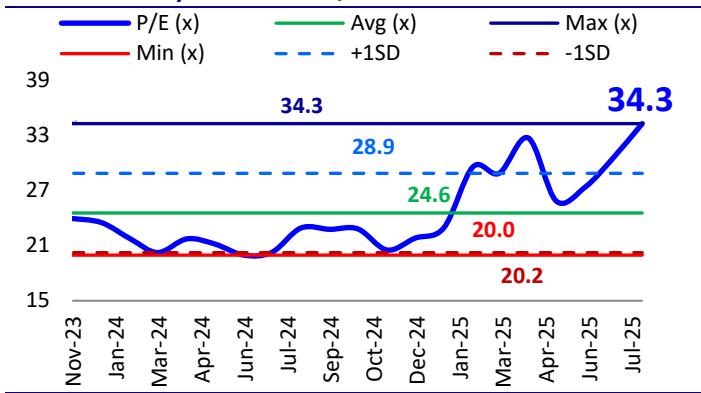
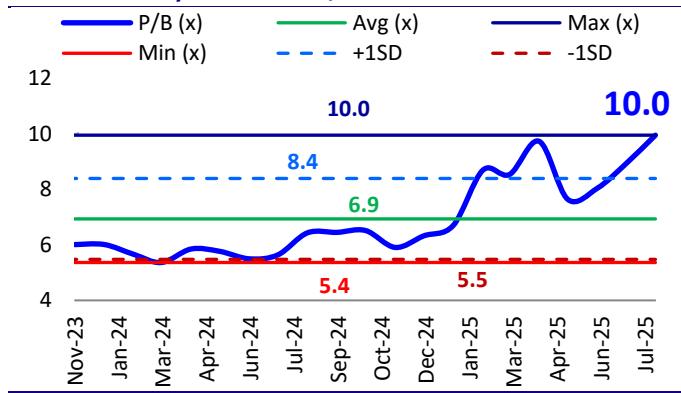


Exhibit 2: One-year forward P/B



Story in charts: 1QFY26

Exhibit 3: Revenue surged 2.2x YoY

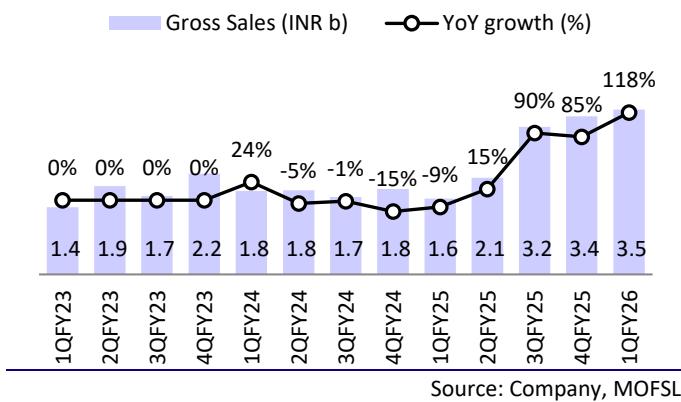


Exhibit 4: GM and EBITDAM contracted on a YoY basis

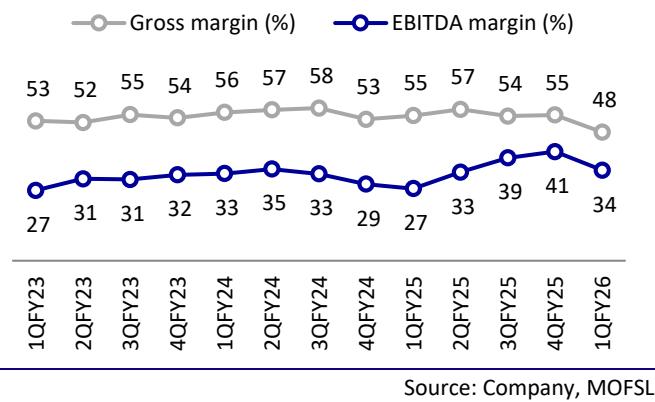


Exhibit 5: EBITDA jumped 2.7x YoY

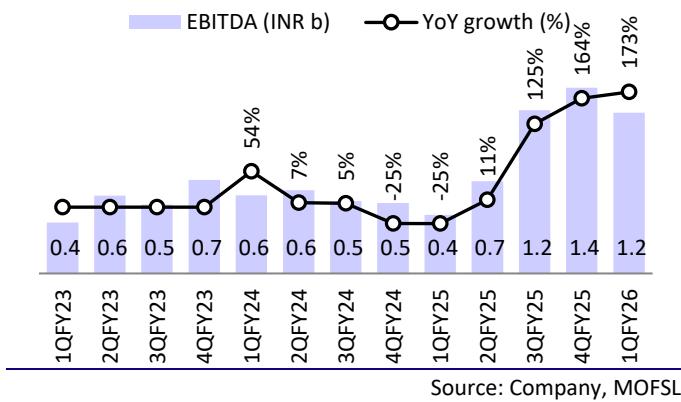


Exhibit 6: Quarterly PAT trend

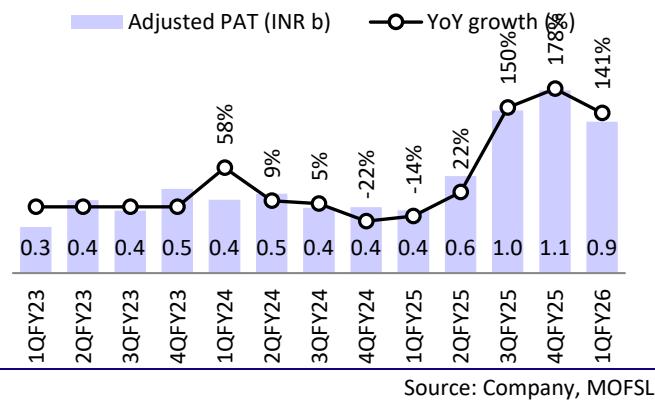


Exhibit 7: Revenue of CM grew 51% YoY

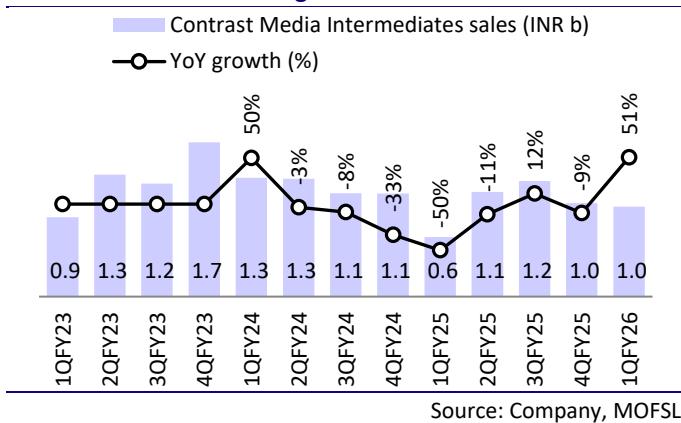


Exhibit 8: High Intensity Sweetener sales flat YoY

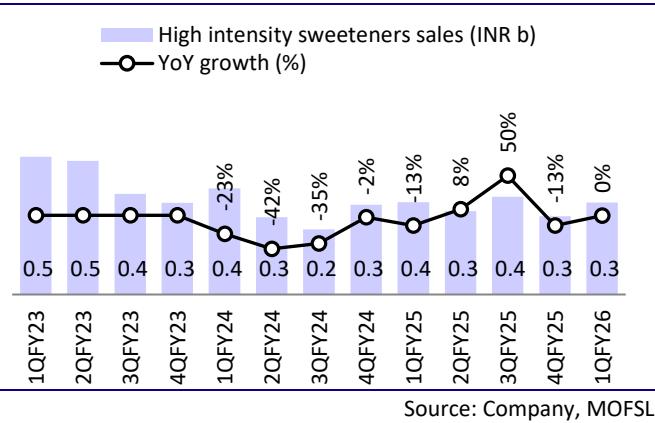


Exhibit 9: Pharma Intermediaries up 3.5x YoY

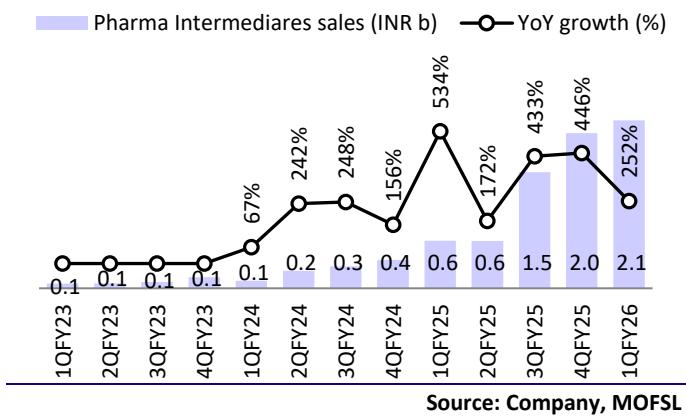


Exhibit 10: Other sales grew 4.6x YoY

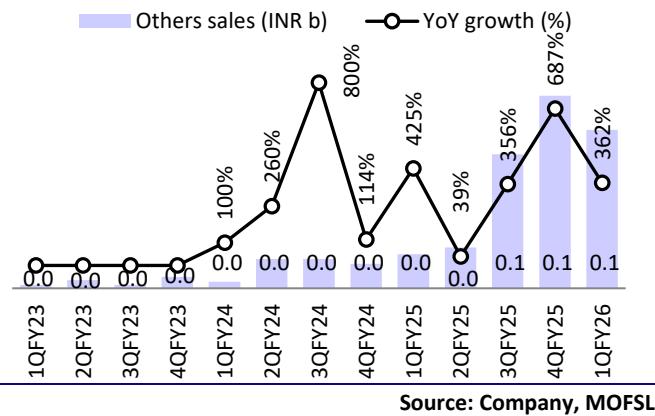
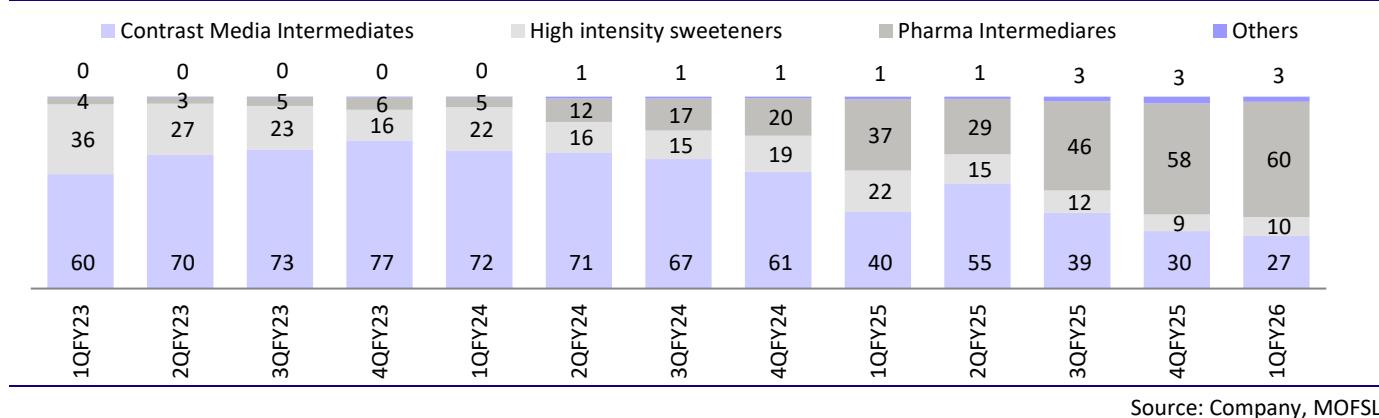


Exhibit 11: Segmental contribution to total revenue (%)





Key highlights from the management commentary

Operational performance

- Management remains confident on FY26 due to the structural tailwinds of de-risking of supply chains by global innovators, increasing adoption of complex API and NCE intermediaries.
- Reduction in QoQ is primarily attributable to a drop in gross margin to 48.4% in Q1 FY26 from 54.7% in 4QFY25, driven by a shift in product mix and reduced inventory levels, resulting in lower overhead absorption during 1QFY26
- Overheads are absorbed in inventory valuation; this decline in inventory releases more overheads into the P&L, compressing the margin. Of the 6.5% reduction in gross margin, roughly more than 4.4% is attributable to this inventory adjustment, and 2.1% to the product mix specifically because of higher contribution by the PI-API segments and lower contribution by the Others segment.
- Management has guided to sustain the gross margin at ~53%.
- The company reported an asset turnover of 4x on its net block, while inventory days stood at 131.
- With current capacity utilization at 60%, the company is optimistic about leveraging the anticipated increase in demand going forward.
- The company has developed approximately 45 peptide fragments, which are ready for commercialization based on customer interest.

Capital allocation

- The company intends to expand capacity by 1,000 KL over the next 2–3 years in Phase 1, comprising four blocks: two for CMI, one for high-intensity sweeteners, and one MMP block.
- The company is developing a backward-integrated facility at Unit 3, Mahad, featuring a highly engineered continuous process to produce the key starting material required for its CMI segment.
- At Unit 3 in Mahad, the company expects the originally planned capex of INR2.5 b to increase to approximately INR3b. Of this, around INR1b has already been incurred, with the remaining INR2b to be spent by FY27.
- The company has committed to a capex of INR400m towards the R&D capabilities focused on amino acid derivatives and late state intermediates. R&D pipeline comprises around 20 new opportunities with strong client interest, of which approximately six are in late Phase 3 or the commercial stage.

Contrast media

- The company possesses strong product development and process optimization capabilities, supported by a robust in-house R&D infrastructure.
- It maintains a strategic focus on molecules with high customer interest, particularly targeting opportunities in outsourcing or alternate sourcing of next-stage advanced intermediates.
- Contrast media remains the company's flagship product, while the PI segment is also gaining traction, supported by the China+1 strategy. Additionally, the company is well-positioned in the high-intensity sweeteners business.

- The new CDMO capacity catering to PI and SEQ CMI segment at Unit 2, Ambernath, is fully operational.

High intensity sweeteners

- The company has received the inspection report from the US Food and Drug Administration (USFDA).
- In the High-Intensity Sweeteners segment, the integrity of the value-added variant remains intact. Phase 2 of the expansion at Unit 2 has been completed and is now fully operational. Additionally, construction activities at Unit 3 in Mahad are progressing as scheduled, with commissioning anticipated in 2HFY26.
- Within the Pharma Intermediates segment, the PI-API business continues to exhibit strong momentum, primarily driven by cardiovascular (CVS) applications. The company intends to further scale operations in this area.

Pharma intermediates

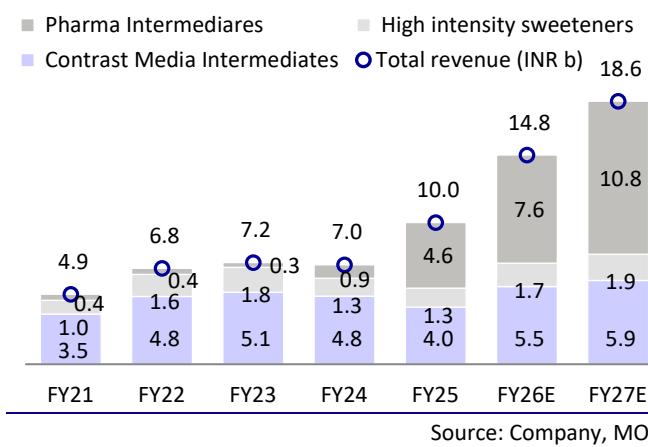
- Management indicated a strong visibility of customer demand in the PI-API segment and anticipates additional product launches during 2HFY26.
- The company outlined a dedicated capacity of 120KL for the production of cardiovascular intermediates.

Exhibit 12: Changes to our estimates

Particulars (INR m)	Revised			Previous			Change (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Revenue (INR m)	10,300	15,012	18,813	10,300	15,133	18,945	0%	-1%	-1%
EBITDA (INR m)	3,777	5,661	7,150	3,777	5,964	7,546	0%	-5%	-5%
PAT (INR m)	3,052	4,384	5,578	3,052	4,668	5,946	0%	-6%	-6%
EPS (INR)	17.6	25.3	32.2	17.6	26.9	34.3	0%	-6%	-6%

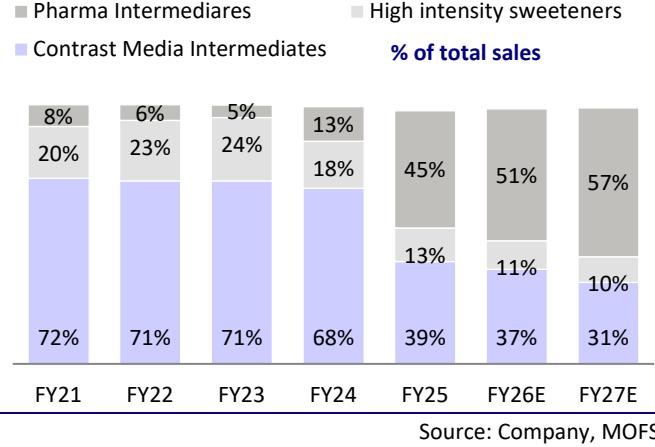
Financial story in charts

Exhibit 13: Expect 35% revenue CAGR over FY25-27...



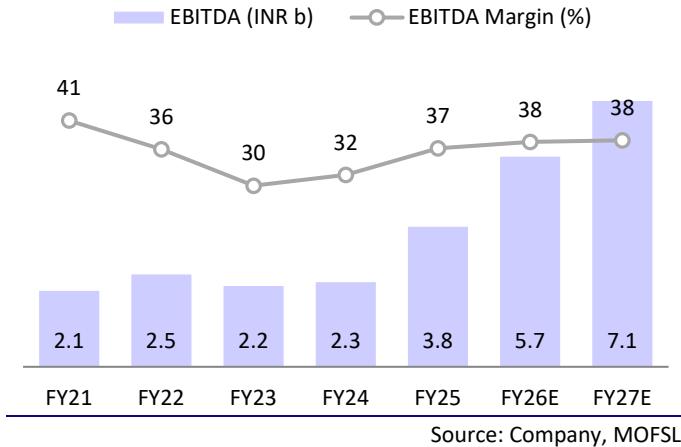
Source: Company, MOFSL

Exhibit 14: ...led by contribution from the Pharma Intermediaries



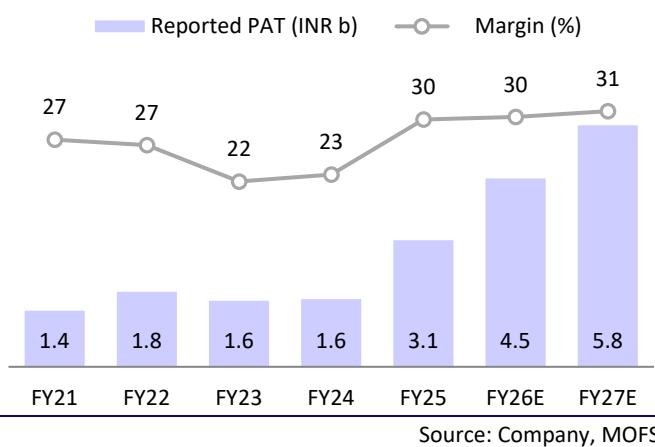
Source: Company, MOFSL

Exhibit 15: We expect an EBITDA CAGR of 38%...



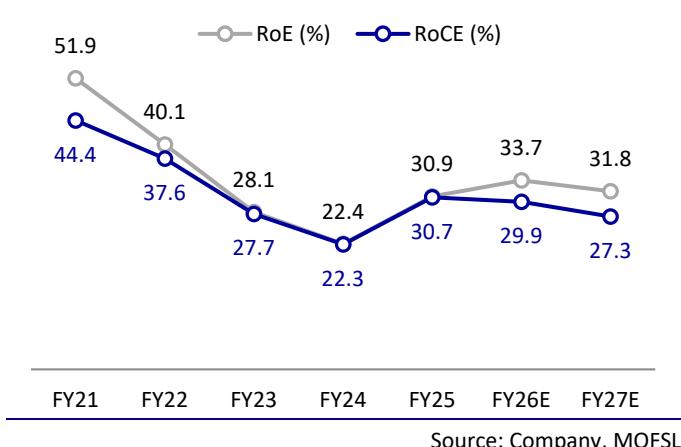
Source: Company, MOFSL

Exhibit 16: ...and a PAT CAGR of 35% during FY25-27



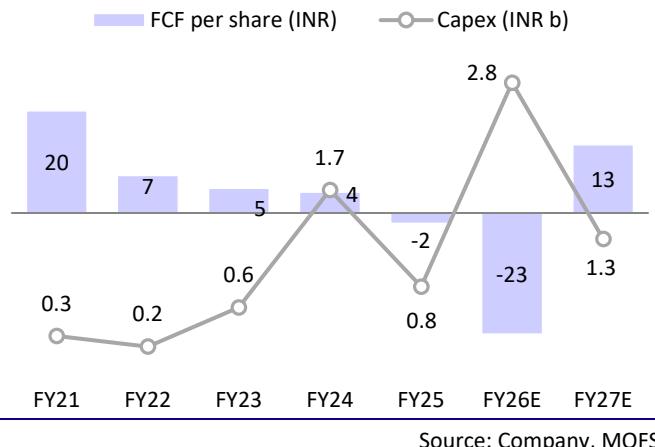
Source: Company, MOFSL

Exhibit 17: Return profile during FY25-27E



Source: Company, MOFSL

Exhibit 18: Capex trend and FCF generation during FY25-27E



Source: Company, MOFSL

Financials and valuations

Standalone - Financial Snapshot							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	(INR m)
Total Income from Operations	5,382	4,989	6,835	7,210	7,116	10,300	15,012
Change (%)	2,376.8	-7.3	37.0	5.5	-1.3	44.7	45.8
Raw Materials	2,106	1,695	2,875	3,360	3,144	4,612	7,095
Employees Cost	239	290	419	330	532	610	722
Other Expenses	902	945	1,137	1,240	1,148	1,300	1,534
Total Expenditure	3,246	2,929	4,431	4,930	4,824	6,523	9,351
Gross Margin (%)	60.9	66.0	57.9	53.4	55.8	55.2	52.7
EBITDA	2,136	2,061	2,404	2,280	2,292	3,777	5,661
Margin (%)	39.7	41.3	35.2	31.6	32.2	36.7	37.7
Depreciation	180	197	221	251	281	178	275
EBIT	1,955	1,864	2,183	2,029	2,011	3,599	5,386
Int. and Finance Charges	74	53	33	14	2	1	47
Other Income	57	89	194	240	289	463	519
PBT bef. EO Exp.	1,939	1,900	2,344	2,255	2,298	4,061	5,858
EO Items	0	-53	0	0	-97	0	0
PBT after EO Exp.	1,939	1,847	2,344	2,255	2,201	4,061	5,858
Total Tax	492	488	616	566	563	1,009	1,474
Tax Rate (%)	25.4	26.4	26.3	25.1	25.6	24.8	25.2
Reported PAT	1,447	1,358	1,727	1,689	1,638	3,052	4,384
Adjusted PAT	1,447	1,397	1,727	1,689	1,710	3,052	4,384
Change (%)	LP	-3.4	23.6	-2.2	1.2	78.5	43.6
Margin (%)	26.9	28.0	25.3	23.4	24.0	29.6	29.2
							29.6

Standalone - Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	6	99	347	347	347	347	347	347
Total Reserves	1,976	3,299	4,868	6,468	8,105	10,984	15,069	20,266
Net Worth	1,982	3,398	5,215	6,815	8,452	11,331	15,416	20,613
Total Loans	513	516	173	34	0	0	3,500	2,625
Deferred Tax Liabilities	42	14	3	10	32	73	73	73
Capital Employed	2,537	3,928	5,391	6,859	8,484	11,404	18,989	23,311
Gross Block	1,291	1,636	1,855	2,431	2,921	4,382	6,632	7,882
Less: Accum. Deprn.	252	448	670	920	1,201	1,379	1,655	1,981
Net Fixed Assets	1,039	1,188	1,185	1,510	1,719	3,003	4,978	5,901
Goodwill on Consolidation	0	201	380	0	0	0	0	0
Capital WIP	20	26	34	305	1,471	892	892	892
Total Investments	39	368	938	1,893	2,505	1,867	1,867	1,867
Curr. Assets, Loans&Adv.	2,544	3,579	4,595	4,913	4,894	8,413	14,774	19,065
Inventory	690	1,177	1,050	1,257	1,298	2,639	3,847	4,821
Account Receivables	253	1,440	2,274	2,394	1,769	3,495	5,095	6,384
Cash and Bank Balance	152	705	877	656	847	1,198	1,095	1,922
Cash	100	611	754	654	410	330	227	1,054
Bank Balance	52	93	123	2	438	868	868	868
Loans and Advances	1,448	258	393	606	979	1,081	4,738	5,937
Curr. Liability & Prov.	1,106	1,435	1,741	1,761	2,104	2,771	3,522	4,413
Account Payables	520	595	565	538	303	891	432	541
Other Current Liabilities	555	802	1,132	1,177	1,749	1,820	3,002	3,763
Provisions	30	37	43	46	52	60	88	110
Net Current Assets	1,438	2,145	2,854	3,151	2,789	5,642	11,253	14,651
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	2,537	3,928	5,391	6,859	8,484	11,404	18,989	23,311

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	29.2	28.2	10.0	9.7	9.9	17.6	25.3	32.2
EPS Growth (%)	LP	-3.4	-64.7	-2.2	1.2	78.5	43.6	27.2
Cash EPS	32.8	32.2	11.2	11.2	11.5	18.6	26.9	34.0
BV/Share	40.0	68.6	30.1	39.3	48.7	65.3	88.9	118.8
DPS	0.0	0.0	0.0	0.0	1.0	1.2	1.7	2.2
Payout (%)	0.0	0.0	0.0	0.0	10.6	6.8	6.8	6.8
Valuation (x)								
P/E	27.9	28.9	81.8	83.7	82.7	46.3	32.3	25.3
Cash P/E	24.8	25.3	72.5	72.9	71.0	43.8	30.3	23.9
P/BV	20.4	11.9	27.1	20.7	16.7	12.5	9.2	6.9
EV/Sales	7.6	8.1	20.6	19.5	19.7	13.6	9.6	7.6
EV/EBITDA	19.1	19.5	58.5	61.7	61.3	37.1	25.4	19.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3
FCF per share	21.5	19.6	7.2	4.7	4.0	-1.9	-21.8	8.4
Return Ratios (%)								
RoE	115.0	51.9	40.1	28.1	22.4	30.9	32.8	31.0
RoCE	72.1	44.4	37.6	27.7	22.3	30.7	29.1	26.5
RoIC	77.1	53.2	50.5	40.3	39.0	48.7	35.7	30.2
Working Capital Ratios								
Fixed Asset Turnover (x)	5.1	4.5	5.8	5.4	4.4	4.4	3.8	3.5
Asset Turnover (x)	2.1	1.3	1.3	1.1	0.8	0.9	0.8	0.8
Inventory (Days)	47	86	56	64	67	94	94	94
Debtor (Days)	17	105	121	121	91	124	124	124
Creditor (Days)	35	44	30	27	16	32	10	10
Leverage Ratio (x)								
Current Ratio	2.3	2.5	2.6	2.8	2.3	3.0	4.2	4.3
Interest Cover Ratio	26.5	35.1	66.1	149.3	1,249.3	3,672.9	114.8	148.5
Net Debt/Equity	0.2	-0.1	-0.1	-0.1	-0.1	-0.1	0.2	0.0

Standalone - Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax								
OP/(Loss) before Tax	1,939	1,847	2,432	2,166	2,201	4,061	5,858	7,454
Depreciation	180	197	221	251	281	178	275	327
Interest Expenses	0	0	0	0	2	1	47	46
Others	207	-21	-154	-73	-91	-264	-519	-677
Direct Taxes Paid	-486	-2	-276	-600	-111	-890	-1,474	-1,876
(Inc)/Dec in WC	-616	-727	-759	-329	132	-2,628	-5,713	-2,572
CF from Operations	1,224	1,293	1,464	1,415	2,413	458	-1,526	2,702
Others								
CF from Operating incl EO								
(Inc)/Dec in FA	-160	-321	-218	-593	-1,722	-795	-2,250	-1,250
Free Cash Flow	1,064	972	1,247	823	691	-337	-3,776	1,452
Change in Investments	-294	27	15	4	-906	391	0	0
Others	1	-213	-557	-884	-10	52	519	677
CF from Investments	-452	-507	-760	-1,473	-2,638	-352	-1,731	-573
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-651	-222	-526	0	0	0	3,500	-875
Interest Paid	-74	-53	-32	0	-2	-1	-47	-46
Dividend Paid	0	0	0	0	0	-173	-299	-380
Others	52	94	119	-40	419	857	0	0
CF from Fin. Activity	-673	-182	-439	-40	418	683	3,154	-1,301
Inc/Dec of Cash	99	604	266	-98	193	789	-103	827
Opening Balance	54	100	611	754	654	410	1,198	1,095
Closing Balance	153	705	877	656	848	1,198	1,095	1,922

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NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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