Stock Idea Note - Blue Jet Healthcare Ltd.

Company Overview

Blue Jet Healthcare is a specialized pharmaceutical and healthcare ingredient company with a differentiated presence across contrast media intermediates, pharma intermediates & APIs, high-intensity sweeteners and emerging CDMO opportunities. With over 55 years of industry experience, the company has established a strong position in complex chemistry and is among India's largest exporters of contrast media intermediates, serving leading global pharmaceutical companies through long-standing customer relationships and multi-year commercial programmes. The company operates three manufacturing facilities across Maharashtra, at Shahad, Ambernath and Mahad, with an installed capacity of ~1,176 KL, supporting the manufacture of contrast media intermediates, pharma intermediates, APIs and sweeteners. Its PI/API business is witnessing a strong recovery, led by higher bempedoic acid volumes following normalization of customer inventories, while the contrast media franchise continues to provide a stable revenue base supported by long-term contracts and new product launches. The company is strengthening its manufacturing capabilities through the Mahad backward integration project, which is expected to improve raw material security, cost competitiveness and margins, while the planned greenfield facility in Andhra Pradesh will further expand capacity across contrast media intermediates, sweeteners, pharma intermediates and peptide fragments. The company is also expanding its CDMO capabilities through investments in advanced chemistry platforms, including peptides, GLP-1 intermediates and peptide fragments, supported by strengthening R&D infrastructure. With strong customer relationships, a growing product pipeline, increasing manufacturing capacity and deeper value-chain integration, Blue Jet is well positioned to benefit from rising pharmaceutical outsourcing and global supply-chain diversification.

Investment Rationale

Recovery in pharma intermediates and sustained contrast media growth to drive earnings recovery

Blue Jet is witnessing a broad-based recovery across its core businesses, with pharma intermediates/API and contrast media expected to remain the key earnings drivers over the medium term. The PI/API segment is witnessing a strong recovery following the completion of customer destocking, led by higher volumes of bempedoic acid and healthy underlying demand, with order visibility for the next three to four quarters. Management expects the segment to surpass its FY25 peak sales during FY27, providing strong revenue visibility and operating leverage as volumes normalize. Meanwhile, the contrast media business is expected to deliver double-digit growth, supported by stable demand across geographies, long-term contracts, increasing offtake of new products and the launch of three new contrast media candidates. Commercialization of the iodinated intermediate by Q3FY27 should further strengthen the segment's growth profile. The Mahad backward integration project, progressing ahead of schedule and expected to be commissioned in CY26, should enhance raw material security, improve cost competitiveness and support margin expansion, while current plant utilization of ~70% provides sufficient headroom for incremental volume growth. With the recovery in bempedoic acid, sustained contrast media demand, new product launches and increasing backward integration, Blue Jet is well positioned to deliver healthy revenue growth, operating leverage and gradual margin recovery over the medium term, while its expanding product pipeline provides additional visibility for sustained growth.

Expanding CDMO pipeline and capacity investments to drive long-term growth

The company is strengthening its CDMO proposition through investments in R&D capabilities, advanced chemistry platforms and scalable manufacturing infrastructure, creating a broader growth opportunity across complex and high-value pharmaceutical molecules. The company is currently tracking ~20 high-conviction RFPs across chronic therapeutic areas, with four customer programmes progressing through development across oncology, CNS and other chronic therapies, while two lateral-entry innovator opportunities are advancing towards the next stages. The upcoming Hyderabad R&D centre is expected to enhance capabilities across peptides, GLP-1 intermediates and peptide fragments, enabling the company to participate in more complex and higher-value customer programmes. Additionally, the planned greenfield facility in Andhra Pradesh, entailing an investment of ~Rs. 1,000 crores over the next three years, will expand manufacturing capabilities across contrast media intermediates, sweeteners, pharma intermediates and peptide fragments. The facility is expected to provide flexible, multi-product capacity aligned with identified customer opportunities, thereby supporting faster commercialization and improving capacity visibility. The combination of a growing CDMO pipeline, strengthening R&D capabilities and capacity expansion should enable Blue Jet to move towards higher-value complex chemistry, diversify its product portfolio and deepen relationships with global innovators and CDMO customers, thereby supporting sustainable revenue growth.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook	Positive

Stock

CMP (INR)	594
Target Price (INR)	689
NSE Symbol	BLUEJET
BSE Code	544009
Bloomberg	BLUEJET IN
Reuters	BLUJ.BO

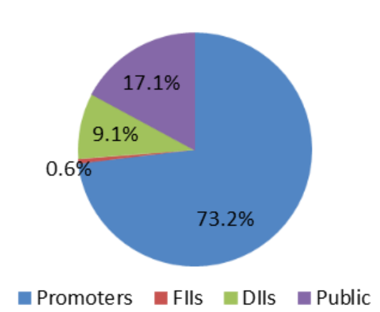
Key Data

Nifty	24,570
52WeekH/L(Rs.)	835/325
O/s Shares (Cr.)	18.9
Market Cap (Rs, Cr.)	11,302
Face Value (Rs.)	2

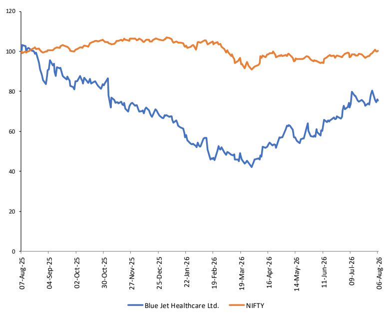
Average volume

3 months	9,44,490
6 months	8,84,309
1 year	7,01,760

Share Holding Pattern (%)



Relative Price Chart



Valuation and Outlook

Blue Jet Healthcare is well positioned to deliver sustainable growth, supported by the recovery in pharma intermediates, resilient contrast media performance, a growing CDMO pipeline and planned capacity expansion. The normalization of customer destocking in the PI/API business, coupled with strong order visibility for bempedoic acid, is expected to drive a meaningful recovery in revenue and earnings, while double-digit growth in contrast media, new product launches and backward integration at Mahad should further strengthen the core business and support operating leverage. The Hyderabad R&D centre and planned Vizag facility should enhance Blue Jet's capabilities in complex chemistry, enabling greater participation in high-value CDMO opportunities across peptides, GLP-1 intermediates and chronic therapies. Improving capacity utilization, a favorable business mix and a rising contribution from differentiated products are expected to support margin expansion over the medium term. Additionally, the company's net cash position provides strong balance-sheet flexibility to fund its planned capex and growth initiatives while maintaining a healthy financial profile. Key monitories include elevated raw material costs, customer and product concentration, execution of new capacity and the pace of ramp-up in recently launched products. **Overall, with improving visibility across core businesses, a robust product pipeline and expanding CDMO capabilities, Blue Jet is entering a stronger growth phase, with earnings expected to benefit from revenue recovery, operating leverage and improving business mix. We thus value the company at 42x FY27E earnings and arrive at a target price of Rs. 689, implying 16% upside from the current market price, with a 12-month investment horizon.**

Key Financials						
YE March (INR. Crores)	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Revenue	**721**	**712**	**1,030**	**947**	**1,174**	**1,345**
Revenue Growth (Y-oY)	*5.6%*	*(1.2%)*	*44.7%*	*(8.1%)*	*24.0%*	*14.6%*
EBITDA	**219**	**231**	**378**	**294**	**365**	**430**
EBIT Growth (Y-o-Y)	*(12.0%)*	*5.5%*	*63.6%*	*(22.2%)*	*24.1%*	*17.8%*
Net Profit	**160**	**164**	**305**	**248**	**310**	**340**
Net Profit Growth (Y-o-Y)	*(12.1%)*	*2.5%*	*86.0%*	*(18.7%)*	*25.0%*	*9.7%*
Diluted EPS	**9.2**	**9.4**	**17.6**	**14.3**	**16.4**	**17.5**
Diluted EPS Growth (Y-o-Y)	*(11.8%)*	*2.3%*	*86.3%*	*(18.8%)*	*14.8%*	*6.7%*
Key Ratios						
EBITDA margin (%)	**30.4%**	**32.4%**	**36.7%**	**31.0%**	**31.1%**	**32.0%**
NPM (%)	22.2%	23.0%	29.6%	26.2%	26.4%	25.3%
RoE (%)	**23.5%**	**19.4%**	**26.9%**	**18.2%**	**18.6%**	**16.9%**
RoCE (%)	28.2%	23.9%	31.2%	19.3%	19.4%	18.9%
Valuation Ratios						
P/E (x)	**64.1x**	**62.7x**	**33.7x**	**41.4x**	**36.1x**	**33.8x**
EV/EBITDA (x)	50.8x	48.1x	29.3x	37.7x	30.5x	26.0x
P/BV (x)	**16.4x**	**13.2x**	**9.9x**	**8.2x**	**6.7x**	**5.6x**
Market Cap. / Sales (x)	15.5x	15.7x	10.9x	11.8x	9.5x	8.3x

Source: Bloomberg, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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