

Sushil Finance®
ACTIONABLE KNOWLEDGE

Blue Jet Healthcare Ltd

Market Cap.	52 Week H/L	CMP	Target Price
Rs. 11,119 cr.	Rs. 800/325	Rs. 587	Rs.771

PHRM

STOCK DATA

Recommendation	BUY
BSE Code	544009
NSE Symbol	BLUEJET
Reuters Code	-
Bloomberg Code	BLUEJET.IN
Face Value	Rs.2
Shares Outstanding	19 Cr
Avg. Daily Volume (6m)	938,364 Shares

Price Performance (%)

1M	3M	6M
(6)	32	33

200 Days EMA Rs. 531

SHARE HOLDING (%)

Promoters	73.2
FII	1.1
FI/MF	9.1
Body Corporate	5.8
Public & Others	10.9

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Huge capacity expansion to drive growth and raw material security to CMI (Contrast Media Intermediary)

Unit 3, a ~Rs.200 cr backward integration plant is on track for commercial contribution in H2 FY27, slightly ahead of schedule. This replaces an imported raw material, insulating margins from price volatility, and opens third-party sales once stabilized.

Blue Jet has acquired a 103-acre land parcel in Vizag. The Board has approved a massive Rs.1,000 cr Phase-1 capital expenditure plan to be deployed over the next 3-4 years. Phase 1 will construct four dedicated blocks adding roughly 1,000 KL of capacity: two blocks dedicated exclusively to Contrast Media, one block for the new high-intensity blockbuster sweetener, and one multipurpose block targeting advanced CDMO chemistries

Balance Sheet Strength & Cash Flow Quality

Despite a yoy top-line contraction in FY26 (Revenue at Rs.947 cr, down 8% YoY) driven by the tail-end of customer destocking in the PI segment, the quality of earnings improved dramatically. Net Operating Cash Flow for FY26 surged to an exceptional Rs.334 cr (compared to just Rs.45.7 cr in FY25). This was achieved through rigorous working capital rationalization and the complete normalization of trade receivables. Balance sheet is strong, with net cash at ~Rs.100cr.

OUTLOOK & VALUATION

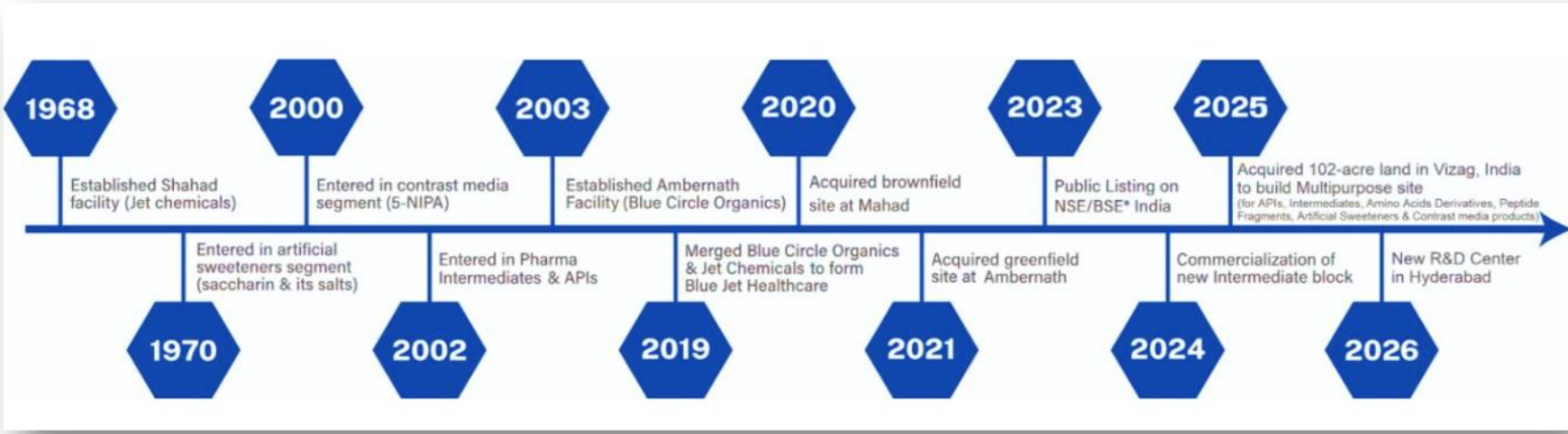
Blue Jet is positioned at the cusp of a multi-year commercialization and growth cycle. A capital expenditure phase of approximately ~Rs.1,300 cr over the medium term—encompassing backward integration at Mahad, Greenfield manufacturing at Vizag, and a dedicated laboratory facility in Hyderabad—will unlock substantial incremental capacity. As these facilities transition from validation to commercial supply, the company is poised to generate high free cash flows and sustain its industry-leading profitability profile. Going forward, we expect the company to deliver an EPS of Rs.18.3 in FY28; assigning a target multiple of 42x, we arrive at a target price of Rs.771 showcasing an upside potential of 31% from current levels with an investment horizon of 18-24 months.

Y/E Mar	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	EBITDA Margin (%)	PAT (Rs. Cr)	NPM (%)	A-EPS (Rs.)	P/E (x)	P/S (x)
FY25	1,030.0	377.7	36.7%	305.2	29.6%	17.6	33.7	10.1
FY26	947.3	294.1	31.0%	247.8	26.2%	14.3	41.5	11.0
FY27 E	**1,114.5**	**345.5**	**31.0%**	**286.7**	**25.7%**	**16.4**	**36.2**	**9.3**
FY28 E	**1,260.4**	**399.5**	**31.7%**	**321.4**	**25.5%**	**18.3**	**32.3**	**8.2**

COMPANY OVERVIEW

Blue Jet Healthcare Ltd. presents a highly differentiated investment proposition within the global Contract Development and Manufacturing Organization (CDMO) and Specialty Pharmaceuticals ecosystem. Functioning as a quasi-monopoly in specific Contrast Media Intermediates (CMI) and scaling rapidly in complex Pharma Intermediates (PI), the company is insulated by formidable barriers to entry that include multi-year regulatory validations and stringent innovator lock-ins. Characterized by a historically pristine, debt-free balance sheet and industry-leading return metrics (RoCE/RoE >25%), Blue Jet is currently navigating a transformational capacity expansion cycle. The company's ability to generate structural operating leverage positions it to capture outsized margin expansion as its massive capital expenditure program across its Mahad and Vizag facilities transitions from the construction phase into commercial realization.

To successfully transition from a pure-play manufacturer to a value-added CDMO partner, Blue Jet is deploying Rs.40 cr to establish a state-of-the-art R&D center in Hyderabad, complementing its existing advance research center in Ambernath which already houses over 75 scientists. Expected to go live in H2 FY27, the Hyderabad center is purpose-built to accelerate turnaround times for CDMO RFPs and pioneer advanced capabilities in biocatalysis and continuous manufacturing



BUSINESS OVERVIEW

Blue Jet's operational architecture is built upon a recurring and highly defensible methodology: co-engineer capacity with giant global customers, secure multi-year supply lock-ins, and systematically integrate backward to capture maximum margin

The business operates across three distinct revenue pillars:

1. Contrast Media Intermediates

This segment represents the foundational bedrock of Blue Jet. The company manufactures advanced intermediates that act as the chemical building blocks for both Iodinated (X-Ray/CT) and Gadolinium-based (MRI) contrast agents. The contrast media formulation market is a tightly controlled oligopoly, with GE Healthcare, Bracco, Bayer, and Guerbet accounting for roughly 75% of global sales. Blue Jet supplies directly to three of these four giants, boasting relationships that span up to 27 years. Because contrast media are injectable, high-volume drugs, innovators treat impurity profiling and vendor qualification with extreme scrutiny. To permanently defend its ~35% historical EBITDA margins, Blue Jet is backward integrating the primary raw material for its iodinated intermediates. This is being executed at the new Mahad facility, effectively insulating the company from raw material pricing volatility

2. Pharma Intermediates & APIs (Fastest-Growing Structural Driver)

This segment transforms Blue Jet from a specialty chemical manufacturer into a high-value CDMO partner. The company supplies advanced intermediates for New Chemical Entities (NCEs) primarily in chronic therapies, focusing on cardiovascular, oncology, and CNS applications. The company has aggressively shifted focus toward securing early-stage and Phase III clinical projects. It is currently tracking approximately 20 active RFPs, with six high-conviction assets in late-stage (Phase III) clinical trials. Notably, the company is actively developing building blocks for GLP-1 intermediates and peptide fragments—two of the most lucrative therapeutic areas in modern pharmacology

BUSINESS OVERVIEW

3. **High-Intensity Sweeteners (The Defensive Anchor)**

Operating since 1970 as India's first saccharin manufacturer, this segment produces saccharin and its salts. Serving over 300 customers globally across oral care, beverages, and pharmaceuticals (including FMCG majors like Colgate Palmolive and Unilever), the segment provides steady, high-margin cash flows that fund the company's broader R&D initiatives. While legacy saccharin faces persistent pricing pressure from Chinese imports, Blue Jet utilizes this segment opportunistically. More importantly, the company has secured an anchor customer to commercialize a new, high-value artificial sweetener (exact chemical identity unable to verify due to non-disclosure agreements by the companies) targeting a $1 billion global TAM, aiming to capture a 10% market share utilizing dedicated greenfield capacity at Vizag

Metric	Contrast Media Intermediates (CMI)	Pharma Intermediates & APIs (CDMO)	High-Intensity Sweeteners
Growth Profile	Stable compounder (Double-digit growth targeted for FY27)	High-growth, volatile (inherent lumpiness in CDMO scale-ups)	Defensive, steady-state cash generator
Margin Contribution	High (Structurally protected by backward integration)	Very High (Driven by NCEs and late-stage clinical exclusivity)	Moderate to High (Subject to Chinese commodity pricing pressure
Key Products/Focus	ABA HCl, 5-NIPA, Gadolinium NCEs	Bempedoic acid intermediates, GLP-1/Peptide	Saccharin (Sodium/Calcium salts)
Entry Barriers	Extreme (2-4 year validation, stringent DMF/CEP regulatory lock-ins)	High (Complex multi-step chemistry, rigorous innovator quality audits	Moderate (Taste profile stickiness, strict brand approvals)

KEY INVESTMENT RATIONALE

Huge capacity expansion to drive growth and raw material security to CMI (Contrast Media Intermediary)

Blue Jet is in the middle of a massive, multi-site capacity expansion program designed to act as a significant growth multiplier over the medium term, with all capex strictly aligned to pre-committed customer volume lock-ins. The cornerstone of this expansion is the groundbreaking of the upcoming 103-acre greenfield site in Vizag, which involves a board-approved capital outlay of Rs.1,000 cr for Phase 1 to be fully commissioned by FY2028. This state-of-the-art facility will add 1,000 KL of globally competitive reactor capacity across four dedicated blocks targeting advanced contrast media, next-generation sweeteners, and multipurpose blocks equipped for advanced chemistries like peptide fragments for GLP-1 platforms. To structurally fortify its margins, the company's automated continuous-process plant at Mahad (Unit 3) is on track for validation in H2 FY27, backed by a cumulative investment of ~Rs.240 cr to-date. This Mahad unit is custom-built for the backward integration of APD (3-Amino-1,2-propanediol), which will insulate the company from raw material price volatility, eliminate import dependencies, and drive substantial gross margin accruals.

Expansion and moving up the value chain

Concurrently, the mainstay contrast media intermediate segment is transitioning into high-realization iodinated advanced intermediates developed in collaboration with Guerbet (for Ioversol/Optiray). These advanced intermediates carry up to 16 times the realization of standard key starting materials. In the magnetic resonance imaging (MRI) space, Blue Jet has established exclusive CDMO supply agreements for the critical advanced intermediate for the New Chemical Entity (NCE) diagnostic agent

KEY INVESTMENT RATIONALE

Multi-Decade Sticky Innovator Partnerships with High Switching Costs

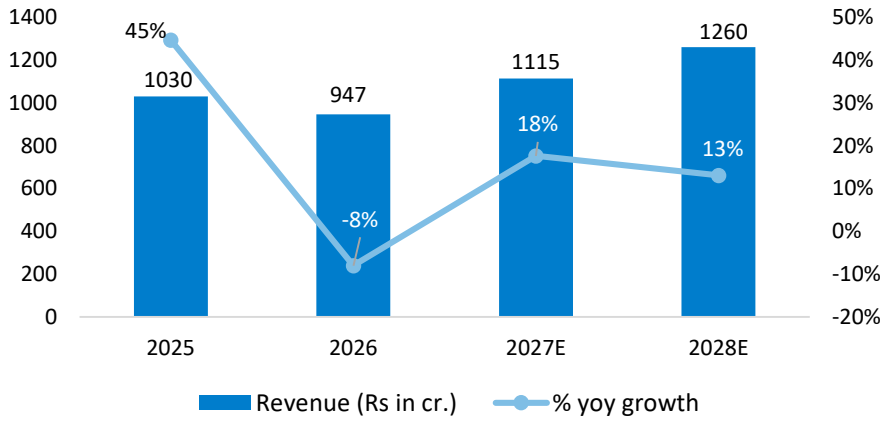
The structural stability of Blue Jet's order book is driven by exceptionally sticky, multi-decade partnerships with three of the top four global contrast media innovators—GE Healthcare, Guerbet, and Bracco—who collectively dominate over 75% of the global diagnostic formulations market. These relationships, which span between 4 and 26 years, are heavily contractual, with approximately 70% of Contrast Media segment revenues secured under multi-year or annual volume supply agreements. Blue Jet's role has evolved from a transactional manufacturer to an indispensable co-development and regulatory CDMO partner. For example, the company is the single largest supplier of ABA-HCl to GE Healthcare, capturing a dominant share of over 75% of GE's India-sourced volumes. In high-growth segments like MRI diagnostic agents, Blue Jet has positioned itself as the exclusive CDMO supplier of the critical intermediate for the New Chemical Entity (NCE) Gadopiclenol.

Balance Sheet Strength & Cash Flow Quality

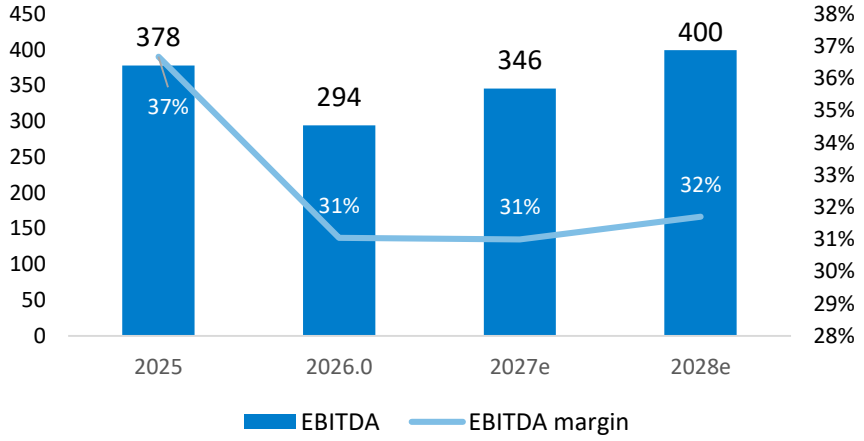
Underpinning Blue Jet's aggressive growth trajectory is a fortified capital structure characterized by a completely debt-free balance sheet and robust liquidity reserves. As of March 31, 2026, the company reported zero long-term external bank debt and maintained an overall gearing ratio near zero, allowing it to navigate volatile global market conditions without facing solvency or debt-servicing headwinds. Despite executing intensive capital expenditures, Blue Jet closed the financial year 2026 with Rs.400 cr in liquid financial assets, up from Rs.306 cr in the prior fiscal year, highlighting its superior self-funding capabilities. This exceptional solvency profile is a critical differentiator in the high-capex specialty chemicals space, as it permits the company to expand capacity entirely through robust internal accruals and strategic need-based working capital borrowing. Net Operating Cash Flow for FY26 surged to an exceptional Rs.334 cr (compared to just Rs.45.7 cr in FY25). This powerful cash generation was achieved despite temporary top-line softness from customer-side inventory destocking in the cardiovascular intermediate segment, and was driven by a dramatic reduction in outstanding receivables and tighter inventory normalization. This rapid unwinding of working capital assets confirms that Blue Jet's reported accounting profits are fully backed by hard cash generation

BUSINESS OVERVIEW

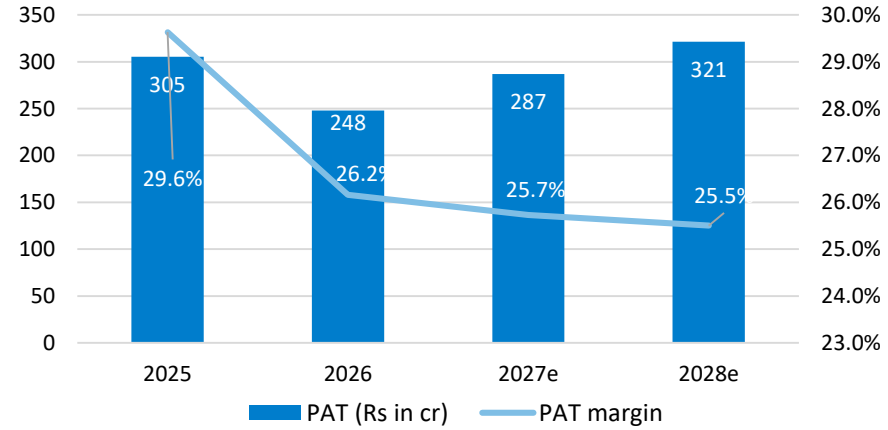
Revenue & Revenue Growth



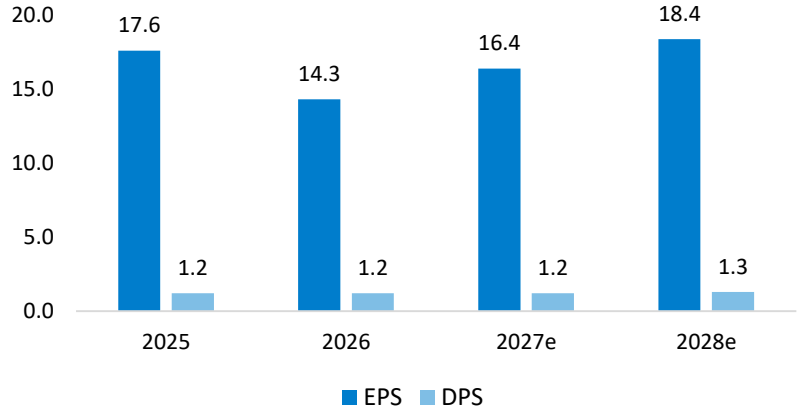
EBITDA & EBITDA Margin



Net Profit & Net Margin



Earnings & Dividend Per Share



Source: Company Data, Sushil Finance

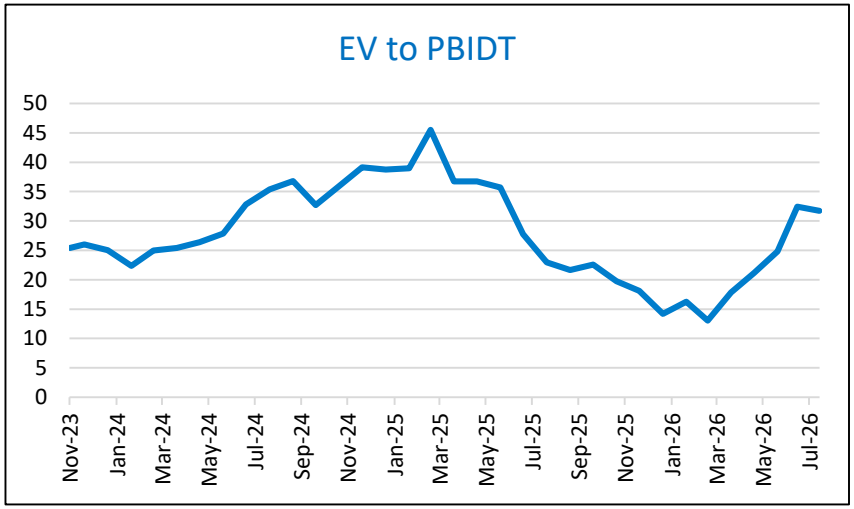
KEY RISKS

- The contrast media market is an oligopoly. Blue Jet historically derived majority of its CMI revenue from a single mega-innovator (GE Healthcare). Any supply chain diversification by GE presents a severe top-line threat. ***Mitigant:*** The company is actively diluting this concentration by scaling wallet share with Guerbet and Bracco (adding new gadolinium NCEs and iodinated molecules). Furthermore, the explosive growth of the in the PI segment, going forward, naturally reduces the aggregate revenue dependency on CMI.

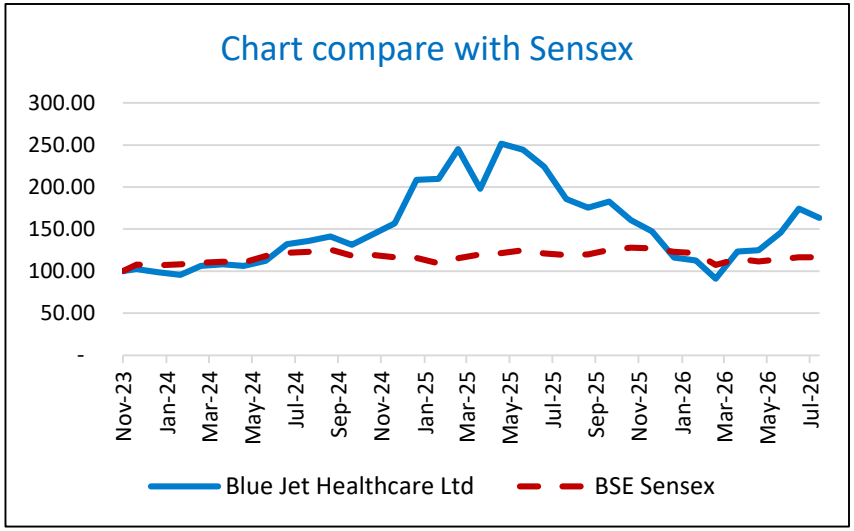
- The Rs.1,000 cr Vizag greenfield project carries inherent execution risks, including potential cost overruns, regulatory approval delays (US-FDA/EMA audits), or delayed customer validation timelines that could depress return ratios. ***Mitigant:*** Vizag is being built in phased blocks specifically tied to pre-identified customer demands and lateral entry commitments, rather than speculative capacity creation, ensuring rapid capacity utilization post-commissioning

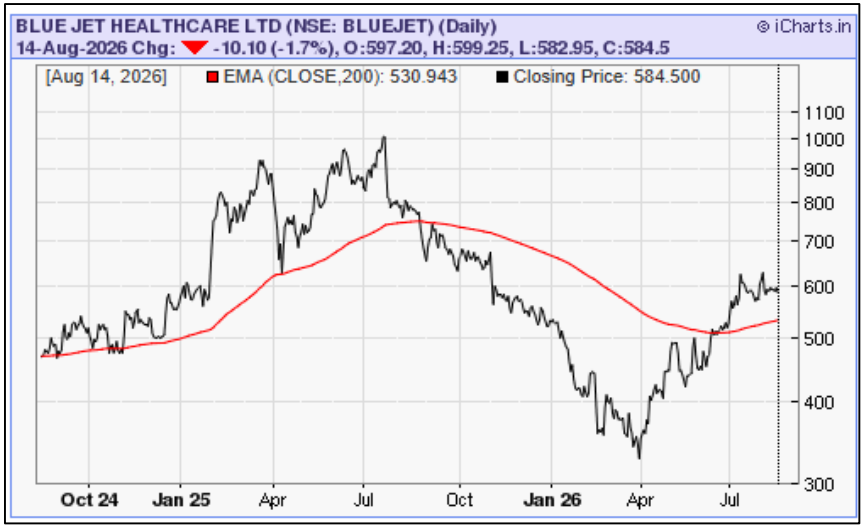
- Exposure to raw material price inflation (linked to crude oil/solvents) and elongated freight cycles (e.g., Red Sea crisis pushing transit to 60 days) can temporarily compress margins and balloon working capital. ***Mitigant:*** CMI contracts generally contain raw material pass-through mechanisms (albeit with a multi-quarter lag). Furthermore, the Mahad backward integration neutralizes exposure to the most critical imported starting materials.

MARKET INFORMATION









Source: Company, Sushil Finance Research

PROFIT & LOSS STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26	FY27E	FY28E
Revenue	**1,030**	**947**	**1,115**	**1,260**
Raw Material Cost	461	436	513	571
Employee Cost	61	74	89	101
Other Expenses	130	144	167	189
EBITDA	**378**	**294**	**346**	**400**
EBITDA Margin (%)	*36.7%*	*31.0%*	*31.0%*	*31.7%*
Depreciation	18	24	33	44
Finance Costs	0	6	8	9
Other Income	46	69	78	82
Profit before Tax	**406**	**333**	**382**	**429**
Tax Expense	101	85	96	107
Net Profit	**305**	**248**	**287**	**321**
Net Margin (%)	*29.6%*	*26.2%*	*25.7%*	*25.5%*
EPS	**17.6**	**14.3**	**16.4**	**18.4**

Source: Company, Sushil Finance Research

BALANCE SHEET STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26	FY27E	FY28E
Net block	349	554	777	1,036
Other non-current assets	63	130	147	158
Inventories	264	187	223	248
Trade receivables	350	339	399	452
Cash and bank	120	149	706	704
Others Current assets	273	282	404	372
Total Assets	**1,417**	**1,641**	**2,657**	**2,970**
Equity Share Capital	35	35	38	38
Reserves	1,098	1,325	2,311	2,587
Borrowings	-	-	-	-
Other non-current liabilities	29	54	55	58
Trade Payables	89	57	67	75
Other Current Liabilities	167	171	186	211
Total Liabilities	**1,418**	**1,641**	**2,658**	**2,969**

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT

(Rs. Cr)

Y/E Mar.	FY25	FY26	FY27E	FY28E
PBT	406	333	382	429
Depreciation	18	24	33	44
Taxes	(101)	(85)	(96)	(107)
Interest	0	6	8	9
Chg in Inventories	(134)	77	(36)	(25)
Chg in Trade Payables	59	(32)	11	8
Chg in Trade Receivables	(173)	10	(60)	(52)
Chg in Other Current Assets	-	-	-	-
Chg in Other Current Liabilities	(18)	21	6	7
Cash Flow from Operations	**46**	**335**	**136**	**361**
Capex	(70)	(16)	(256)	(302)
Others	54	329	(32)	(28)
Cash Flow from Investing	**(35)**	**276**	**(297)**	**(337)**
Interest	(0)	(6)	(8)	(9)
Others	(39)	(56)	712	(32)
Cash Flow from Financing	**(18)**	**(31)**	**713**	**(29)**
Opening Cash	**41**	**33**	**61**	**613**
Total Cash Flow	**(7)**	**579**	**553**	**(4)**
Closing Cash	**34**	**612**	**613**	**609**

Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY25	FY26	FY27E	FY28E
Growth (%)				
Revenue	44.7%	(8.0%)	17.6%	13.1%
EBITDA	64.5%	(22.1%)	17.5%	15.6%
Net Profit	75.5%	(18.8%)	15.7%	12.1%
Profitability (%)				
EBITDA Margin	36.7%	31.0%	31.0%	31.7%
Net Profit Margin	29.6%	26.2%	25.7%	25.5%
ROCE	31.0%	19.1%	13.0%	13.2%
ROE	26.9%	18.2%	12.2%	12.2%
Per Share Data (Rs.)				
EPS	18	14	16	18
BVPS	65	78	134	150
Valuation (x)				
P/E	33.7	41.5	36.2	32.3
P/BV	9.2	7.6	4.4	4.0
EV/EBITDA	27.4	35.1	28.3	24.4
P/S	10.1	11.0	9.3	8.2
Turnover				
Inventory days	209	157	159	159
Debtor days	124	131	131	131
Creditor days	70	48	48	48
Gearing (x)				
D/E	0	0	0	0

Source: Company, Sushil Finance Research

Rating Scale : This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%

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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No