

Blue Jet Healthcare

Estimate changes	↔
TP change	↕
Rating change	↔

Bloomberg	BLUEJET IN
Equity Shares (m)	189
M.Cap.(INRb)/(USD\$)	111.6 / 1.2
52-Week Range (INR)	835 / 325
1, 6, 12 Rel. Per (%)	4/44/-27
12M Avg Val (INR M)	369

Financial Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	9.5	11.6	13.4
EBITDA	2.9	4.0	4.8
PAT	2.5	3.2	3.9
EPS (INR)	13.1	17.1	20.5
EPS Gr. (%)	-18.8	30.6	20.0
BV/Sh.(INR)	78.4	129.8	148.6

Ratios

Net D:E	-0.1	-0.3	-0.4
RoE (%)	19.9	17.0	14.7
RoCE (%)	20.1	16.8	14.6
Payout (%)	8.4	8.4	8.4

Valuations

P/E (x)	44.9	34.4	28.7
P/BV (x)	7.5	4.5	4.0
EV/EBITDA (x)	34.2	25.5	21.0
Div. Yield (%)	0.2	0.2	0.3
FCF Yield (%)	1.1	-1.4	1.4

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	73.2	79.8	86.0
DII	9.1	4.5	0.9
FII	0.6	0.9	2.0
Others	17.1	14.8	11.1

FII includes depository receipts

CMP: INR590 TP: INR710 (+20%) Buy

Inventory normalization drives sequential pharma recovery

Earnings in line

- Blue Jet Healthcare (BLUEJET) reported a revenue decline of 17% YoY to INR2.9b in 1QFY27, as pharma intermediate (PI) revenue (~41% of sales) fell 43% YoY due to the high base. This was partially offset by healthy 19%/14% YoY growth in contrast media/high-intensity sweeteners (40%/14% of total sales). The PI segment delivered an encouraging start to FY27, with sequential improvement in 1QFY27 driven by the normalization of customer inventory levels.
- Going ahead, we expect the PI segment to continue its recovery through FY27, supported by the normalization of industry-wide stocking and healthy visibility across select programs.
- Our earnings estimates for FY27/FY28 remain largely unchanged (change in EPS is due to dilution post QIP). **We value the stock at 34x FY28E EPS to arrive at a TP of INR710 and reiterate BUY.**

Recovery led by contrast media and high-intensity sweeteners

- BLUEJET reported revenue of INR2.9b in 1QFY27, down 17% YoY but up 25% QoQ (est. INR2.8b). High-intensity sweeteners/contrast media intermediates revenue grew 14%/19% YoY to INR397m/INR1.1b, while PI revenue declined 43% YoY to INR1.2b.
- On a QoQ basis, PI revenue grew to INR1.2b from INR24m in 4QFY26, and high-intensity sweeteners reported a revenue growth of 8%. This was partially offset by a ~40% decline in Contrast Media Intermediates to INR1.2b.
- Gross margin stood at 53.2% (+480bp YoY, -320bp QoQ).
- As a percentage of sales, employee costs stood at ~7% (vs. ~5% in 1QFY26), while other expenses stood at ~13% (vs. ~1% in 1QFY26).
- EBITDA stood at INR981m (est. INR970m), down 19% YoY/up 38% QoQ. EBITDA margin was 33.5% (-60bp YoY, +310bp QoQ).
- Adj. PAT stood at INR783m (down 14% YoY, up 22% QoQ), in line with our estimate of INR771m.

Highlights from the management commentary

- Advanced contrast media (CM):** Revenue declined on a sequential basis due to logistics disruptions, delaying ~INR300m of revenue recognition and increasing goods-in-transit. During FY27, the company expects three new product launches within the contrast media segment.
- Vizag project:** Execution activities have begun at Vizag as the company receives necessary approvals. Phase 1 is being designed for CM, multi-purpose block/clusters, high-intensity sweeteners, peptides and their intermediates encompassing multiple products to adapt to evolving markets and opportunities. ~INR10b of capex is planned for this project with commercialization expected by FY30.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- **Peptides:** The company is adopting a phased entry into peptides, initially focusing on fragment manufacturing before forward integrating with large CDMO players. Despite the large opportunity, management remains cautious given the risk of pricing pressure.
- **Macro environment:** INR depreciation helped largely offset raw material (RM) inflation in 1QFY27, limiting margin impact. Management expects any RM cost pass-throughs only after input prices stabilize, with a typical lag of a few quarters.

Valuation and view

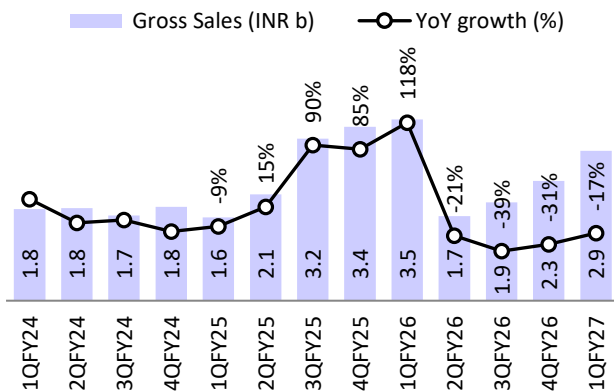
- We anticipate the recovery in PI to continue, led by the end of destocking, a strong orderbook and visibility on four chronic therapy products. Further, growth is likely to be supported by strong momentum in contrast media through new product launches and the initiation of pilot activities for a new high-intensity sweetener.
- Further, ongoing investments in Vizag, Hyderabad, and CDMO capabilities are expected to support the company's next phase of commercialization-led growth.
- We expect a CAGR of 19%/28%/25% in revenue/EBITDA/PAT over FY26-28. Our earnings estimates for FY27/FY28 remain largely unchanged (change in EPS is due to dilution post QIP). **We value the stock at 34x FY28E EPS to arrive at a TP of INR710 and reiterate BUY.**

Standalone - Quarterly Snapshot

Y/E March	FY26				FY27				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY26	FY27E	FY27	Var.
Gross Sales	3,548	1,655	1,924	2,347	2,931	2,439	2,708	3,527	9,473	11,606	2,829	4%
YoY Change (%)	117.8	-20.5	-39.4	-31.1	-17.4	47.4	40.8	50.3	-7.9	22.5	-20.3	
Total Expenditure	2,338	1,105	1,455	1,634	1,950	1,593	1,759	2,257	6,532	7,560	1,859	
Gross Margin (%)	48.4%	65.0%	51.7%	56.4%	53.2%	57.0%	57.5%	58.0%	54.0%	56.5%	56.0%	
EBITDA	1,210	549	469	713	981	847	949	1,270	2,941	4,047	970	1%
Margin (%)	34.1	33.2	24.4	30.4	33.5	34.7	35.0	36.0	31.0	34.9	34.3	
Depreciation	57	59	60	65	67	70	75	80	240	292	65	
Interest	7	46	3	6	7	15	15	15	62	52	15	
Other Income	83	243	132	229	152	120	138	224	687	635	140	
PBT before EO expense	1,229	687	538	871	1,059	882	997	1,399	3,325	4,337	1,030	
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0	0	
PBT	1,229	687	538	871	1,059	882	997	1,399	3,325	4,337	1,030	
Tax	317	166	136	228	277	222	251	352	847	1,102	259	
Rate (%)	25.8	24.1	25.3	26.2	26.1	25.2	25.2	25.2	25.5	25.4	25.2	
Minority Interest & P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	912	521	402	643	783	660	746	1,047	2,478	3,236	771	
Adj. PAT	912	521	402	643	783	660	746	1,047	2,478	3,236	771	2%
YoY Change (%)	141.3	-10.6	-59.0	-41.6	-14.2	26.5	85.7	62.7	-18.5	30.6	-15.5	
Margin (%)	25.7	31.5	20.9	27.4	26.7	27.0	27.5	29.7	26.2	27.9	27.2	

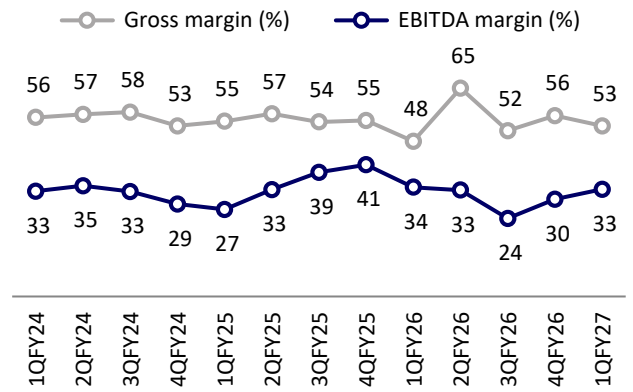
Story in charts

Exhibit 1: Revenue declined 17% YoY



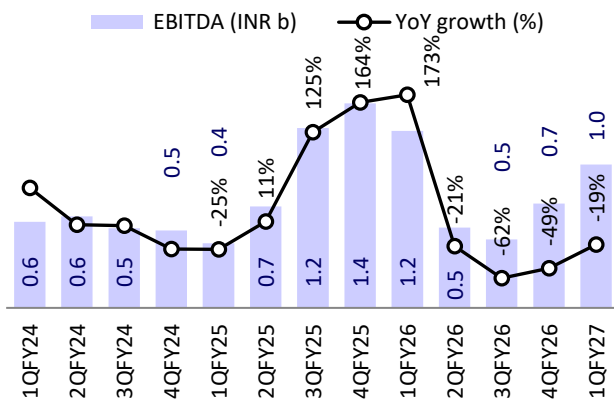
Source: Company, MOFSL

Exhibit 2: EBITDAM contracted on a YoY basis



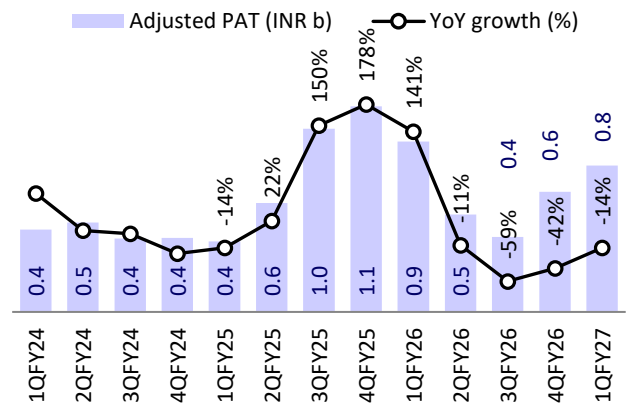
Source: Company, MOFSL

Exhibit 3: EBITDA declined 49% YoY



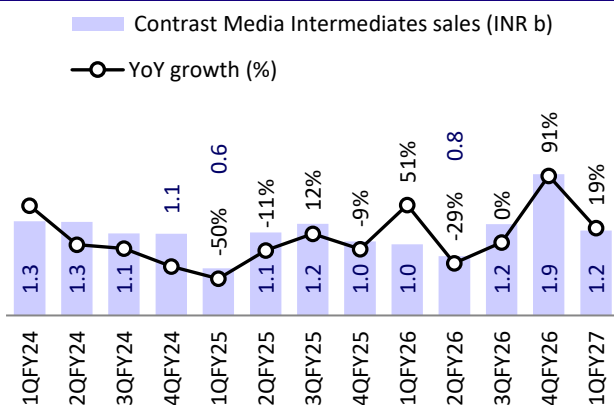
Source: Company, MOFSL

Exhibit 4: Quarterly PAT trend



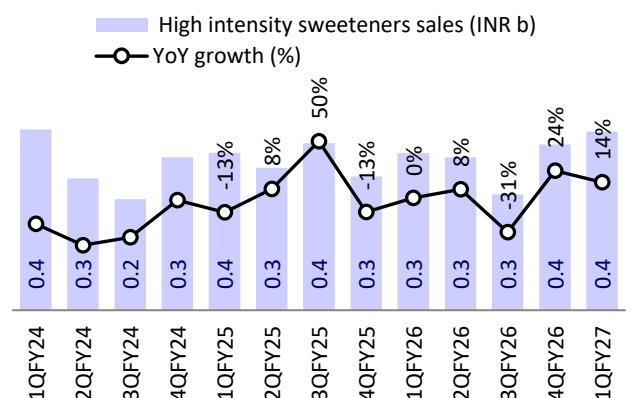
Source: Company, MOFSL

Exhibit 5: Revenue of CM grew 19% YoY



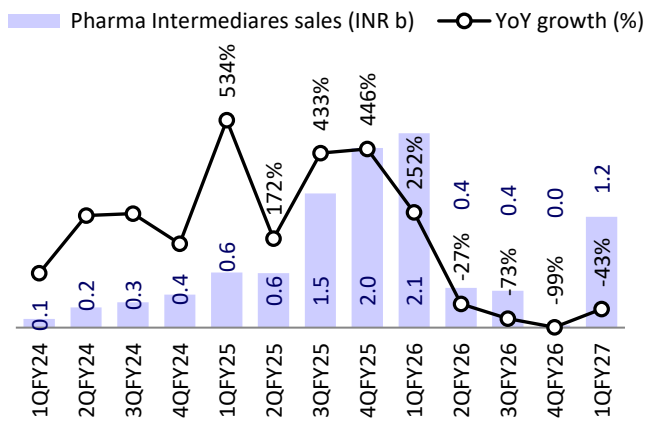
Source: Company, MOFSL

Exhibit 6: High-intensity sweetener sales grew 14% YoY



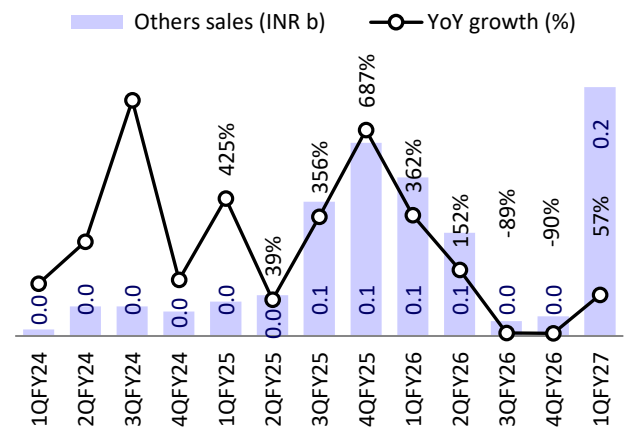
Source: Company, MOFSL

Exhibit 7: PI down 43% YoY



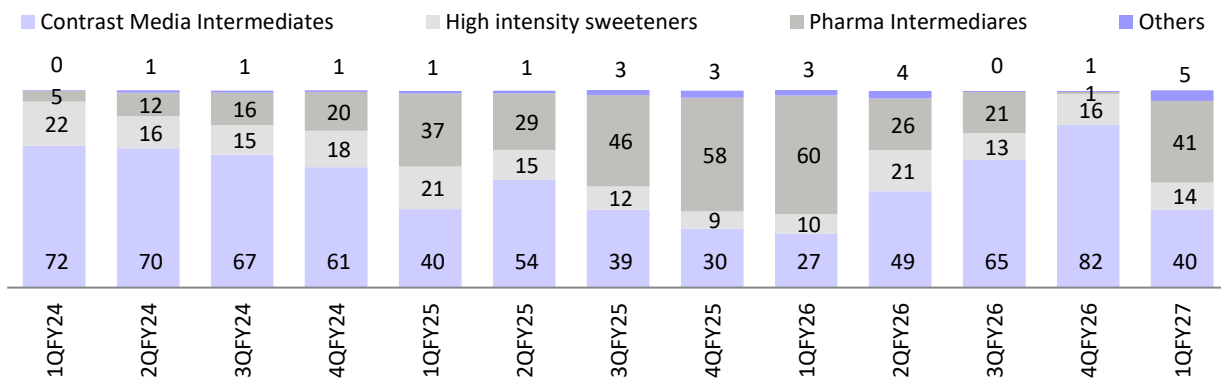
Source: Company, MOFSL

Exhibit 8: Other sales grew 57% YoY



Source: Company, MOFSL

Exhibit 9: Segmental contribution to total revenue (%)



Source: Company, MOFSL



Key highlights from the management commentary

Operational performance

- Revenue growth QoQ was driven by higher sales in PI and API categories.
- Operating leverage boosted margins.
- RM costs significantly increased (from Mar'26), impacting 1Q partially. RM pricing will be uncertain in the coming months. In CDMO, pass-throughs are not immediate and require few quarters.
- No major price increase was experienced in 1Q; price increase is offset by INR depreciation and the company will evaluate pass-through on a case-by-case basis after raw material prices stabilize.
- Gross margins declined QoQ due to the product mix and RM costs.

Capex and expansion strategy

- The R&D center at its Hyderabad facility is on track and expected to be operational by Aug'26. The first-phase talent pool is on-boarded. R&D will target many products, including GLP-1 and peptides.
- Mahad backward integration project is progressing well, with commercialization expected by 2HFY27 for CM intermediates. Currently it is slightly ahead of schedule. Most vertical integration players are helping to secure supply/quality. INR2.1b capex already incurred and more INR400m expected in coming months to complete phase 1. Select upstream products to select customers creating revenue opportunities over time.
- INR4b capex guided for FY27.

PI and advanced PI

- PI and API businesses showed good traction during 1QFY27. Customer inventory has normalized so re-supply has started now.
- Performance can be sustained for FY27.
- Production is happening consistently and order book visibility is strong.
- The company is qualified for international supply.
- Four products in Chronic therapy (Oncology, CNS) are in the pilot phase.

Advanced Contrast Media (CM)

- The company received three candidates for CM and HIS.
- Two high-conviction opportunities are expected to fructify with initial small validation or clinical-type quantities.
- CM revenue declined QoQ due to logistics disruption. However, goods-in-transit are higher (higher by INR300m than closing, which will be recognized in 2Q).
- Plant is operating at ~70% utilization.
- Commercial batches by 2Q end or 3Q beginning
- Customer orders are placed providing good visibility

High Intensity Sweeteners (HIS)

- Pilot activities for some HIS are going on in the existing facility.
- Scale-up of HIS will happen in Vizag facility.

CDMO pipeline

- Peptide fragments will be targeted for the first phase and then forward integration might be done for large CDMO players.
- The company is taking a cautious and selective approach to peptides due to the price-erosion risk.

- Margins are expected to be in line with current operations

Vizag project

- Vizag project execution activities have commenced with onboarding of technical consultants, and the company received approval for Consent to Establish.
- Statutory approvals are in place
- Phase 1 will be for CM, multi-purpose block/clusters, flexible capacities for lateral entries, new capacity for HIS, peptides and their intermediates.
- Facility will encompass multiple products to adapt to evolving market and opportunities. It is expected to be commercialized by FY30, with a ramp-up expected by FY31/32.
- Estimated capex of ~INR10b over the next three years with INR2.5b in FY27.

Others

- The company has a 51-commercialized portfolio as of date.
- Dividend for FY26 at INR1.2/share.
- QIP completed; accelerate for long-term strategy.
- Aims to be reliant CDMO manufacturer.
- 70% energy requirement from renewable sources.
- Ecovadis award received.
- Other operating income was driven by byproduct sales (more byproducts from PI & API) and export incentives (will depend on exports %).
- Other income increased due to forex gains/interest income (high investments).
- Asset T/O is currently higher due to high CWIP and depreciating assets.
- The company is tracking 20+ RFPs, which, if materialized, can diversify the portfolio in coming years.

Valuation and view

- We anticipate the recovery in PI to continue, led by the end of destocking, a strong order book, and visibility on four chronic therapy products. Growth is likely to be aided by strong momentum in contrast media through new product launches and the initiation of pilot activities for a new high-intensity sweetener.
- Further, ongoing investments in Vizag and CDMO capabilities are expected to support the company's next phase of commercialization-led growth.
- We expect a CAGR of 19%/28%/25% in revenue/EBITDA/PAT over FY26-28. Our earnings estimates for FY27/FY28 remain largely unchanged (change in EPS is due to dilution post QIP). **We value the stock at 34x FY28E EPS to arrive at a TP of INR710 and reiterate BUY.**

Exhibit 10: Changes to our estimates

Particulars	Revised		Previous		Change (%)	
	FY27	FY28	FY27	FY28	FY27	FY28
Revenue (INR m)	11,606	13,445	11,266	13,046	3%	3%
EBITDA (INR m)	4,047	4,809	3,943	4,631	3%	4%
PAT (INR m)	3,236	3,883	3,164	3,733	2%	4%
EPS (INR)	17.1	20.5	18.2	21.5	-6%	-5%

Financials and valuations

Standalone - Financial Snapshot

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	4,989	6,835	7,210	7,116	10,300	9,473	11,606	13,445
Change (%)	-7.3	37.0	5.5	-1.3	44.7	-8.0	22.5	15.8
Gross Margin (%)	66.0	57.9	53.4	55.8	55.2	54.0	56.5	56.9
EBITDA	2,061	2,404	2,280	2,292	3,777	2,941	4,047	4,809
Margin (%)	41.3	35.2	31.6	32.2	36.7	31.0	34.9	35.8
Depreciation	197	221	251	281	178	240	292	332
EBIT	1,864	2,183	2,029	2,011	3,599	2,701	3,755	4,477
Int. and Finance Charges	53	33	14	2	1	62	52	40
Other Income	89	194	240	289	463	687	635	752
PBT bef. EO Exp.	1,900	2,344	2,255	2,298	4,061	3,325	4,337	5,189
EO Items	-53	0	0	-97	0	0	0	0
PBT after EO Exp.	1,847	2,344	2,255	2,201	4,061	3,325	4,337	5,189
Total Tax	488	616	566	563	1,009	847	1,102	1,306
Tax Rate (%)	26.4	26.3	25.1	25.6	24.8	25.5	25.4	25.2
Reported PAT	1,358	1,727	1,689	1,638	3,052	2,478	3,236	3,883
Adjusted PAT	1,397	1,727	1,689	1,710	3,052	2,478	3,236	3,883
Change (%)	-3.4	23.6	-2.2	1.2	78.5	-18.8	30.6	20.0
Margin (%)	28.0	25.3	23.4	24.0	29.6	26.2	27.9	28.9

Standalone - Balance Sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	99	347	347	347	347	347	379	379
Total Reserves	3,299	4,868	6,468	8,105	10,984	13,252	24,184	27,741
Net Worth	3,398	5,215	6,815	8,452	11,331	13,599	24,563	28,120
Total Loans	516	173	34	0	0	0	600	0
Deferred Tax Liabilities	14	3	10	32	73	106	106	106
Capital Employed	3,928	5,391	6,859	8,484	11,404	13,705	25,269	28,226
Gross Block	1,636	1,855	2,431	2,921	4,382	4,784	5,284	6,784
Less: Accum. Deprn.	448	670	920	1,201	1,379	1,619	1,911	2,243
Net Fixed Assets	1,188	1,185	1,510	1,719	3,003	3,164	3,372	4,540
Goodwill on Consolidation	201	380	0	0	0	0	0	0
Capital WIP	26	34	305	1,471	892	3,014	6,514	6,014
Total Investments	368	938	1,893	2,505	1,867	252	252	252
Curr. Assets, Loans&Adv.	3,579	4,595	4,913	4,894	8,413	9,982	18,703	21,558
Inventory	1,177	1,050	1,257	1,298	2,639	1,874	2,296	2,659
Account Receivables	1,440	2,274	2,394	1,769	3,495	3,390	4,070	4,715
Cash and Bank Balance	705	877	656	847	1,198	1,489	8,856	10,150
Cash	611	754	654	410	330	621	7,988	9,282
Bank Balance	93	123	2	438	868	868	868	868
Loans and Advances	258	393	606	979	1,081	3,229	3,482	4,033
Curr. Liability & Prov.	1,435	1,741	1,761	2,104	2,771	2,706	3,572	4,138
Account Payables	595	565	538	303	891	569	954	1,105
Other Current Liabilities	802	1,132	1,177	1,749	1,820	2,057	2,520	2,919
Provisions	37	43	46	52	60	80	99	114
Net Current Assets	2,145	2,854	3,151	2,789	5,642	7,276	15,131	17,420
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	3,928	5,391	6,859	8,484	11,404	13,705	25,269	28,226

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	7.4	9.1	8.9	9.0	16.1	13.1	17.1	20.5
EPS Growth (%)	-74.7	23.6	-2.2	1.2	78.5	-18.8	30.6	20.0
Cash EPS	8.4	10.3	10.2	10.5	17.1	14.4	18.6	22.3
BV/Share	68.6	30.1	39.3	48.7	65.3	78.4	129.8	148.6
DPS	0.0	0.0	0.0	1.0	1.2	1.2	1.4	1.7
Payout (%)	0.0	0.0	0.0	10.6	6.8	8.4	8.4	8.4
Valuation (x)								
P/E	79.6	64.4	65.9	65.1	36.5	44.9	34.4	28.7
Cash P/E	69.8	57.1	57.4	55.9	34.5	40.9	31.5	26.4
P/BV	8.6	19.6	15.0	12.1	9.0	7.5	4.5	4.0
EV/Sales	5.8	14.8	14.1	14.2	9.8	10.6	8.9	7.5
EV/EBITDA	14.1	42.1	44.5	44.1	26.7	34.2	25.5	21.0
Dividend Yield (%)	0.0	0.0	0.0	0.2	0.2	0.2	0.2	0.3
FCF per share	19.6	7.2	4.7	4.0	-1.9	6.6	-8.2	8.0
Return Ratios (%)								
RoE	51.9	40.1	28.1	22.4	30.9	19.9	17.0	14.7
RoCE	44.4	37.6	27.7	22.3	30.7	20.1	16.8	14.6
RoIC	53.2	50.5	40.3	39.0	48.7	24.6	30.1	31.2
Working Capital Ratios								
Fixed Asset Turnover (x)	4.5	5.8	5.4	4.4	4.4	3.1	3.6	3.4
Asset Turnover (x)	1.3	1.3	1.1	0.8	0.9	0.7	0.5	0.5
Inventory (Days)	86	56	64	67	94	72	72	72
Debtor (Days)	105	121	121	91	124	131	128	128
Creditor (Days)	44	30	27	16	32	22	30	30
Leverage Ratio (x)								
Current Ratio	2.5	2.6	2.8	2.3	3.0	3.7	5.2	5.2
Interest Cover Ratio	35.1	66.1	149.3	1,249.3	3,672.9	43.3	72.8	111.9
Net Debt/Equity	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.4

Standalone - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	1,847	2,432	2,166	2,201	4,061	3,325	4,337	5,189
Depreciation	197	221	251	281	178	240	292	332
Interest Expenses	0	0	0	2	1	62	52	40
Others	-21	-154	-73	-91	-264	-288	-635	-752
Direct Taxes Paid	-2	-276	-600	-111	-890	-1,088	-1,102	-1,306
(Inc)/Dec in WC	-727	-759	-329	132	-2,628	1,090	-489	-994
CF from Operations	1,293	1,464	1,415	2,413	458	3,341	2,456	2,509
(Inc)/Dec in FA	-321	-218	-593	-1,722	-795	-2,195	-4,000	-1,000
Free Cash Flow	972	1,247	823	691	-337	1,147	-1,544	1,509
Change in Investments	27	15	4	-906	391	-502	0	0
Others	-213	-557	-884	-10	52	-59	635	752
CF from Investments	-507	-760	-1,473	-2,638	-352	-2,756	-3,365	-248
Issue of Shares	0	0	0	0	0	0	8,000	0
Inc/(Dec) in Debt	-222	-526	0	0	0	0	600	-600
Interest Paid	-53	-32	0	-2	-1	-47	-52	-40
Dividend Paid	0	0	0	0	-173	-208	-272	-326
Others	94	119	-40	419	857	828	0	0
CF from Fin. Activity	-182	-439	-40	418	683	573	8,277	-966
Inc/Dec of Cash	604	266	-98	193	789	1,159	7,367	1,294
Opening Balance	100	611	754	654	410	330	1,489	8,856
Closing Balance	705	877	656	848	1,198	1,489	8,856	10,150

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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