

# IPO Note

October 23 2023

## Blue Jet Healthcare Limited





## Issue Snapshot:

Issue Open: October 25 – October 27, 2023

Price Band: Rs. 329 – 346

\*Issue Size: 24,285,160 eq sh (Entirely Offer for Sale)

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3 <sup>rd</sup> for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 2

Book value: Rs 41.83 (June 30, 2023)

Bid size: - 43 equity shares and in multiples thereof

100% Book built Issue

## Capital Structure:

Pre Issue Equity:	Rs.	34.69 cr
*Post issue Equity:	Rs.	34.69 cr

Listing: BSE & NSE

Book Running Lead Managers: Kotak Mahindra Capital Company Limited, ICICI Securities Limited, J.P. Morgan India Private Limited

Sponsor Bank: Kotak Mahindra Bank Ltd & ICICI Bank Ltd

Registrar to issue: Link Intime India Private Limited

## Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	100.0	86.0
Public & Employees	0.0	14.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\*=assuming issue subscribed at higher band  
Source for this Note: RHP

## Background & Operations:

Blue Jet Healthcare Limited (BJHL) is a specialty pharmaceutical and healthcare ingredient and intermediate company, offering niche products targeted toward innovator pharmaceutical companies and multi-national generic pharmaceutical companies. It has established a contract development and 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 research and development (“R&D”) and manufacturing infrastructure. It has competencies and manufacturing capabilities in contrast media intermediates and high-intensity sweeteners, including saccharin and its salts and manufacture a 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.

In the past three Financial Years and the three months ended June 30, 2023, BJHL invoiced a total of more than 400 customers in 39 countries. It has built a long-term customer base with innovator pharmaceutical companies and multi-national generic pharmaceutical companies, supported by committed multi-year contracts of up to five years. Its product capabilities across the pharmaceutical and healthcare categories has evolved with its customers’ needs, supported by its manufacturing capabilities and technology-driven product development.

## BJHL’s Product Categories

The operations are primarily organized in three product categories: (i) contrast media intermediates, (ii) high-intensity sweeteners, and (iii) pharma intermediates and active pharmaceutical ingredients (“APIs”).

### Contrast Media Intermediates

Contrast media are agents used in medical imaging to enhance the visibility of body tissues under X-rays, computed tomography (“CT”), magnetic resonance imaging (“MRI”) or ultrasound. The global contrast media formulation market had a market size of US\$5.9 billion in terms of moving annual turnover<sup>1</sup> for June 2023. The market is expected to grow at a CAGR of 6-8% between the calendar years 2023 and 2025, with growth expected to be primarily led by volume. It supply’s a critical starting intermediate and several advanced intermediates primarily to three of the largest contrast media manufacturers in the world. The Company has long-term relationships ranging from four to 24 years with these manufacturers. As of June 30, 2023, its commercialized contrast media intermediate portfolio comprised 19 products. It has supplied over 75% of the value of exports of a selected contrast media intermediate (5-Amino-N,N'-bis (2,3-dihydroxypropyl) isophthalamide) from India, over the calendar years 2020 to 2022.

### High-intensity Sweeteners

BJHL’s high-intensity sweetener business involves development, manufacture and marketing of saccharin and its salts, which is backward integrated with the aim to ensure environmental sustainability with zero by-products and cost-effective production processes. The global high-intensity sweetener market was estimated to be between US\$2.9 billion to US\$3.0 billion in size, as of the calendar year 2023, comprising products such as sucralose, aspartame, saccharin, stevia and neotame.

### Pharma Intermediates and APIs

The Company’s CDMO activity in the pharma intermediate and API business primarily focuses on collaborating with innovator pharmaceutical companies and multi-national generic pharmaceutical companies by providing them with pharma intermediates that serve as building blocks for APIs in chronic therapeutic areas, such as the cardiovascular system (“CVS”), oncology and central nervous



system (“CNS”), including new chemical entities (“NCEs”). It engages with many of its CDMO customers early in the drug development process, which provides it with the opportunity to continue to expand its relationship with these customers as the drug development progresses through the clinical phase and into commercial manufacturing. It has been a CDMO for certain products over the past two decades.

BJHL currently operate three manufacturing facilities, which are located in Shahad (Unit I), Ambernath (Unit II) and Mahad (Unit III) in the state of Maharashtra, India, with an annual installed capacity of 200.60 KL, 607.30 KL and 213.00 KL, respectively, as of June 30, 2023. Its facilities undergo stringent customer audits on a recurring basis. Its Unit II facility is certified by the World Health Organization for good manufacturing practices, and is registered with the US-FDA. Over the last six years, in order to meet increased customer demand, the Company has strategically incurred capital expenditures to expand its manufacturing capacity. In the Financial Year 2021, it acquired a “greenfield” manufacturing site on a leasehold basis in Ambernath (Unit IV). Its manufacturing is driven by customer demands, which are contracted in advance. Given the nature of its medium- to long-term supply contracts with its customers, it is able to plan for capacity utilization and expansion ahead of time.

### Objects of Issue:

The objects of the Offer are to (i) achieve the benefits of listing the Equity Shares on the Stock Exchanges; and (ii) carry out the Offer for Sale of up to 24,285,160 Equity Shares by the Selling Shareholders. Further, the Company expects that the proposed listing of its Equity Shares will enhance its visibility and brand image as well as provide a public market for the Equity Shares in India. The Selling Shareholders will be entitled to the entire proceeds of the Offer after deducting the Offer expenses and relevant taxes thereon. BJHL will not receive any proceeds from the Offer.

### Competitive Strengths

**Large manufacturer of contrast media intermediates in India:** With more than two decades of experience in manufacturing contrast media intermediates, BJHL is a large manufacturer of contrast media intermediates in India. It manufactures contrast media intermediates and supply a critical starting intermediate and several advanced intermediates primarily to three of the largest contrast media manufacturers in the world, including GE Healthcare AS, Guerbet Group, and Bracco Imaging S.p.A, directly. It has supplied over 75% of the value of exports of a selected contrast media intermediate (5-Amino-N,N'-bis (2,3-dihydroxypropyl) isophthalamide) from India over the calendar years 2020 to 2022. The contrast media market is a fast growing category, driven by a growing global population, especially in the age group aged 65 years and above, the growing prevalence of lifestyle diseases, rising healthcare expenditures, advancements in diagnostic technologies, increasing convenience of diagnostics services, and increasing demand for preventive healthcare. global contrast media formulation market had a market size of US\$5.9 billion in terms of moving annual turnover for June 2023. The market is expected to grow at a CAGR of 6-8% between the calendar years 2023 and 2025, with growth expected to be primarily led by volume.

The Company has been regularly supplying the key starting intermediate as the building block, and several functionally critical advanced intermediates, for manufacturing seven of these iodinated contrast media. In 2020, it developed and commercialized another contrast media intermediate as the building block for all gadolinium-based contrast media, which has significantly increased its total addressable market. From the building blocks, it has moved up the value chain by developing advanced intermediates to further cater to its customers.

**Presence in niche categories with high barriers to entry:** BJHL strategically focus on complex chemistry categories in both the contrast media intermediate and high-intensity sweetener categories, specifically on products required by customers, and products selected by internal product portfolio team. The barriers to entry for becoming a supplier to any of the large contrast media manufacturers are high, as a result of (i) the strict internal standards of contrast media manufacturers for feature and impurity profile, due to the parenteral use of contrast media formulations; and (ii) the relationships between the contrast media manufacturers and their existing suppliers, which are typically supported by long-term supply contracts. The Company track record in these parameters has provided it with customer stickiness, with long-term customer relationships ranging from four to 24 years in the contrast media intermediate category, and ranging from three to 14 years in the high-intensity sweetener category, and has enabled it to maintain its profitability.

**Long-standing relationships and multi-year contracts with multi-national customers:** As a CDMO, BJHL collaborate and not compete with its customers. With its research and development capabilities, process optimization, technical know-how, knowledge of the regulatory environment, track record of timely fulfilment of customer orders and ability to ramp up manufacturing capacities in close coordination with its key customers, it has been able to establish long-standing customer relationships in each of the product categories where BJHL operates. It has garnered a significant share of the addressable market as a result of its long-standing relationships with its customers. The Company enter into annual and multi-year supply contracts ranging from one to four years, thus providing strong



visibility and predictability of order book revenue, as well as cashflow visibility. More than 70% of its total sales in each of the Financial Years 2021, 2022 and 2023 and the three months ended June 30, 2023 were backed by contracted sales volumes, through both annual and multi-year contracts.

BJHL has been supplying contrast media intermediates as building blocks for manufacturing contrast media manufactured by the four largest contrast media manufacturers in the world, including to three of such manufacturers directly, which has provided it with long-term customer relationships with them. It has long-term relationships ranging from four to 24 years with these manufacturers. Its relationship with one of the customers has evolved from providing contrast media intermediates on a per transactional basis to a long-term key supplier, and it now supply a substantial portion of the intermediates under long-term supply contracts and manage the warehousing and logistics for its supply to this customer. In the high-intensity sweetener category, its ability to deliver quality products has enabled to establish long-term relationships with several key customers, such as Colgate-Palmolive (India) Limited, Unilever, Prinova US LLC, and MMAG Co. Ltd, which has provided it with a stable stream of revenue from operations. As the Company manufacture the key starting materials for the high-intensity sweeteners that it supply's to its customers, it is able to reduce reliance on third-party suppliers, allowing it to ensure consistent quality and cost-effective production, further increasing its customer stickiness.

**Strong product development and process optimization capabilities with a focus on sustainability:** BJHL's business is attributable to its strong product development and process optimization capabilities, underpinned by its in-house R&D capabilities, which has enabled it to forward integrate from manufacturing a key starting intermediate as building block for contrast media in 2000 to 18 additional advanced intermediates with higher realization and profitability per unit. Its R&D center combines its product development, technology transfer and scale-up functions. In addition, it has a team of engineers in its R&D center who work on scaling up products, from the proof of concept stage, to producing engineering and trial batches, and finally producing the plant scale validation batches. This team of engineers also continuously works on process improvements to optimize its operational efficiency and cost structure.

BJHL is committed to developing processes that are environmentally friendly, including minimizing solvents and using recycled solvents and water to the extent possible. It designs its effluent treatment plants with modern standards of flocculation, clarification and aeration to minimize its environmental impact. In addition, it has undertaken various initiatives related to energy efficiency to reduce its carbon footprint, such as investing in windmills with an installed capacity of 3.3 MW. From October 2021 to June 2023, 20.04% of the power consumption of its manufacturing facilities was supported by these windmills, which lowered its overall electricity and fuel expenses.

**Manufacturing facilities with regulatory accreditations:** BJHL currently operates three manufacturing facilities, which are located in Shahad (Unit I), Ambarnath (Unit II) and Mahad (Unit III) in the state of Maharashtra, India, with an annual installed capacity of 200.60 KL, 607.30 KL and 213.00 KL, respectively, as of June 30, 2023. The layouts and equipment configuration of its manufacturing facilities helps it ensure batch-to-batch consistency. Its facilities have received accreditation from various regulatory agencies. In particular, its Unit II facility has been subject to US-FDA inspections in the Financial Year 2018, following which, it received the US-FDA establishment inspection report in November 2019. Business is driven by medium- to long-term supply contracts with agreed-upon volume forecasts by its customers. Accordingly, the Company is required to maintain adequate production capacity to meet the volume demands of its customers. Its capital expenditure cycles have been planned on the basis of such supply contracts and volume forecasts, which provides it with better predictability regarding its product offtake before the Company invest in any increases in production capacity, allowing it to optimize its capacity utilization and asset turnover ratio.

**Experienced management team with proven execution capabilities:** BJHL has a professional and experienced management team, which has allowed it to adapt to increasing demands from customers, while executing its capital expenditure plans in a timely manner. Its Executive Chairman, Akshay Bansarilal Arora, has over three decades of experience in business operations, project management and business development. The Company's management team has been able to create value through organic growth, including new business opportunities through existing channels, primarily built on customer loyalty and credibility. The operational and management experience of its management team has also increased its agility and ability to cater to the customized requirements of customers and proactively plan and execute its projects. It has a robust corporate governance system in place to monitor, guide and support its operations, with oversight by an experienced Board of Directors.

### Business Strategy:

**Continue to forward integrate into more advanced intermediates for Contrast Media:** BJHL offers contrast media intermediates to serve its customers. It has forged strong relationships and built equity with its customers. It enjoys a competitive advantage in the global contrast media market, which is built on its (i) established customer relationships with the top contrast media manufacturers, (ii) deep understanding of its customers' requirements, (iii) chemistry and process development capabilities, and (iv) proven track record of forward integration. The Company contrast media intermediate customers, which are some of the largest contrast media manufacturers, prefer to enter into long-term supply contracts with intermediate players that have established track records and



proven technological expertise in meeting strict standards of impurity and features profiles. By further improving its technical know-how and chemistry capabilities in close synergy with its customers, it intends to capture a larger wallet share with its existing customers going forward.

**Leverage long-standing customer relationships to continue entering adjacencies in the pharma intermediate and API category:** BJHL has been expanding its pharma intermediate and API operations as a CDMO to several pharmaceutical companies in the past two decades. Globally, there is an increasing trend to outsource manufacturing by pharmaceutical companies. Given its process research, analytical research and chemistry capabilities, continuous focus on product quality and long-standing relationships with innovator companies, it has a competitive edge to continue being a reliable CDMO. The CDMO model allows it to benefit from the accessibility to innovations of new molecules, and helps it mitigate its research cost and concentrate on efficient product development on a large scale. It also offers it an advantageous position to continue to offer such products after they go off-patent in concurrence with its customers. BJHL is focusing on three niche areas in providing CDMO services in the pharma intermediate and API category, including:

- *Investigational new drugs and NCEs*
- *Drugs that are still under patent and not genericized*
- *Genericized drugs that are still niche*

The Company will continue to collaborate with innovator pharmaceutical companies and multi-national generic pharmaceutical companies, and seeks to acquire new customers, with a focus on novel products at advanced stages of development and based on complex chemistries.

**Build additional production capacity to keep in step with the envisaged increase in customer demands:** BJHL's capacity expansion is largely driven by customer demand. Based on customer interest and purchase orders, it foresees an increase in demand in the contrast intermediates and API activity. It plans to expand its production capacities in Unit II, from 607.30 KL as of June 30, 2023 to 743 KL by the Financial Year 2025. It also plans to expand its production capacity from 213.00 KL as of June 30, 2023 to 499 KL as of the Financial Year 2025 in Unit III. It also acquired a greenfield manufacturing site (Unit IV) on a leasehold basis in Ambarnath in 2021 to build several multi-purpose blocks dedicated to its pharma intermediate and API business, which allowed it to increase its manufacturing capacity and scale its business. Once the capacity expansion at Unit III is completed and Unit IV is operational, its total annual production capacity is expected to reach 1,513.6 KL by the end of the Financial Year 2025.

**Continue to invest in R&D infrastructure and capabilities:** BJHL's is in the process of augmenting its R&D capacity and improving R&D capabilities, which will allow it to (i) develop and improve products, and (ii) optimize its production process. In addition, it is expanding the capacity of its R&D laboratories by adding an additional 35 fume hoods, which are to be divided among seven organic synthesis laboratories. In connection with its R&D expansion plan, the Company is increasing the size of its R&D team to keep in step with (i) its development of new products; (ii) the new technologies that are being adopted increasingly in its production lines; and (iii) its efforts to optimize the production process, including minimizing product isolation stages and transitioning to semi-continuous manufacturing from batch manufacturing. The Company is also recruiting additional R&D staff with the relevant technical expertise and qualifications.

**Focus on operational efficiency and mitigation of supply chain risks:** BJHL aims to expand its margins through improved operational efficiency, semi-automation and economies of scale. To further enhance its operational efficiency, it has adopted a series of initiatives, such as recovery and recycling of solvents, optimization of batch sizes, and utilization of its new downstream equipment for filtration, drying, and yield improvement. The Company will continue to seek opportunities in import substitution, and implement dual sourcing initiatives to reduce dependence on single sources of raw material supplies. It will also implement a backward integration strategy for certain key contrast media intermediates with a plan to manufacture a key starting material in-house, thereby improving cost efficiency, reducing dependence on imports and mitigating the risk of foreign exchange fluctuation.

## Industry:

### Contrast Media

#### Introduction

Contrast media are chemical agents developed to enhance the contrast of an imaging modality in diagnostic imaging, thereby aiding diagnosis of diseases. Once inside the human body, contrast media agents are selectively and temporarily taken up by different body tissues. By virtue of their inherent properties, contrast media agents enhance the images, leading to better visualizations of the tissues and organs.

#### Contrast Media – Current Size and Segmentation by Imaging Modality

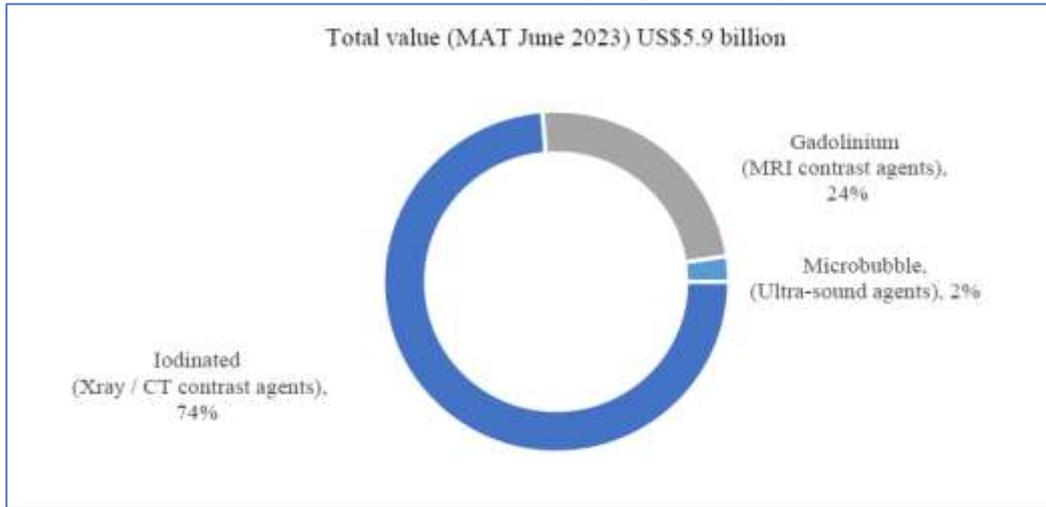
Contrast media can be divided into three key segments based on the imaging modality for which they are used.

**These segments are:**

- X-ray / Computed Tomography (“CT”) contrast agents: these are predominantly iodine-based contrast media agents;
- Magnetic Resonance Imaging (“MRI”) contrast agents: these are predominantly gadolinium based contrast media agents; and
- Ultrasound (“USG”) agents: these are stabilized microbubble-based contrast media agents

The size of the global contrast-media formulations market for MAT June 2023 was approximately US\$5.9 billion (approximately ₹442.5 billion).

**Global Contrast Media Formulations Market, Split by Market Segments (MAT June 2023)**



Globally, iodinated contrast agents formed the major segment by value, accounting for approximately 74% of all sales in MAT June 2023. Gadolinium based agents formed the next largest segment accounting for approximately 24% of the total sales and microbubble forms as relatively small (approximately 2% share), by value.

**Growth Drivers for Contrast Media**

**Growing population and changing demographics**

According to the UN estimates, the global population is expected to rise from 7.9 billion in 2021 to 8.5 billion in 2030<sup>1</sup>. The segment of the population aged 65 years and above is estimated to increase from 6.9% of total world population in 2000 to an estimated 10.4% by 2025<sup>2</sup>. An aging population is expected to increase the overall spending on healthcare, including an increased spending on diagnostics.

**Growing prevalence of lifestyle diseases**

Globally, factors such as hypertension, smoking, irregular diet patterns, increasing prevalence of diabetes, physical inactivity, obesity etc. in the young population (especially in individuals less than 40 years of age) has led to the emergence of various lifestyle diseases in the early stages of life. This, in turn, is expected to drive increased spend on diagnostics.

**Rising healthcare expenditure**

Healthcare expenditure is transitioning globally, with a rapid rise in domestic spending, both out-of-pocket and publicly funded. During the period from 2000-2017, global health expenditure has grown at a CAGR of 3.9% while the global economy grew at a CAGR of 3.0%.<sup>3</sup> This phenomenon (higher domestic spending on healthcare) is expected to increase further<sup>4</sup> due to innovative public and private healthcare financing initiatives undertaken by the countries across the world.

**Focus on early diagnosis**

Advancement in diagnostic technologies (such as nuclear imaging, radiographic tests, etc.) coupled with growing public awareness are expected to drive the demand for diagnostic services

**Increased convenience**

Convenience (provided to the customers through online booking and online reporting, which result in time-saving for the patient) will be one of the key levers to drive demand for diagnostics services. Diagnostic labs, on their part, are investing in having a stronger network of labs and advanced lab technologies to increase the turn-around time for the tests and further add to the patient convenience.



## Increasing demand for preventive healthcare

Globally, demand for preventive healthcare has increased on account of (a) increased awareness and (b) rising curative costs. Employers across the globe are promoting preventive and wellness tests on a regular basis for their employees, to support the well-being of their employees and potentially reduce absenteeism and other health risks.

## Contrast Media API and Intermediates Landscape

Contrast media intermediates players are primarily based in India and China. Even prior to COVID-19, formulations companies were looking to de-risk their dependence on a single country. COVID-19 has further accentuated this need and formulations companies are increasingly looking to source intermediates from a diverse set of countries (including India), on account of:

- Established credentials of India in pharmaceuticals manufacturing;
- Large pool of talent (pharmaceuticals graduates, engineers) available in India; and
- Established track record in delivering intermediates and APIs that adhere to the quality norms of formulations players and regulatory authorities.

This ought to result in increased demand for intermediates manufactured by established Indian contrast media players considering (a) the stickiness of the customer relationships in the contrast media space, as described above, and (b) the trend for de-risking the dependence on a single country.

## Overview of Pharmaceuticals Intermediates Manufacturing and Key Trends

Pharmaceutical intermediates are compounds that form building blocks of pharmaceutical products. In terms of value-chain, pharmaceutical intermediates are synthesized into active pharmaceutical ingredients (APIs) and these APIs are then formulated into final pharmaceutical formulations such as tablets, capsules, injections etc. Volume growth in pharmaceuticals intermediates is therefore positively correlated to the demand for the corresponding pharmaceutical products.

For pharma intermediates, three key growth drivers are:

- Increased propensity to outsource manufacturing by innovators and generics companies.
- Increased propensity to de-risk dependence on China for supply of APIs and intermediates and drive self-sufficiency.
- Overall growth drivers for the global pharmaceuticals market.

## Key Trend 1: Increased Propensity to Outsource Manufacturing of Intermediates and APIs

Both innovator companies and generics companies have been increasingly outsourcing manufacturing of intermediates to contract development and manufacturing organizations (“CDMOs”) on account of the following:

Innovators – key reasons for outsourcing of pharma intermediates manufacturing to CDMOs

- Over a period of time, CDMOs have developed specific skills / proprietary platforms that enable such CDMOs to develop and supply the requisite intermediates to innovators.
- Innovator companies are increasingly preferring asset-light models, wherein innovator companies specialize in (a) product ideation and (b) marketing of drugs, while CDMOs carry out the activities ranging from intermediate / API development, clinical testing, small-scale (for clinical trials) manufacturing to commercial scale (for commercial launch) manufacturing.
- Venture capital backed start-ups that look to develop novel products typically do not have the manufacturing infrastructure.

Generics companies – key reasons for outsourcing of pharma intermediates manufacturing to CDMOs

- In the highly competitive generics industry, outsourcing of intermediate / API manufacturing can provide cost advantage on account of the economies of scale that CDMOs offer (an intermediate manufacturer supplies to multiple API / formulations companies).
- As the product basket increases, managing of supply-chain for the products becomes increasingly difficult; this necessitates outsourcing to CDMOs.

Given the above and as innovator companies continue to (a) incur research and development expenditure to develop their product pipeline and (b) continue to outsource manufacturing of intermediates and APIs to CDMOs, the size of the addressable market for pharma intermediates CDMOs is expected to continue to increase.

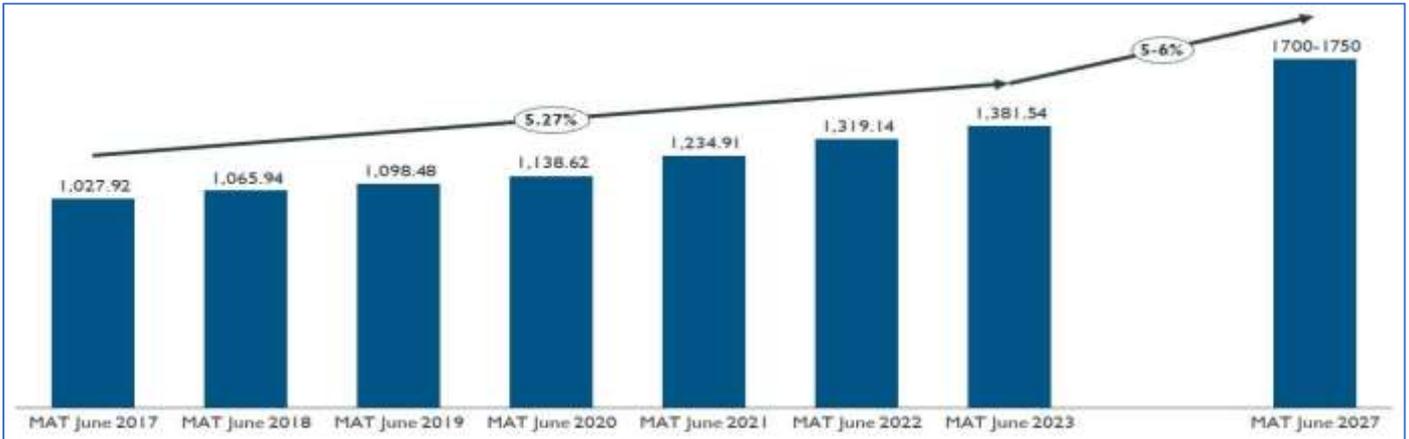
## Overall Growth in the Global Pharmaceuticals Market

The global formulation market was estimated at US\$1,381.54 billion (₹103,615.5 billion) in MAT June 2023 (Source: IQVIA MIDAS Quarterly Sales Data MAT, June 2023) and is expected to grow at a CAGR of 5-6% to reach US\$1,700-1,750 billion (₹127,500-131,250 billion) by MAT June 2027 (Source: IQVIA Market Prognosis Global – May 2023 (MAT June 23- June 27 analysis recalculated based on IQVIA MIDAS MAT June 2023 figures).

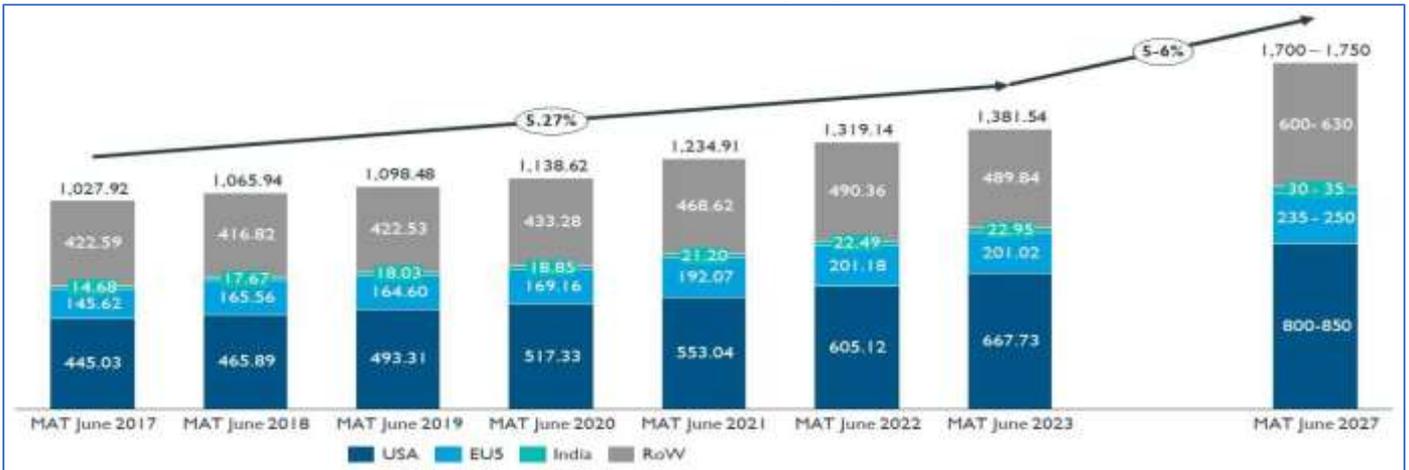


Growth in the global pharmaceutical market is a function of (a) the launch of novel therapies, including biologics, (b) the expansion of existing therapies into newer geographies and adjacent indications (c) growing demand for generic medicines and (d) initiatives taken by pharmaceutical companies and governments globally for accelerated access to drugs.

### Global Pharma Market (US\$ billion)



### Global Pharmaceuticals Market – By Region (US\$ billion)



## Key Concerns

- BJHL is a specialty pharmaceutical, healthcare ingredients and intermediates company and depends upon this sector for the business.
- The Company is dependent on Europe and the United States, which are regulated markets, for a significant portion of its revenue from operations.
- If BJHL is not able to commercialize new products in a timely manner, its business, financial condition and prospects will be adversely affected.
- Inability to successfully expand production capacity could have an adverse effect on the business, results of operations, financial condition and cash flows.
- Slowdown or shutdown in manufacturing operations could have an adverse effect on the business, results of operations, financial condition and cash flows
- Certain documents filed by BJHL with the Registrar of Companies and certain corporate records and other documents, are not traceable.



- Any manufacturing or quality control problems may subject to regulatory action or litigation, or breach of its contractual arrangements with customers, resulting in damage of its reputation and have an adverse effect on the business, operations, financial condition and cash flows.
- BJHL is exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact its results of operations.
- Manufacturing facilities, R&D facilities, and Registered Office are situated on leasehold lands. Failure to comply with the conditions of the use of such land could result in an adverse impact on the business and operations.
- Inability to accurately forecast demand for products and manage its inventories may have an adverse effect on the business, results of operations, financial condition and cash flows.
- The interests of some of the Directors and Promoters may conflict with its interests or with the best interests of other Shareholders.
- BJHL depends upon a limited number of raw material suppliers and its three largest suppliers are located in China, Norway and India. Any delay, interruption or reduction in the supply or transportation of raw materials or an increase in the costs of such raw materials to manufacture its products may adversely affect the business, results of operations, financial condition and cash flows.
- The Company faces foreign exchange risks that could adversely affect the results of operations and cash flows.
- BJHL's manufacturing facilities and procurement operations are concentrated in one state and any adverse developments affecting this region could have an adverse effect on its business, results of operations and financial condition.
- BJHL has significant working capital requirements. If it experiences insufficient cash flows to fund its working capital requirements, there may be an adverse effect on its business, cash flows and results of operations.
- The Company is dependent on a number of key personnel, including its senior management. Its inability to attract or retain such persons could adversely affect its business, results of operations, financial condition and cash flows.
- The COVID-19 pandemic, or any future pandemic or widespread public health emergency, could adversely impact the business, results of operations, financial condition and cash flows.
- BJHL is subject to extensive government regulations and if it fails to obtain, maintain or renew the required statutory and regulatory licenses, permits and approvals, its business, results of operations and cash flows may be adversely affected.
- Pricing pressure from customers may affect BJHL's gross margin, profitability and ability to increase its prices, which in turn may adversely affect the business, results of operations, financial condition and cash flows.
- Currently the Company is entitled to certain incentive schemes. Any decrease in or discontinuation of such schemes may affect its results of operations.
- If BJHL inadvertently infringe on the patents or intellectual property rights of others, it may be subjected to legal action and its business and reputation may be adversely affected.
- Non-compliance with and changes in environmental, health and safety and labor laws, or accidents giving rise to civil or criminal liabilities, may adversely affect the business, results of operations, financial condition and reputation.
- Inability to compete effectively may adversely affect the business, results of operations and financial condition and cash flows.
- Negative publicity could damage reputation and adversely impact the business and financial results.



- BJHL enters into certain related party transactions in the ordinary course of the business and it cannot be assured that such transactions will not have an adverse effect on its results of operation and financial condition.
- Any failure in information technology systems could adversely affect the business.
- Inability to detect money-laundering and other illegal activities fully and on a timely basis may expose BJHL to additional liability and adversely affect its business and reputation.
- Delay or failure in the performance of contracts may adversely affect the business, results of operations and financial condition.
- The Company tracks certain operational metrics, which are not a measurement under Ind AS, with internal systems and tools. These operational metrics are subject to inherent challenges in measurement.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect the business, prospects and results of operations.
- A downgrade in credit ratings of India may affect the trading price of the Equity Shares.
- If inflation rises in India BJHL might not be able to increase the prices of its services at a proportional rate in order to pass costs on to its customers and its profits might decline.
- Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.
- Increasing employee compensation in India may erode some of BJHL's competitive advantage and may reduce its profit margins, which may have a material adverse effect on the business, financial condition, cash flows and results of operations.
- Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of Equity Shares, independent of its operating results.

## Profit & Loss

Particulars (Rs in million)	Q1FY24	FY23	FY22	FY21
Revenue from operations	1795.4	7209.8	6834.7	4989.3
Other Income	50.6	239.6	194.1	88.8
<b>Total Income</b>	<b>1846.0</b>	<b>7449.4</b>	<b>7028.8</b>	<b>5078.1</b>
<b>Total Expenditure</b>	<b>1205.9</b>	<b>5018.9</b>	<b>4342.1</b>	<b>2928.8</b>
Cost of Materials Consumed	834.9	3502.9	2836.5	2142.7
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	-42.5	-143.3	38.0	-448.2
Employee Benefits Expenses	127.4	419.0	330.3	289.6
Other Expenses	286.1	1240.3	1137.2	944.7
<b>PBIDT</b>	<b>640.2</b>	<b>2430.4</b>	<b>2686.8</b>	<b>2149.3</b>
Interest	0.5	13.6	33.0	53.1
<b>PBDT</b>	<b>639.7</b>	<b>2416.9</b>	<b>2653.8</b>	<b>2096.3</b>
Depreciation and amortization	60.5	250.7	221.5	196.6
<b>PBT</b>	<b>579.2</b>	<b>2166.1</b>	<b>2432.3</b>	<b>1899.6</b>
Exceptional items	0.0	0.0	0.0	-53.1
<b>Tax (incl. DT &amp; FBT)</b>	<b>138.0</b>	<b>565.8</b>	<b>616.4</b>	<b>488.7</b>
Current tax	144.0	558.0	628.0	459.0
Deferred tax (credit)/charge	-6.0	7.8	-11.6	29.3
<b>PAT</b>	<b>441.2</b>	<b>1600.3</b>	<b>1815.9</b>	<b>1357.9</b>
EPS (Rs.)	2.5	9.2	10.5	8.0
Face Value	2	2	2	2
OPM (%)	32.8	30.4	36.5	41.3
PATM (%)	24.6	22.2	26.6	27.2



## Balance Sheet

Particulars (Rs in million) As at	Q1FY24	FY23	FY22	FY21
<b>Non-current assets</b>				
Property, plant and equipment	1,340.9	1,282.4	1,184.8	1,187.7
Capital work-in-progress	374.5	304.6	34.3	25.8
Right of use assets	238.0	227.6	380.0	201.4
Intangible assets	0.8	0.4	0.0	0.0
Financial assets				
Other Financial Assets	35.65	33.93	30.1	12.6
Deferred tax assets (net)	0.0	0.0	0.0	0.0
Other non-current assets	170.6	121.2	21.1	34.9
<b>Total non-current assets</b>	<b>2,160.4</b>	<b>1,970.2</b>	<b>1,650.3</b>	<b>1,462.4</b>
<b>Current assets</b>				
Inventories	1,331.0	1,256.6	1,050.3	1,177.2
Financial assets				
<i>Investments</i>	2,027.4	1,892.8	937.7	368.4
<i>Trade receivables</i>	2,243.7	2,393.8	2,274.4	1,440.0
<i>Cash and cash equivalents</i>	666.3	654.4	753.7	611.3
<i>Other Balances with Banks</i>	111.9	1.9	122.9	93.3
Other Current Assets	301.3	266.1	274.3	174.3
Other Current Financial Assets	196.0	184.9	68.0	35.9
<b>Total current assets</b>	<b>6,877.6</b>	<b>6,650.5</b>	<b>5,481.3</b>	<b>3,900.3</b>
Assets held for sale	0.0	0.0	2.1	0.0
<b>Total assets</b>	<b>9,038.0</b>	<b>8,620.7</b>	<b>7,133.8</b>	<b>5,362.7</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	346.9	346.9	346.9	99.1
Other equity	6,909.9	6,467.9	4,868.5	3,299.1
<b>Total equity</b>	<b>7,256.8</b>	<b>6,814.9</b>	<b>5,215.4</b>	<b>3,398.2</b>
<b>Liabilities</b>				
<b>Non-current Liabilities</b>				
Financial Liabilities				
<i>Borrowings</i>	0.0	0.0	0.0	286.7
<i>Lease liabilities</i>	12.5	15.5	133.0	0.1
Provisions	41.7	41.3	37.7	32.9
Deferred tax liabilities (net)	4.4	10.2	2.6	13.8
<b>Total non-current liabilities</b>	<b>58.7</b>	<b>67.0</b>	<b>173.3</b>	<b>333.5</b>
<b>Current liabilities</b>				
Financial liabilities				
<i>Borrowings</i>	0.0	0.0	0.0	228.8
<i>Lease liabilities</i>	12.4	18.9	40.2	0.5
<i>Trade payables</i>				
<i>Outstanding to Micro, Small and Medium Enterprises</i>	36.5	47.6	59.3	34.4
<i>Other than Micro, Small and Medium Enterprises</i>	559.3	490.3	506.2	560.9
Other financial liabilities	274.9	355.9	270.3	284.5
Other current liabilities	12.6	11.8	12.9	18.6
Provisions	5.5	5.0	4.9	3.9
Current tax liabilities (net)	821.5	809.4	851.1	499.4
<b>Total current liabilities</b>	<b>1,722.6</b>	<b>1,738.8</b>	<b>1,745.0</b>	<b>1,631.0</b>
<b>Total liabilities</b>	<b>1,781.2</b>	<b>1,805.8</b>	<b>1,918.3</b>	<b>1,964.5</b>
<b>Total equity and liabilities</b>	<b>9,038.0</b>	<b>8,620.7</b>	<b>7,133.8</b>	<b>5,362.7</b>

Source: RHP

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