



# IPO NOTE

## BLUE JET HEALTHCARE



Rating:

**SUBSCRIBE****ISSUE OFFER**

Issue Opens on	OCT 25, 2023
Issue Close on	OCT 27, 2023
Total IPO size (cr)	840.27
Fresh issue (cr)	0
Offer For Sale (cr)	840.27
Price Band (INR)	329- 346
Market Lot	43
Face Value (INR)	2
Retail Allocation	35%
Listing On	NSE, BSE

**ISSUE BREAK-UP (%)**

QIB Portion	<div><div></div></div>	50%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

**SHAREHOLDING** (No. of Shares)**Pre Issue**

173,465,425

**Post Issue**

173,465,425

**INDICATIVE TIMETABLE**

Finalisation of Basis of Allotment	01-11-2023
Refunds/Unblocking ASBA Fund	01-11-2023
Credit of equity shares to DP A/c	02-11-2023
Trading commences	06-11-2023

Blue Jet Healthcare is a pharmaceutical and healthcare ingredient and an intermediate company. Blue Jet Healthcare was the first manufacturer of saccharin and its salts (artificial sweeteners) in India. They later expanded into contrast media intermediates, which are used in CT scans and MRIs. The company mainly deals in three product categories: (i) contrast media intermediates, (ii) high-intensity sweeteners, and (iii) pharma intermediates and active pharmaceutical ingredients.

**OBJECTS OF THE ISSUE**

- The company will not receive any proceeds from the Offer and all the Offer Proceeds will be received by the Selling Shareholders,

**OUTLOOK & VALUATION**

Blue Jet Healthcare is a niche player with specialized chemistry capabilities in contrast media intermediates and high-intensity sweeteners. The company has the benefit of high entry barriers and a long-term relationship with multinational customers. The company has also reported consistent financial growth except in FY2023, when there was some decline in its profitability.

As it has global exposure, the company faces risks related to quality control and market regulations.

Although the company does not have any listed peers, the issue is coming at a P/E valuation of 37.48, which seems fairly priced. So, after considering all the factors, we recommend a Subscribe rating for this IPO.



## KEY MANAGERIAL PERSONNEL

01

### Akshay Bansarilal Arora

Executive Chairman of the Company. He has been on the Board since April 13, 1983. He has more than three decades of experience while being associated with Company.

02

### Shiven Akshay Arora

Managing Director of the Company. He has been on the Board since December 8, 2015. He has more than six years of experience while being associated with Company and presently in-charge of finance, macro management and strategic matters of Company.

03

### Naresh Suryakant Shah

Executive Director of the Company. He has been associated with Company since September 1, 1991 and has been on Board since December 31, 2020. He has more than three decades of experience in sales and marketing development, managing business development and commercial activities in Company.

04

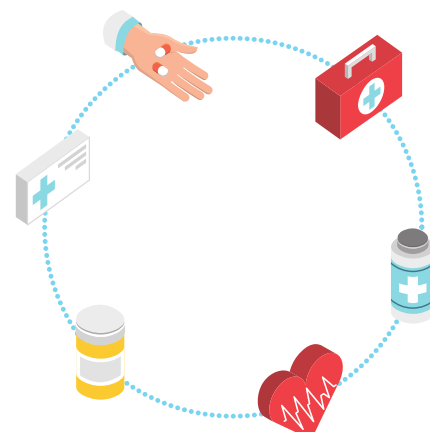
### Ganesh Karuppannan

Chief Financial Officer of the Company. He has been associated with Company since November 1, 2021. He has worked with Philips Electronics India Limited, Dr. Reddy's Laboratories Limited, Granules India Limited as chief financial officer.

05

### Sweta Poddar

Company Secretary and Compliance Officer of the Company. She has been associated with Company since January 15, 2021. She has been an associate member of Institute of Company Secretaries of India since 2007.



## COMPANY PROFILE

- Blue Jet Healthcare is a global, science-led pharmaceutical company.
- The company has three manufacturing facilities, which are situated 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 company's operations are primarily organized into three product categories: (i) contrast media intermediates, (ii) high-intensity sweeteners, and (iii) pharma intermediates and active pharmaceutical ingredients ("APIs").
- Since its incorporation in 1968, the company established a contract development and manufacturing organization ("CDMO") business model with specialized chemistry capabilities.
- In the past three Financial Years and the three months that ended June 30, 2023, company invoiced a total of more than 400 customers in 39 countries.

## COMPETITIVE STRENGTHS

- Huge manufacturing capacity of contrast media intermediates in India.
- The company operates in a niche market that has high entry barriers.
- Long-term relationships and long-term contracts with multi-national customers.
- Strong product development and process optimization capabilities with a focus on sustainability.
- Experienced management team with proven execution capabilities.

## KEY STRATEGIES

- Continue to forward integrate into more advanced intermediates for Contrast Media.
- Build additional production capacity to keep in step with the envisaged increase in customer demands.
- Continue to invest in R&D infrastructure and capabilities.
- Focus on operational efficiency and mitigation of supply chain risks.

## KEY CONCERNS

- The Company is dependent on Europe and the United States, which are regulated markets, for a significant portion of its revenue.
- Any manufacturing or quality control problems may subject it to regulatory action, litigation, or breach of contractual arrangements with customers.
- Exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact its results of operations.
- It is dependent upon a limited number of raw material suppliers and its three largest suppliers are located in China, Norway, and India.
- The Company faces foreign exchange risks that could adversely affect its business.
- Pricing pressure from customers may affect its gross margin.





### COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

There are no listed companies in India that engage in a business similar to that of Blue Jet Healthcare. Accordingly, it is not possible to provide a comparison of the KPIs of this Company and of its listed peers.

## FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	346.93	346.93	99.12
Other Equity	6,467.93	4,868.49	3,299.06
Net Worth	6,814.86	5,215.42	3,398.18
Total Borrowings	-	-	286.68
Revenue from Operations	7,209.82	6,834.69	4,989.32
EBITDA	958.35	2,492.64	2,060.53
Profit Before Tax	2,166.11	2,432.30	1,846.57
NET PROFIT OF THE YEAR	1,600.27	1,815.91	1,357.87



DISCLAIMER:

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of Swastika Investmart Ltd. ("SIL"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. SIL shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors before making any investment in the Equity Shares of the Company.

Swastika Investmentmart Ltd or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Swastika Investmentmart Ltd nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Swastika Investment Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the Subject Company or third party in connection with the Research Report.

CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

Compliance Officer: Ms. Sheetal Duraphe Email: [compliance@swastika.co.in](mailto:compliance@swastika.co.in) Phone: (0731) 6644 241

Swastika Investmart Limited, SEBI Reg. No.: NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532

CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.