

IPO Details	
Opening Date	Oct 25, 2023
Closing Date	Oct 27, 2023
Stock Exchange	NSE, BSE
Lot Size	43 Shares
Issue Price	₹329 to ₹346 per share
Issue Size	Aggregating up to 840.27 Cr.
Offer for Sale	Aggregating up to 840.27 Cr.
Application Amount	Min. Inv. - ₹ 14,878 (43 shares) Max. Inv. - ₹ 193,414 (559 shares)

IPO Objective	
Company will not directly receive any proceeds from the Offer (the "Offer Proceeds") and all the Offer Proceeds will be received by the Selling Shareholders, in proportion to the Offered Shares sold by the respective Selling Shareholders as part of the Offer.	

Pre-Issue Shareholding			
Category	No. of Shares	% of Total Shares	
Promoter & Promoter Group	17,34,65,425	100.00%	
Public	10	-	

Promoter of the Company	
1.	Akshay Bansarilal Arora
2.	Shiven Akshay Arora
3.	Archana Akshay Arora

Competitive Strengths	
1.	Large manufacturer of contrast media intermediates in India.
2.	Presence in niche categories with high barriers to entry.
3.	Long-standing relationships and multi-year contracts with multi-national customers.
4.	Strong product development and process optimization capabilities with a focus on sustainability.
5.	Manufacturing facilities with regulatory accreditations.
6.	Experienced management team with proven execution capabilities.

Company Background	
○	Blue Jet Healthcare Limited was incorporated in the year 1968 and has its registered office in Thane, Maharashtra.
○	The company is in the business of developing and supplying speciality pharmaceutical and healthcare ingredients and intermediates under a contract development and manufacturing organization business model.
○	Company has specialized chemistry capabilities in contrast media intermediates and high-intensity sweeteners.
○	Company supplies a critical starting intermediate and several advanced intermediates to three of the largest contrast media manufacturers in the world, including GE Healthcare AS, Guerbet Group, and Bracco Imaging S.p.A. Company also supply high-intensity sweeteners to several multi-national companies, including Colgate Palmolive (India) Limited and Unilever.
○	As of 30 th June 23, the Company has 407 employees on its payroll.

Market Capitalization (In Cr.)		
	Pre-Issue	Post-Issue
	₹ 6,002	₹ 6,002

Financial Summary (In Cr.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	June-23
Total Assets	536.27	713.18	862.07	903.80
Net Assets	339.82	521.54	681.49	725.68
Total Borrowings	51.55	-	-	-
Total Revenue	507.81	702.88	744.94	184.60
Profit After Tax	141.09	181.59	160.03	44.12

Tentative Timeline	
Opening Date	Oct 25, 2023
Closing Date	Oct 27, 2023
Basis of Allotment	Nov 01, 2023
Initiation of Refunds	Nov 01, 2023
Credit of Shares to Demat	Nov 03, 2023
Listing Date	Nov 06, 2023

Company Background and Analysis

Blue Jet Healthcare Limited was incorporated in 1968, and has vast experience in the industry it operates in. Blue Jet Healthcare is a speciality pharmaceutical and healthcare ingredients and intermediates company, offering niche products targeted toward innovator pharmaceutical companies and multi-national generic pharmaceutical companies. Since its incorporation, company 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.

Company’s operations are primarily organized in three product categories, namely -

- (i) contrast media intermediates,
- (ii) high-intensity sweeteners, and
- (iii) pharma intermediates and API.

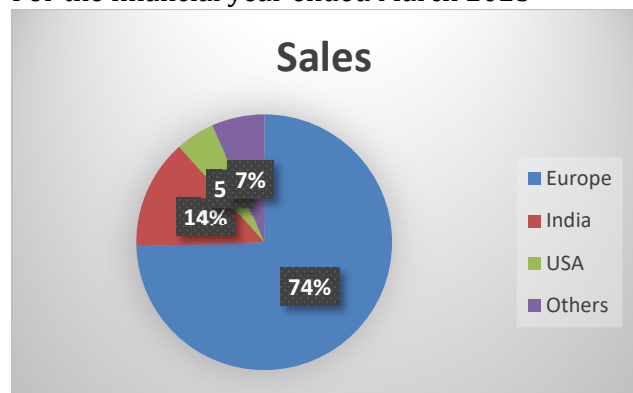
The following table sets forth a breakdown of revenue from contracts with customers by product categories and the related contribution of each product for the years/periods indicated:

(Rs. In Lacs)

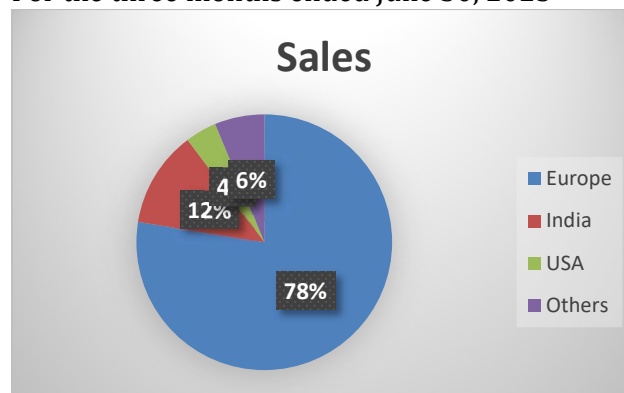
Particulars	Jun-23		Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)	Amt	(%)
Contrast media intermediates	12,863.30	72.00	50,701.60	70.57	47,783.80	70.60	35,358.60	71.55
High-intensity sweeteners	4,015.50	22.48	17,589.70	24.48	15,748.30	23.27	9,872.40	19.98
Pharma intermediates and API	945.90	5.29	3,398.40	4.73	4,115.80	6.08	4,176.70	8.45
Others	40.90	0.23	158.40	0.22	30.10	0.04	13.30	0.03
Total	17,865.60	100.00	71,848.10	100.00	67,678.00	100.00	49,421.00	100.00

Company derives a majority of its revenue from sales of products across product categories from the regulated markets of Europe. Company also operates in other geographies such as India and USA and further bifurcation is shown in the pie chart given below: -

For the financial year ended March 2023



For the three months ended June 30, 2023



Company manufactures a range of products in-house, including the key starting intermediate and advanced intermediates, which allows it to control production process for consistent quality and cost effectiveness. Company currently operates 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. Company also acquired a leasehold greenfield manufacturing site (Unit IV) in Ambernath in 2021 to build several multi-purpose blocks dedicated to the pharma intermediate and API business.

To conclude, In the past three Financial Years and the three months ended June 30, 2023, company invoiced a total of more than 400 customers in 39 countries. Company 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.

Business Strategies

1. Continue to forward integrate into more advanced intermediates for Contrast Media.

Company offers contrast media intermediates to serve its customers. Company has forged strong relationships and built equity with its customers. By further improving technical know-how and chemistry capabilities in close synergy with customers, company intends to capture a larger wallet share with existing customers going forward.

2. Leverage long-standing customer relationships to continue entering adjacencies in the pharma intermediate and API category.

Company has been expanding its pharma intermediate and API operations as a CDMO to several pharmaceutical companies in the past two decades. Company will continue to collaborate with innovator pharmaceutical companies and multi-national generic pharmaceutical companies, and seek to acquire new customers, with a focus on novel products at advanced stages of development and based on complex chemistries.

3. Build additional production capacity to keep in step with the envisaged increase in customer demands.

Company plans to expand production capacities in Unit II, from 607.30 KL as of June 30, 2023 to 743 KL by the Financial Year 2025. Company plans to expand production capacity from 213.00 KL as of June 30, 2023 to 499 KL as of the Financial Year 2025 in Unit III. Company also acquired a greenfield manufacturing site (Unit IV) on a leasehold basis in Ambernath in 2021 to build several multi-purpose blocks dedicated to pharma intermediate and API business, which allowed company to increase its manufacturing capacity and scale business.

4. Continue to invest in R&D infrastructure and capabilities.

Company is in the process of augmenting R&D capacity and improving R&D capabilities, which will allow it to (i) develop and improve products, and (ii) optimize production process. In addition, company is expanding the capacity of R&D laboratories by adding an additional 35 fume hoods, which are to be divided among seven organic synthesis laboratories.

5. Focus on operational efficiency and mitigation of supply chain risks.

Company aims to expand margins through improved operational efficiency, semi-automation and economies of scale. To further enhance operational efficiency, company has adopted a series of initiatives, such as recovery and recycling of solvents, optimization of batch sizes, and utilization of new downstream equipment for filtration, drying, and yield improvement.

Competitive Scenario and Peer Mapping

Competition

Company operates in the highly competitive global pharmaceutical industry which can be generally divided into regulated and emerging markets. The emerging markets have relatively low barriers to entry regarding regulatory requirements, concerning the qualification process, quality controls and intellectual property rights. The regulated markets such as the United States, Europe and Japan, by contrast have higher barriers to entry as a result of more stringent regulatory practices. Suppliers of the company has high bargain power.

Peer Analysis

As per the offer document company has no listed peer.

Industry Overview

Exhibit 1: Global Pharma Market (US\$ billion).

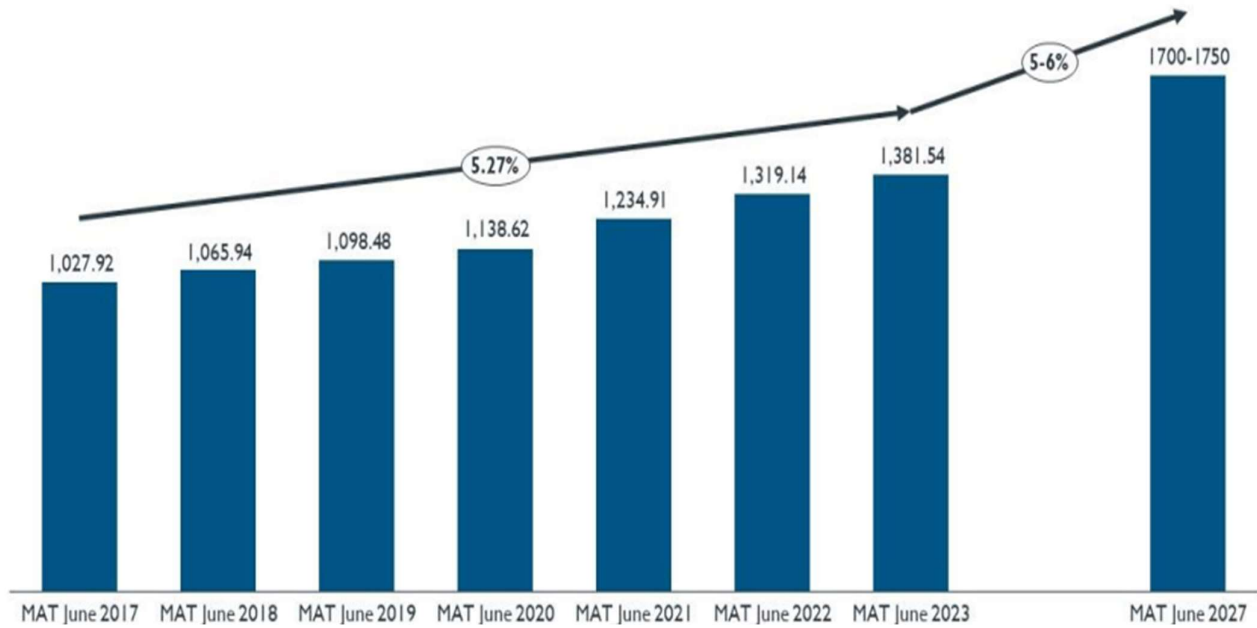


Exhibit 2: Global Pharmaceuticals Market – By Region (US\$ billion).



(Source: Prospectus)

Global Pharmaceuticals Market

The global formulation market was estimated at US\$1,381.54 billion (₹103,615.5 billion) in 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 (MAT June 23- June27 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.

Contrast Media

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).

High-Intensity Sweetener Market Overview

Saccharine is a ‘high-intensity sweetener’. High intensity sweeteners are compounds that are commonly used as substitute for sugar in food, beverages, oral health, and pharmaceutical products (“End Products”). High intensity sweeteners are around 300-500 times sweeter than sugar but contribute negligible / limited calories, when added to food items.

In 2023, the global high-intensity sweetener market was estimated to be a US\$2.9 to US\$3.0 billion (approximately ₹232–₹240 billion) in size, comprising products such as Sucralose, Aspartame, Saccharine and Stevia and Neotame

(Source: Prospectus)

Key Managerial Personnel

Akshay Bansarilal Arora, aged 60, is the Executive Chairman of the company. He holds a bachelor's degree in science (Chemistry) from the University of Bombay and a master's degree in science (Organic Chemistry) from St. Xavier's College, University of Mumbai. He has more than three decades of experience while being associated with the Company.

Shiven Akshay Arora, aged 30, is the Managing Director of the company. He holds a bachelor's degree in business from Bond University, Gold Coast, Australia. He has more than six years of experience while being associated with the Company and presently in-charge of finance, macro management and strategic matters of the Company.

Naresh Suryakant Shah, aged 57, is an Executive Director of the company. He holds a diploma in Chemical Engineering from the Khopoli Polytechnic College, Raigad, Maharashtra. He has more than three decades of experience in sales and marketing development, managing business development and commercial activities in the Company. He is currently also associated as a director of BC Bio Sciences Private Limited.

Girish Paman Vanvari, aged 51, is an Independent Director of the company. He is an associate member of the Institute of Chartered Accountants of India since 1995. He holds a bachelor's degree in commerce from Shri Narsee Monjee College of Commerce and Economics, University of Bombay. He is the founder and partner of Transaction Square LLP and Valuation Square LLP and has experience in tax, regulatory and business advisory functions.

Preeti Gautam Mehta, aged 64, is an Independent Director of the company. She is a practicing advocate & solicitor and a senior partner of Kanga & Co. She is registered with the Bar Council of Maharashtra & Goa and the Bombay Incorporated Law Society and also has a bachelor's degree in arts from St. Xavier's College, University of Bombay and a bachelor's degree in law from Government Law College, University of Bombay. She has been in practice for over 30 years and has experience in matters relating to corporate laws, foreign investment & collaborations, mergers & acquisitions & private equity investments, banking, franchising and hospitality.

Divya Sameer Momaya, aged 44, is an Independent Director of the company. She is an associate member of the Institute of Company Secretaries of India since 2003. She holds a bachelor's degree in commerce from the University of Pune. She is currently a partner of D. S. Momaya & Co. LLP. She is the first director of MMB Advisors Private Limited and has over 14 years of experience in corporate and secretarial laws, corporate governance, business development, startups, mentoring and consulting. She has also previously worked with BSE Limited and BSEL Infrastructure Realty Limited.

To conclude, the company has 3 Individual Promoters. One individual promoter has vast experience in the pharmaceutical industry. The independent directors also have good knowledge and experience in their respective fields which helps in the growth of the business and a majority of them have more than decade of experience in the respective industries.



Financial Snapshot

Profit and Loss Statement				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23
Revenue from Operations	49,893.20	68,346.90	72,098.20	17,954.10
Other Income	888.10	1,941.20	2,395.60	506.30
Total Income	50,781.30	70,288.10	74,493.80	18,460.40
Expenses				
Cost of Materials Consumed	21,427.40	28,365.20	35,028.90	8,349.20
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	-4,481.70	380.40	-1,432.60	-425.20
Excise Duty on Sale of Compressed	-	-	-	-
Employee benefits expense	2,895.50	3,303.00	4,189.70	1,273.70
Finance Costs	530.80	330.00	135.90	4.80
Depreciation and Amortization expense	1,966.20	2,214.60	2,507.40	605.00
Other expenses	9,446.70	11,371.90	12,403.40	2,860.80
Total Expenses	31,784.90	45,965.10	52,832.70	12,668.30
Earnings Before Interest, Taxes, Depreciation & Amortization	20,605.30	24,926.40	21,908.80	5,895.60
EBITDA Margin	41%	36%	30%	33%
Profit before exceptional and extraordinary items and tax	18,996.40	24,323.00	21,661.10	5,792.10
Exceptional items	-	-	-	-
Profit/(Loss) before tax	18,996.40	24,323.00	21,661.10	5,792.10
Tax Expense				
Corporate Tax	4,590.00	6,280.00	5,580.00	1,440.00
Deferred tax (net)	292.90	-116.10	78.40	-60.00
Adjustment of taxes relating to previous year	4.10	-	-	-
Total Tax Expense	4,887.00	6,163.90	5,658.40	1,380.00
Profit/(Loss) for the year	14,109.40	18,159.10	16,002.70	4,412.10
Net Profit Margin	28%	26%	21%	24%

Balance Sheet				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	11,877.30	11,848.10	12,824.20	13,408.70
Capital work-in-progress	257.60	343.10	3,046.30	3,745.10
Intangible Assets	0.10	-	4.10	7.50
Right of Use Asset	2,014.30	3,799.70	2,276.00	2,380.30
Financial Assets	-	-	-	-
(i) Other financial assets	125.50	301.10	339.30	356.50
Other Non-Current Assets	349.10	210.70	1,211.80	1,705.90
Total Non-Current assets	14,623.90	16,502.70	19,701.70	21,604.00
Current Assets				
Inventories	11,771.60	10,503.10	12,565.80	13,309.60
Financial Assets				
(i) Investments	3,683.80	9,377.40	18,927.60	20,273.70
(ii) Trade Receivables	14,400.40	22,744.00	23,938.20	22,437.40
(iii) Cash and Cash Equivalents	6,112.70	7,537.30	6,543.80	6,662.50
(iv) Other Bank Balances	932.60	1,228.70	19.30	1,119.40
(v) Others	358.90	680.00	1,848.70	1,960.20



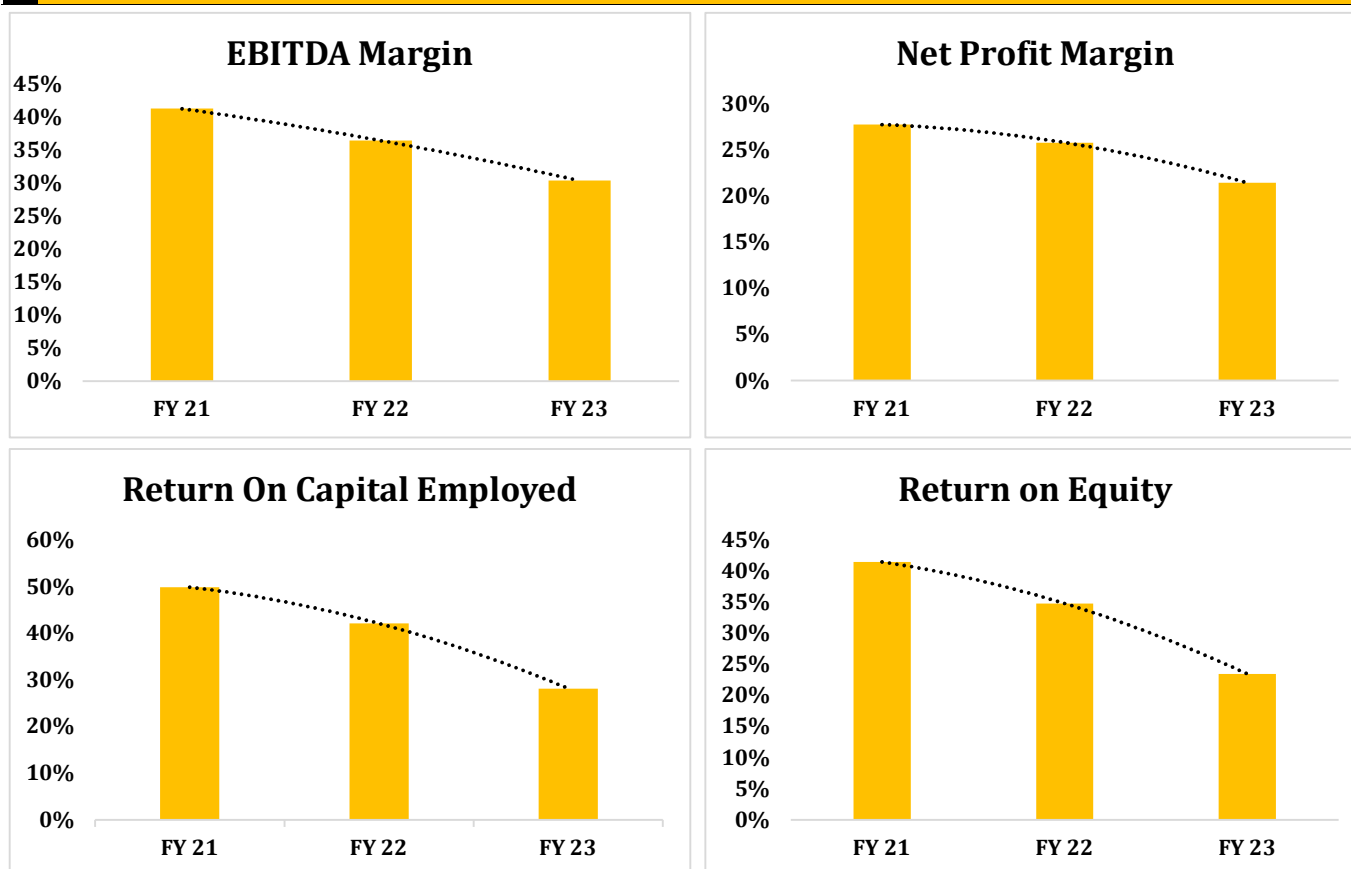
Balance Sheet				(In Lacs.)
Other current assets	1,743.10	2,742.90	2,661.40	3,013.30
Total Current assets	39,003.10	54,813.40	66,504.80	68,776.10
	-	2.14	-	-
Total Assets	53,627.00	71,318.24	86,206.50	90,380.10
EQUITY AND LIABILITIES				
Equity				
Share Capital	991.20	3,469.30	3,469.30	3,469.30
Other Equity	32,990.60	48,684.90	64,679.30	69,098.70
Total Equity	33,981.80	52,154.20	68,148.60	72,568.00
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	2,866.80	-	-	-
(ii) Lease liabilities	1.40	1,329.50	154.90	125.40
Long term provisions	329.10	377.00	413.10	416.80
Deferred tax liability	138.00	26.40	102.00	44.40
Total Non-current liabilities	3,335.30	1,732.90	670.00	586.60
Current liabilities				
Financial Liabilities				
(i) Borrowings	2,288.40	-	-	-
(ii) Trade Payables				
total outstanding dues of micro enterprises and small enterprises	344.40	593.30	475.50	365.00
total outstanding dues of creditors other than micro enterprises and small enterprises	5,608.90	5,061.60	4,903.00	5,592.50
(iii) Lease Liabilities	4.90	402.20	189.10	123.50
(iv) Others	2,844.70	2,703.40	3,559.20	2,748.90
Other current liabilities	4,993.70	8,511.40	8,093.60	8,214.60
Short-Term Provisions	39.20	49.20	49.60	55.40
Liabilities for current tax (Net)	185.70	129.30	117.90	125.60
Total Current liabilities	16,309.90	17,450.40	17,387.90	17,225.50
Total Liabilities	19,645.20	19,183.30	18,057.90	17,812.10
Total Equity and Liabilities	53,627.00	71,337.50	86,206.50	90,380.10

Cash Flow Statement				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Jun-23
Net Cash Flow from Operating Activities	12,927.50	14,641.70	14,155.60	4,232.00
Net Cash Flow from Investing Activities	-5,072.50	-7,602.60	-14,725.20	-4,013.30
Net Cash Flow from Financing Activities	-2,749.50	-5,614.50	-423.90	-100.00

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23*
<u>Per Share Data</u>				
Diluted EPS	7.98	10.47	9.23	2.54
BV per share	19.59	30.07	39.29	49.28
<u>Operating Ratios</u>				
EBITDA Margins	41%	36%	30%	33%
PAT Margins	28%	26%	21%	23%
Inventory days	86.12	56.09	63.61	67.46
Debtor days	105.35	121.46	121.19	113.72
Creditor days	99.84	75.50	54.94	63.41
<u>Return Ratios</u>				
RoCE	50%	42%	28%	20%
RoE	42%	35%	23%	20%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	1.60	1.79	2.81	11.20
Market Cap / Sales	12.03	8.78	8.32	33.43
P/E	43.36	33.05	37.49	136.22
Price to Book Value	17.66	11.51	8.81	7.02
<u>Solvency Ratios</u>				
Debt / Equity	0.07	0.00	0.00	0.00
Current Ratio	2.39	3.14	3.82	3.99
Quick Ratio	1.67	2.54	3.10	3.22
Asset Turnover	0.93	0.96	0.84	0.20
Interest Coverage Ratio	35.12	68.82	142.76	1,102.21

*Annualized Figures

Financial Charts



Key Risk Factors

1. The top 10 customers of the company contributed 81.38%, 82.06%, and 83.74% for the fiscal year ended 2021, 2022, and 2023 respectively. The loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for company's products could adversely affect company's business, results of operations, financial condition and cash flows.
2. The company is dependent on Europe and the United States, which are regulated markets, for a significant portion of revenue from operations.
3. There are 4 tax proceedings, 1 Statutory or regulatory proceeding and 1 material civil litigation as per the offer document, involving the Directors and the company. In the event of any adverse outcome, the Company's and the Promoter's business operations and reputation may be affected.
4. The company has certain contingent liabilities amounting to Rs. 91.20 lakhs, adverse outcomes of which may adversely affect the business, and results of operations.
5. The Offer comprises an Offer for Sale by the Selling Shareholders. Selling Shareholders will receive the entire proceeds from the Offer for Sale (after deducting applicable Offer expenses) and Company will not receive any part of the proceeds of the Offer.

Track Record of Lead Manager

The lead managers to the issue are Kotak Mahindra Capital Company Limited, ICICI Securities Limited and JP Morgan India Private Limited. A table has been set below highlighting the details of the IPO of the last 3 companies handled by the Lead Manager in recent times –

Kotak Mahindra Capital Company Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	JSW Infrastructure Limited	28,000.00	119.00	October 03, 2023	167.20
2.	Signatureglobal (India) Limited	7,300.00	385.00	September 27, 2023	527.55
3.	SAMHI Hotels Limited	13,701.00	126.00	September 22, 2023	140.15

ICICI Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	JSW Infrastructure Limited	28,000.00	119.00	October 03, 2023	167.20
2.	Signatureglobal (India) Limited	7,300.00	385.00	September 27, 2023	527.55
3.	Zaggle Prepaid Ocean Services Limited	5,633.77	164.00	September 22, 2023	199.75

JP Morgan India Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	TVS Supply Chain Solutions Ltd.	8,800.00	197.00	August 23, 2023	210.45
2.	Mankind Pharma Ltd	43,263.55	1,080.00	May 08, 2023	1,749.25
3.	KFin Technologies Ltd	15,000.00	366.00	December 29, 2022	453.20

*CMP for the above-mentioned companies is taken as of 23rd October 2023.

As per the offer document, Kotak Mahindra Capital Company Limited has had 36 mandates in the last three fiscals, ICICI Securities Limited has had 41 mandates in the last three fiscals and JP Morgan India Private Limited has had 10 mandates in the last three fiscals. For BRLMs of this company out of all the above-mentioned IPO's only 1 mandate for ICICI Securities Limited has opened at par rest all have opened in premium.

Recommendation

The company has been in the industry since 1968 and thus has vast experience in the industry. The company has shown good growth in its revenue, whereas profits and its margins has declined in the FY 2023.

The management outlook of the company is good, and the proper bifurcation of the roles and responsibilities of its top management is given.

The P/E on a post-IPO basis is around 37.51 times which makes it slightly highly priced by looking at the performance of the company.

The company operates in niche business segment with long-standing relationships and multi-year contracts with multi-national customers and has fared well over the years with good growth in revenue. Whereas, company has not been consistent with profits and its margins, pertaining due to increase in its raw material prices. The amount raised from this issue will not be used for the growth of the company but as an offer for sale for the existing shareholders, company has also not utilized its borrowing opportunity from the bank. Therefore, at the given P/E **Risk-Averse investors should Avoid and Risk-Seekers should Invest** in this IPO.

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