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To,
**Head, Listing Compliance Department
BSE Limited**
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai - 400 001.

**Head, Listing Compliance Department
National Stock Exchange of India Limited**
Exchange Plaza, Plot No. C/1. G Block,
Bandra -Kurla Complex, Bandra (East),
Mumbai- 400051

Dear Sir/Madam,

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 - Transcript of Earnings Call/ Conference Call.

In continuation to our letter dated November 07, 2025 bearing reference no. 53/SE/LC/2025-26, and pursuant to Regulation 30 and Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call/ Conference Call held on November 13, 2025 at 03:00 pm (IST) to discuss the Company's Unaudited Financial Results for the quarter and half year ended September 30, 2025 is annexed herewith.

This is for your information and records.

Yours faithfully,

For **Entero Healthcare Solutions Limited**

Sanu Kapoor
**Vice president- General Counsel, Company Secretary
& Compliance Officer**

Encl. a/a



“Entero Healthcare Solutions Limited
Q2 & H1 FY26 Earnings Conference Call”

November 13, 2025



**MANAGEMENT: MR. PRABHAT AGARWAL – MANAGING DIRECTOR,
CHIEF EXECUTIVE OFFICER**

**MR. BALAKRISHNAN KAUSHIK – GROUP CHIEF
FINANCIAL OFFICER**

**MS. AKANKSHA GUPTA – HEAD- INVESTOR
RELATIONS**

**ANALYST: MR. NITIN AGARWAL – DAM CAPITAL ADVISORS
LIMITED**

Moderator: Ladies and Gentlemen, good day, and welcome to the Q2 and H1 FY26 Earnings Conference Call of Entero Healthcare Solutions Limited, hosted by DAM Capital Advisors Limited.

As a reminder, all the participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Please note, this conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Nitin Agarwal from DAM Capital Advisors. Thank you, and over to you, sir.

Nitin Agarwal: Thank you. Hi. Good afternoon, everyone, and a very warm welcome to Entero Healthcare Solutions Limited Q2 and H1 FY26 Earnings Call hosted by DAM Capital Advisor at DAM Capital Advisors. On the call today, we have representing Entero Healthcare Solutions, the management team comprising of Mr. Prabhat Agrawal, Managing Director and CEO; Mr. Balakrishnan Kaushik, Group CFO; and Ms. Akanksha Gupta, Head-Investor Relations.

I will hand over the call to the management team to make the opening comments, and then we'll open the floor for questions. Please go ahead, sir.

Prabhat Agrawal: Hi. Good afternoon, everyone. I hope I'm audible and thank you for joining our earnings conference call to discuss the performance for Q2 FY26 and first half of this year. I'm joined by Balakrishnan Kaushik, our Group CFO; and Akanksha Gupta, Head IR; and SGA, our Investor Relations Advisors on this call.

I hope everyone had an opportunity to go through the financial results and the investor presentation, which are uploaded on the stock exchanges and also on our company's website.

I'm pleased to share that we have continued making progress across all financial parameters of delivering healthy growth trajectory, margin expansion and net working capital improvement in the second quarter of the financial year.

Let me begin with our top line performance for the quarter. Revenue grew by 20.8% year-on-year and 11.9% quarter-on-quarter to INR1,571 crores. Adjusted for contracts accounted on net margin basis and on like-to-like basis, our revenue growth stood at 23.4% year-on-year, while organic growth was 13.4% year-on-year, which is approximately 1.8x the IPM growth rate of 7.3% during the same period. We were also able to navigate the GST transition quite effectively during the September month given the massive product portfolio we carry across 100-plus warehouses.

A key development during the quarter was on the acquisition front, particularly in the MedTech segment, where we have significantly expanded our presence. We closed five acquisitions during July to October 2025 period with proforma revenues based on FY25 financials of these acquired entities of approximately INR545 crores. Additionally, as disclosed yesterday to the exchanges, binding agreements and MOUs have been signed for two more MedTech-focused entities, Anand Chemiceutics and Bioaide Technologies, both of which are expected to be completed subject to satisfactory completion of due diligence. So, on a full year basis, we are on track to close INR1,000 crores plus revenue acquisitions through 7 M&A transactions. Around 60% of our M&A is happening in the MedTech segment, which along with the previous acquisitions in this space and organic business will cross over INR1,000 crores post completion and integration of these businesses.

MedTech is a USD13 billion high-growth segment and synergistic to Entero's existing pharma distribution business. Further, the role of distributor is more value-added in terms of commercial role along with the standard distributor role, and hence, the margin pool available with the distributors are higher. We have estimated a positive impact of 70 to 90 basis points on gross margin and 50 to 75 bps on EBITDA margin on a proforma basis after all the acquisitions are integrated with us. This is calculated on FY25 financials of announced acquisitions, which are expected to be closed in second half of the financial year. With these acquisitions, we would be present in a wide range of MedTech segment, including diagnostic consumables and equipment, cardiology and orthopaedic medical devices and other devices and consumables. This segment represents an attractive growth opportunity for Entero along with margin enhancement potential. We have also added business in trade generics, which also is higher growth and margin accretive. I reiterate that all these acquisitions were at single-digit enterprise value to EBITDA multiples. These acquisitions will be funded through a mix of internal accruals, available cash balance and addition of some debt.

Gross profit for the quarter stood at INR161 crores, up 32% year-on-year, with margins improving by 29 basis points quarter-on-quarter and 84 basis points year-on-year to 10.2%. This improvement was driven by higher value categories, better procurement efficiency and operational cost optimization.

Another key milestone for us was achieving EBITDA margin of 4% in the quarter, which was up by 38 basis points quarter-on-quarter and 69 basis points year-on-year. EBITDA for the quarter was INR62 crores, representing a growth of 46% year-on-year. There would be significant impetus on our EBITDA margins post completion of new acquisitions, which has been explained through the proforma presentation in the investor deck.

Our profit after tax increased 41% year-on-year to INR37 crores with PAT margin expanding to 2.3% from 2% in Q2 FY25.

A key operational priority for us has been continued optimization of working capital. I'm pleased to share progress on this front. Our net working capital days has improved from about 69 days a year ago and 66 days in Q1 to 63 days in Q2 FY26. This progress is a result of ongoing initiatives

around credit monitoring, enhanced collection discipline and a company-wide focus on data-driven inventory planning. We are confident of closing FY26 with working capital days of around 60. This should aid us in delivering strong positive operating cash flow for the year in the range of INR100 crores plus.

We have delivered steady improvement in return ratios. Return on capital employed improved to 13.8% in Q2 from 11.5% in Q1 and return on equity increased to 11% from 9% in the last quarter.

Operationally, our reach and network have continued to expand. In the first half of the year, we cater to over 85,000 retail pharmacies and more than 2,800 hospitals across 490 districts in India, supported by 113 strategically located warehouses and 83,000-plus SKUs sourced from more than 2,800-plus health care manufacturers.

Our distribution network is continuously getting stronger with better geographic reach, wider product portfolio and deeper engagement with health care product manufacturers and customers. We are using our proprietary technology to create synergies, integration and efficiency in our network and improving customer experience through better fill rates and lower turnaround times.

In summary, as we progress into second half of the year, we are confident of continuing the stronger momentum, making continued improvements in the financials led by both organic initiatives and impact from inorganic strategy. We have clear visibility on growth trajectory, margin expansion and cash flow generation.

Our focus remains on increasing wallet share within existing customers, expanding higher-margin product categories and leveraging our nationwide network to become the most comprehensive health care distribution platform in India. The MedTech acquisitions gives us headroom for accelerated growth and margin expansion. We remain on track to achieve our FY26 guidance.

With this, I close my opening remarks and invite people to ask questions.

Moderator: Thank you very much, sir. The first question comes from the line of Chintan Sheth from Girik Capital.

Chintan Sheth: Congratulations to the team and the management on delivering continuous progress on the key metrics we follow. Sir, on the revenue growth front, you mentioned that you maintain the guidance of 30% growth. But so far, because of the revenue growth seems to be softer versus what the annual guidance for us is right now. So, do you think in the second half, you can catch up to meet the guidance for the full year?

Hi, Prabhat ji. Am I audible now?

Prabhat Agrawal: Yes.

Moderator: Yes, sir.

Chintan Sheth: So, my question was basically on the guidance part where you mentioned that we maintain our FY26 guidance which included 30% revenue growth for the year. So far, our first half growth is around 24%. The ask for the second half will be roughly around 35%, to deliver on the 30% growth.

Given the fact that a lot of one or two large contracts getting into the net basis, do you think with the acquisition and all, we'll be able to achieve the revenue guidance at least? I think on the margin trajectory wise; I think we are on track. Only trying to check on the revenue front.

Prabhat Agrawal: Chintan, on the first half of this year, on a like-to-like basis, we were 27.8% growth, and against a guidance of let's say, 30%. So, the gap of 2.5% is primarily coming from delay in closing new inorganic deals, which we are now trying to catch up in the second half of the year. We have already done the deals announcement and everything. So, we are fast tracking the closure process with these entities, and we will be very close to the full year guidance on like-to-like basis.

Chintan Sheth: Got it. And just confirmation and clarification on the OCF part, you mentioned INR100 crores OCF target for the full year. We are right now negative INR57-60 odd crores negative in the first half. That implies that for the full year or in the second half, we need to generate almost INR150 crores, INR160-odd crores of operating cash, which you believe is doable, right?

Prabhat Agrawal: Yes, doable. If you look at first half of this year, our negative cash -- generally, the second quarter is the highest in terms of organic growth. And most of the working capital requirement happens in the Q2 of the year. Even if you look at our last year, our H2 was positive by INR50 crores. Even though our first half was INR125 crores negative.

So, again, the INR125 crores negative of last year, we are only INR58 crores negative in the first half. So, there is already INR60-70 crores cash flow higher in the first half of the year. Secondly, the second half of the year is always positive. And thirdly, we have an additional benefit because of the GST change. Because now the revenues that we will be billing to the customers will be at 5% GST against 12% GST earlier. So, there will be a 7% benefit in cash flow through lower pay.

Chintan Sheth: Got it. I think that helps. I'll -- only one question I ask, I'll jump back in queue. On the acquisition, the larger one which we announced yesterday, it was happening at 0.95x sales FY25. Typically, I've seen we are doing materially lower at this 0.8x or less on EV to Sales basis.

But you mentioned that these are all margin accretive ones and the single-digit EV/EBITDA multiple stands true. So that is what the range, have we increased a little bit range on acquiring these assets? Or we are still in the ballpark of 5x to 7x or 5x to 8x EV/EBITDA?

Prabhat Agrawal: Yes, we are in the ballpark only. On EV to EBITDA basis, we are on the ballpark with respect to our historical multiples that we have paid. On EV to Sales, of course, it will look higher because the margins are much higher in this business. The margin in this business is double digit.

Moderator: The next question comes from the line of Sajal Kapoor from Antifragile Thinking.

- Sajal Kapoor:** Prabhat, what incentives do these MedTech sellers have to kind of sell so cheaply on EV/EBITDA? And why they are selling to us at a lower multiple compared to where our own business is? That is the kind of a question I have.
- Prabhat Agrawal:** This is the same thing from beginning of the company. Even other pharmaceutical distributors are also on the same EV to EBITDA range. And the reasons are the same. They need a partner who can take them to a national level. They have kind of exploited most of the opportunities to grow on a standalone basis. There are issues on succession. So, these are the things which kind of incentivizes or motivates the seller to sell to us. Exactly the same reason that we had in..
- Sajal Kapoor:** Yes, it's this scale thing, right? Pan-India scale.
- Prabhat Agrawal:** Yes.
- Sajal Kapoor:** Okay. And just to follow on this MedTech, the sales rely on deep sort of clinical trust. So how is Entero ensuring newly acquired teams, ortho, cardio, IVD, etc, build the expertise and sort of doctor/physician relationships needed to strengthen customer loyalty?
- Prabhat Agrawal:** Yes. So, this is not the first MedTech acquisition that we have done. If you recall, last year also, we did an acquisition in Chennai called Peerless Biotech, which was primarily in the IVD space and other medical devices. In certain segments, the relationship with the doctors and everything matters a lot. But when we are acquiring, we are acquiring the whole company, along with the whole team with the relationships and all that. That's the reason why we are paying a goodwill premium on that. So, the whole know-how, the knowledge, the relationship, the team, everyone comes along with this acquisition.
- Sajal Kapoor:** Yes, yes. Thank you for that. And finally, one just bookkeeping question for Bala. What factors explain the rise in trade receivables and also the inventories in the last 6 months? I mean, with improved return ratios and the reduction in net working capital to 63 now, what specific strategies in inventory management or receivable collections are optimizing this working capital cycle because those are the two key variables for us to get to positive operating cash flow.
- Balakrishnan Kaushik:** Yes. So, Sajal, here, we are running workstreams specific to inventory, specific to trade receivables. And there is a renewed focus on improving our cash collection cycle as well as the way we order the inventory. So, we have a team put in. We have a task force that is there that is monitoring all the entities on these numbers, what kind of purchases are happening? Are we doing purchases in an optimized manner? Can we do purchases 4 times a month instead of 1 or 2 times a month. So, all these factors are being looked at closely. And the task forces - there are three or four task force that we have created that is driving this operational efficiency, which is actually yielding these results.
- Moderator:** The next question comes from the line of Bhargav from Ambit Asset Management.
- Bhargav:** Sir, my first question is, is it possible to share the revenue that we do from MedTech given that in the recent acquisitions that we are doing, a large part of revenue is coming in from MedTech.

And we said in the PPT that we want to reach close to INR1,000 crores. So, is it possible to share the current revenue we do from MedTech?

Prabhat Agrawal: So, including all these acquisitions, if you look at, I have talked about INR1,000 crores on MedTech. And if you look at my graph, 61% of that INR1,000 crores is coming from MedTech. So INR600 crores is what is coming through acquisitions, INR400 crores, we already have. So INR400 crores plus these new acquisitions of INR600 crores will take us above INR1,000 crores.

Bhargav: And is it fair to say that incrementally, whatever acquisitions that we'll be planning, a large part of that will be in the MedTech space or any other space?

Prabhat Agrawal: No. So, post this next quarter, we'll be busy in closing these acquisitions. The reason why we - I think one of the reasons why we have missed a little bit on the revenue growth guidance of this year because we have taken a little more time to evaluate deals. And pharma, we have a good presence now. We want to expand into other synergistic segments.

And MedTech is a very good synergistic segment. The growth rate is higher. The role of the distributor is more important in this. The margin profile is far better. So that's the reason we are looking for those segments which are margin accretive as well as high growth.

If you look at -- we also acquired a distributor in trade generic, which again enjoys a higher growth profile and a higher margin profile. So, our internal guidance is that we should chase those business segments which can deliver higher growth as well as a higher margin.

Bhargav: Okay. And sir, when we were speaking to a few chemists, they were of the opinion that from 15th of August till maybe 15th of September, they had reduced procurement significantly because of the GST changes which have happened. But despite that, how did we manage to have such a high revenue growth?

Prabhat Agrawal: So, you look at, for example, out of 90 days in a quarter, only 15 days were impacted, or less than 15 days. I estimate that probably our revenue growth would have been 1% higher, if that GST change would not have happened.

Bhargav: Okay. And did the GST transition also impact cash flow, meaning had the GST transition not happened, would we have been CFO positive in the first half itself?

Prabhat Agrawal: No, not materially because the impact of GST change would come in the second half of the year because from 22nd September onwards, we started billing customers with lower GST rate. So, most of the receivables sitting on 30th September were with a higher GST rate only. But by December, by March, all these receivables will be replaced by new receivables, which will carry a 5% GST rate. So, the positive impact on cash flow from GST change would happen in H2 of this year.

Bhargav: Okay. So effectively, because of the GST change, the receivable itself will fall by close to about 13%.

- Prabhat Agrawal:** Will fall by 7%. Difference between 12% and...
- Bhargav:** Sorry, 7%. Yes.
- Moderator:** The next question comes from the line of Yashowardhan Agarwal from IIFL Capital Services Limited.
- Yashowardhan Agarwal:** Thanks for this opportunity. Just a couple of clarifications. Sir, if I look at the Slide number 6, it is mentioned that we are on track to meet INR1,000 crores of revenue from acquisitions. So, but it is also mentioned in the same, that it depends upon the deals that we are going to close till FY26. But sir, in the earlier guidance, INR1,000 crores of revenue should have come from the acquisitions that we did in last year, the INR290 crores that we have spent. So, could you please clarify on that?
- Prabhat Agrawal:** Yes. So, the deals that we closed last year will anyway come this year. I mean the full year impact would anyway come this year. For this INR1,000 crores, we are talking about the deals that we are closing this year. The full INR1,000 crores of these new deals will not appear in our revenues for this year. The full year revenues will appear next year. So, for this year, the revenue growth is driven by three things. One is organic growth. The second is the full year impact of last year's deal close and the partial impact of deals closed during the year.
- Yashowardhan Agarwal:** Okay. Got it, sir. So, this INR1,000 crores is incremental from the acquisitions that we are going to do in this year? Is that assumption right? This INR1,000 crores that you have mentioned in the PPT is going to be driven by the deals that we are going to do in FY26?
- Prabhat Agrawal:** Yes.
- Yashowardhan Agarwal:** And exclusive of the deals that we had done in last year? Okay.
- Prabhat Agrawal:** Yes, last year we have done close to INR1,000 crores. Yes.
- Yashowardhan Agarwal:** Got it, sir. Pretty much clear. In first half, we had spent around INR80 crores in acquisitions. So, what amount would be spending in the second half to achieve this INR1,000 crores?
- Prabhat Agrawal:** Upwards of INR400 crores.
- Yashowardhan Agarwal:** Upwards of INR400 crores. Ok.
- Prabhat Agrawal:** Yes.
- Yashowardhan Agarwal:** Okay. And sir, how do we intend to finance it?
- Prabhat Agrawal:** Yes. So, we will -- as we said, we have an operating cash flow generation in H2 of this year. That will come into play. The second is we have an existing cash of close to INR280 crores on our balance sheet. We'll be using that. And if need be, we will take some additional debt.
- Yashowardhan Agarwal:** Okay. So additional debt will be required for that?

- Prabhat Agrawal:** Yes. It depends on how much cash flow generation happens in H2 of this year plus the cash that we have available on this balance sheet. If there's some shortfall, we'll raise through debt.
- Yashowardhan Agarwal:** Got it, sir. And sir, in the initial remarks, you said that we are confident of achieving the guidance that we have given of 30% growth. And so that means 35% growth in the second half. So, sir, are we confident of achieving that?
- Prabhat Agrawal:** No. So, you should look at the numbers differently. What we are saying on a like-to-like basis. So, like-to-like basis, our growth for H1 was 27%, okay, 27.8%. We changed the revenue recognition method at beginning of this year that impacted our growth by 2%-3%. So, adding back that growth rate on a like-to-like basis is 27.8% for this year. So, if you do the math, on the second half of the year, the revenue growth has to be 31% to achieve a 30% overall growth for the year. So, depending on how close we are able to bring in the revenues of these new acquisitions in the books, we should be close to our guidance.
- Yashowardhan Agarwal:** Got it, sir. And sir, my last question is on the MedTech revenue. So, the acquisitions that we are currently doing in this year, in many of them, we are not acquiring 100% of the stake. So out of the INR1,000 crores that we are expecting, what share of the revenue would belong to us and the profit on the same?
- Prabhat Agrawal:** See revenue, so 100%, we'll consolidate 100% books of these acquired entities. So, line-by-line consolidation would happen. But our blended ownership on these deals is around 63%.
- Yashowardhan Agarwal:** Okay, sir. So, 63%...
- Prabhat Agrawal:** And we also have a call option to acquire the rest. So, we can exercise the call option in future years to acquire the rest of the -- over a period of 2 to 5 years.
- Yashowardhan Agarwal:** Okay. We have a call option. And sir, that would be at the similar levels of valuation that we have acquired currently, right?
- Prabhat Agrawal:** Yes.
- Moderator:** The next question comes from the line of Avnish Burman from Vaikarya.
- Avnish Burman:** Prabhat, can you give us some color on the gross or EBITDA margins of Anand Chemiceutics, because I couldn't find any data on the -- from the MCA records.
- Prabhat Agrawal:** Yes. So, the company is -- it's a combination of 2-3 companies, some is proprietorship, some is partnership and one is private limited. So, you may not find data on all that. We'll integrate into one entity before we take over. But gross margins are mid-double digits and EBITDA margins in upwards of 10%.
- Avnish Burman:** Okay. And for Bioaide also, when I was looking at the data, at least -- I mean, the data is available till FY24, where the gross and EBITDA margins were showing at 11% and 1.5%, which is quite uncharacteristic for a medical device distributor. Am I missing something here? Or this is...

- Prabhat Agrawal:** Thing is when we diligence the EBITDA, we diligence what will come to us. Sometimes they draw much higher salaries in the company to reduce the profitability. So, we add back all those things, because we agree a new remuneration and everything payouts with them when we take over. So, again, a double-digit margin acquisition.
- Avnish Burman:** Okay. So, when you talk about valuation, that is on the adjusted EBITDA, the EBITDA that you would realize after the takeover takes place?
- Prabhat Agrawal:** Yes. We make all the adjustments, the new rentals for the premises, the new remuneration that we will pay for, any other compliance costs we will have to incur because the other guys are not doing in the same way that we want to do. So, all these adjustments, we do and calculate the adjusted EBITDA going forward. Based on that, we pay the multiple.
- Avnish Burman:** Understood. And one thing on the GST, you said that the receivables will come down. But when you talk about your net working capital and receivable days, you anyways adjust for the GST. So, in terms of receivable days, that number will stay irrespective of whether the GST is at 12% or 7%. Am I right?
- Prabhat Agrawal:** The days will not change because of this. Only the absolute value or the cash flow will change.
- Avnish Burman:** Understood. Last question from my side. The INR1,000 crores of inorganic revenues that you have mentioned on the slide, in your opening remarks, you said that this INR1,000 crores is coming from 14 deals, whereas in the slide, it says the number of deals to be 7. Is that 14 or 7?
- Prabhat Agrawal:** Sorry. It's my error. 7 not 14.
- Moderator:** The next question comes from the line of Sudarshan from ASK NDPMS.
- Sudarshan:** Congrats on good set of numbers. So, my question is. I understand this month of September, we saw some impact on GST, the rates coming down. So, you mentioned, if I'm correct, the growth would have been higher if the GST wouldn't have happened. Would it be possible that -- see, because we're already seeing that October month is better primarily because of that and the IPM, that part of the sales, which otherwise wasn't filled would primarily get filled probably in the ensuing months? That is one.
- The second question that I would like to understand is, we are now seeing the GLP-1 category gaining fair amount of momentum. And given that you have a fair wide portfolio in that sense, how do we see us capitalizing on the GLP-1 opportunities?
- Prabhat Agrawal:** Okay. Let's take question number one, which is the impact of GST on the growth. I said, we estimate that probably 1% of growth was lost because of GST change for last 15 days of September month.
- Secondly, you asked about GLP-1. So GLP-1, we are engaging with all the GLP-1 drug manufacturers. We are working closely with Eli Lilly. We are working with Wegovy. So, we have a decent representation in GLP-1 category because there are only two drugs available right

now. Next year when semaglutide goes off patent, then we will have a lot many more manufacturers coming into play. And like any portfolio, we will have GLP drugs in our portfolio also. I believe our share in the GLP drugs is a little higher than our overall market share because there are only two drug companies, and we have a nationwide reach and these drugs are high value, not available so easily. So, our market share probably is higher in these drugs compared to other drugs.

Sudarshan: Sure. And do we see this opportunity that is getting created to be somewhat like an additional source of revenue growth for us?

Prabhat Agrawal: I don't have an estimate of how much -- it depends on how much this growth will impact the overall IPM, because our growth is more linked towards overall IPM growth. If this drug impacts the overall IPM growth significantly, yes.

But on GLP-1, it's more direct-to-patient this thing. So, we are selling online also this drug, offline also to retailers and through our retailers to the patients as well. So yes, I mean, I'm pretty excited about this -- the growth opportunity that GLP-1 brings, not only to us, but to entire industry.

Sudarshan: Sir, on the strategy side, I mean, we have been making a fair amount of acquisition on the MedTech and you talked about this INR1,000 crores with the acquisitions. I'm looking at more strategically and from a longer-term basis. If I'm saying that the next 2 to 3 years, now that we will start generating operating cash flow, which means that we have more money to basically acquire freely in that sense.

So, in terms of proportion of sales and basically creating a new avenue of visible growth and business for us, how do you see the MedTech beyond the INR1,000 crores evolving? And second sub-segment of this is, this year, we are definitely on course to achieve 4% if everything goes well in the same direction. If I'm looking at the next 2 to 3 years, given that MedTech has a much better margin profile, where do we see this kind of margins, say, in the next 2 years also?

Prabhat Agrawal: So now with these acquisitions post consolidation, the representation of MedTech in our business will be 14%-15%. And in terms of margin, I've already given you an estimate in our investor deck. We expect that at least 50 to 75 basis points on overall consol financials, this will have. So, if we were at Q2 at 4%, then post closing of these deals, we should be between 4.5% to 4.75%. That's my estimate as of now based on what financials they had before we acquired them. So, of course, there will be growth element on top of it and things like that. So, the margins this year, as we have guided that we should be closing 4% plus. So, assuming that all these acquisitions and MedTech will have a full year impact in the next year. So, our margins would be much higher than what we have today.

Moderator: The next question comes from the line of Manan Vandur from Wallfort PMS.

Manan Vandur: Congratulations on the numbers. Sir, my one question was that what -- at what percentage are our previous acquisitions growing at?

- Prabhat Agrawal:** That is organic growth. 13.8%.
- Manan Vandur:** Yes, like what we would have acquired previous year or previous to previous year, those, how much they are growing at? How much they grew at in this quarter?
- Prabhat Agrawal:** This means like-to-like. So, which were there in last year also and this year also. That's how we calculate the organic growth.
- Manan Vandur:** Correct. Correct. So how much that would be, sir?
- Prabhat Agrawal:** It was 13.4% for the quarter and 13.8% for the first half.
- Manan Vandur:** Okay. Okay. Got it. And sir, about this one -- I heard from one participant talk about a company which had EBITDA margins of something 10% or more. Could you please explain us something more on that company?
- Prabhat Agrawal:** So, most of the MedTech distributors are enjoying 10% plus EBITDA margins. So that's very synergistic to our existing business. So that's the reason we are building our portfolio in MedTech much more going forward.
- Manan Vandur:** Okay. So, our current margins of 4% are because of some other business that we have is less margin business.
- Prabhat Agrawal:** Yes. There is a stark difference between the margin profile of a MedTech distributor versus a pharma distributor.
- Manan Vandur:** Correct, correct. Got it. That's it from my side. Thank you so much.
- Prabhat Agrawal:** But pharma kind of brings a lot of volumes. So, it's important to be present in both.
- Manan Vandur:** Okay. So how are we looking forward to -- in this sense, like going forward, how much are we planning of getting from this MedTech side so that our margin keeps on improving in the future? How are we looking at that, sir?
- Prabhat Agrawal:** That's the reason why we allocated 60% of our M&A to MedTech this year. Last year, we had allocated almost 25%. So continuously, we are increasing the weightage of MedTech in our overall business portfolio to drive up our margins. And the segment itself is growing higher.
- There's a lot more things that you can do with MedTech because MedTech is again a very, very fragmented industry from the supplier point of view also. So, we are engaging with a lot of companies that want to come to India, open up their business in India, and we give them a platform to do that with us.
- Moderator:** The next question comes from the line of Akshat Mehta from Seven Rivers Holding.
- Akshat Mehta:** Congratulations on a good set of numbers. Sir, one question I had a clarification on is that this 20% growth that we've got in the current year, the reason -- main reason for it not being closer

to 27%, 28% is only the delay in acquisitions, right? Or is there some other impact that we are missing also?

Prabhat Agrawal: No, primarily delay in closing deals because when we had given 30% revenue growth guidance for this year, there were three components of it. One was organic growth. The second was calendarization impact for last year acquisitions in this year and the third was new deals. So first two are in line. The third one, there is a delay, delay in the sense that we should have closed more deals in H1 than in H2, because that has a full year impact on, I mean, impact on the overall full year revenue growth. So, if you look at the presentation that I've done, almost 80% of deals are getting closed in H2 and only 20% of deals got closed in H1. So that imbalance of 20% and 80% is creating that lower than guided revenue growth in the first half of the year.

Akshat Mehta: Okay. Sir, my second question is on -- I just want to understand why has there been a large increase in other expenses and interest costs during the quarter?

Balakrishnan Kaushik: So, increase in interest cost is mainly driven by the fact that we are utilizing money on acquisitions as well as on payment of milestone-related payables from last year acquisitions. So as and when we use the IPO money, obviously, my net interest cost will go up. That's the reason, because we had about a much larger cash balance at end of last year versus the cash balance we are currently having, which is about INR283 crores.

Akshat Mehta: And other expenses, sir. We have seen INR40 crores of other expenses this quarter, right? What is the reason for that?

Balakrishnan Kaushik: So, there are a couple of things there. So, there was a reclassification that was done between the revenue and the expenses on certain commission expenses, because of the nature of those commission expenses. Plus we also have some amount of ECL provisions that we've taken during H1. So based on the model that we do for expected credit losses, we've also taken about around INR3 crores of ECL in H1.

Moderator: The next question comes from the line of Divy Agrawal from Ficom Family Office.

Divy Agrawal: Sir, firstly, I recently visited the warehouse of Galaxystar, and I was surprised to find that the automation use there was minimal. So, to operate Entero, a) at such a large scale, and b) across locations with so many present and future acquisitions planned, one might assume things that the systems would be far more automated. So, what are the gaps in automation? And how are you working to address this with speed and accuracy?

Prabhat Agrawal: So, you know, to operate in 113 warehouses in the country and having 100,000 customers and 80,000-plus stock keeping units, you can't function without having very good systems. So, from when we started Entero itself, at that time only we started building our own enterprise resource planning system. So, our ERP is our own self-developed. That's the reason why we are able to integrate our systems with WhatsApp, with messaging, with Amazon, with various other customers. Because the source code belongs to us. We can do customization, we can integrate with anyone.

So, we have invested quite a bit of money and time and resources from starting -- from beginning of the company in developing our own in-house systems, ERP systems. We have also developed our own customer interface system, which is Entero Direct app on which the customer places order. That app is integrated with our own ERP. So, it helps the customers to kind of see our inventory, place orders. Once they place the orders, the orders are immediately invoiced. So, the turnaround time is much lower. The fill rate is much higher to the customer. That the technology intervention that we have done since beginning of our journey has helped a lot in this, the way we have expanded our network across so many parts of the country.

We have a clear visibility of what inventory is lying. We have invested a lot in master data management, where we have standardized- because in India, just so many SKUs are there, similar founding names in medicine. So, unless you have your own master data management, mapped to individual. See, whenever we are buying a local distributor, first thing we are doing is mapping his product codes to our centralized product codes. So, we can have a clear visibility of the same product lying in so many warehouses - where we can exchange between each other, move inventory from one where the demand is more than the supply to -- from where we have lower demand than supply. So, all these things, efficiencies, integration, synergies are happening only through the tech investments and team that we have built over many years.

Divy Agrawal: Right. So just to emphasize on this, so what are the particular gaps that are you currently facing? If there are any, can you highlight that?

Prabhat Agrawal: There's no major gap, but tech is one phase which is continuously evolving. You keep building new features. You keep improvising. Like, for example, now we are building an app called HealthEdge app. In HealthEdge app, there is a lot more engagement that we can have with the customers. Loyalty programs can be run through integration with Paytm, through cashback offers and things like that.

So continuously, new features are getting developed, which will enhance the customer experience, our engagement with the customers. So, it's a continuously evolving process. The technology is something that you can't develop once and sit tight. You have to be on your toes all the time to be ahead of the market.

Divy Agrawal: Right. Got the point. And secondly, sir, on the Suprabhat disinvestment, so what was the reason for that? The company was, I guess, still profitable and you were...

Moderator: I'm sorry to interrupt, Mr. Divy, but may you please fall back in the queue for your more questions?

Divy Agrawal: Sure. Okay.

Prabhat Agrawal: I will just answer this question. So Suprabhat is an investment that, you know, we bought this company, but there is a little bit of misalignment that which happened with the seller. And that territory, we can service from various other geographies. So, we said it's better to -- we take the entire money back along with the interest in all that and we reversed the transaction.

- Moderator:** The next question comes from the line of Shivkumar Prajapati from Ambit Investment Advisors.
- Shivkumar Prajapati:** Congratulations on great set of numbers. Sir, first question is the IPM growth for the October month is somewhere over 11%. So, is it safe to assume that Entero might have clubbed over 30% of the...
- Prabhat Agrawal:** Shiv, can you repeat your question, please?
- Shivkumar Prajapati:** Yes. Hi. So, sir, my question was that in October month, the IPM growth was around 11.7%. So, is it safe to assume that Entero might have clocked more than 30% growth in this month, given some sort of pent-up demand as well?
- Prabhat Agrawal:** No, I don't think the growth is that high.
- Shivkumar Prajapati:** Okay. Okay. Understood.
- Prabhat Agrawal:** Not in October, but I can tell you that delta growth is not that high for the industry.
- Shivkumar Prajapati:** Understood, sir. Okay. And sir, on this cash flow, so already you have mentioned that cash flow from operations would turn positive for us by the end of this year. But is it possible that we can see the same in the first 9 months? I mean, we have already completed 2 months. But by the end of 9 months, would we see cash flows positive?
- Prabhat Agrawal:** So, what we have guided is that full year basis, we should be INR100 crores plus in operating cash flow positive balance. How much will happen in quarter 3 and quarter 4, it is difficult for me to give estimate because there are a lot of ongoing initiatives going on in terms of working capital optimization and things like that.
- So, but I can tell you the full year it will be positive. And if we have to be on a full year basis that much of positive. And given the fact that we were negative in the first half of the year, that means third and fourth quarter has to be significantly positive.
- Shivkumar Prajapati:** Understood, sir. And sir, my last question would be if you can help me with some data points. So, we are already handling more than 80,000-85,000 plus SKUs. So, what would be the total estimated SKUs in the pharma industry? And if you can provide revenue split by Tier 1, Tier 2 and beyond, if that is possible for you to share?
- Prabhat Agrawal:** So, in pharma industry, probably SKU could be more than 150,000.
- Shivkumar Prajapati:** Understood. Okay.
- Prabhat Agrawal:** Nobody has an exact line.
- Shivkumar Prajapati:** And sir, what about revenue split by Tier-wise?
- Prabhat Agrawal:** Tier 1, I mean, we have not given that split. Maybe our team will work it out and give it to you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to management for closing comments. Over to you, sir.

Prabhat Agrawal: Well, thank you, everyone, for joining this call. We are firmly on-track, the momentum is much higher. We have done and selected some quite attractive MedTech opportunities. We will continue to work on that. And the second half momentum is going to be better than the first half. Thank you so much for joining the call.

Moderator: Thank you, sir. On the behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.