



Everything in Pharma... Everywhere in India...

Entero Healthcare Solutions Limited

Investor Presentation – August 2024

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Q1 FY25 Financial Highlights





Prabhat Agrawal
Promoter, Managing Director and CEO

We are happy to report another quarter with industry leading growth. The company reported consolidated revenues of Rs. 1,097 crore, marking a 22% y-o-y increase from Rs. 899 crore in Q1FY24. This growth significantly outpaced the Indian Pharmaceutical Market (IPM) growth rate of 9% during the same period.

The gross profit for the quarter was Rs. 100 crore, representing a 26% increase over the previous year, with a gross margin improvement of 27 basis points to 9.1%. This was driven by procurement efficiencies and better product mix.

Our strategy remains focused on capitalizing on industry consolidation and leveraging our scale, technology, and execution to expand market share. We are particularly focused on expanding our presence in key micro-markets and enhancing our product basket in synergistic segments like medical devices, diagnostics and specialty pharma.

The company has a robust acquisition pipeline and is targeting ₹1,000 crore in revenue from inorganic growth during the current fiscal year. Till date we have announced Rs. 830 crores* worth of revenue acquisitions of which Rs. 315 crores have been closed and Rs. 433 crores would be closed in Q2FY25. These acquisitions are margin accretive with a blended EBITDA margins in range of 6-8%.

Looking ahead, we are poised for continued strong growth. We reaffirm we are on track with our guidance of achieving 35-40% revenue growth for FY25 with EBITDA margin expansion over last year driven by procurement efficiencies, business mix and operating leverage.

* FY24 Revenue of Deals announced

Operational Highlights



Outperforming Market Growth

Entero: 22%

IPM: 9%



Customers (Retailers)

Q1FY25: 60,300+

Q1FY24: 57,300+



SKU's Handled

Q1FY25: 64,100+

Q1FY24: 59,600+



Relationship with healthcare product manufacturers

Q1FY25: 2,000+

Q1FY24: 1,800+



Customers (Hospital)

Q1FY25: 2,500+

Q1FY24: 2,100+



Districts Covered

Q1FY25: 502

Q1FY24: 483



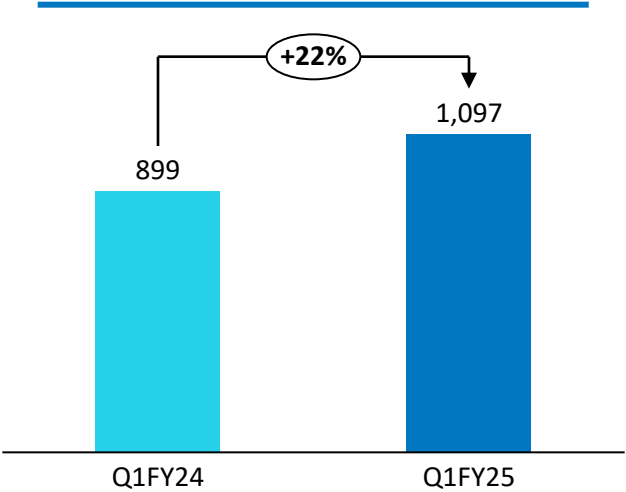
Warehouses

Q1FY25: 85

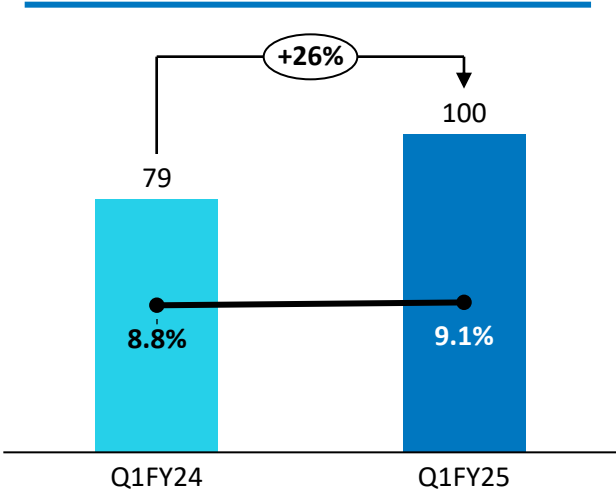
Q1FY24: 73

Consolidated Financial Highlights

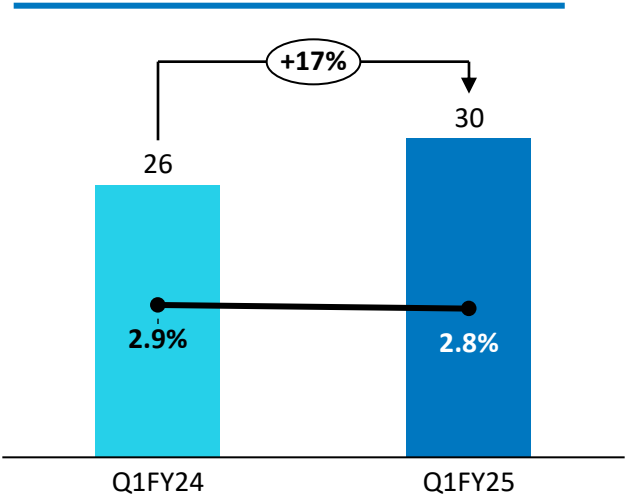
Revenue (Rs. Cr)



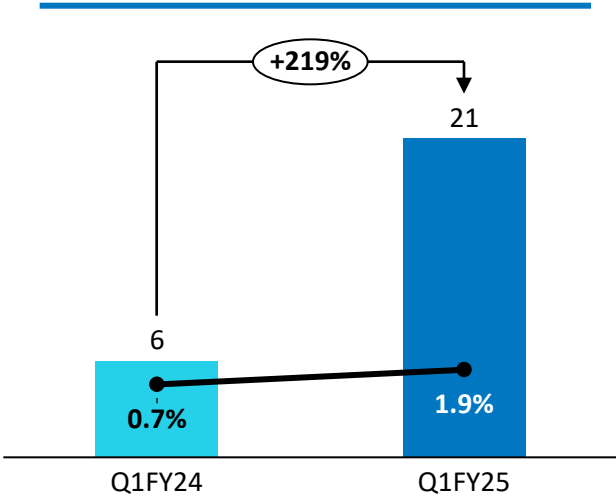
Gross Profit (Rs. Cr) & Margin (%)



EBITDA (Rs. Cr) & Margin (%)

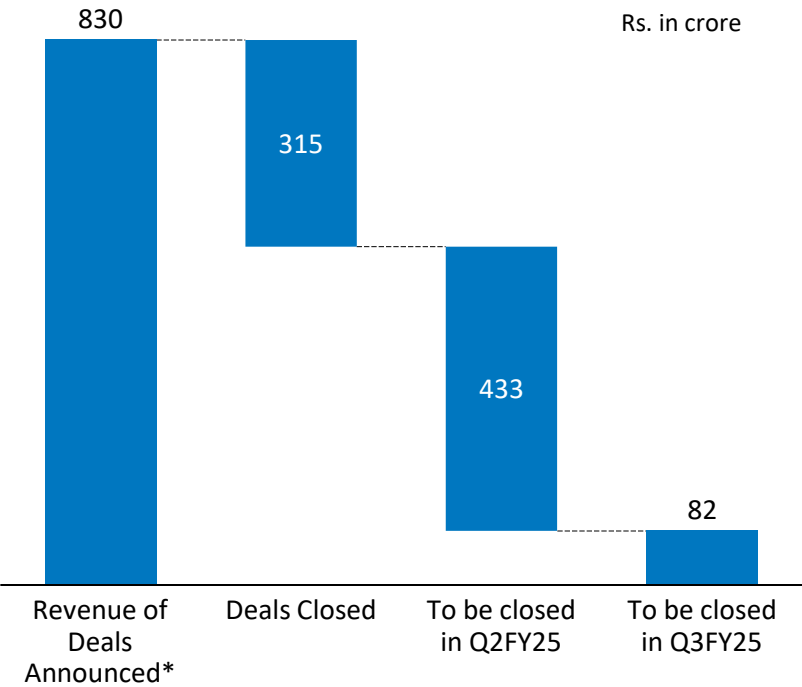


PAT (Rs. Cr)



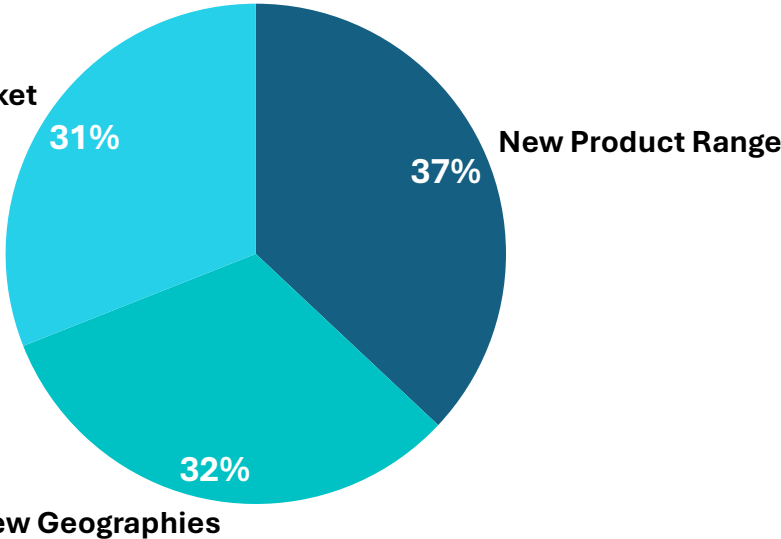
Acquisition Update

On Track to meet INR 1,000 crore Revenue from acquisitions in FY25



Acquisition Objectives / Synergies

Consolidation in existing market



6% to 8%
Blended EBITDA range
of acquired entities

**EV/EBITDA multiple in
single digits**
In line with earlier
acquisitions

Investment incl. value of
net assets **Rs. 305.1 Crs**
(Excl. Earns Out)

77%
Blended Revenue
share/Ownership

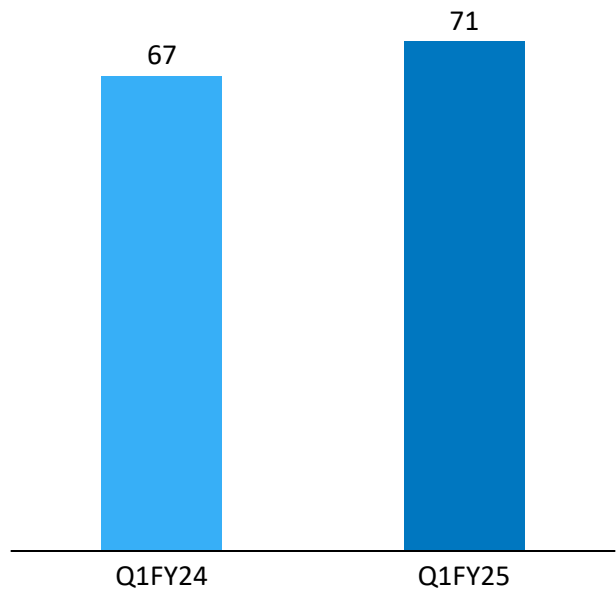
Proforma[#]
Gross Profit: 9.1% → 10.0%
EBITDA : 2.8% → 3.5%
RoCE : 9.2% → ~14%

* Provisional FY24 Revenue of Deals announced till date

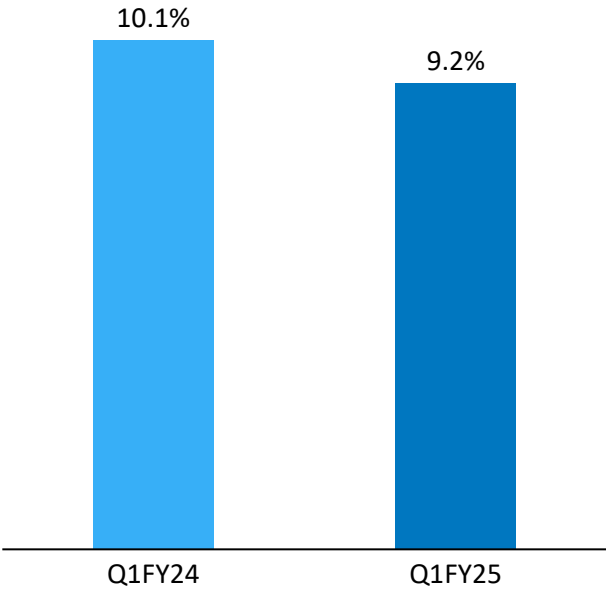
Proforma includes Consolidated (Q1FY25) + Estimated Financials of announced acquisitions based on FY24 financials

Key Balance Sheet Highlights

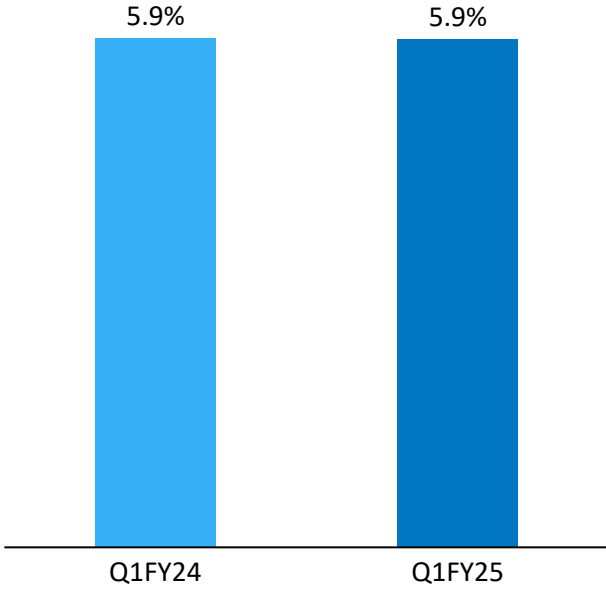
Net Operating Working Capital (Days)



RoCE (%)



RoE (%)



RoCE: EBIT / Average Capital Employed (Capital Employed = Tangible Network + Borrowings + Deferred Tax Liability)
RoE: PAT / Average Tangible Network (Tangible Network = Total Equity (incl. non-controlling interest) – Goodwill – Other Intangible Assets – Intangible Assets Under Development)
In ROCE and ROE Capital employed excludes impact of undeployed proceeds from IPO
Net Operating Working Capital (Days) = (Trade receivables+ Inventories - Trade payables) / (Operating Revenue with GST / 365)

Consolidated Profit & Loss Statement

Particulars (Rs. Cr)	Q1FY25	Q1FY24	YoY%
Revenue	1,097.0	899.2	22%
Cost of Goods Sold	997.1	819.7	
Gross Profit	100.0	79.5	26%
Gross Margin (%)	9.1%	8.8%	27 bps
Employee Expenses	42.8	36.0	
ESOP Expenses	0.7	-	
Other Expenses	26.2	17.7	
EBITDA	30.2	25.8	17%
EBITDA Margin (%)	2.8%	2.9%	-12 bps
Other Income	13.3	1.3	
Lease Rental related Income	0.1	0.1	
Depreciation	2.1	2.2	
Lease Rental related expenses	4.5	3.7	
Finance Costs	8.0	12.9	
Lease Rental related expenses	1.7	1.5	
Profit Before Tax	27.3	6.9	298%
Taxes	6.8	0.4	
Profit After Tax	20.5	6.4	219%

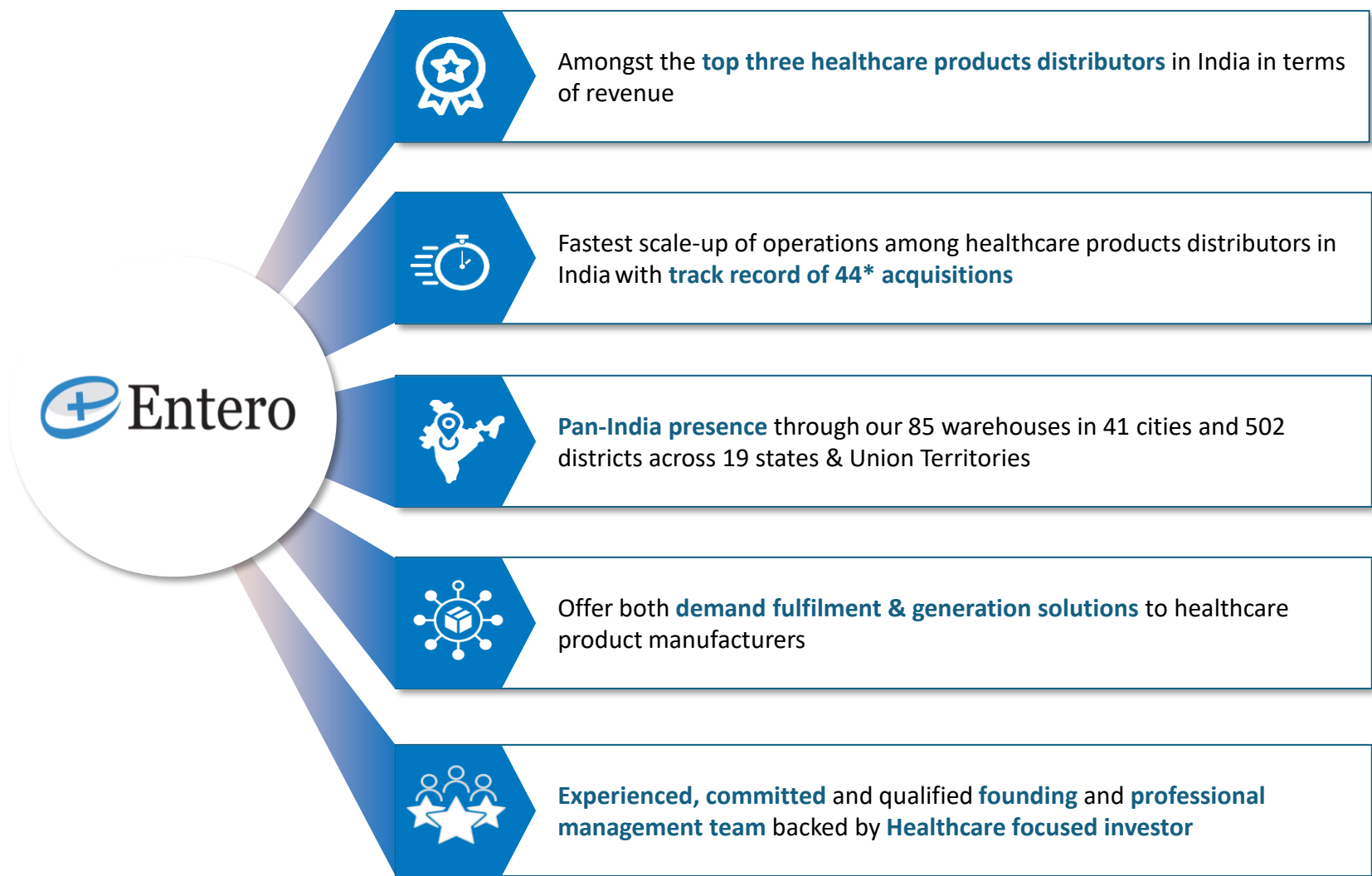
Utilization of IPO Proceeds

Particulars (Rs. Cr)	Amount to be funded from Net Proceeds	Utilized till date	Unutilized
Repayment/prepayment, in full or part, of certain borrowings availed of by our Company	142.5	142.5	-
Funding of long-term working capital requirements of the Company and its Subsidiaries during Fiscals 2025 and 2026	480.0	180.0	300.0
Pursuing inorganic growth initiatives through acquisitions and/or investments	237.0	-	237.0
General corporate purposes	91.8	23.9	68.0
Total	951.3	346.3	605.0

About Us



We are a Healthcare Supply Chain Solutions Specialist



Our Warehouses



*Includes 5 acquisitions announced for which closing will be done in due course of time

Geographical Reach of Distribution Network



Customers

60,300+
Retail Pharmacies
catered to

2,500+
Hospital
customers

2,000+
Supply relationships with
healthcare product
manufacturers

Scale of operations

4,89,852
Total Warehouse
area (sq ft.)

85
Warehouses

~64,100+
SKUs handled

Presence

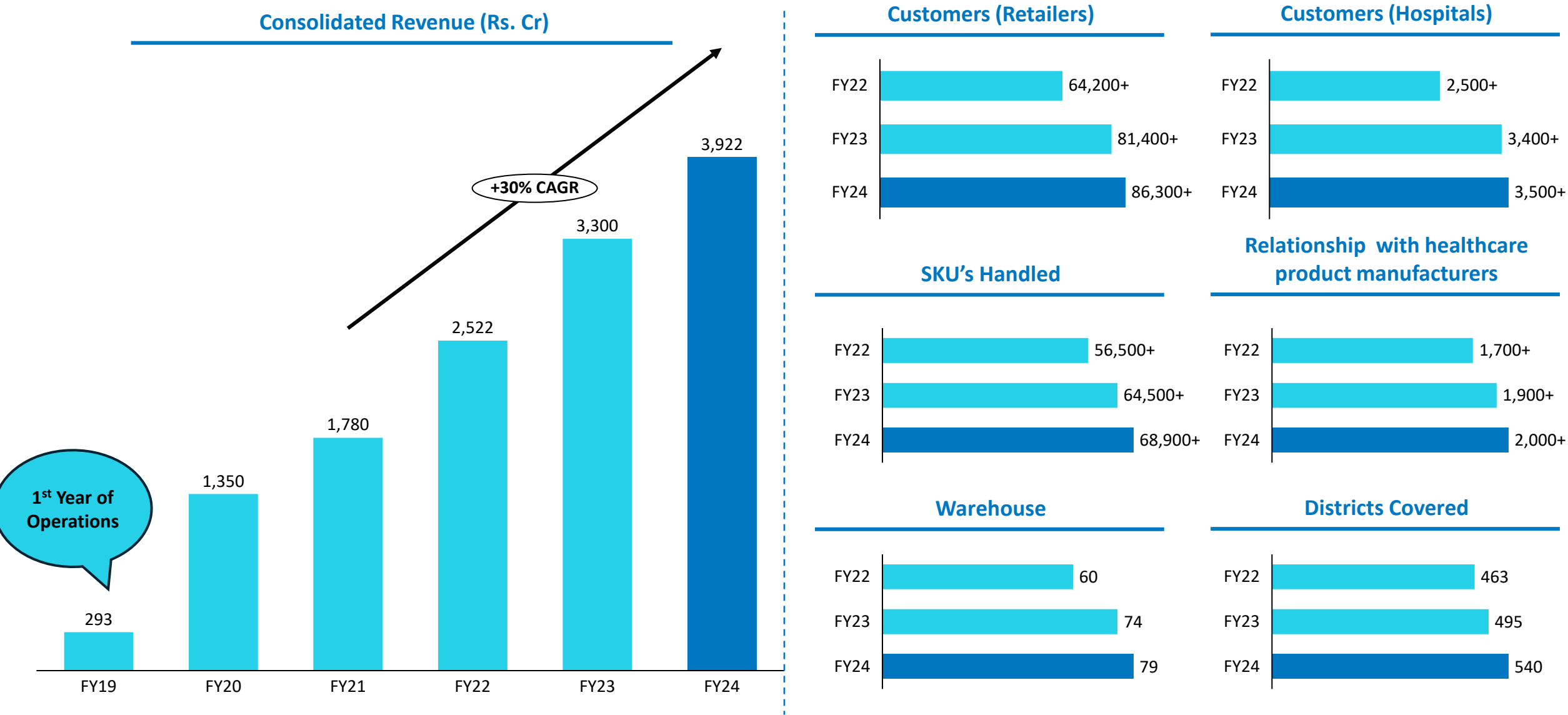
502
Districts covered

41
Cities

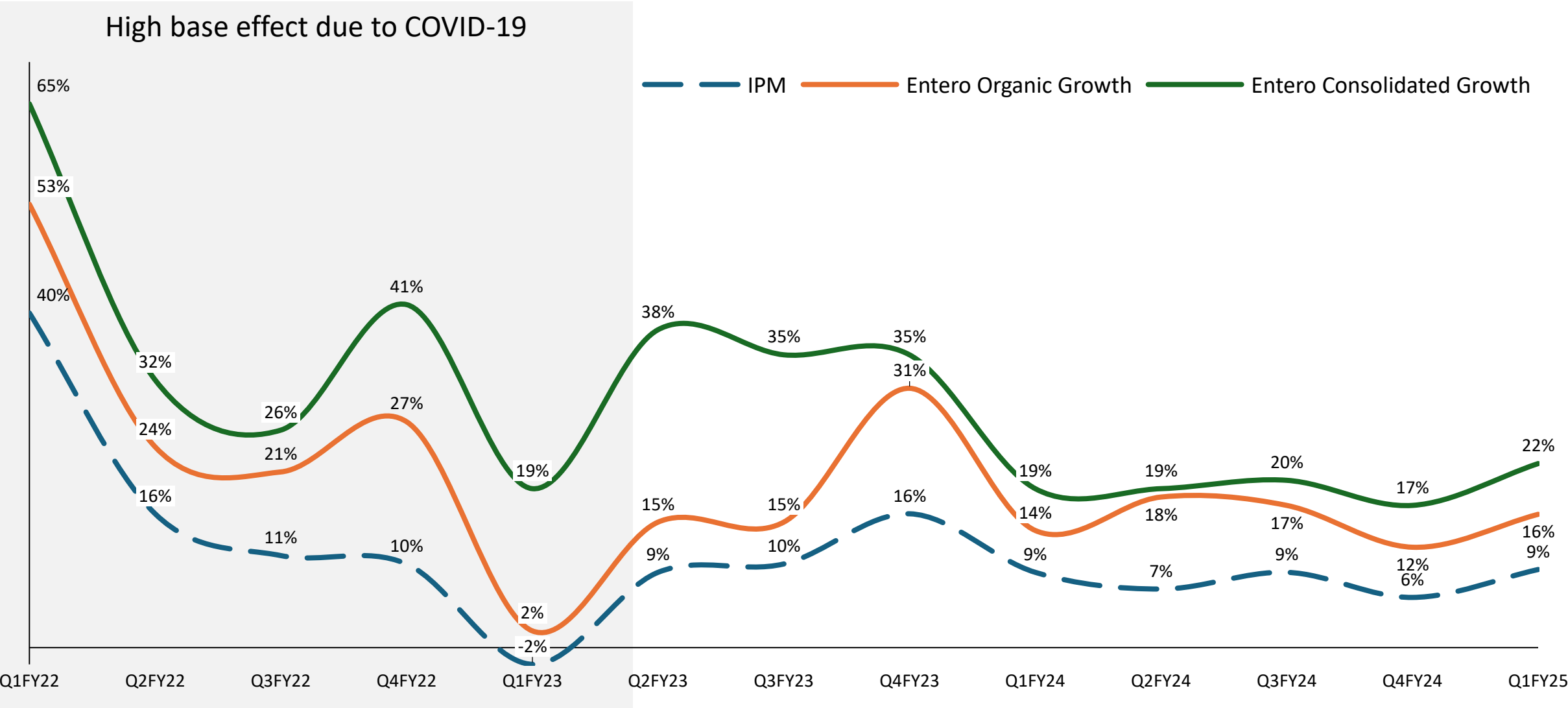
19
States

Notes:
1. Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness
2. As on 30th June 2024

Building a Highly Scalable Business Model



Growing faster than Industry... Gaining Market Share



Strong Board backed by a Healthcare-Focused Investors



Prabhat Agrawal
Promoter, Managing Director and
CEO



Sujesh Vasudevan
Chairperson and Non-Executive
Independent Director



Rajesh Shashikant Dalal
Non-Executive Independent
Director



Sandhya Gadkari Sharma
Non-Executive Independent
Director



Prem Sethi
Promoter, Whole-time
Director and COO



Arun Sadhanandham
Non-Executive Non-Independent
(Nominee) Director



Sumona Chakraborty
Non-Executive Non-Independent
(Nominee) Director



Kevin Rohitbhai Daftary*
Non-Executive Non-Independent
Director

* Subject to Shareholder's approval in upcoming Annual General Meeting

Leadership Team



Prabhat Agrawal

Promoter, Managing Director and CEO

- Previous experience as CEO with Alkem Laboratories, Group CFO with Metalfrio Solutions, Brazil, and as Deputy Operations Director with Frigoglass Industries
- Bachelor's in commerce from Mumbai University and Master's degree in management from The Indian School of Business, Hyderabad
- Qualified Chartered Accountant and a Chartered Financial Analyst
- "CEO Of the Year – 2016" award at the 9th Annual Pharmaceutical Leadership Summit and Pharma Leaders Business Leadership Awards 2016



Prem Sethi

Promoter, Whole-time Director and COO

- Previous experience as Director – Offering Development and Product Management with IQVIA Consulting, Senior Practice Leader with Excellence Data Research Private Limited, and Information Services India Private Limited as Director – Offering Development and Product Management
- Bachelor's degree in pharmacy from Rajiv Gandhi University of Health Sciences and a Master's diploma in Clinical Research and Pharmacovigilance from James Lind Institute
- Business Leader Award from Business Transformation Awards 2021 by Mint and Techcircle



CV Ram

Group Chief Financial Officer

- Previous experience as CFO with API Holdings, Director of Finance and Commercial with Impresario Entertainment & Hospitality, and CFO with Apollo Health and Lifestyle
- Bachelor's degree in commerce from Pondicherry University
- Associate member of the Institute of Chartered Accountants of India
- Featured in the CFO Power List 2019 by CoreMedia as Investor Relations Icon
- Award for exceptional performance and achievement as CA Professional Achiever in healthcare sector by the Institute of Chartered Accountants of India for 2017

Leadership Team



Jayant Prakash

Vice President - General Counsel, Company Secretary and Compliance Officer

- Bachelor’s degree in corporate secretaryship from Pondicherry University, a Bachelor’s degree in law from Delhi University and a Master’s degree in business administration from the Institute of Chartered Financial Analysts of India University, Tripura.
- Also holds an advanced Diploma in Computer Integrated Management (finance and accounts) from First Computers, Patna and is fellow member of the Institute of Company Secretaries of India.
- Has more than 20 years of experience.
- Currently responsible for legal, secretarial, compliance, M&A and legal strategic advisory in our Company.



Sambit Mohanty

President - Institutional Business

- Bachelor’s of science from Utkal University and Master’s Diploma in Business Finance (PGDBF) from Indian Institute of Finance, New Delhi.
- Has more than 24 years of experience.
- Currently responsible for Business Development, Sales and Marketing and Key Accounts in our Company.



Abhitesh Kumar







President - Retail Business & New Initiatives

- Bachelor’s degree of Technology in Mechanical Engineering from BITS Pilani and completed a Post Graduate program in Business Management from IIM Calcutta.
- Has more than 10 years of experience. 8+ years of experience of industry.
- Currently responsible for retail pharma business, business development, supply chain management, and business operation in our Company.

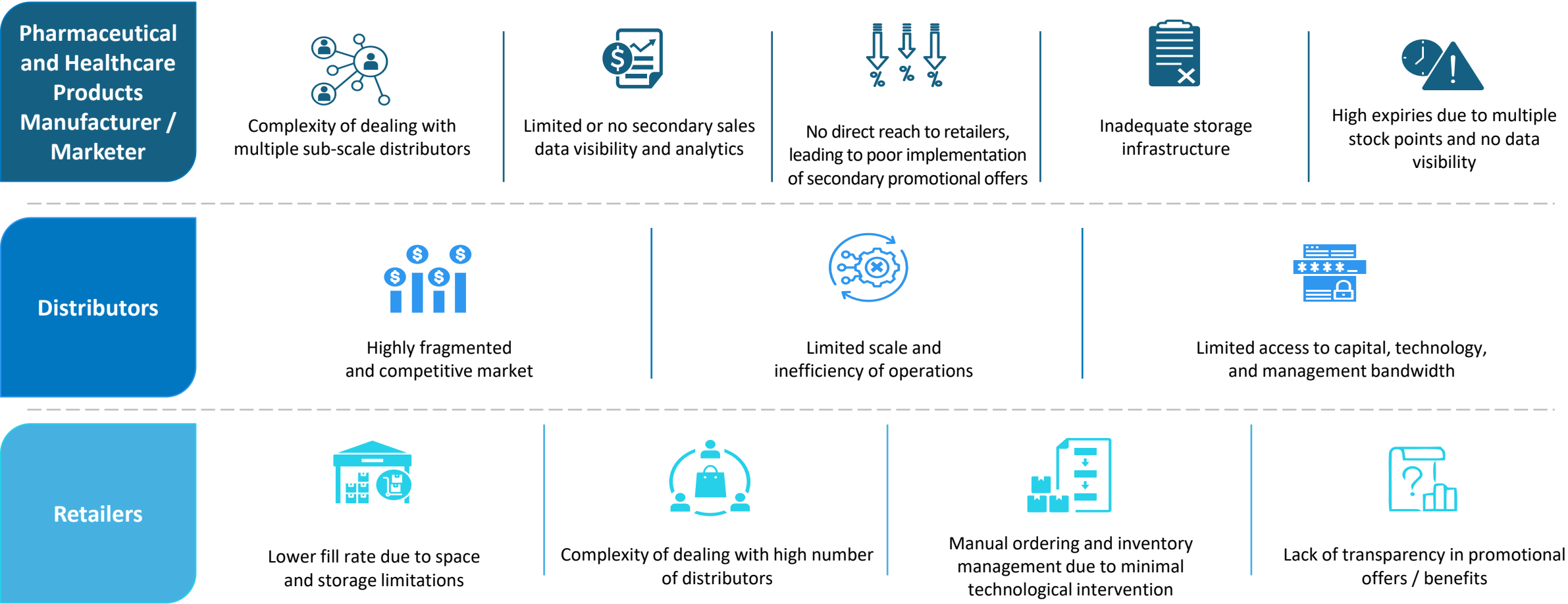
Market Opportunity



Pharmaceutical Supply Chain in India is Highly Fragmented

Player in Value Chain	Typical Functions and Role	No. of Players	Typical Margin range
 Pharmaceutical and Healthcare Products Manufacturer	<ul style="list-style-type: none"> Manufacturing units supplying finished products Marketer for pharma products 	Companies ~3,000 Man. Units 10,500	40 – 60%
 C&F Agents	<ul style="list-style-type: none"> Storage facilities to dispatched goods Sales record and tax details to government 	~3,000 – 5,000	2 – 4%
 Distributors	<ul style="list-style-type: none"> Key supply point for a particular area Distribution to retail and hospital pharmacies Inventory and order management 	~65,000	8 – 15%
 Retailers	<ul style="list-style-type: none"> Last mile connectivity in the pharmaceutical supply chain Face of supply chain with patients / customers 	~900,000	Pharmacy 20–25% Hospitals 35-40%
 Hospitals			
 Physicians			

Key Challenges in the Pharmaceutical Supply Chain



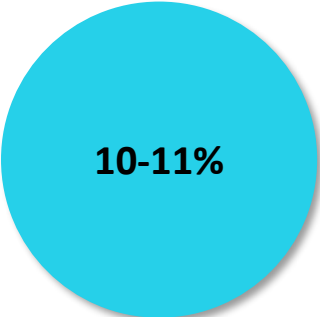
India is witnessing a shift from standalone/traditional distributors to large/national distributors having a wider presence, backed by market consolidation and the need for a reliable and scalable supply channel

Healthcare Products Distribution Market Overview

Large and Growing Target Addressable Market...

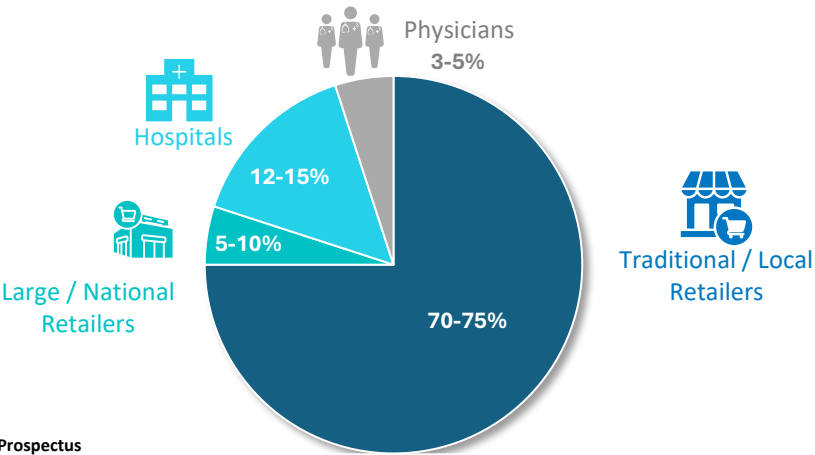


Target Addressable Market⁽¹⁾ (FY23)



Market CAGR
(FY23-FY28)

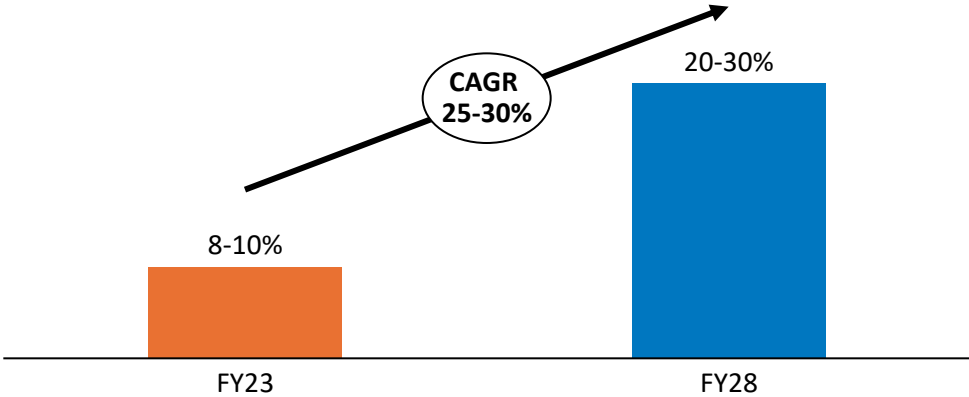
Industry Dominated by Traditional Local Retailers









Source: Prospectus
 Note:
 (1) Target Addressable Market is with respect to pharmaceutical and medical devices (including hospital supply of medical devices and consumables)

...Led by Increasing Share of Large / National Distributors

Share of the total distributor sales for Large / National pharmaceutical distributors



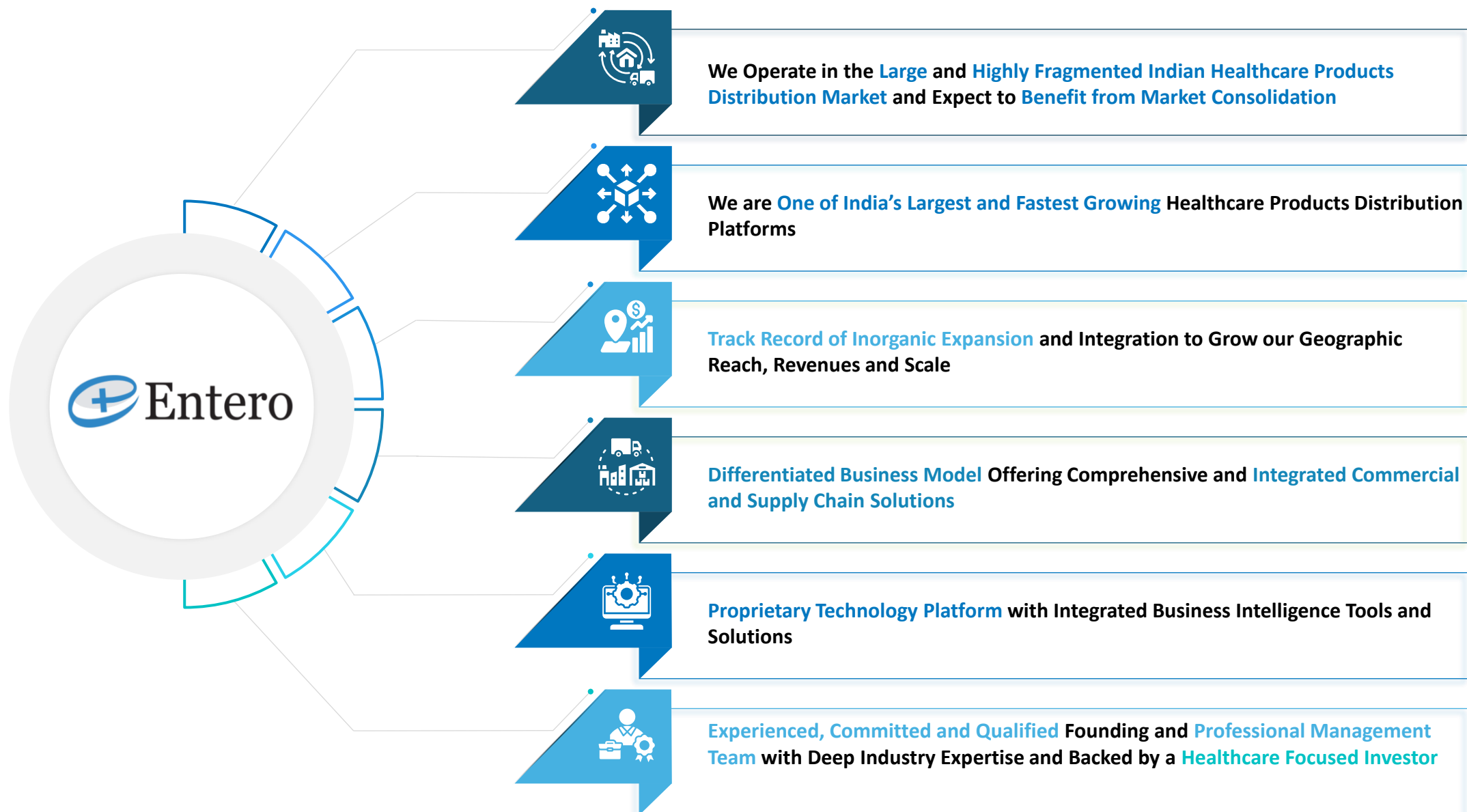
Key Trends

-  Consolidation in the distribution industry
-  Technological advances to support operational efficiencies in distribution
-  Micro-market and regional data opportunities
-  Higher demand for surgical and medical devices
-  Increasing government focus on generics to further support distributors
-  Omnichannel adoption to improve demand for pharmaceutical distribution

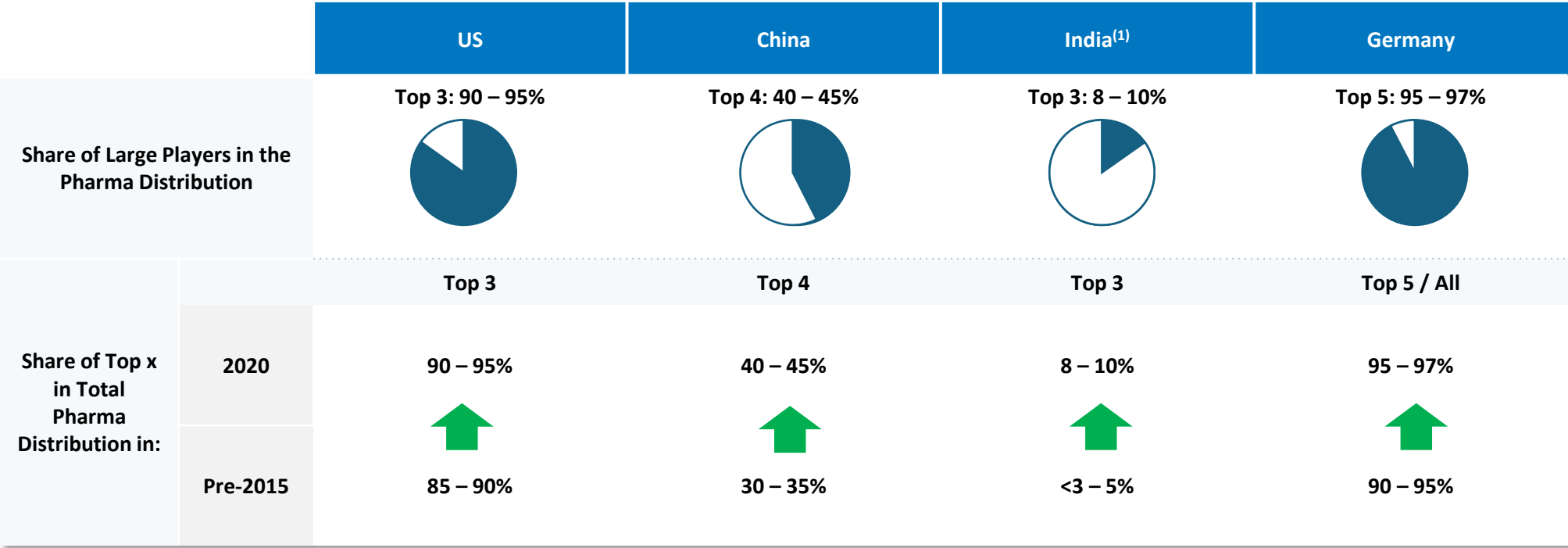
Key Strengths



Key Strengths



Highly Fragmented Market... to Accelerate Consolidation



Market Consolidation is expected in India with share of large / national distributors expected to rise to 20-30% by FY28 supported by multiple factors and Entero is expected to benefit from this trend



Introduction of the Good and Services Tax Regime



Access to Additional Capital



Better Resource Management



Scale Advantages



Technology-driven country-wide distribution network

Source: Prospectus
Note: (1) Indian numbers as of FY23

Geographical Reach of our Distribution Network



Distribution Presence

19 States

41/502 Cities/Districts

Customer Network

60,300+ Retail Pharmacies catered to

2,500+ Hospital customers

Warehouse Infrastructure

85 Warehouse Locations

4,89,852 Aggregate size (Sq ft)

Breadth of Offerings

2,000+ Healthcare product manufacturer relationships

64,100+ SKUs

Notes:
1. Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness
2. As on 30th June 2024

Successful track record of Acquisitions and Integration

Acquisition Strategy



› Take advantage of market consolidation opportunities available



› Pan-India approach towards acquiring and integrating smaller distributors



› On-ground acquisition team to identify acquisition opportunities



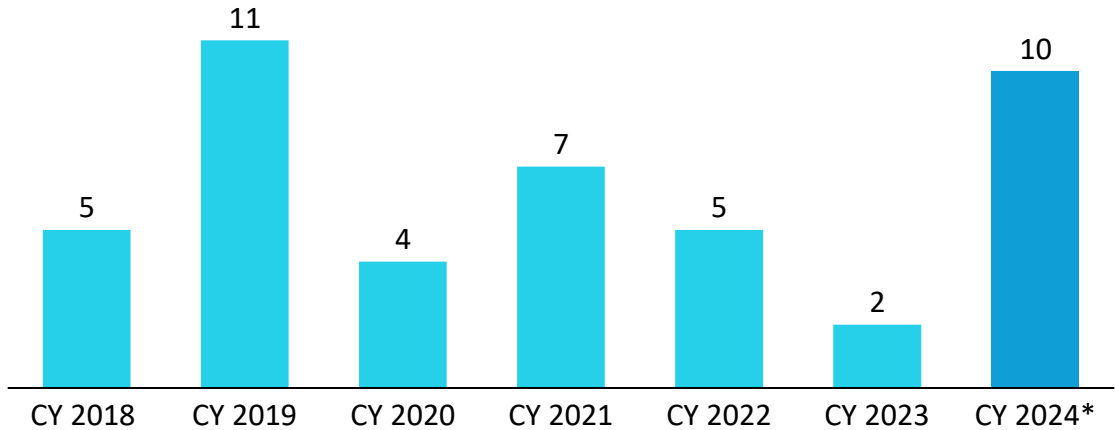
› Integration and growth approach replicable in existing and new geographies

Given our acquisition track record, we have been able to continuously attract distributors to integrate with us

Track Record of Growth of Acquired Companies

Distributor Name	Date of Acquisition	Location	FY21-23 Growth
R.S.M Pharma	14-Aug-2018	Bengaluru	~69%
Getwell Medicare Solution	26-Dec-2018	Kochi	~66%
Galaxystar Pharma Distributors	21-Feb-2019	Mumbai	~60%
Vasavi Medicare Solutions	31-May-2019	Coimbatore, Madurai	~88%
Millennium Medisolutions	07-Aug-2019	Gurugram	~61%
Sesha Balajee Medisolutions	13-Jan-2020	Visakhapatnam	~66%

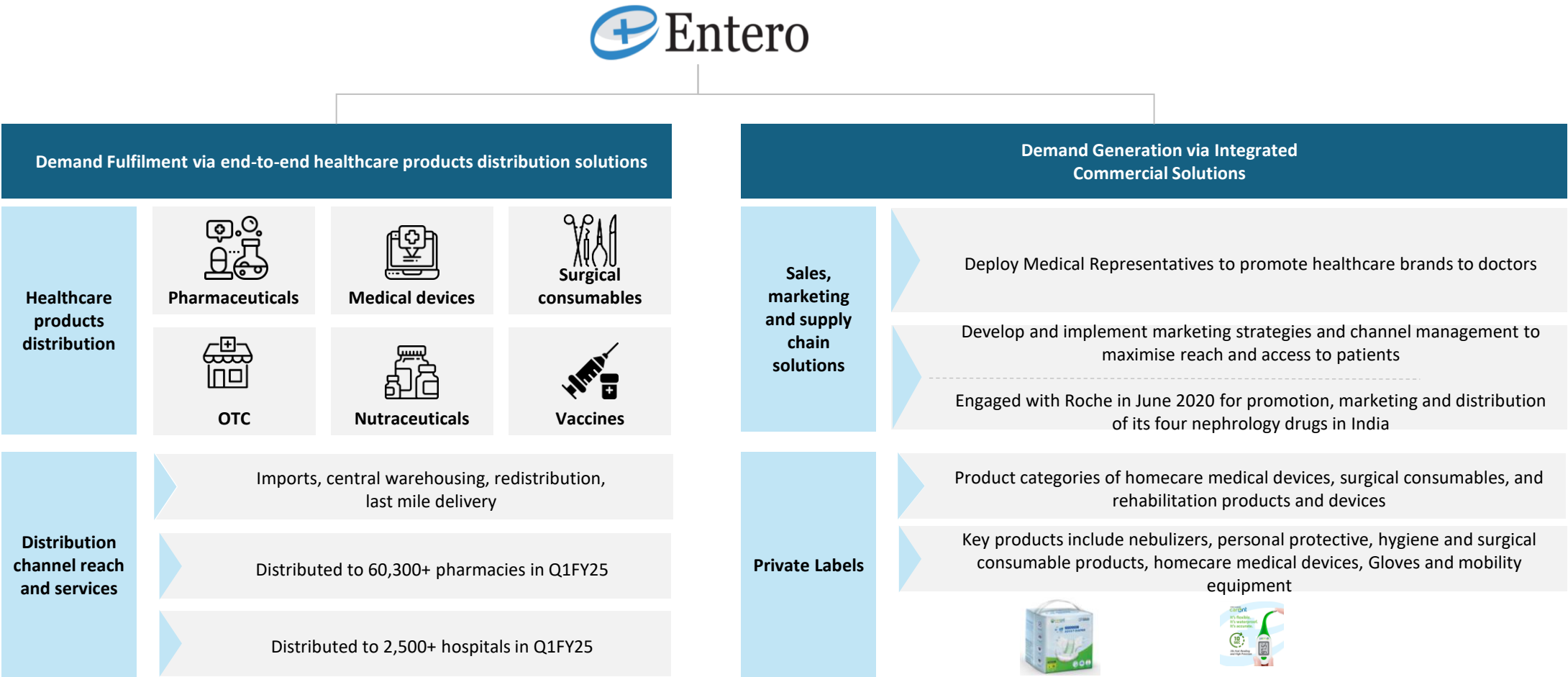
44* Acquisitions Since Inception



*Includes 5 acquisitions announced for which closing will be done in due course of time

Differentiated Business Model

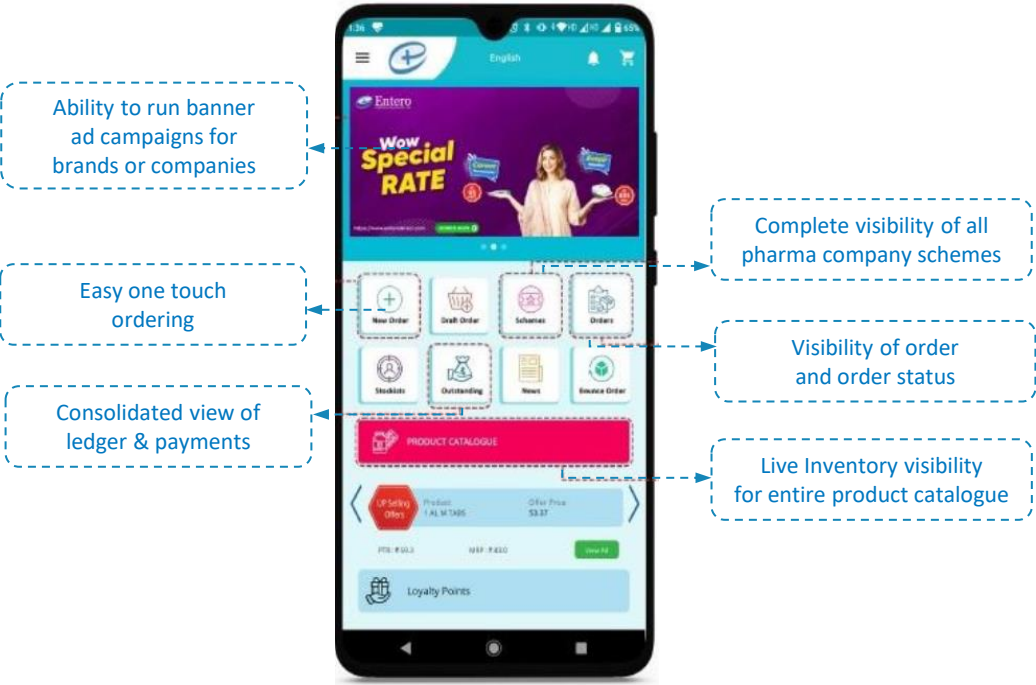
Offers both demand generation and demand fulfilment capabilities to healthcare brands and product manufacturers









Proprietary Technology Platform with Integrated Business Intelligence Tools and Solutions

Technology-Focused Approach Anchored on Our Proprietary Integrated Tech Platforms and Business Intelligence Tools...

Single-interface platform to pharmacies



...To Grow our Operations and Bring Efficiencies in the Healthcare Products Distribution Ecosystem

-  Real time visibility of products, pricing, inventory levels, order status, outstanding balances and promotional offers
-  Platform for healthcare product manufacturers to display their products and run promotional offers to increase visibility and promote their brands
-  Optimize internal operations, performance and productivity of sales and delivery teams
-  Established a “hub and spoke” model by connecting our warehouses and supply points to scale our footprint in a capital and cost-efficient manner
-  Invest in technology at all of our distribution warehouses to enhance fulfilment rates, reliability and product availability
-  Provide healthcare product manufacturers with timely secondary sales and inventory data and market insights on sales in a micro-market for sales strategies



Benefit from healthcare products distribution market consolidation with strategic acquisitions



Strengthen market position through increases in customer base, wallet share and geographic penetration



Pursue comprehensive marketing and distribution collaborations with healthcare product manufacturers



Continue to invest in and leverage our technology, scale and synergistic adjacencies to drive efficiencies and profitability



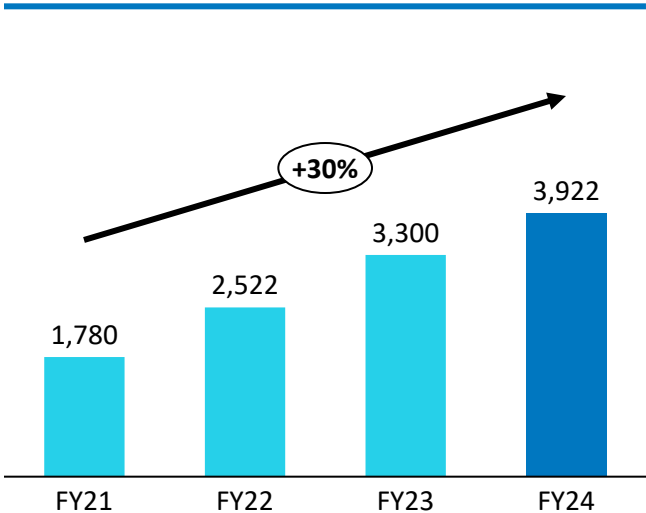
Expand our product adjacencies, private label and service offerings

Historical Financials

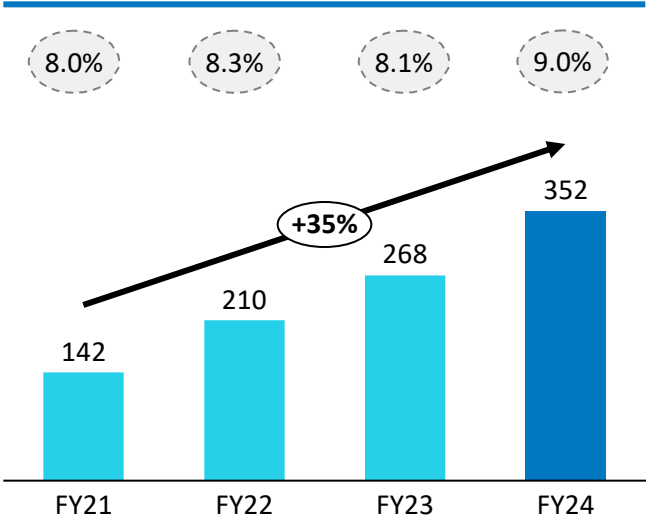


Historical Financial Highlights

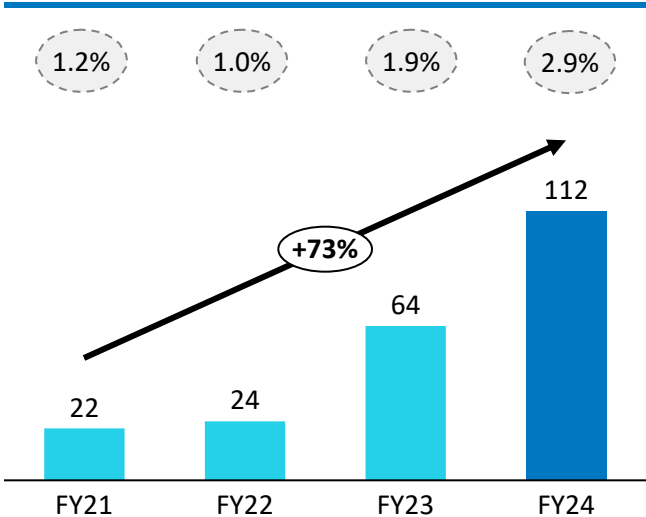
Revenue (Rs. Cr)



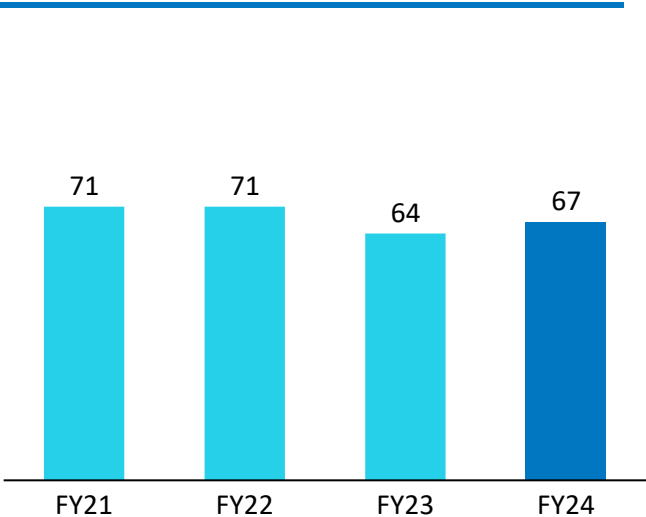
Gross Profit (Rs. Cr) and Margin (%)



EBITDA (Rs. Cr) and Margin (%)



Net Operating Working Capital (Days)*



*Net Operating Working Capital (Days) = (Trade receivables+ Inventories - Trade payables) / (Operating Revenue with GST / 365)

Consolidated P&L Statement

Particulars (Rs. Cr)	FY24	FY23	FY22	FY21
Revenue	3,922.3	3,300.2	2,522.1	1,779.7
Cost of Goods Sold	3,570.4	3,031.9	2,312.4	1,638.1
Gross Profit	352.0	268.3	209.6	141.6
Gross Profit Margin	9.0%	8.1%	8.3%	8.0%
Employee Cost	149.4	128.1	114.8	75.9
ESOP Expenses	1.8	0.0	0.0	0.0
Other Expenses	89.0	76.2	70.4	44.1
EBITDA	111.8	64.0	24.4	21.5
EBITDA Margin	2.9%	1.9%	1.0%	1.2%
Other Income	13.9	4.8	4.1	3.6
Lease Rental related Income	0.5	0.7	0.4	0.3
Depreciation	8.6	9.6	7.7	6.2
Lease Rental related expenses	16.4	14.6	12.0	10.0
Finance Cost	59.9	42.4	22.8	14.2
Lease Rental related expenses	5.8	6.5	6.2	5.9
Profit before Tax	35.6	-3.6	-19.8	-10.9
Tax	-4.2	7.4	9.6	4.5
Profit After Tax	39.8	-11.0	-29.4	-15.4

Consolidated Balance Sheet

ASSETS (Rs. Cr)	Mar-24	Mar-23	Mar-22	Mar-21
ASSETS				
Non-current assets				
Property, plant and equipment	41.0	43.2	45.7	40.9
Capital work-in-progress	-	-	0.6	-
Other intangible assets	3.4	3.8	4.4	2.4
Intangible assets under development	-	-	0.1	2.2
Right of use assets	52.0	53.7	61.7	55.9
Goodwill	192.8	167.0	150.2	89.5
Other financial assets	15.7	7.9	6.7	6.4
Income tax assets (net)	9.9	7.9	4.9	3.3
Deferred tax assets (net)	19.0	2.0	0.7	0.3
Other non-current assets	-	-	0.2	-
Sub-total - Non-Current Assets	334.0	285.6	275.1	200.9
Current assets				
Inventories	421.2	341.6	310.2	243.9
Trade receivables	615.4	514.9	374.6	242.2
Cash and cash equivalents	147.6	25.4	46.5	32.3
Bank balances other than Cash and Cash equivalents	745.5	81.5	58.9	50.5
Loans	0.1	0.6	1.0	0.8
Other financial assets	25.8	10.4	1.5	0.6
Other current assets	55.3	48.8	58.2	62.6
Sub-total - Current Assets	2,011.0	1,023.2	850.9	632.9
TOTAL - ASSETS	2,345.0	1,308.7	1,126.0	833.8

EQUITY AND LIABILITIES (Rs. Cr)	Mar-24	Mar-23	Mar-22	Mar-21
Equity				
Equity Share capital	43.5	4.1	3.9	0.1
Other equity	1,594.6	590.9	557.2	485.3
Non-Controlling Interest	3.3	2.6	2.2	1.7
Sub-total - Shareholders' funds	1641.4	597.7	563.2	487.1
LIABILITIES				
Non-current liabilities				
Borrowings	45.5	31.1	37.1	-
Lease Liability	49.0	50.0	57.7	53.2
Provisions	7.1	5.4	4.4	2.7
Deferred tax liabilities (net)	0.0	0.7	1.7	1.6
Sub-total - Non-current liabilities	101.6	87.1	101.0	57.6
Current liabilities				
Borrowings	230.0	342.4	247.9	141.7
Trade payables	229.9	210.5	139.8	96.7
Lease Liability	13.5	13.5	11.9	8.0
Other financial liabilities	105.7	39.2	41.1	10.8
Other current liabilities	15.9	14.5	11.9	11.7
Provisions	2.9	2.1	8.0	19.5
Current tax liabilities (net)	4.0	1.8	1.2	0.7
Sub-total - Current liabilities	601.9	624.0	461.8	289.1
TOTAL - EQUITY AND LIABILITIES	2,345.0	1,308.7	1,126.0	833.8

Consolidated Cash Flow Statement

Particulars (Rs. Cr)	FY24	FY23	FY22	FY21
Net Profit Before Tax	35.6	-3.7	-19.8	-10.8
Adjustments for: Non Cash Items / Other Investment or Financial Items	86.6	-71.2	-41.5	42.7
Operating profit before working capital changes	122.2	67.5	21.7	31.8
Changes in working capital	-145.7	-100.4	-46.1	-95.9
Cash generated from Operations	-23.6	-32.9	-24.4	-64.1
Direct taxes paid (net of refund)	13.1	12.4	10.9	4.6
Net Cash from Operating Activities	-36.6	-45.3	-35.3	-68.7
Net Cash from Investing Activities	-705.1	-48.6	-161.7	-30.9
Net Cash from Financing Activities	862.9	72.8	211.2	88.7
Exchange Difference	-	-	-	-
Net Decrease in Cash and Cash equivalents	121.2	-21.1	14.2	-10.8
Add: Cash & Cash equivalents at the beginning of the period	25.4	46.5	32.3	43.2
Add: Cash on acquisition	1.1	-	-	-
Cash & Cash equivalents at the end of the period	147.6	25.4	46.5	32.3

Company:



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