



# ENTERO HEALTHCARE SOLUTIONS LIMITED

Our Company was incorporated as "Entero Healthcare Solutions Private Limited" as a private limited company under the Companies Act, 2013 pursuant to a certificate of incorporation dated January 10, 2018, issued by the Registrar of Companies, Central Registration Centre, under the administrative control of the Registrar of Companies, Delhi and Haryana at New Delhi. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed in the annual general meeting of our Shareholders held on August 7, 2023, and consequently, the name of our Company was changed to "Entero Healthcare Solutions Limited", and a fresh certificate of incorporation dated August 25, 2023, was issued by the RoC. For details of changes in the name and registered office address of our Company, see "History and Certain Corporate Matters" on page 209 of the Prospectus.  
Registered Office: Plot No. 1-35, Building - B, Industrial Area Phase - I, 13/7 Mathura Road, Faridabad 121 003, Haryana, India; Tel: 0129-4877300; Corporate Office: 605 & 606, 6th Floor, Trade Centre, Bandra-Kurla Complex, Bandra East, Mumbai - 400 051, Maharashtra, India; Tel: +91 22 69019100; Contact Person: Jayant Prakash, Vice President - General Counsel, Company Secretary and Compliance Officer; E-mail: jayant.prakash@enterohealthcare.com; Website: www.enterohealthcare.com; Corporate Identity Number: U74999HR2018PLC072204



(Please scan this QR code to view the Prospectus)

## PROMOTERS OF OUR COMPANY: PRABHAT AGRAWAL, PREM SETHI, AND ORBIMED ASIA III MAURITIUS LIMITED

Our Company has filed the Prospectus dated February 13, 2024 with the RoC (the "Prospectus") and the Equity Shares (as defined below) are proposed to be listed on the Main Board of the Stock Exchanges and the trading is expected to commence on February 16, 2024.

## BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 12,725,244 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY") OF ENTERO HEALTHCARE SOLUTIONS LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹1,258 PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 1,248 PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING TO ₹16,000 MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF 7,955,769 EQUITY SHARES BY OUR COMPANY AGGREGATING TO ₹ 10,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 4,769,475 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING TO ₹ 6,000 MILLION (THE "OFFER FOR SALE"), COMPRISING OF 470,210 EQUITY SHARES AGGREGATING TO ₹ 591.52 MILLION BY PRABHAT AGRAWAL, 313,472 EQUITY SHARES AGGREGATING TO ₹ 394.35 MILLION BY PREM SETHI, 3,815,580 EQUITY SHARES AGGREGATING TO ₹ 4,800.00 MILLION BY ORBIMED ASIA III MAURITIUS LIMITED, 4,401 EQUITY SHARES AGGREGATING TO ₹ 5.54 MILLION BY CHETHAN M.P., 1,320 EQUITY SHARES AGGREGATING TO ₹ 1.66 MILLION BY DEEPESH T. GALA, 8,802 EQUITY SHARES AGGREGATING TO ₹ 11.07 MILLION BY HEMANT JOSE BARROS, 4,401 EQUITY SHARES AGGREGATING TO ₹ 5.54 MILLION BY HEMANT JAGGI, 2,201 EQUITY SHARES AGGREGATING TO ₹ 2.77 MILLION BY K.R.V.S. VARAPRASAD, 39,610 EQUITY SHARES AGGREGATING TO ₹ 49.83 MILLION BY K.E. PRAKASH, 1,320 EQUITY SHARES AGGREGATING TO ₹ 1.66 MILLION BY LAVU SAHADEV, 12,103 EQUITY SHARES AGGREGATING TO ₹ 15.23 MILLION BY MANOJ K SANGHANI, 8,802 EQUITY SHARES AGGREGATING TO ₹ 11.07 MILLION BY MILLENNIUM MEDICARE PRIVATE LIMITED, 2,201 EQUITY SHARES AGGREGATING TO ₹ 2.77 MILLION BY K. NAVEEN KUMAR GUPTA, 42,250 EQUITY SHARES AGGREGATING TO ₹ 53.15 MILLION BY NOVACARE DRUG SPECIALITIES PRIVATE LIMITED, 15,074 EQUITY SHARES AGGREGATING TO ₹ 18.96 MILLION BY PETROS DIAMANTIDES, 13,203 EQUITY SHARES AGGREGATING TO ₹ 16.61 MILLION BY PRASHANTH RAVINDRAKUMAR, 1,102 EQUITY SHARES AGGREGATING TO ₹ 1.39 MILLION BY SURAJ PRAKASH ATREJA, 1,320 EQUITY SHARES AGGREGATING TO ₹ 1.66 MILLION BY VENKATA RAMANA SIVA KUMAR YANAMADALA, 12,103 EQUITY SHARES AGGREGATING TO ₹ 15.23 MILLION BY VIKRAMADITYA AMBRE (COLLECTIVELY THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE, AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE 29.25% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE OFFER INCLUDED A RESERVATION OF 70,237 EQUITY SHARES, AGGREGATING TO ₹ 80 MILLION (CONSTITUTING 0.16% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER CONSTITUTE 29.25% AND 29.09%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, OFFERED A DISCOUNT OF 9.46% TO THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT").

ANCHOR INVESTOR OFFER PRICE: ₹ 1,258 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH

OFFER PRICE: ₹ 1,258<sup>^</sup> PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH

THE OFFER PRICE IS 125.80 TIMES THE FACE VALUE OF THE EQUITY SHARES.

<sup>^</sup>A DISCOUNT OF ₹119 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

## RISKS TO INVESTORS

- We have experienced losses in the Financial Years 2021, 2022 and 2023, and the six months ended September 30, 2022.

Particulars	For the six months ended September 30,		For the Financial Year		
	2023	2022	2023	2022	2021
PAT (₹ in millions)	116.42	(108.57)	(111.04)	(294.39)	(153.54)
% of revenue from operations	0.61%	(0.69)%	(0.34)%	(1.17)%	(0.86)

Our Weighted Average Return on Net Worth for Fiscals 2023, 2022 & 2021 is (3.20)%

- We have experienced negative cash flows from operating, investing and financing activities in the past and may continue to do so in the future. Any negative cash outflows could have an adverse impact on our cash flow requirements, business operations and growth plans.

Net Cash Flows	For the six months ended September 30,		For the Financial Year		
	2023	2022	2023	2022	2021
	(₹ in millions)		(₹ in millions)		
Used in operating activities	(827.21)	(677.24)	(453.15)	(352.66)	(686.84)
Used in investing activities	(188.81)	(338.33)	(485.95)	(1,617.32)	(308.69)
From financing activities	1,270.91	946.74	727.64	2,111.92	887.13

- Our operations are subject to high working capital requirements, and have incurred substantial indebtedness. As of September 30, 2023, our working capital was ₹7,826.51 million. As on November 30, 2023, we had a total sanctioned limit of working capital facilities of ₹ 4,077.00 million. Our inability to maintain an optimal level of working capital or financing required may impact our operations and profitability adversely.
- We have pledged 100% of equity shares of 10 of our Subsidiaries in favor of certain lenders and if events of default arise under the financing agreements, such lenders could invoke the relevant share pledge agreements, adversely affecting our business, results of operations, cash flows and prospects.
- The Selling Shareholders will receive the entire proceeds from the Offer for Sale and Company will not receive any of such proceeds.
- The average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹12.05 to ₹249.25 per Equity Share, and the Offer Price at upper end of the Price Band is ₹1,258.00
- We may incur losses and our reputation may be adversely affected by the return of our products by customers, arising from the distribution of expired, unsafe, defective, ineffective or counterfeit products, and product spoilage, breakage and damage during transportation or in storage. We may also be subject to product liability claims.
- Since our inception, we have acquired 34 entities in the healthcare products distribution industry in India and may continue to complete more acquisitions in the future. However, we may be unable to realize the anticipated benefits of past or future acquisitions successfully. Further, if we are unable to implement our strategy of inorganic growth, our business, financial condition, results of operations, cash flows and prospects may be adversely affected.
- The Price Band, Offer Price, market capitalization to total revenue, total assets and EBITDA/EV based on the Offer Price of our Company, may not be indicative of the market price of our Company on listing or thereafter. The table below provides details of our price to earnings ratio and market capitalization to revenue from operations and comparison with our peers:

Year/Period	EV / EBITDA	Market capitalisation to total revenue	Market capitalisation to total assets
<b>Our Company</b>			
For the six months period ended September 30, 2023	108.31	2.88	3.63
For Fiscal 2023	90.64	1.66	4.18
<b>Medplus Health Services Limited</b>			
For the six months period ended September 30, 2023	61.38	3.26	3.01
For Fiscal 2023	35.59	1.92	3.16

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual reports/annual results as available of the respective company submitted to stock exchanges.

Notes:

- Market capitalization for industry peer has been computed based on the closing market price of equity shares on NSE on January 15, 2024 and Market capitalization for the Company has been computed as a product of proposed post issue number of equity shares of the Company (calculated at on the basis of Cap Price) and Cap Price
- Total Assets and Total Income = Total assets and Total Income (total Revenue) as disclosed in the respective financial statements.
- Enterprise Value (EV) = Market capitalisation plus net debt.
- Net debt = Long Term Borrowings + Short Term Borrowings + Long Term Lease Liabilities + Short Term Lease Liabilities - Cash and cash equivalents - Bank balances other than cash and cash equivalent
- EBITDA = EBITDA is calculated as revenue from operations reduced by purchase of stock-in-trade and changes in inventories of stock-in-trade, employee benefit expense and other expenses

- We are subject to credit risk with respect to trade receivables. Set forth below are the details of our trade receivables, provision for expected credit loss and debtor days as of March 31, 2021, 2022 and 2023, and as of September 30, 2022 and 2023:

Particulars	As of September 30,		As of March 31,		
	2023	2022	2023	2022	2021
Trade receivables (Net of Provision) (₹ in millions)	6,304.88	4,771.89	5,148.84	3,745.99	2,421.52
Provision for expected credit loss (₹ in millions)	161.79	86.62	132.51	82.25	20.83
Debtor days (number)	54	49	51	49	44

- The Weighted Average Cost of acquisition of all Equity Shares transacted in last three years and one year preceding the date of the Prospectus:

Type of Transactions	Weighted average cost of acquisition (in ₹)	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	227.35	5.53	10.00 - 423.08
Last 3 years	202.75	6.20	10.00 - 423.08

- Weighted average cost of acquisition, floor price and cap price

Type of Transactions	Weighted average cost of acquisition (₹ per share)	Floor Price (i.e. ₹ 1,195.00)	Cap Price (i.e. ₹ 1,258.00)
Weighted average cost of acquisition of Primary Issuances during 18 months prior to RHP	255.56	4.68 times	4.92 times

No secondary transactions during the last three years hence not applicable.

- The 5 BRLMs associated with the Issue have handled 101 public issues in the past three Fiscals, out of which 28 issues have closed below the offer price on the listing date.

Name of the BRLM	Total Issues	Issues closed below IPO price on listing date
ICICI Securities Limited*	25	8
DAM Capital Advisors Limited*	4	2
Jefferies India Private Limited*	2	-
JM Financial Limited*	19	1
SBI Capital Markets Limited*	7	2
Common Issues of above BRLMs	44	15
<b>Total</b>	<b>101</b>	<b>28</b>

\*Issues handled where there were no common BRLMs

