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Q1FY27 Result Update
10th August 2026

Entero Healthcare Solutions Ltd.

Margin guidance met in Q1; organic engine takes over

CMP: INR 1,315

Rating: BUY

Target Price: INR 1,789

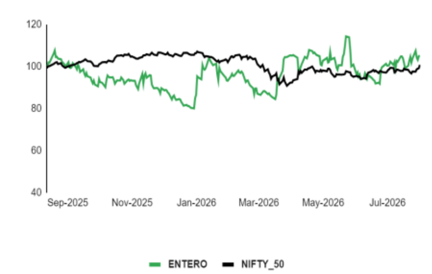
Stock Info	
BSE	544122
NSE	ENTERO
Bloomberg	ENTERO:IN
Sector	Pharma Retail
Face Value (INR)	10
Equity Capital (INR Mn)	435
Mkt Cap (INR Mn)	57,110
52w H/L (INR)	1,426/ 944
Avg Yearly Vol (in 000')	142

Shareholding Pattern %
(As on July 2026)

Promoters	52.4
Public & Others	47.6

Stock Performance (%)	1m	6m	12m
Entero Healthcare	8.27	13.85	10.62
Nifty 50	1.56	-5.21	-0.01

Entero Healthcare Vs Nifty



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Entero Healthcare Solutions delivered a stellar performance for the quarter. Revenue came at INR 19.4 bn, up 38.2% YoY / 1% QoQ (40% YoY on a like-for-like basis), of which organic revenue growth stood at 17.8% YoY (19.6% LFL). The inorganic segment grew 20.4% YoY, entirely from calendarization of prior-year deals with no new acquisitions during the quarter; reported growth was also suppressed by ~250bps from the deliberate exit of low-margin distribution accounts to free up working capital. EBITDA came at INR 970 mn, up 94% YoY / 13% QoQ. EBITDA margins came at 5.0%, up 143bps YoY / 51bps QoQ — hitting full-year guidance in Q1 itself, three quarters ahead of schedule. PAT came at INR 520 mn, up 72% YoY / 15% QoQ (2.7% margin); PAT attributable to owners was INR 380 mn, up 37% YoY. Net working capital improved to 61 days from 66 days a year ago. No acquisitions were completed during the quarter.

Market Outperformance with Broad-Based Growth: Organic growth of 17.8% YoY comfortably outpaced IPM growth of 13.8%. Incremental growth is driven more by rising wallet share among existing customers than new additions. Management framed the moat as a two-way network effect — ~3,000+ principal relationships give customers one-stop access, while nationwide reach gives suppliers scale. MedTech remains on track for INR 10bn revenue in FY27.

Margin Gains from Mix and Operating Leverage: Gross margin expanded 147bps YoY to 11.4%, aided by scale-led procurement economies, a richer MedTech mix (where Entero plays a demand-generation rather than pure-fulfillment role), and low-margin exits. Return ratios showed the sharpest improvement — ROCE nearly doubled YoY to 21.1% and ROE improved to 20.4% from 9%. Interest cost stepped up on ~INR2bn of acquisition debt but should hold flat hereon.

M&A Pause, Organic Focus: Management reiterated a deliberate shift toward consolidating and organically scaling the platform built over two years, staying open to opportunities in Q4. This is strategic choice, not deal scarcity — willing sellers remain plentiful, but capable acquirers are few. MedTech can sustain ~20% growth without further M&A. Minority interest of INR140mn (~27% of pre-minority profit) reflects strong subsidiary performance, not value leakage; Entero retains full operational control with pre-agreed call options over 2–5 years at original-deal multiples.

Outlook & Valuation: FY27 reaffirmed at ~23% revenue growth (ex-new acquisitions), 5% EBITDA margin, 50% EBITDA-to-OCF conversion, with a possible constructive update after Q2. Medium-term (3–5 year) organic growth potential of 20%+ with ROCE of 25–30%, alongside ~30bps p.a. margin expansion. Entero is well-positioned for continued growth and margin expansion, with Q1 already delivering the full-year margin target. The MedTech pivot, combined with sharply improved capital efficiency, reinforces structural earnings quality, while working capital optimization and cash generation give clear visibility on FY27 guidance. **We expect 24% revenue CAGR over FY26-FY28E and maintain "Buy" with a Target Price of INR 1,789 (DCF)**

Financial Performance

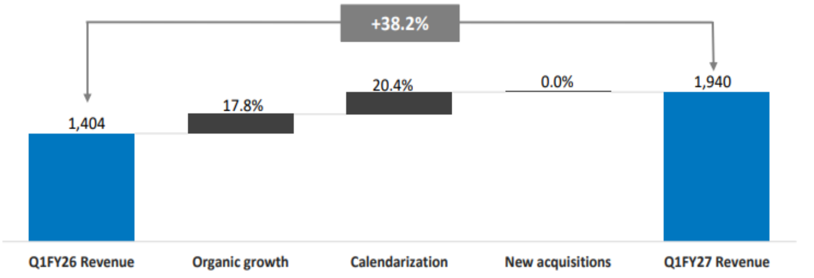
Particulars (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	39,223	50,958	65,912	82,390	101,340
Gross Profit Margin	9.0%	9.5%	10.3%	9.7%	9.8%
EBITDA Margin	2.9%	3.4%	4.0%	4.2%	4.5%
Adj. Net Profit	398	1,074	1,458	2,484	3,388
Adj EPS (INR)	9.2	24.7	33.5	57.1	77.9
P/E	143.7	53.2	39.2	23.0	16.9
P/B	3.5	3.2	3.3	2.9	2.5
Debt / Equity	0.2	0.2	0.4	0.2	0.2
Net Debt	-5,552	1,248	5,154	-911	-2,897
ROE	2.4%	6.1%	8.3%	12.8%	14.9%
ROCE	5.0%	7.6%	11.1%	15.3%	17.9%

Source: Arihant Research, Company Filings

Q1FY27 Consolidated Performance

Particulars (INR Mns)	Q1FY27	Q4FY26	Q1FY26	QoQ	YoY
Revenue from operations	19,405	19,099	14,038	1.60%	38.23%
COGS	17,191	17,025	12,642	0.98%	35.98%
Gross Profit	2,214	2,074	1,396	6.72%	58.60%
Gross Profit Margins	11.41%	10.86%	9.94%	55bps	147bps
Expenses					
Employee Benefits Expenses	694.16	647.62	575.57	7.19%	20.60%
Other Expenses	550	566	319	-2.94%	72.04%
EBITDA	**970**	**860**	**501**	**12.72%**	**93.70%**
EBITDA Margins	**5.00%**	**4.50%**	**3.57%**	**49bps**	**143bps**
Other Income	30.07	40.08	58.25	-24.98%	-48.38%
EBITDA (incl. OI)	1,000	900	559	11.05%	78.90%
EBITDA Margins	5.15%	4.71%	3.98%	44bps	117bps
Depreciation	123.05	147.92	88.69	-16.81%	38.74%
EBIT	877	753	470	16.52%	86.47%
EBIT Margins	4.52%	3.94%	3.35%	58bps	117bps
Finance Cost	205.72	173.11	106.64	18.84%	92.91%
PBT	**671**	**579**	**364**	**15.83%**	**84.58%**
Exceptional Items	-	-	-		
Profit Before Tax	671	579	364	15.83%	84.58%
Tax Expenses	150.69	128.19	61.31	17.55%	145.78%
PAT	**520.51**	**451.28**	**302.3**	**15.34%**	**72.17%**

Revenue Split



Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26	FY26	Q1FY27
Organic Growth	12.0%	10.7%	14.2%	16.6%	13.4%	17.8%
Organic growth - LFL	**15.0%**	**13.4%**	**17.1%**	**17.1%**	**15.6%**	**19.6%**
vs IPM growth	**1.7x**	**1.8x**	**1.4x**	**1.4x**	**1.6x**	**1.4x**
Inorganic Growth	**16.4%**	**10.0%**	**11.4%**	**26.0%**	**16.0%**	**20.4%**
o/w Calendarisation	16.4%	6.3%	0.6%	0.0%	5.3%	20.4%
o/w New Acquisition	-	3.8%	10.7%	26.0%	10.7%	0.0%
Total Growth	28.0%	21.0%	25.6%	42.6%	29.3%	38.2%
Total Growth - LFL	**31.4%**	**23.4%**	**28.5%**	**43.1%**	**31.5%**	**40.0%**

Like-for-Like growth includes impact of revenue recorded on net margin basis and divestment of a subsidiary

Source: Arihant Research, Company Filings

Q1FY27 Concall Highlights

Entero delivered a standout start to FY27, hitting its full-year 5% EBITDA margin guidance in the very first quarter - a full three quarters ahead of schedule. With organic growth running well ahead of the underlying pharma market, sharply improved capital efficiency (ROCE nearly doubling YoY), and management's clear pivot from M&A-led to organic/consolidation-led growth, the print reinforces the platform's structural earnings quality. Key swing factors to watch: sustainability of the sudden IPM (Indian Pharma Market) volume acceleration, and the pace of margin expansion beyond the 5% floor in H2.

Revenue & Growth: Consolidated revenue grew 38.2% YoY to INR 1,940 crores (40% on a like-for-like basis). Organic growth was 17.8% reported / 19.6% LFL - comfortably ahead of IPM growth of 13.8% - while inorganic growth of 20.4% came entirely from calendarization of prior-year deals, with no new acquisitions in the quarter. Reported growth was suppressed by ~2.5% from the deliberate exit of low-margin distribution accounts to free up working capital.

Margins & Profitability: Gross margin expanded 147bps YoY to 11.4%, and EBITDA margin expanded 143bps to 5% - hitting full-year guidance in Q1 itself, with EBITDA growing 94% YoY (~2.5x revenue growth). Management attributed this to scale-led procurement economies, a growing MedTech mix (where Entero plays a fuller commercial/demand-generation role rather than pure fulfillment), and the low-margin business exits. PAT came in at INR 52 crores (+72% YoY, 2.7% margin); PAT attributable to owners was INR 38 crores (+37% YoY). Minority interest of INR14 crores (~27% of pre-minority profit) reflects strong performance at partially-owned subsidiaries, not value leakage - Entero retains full operational/cash control and has pre-agreed call options to buy out residual stakes over 2–5 years at original-deal valuation multiples.

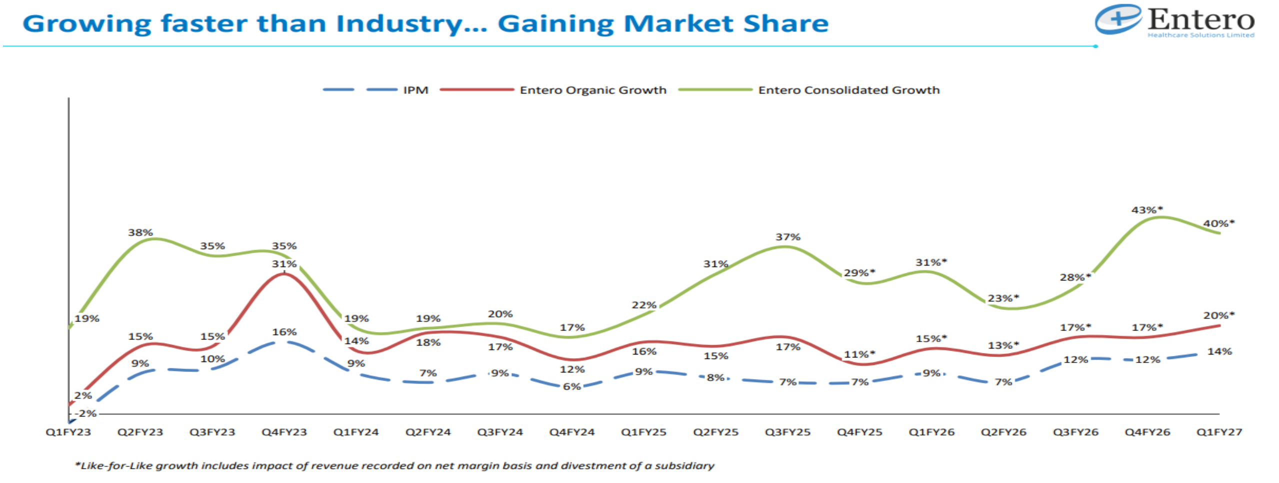
Capital Efficiency & Balance Sheet: Net working capital days improved to 61 from 66 a year ago. Returns showed the sharpest improvement in the print: ROCE nearly doubled YoY to 21.1% and ROE moved to 20.4% from 9% - both structurally ahead of FY26 levels. Debt of ~INR200 crores was raised for the last acquisition (disbursed late Jan/early Feb), driving a step-up in interest cost that management expects to hold broadly flat, not rise further, through the rest of the year.

Strategy: M&A Pause, Organic Focus: Management reiterated a deliberate shift away from acquisitions this year towards consolidating and organically scaling the platform built over the past two years, while staying open to compelling inorganic opportunities, particularly in Q4. Management was explicit this is a strategic choice, not a shortage of deal supply - plenty of unorganized distributors remain willing sellers, but buyers capable of absorbing them are limited to a few organized players like Entero.

MedTech Segment: MedTech remains the key structural margin lever, on track for INR1,000 crores of organic revenue in FY27 (full-year growth guide of 23%, with ~11–12% from calendarized FY26 acquisitions and the rest organic). Management sees MedTech sustaining ~20% growth even without further acquisitions, given far less distributor competition than in pharma and a more demand-generation-oriented (higher-margin) commercial role.

Market Share & Competitive Moat: Management framed Entero's edge as a two-way network effect: breadth of ~3,000+ principal relationships gives customers one-stop access, while nationwide reach gives suppliers scale - a combination it argues is difficult to replicate. Incremental growth is coming more from rising wallet share among existing customers than from new customer additions, as new accounts typically ramp share gradually after initial onboarding.

Guidance: FY27 guidance reaffirmed: ~23% consolidated revenue growth (ex-new acquisitions), 5% EBITDA margin, and 50% EBITDA-to-operating-cash-flow conversion. Management flagged potential for a more constructive H2 guidance update after Q2, and separately guided medium-term (3–5 year) organic growth potential of 20%+ with ROCE of 25–30% if no further acquisitions are made - alongside sustainable EBITDA margin expansion of ~30bps/year from operating leverage and gross-margin scale benefits.



Source: Arihant Research, Company Filings

Income Statement INR (Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	**33,002**	**39,223**	**50,958**	**65,912**	**82,390**	**101,340**
YoY		**19%**	**30%**	**29%**	**25%**	**23%**
COGS	30,319	35,704	46,095	59,108	74,363	91,365
YoY		18%	29%	28%	26%	23%
Personnel/ Employee benefit expenses	1,281	1,511	1,990	2,455	2,889	3,350
YoY		18%	32%	23%	18%	16%
Other Expenses	762	890	1,157	1,689	1,706	2,018
YoY		17%	30%	46%	1%	18%
EBITDA	**640**	**1,118**	**1,715**	**2,660**	**3,433**	**4,607**
YoY		**75%**	**53%**	**55%**	**29%**	**34%**
EBITDA Margin (%)	**1.9%**	**2.9%**	**3.4%**	**4.0%**	**4.2%**	**4.5%**
Depreciation	242	250	307	433	287	317
EBIT	**398**	**868**	**1,409**	**2,227**	**3,146**	**4,290**
EBIT Margin (%)	**1.2%**	**2.2%**	**2.8%**	**3.4%**	**3.8%**	**4.2%**
Interest Expenses	490	657	416	544	364	364
Non-operating/ Other income	55	144	395	192	284	256
Extraordinary expense	0	0	0	(82)	0	0
PBT	**(37)**	**356**	**1,387**	**1,875**	**3,066**	**4,182**
Tax-Total	74	(42)	313	335	583	795
PAT	(111)	398	1,074	1,540	2,484	3,388
Adj. Net Profit	**(111)**	**398**	**1,074**	**1,458**	**2,484**	**3,388**
YoY		**-458%**	**170%**	**36%**	**70%**	**36%**
PAT Margin	**-0.3%**	**1.0%**	**2.1%**	**2.2%**	**3.0%**	**3.3%**
Shares o/s paid up equity sh capital	4	43	43	43	43	44
Adj EPS (INR)	(27.0)	9.2	24.7	33.5	57.1	76.1

Balance Sheet (INR Mn)	FY24	FY25	FY26	FY27E	FY28E
Sources of Funds					
Equity Share Capital	435	435	435	435	436
Reserves & Surplus/ Other Equity	15,979	17,268	17,090	18,968	22,357
Networth	**16,414**	**17,704**	**17,525**	**19,403**	**22,793**
Current Borrowings	2,435	3,182	4,722	2,735	2,736
Non-Current Borrowings	945	670	2,049	881	943
Borrowings	3,380	3,852	6,772	3,616	3,679
Total Funds Employed	**19,794**	**21,556**	**24,297**	**23,019**	**26,471**
Application of Funds					
Net Fixed Assets	**931**	**1,321**	**2,004**	**1,067**	**1,051**
Capital WIP	-	-	-	-	-
Investments	157	838	493	518	544
Goodwill	1,928	4,240	7,491	6,040	6,841
Other non current assets	324	446	930	883	925
Current assets	**20,110**	**20,182**	**23,786**	**25,010**	**27,835**
Inventory	4,212	6,598	8,417	7,436	8,306
Days	39	43	40	37	33
Debtors	6,154	8,304	12,124	11,325	11,195
Days	53	52	49	46	41
Other Current Assets	812	2,676	1,626	1,722	1,758
Bank	7,455	311	149	-	-
Cash	1,476	2,293	1,469	4,527	6,576
Current Liabilities	**6,019**	**8,450**	**15,876**	**13,003**	**13,218**
Creditors	2,299	3,973	7,253	6,141	6,157
Days	22	24	26	27	24
Other current liabilities	1,286	1,295	3,900	4,128	4,325
Provisions and other non current liabilities	71	201	216	230	242
Net Working Capital	**14,090**	**11,731**	**7,910**	**12,007**	**14,617**
Total Liabilities and Capital	**23,450**	**27,025**	**35,667**	**33,517**	**37,196**
Total Assets	**23,450**	**27,025**	**34,704**	**33,517**	**37,196**

Source: Arihant Research, Company Filings

Cashflow Statement (INR Mn)	FY24	FY25	FY26	FY27E	FY28E
PBT	355.6	1,387.4	1,793.4	3,066.3	4,182.4
Operating Profit before WC Changes	1,221.7	1,827.7	2,861.8	3,432.8	4,607.4
Operating Profit after WC Changes	-235.5	-2,885.8	4,122.3	4,264.1	4,045.5
Tax Paid	-130.6	-313.1	-335.0	-582.6	-794.7
Cash Flow from Operating Activities	-366.1	-3,198.9	3,787.3	3,681.6	3,250.9
Cash Flow from Investing Activities	-7,051.2	4,690.5	-1,807.0	-640.1	-845.4
Cash Flow from Financing Activities	8,629.4	-675.3	-2,804.3	16.5	-356.0
Net Change in Cash & Cash Equivalents	1,212.1	816.3	-824.0	3,058.0	2,049.5
Opening Cash & Cash Equivalents	264.4	1,476.5	2,292.8	1,468.8	4,526.7
Closing Cash & Cash Equivalents	1,476.5	2,292.8	1,468.8	4,526.7	6,576.2

Key Ratios						
Solvency Ratios (X)	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Debt / Equity	0.73	0.21	0.22	0.39	0.19	0.16
Net Debt / Equity	0.55	-0.34	0.07	0.29	-0.05	-0.13
Debt / EBITDA	6.83	3.02	2.25	2.55	1.05	0.80
Net Debt / EBITDA	5.16	-4.96	0.73	1.94	-0.27	-0.63
Debt/ Asset	0.25	-0.24	0.05	0.14	-0.03	-0.08
Liquidity Ratios (x)						
Current Ratio	1.64	3.34	2.46	1.58	1.92	2.11
Quick Ratio	1.09	2.64	1.68	1.05	1.35	1.48
Important Metrics						
Net Debt	3301	-5552	1248	5154	-911	-2897
FCF	174	-1544	-6150	-13	5062	2150
EV		51637	58437	62343	56279	72151
DuPont Analysis						
Sales/Assets (Asset Turnover)	2.52	1.67	1.89	1.83	2.46	2.72
Assets/Equity (Equity Multiplier)	2.19	1.43	1.53	2.05	1.73	1.63
Net Profit Margin	-0.3%	1.0%	2.1%	2.2%	3.0%	3.3%
RoE	-1.9%	2.4%	6.1%	8.3%	12.8%	14.9%
Per share ratios (INR)						
Reported EPS	-27.02	9.15	24.70	33.53	57.11	76.15
Adjusted EPS	-27.02	9.15	24.70	33.53	57.11	76.15
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
BV	1454	377	407	403	446	512
Cash & Bank	260	205	60	37	104	148
Revenue	8030	902	1172	1516	1894	2278
Profitability ratios						
Gross Profit Margin	8.1%	9.0%	9.5%	10.3%	9.7%	9.8%
EBITDA Margin	1.9%	2.9%	3.4%	4.0%	4.2%	4.5%
EBIT Margin	1.2%	2.2%	2.8%	3.4%	3.8%	4.2%
PAT Margin	-0.3%	1.0%	2.1%	2.2%	3.0%	3.3%
ROE	-1.9%	2.4%	6.1%	8.3%	12.8%	14.9%
ROCE	5.8%	5.0%	7.6%	11.1%	15.3%	17.9%
ROA	-0.8%	1.7%	4.0%	4.1%	7.4%	9.1%
Activity ratios						
Inventory Days	39	39	43	40	37	33
Debtor Days	49	53	52	49	46	41
Creditor Days	21	22	24	26	27	24
Days(Cash Cycle)WC Cycle	68	70	71	62	55	49
Valuation ratios (X)						
EV / EBITDA	0.00	46.17	34.06	23.44	16.39	15.66
EV / EBIT	0.00	59.47	41.49	28.00	17.89	16.82
EV / Net Sales	0.00	1.32	1.15	0.95	0.68	0.71
EPS (INR)	0.00	9.15	24.70	33.53	57.11	76.15
Adj EPS (INR)	0.00	9.15	24.70	33.53	57.11	76.15
P/E	0.00	143.70	53.23	39.21	23.03	17.27
P/B	0.00	3.48	3.23	3.26	2.95	2.57

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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