Arihant Capital Generating Wealth

Q4FY26 Result Update
31st May 2026

Entero Healthcare Solutions Ltd.

Strong Operational Execution and Strategic Acquisitions Fuel Growth Momentum

CMP: INR 1,196

Rating: BUY

Target Price: INR 1,700

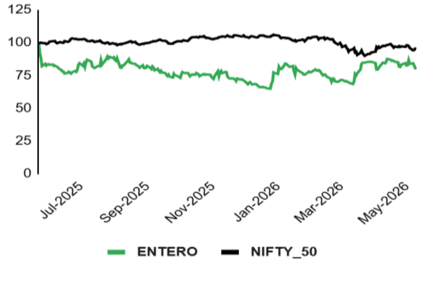
Stock Info	
BSE	544122
NSE	ENTERO
Bloomberg	ENTERO:IN
Sector	Pharma Retail
Face Value (INR)	10
Equity Capital (INR Mn)	435
Mkt Cap (INR Mn)	52,040
52w H/L (INR)	1,390/ 944
Avg Yearly Vol (in 000')	131

Shareholding Pattern %
(As on March 2026)

Promoters	52.42
Public & Others	47.58

Stock Performance (%)	1m	6m	12m
Entero Healthcare	3.29	-21.21	-16.99
Nifty	2.92	4.91	9.97

Entero Healthcare Vs Nifty



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Entero Healthcare Solutions delivered a stellar performance for the quarter. Revenue came at INR 19 bn up by 43% YoY / 12%QoQ, of which organic revenue growth stood at 16.6% YoY. Inorganic segment grew 26% YoY. EBITDA came at INR 860 mn, up 76% YoY /27% QoQ . EBITDA Margins came at 4.5%, up 85 bps YoY/53 bps QoQ . PAT came at INR 451 mn, up 44% YoY / 33% QoQ. Company's operating cashflow improved to INR1,046Mn, driven by margin expansion & lower net working capital (59 days v/s 64 days). During the quarter company completed acquisition of Anand Chemiceutics.

Sustained Market Outperformance with Broad-Based Growth Engines: Entero Healthcare Solutions Ltd. delivered a strong topline performance in FY26, posting organic revenue growth of 15.6% YoY, substantially outpacing Indian Pharma Market growth of 10%. Management remains confident on achieveing MedTech revenue of INR10bn in FY27. Nationwide retail and hospital network now serves over 105,300 customers and 3,600 hospitals across 523 districts through 136 warehouses. Portfolio comprises over 97,500 SKUs sourced from more than 3,300 healthcare manufacturers, with ongoing expansion of geographic reach and product depth.

Margin Gains Underpinned by improving mix and Operating Leverage: Q4FY26 gross profit expanded 59% YoY to INR2.07bn, with gross margin expansion of 109bps YoY to 10.8%, aided by stronger procurement efficiency, a richer product mix, and high value category growth. EBITDA rose 76% YoY to INR860mn, with an 85bps YoY improvement in EBITDA margin to 4.5%. Working capital days improved to 68 days from 70 days last year, supported by rigorous credit monitoring and inventory management initiatives. Management remains confident of exceeding 5% full year margins, supported by operating leverage, procurement gains, technology enabled efficiency, and value added service offerings.

Disciplined M&A, Category Expansion and Tech Leverage to Drive Earnings growth: The company closed 7 acqusitions during FY26, of which Medtech segment witnessed 3 acqusitions in FY26 and is likely a strong growth driver in FY27. Management expects INR10bn from Medtech segment which will broaden its addressable opportunity and strengthen platform for the long term. Entero remains at forefront to capture fragmented IPM market. It expects growth of 23% YoY in FY27, with core organic growth at ~12% YoY. Management believes sustainable 1.5x IPM outperformance is achievable.

Valuation & View: Entero Healthcare Solutions is well-positioned for an acceleration in growth and margin expansion in FY27, backed by a strong operational and financial momentum evident in FY26 results. The company's strategic focus on expanding its presence in the high-growth Medtech segment through acquisitions, which are synergistic and margin-accretive, is expected to complement its existing pharmaceutical distribution business. Company's presence in GLP-1 distribution is expected to witness a robust growth ahead, driving higher revenue & margins. With a robust and expanding nationwide network, ongoing working capital optimization, and strong cash flow generation capacity, Entero has clear visibility on achieving its FY27 guidance. **We expect Entero's revenue to grow at 22% CAGR over FY26-FY28E on the back of organic and inorganic expansion. We maintain our "Buy" Rating with a Target price of INR 1,711 using DCF method, giving an upside of 43%.**

Particulars (Rs mn)	FY24	FY25	FY26	FY27E	FY28E
Revenue from Operations	39,223	50,958	65,912	81,072	97,286
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	2,439	3,238
Adj EPS (INR)	9.2	24.7	33.5	56.1	72.8
P/E	130.7	48.4	35.7	21.3	16.4
P/B	3.2	2.9	3.0	2.7	2.4
Debt / Equity	0.2	0.2	0.4	0.2	0.2
Net Debt	-5,552	1,248	5,154	-1,121	-3,285
ROE	2.4%	6.1%	8.3%	12.6%	14.3%
ROCE	5.0%	7.6%	11.1%	15.1%	17.3%

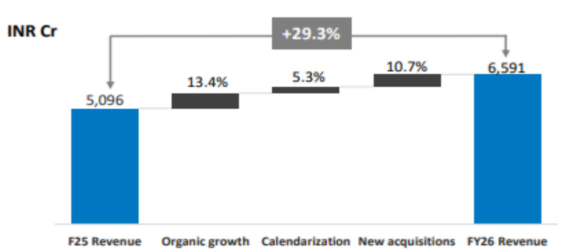
Source: Arihant Research, Company Filings

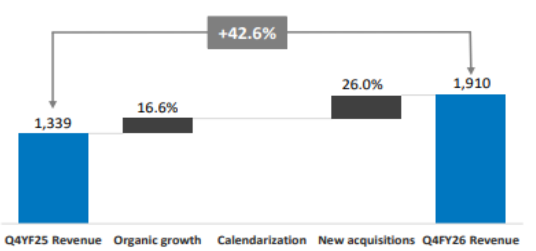
Q4FY26 Consolidated Performance

Particulars (INR Mns)	Q4FY26	Q3FY26	Q4FY25	QoQ	YoY
Revenue from operations	19,099	17,065	13,391	11.92%	42.63%
COGS	17,025	15,339	12,083	10.99%	40.90%
Gross Profit	2,074	1,726	1,308	20.18%	58.62%
Gross Profit Margins	10.86%	10.11%	9.77%	75bps	109bps
Expenses					
Employee Benefits Expenses	647.62	639.75	520.15	1.23%	24.51%
Other Expenses	566	408	298	38.62%	89.74%
EBITDA	**860**	**678**	**489**	**26.95%**	**75.90%**
EBITDA Margins	**4.50%**	**3.97%**	**3.65%**	**53bps**	**85bps**
Other Income	40.08	46.12	72.92	-13.10%	-45.04%
EBITDA (incl. OI)	900	724	562	24.40%	60.21%
EBITDA Margins	4.71%	4.24%	4.20%	47bps	52bps
Depreciation	147.92	97.98	84.94	50.97%	74.15%
EBIT	753	626	477	20.24%	57.73%
EBIT Margins	3.94%	3.67%	3.56%	27bps	38bps
Finance Cost	173.11	140.11	104.88	23.55%	65.06%
PBT	**579**	**486**	**372**	**19.29%**	**55.67%**
Exceptional Items	0	81.78	0		
Profit Before Tax	579	404	372	43.44%	55.67%
Tax Expenses	128.19	65.21	58.03	96.58%	120.90%
PAT	**451.28**	**338.78**	**314.2**	**33.21%**	**43.62%**

Source: Arihant Research, Company Filings

Revenue Split





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

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

Source: Arihant Research, Company Filings

Q4FY26 Concall Key Highlights

Entero delivered a strong FY26, meeting or exceeding all guided parameters. The company demonstrated robust scale (serving ~1 lakh retail pharmacies and 3,600 hospitals), successful integration of multiple acquisitions (especially in MedTech), and meaningful margin expansion through better product mix, procurement efficiencies, and operating leverage. FY26 marked a transition year where Entero built significant MedTech presence (now >INR 10,000 Mn annualized run-rate) while delivering healthy organic growth and strong cash flow generation. Management's FY27 guidance reflects a shift toward profitable, organic-led growth with further margin improvement and disciplined capital allocation.

Strategic & Operational Highlights

• Platform Strength: Pan-India distribution with 97,500 SKUs, presence in 523 districts. Serves >1 lakh pharmacies (~1 in every 10) and 3,600 hospitals.
• MedTech Push: Successfully added scale via 3 key acquisitions (Anand Chemistry, Ace Cardiopathy, Bioaide Technology). MedTech now contributes >INR 10,000 Mn annualized revenue (~15%+ of total) and is expected to reach 20% in 2–3 years. Higher margins due to value-added commercial roles (demand generation, sales & marketing).
• GLP-1 Opportunity: Entero has a disproportionately higher market share in GLP-1 category (due to cold-chain infrastructure). Current run-rate ~INR 100–120 Mn/month. Built into guidance.
• M&A Approach: 7 acquisitions in FY26. Post-IPO deals typically structured with call options for remaining stake (3–5 years). Management plans to focus on integration and organic growth for next 6–8 months before pursuing new deals.
• Working Capital: Continued optimization. Payables higher due to MedTech credit terms (favorable). Management targets ≥50% EBITDA-to-OCF conversion in FY27.

FY27 Guidance (Excl. new acquisitions)

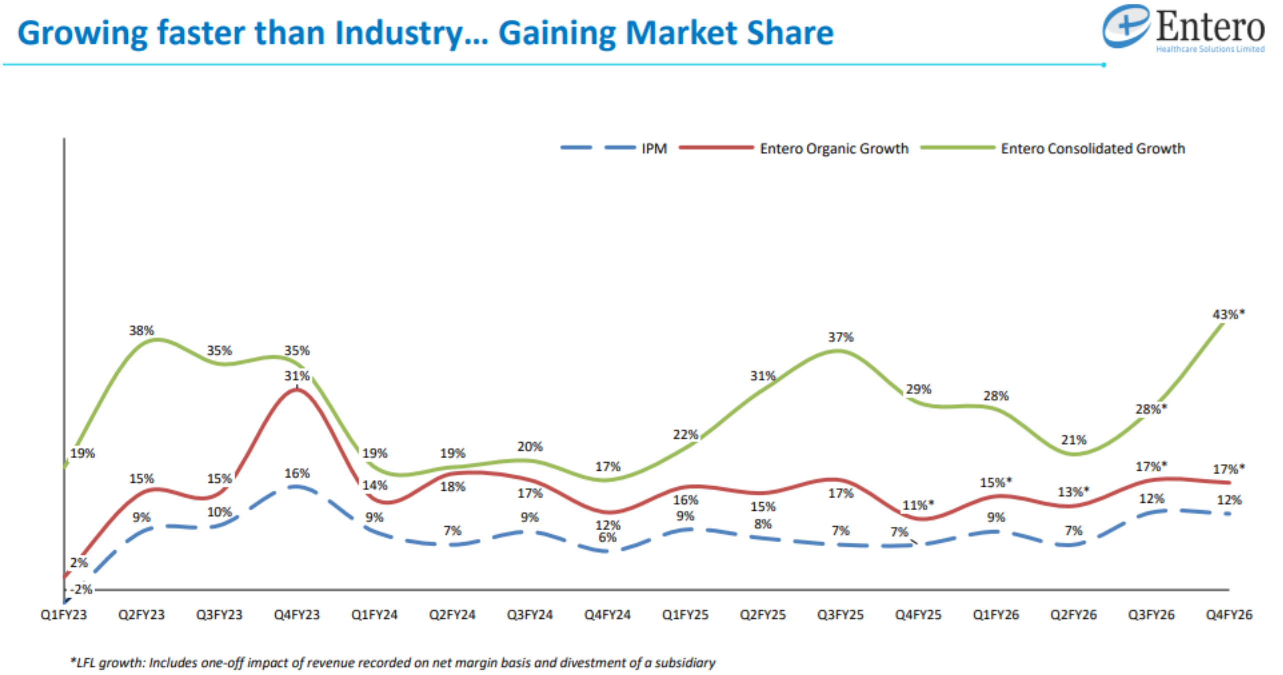
• Revenue Growth: 23% YoY
• Includes full-year impact of FY26 acquisitions (calendarization ~11%)
• Core organic growth ~12% (adjusted for some low-ROIC business exits and net-revenue accounting)
• EBITDA Margin: 5.0% (+50 bps vs FY26, +100 bps vs Q4 run-rate implied)
• EBITDA to Operating Cash Flow Conversion: ≥50%
• Tax Rate: 20–23%
• Minority Interest: Expected to normalize to 25–27% of PAT (before minority) vs abnormally high ~38% in Q4.

Key Takeaways

• Margin Drivers: Continued gross margin expansion (scale + shift to commercial roles in MedTech), operating leverage from 23% growth, and pruning of low-margin businesses.
• Organic Growth Outlook: Management believes sustainable 1.5x IPM outperformance is achievable.
• Capital Allocation: IPO proceeds fully deployed. Finance costs remain stable in the near term then decline. Focus on ROCE improvement (already at 18.4% in Q4; >20% expected in FY27).
• Moat: Strong two-sided network effect (large customer base attracts manufacturers; wide product portfolio attracts customers). Very difficult to replicate.
• Retail Consolidation Risk: Minimal near-term — Indian pharmacy retail remains highly fragmented (97–98% mom-and-pop).

Positives

• Strong execution track record
• Diversification into higher-ROIC MedTech
• Visible path to 5%+ EBITDA margins and >20% ROCE
• Robust cash generation expected



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**	**81,072**	**97,286**
YoY		**19%**	**30%**	**29%**	**23%**	**20%**
COGS	30,319	35,704	46,095	59,108	73,173	87,710
YoY		18%	29%	28%	24%	20%
Personnel/ Employee benefit expenses	1,281	1,511	1,990	2,455	2,842	3,216
YoY		18%	32%	23%	16%	13%
Other Expenses	762	890	1,157	1,689	1,679	1,937
YoY		17%	30%	46%	-1%	15%
EBITDA	**640**	**1,118**	**1,715**	**2,660**	**3,378**	**4,423**
YoY		**75%**	**53%**	**55%**	**27%**	**31%**
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**	**3,091**	**4,106**
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**	**3,011**	**3,998**
Tax-Total	74	-42	313	335	572	760
PAT	-111	398	1,074	1,540	2,439	3,238
Adj. Net Profit	**-111**	**398**	**1,074**	**1,458**	**2,439**	**3,238**
YoY		**-458%**	**170%**	**36%**	**67%**	**33%**
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	56.1	72.8

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	18,923	22,163
Networth	**16,414**	**17,704**	**17,525**	**19,358**	**22,599**
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**	**22,975**	**26,278**
Application of Funds					
Net Fixed Assets	**931**	**1,321**	**2,004**	**1,067**	**1,051**
Capital WIP	-	-	-	-	-
Investments	157	838	1,792	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**	**24,772**	**27,320**
Inventory	4,212	6,598	8,417	7,317	7,974
Days	39	43	40	37	33
Debtors	6,154	8,304	12,124	10,995	10,624
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	4,737	6,964
Current Liabilities	**6,019**	**8,450**	**16,211**	**12,809**	**12,896**
Creditors	2,299	3,973	7,253	5,947	5,836
Days	22	24	26	27	24
Other current liabilities	1,286	1,295	4,236	4,128	4,325
Provisions and other non current liabilities	71	201	216	230	242
Net Working Capital	**14,090**	**11,731**	**7,574**	**11,962**	**14,424**
Total Liabilities and Capital	**23,450**	**27,025**	**36,003**	**33,279**	**36,680**
Total Assets	**23,450**	**27,025**	**36,003**	**33,279**	**36,680**

Source: Arihant Research, Company Filings

Cashflow Statement (INR Mn)	FY24	FY25	FY26	FY27E	FY28E
PBT	355.6	1,387.4	1,793.4	3,011.4	3,998.1
Operating Profit before WC Changes	1,221.7	1,827.7	2,861.8	3,377.8	4,423.1
Operating Profit after WC Changes	-235.5	-2,885.8	4,122.3	4,463.9	4,188.2
Tax Paid	-130.6	-313.1	-335.0	-572.2	-759.6
Cash Flow from Operating Activities	-366.1	-3,198.9	3,787.3	3,891.7	3,428.6
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	3,268.1	2,227.2
Opening Cash & Cash Equivalents	264.4	1,476.5	2,292.8	1,468.8	4,736.9
Closing Cash & Cash Equivalents	1,476.5	2,292.8	1,468.8	4,736.9	6,964.1

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	-0.06	-0.15
Debt / EBITDA	6.83	3.02	2.25	2.55	1.07	0.83
Net Debt / EBITDA	5.16	-4.96	0.73	1.94	-0.33	-0.74
Debt/ Asset	0.25	-0.24	0.05	0.14	-0.03	-0.09
Liquidity Ratios (x)						
Current Ratio	1.64	3.34	2.46	1.58	1.93	2.12
Quick Ratio	1.09	2.64	1.68	1.05	1.36	1.50
Important Metrics						
Net Debt	3301	-5552	1248	5154	-1121	-3285
FCF	174	-1544	-6150	-13	5273	2328
EV		46462	53262	57168	50893	66932
DuPont Analysis						
Sales/Assets (Asset Turnover)	2.52	1.67	1.89	1.83	2.44	2.65
Assets/Equity (Equity Multiplier)	2.19	1.43	1.53	2.05	1.72	1.62
Net Profit Margin	-0.3%	1.0%	2.1%	2.2%	3.0%	3.3%
RoE	-1.9%	2.4%	6.1%	8.3%	12.6%	14.3%
Per share ratios (INR)						
Reported EPS	-27.02	9.15	24.70	33.53	56.09	72.79
Adjusted EPS	-27.02	9.15	24.70	33.53	56.09	72.79
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
BV	1454	377	407	403	445	508
Cash & Bank	260	205	60	37	109	157
Revenue	8030	902	1172	1516	1864	2187
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%	12.6%	14.3%
ROCE	5.8%	5.0%	7.6%	11.1%	15.1%	17.3%
ROA	-0.8%	1.7%	4.0%	4.1%	7.3%	8.8%
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	41.54	31.05	21.50	15.07	15.13
EV / EBIT	0.00	53.51	37.81	25.67	16.47	16.30
EV / Net Sales	0.00	1.18	1.05	0.87	0.63	0.69
EPS (INR)	0.00	9.15	24.70	33.53	56.09	72.79
Adj EPS (INR)	0.00	9.15	24.70	33.53	56.09	72.79
P/E	0.00	130.69	48.41	35.67	21.32	16.43
P/B	0.00	3.17	2.94	2.97	2.69	2.35

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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