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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- 400 051

Dear Sir/Madam,

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

In continuation to our letter dated February 06, 2026 bearing reference no. 75/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 February 13, 2026 at 11:00 am (IST) to discuss the Company's Unaudited Financial Results for the quarter and nine months ended December 31, 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**

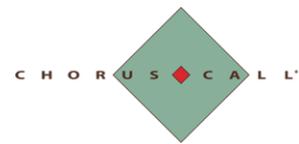
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Entero Healthcare Solutions Limited

Q3FY26 Earnings Conference Call

February 13, 2026



MANAGEMENT: **MR. PRABHAT AGARWAL – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER**
**MR. BALAKRISHNAN KAUSHIK – GROUP CHIEF
FINANCIAL OFFICER**
**MS. AKANKSHA GUPTA – HEAD, INVESTOR
RELATIONS**

ANALYST: **MS. PAYAL SHAH – DAM CAPITAL ADVISORS
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY26 Earnings Conference Call of Entero Healthcare Solutions Limited, hosted by DAM Capital. As a reminder, all 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.

A brief reminder, 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 the 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 Ms. Payal Shah from DAM Capital Advisors. Thank you, and over to you.

Payal Shah: Thank you. Hi. Good morning, everyone, and a very warm welcome to Entero Healthcare Solutions Q3 FY26 Earnings Call hosted by 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 for opening remarks, and then we'll open the floor for questions. Please go ahead, sir.

Prabhat Agrawal: Thank you, and good morning, everyone, and thank you for joining our earnings conference call to discuss the performance for Q3FY26 & 9MFY26. My name is Prabhat, and I'm joined by Mr. Balakrishnan Kaushik, Group CFO; Ms. Akanksha Gupta, Head, Investor Relations; and SGA, our Investor Relations Advisors on the call.

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

Let me begin with performance update of the quarter, which is another strong quarter for us. Revenue grew by 26% year-on-year and 9% quarter-on-quarter to INR1,707 crores.

After adjusting for the sales recognized on a net margin basis and divestment of a subsidiary, on a like-to-like basis, our revenue growth stood at 28.5% year-on-year and organic growth was 17.1% year-on-year. This is the highest organic growth for this financial year, and we continue to grow faster than the industry, which grew by 12% and thereby increase our market share.

Gross profit came in at INR173 crores, up 29% year-on-year, with our gross margins improving by 30 basis points to 10.1% versus last year. Compared with last quarter, the GP margin was 10 bps lower because of one-time GST incentive amounting to 17 bps received from pharma companies being offset by improvement driven by better business mix, margin-accretive categories and procurement efficiencies.

EBITDA for the quarter was INR68 crores, representing a growth of 36% year-on-year with margins improving by around 30 basis points versus last year to 4%. In this quarter, there is an exceptional impact of new labor code of INR6.1 crores on PAT. Adjusted for the one-off impact of new labor code, PAT margin was 2.3% with PAT at INR40 crores, that is a growth of 36% over last year. Our reported profit after tax increased 15% year-on-year to INR34 crores with PAT margin of 2%.

On working capital front, I had shared during the last quarter that optimization remains a key priority for us. The same is now reflected in our net working capital days on a like-to-like basis that improved to 61 days in Q3 FY26 from about 66 days in quarter 1 and 63 days in quarter 2.

Reported NWC at 64 days is primarily due to change in grossing up GST tax rate on sale from 12% to 5% in quarter 3, which doesn't reflect 2 days of inventory reduction and 1 day of receivable reduction. One of the most important key positive improvements that was reflected in operating cash flows with OCF at INR49 crores in the quarter. This is driven by our ongoing focus on EBITDA margin expansion and improvement in working capital management.

I'm confident that we are on track to deliver operating cash flow for the year in the range of INR100 crores through improvement in EBITDA margin profile and initiatives being undertaken to further optimize working capital. You can also see a steady improvement in the return ratios. Return on capital employed improved to 14.8% in quarter 3 from 13.8% in quarter 2. Return on equity excluding impact of new labor code in India increased to 12.3% from 11% in the last quarter.

Operationally, our reach and network have continued to expand. In the first 9 months of the year, we cater to over 97,600 retail pharmacies and more than 3,000 hospitals across 505 districts in India, supported by 131 strategically located warehouses and 89,200-plus SKUs sourced from more than 3,100 healthcare manufacturers.

Our relationships with such a huge range of healthcare product companies, nationwide pharmacies and hospital reach, robust and technology-enabled last mile distribution infrastructure creates a very strong business moat and differentiated value proposition for both our suppliers and customers.

Now coming to inorganic growth progress. We closed acquisitions of Anand Medilink in Pune, Ace Cardiopathy, Bioaide Technologies and Anand Chemiceutics in MedTech segment. Each of these acquisitions further expands our distribution reach, widens our product segments and builds new capabilities for us. Particularly in MedTech segment, we have added scale in IVD, Cardiology, POCT devices, lab consumables, etc.

As I have already guided, post-completion and integration of all these businesses, annualized revenue will cross over INR1,000 crores in MedTech segment. There will be a positive impact of 70 to 90 bps on gross margin and 50 to 75 bps on EBITDA margin on a pro forma basis after all the acquisitions are integrated with us. This segment represents an attractive growth opportunity for Entero along with margin enhancement potential. Overall, we are very well

poised to accelerate the growth, margin expansion and cash flow generation journey post-integration of the acquisitions and are on track to achieve our FY26 guidance.

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

- Moderator:** The first question is from the line of Avnish Tiwari from Vaikarya Change LLP.
- Avnish Tiwari:** Congratulations on closing these medical device transactions. Prabhat, can you articulate your growth strategy in this medical device segment, let's say, for your branded pharmaceutical segment, you needed acquisitions as well to grow. But here, how you think -- what kind of levers you can pull to accelerate growth here?
- Prabhat Agrawal:** Yes. Thank you, Avnish. I believe that in MedTech segment, you can grow much faster without a lot of inorganic acquisitions because unlike pharma in MedTech, you can do a lot of pan-India exclusive distribution deals with a lot of companies because there are not many specialized distributors in this space in India. And the companies also are looking for people who have pan-India reach, who can give access to them, who can give customer access at an all-India level to them.
- And there are very, very few players who can do that. So now we have kind of built a reasonable scale of INR1,000 crores plus in MedTech. I think it gives a lot of opportunity for us to grow all from here.
- Avnish Tiwari:** Right. And what is the existing infrastructure you think you can leverage either physical or as you grow, which you already have? If you can just help us understand that part?
- Prabhat Agrawal:** Yes. So like we have 130 warehouses. We have existing relationships with all these pharmaceutical companies who also have MedTech segments. For example, Abbott has diagnostic, devices and stuff like that, same with Roche. So, our existing relationship with the companies, our distribution infrastructure further provides leverage to grow this business together. There's a lot of synergies that can happen between pharma and MedTech for us.
- Avnish Tiwari:** Right. The second question I had on the margin side. If you look at the leverage to over time with the scale improving margins, it was somewhat different here in MedTech because as you can scale, you get better pricing terms compared to more association-driven segment, which is branded pharmaceutical.
- Prabhat Agrawal:** Avnish, can you repeat the last part? I didn't understand very well, sorry.
- Avnish Tiwari:** I meant to say as you become bigger, as you grow in this business, do you have an ability to get better margins or better pricing -- volume-based pricing in MedTech? Is it better than you would have in branded pharmaceuticals?
- Prabhat Agrawal:** Yes, certainly. The reason because in the MedTech segment, the distributors not only play only the demand fulfillment part, but they also play an active role in demand creation part. So, the companies also depend on distributors to grow sales. And for that, they kind of -- if you grow their business, they are ready to part with more margins with distributors.

- Avnish Tiwari:** And lastly, is there an opportunity for over time getting to private label here, which you have seen in some places. But in India, you think not today, but over time, when you scale up in this business, you can think on that line?
- Prabhat Agrawal:** Yes. One can think on those lines on launching some of your labels as well. We have some private labels on home healthcare. But as of now, it's not scaled up. It's still pretty small. But over a period of time, we will definitely push for it.
- Moderator:** The next question is from the line of Dev from Seven Rivers Holding.
- Dev:** Congratulations on a great set of numbers. Just to clarify, you had given a guidance of achieving a CFO of INR100 crores in FY26. And so far in 9 months, we've achieved a negative INR8.5 crores CFO. Does that mean that you're looking to generate over INR100 crores in CFO in Q4 alone?
- Prabhat Agrawal:** Yes, that's what we are shooting for, Dev.
- Dev:** Got it. Now the earlier guidance that we were given is on your EBITDA margins for the full year to be north of 4%, and looking at the trend so far in 9 months, we have achieved around 3.8%. So to meet that guidance, we'll have to cross 4.5% in EBITDA in Q4 alone. Are you still holding on to that guidance of achieving a 4% EBITDA margin?
- Prabhat Agrawal:** Yes. So I think now all the eyes will be on quarter 4, because everyone can work out this math that on a full year guidance and subtract 9 months actual, so what is it that needs to be done in quarter 4 to achieve the full year numbers and we are on track to deliver our full year guidance.
- Dev:** Got it. Lastly, just a bookkeeping question from my end. Why has your interest cost gone up significantly while the working capital days have improved or rather you've generated a CFO this quarter. Why is interest cost going up?
- Prabhat Agrawal:** Because we have been acquiring companies. So, we have been investing in acquisitions so that cash is going out, which was earning interest for us before. IPO funds are almost used now.
- Dev:** Are there any plans for a further fund raise or loading on some additional debt for the next set of acquisitions?
- Prabhat Agrawal:** So broadly, we have completed all the big acquisitions now. As of now, we are not looking forward to raise any equity capital. There could be some movement in debt, but overall, we are not looking to do more meaningful acquisitions from here on. I think next few quarters, we will spend in consolidating what we have acquired because we have made big moves in this financial year. So we'll wait for some quarters, stabilize operations, improve margins, improve cash flows, and then we will look for new acquisitions.
- Moderator:** The next question is from the line of Naman Bagrecha from IIFL Capital Services.
- Naman Bagrecha:** One question. Our listed, let's say, peer highlighted that they have discontinued their Amazon partnership. Does this benefit Entero in anyway?

- Prabhat Agrawal:** Sorry, I didn't hear very well. What have they discontinued?
- Naman Bagrecha:** They have discontinued the partnership with Amazon -- one of our listed peers highlighted on the call that they discontinued their partnership with Amazon. So does this in any way benefit Entero?
- Prabhat Agrawal:** Yes, it does.
- Moderator:** The next question is from the line of Chintan Sheth from Girik Capital.
- Chintan Sheth:** Good show. Congratulations. One question on the acquisition, you mentioned to slow down a little bit for next couple of few quarters. So next year, the capex required will be lower. We'll be focusing more on generating cash, retain that and then maybe look out for acquisition maybe in FY28. That understanding stands correct?
- Prabhat Agrawal:** Yes. So that's what I said. Next 2, 3 quarters, we have done some big acquisitions in this year. So we'll focus on integrating those with us. And there are a lot of other businesses that can grow significantly. So MedTech segment also, as I said, is a focus area for growth for us. So I think next 2, 3 quarters will be a little bit slow on acquisitions. Next 3 quarters, we focus and improve our margins, improve our cash flows, and then we'll evaluate more opportunities.
- Chintan Sheth:** Right. And on the competition front, as I'm seeing PharmEasy kind of getting back on its feet, not completely, but they are at least recovering over time. Does that challenge us in a way that by the time we get into the market for right acquisitions, there will be also be a party competing with us in acquiring businesses, which we are kind of looking forward to?
- Prabhat Agrawal:** In my view, that's not any much of a concern for us right now because when we started off, PharmEasy was acquiring businesses. And we were also acquiring at the same time. And then PharmEasy went through its own set of issues and they kind of stopped the acquisition.
- I'm not sure if they are looking to get back into this space aggressively in future. But even if they choose to do so, I don't see much of a problem because the set of distributors available for acquisitions are huge, while the buyers are only 2 or 3.
- Chintan Sheth:** That dynamic remains the same. That's what you're trying to say.
- Prabhat Agrawal:** Yes, it doesn't change the dynamics much.
- Chintan Sheth:** Got it. And on the employee cost, the provision which you have made, that's kind of retrospective. But does that -- on the recurring basis going forward, does have any implication to our employee cost and margins because of the new labor code? Do we see or expect some incremental pressure on employee cost because of the higher provision required under the new labor code, and if you can quantify?
- Balakrishnan Kaushik:** Chintan, this is Bala here. So, what we have recognized under exceptional is the past service cost, which is a one-time cost. Going forward, we don't expect the numbers to materially affect our overall margins. We don't expect that.

- Chintan Sheth:** So ballpark, what we are currently or historically being operating as a percentage of revenue, we kind of try to maintain and improve upon it, if at all?
- Balakrishnan Kaushik:** Yes, that is correct.
- Moderator:** The next question is from the line of Bhargav Buddhadev from Ambit Asset Management.
- Bhargav Buddhadev:** Congratulations on good performance. Sir, my first question is, is it possible to share what would be the gross margins and the EBITDA margins in MedTech business?
- Prabhat Agrawal:** So Bhargav, we have not disclosed product-wise margins. But we have given you a pro forma impact of that, like 70 to 90 basis points improvement over -- on an overall basis for us, on the gross margin and 50 to 75 basis point improvement on the EBITDA on an overall company basis.
- Bhargav Buddhadev:** Okay. So this is primarily contributed by MedTech?
- Prabhat Agrawal:** Yes, because what we said in the investor presentation, this is just a pro forma impact, not including impact from anything else.
- Bhargav Buddhadev:** Okay. Understood. And maybe in the next 3 years, where do you see this business shaping up for you?
- Prabhat Agrawal:** We are very, very bullish and optimistic about this business. This is an unique opportunity in India in a very large market size, more than INR3 lakh crores of market size available for us to go in with a very clear right to win in this segment. The value proposition that we offer both for our customers and to our vendors is very unique.
- Not many people can offer the same value proposition. I give, for example, like GLP drugs, it has been launched. Almost, I would say, 10% of GLP drugs is being sold by us. The reason being because we have a pan-India presence, we can enter into relationship with the companies. And then at one point in time, they get access to a huge market through us.
- Bhargav Buddhadev:** And lastly, sir, you said that in terms of acquisitions, now it's time to sort of slow it down. Does that mean that organically only we are seeing almost 20%-25% revenue growth opportunity? And therefore, it makes sense to first integrate the acquisitions made so far and then maybe 1 year down the line again, we look at acquisitions?
- Prabhat Agrawal:** So, if you look at the next year, all the acquisitions that we did this year are basically in the second half of this year. And part of it in quarter 3 and some in even quarter 4. So the full impact of these acquisitions will be visible in the next financial year. So, a lot of growth will come just because of the timing impact of acquisition that we did this year, plus the organic growth. So I mean, next year, the revenue growth are all sorted. And we would want to focus on first few quarters on improving it. And then anyway, once we see the cash flows and all that coming, we'll keep identifying opportunities and maybe do something next year for FY28. But FY27 is more or less sorted just because of the work that we have done in this year.

- Bhargav Buddhadev:** And lastly, sir, do we have any exposure to this nutraceutical market? How big is that for us? Is it likely to become big?
- Prabhat Agrawal:** I mean we have exposure to nutraceutical like we are doing distribution for Himalaya, Dabur, Jeena Sikho, many companies, Wellbeing, -- many nutraceutical companies. So it's part of our portfolio. I mean, if they grow at a rate higher than the overall IPM growth rate, we will enjoy that growth rate in our business as well.
- Bhargav Buddhadev:** And year end the margins will also be better, right, because they need you more than you need them all, maybe I'm wrong.
- Prabhat Agrawal:** I mean both need each other. So it's like if those products are being sold at a medical counter, a pharmacy counter or a hospital, it will become or it is part of our portfolio. So, the retailers will take it from us. I don't see any big meaningful difference coming from there. See, we are an aggregator. We have all -- as I told you, we have 87,000 SKUs in our portfolio with more than 3,000-plus companies. I don't think anyone would have such a big portfolio. So, few companies will not make a big difference in that portfolio.
- Moderator:** The next question is from the line of Akshat Mehta from Seven Rivers Holding.
- Akshat Mehta:** My first question is on the growth path, sir. This year that we guided for 30% like-for-like growth rate. That implies that we will have a 35% growth requirement in Q4. Will we be able to achieve that? And sir, are we planning to get to a 35% revenue growth sir? And on the other side is also, given the acquisition slowdown that we are expecting next year, what is the kind of growth that we should look for? Is it 30% or 20%-25%? What should be kind of taken into our assumptions?
- Prabhat Agrawal:** So coming first to answer your question on this year, which I answered also previously in this call, that Q4, we can work out the math. And you are right in your math that to deliver 30% like-to-like, we'll have to grow 35% in quarter 4. And same for margin, same for OCF, everything goes. So what I've said, we are on track to deliver full year, which means we are on track to deliver Q4.
- Akshat Mehta:** Okay. And sir, next year, how should we look at growth?
- Prabhat Agrawal:** So next year, whatever acquisition that we have done this year, the impact of this will be felt in the next year, in terms of revenue growth. So, plus there will be organic growth as well. So even without much of an acquisition, our growth rate is not going to materially come down.
- Akshat Mehta:** Okay, sir. Next is on the margin side, sir. Are...
- Prabhat Agrawal:** Guidance for next year, maybe I'll give you in Q4 conference call, probably I'll give you the broad range of numbers that we can look for next financial year.
- Akshat Mehta:** Okay. Sir, next question is on the margin part, sir, you said earlier that we are obviously looking at doing 4.5%. Can you help us understand what will be the factors that will drive 4.5% margins in Q4?

Prabhat Agrawal: See, the impact of MedTech acquisitions will drive the margins up plus all other factors that we continuously work on.

Akshat Mehta: Okay. Just a small bookkeeping question as well, sir. Our other expenses have kept on increasing very sharply every quarter-on-quarter. Sir, what is the key factor behind increasing other expenses?

Prabhat Agrawal: So when I see the MedTech acquisitions and all, they come with a higher gross margin, but at the same time, they come with a higher cost also because they are in the business of demand generation also. So the cost structures are not as lean as pharma distribution. At the same time, the gross margins are also high. So one should look at the net margin impact -- net EBITDA margin rather than only gross margin or only operating leverage. Excluding that, there is a good operating leverage on our business.

In fact, if you look at even inclusive of that, we were like 20 basis points improvement over quarter 1 of this year. Quarter 1, our expenses were around 6.4%. Now, it has gone to 6.1%.

Akshat Mehta: Okay. One last question, sir. Just wanted your views on what will be the impact of this new trade deals that have happened with U.S. and EU on the industry as a whole and probably for the company, if you can share your views on that?

Prabhat Agrawal: I can speak about our company. In our company, we are insulated from these global trade deals and all that because we are focused on domestic India market. We are not exporting anything out of India and our import component is also very low. So, we are practically more impacted by what happens in India consumption story, what happens in India macro, what happens in India healthcare rather than US or EU trade deals with India.

Akshat Mehta: So will it not be positive for us if..

Moderator: Sorry to interrupt you, Akshat. Can you please rejoin the queue for more questions? The next question is from the line of Rikeen Dalal from Ficom Advisors LLP.

Ronil Dalal: It's Ronil Dalal. Sorry, I think it's a mistake in the name. So, my first question is that on the cash flow from operations, you had mentioned to an earlier participant that we are on track to do over INR100 crores for the fourth quarter. So what could be the drivers or mathematics behind that? What are your assumptions there?

Prabhat Agrawal: The assumption would be increase in EBITDA margins and reduction in days of working capital. I mean, basically, cash flow is a function of these two only, how much margins we are generating adjusted for change in working capital.

Ronil Dalal: So we are still on track for working capital days moving towards 60?

Prabhat Agrawal: Yes. I mean what we are saying is we are on track to deliver that INR100 crores of OCF. On a full year basis, which means that it will have to happen in the fourth quarter because on YTD basis, we are almost breaking even on cash flow, which is a significant improvement if you consider versus last year.

It's not that everything is going to happen in last quarter only. In quarter 3 also, we generated almost INR49 crores of positive cash flow compared to negative INR21 crores in the last year quarter 3. So it's almost like INR70 crores improvement has happened in this year also in 1 quarter itself.

Ronil Dalal: Sure. The next question is that I just wanted to check some of your older acquired companies, like maybe if I give an example of GS Pharma is reporting losses, while the revenues are still increasing. So what factors are contributing to this? What are the thoughts around shutting down companies which are loss-making for extended periods of time in case any such companies you are having?

Prabhat Agrawal: We have done similar actions before. We have closed down. We closed down a company called CPD Pharma before. We closed down a branch in Tirupati before. We closed down a branch in Belgaum before. So, that's a normal process on where we see that, that particular subsidiary is not making sense, then we kind of walked away from it. Specifically for GS Pharma, I think it's also because of the interest being charged from Entero to the subsidiary while on an EBITDA level, they are not at loss.

Ronil Dalal: Right. Next is that is procurement from pharmaceutical companies currently centralized? Or does it occur at the individual entity or pharmacy level? And the second is, do you operate on a hub and spoke distribution model in markets such as Mumbai, Bangalore and Hyderabad?

Prabhat Agrawal: So, the first question that whether it's centralized, so all the procurement is happening at the local level. The supplies are being received at a local level from the local CFAs. The discussions, negotiations and anything like that is happening at central level, but the supplies are happening at local level.

Ronil Dalal: So we get the benefit of centralized purchase...

Moderator: Sorry to interrupt you, Mr. Dalal. Sorry to interrupt you. Can you please rejoin the queue?

Ronil Dalal: No, it's the same question.

Prabhat Agrawal: Same question, let him...

Ronil Dalal: I think that the question is not answered yet.

Moderator: Okay.

Prabhat Agrawal: Go ahead, Rikeen -- sorry, Ronil.

Ronil Dalal: No, no. I was just saying that the question was left unanswered. So the second part was on the hub and spoke. And do we get the benefits of centralized purchase?

Prabhat Agrawal: So yes, the centralized purchase -- the discussion negotiations and all that happen at the central level, but supplies happen at the local level because it doesn't make sense to buy centrally in one warehouse and then redistribute to 130 warehouses. Because that will just add to your cost. So

all the deals and discussions happen at the central level, but supplies we are receiving at the local level because that's the most efficient way to do it.

Ronil Dalal: And the hub and spoke, sir?

Prabhat Agrawal: What exactly would you mean by hub and spoke?

Ronil Dalal: No, sir. I was saying that say, supposing like Mumbai, Bangalore, Hyderabad, places where you have like a lot of volumes, instead of having many warehouses, would you maybe have some centralized warehouses? Because earlier, we didn't have that. So I was just wondering in case we have transitioned to having large warehouses, which then cater to the smaller areas and...

Prabhat Agrawal: So, it is not possible to supply Hyderabad from Mumbai, for two reasons. One, that we are in the last mile business where...

Ronil Dalal: No, no, not Hyderabad -- sorry, sir, sorry to clarify, but not Hyderabad to Mumbai. In Mumbai, you would have large warehouse catering to Mumbai. Bangalore, larger warehouses catering to Bangalore. For example, earlier, you may have had maybe 10 warehouses in the city of Mumbai, which are smaller in size. Maybe then you move to a large warehouse, which then caters to two-three smaller ones. So then you move from 10 warehouses to 4 example, like.

Prabhat Agrawal: Yes, yes. That we have. So we have a large warehouse in Mumbai, which is catering to large part. And from there, we supply to other smaller places also like Thane and others. So that always happens.

Moderator: The next question is from the line of Vansh Solanki from RSPN Ventures.

Vansh Solanki: My question is on particular on private labels and generic and MedTech. So currently, how much revenue contribution is from these segments? And after the acquisition of Anand, what will be the revenue contribution you are expecting from these segments for private labels, generics and MedTech?

Prabhat Agrawal: So MedTech, I think we have given that post INR1,000 crores coming into our books, it will reflect almost 15% of our business. Generic and private label are still very small part of our business in low single-digits.

Vansh Solanki: Okay. And second is on that our effective tax rate is continuously lower like 16%-18% in quarter 1 and quarter 2 and also this quarter also, it is 13%. So, are we getting benefit from tax or any taxes or this will continue or we will come to the normal 25% corporate tax levels?

Balakrishnan Kaushik: So currently, we have certain losses available to us carry forward losses on account of which currently you are seeing the effective tax rate at about 18%. As and when those losses get completely consumed, the tax rate obviously will slowly go up a bit. But for this financial year, we are holding on to our 18% of effective tax rate.

Vansh Solanki: Okay. Can you give me a number, how much accumulated losses are there as of now? Or maybe if your number is available for now, then you can give also for September, if you have?

- Balakrishnan Kaushik:** So, if you look at the losses, probably we will utilize all those losses maybe by next year.
- Vansh Solanki:** Okay. That will be also helpful. And last question on the bookkeeping. How much is gross debt and net debt level we have as of quarter 3 end?
- Balakrishnan Kaushik:** So net debt is at about INR200 crores. And we had cash of about INR250 crores.
- Moderator:** The next question is from the line of Swaraj Mehta from Perpetual Capital Advisors.
- Swaraj Mehta:** I'm relatively new to the company. I just had one question. What metrics do we look at before acquiring companies? And what is the reason for acquiring companies? Is it scale or reach to clients?
- Prabhat Agrawal:** So, we acquire distributors to gain entry into those geographic segment and product segment. So, with any acquisition, what comes to us is basically a portfolio of companies, a portfolio of customers, operating in a particular product segment or in a particular geography. Did I answer? Or do you want me to elaborate more?
- Swaraj Mehta:** Yes. And what metrics do we look at before acquiring company? Like what are the key things we look at before acquiring a particular company?
- Prabhat Agrawal:** So basically, the most important criteria we look at before acquiring company is what is that company going to add to us because we're already sitting on a wide network today. We don't want a duplication of our network. So what is it that unique thing that is going to add to us, which will be more difficult or time-consuming for us to build ourselves. So, either he is giving us a new geography that is a difficult geography for us to go on our own or he is giving a product segment that is very difficult to build on our own or will take time to build on.
- So if you look at last year's acquisitions, and I've given that in one of the slides and rationale for each of those acquisitions. So, some acquisition gave us entry into MedTech segment, which was not our forte before. Some people gave us you know say, trade generic exposure. One of the acquisitions gave us one of the largest presence in Pune as a market, which is a large market. So like that, every acquisition has to add something to us, either a new geography or a new product segment like that.
- Moderator:** The next question is from the line of Pranay Roop Chatterjee from Burman Capital Management.
- Pranay Roop Chatterjee:** Yes. My question is pertaining to the launch of GLP-1 products expected in the near-term. So, I'm thinking about it from two perspectives. One is you have an existing product, which contributes -- obviously, you put it the other way, where you sell 10% of GLP-1 products. Based on the numbers I can see at an IPM level, that would likely be high single-digit to low double-digit percentage of your existing business. So it's a meaningful contributor.
- One impact would be when these cheaper alternatives come into the market, there could be some hit to your existing business or there could be a cap to further growth because this existing product has been growing tremendously on a month-on-month basis.

The other second order impact is that if there is a new product that is expected to be launched, I would expect that a pan-India distributor to get an upfronted disproportionate benefit just for the sake of easier access to the market or wider access before it normalizes and all the smaller guys also get a piece of the pie. So from these 2 perspectives, netting off against each other, how do you see your overall throughput expanding over the next, let's say, 4 quarters simply because of these new products launching?

Prabhat Agrawal:

Yes, Pranay, one, we have to look at our base. Our base is huge. Our base is today more than INR7,000 crores annual revenue. So, any one particular product is not going to make a very meaningful change in our growth profile or anything like that. Because even if we are doing, let's say, the GLP-1 is still a very small proportion of our sales because we are selling so many other products at the same time.

And let's say, by end of March or April, the semaglutide new players come in, generic players come in. And we will continue to sell their products also. How much share they will take from the innovator because today, most of the sales is only from the innovator. So overall, the market is going to expand. But how much it will impact our own growth, I don't think so any very meaningful part I can estimate right now.

Pranay Roop Chatterjee:

Got it. My second question is on -- it's more a hygiene question. If I simply divide your organic like-for-like growth of 17% by the IPM growth of 12%, it comes to about 1.4x. I know it might be a myopic way to look at your business on a quarterly basis. But that being said, mathematically, this is the lowest quarterly outperformance we have seen, at least since I have started collating the numbers from back in FY '23. So is there any one-off or we should just ignore this quarterly volatility?

Prabhat Agrawal:

I would say just ignore this quarterly one. I mean I was also surprised to see such a huge growth on the IPM side because last 4-5 quarters, the IPM had been growing by 7%-8%. And in this quarter, it grew by 12%. So the denominator completely changed. I wouldn't read much into it.

Moderator:

The next question is from the line of Binoy Jariwala from Upadhyay Investments.

Binoy Jariwala:

Prabhat, two questions from my side. So one is that you've already called out that next 2-3 quarters, the focus will be on integrating the acquisitions, improving the margin profile and working on reducing working capital. Is there any target for FY27 that you would like to call out in terms of cash flow generation as well as working capital day reduction?

And the second question is how many more INR100 crore plus revenue size acquisitions are actually available now for you going forward, whenever the pace -- you decide to increase the pace of acquisition?

Prabhat Agrawal:

So, your first question, on FY27, I'm not giving the guidance, except that I can only say that FY27 is going to be far better than FY26, given the fact that a lot of work we have done in the second half of FY26 is going to have a full year impact for next year. But we will talk about the next year numbers in the next call when we'll have the full business plan and everything ready.

Coming to your second question, how many distributors of above INR100 crores are available? There are many available. So even today, we have so many in our pipeline. So, when we decide to go back to the market and shop for more, we would find enough targets.

Binoy Jariwala: So just a follow-up on this. Would you say that whenever you go back to the market, you have a pipeline visibility of at least a couple of years?

Prabhat Agrawal: So pipeline is already there with us. There are many people who keep approaching us for collaboration. So, we have the pipeline ready. Once as I told you, next 2-3 quarters, we improve on our own internal operations, internal metrics. And then we will go and see which of those pipeline are still there and which of those pipeline would make sense to us.

Binoy Jariwala: Understood. If I may ask one more question.

Moderator: Sorry to interrupt you, sir. Can you please rejoin the queue for questions? The next question is from the line of Vineet from Toro Wealth Managers.

Vineet: Yes, sir. So my question was with respect to like one of the participants asked you about the other expenses being increased this quarter, right? But if you can mention about the few of the line items -- a few of the top 5 line items in the other expenses because I didn't exactly get what MedTech is actually making the other expense to increase.

Prabhat Agrawal: So, in MedTech, we are doing demand generation also, which means higher manpower and more qualified manpower as compared to warehouse and delivery manpower in demand fulfilment business. There are other marketing and promotion expenses also there in MedTech. So, these are the 2 big cost items that are there when you do demand generation activity as well. That helps you to drive higher gross margins. But that expense ratio, they will be higher compared to pure-play pharma distribution.

Moderator: The next question is from the line of Reshab Sisodiya from Bastion Research.

Reshab Sisodiya: Yes, Sir, I have a slightly longer-term question about the business. So if you could just explain the levers behind the organic growth, which we have at 1.5x and more, higher than that. So what are the levers if you could just quantify, let's say, is it the increase of the wallet share of the existing customer? Is it the cross-sell that we do to the newer acquired customers via the M&A activities? The reason I'm asking, I'm trying to understand what would be a sustainable growth rate for our business, let's say, 5 years down the line when we would be out of having any sizable or meaningful acquisitions?

Prabhat Agrawal: Yes. So a very good question, actually. And this is basically the core of our business. Why should we grow faster than the industry or why should we grow faster than our competitors. And this is totally dependent on the value proposition that we offer to our customers. So what do we offer to our customers?

We offer to our customers a very huge product portfolio. Today, the pharma market is so fragmented that for any retailer to run a shop, he needs 6,000 different items. Those could be divided over 300-400 companies. We offer him an opportunity to consolidate his buying through

one buyer, one supplier. So, he gets a huge amount of convenience in terms of getting a large portfolio fulfilled through us.

Secondly, our service levels to him in the sense that we are delivering 2 to 3 times per day. We are running our warehouses 24/7. So, he can place the order right before closing a shop and he gets the goods just before opening a shop in the morning. So, he can order on our app, so he doesn't have to do manual ordering and all that. So, all this is a big value add for a customer, and that helps us to gain wallet share at his counter.

And at the same time, we also expand our customer base. We keep hunting for new customer, new shops that are opened in the area. We expand our geographical reach. So, we are going from main center in the city. We are also going to the nearby districts where we offer the same value proposition because we are sitting on a huge portfolio, the portfolio of products. And that gives you a huge advantage over anyone else in business.

And that's the reason why we have been acquiring also companies to build that portfolio because we have the customer -- it's like a 2-way moat. Why do so many companies come to you because you have such a huge customer base and why do so many customers come to you because you have so many products to sell to them or they can buy from you. So that moat reinforces itself every time, every time we add companies or every time we add customers.

Reshab Sisodiya: Understood. Sir, can I have a small follow-up on this?

Prabhat Agrawal: Yes.

Reshab Sisodiya: Sir, can you just give any guidance for maintenance capex for our business? So if you could just explain me that. So we have been continuously increasing our overall warehouses. So I'm just trying to understand what is like a peak asset turns for us or any color on that, it would help us understand better what would be the incremental return on capital potential for our business given we are continuously decreasing our working capital days and what would be -- for the operating leverage benefits for our business?

Prabhat Agrawal: So as you know, our business is not capital intensive. It's only working capital intensive. So fixed assets point of view, we have a very small, fixed asset base because most of the -- not most, all of the warehouses are on leases. So, the only equipment that we would put there are storage equipments and cooling equipments to maintain the temperature and stuff like that.

So capex point of view, it's very minimal compared to the revenues that we generate from that warehouse. Probably to do one warehouse, you would not need more than INR30-40 lakhs of capex.

Moderator: The next question is from the line of Prateek Shrivastava from Nivesh Wisdom.

Prateek Shrivastava: Sir, I recently attended one of the con calls for the ayurvedic healthcare provider. I think they were mentioning in the -- openly mentioning in the call that they have tied up with you for the distribution of their ayurvedic products. But they also mentioned that for allopathic and other

devices, the margins are high, but for these, the margins are low. So is that true? And why are we getting into low margin if that is true? So I want your...

Prabhat Agrawal: Sorry, what did they say in the last -- I didn't hear that conference call, so you'll have to tell me what did they say?

Prateek Shrivastava: So, in that conference call, sir, they were saying that they have anyways tied up with Entero for their ayurvedic supplements and other products for distribution. But they were also saying that it is better for them to tie up and they were saying they are getting that at a lower margin than what typically you charge for other like allopathic sort of products like other electronic devices or other things, right? So is that true? I want your -- I want to hear from you also on that. What is the margin -- what are the margins going to be in the ayurvedic products distribution, sir?

Prabhat Agrawal: So ayurvedic products don't carry lower margins than other pharmaceutical products. So, the normal pharmaceutical product margins are like 10% plus. So it's in the same line or it could be more. It won't be less.

Prateek Shrivastava: Okay. All right, sir. Okay. If I can ask just one more question, sir, because on the U.S. Now there are other U.S. devices also coming in...

Moderator: Mr. Pratik, sorry to interrupt you. Please rejoin the queue if you have a follow-up question. The next question is from the line of Sumit from Finserv Analytics.

Sumit: I have a simple bookkeeping question on debtors outstanding for more than 6 months. What is the amount of debtors outstanding for more than 6 months as on December-25?

Prabhat Agrawal: So all the debtors which are at different aging profile, they are adequately provided. We are not giving the debtor hedging separately in the deck. Whatever as per the accounting policy of the company approved by the auditors and the Board, whatever provision is required to be made is being made based on the aging profile of the debtors.

Sumit: Okay. I wanted to understand what is the amount of debtors outstanding for more than 6 months as of December-25?

Prabhat Agrawal: We don't give that kind of a data. Why would you need that data? What would you do with that data?

Sumit: Okay. Just for the valuation purpose and to understand how much provision can come in future?

Prabhat Agrawal: Just based on that data, you wouldn't be able to take a judgment on how much provision is required. That judgment is being taken by the management.

Moderator: The next question is from the line of Chintan Sheth from Girik Capital.

Chintan Sheth: Just a follow-up and clarification on the cash flow, sorry to hop on it. You mentioned third quarter last year was negative INR23-odd crores. And first half, I think it was INR62-odd crores negative. So 9 months, we were down INR85 crores and the full year was down INR77 crores.

And this year, we are kind of recovered from INR85 crores negative to negative INR8 crores. Already INR100 crores delta is -- largely has been covered. So is that the numbers right? I'm just trying to reconcile that. You mentioned INR23 crores, last year it was INR62 crores, INR85 crores was 9 months negative.

Balakrishnan Kaushik: So Chintan, numbers are right. And when you're looking at operating cash flows, yes, there has been a significant improvement in Q3. So like Prabhat mentioned earlier, we've done INR49 crores of positive in Q3 itself. And we were INR47 crores negative in Q1, INR10 crores negative in Q2. So we are about INR8 crores as of YTD, and we maintain our full year cash flow projections, operating cash flow projections. We maintain that.

Prabhat Agrawal: Last year, on a full year basis, we were INR77 crores negative.

Chintan Sheth: Down INR77 crores, correct. So fourth quarter implied was positive only.

Balakrishnan Kaushik: Yes. Last year, fourth quarter was positive, yes.

Moderator: Ladies and gentlemen, we'll take this as a last question for today due to time constraints. I now hand the conference over to Mr. Prabhat Agrawal for his closing comments. Over to you, sir.

Prabhat Agrawal: Well, thank you, everyone, for joining this call, and thank you for your trust in the company. If you have any questions, which has been left unanswered, please do reach out to SGA or to our IR team. Thank you once again for joining. Bye. Take care.

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