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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 Red Herring Prospectus dated February 5, 2024 ("RHP").
Registered Office: Plot No. I-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 Kuria 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 Red Herring Prospectus)

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

INITIAL PUBLIC OFFERING OF UP TO [●] 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 ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 10,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 4,769,475 EQUITY SHARES (THE "OFFERED SHARES") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER FOR SALE"), AS PER THE DETAILS PROVIDED BELOW. THE OFFER WILL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND THE WEIGHTED AVERAGE COST OF ACQUISITION

Sr. No.	Name of Selling Shareholder	Type	NUMBER OF EQUITY SHARES BEING OFFERED/ AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)
1.	OrbiMed Asia III Mauritius Limited	Promoter Selling Shareholders	Up to 3,815,580 Equity Shares aggregating up to ₹ [●] million	249.25
2.	Prabhat Agrawal	Promoter Selling Shareholders	Up to 470,210 Equity Shares aggregating up to ₹ [●] million	12.05
3.	Prem Sethi	Promoter Selling Shareholders	Up to 313,472 Equity Shares aggregating up to ₹ [●] million	12.28
4.	Novacare Drug Specialities Private Limited	Other Selling Shareholders	Up to 42,250 Equity Shares aggregating up to ₹ [●] million	245.90
5.	K.E. Prakash	Other Selling Shareholders	Up to 39,610 Equity Shares aggregating up to ₹ [●] million	240.53
6.	Petros Diamantides	Other Selling Shareholders	Up to 15,074 Equity Shares aggregating up to ₹ [●] million	245.94
7.	Prashanth Ravindrakumar	Other Selling Shareholders	Up to 13,203 Equity Shares aggregating up to ₹ [●] million	245.90
8.	Manoj K Sanghani	Other Selling Shareholders	Up to 12,103 Equity Shares aggregating up to ₹ [●] million	245.90
9.	Vikramaditya Ambre	Other Selling Shareholders	Up to 12,103 Equity Shares aggregating up to ₹ [●] million	245.90
10.	Hemant Jose Barros	Other Selling Shareholders	Up to 8,802 Equity Shares aggregating up to ₹ [●] million	245.90
11.	Millennium Medicare Private Limited	Other Selling Shareholders	Up to 8,802 Equity Shares aggregating up to ₹ [●] million	245.94
12.	Chethan M.P.	Other Selling Shareholders	Up to 4,401 Equity Shares aggregating up to ₹ [●] million	238.69
13.	Hemant Jaggi	Other Selling Shareholders	Up to 4,401 Equity Shares aggregating up to ₹ [●] million	245.90
14.	K.R.V.S. Varaprasad	Other Selling Shareholders	Up to 2,201 Equity Shares aggregating up to ₹ [●] million	245.91
15.	K. Naveen Kumar Gupta	Other Selling Shareholders	Up to 2,201 Equity Shares aggregating up to ₹ [●] million	245.94
16.	Deepesh T. Gala	Other Selling Shareholders	Up to 1,320 Equity Shares aggregating up to ₹ [●] million	245.90
17.	Lavu Sahadev	Other Selling Shareholders	Up to 1,320 Equity Shares aggregating up to ₹ [●] million	245.90
18.	Venkata Ramana Siva Kumar Yanamadala	Other Selling Shareholders	Up to 1,320 Equity Shares aggregating up to ₹ [●] million	245.90
19.	Suraj Prakash Atreja	Other Selling Shareholders	Up to 1,102 Equity Shares aggregating up to ₹ [●] million	245.92

Our primary line of business is in the distribution of healthcare products to retail pharmacies, hospitals and healthcare clinics in India.

The Issue is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations
QIB Portion: Not less than 75% of the Net Offer | **Non-Institutional Portion:** Not more than 15% of the Net Offer | **Retail Portion:** Not more than 10% of the Net Offer
Employee Reservation Portion: Up to [●] Equity Shares aggregating up to ₹ 80 Million

PRICE BAND: ₹ 1,195 TO ₹ 1,258 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE AND THE CAP PRICE ARE 119.50 TIMES AND 125.80 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY.

AS WE HAVE INCURRED LOSSES IN THE LAST THREE FISCALS PRICE TO EARNINGS IS NOT APPLICABLE.

BIDS CAN BE MADE FOR A MINIMUM OF 11 EQUITY SHARES AND IN MULTIPLES OF 11 EQUITY SHARES THEREAFTER.

A DISCOUNT OF ₹ 119 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated February 5, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' beginning on page 131 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

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

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