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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 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 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

1. 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)%

2. 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 |

3. 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.

4. 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.
5. The Selling Shareholders will receive the entire proceeds from the Offer for Sale and Company will not receive any of such proceeds.
6. 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
7. 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.
8. 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.
9. 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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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 capitalisa-tion to total revenue | Market capitalisa-tion to total assets |
|--|-------------|---|--|
| Our Company | | | |
| For the six months period ended September 30, 2023 | 108.31 | 2.88 | 3.63 |
| For Fiscal 2023 | 90.64 | 1.66 | 4.18 |
| Medplus Health Services Limited | | | |
| 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:

1. 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
2. Total Assets and Total Income = Total assets and Total Income (total Revenue) as disclosed in the respective financial statements.
3. Enterprise Value (EV) = Market capitalisation plus net debt.
4. 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
5. 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

10. 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 |

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

| 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 |

12. 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.

13. The 5 BRLMs associated with the Issue have handled 97 public issues in the past three Fiscals, out of which 26 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* | 24 | 7 |
| DAM Capital Advisors Limited* | 3 | 1 |
| Jefferies India Private Limited* | 2 | - |
| JM Financial Limited* | 19 | 1 |
| SBI Capital Markets Limited* | 7 | 2 |
| Common Issues of above BRLMs | 42 | 15 |
| Total | 97 | 26 |

*Issues handled where there were no common BRLMs

ANCHOR INVESTOR BIDDING DATE : THURSDAY, FEBRUARY 8, 2024*

BID/OFFER PERIOD

BID/OFFER OPENS ON : FRIDAY, FEBRUARY 9, 2024

BID/OFFER CLOSES ON : TUESDAY, FEBRUARY 13, 2024**

* Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI/ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

** The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day i.e., on February 13, 2024.

BASIS FOR THE OFFER PRICE

The Offer Price will be determined by our Company, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered in the Offer through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 119.50 times the face value at the lower end of the Price Band and 125.80 times the face value at the higher end of the Price Band.

Investors should also refer to the sections "Our Business", "Risk Factors", "Financial Information – Restated Consolidated Financial Information" and "Management Discussion and Analysis" on pages 180, 39, 272 and 429 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors : Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are: • We operate in the large and highly fragmented Indian healthcare products distribution market and expect to benefit from market consolidation. • We are one of India's largest and fastest growing healthcare products distribution platforms. • We have a track record of inorganic expansion and integration to grow our geographic reach, revenues and scale. • We have a differentiated business model offering comprehensive and integrated commercial and supply chain solutions. • We have a proprietary technology platform with integrated business intelligence tools and solutions. • Our Company has a experienced, committed and qualified founding and professional management team with deep industry expertise and backed by healthcare focused investor.

Quantitative factors : Some of the information presented in this section relating to our Company is derived from the Restated Consolidated Financial Information. For details, see "Financial Information – Restated Consolidated Financial Information" beginning on page 279 of the RHP. Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

1. **Earnings Per Share ("EPS") (as adjusted for changes in capital, if any) on a consolidated basis, calculated in accordance with the Indian Accounting Standard 33 issued by the ICAI**

| Period | As per Restated Consolidated Financial Information | | Post CCPS Conversion | | |
|--------------------------------------|--|--------------------|----------------------|--------------------|-----------|
| | Basic EPS (in ₹) | Diluted EPS (in ₹) | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weightage |
| Six months ended September 30, 2023* | 2.95 | 2.95 | 3.27 | 3.27 | - |
| Six months ended September 30, 2022* | (3.04) | (3.04) | (3.37) | (3.37) | - |
| Financial Year ended March 31, 2023 | (3.10) | (3.10) | (3.43) | (3.43) | 3 |
| Financial Year ended March 31, 2022 | (9.22) | (9.22) | (10.23) | (10.23) | 2 |
| Financial Year ended March 31, 2021 | (5.29) | (5.29) | (5.87) | (5.87) | 1 |
| Weighted Average | (5.50) | (5.50) | (6.10) | (6.10) | |

*Not annualised

Notes:

1. Basic EPS = Net Profit / (Loss) after tax, as restated, for the year divided by weighted average number of equity shares outstanding during the year/period.
2. Diluted EPS = Net Profit / (Loss) after tax, as restated, for the year divided by weighted average number of diluted equity shares and potential additional equity shares outstanding during the year/period.
3. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year divided by Total of weights
4. Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with the notified Indian Accounting Standard 33 "Earnings per share".
5. The figures disclosed above are based on the Restated Consolidated Financial Information of the Company.
6. The face value of each Equity Share is ₹ 10 each

2. **Price Earning ("P/E") Ratio in relation to the Price Band of ₹ 1,195 to ₹ 1,258 per Equity Share**

| Particulars | P/E ratio at the lower end of the Price Band (number of times)* | P/E ratio at the higher end of the Price Band (number of times)* |
|--|---|--|
| Based on Basic EPS for the financial year ended March 31, 2023 | Not Applicable | Not Applicable |
| Based on Diluted EPS for the financial year ended March 31, 2023 | Not Applicable | Not Applicable |

*Will be populated in the Prospectus.

3. **Industry Peer Group P/E Ratio**

Based on the peer group information (excluding our Company) given below in this section, The highest, lowest and average P/E ratio is 177.21 since we have only one listed industry peer.

| Particulars | Industry Peer P/E | Name of the company | Face value of the equity shares (₹) |
|-------------|-------------------|---------------------------------|-------------------------------------|
| Highest | 177.21 | Medplus Health Services Limited | 2.00 |
| Lowest | 177.21 | Medplus Health Services Limited | 2.00 |
| Average | 177.21 | - | - |

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The highest, lowest and average P/E has been considered as same number since we have only one industry peer. For further details, see "Basis for Offer Price – 6. Comparison of Accounting Ratios with Listed Industry Peers" beginning on page 133 of the RHP.

(2) The industry P/E ratio mentioned above is computed based on the closing market price of equity shares on NSE on January 15, 2024 divided by the Diluted EPS as on for the financial year ended March 31, 2023.

4. **Average Return on Net Worth ("RoNW") on a consolidated basis**

| Financial Year | RoNW, as derived from the Restated Consolidated Financial Information (%) | Weightage |
|--------------------------------------|---|-----------|
| Six months ended September 30, 2023* | 1.76% | |
| Six months ended September 30, 2022* | (1.83%) | |
| Financial Year ended March 31, 2023 | (1.86%) | 3 |
| Financial Year ended March 31, 2022 | (5.23%) | 2 |
| Financial Year ended March 31, 2021 | (3.15%) | 1 |
| Weighted Average | (3.20%) | |

*Not annualised

Notes:

1. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.
2. Return on Net Worth (%) = Net Profit / (Loss) after tax, as restated / Restated Net worth (Total Equity) at the end of the year/period.
3. Net worth = Aggregate value of equity share capital, instruments entirely equity in nature, and other equity created out of the profits, securities premium account, and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, derived from the Restated Consolidated Financial Information and non-controlling interest, but does not include reserves created out of revaluation of assets and write-back of depreciation.

5. **Net Asset Value ("NAV") per Equity Share**

| Year Ended | NAV derived from the Restated Consolidated Financial Information (₹) ⁽¹⁾⁽²⁾ | NAV post CCPS conversion (₹) ⁽²⁾⁽³⁾ |
|------------------------------------|--|--|
| As on September 30, 2023* | 166.90 | 185.84 |
| As on September 30, 2022* | 156.90 | 174.00 |
| As on March 31, 2023 | 157.08 | 174.21 |
| As on March 31, 2022 | 155.42 | 171.95 |
| As on March 31, 2021 | 165.17 | 183.16 |
| After the completion of the Offer* | At the Floor Price: 346.34 | At the Floor Price: 378.16 |
| | At the Cap Price: 349.39 | At the Cap Price: 381.80 |
| Offer Price ⁽¹⁾ | [•] | [•] |

*Not annualised

(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

(2) Net asset value per share (in ₹) represents net asset value per equity share. It is calculated as net worth as of the end of the relevant year/period divided by the number of equity share outstanding at the end of the respective year/period.

(3) Net worth = Aggregate value of equity share capital, instruments entirely equity in nature, and other equity created out of the profits, securities premium account, and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, derived from the Restated Consolidated Financial Information, and non-controlling interest but does not include reserves created out of revaluation of assets and write-back of depreciation. Net Asset Value is a Non-GAAP measure (see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures- EBITDA and Adjusted EBITDA" on page 460 of the RHP for the reconciliation of Net Asset Value calculated from the Restated Consolidated Financial Information)

⁽¹⁾ Employee discount not considered in the calculations above

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BASIS FOR THE OFFER PRICE

6. Comparison of Accounting Ratios with Listed Industry Peers

Following is the comparison with our peer companies listed in India and in the same line of business as our Company:

| Name of Company | Face Value (₹ Per Share) | Closing price on January 15, 2024 (₹) | Total Income, for Fiscal 2023 (in ₹ million) | EPS (₹) | | NAV (₹ per share) | P/E | RoNW (%) |
|-------------------------------------|-----------------------------|---|--|----------|---------|----------------------|--------|----------|
| | | | | Basic | Diluted | | | |
| Entero Healthcare Solutions Limited | 10.00 | NA | 33,057.21 | (3.43) | (3.43) | 174.21 | NA | (1.86)% |
| Peer Group | | | | | | | | |
| MedPlus Health Services Limited | 2.00 | 738.95 | 46,036.54 | 4.17 | 4.17 | 124.93 | 177.21 | 3.36% |

Notes:
(a) Financial information for Company is derived from the Restated Consolidated Financial Information for the year ended March 31, 2023.
For listed peers:
(b) 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 for the year ended March 31, 2023 submitted to stock exchanges.
(c) P/E Ratio has been computed based on the closing market price of equity shares on NSE on January 15, 2024, divided by the Diluted EPS.
(d) Return on Net Worth (RoNW) (%) = Net Profit / (Loss) after tax/ Net worth (Total Equity) at the end of the year.
(e) Net asset value per share (in ₹) represents net asset value per equity share post conversion. It is calculated as net worth as of the end of the relevant year divided by the number of equity share outstanding at the end of the respective year.

7. Key Performance Indicators

The table below sets forth the details of certain key performance indicators ("KPIs") that our Company considers have a bearing for arriving at the basis for Offer Price. All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated January 21, 2024. The Audit Committee has further confirmed that the KPIs pertaining to the Company that have been disclosed to earlier investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus have been disclosed in this section and have been verified and audited by N B T and Co, Chartered Accountants (Firm Registration Number: 140489W), holding a valid certificate issued by the peer review board of the ICAI. The KPIs disclosed below have been certified by N B T & Co, Chartered Accountants (Firm Registration Number: 140489W), pursuant to certificate dated January 21, 2024.

Our Company shall continue to disclose the KPIs disclosed in this section, on a periodic basis, at least once in a year (or for any lesser period as determined by our Company), for a duration that is at least the later of (i) one year after the listing date or period specified by SEBI; or (ii) till the utilization of the Net Proceeds. Any change in these KPIs, during the aforementioned period, will be explained by our Company. The ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

The list of our KPIs along with brief explanation of the relevance of the KPI for our business operations are set forth below:

| Sr. No. | KPI | Explanation |
|-------------|---|---|
| Operational | Customers (Retail) | This metric helps us track the retail stores serviced over multiple periods and geography |
| | Customers (Hospital) | This metric helps us track the hospitals serviced over multiple periods - thereby align our business strategies accordingly |
| | SKUs handled | This metric helps us understand availability of multiple SKUs and lines of businesses |
| | Pharmaceutical and healthcare companies whose products have been billed | This metric helps us track the number of companies we serve and their product availability through our channel |
| | Districts covered | This metric helps us track our presence in terms of the number of districts we service across multiple periods |
| | Warehouses | Count of active warehouses |
| | Warehouse Area | This metric helps us track our storage capacities through better inventory management practices. |
| | Employees | This metric helps us analyse the company performance and growth via changes in headcount over multiple periods. |
| | Average Sales per Month per customer | This metric helps us analyse the trends in average sale to customers on a monthly basis over multiple periods. |
| Financial | Revenue Growth | This metric is used by the management to track revenue growth across multiple periods and deploy strategies accordingly |
| | Gross Profit | This metric helps the company to track gross margin from various product categories over multiple periods. |
| | Gross Profit Margin | This metric helps the company to track gross margin generated over multiple periods. |
| | EBITDA | We believe that tracking EBITDA helps us identify underlying trends in our business and facilitates evaluation of year-on-year operating performance of our operations by eliminating items that are variable in nature and not considered by us in the evaluation of ongoing operating performance and allowing comparison of our recurring core business operating results over multiple periods. |
| Financial | EBITDA Margin | We believe that tracking EBITDA margin assists in tracking the margin profile of our business and in understanding areas of our business operations which have scope for improvement. |
| | Unit EBITDA Margin | This ratio helps the company in measuring EBITDA from core operations of the business, excluding central costs. |
| | Restated Profit for the Year/Period | We believe that tracking profit after tax helps us track the overall profitability of our business after tax. |
| | Profit After Tax Margin | We believe that tracking PAT margin assists in tracking the margin profile of our business and allows comparison of results over multiple periods. |
| | Net Working Capital Days | This metric helps the Company to track cash conversion over multiple periods. |
| | Return on Capital Employed ("ROCE") | This ratio helps the company in measuring the operating returns generated from total capital employed in the business. |
| | Return on Equity ("ROE") | This ratio helps the company in measuring the returns generated from equity financing. |

Details of KPIs as at/for the six months ended September 30, 2023, and September 30, 2022, and the financial years ended March 31, 2023, March 31, 2022, and March 31, 2021:

| KPIs | Unit | Six months ended September 30, 2023 | Six months ended September 30, 2022 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|----------------|---|---|-------------|-------------|-------------|
| Operational | | | | | | |
| Customers (Retail) ⁽¹⁾ | (Number) | 73,700+ | 65,000+ | 81,400+ | 64,200+ | 39,500+ |
| Customers (Hospital) ⁽²⁾ | (Number) | 2,800+ | 2,400+ | 3,400+ | 2,500+ | 1,600+ |
| SKUs handled ⁽³⁾ | (Number) | 63,900+ | 59,000+ | 64,500+ | 56,500+ | 44,400+ |
| Pharmaceutical and healthcare companies whose products have been billed ⁽⁴⁾ | (Number) | 1,900+ | 1,700+ | 1,900+ | 1,700+ | 1,100+ |
| Districts covered ⁽⁵⁾ | (Number) | 501 | 471 | 495 | 483 | 420 |
| Warehouses ⁽⁶⁾ | (Number) | 77 | 71 | 74 | 60 | 44 |
| Warehouse Area ⁽⁷⁾ | (Square feet) | 464,112 | 433,238 | 430,556 | 408,924 | 312,783 |
| Employees ⁽⁸⁾ | (Number) | 3,181 | 3,018 | 3,041 | 2,875 | 2,141 |
| Average Sales per Month per Customer ⁽⁹⁾ | (₹) | 37,532 | 36,889 | 30,143 | 29,213 | 32,801 |
| Financial | | | | | | |
| Revenue Growth ⁽¹⁰⁾ | (%) | 19.67% | NA | 30.85% | 41.71% | 31.87% |
| Gross Profit ⁽¹¹⁾ | (₹ in million) | 1,691.57 | 1,286.76 | 2,683.42 | 2,096.28 | 1,415.97 |
| Gross Profit Margin ⁽¹²⁾ | (%) | 8.92% | 8.12% | 8.13% | 8.31% | 7.96% |
| EBITDA ⁽¹³⁾ | (₹ in million) | 543.66 | 250.28 | 640.07 | 244.38 | 215.45 |
| EBITDA Margin ⁽¹⁴⁾ | (%) | 2.87% | 1.58% | 1.94% | 0.97% | 1.21% |
| Unit EBITDA Margin ⁽¹⁵⁾ | (%) | 4.09% | 3.78% | 3.74% | 3.72% | 3.46% |
| Restated Profit for the Year/Period ⁽¹⁶⁾ | (₹ in million) | 116.42 | (108.57) | (111.04) | (294.39) | (153.54) |
| Profit after Tax Margin ⁽¹⁷⁾ | (%) | 0.61% | (0.69)% | (0.34)% | (1.17)% | (0.86)% |
| Net Working Capital Days ⁽¹⁸⁾ | (Number) | 67 | 64 | 63 | 69 | 74 |
| Return on Capital Employed ⁽¹⁹⁾ | (%) | 5.17% ⁽²¹⁾ | 2.13% ⁽²¹⁾ | 6.05% | 1.49% | 1.88% |
| Return on Equity ⁽²⁰⁾ | (%) | 2.54% ⁽²¹⁾ | (2.61)% ⁽²¹⁾ | (2.66)% | (7.35)% | (4.23)% |

Notes:
1. Customers (Retail) refer to the number of "trade", "retail" or "healthcare practitioners" customers with one or more billed invoice during the period.
2. Customers (Hospital) refer to the number of "hospitals" or "nursing homes" customers with one or more billed invoice during the period.
3. SKUs handled refer to the number of unique SKUs that have been billed by us during the period. Examples of SKUs include pharmaceutical SKUs, fast moving consumer goods SKUs and surgicals / consumables SKUs.
4. Pharmaceutical and healthcare companies whose products have been billed refers to the number of pharmaceutical and healthcare companies whose products were billed by us during the period.
5. Districts refer to the number of districts where one or more customers have been billed during the period. Districts are mapped based on the pincode mentioned in the customer's address field.
6. Warehouses refer to the number of active warehouses (with a unique drug license) with one or more products billed from that warehouse.
7. Warehouse area refers to the total square footage of area across all our active warehouses.
8. Employees refer to the number of employees that are on our Company or our Subsidiaries' payroll as on the last date of the respective Fiscal/period.
9. Average Sales per Month per customer refers to the Restated revenue from operations for the year or the six months period divided by 12 or 6 respectively, and total number of customers.
10. Revenue growth is calculated as growth in revenue for the relevant year/period as compared to the corresponding previous year/period.
11. Gross profit is calculated as revenue from operations reduced by purchase of stock-in-trade and changes in inventories of stock-in-trade.
12. Gross profit margin is calculated as gross profit divided by revenue from operations.
13. 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.
14. Earnings before interest, taxes, depreciation and amortization (EBITDA) margin is calculated as EBITDA divided by revenue from operations.
15. Unit EBITDA Margin refers to the consolidated EBITDA % of individual standalone distributor entities.
16. Restated profit for the year/period is calculated as Total income reduced by Total expenses and Total tax expenses.
17. Profit after tax margin is calculated as restated profit after tax divided by total income.
18. Net working capital days is calculated by net working capital (which is calculated as current asset (excluding cash/bank or cash equivalents) reduced by current liabilities (excluding short term borrowings)) represented in days sales (grossed up for taxes) during the period. The net working capital days for the six months ended September 30, 2023 and September 30, 2022 are annualized figures.
19. ROCE is calculated as EBIT (which represents the sum of profit before tax and Interest expenses) divided by average capital employed (calculated as the sum of opening capital employed and closing capital employed, and then divided by two) during the period. Capital employed is calculated as the sum of tangible net worth, borrowings and deferred tax liability. Tangible net worth is the sum of total equity (including non-controlling interest) reduced by goodwill, other intangible assets and intangible assets under development.
20. ROE is calculated as restated profit after tax divided by average tangible net worth. Tangible net worth is the sum of total equity (including Non-controlling interest) reduced by goodwill, other intangible assets and intangible assets under development. Average tangible net worth is calculated as the sum of opening tangible net worth and closing tangible net worth and then divided by two.
21. Not annualised

Above mentioned KPIs includes details of acquisitions or/and dispositions made by the Company during the six months ended September 30, 2023, and September 30, 2022, and the financial years ending March 31, 2023, 2022 and 2021, details of which are mentioned below:

| Year of Acquisition | Number of Acquisitions | Sale of goods during the six months ended September 30, 2023 (₹ million) | Sale of goods during the six months ended September 30, 2022 (₹ million) | Sale of goods during the Financial Year 2023 (₹ million) | Sale of goods during the Financial Year 2022 (₹ million) | Sale of goods during the Financial Year 2021 (₹ million) |
|-------------------------------------|------------------------|--|--|--|--|--|
| Six months ended September 30, 2023 | 1 | 39.76 | - | 836.24 | - | - |
| Six months ended September 30, 2022 | 3 | 818.74 | 248.72 | 836.24 | - | - |
| Financial Year 2022-2023 | 3 | 818.74 | 248.72 | 836.24 | - | - |
| Financial Year 2021-2022 | 8 | 3,464.56 | 2,581.28 | 5,304.21 | 1,416.26 | - |
| Financial Year 2020-2021 | 3 | 303.14 | 223.30 | 475.77 | 325.11 | 212.28 |

For details of our other operating metrics disclosed elsewhere in this Red Herring Prospectus, see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 180 and 429, of the RHP, respectively.

8. Comparison of KPIs with listed industry peers:

| As at and for Fiscal 2023 | | | | | | |
|--|--|--|--|--|--|--|
| Key Performance Indicators | | Entero Healthcare Solutions Limited ^(a) | | Medplus Health Services Limited ^(b) | | |
| Customers (Retail) ⁽¹⁾ | | 81,400+ ⁽¹⁵⁾ | | NA | | |
| Customers (Hospital) ⁽²⁾ | | 3400+ | | NA | | |
| SKUs handled | | 64,500+ | | 44,000+ | | |
| Pharmaceutical and Healthcare Companies whose products have been billed ⁽⁴⁾ | | 1900+ | | NA | | |
| Districts covered ⁽⁵⁾ | | 495 | | NA | | |
| Warehouses | | 74 | | 10 | | |
| Warehouse Area ⁽⁷⁾ | | 430,556 | | NA | | |
| Employee | | 3,041 | | 22,000 | | |

| As at and for Fiscal 2023 | | |
|---|--|--|
| Key Performance Indicators | Entero Healthcare Solutions Limited ^(a) | Medplus Health Services Limited ^(b) |
| Average Sales per Month per Customer ⁽⁹⁾ | 30,143 | NA |
| Revenue growth (%) ⁽¹⁰⁾ | 30.85% | 20.81% |
| Gross Profit (in ₹ million) ⁽¹¹⁾ | 2,683.42 | 10,459.66 |
| Gross Profit Margin (%) ⁽¹²⁾ | 8.13% | 22.72% |
| EBITDA (in ₹ million) ⁽¹³⁾ | 640.07 | 3,117.46(20) |
| EBITDA Margin (%) ⁽¹⁴⁾ | 1.94% | 6.77% |
| Unit EBITDA Margin (%) ⁽¹⁵⁾ | 3.74% | NA |
| Profit after tax (in ₹ million) | (111.04) | 501.05 |
| Profit after Tax Margin (%) ⁽¹⁶⁾ | (0.34)% | 1.09% |
| Net Working Capital (NWC) Days ⁽¹⁷⁾ | 70* | 73 |
| Return on Capital Employed (%) ⁽¹⁸⁾ | 6.05% | 9.16% |
| Return on Equity (%) ⁽¹⁹⁾ | (2.66)% | 3.56% |

*Working capital days provided above are at net level, working capital days grossed up for GST taxes for Entero Healthcare Solutions Ltd. is 63 days for fiscal 2023. Same value for peers cannot be calculated as exact data for peers regarding the same is not available

- Financial data as per Restated Consolidated Financial Information
- Operational data as of fiscal 2023 on consolidated basis; financial data as per quarterly financials, since data is updated as per quarterly reports for fiscal 2023 and detailed schedules are not available, there is no classification of other income available hence it is considered as part of operating income; as of September 1, 2023, annual report for Medplus Health Services Limited is not available in the public domain.
- Customers (Retail) refer to the number of "trade", "retail" or "healthcare practitioners" customers with one or more billed invoice during the period.
- Includes physicians as customers.
- Customers (Hospital) refer to the number of "hospitals" or "nursing homes" customers with one or more billed invoice during the period.
- Pharmaceutical and healthcare companies whose products have been billed refers to the number of pharmaceutical and healthcare companies with products billed during the period
- Districts refer to the number of districts where one or more customers have been billed during the period. Districts are mapped based on the pincode mentioned in the customer's address field.
- Warehouse area refers to the total square footage of area across all our active warehouses.
- Average Sales per Month per Customer refers to the Restated Revenue from Operations for the year divided by 12 and the total number of customers
- Revenue Growth refers to year-on-year growth. Revenue growth is calculated as the growth in revenue for the relevant year as compared to the corresponding previous year.
- Gross Profit is calculated as Revenue from Operations reduced by Purchase of Stock-in-Trade and Changes in Inventories of Stock-in-Trade.
- Gross Profit Margin is calculated as Gross Profit divided by Revenue from Operations
- 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
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
- Unit EBITDA margin refers to the consolidated EBITDA % of individual standalone distributor entities.
- Profit After Tax Margin is calculated as Restated Profit after Tax divided by Total Income
- NWC (Net working capital) days= Debtors days + inventory days - payable days
- Return on Capital Employed (ROCE) is calculated as EBIT (which represents the sum of profit before tax and Interest expenses) divided by average capital employed (calculated as the sum of opening capital employed and closing capital employed, and then divided by two) during the period. Capital employed is calculated as the sum of tangible net worth, borrowings and deferred tax liability. Tangible net worth is the sum of total equity (including non-controlling interest) reduced by goodwill, other intangible assets and intangible assets under development.
- Return on Equity (ROE) is calculated as restated profit after tax divided by Average Tangible Net Worth. Tangible net worth is the sum of total equity (including non-controlling interest) reduced by goodwill, other intangible assets and intangible assets under development. Average tangible net worth is calculated as the sum of opening tangible net worth and closing tangible net worth and then divided by two.
- EBITDA calculation is done considering other income as part of Operating income

9. Price per share, floor price and cap price

a) Price per share of the Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under the ESOP Plans and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

| Name of Allottee | Date of Allotment | Nature of Allotment | Nature of Specified Security | Issue Price per Specified Security (in ₹)* | Transaction as a % of the fully diluted paid up capital of our Company | Number of specified securities allotted |
|---|--------------------|---|------------------------------|--|--|---|
| Prabhat Agrawal and certain other allottees | September 12, 2022 | Right Issue | Equity Shares | 10.00 | 6.79% | 2,61,327 |
| OrbiMed Asia III Mauritius Limited and certain other allottees disclosed in the section titled "Capital Structure – History of Equity Share Capital of our Company" on pages 95 to 104 of the RHP | July 12, 2023 | Conversion of CCPS into Equity Shares | Equity Shares | 10.00 | 290.78% | 11,955,359 |
| OrbiMed Asia III Mauritius Limited | January 27, 2024 | Conversion of CCPS A1 Series into Equity Shares | Equity Shares | 423.07 | 68.18% | 1,09,54,617 |
| Tushar Kumar (For IM Investments Trust) and certain other allottees | January 27, 2024 | Conversion of CCPS A2 Series into Equity Shares | Equity Shares | 423.08 | 23.28% | 37,40,532 |
| Prem Sethi and certain other allottees | January 27, 2024 | Conversion of CCPS A3 Series into Equity Shares | Equity Shares | 10.70 | 18.02% | 28,94,741 |
| Petros Diamantides and certain other allottees | January 27, 2024 | Conversion of CCPS A4 Series into Equity Shares | Equity Shares | 412.61 | 4.05% | 6,50,771 |
| OrbiMed Asia III Mauritius Limited and certain other allottees | January 27, 2024 | Conversion of CCPS A5 Series into Equity Shares | Equity Shares | 412.61 | 7.69% | 12,35,651 |
| Weighted average cost of acquisition (WACA) (primary issuances) (₹ per Equity Share) | | | | 255.56 | | |

*Issue price has been considered as amount paid at the time of CCPS acquisition divided by the number of equity shares allotted pursuant to conversion of CCPS.

b) Price per share of the Company (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) where Promoters or members of the Promoter Group or Selling Shareholders or other shareholders with rights to nominate directors are a party to the transaction during the 18 months preceding the date of filing of this Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")

Not applicable

Since there are eligible transactions to report to under (a) and (b), the details of the price per share of the Company, based on the last five primary or secondary transactions (secondary transactions where the Promoters or members of the Promoter Group or shareholders having a right to nominate directors to the Board are a party to the transaction, excluding gifts), not older than three years prior to the date of this Red Herring Prospectus has not been computed.

For further details in relation to the share capital history of our Company, see "Capital Structure" on page 93 of the RHP.

10. Floor Price and Cap Price as compared to the weighted average cost of acquisition based on past allotment(s)/secondary transactions as set out below:

| Past Transactions | Weighted average cost of acquisition of Specified Securities (₹)* | Floor Price (₹1,195.00) | Cap Price (₹1,258.00) |
|--|---|-------------------------|-----------------------|
| Issuance of Equity Shares or convertible securities during the 18 months preceding the date of this Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up Equity Share capital of our Company (calculated based on the pre-issue capital before such transactions and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days | 255.56 | 4.68 times | 4.92 times |
| secondary sale/ acquisitions of Equity Shares or any convertible securities, where the Promoter, members of the Promoter Group, Selling Shareholders, or Shareholders having the right to nominate Directors on our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of this Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of our Company (calculated based on the pre-offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days | Not applicable | Not Applicable | Not Applicable |

^To be updated at Prospectus stage

11. Justification for Basis for Offer price

Detailed explanation for Cap Price being 4.92 times of WACA of past five primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company's KPIs and financial ratios for the six months ended September 30, 2023, September 30, 2022, and the Fiscals 2023, 2022 and 2021 and in view of the external factors which may have influenced the pricing of the issue, if any.

- We are amongst the top three healthcare products distributors in India in terms of revenue in Financial Year 2022, and reported an operating income of ₹25,220.65 million in Financial Year 2022 (Source: CRISIL Report).
- We have achieved the fastest scale-up of operations among healthcare products distributors in India (between Financial Year 2019 to Financial Year 2022), and reached ₹25,000 million of operating income within four years of operations (Source: CRISIL Report).
- We add value to the healthcare product manufacturers that work with us by providing them reach and accessibility to pharmacies, hospitals and clinics through our integrated and technology driven, pan-India healthcare products distribution platform.
- We also provide a diverse spectrum of healthcare products, including pharmaceutical products, nutraceuticals, medical devices, surgical consumables, over-the-counter medicines and vaccines, which enables us to become a one stop shop for our customer's healthcare product needs. Accordingly, we aim to provide high fill rates to our customers, which in turn enables them to provide high fill rates to end consumers. We also aim to provide low turnaround time to our customers. Our scale of operations allows us to procure products at competitive prices and have a wide product range with adequate inventory levels.
- We leverage technology to provide a positive buying experience through our digital solutions such as the Entero Direct B2B application ("Entero Direct"), where customers have real-time visibility of our product range, pricing, inventory levels, order status, outstanding balances, promotional offers. Entero Direct can be used for order management 24 hours a day, seven days a week.
- For the Financial Years 2021, 2022 and 2023, the six months ended 30 September 2022 and the six months ended September 30, 2023, our revenue from operations was ₹17,797.37 million, ₹25,220.65 million and ₹33,002.07, ₹15,839.68 and ₹18,955.01 million respectively.
- For the Financial Years 2021, 2022 and 2023, the six months ended 30 September 2022 and the six months ended September 30, 2023, our Gross Profit margin was 7.96%, 8.31%, 8.13%, 8.12% and 8.92% respectively.
- For the Financial Years 2021, 2022 and 2023, the six months ended 30 September 2022 and the six months ended September 30, 2023, our EBITDA margin was 1.21%, 0.97% 1.94%, 1.58% and 2.87% respectively.
- The Offer Price is [●] times of the face value of the Equity Shares.

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with "Risk Factors", "Our Business", "Financial Information – Restated Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 39, 180, 279 and 429 of the RHP respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" beginning on page 39 of the RHP and you may lose all or part of your investments.

FOR FURTHER DETAILS, SEE "BASIS FOR OFFER PRICE" ON PAGE 131 OF THE RHP.

Continued on next page...

