healthcare ltd.

February 12, 2024

To,
The Manager
Listing Department,
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai – 400051

Dear Sir/Madam,

Trading Symbol: ZOTA

Sub: Investor Presentation

Ref: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to the captioned subject we, Zota Health Care Limited are submitting herewith enclosed the Investor Presentation in respect of Unaudited Financial Results for the quarter ended December 31, 2023.

This is for your information and record.

Thanking you,

Yours faithfully,

For **Zota Health Care Limited**

ASHVIN BHAGAVANBHAI VARIYA
Digitally signed by ASHVIN BHAGAVANBHAI VARIYA
Date: 2024.02.12 15:49:55 +05'30'

Ashvin Variya
(Company Secretary & Compliance Officer)
Place: Surat

Encl: a/a

INDIA'S LARGEST PRIVATE GENERIC PHARMACY RETAIL CHAIN

FEBRUARY 2024

Zota Health Care Limited

Q3FY24

Performance Highlights

Safe **Harbour**

This presentation has been prepared by the Zota Health Care Limited (the “Company”) only for information purpose to the stakeholders and does not contain any offer or invitation to subscribe the securities of the Company . No offering of securities shall be made except by means of offer documents .

This presentation has been prepared on the basis of information and data available with the Company consider reliable. This presentation may not contain all the information that you may consider material. Any liability in respect of the content of or any omission from this presentation is expressly excluded.

Stakeholders are advice to compare the data provided in the presentation with the full financial results available on the website of the Company as well as on website of NSE.

This presentation contains “forward looking statement”, including “future oriented financial information” and “financial outlook”. This forward looking statement is based on management’s current expectations and belief, and subject to uncertainty. Actual result may be vary from the material facts contained in this presentation due to changes in government policies, regulations, economics reforms, natural calamities, competition, technology, etc. Company is not under obligation to inform any update or alter in forward looking statement, whether as a result of any new information or future events.

davaindia GENERIC PHARMACY

Davaindia is **REVOLUTIONISING THE INDIAN HEALTHCARE SCENARIO**

9641 Lakhs Gross Merchandise Value in 9MFY24	**60%** Gross Margin in COCO format
761 Fast growing FOFO & COCO store network	**30-90%** Savings to consumers on Generic medicines
13.46 Mn+ Happy Consumers	**25-30%** Mature COCO Stores EBITDA

davaindia GENERIC PHARMACY

We are eliminating the **traditional pharma supply chain and passing benefits to the Consumers**

Sourcing directly from manufacturers and selling directly to consumers…

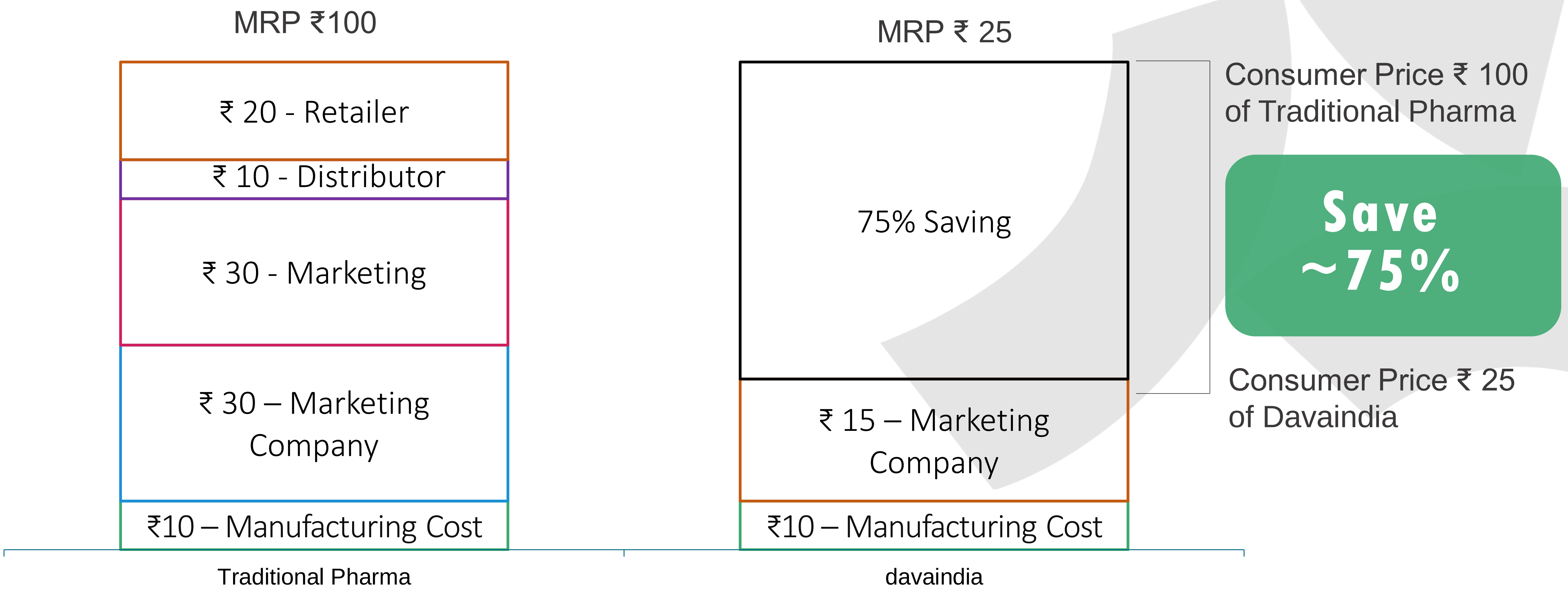
Traditional Pharma → Manufacturer → Pharma Marketing Company → Distributors → Retailers → Consumers

Manufacturer → Doctors → Consumers

davaindia Model → Manufacturer → davaindia GENERIC PHARMACY → Consumers

davaindia GENERIC PHARMACY

On an average **~75% savings on medicines as compared to branded counter parts**



davaindia GENERIC PHARMACY

Zota Health Care **Business Verticals**

1 DAVAINDIA

- *A Retail generic pharmacy chain which provides quality generic medicines.*
- *Focuses only on private-label products in:*
  - *Medicinal*
  - *OTC*
  - *Ayurvedic*
  - *Cosmetic and Nutraceutical*
- *Key emphasis is on chronic therapies and ailments*
- *One-of-its-kind concept started with 3 pilot stores in 2017*
- *FOFO Stores are operated on an asset-light franchisee model*

02
Store variants Company Owned Company Operated (COCO) and Franchisee Owned Franchisee Operated (FOFO)

30% – 90%
Savings on medicines as compared to branded counterparts

Larger Store Network
154 COCO stores
607 FOFO stores

100%
private labelled products

2 DOMESTIC MARKETING BUSINESS

- *Procures finished dosage forms from domestic formulations manufactures and market them under their portfolio of brands*
- *Markets the products across the country to the distributors, which, in turn, caters to retail pharmacies in their respective districts*

1,050+
Distributors currently present across India

4,000+
Products covering major therapeutic segments

WHO
Partners with **WHO** recognized manufacturers

3 EXPORTS

- *Commenced operations in 2010 in manufacturing unit in Sachin, SEZ*
- *Manufactures about 250 formulations in the unit*
- *To focus on more and more products registrations in all these countries & company itself holding all the MAs / Registration of all other countries*

284
Product approvals out of 586 dossiers applications

30+
Countries' approval mainly in the semi regulated and regulated markets

Growth led by exclusive foreign distribution network and exclusive MA holding

Davaindia Competitive Edge

The USP of the brand ranges from quality to affordability to variety to efficiency in operations . . .

BENEFITS TO THE CUSTOMERS

Medicines priced at **low MRP** thereby ensuring affordability by the masses

Private labels offered, helps in building customer trust by ensuring consistency

Continuously adding to its **product range** thereby offering variety

Products procured from **WHO & GMP** approved plants and quality attested at NABL approved labs

BENEFITS TO THE FRANCHISEES

Store operations and the supply chain efficiently managed by cloud based software & AI

Widespread marketing activities helping in promoting the brand and improving sales

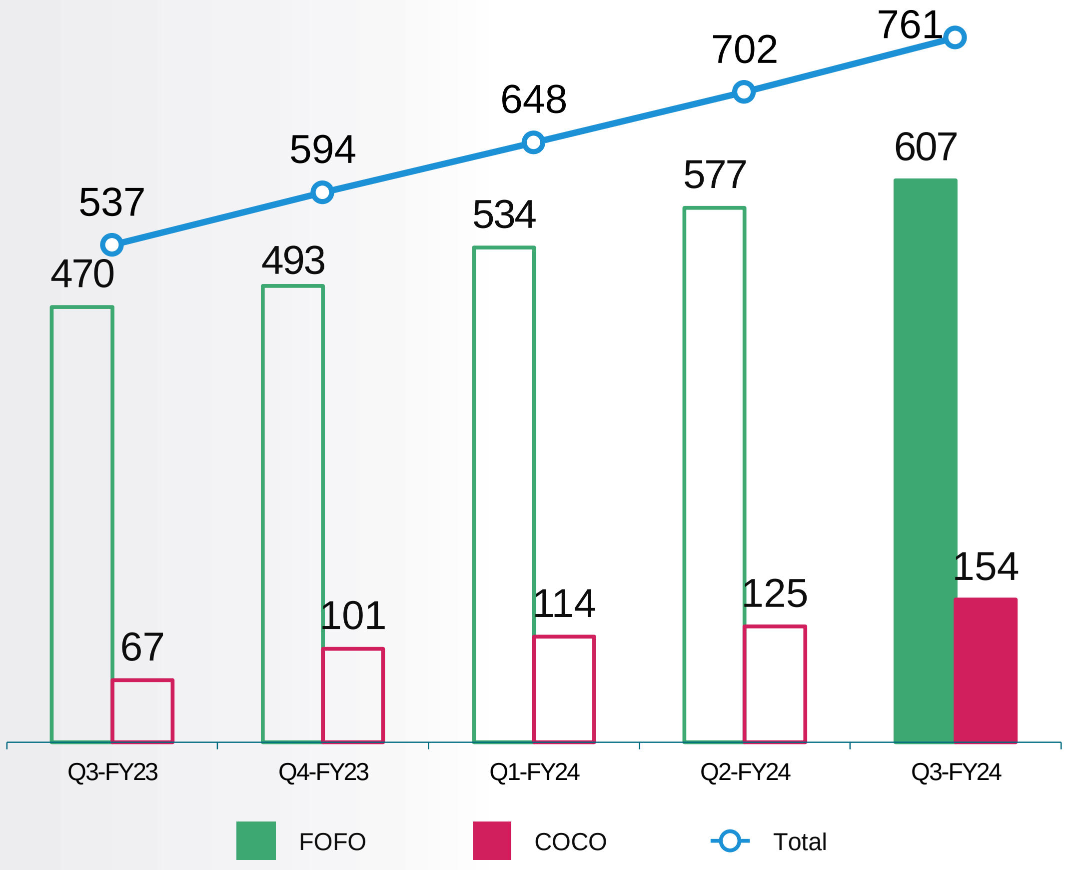
Elimination of distributors will ensure timely supply of stock

Franchise will get **1 km radius** ensuring exclusivity

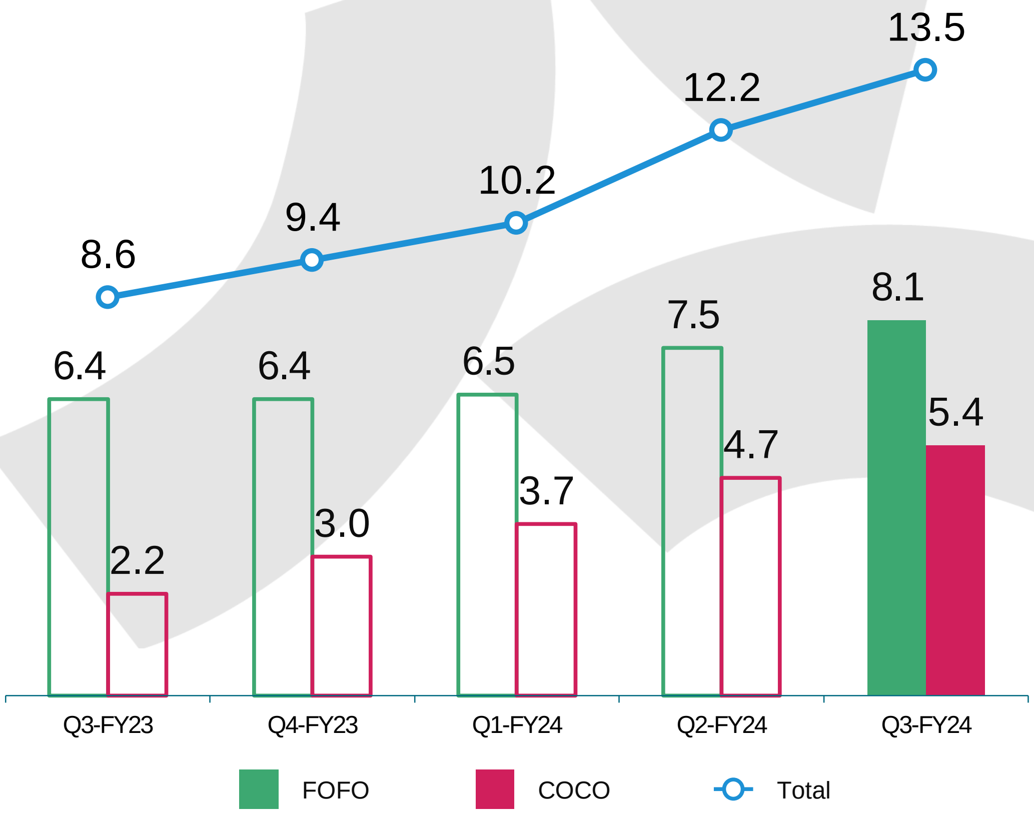
KPI's - **Davaindia**

davaindia GENERIC PHARMACY

No. of Stores



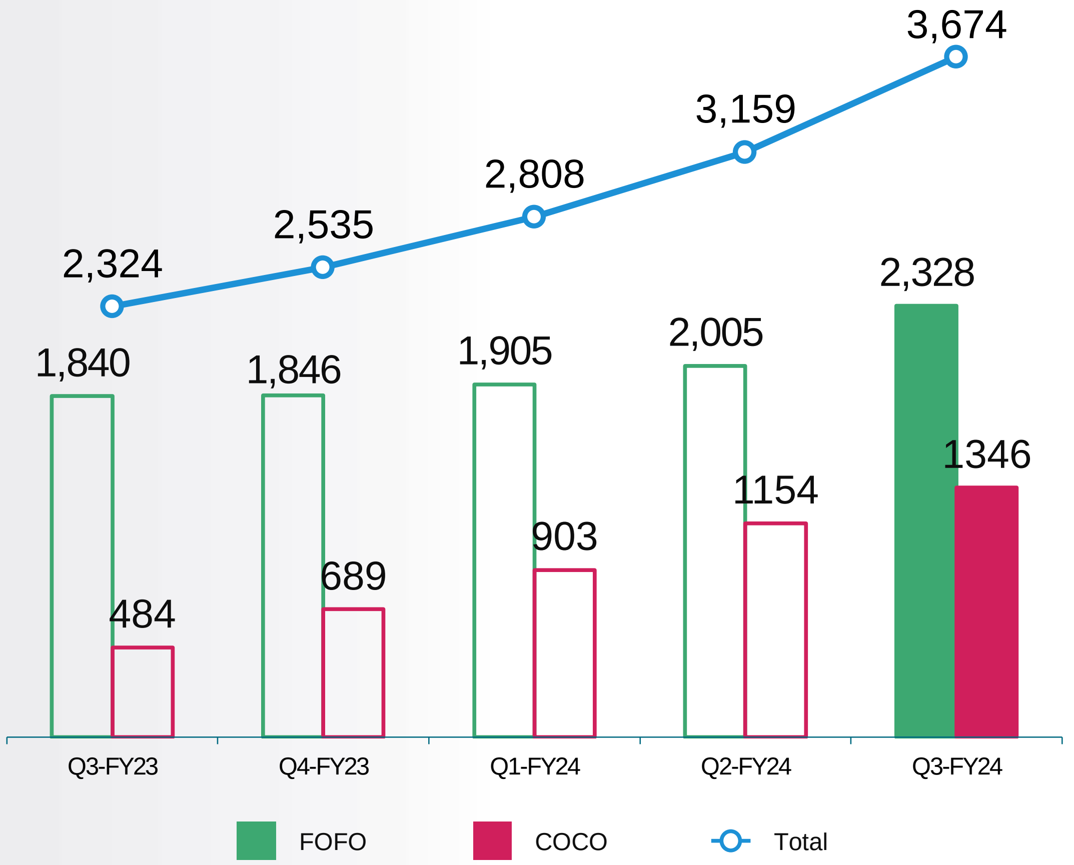
Quarterly Footfall
(Lakhs)



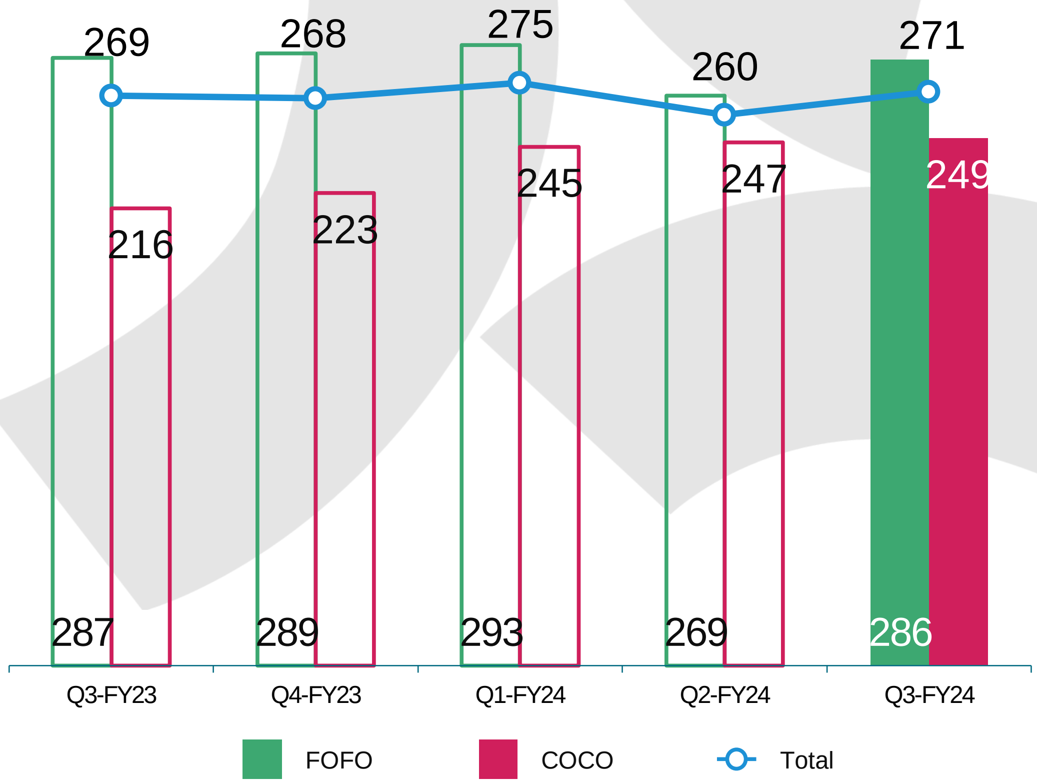
Note – The Company did a one-time closure of under-performing FOFO stores in Q3FY23, leading to a decrease in total store count.

KPI's - **Davaindia**

Quarterly GMV
(₹ Lakhs)



Avg. Wallet Spend
(₹)

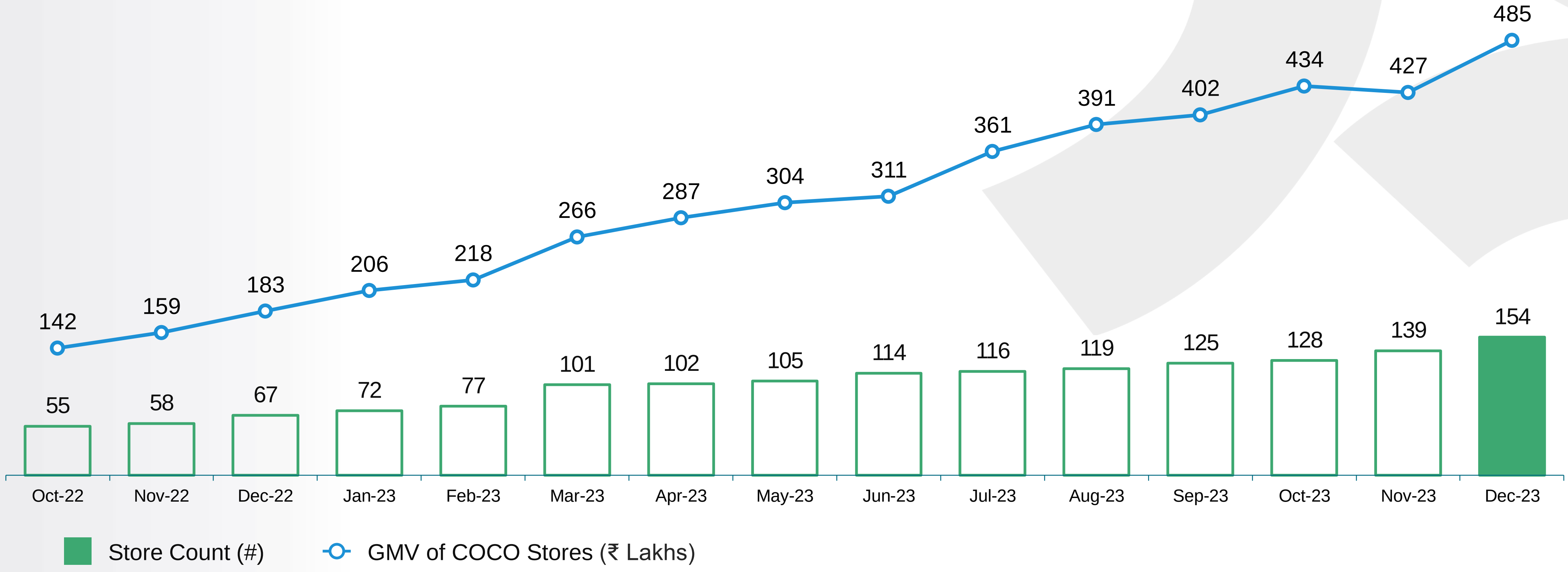


davaindia
GENERIC PHARMACY

Davaindia - **COCO Stores**

COCO Monthly Performance Updates

Store Count & GMV of COCO Stores



COCO Monthly Performance Updates

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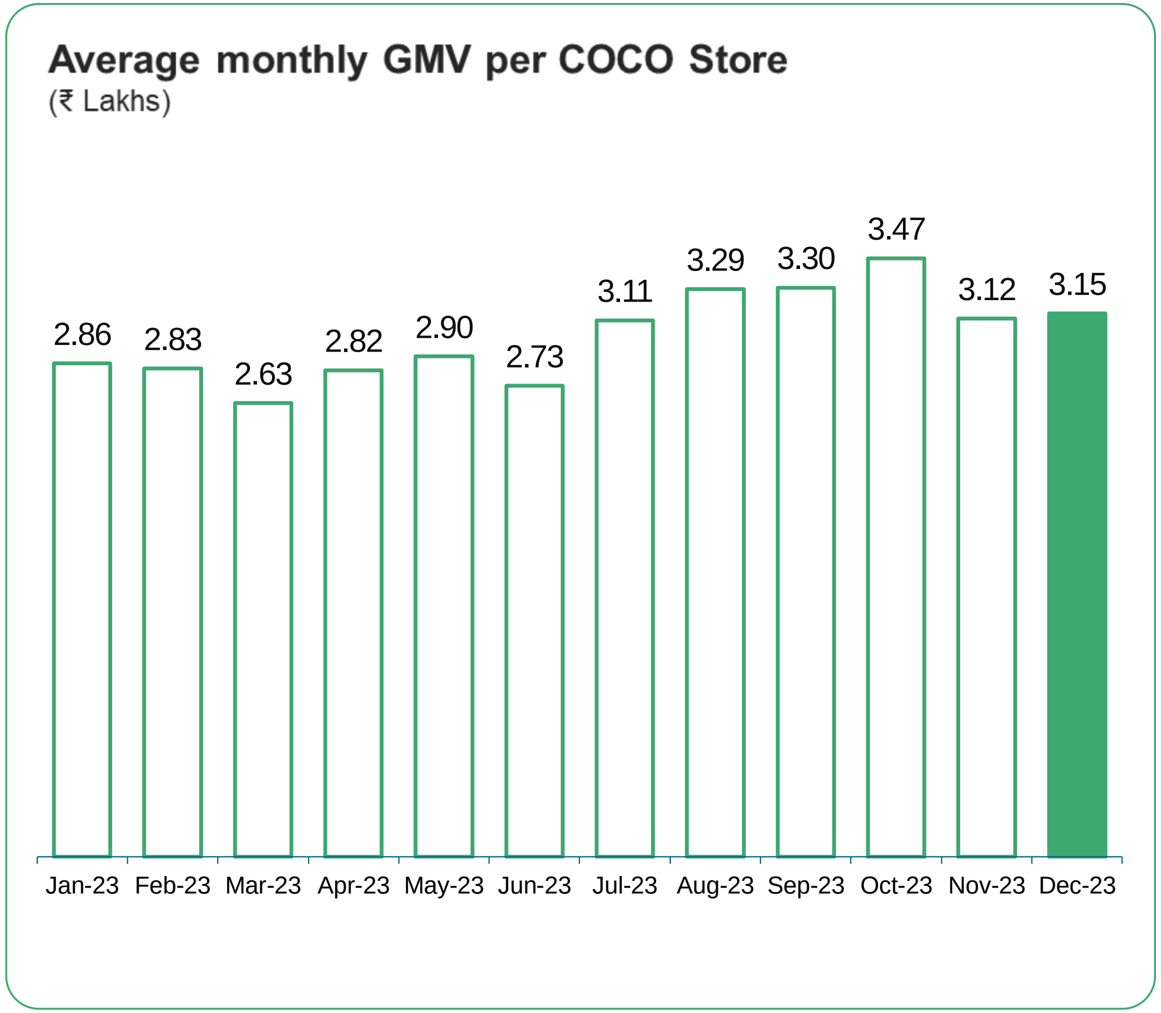

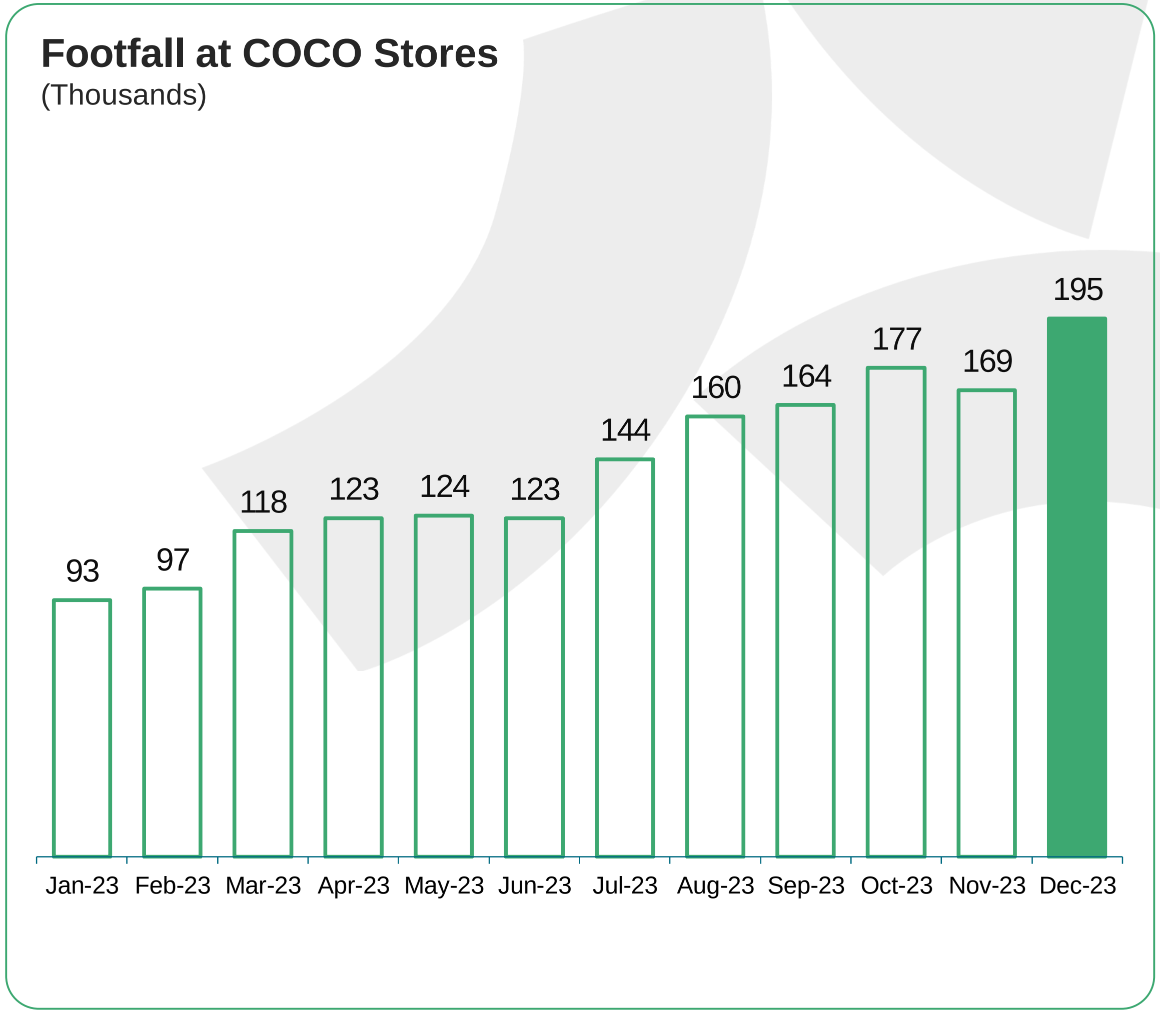

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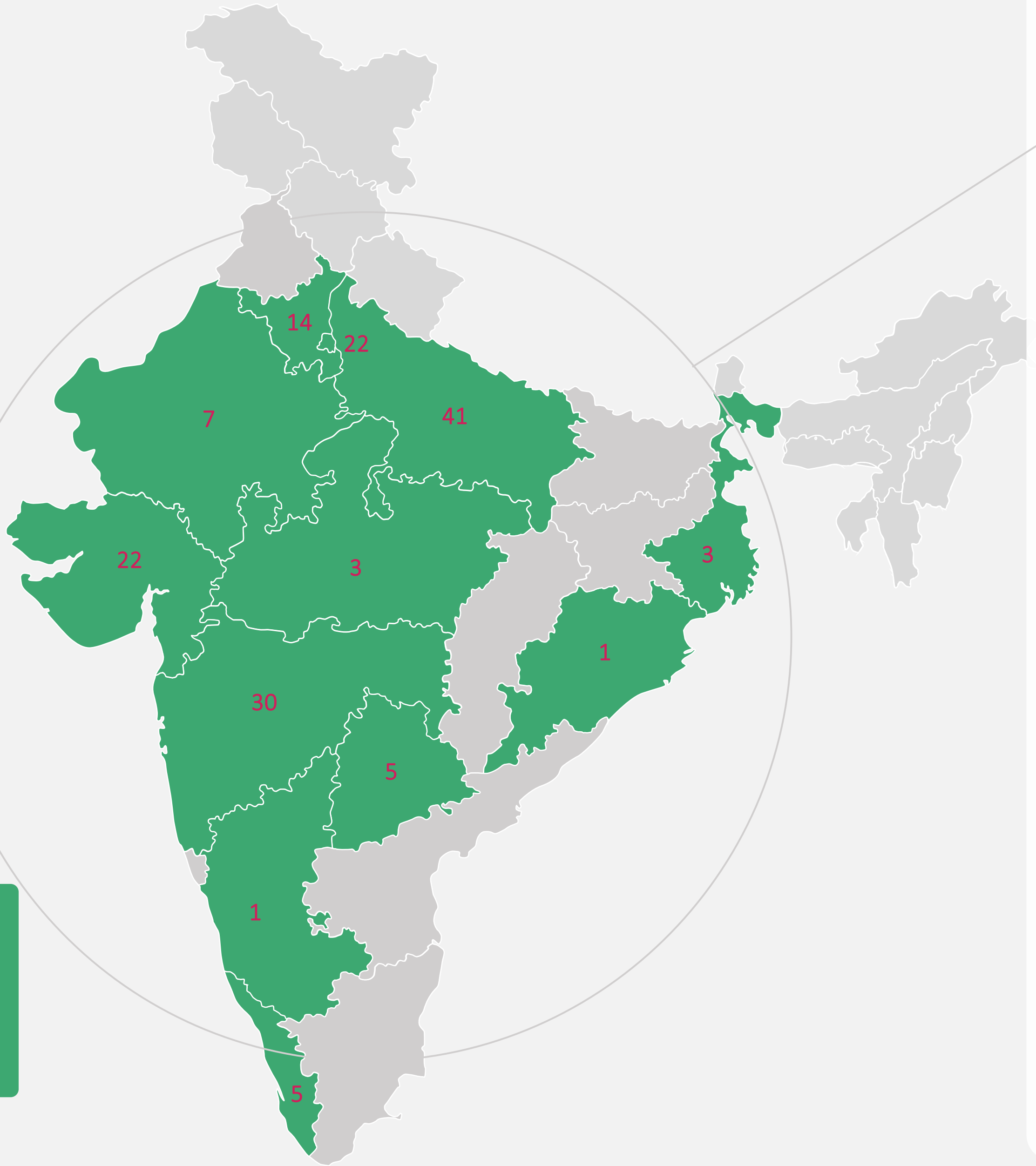
COCO Stores



States	No. of Stores
Uttar Pradesh	41
Gujarat	22
Haryana	14
Karnataka	1
Madhya Pradesh	3
Delhi	22
Rajasthan	7
Maharashtra	30
Odisha	1
Kerala	5
Telangana	5
West Bengal	3
Total	**154**

154

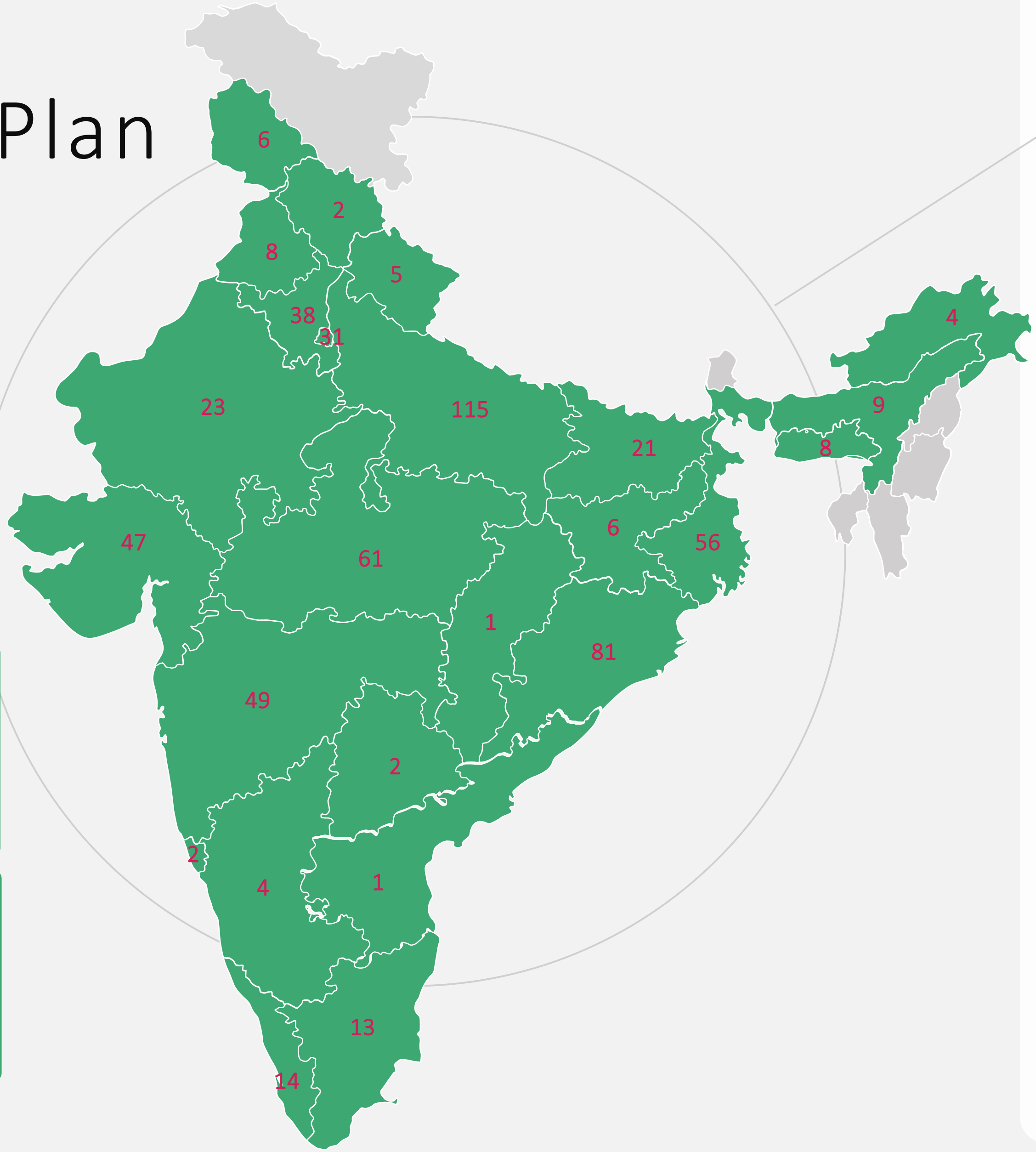
Operational COCO stores
as on 31.12.2023

Operated by wholly-owned subsidiary
Davaindia Health Mart Limited

Davaindia - **FOFO Stores**

davaindia GENERIC PHARMACY

Store Opening Plan **FOFO**



607
Operational FOFO stores as on 31.12.2023

Franchise Owned Franchise Operated (FOFO) Stores

States	No. of Stores
Uttar Pradesh	115
West Bengal	56
Bihar	21
Odisha	81
Telangana	2
Gujarat	47
Haryana	38
Karnataka	4
Madhya Pradesh	61
Kerala	14
Delhi	31
Rajasthan	23
Tamil Nadu	13
Punjab	8
Assam	9
Jharkhand	6
Maharashtra	49
Tripura	8
Goa	2
Himachal Pradesh	2
Chattisgarh	1
Uttarakhand	5
Arunachal Pradesh	4
Jammu & Kashmir	6
Andhra Pradesh	1
Total	**607**

Domestic Operations

Domestic marketing has been the oldest business vertical for the Company and has remained its mainstay in the past. Until 2017, this vertical contributed most of the Company's revenues. This business vertical directly distributes generic drugs, OTC products, and other pharmaceutical products through the Company's distribution network spread across India.

1,050+	4,000+
Distributors spread across India	Products in the portfolio

MARKETING VALUE CHAIN

FDF Manufacturers
WHO-GMP certified manufacturing partners

Branding
Quality check, packaging and branding under the umbrella of Zota brands

Distribution
Direct distribution to 1,050+ distributors spread across the country

Retail Pharmacies
Ethical marketing, sales distribution and promotional activities undertaken by distributors

Export Operations

Our Exports business vertical, which started in 2010, serves clients in over 30 countries, mainly in the CIS, Latin America, Africa, and Asia. At its plant in Sachin, SEZ, the Company manufactures generic formulations for the dossiers it has registered in foreign markets.
At present, the Company has registered over 284 dossiers, while another 302 dossiers have been filed and are awaiting approval from the relevant regulatory agencies.

250+	284	302
Products manufactured	Dossiers registered	Dossiers pending approval

COUNTRIES EXPORTED TO –

1. Benin
2. Bolivia
3. Cambodia
4. Cameroon
5. Costa Rica
6. Ethiopia
7. Georgia
8. Ivory coast
9. Kenya
10. Mali
11. Myanmar
12. Nepal
13. Nigeria
14. South Africa
15. Sri Lanka
16. Swaziland
17. Tanzania
18. Turkmenistan
19. Uganda
20. Ukraine
21. Uzbekistan
22. Vietnam
23. Zambia
24. Kyrgyzstan
25. Libya
26. Yemen

Supply **Chain Management**

- The Company has outsourced supply chain management to a third-party warehousing & logistics partner.
- A state-of-art central warehousing & processing center has been built in Surat, in Phase 1.
- Eventually the Company will replicate such infrastructure across different zones in the country.

Click the link below for more details

Click here

Q3FY24

Results Highlights

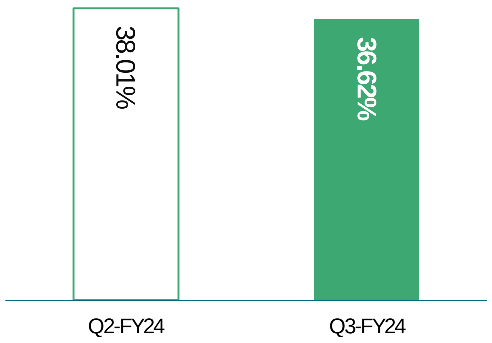
zotahealthcare.com

Stand Quarterly **Financial Highlights**

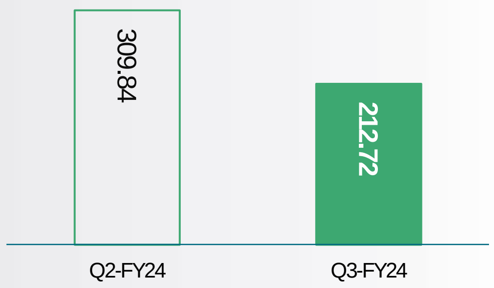
Q-o-Q

Revenues (₹ Lakhs)

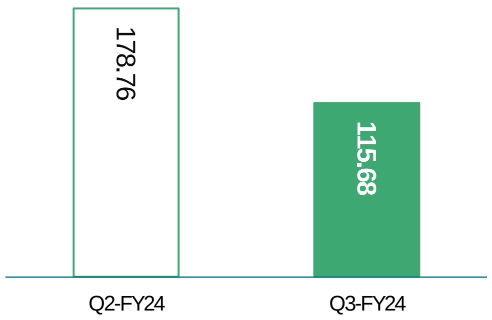
Gross Profit (%)



Operating Profit (₹ Lakhs)

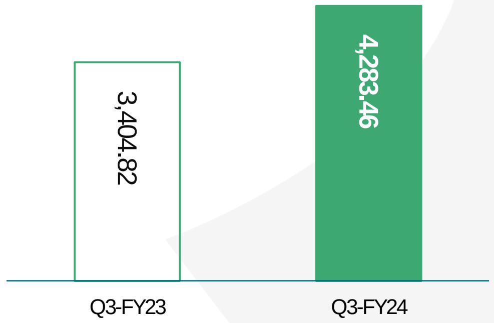


PAT (₹ Lakhs)

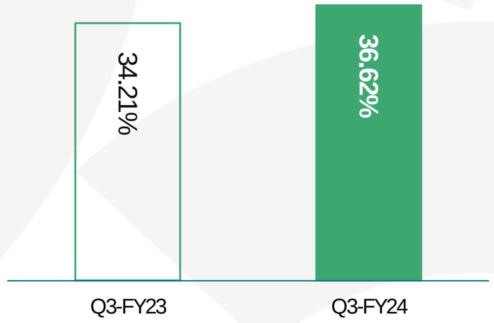


Y-o-Y

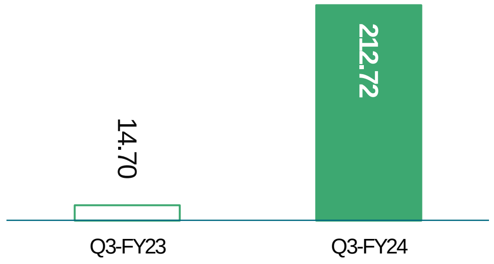
Revenues (₹ Lakhs)



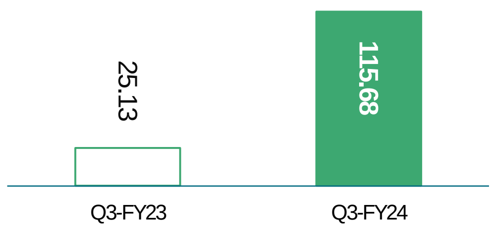
Gross Profit (%)



Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)

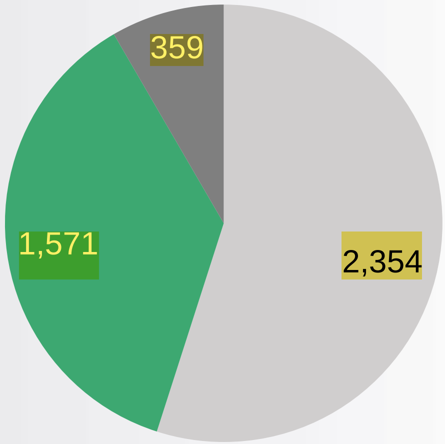


Revenue Break up - **Quarterly**

- Domestic Sales
- Dava India Sales
- Export Sales (SEZ)

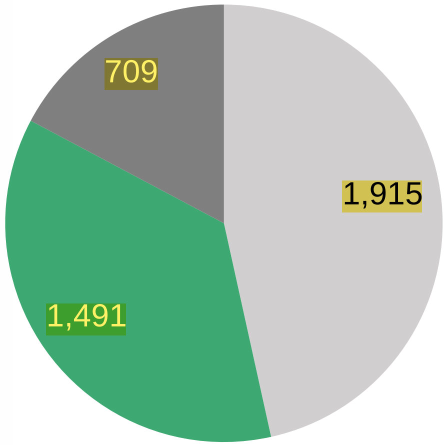
Q3-FY24

4,283



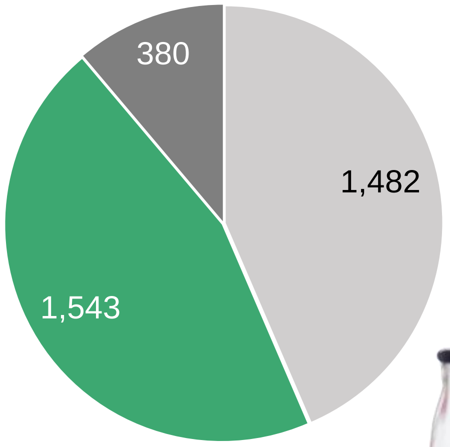
Q2-FY24

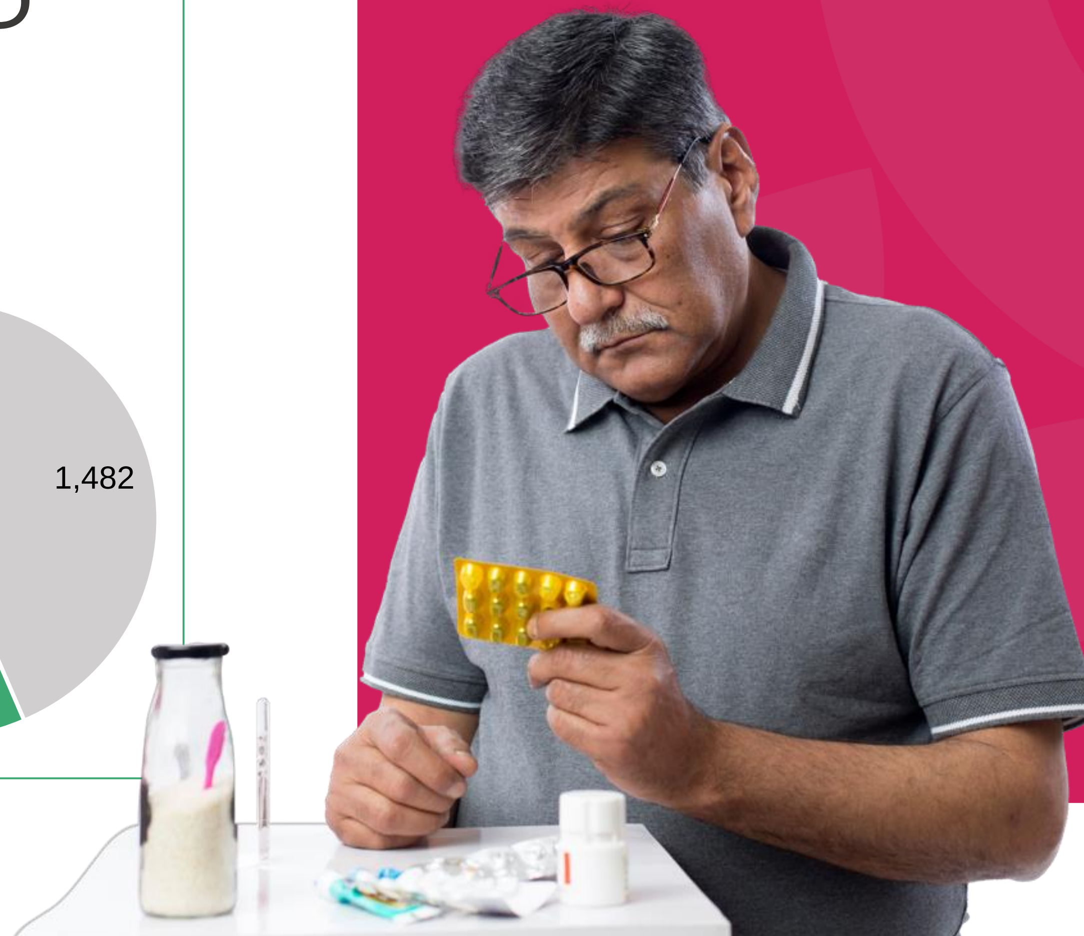
4,115



Q3-FY23

3,405





Stand Profit & Loss Statement - **Quarterly**

Particulars (₹ Lakhs)	Q3FY24	Q2FY24	YoY %	QoQ %	Q3FY23
Export Sales (SEZ)	358.9	709.3	-6%	-49%	381.00
Dava India Sales	2353.9	1915.1	59%	23%	1482.00
Domestic Sales	1570.7	1490.6	2%	5%	1543.00
Revenues from Operations	**4,283.46**	**4,115.01**	**26%**	**4%**	**3,404.82**
Cost of Goods Sold	2,714.74	2,550.91	21%	6%	2,240.11
Gross Profit	**1568.72**	**1564.10**	35%	0%	**1164.71**
% Margin	**36.62%**	**38.01%**	**241 BPS**	**-139 BPS**	**34.21%**
Operational Exp	1356.00	1254.26	18%	8%	1150.01
Employee cost	528.42	478.27	110%	10%	251.10
Other expenses	827.58	775.99	-8%	7%	898.91
Operating Profit	**212.72**	**309.84**	1347%	-31%	**14.70**
% Margin	**4.97%**	**7.53%**	**454 BPS**	**-256 BPS**	**0.43%**
Other Income	37.76	62.51	-53%	-40%	79.75
EBITDA	**250.48**	**372.35**	165%	-33%	**94.45**
% Margin	**5.85%**	**9.05%**	**308 BPS**	**-320 BPS**	**2.77%**
Depreciation	83.11	76.68	34%	8%	62.18
EBIT	**167.37**	**295.67**	419%	-43%	**32.27**
% Margin	**3.91%**	**7.19%**	**296 BPS**	**-328 BPS**	**0.95%**
Interest Cost	0.43	24.96	-58%	-98%	1.03
EBT	**166.94**	**270.71**	434%	-38%	**31.24**
% Margin	**3.90%**	**6.58%**	**298 BPS**	**-268 BPS**	**0.92%**
Taxes	43.65	59.04	614%	-26%	6.11
Profit After Taxes	**115.68**	**178.76**	360%	-35%	**25.13**
% Margin	**2.70%**	**4.34%**	**196 BPS**	**-164 BPS**	**0.74%**

Management **Commentary**

In Q3FY24, the Company maintained robust financial performance, largely propelled by the success of its Davaindia vertical. Revenue from Davaindia reached 2,353.9 lakhs, marking a significant 59% YOY and 23% QOQ growth. Conversely, domestic sales saw a modest 2% YOY and 5% QOQ increase. Notably, Davaindia sales accounted for more than half of our total Revenue from Operations for the first time this quarter, demonstrating its growing importance.

Despite challenges in the export sector, the Company continues to excel. Davaindia's success is attributed to various factors such as increased Gross Merchandise Volume (GMV), driven by key drivers like store expansion, higher average spending per customer, and increased footfall.

We've strategically expanded our footprint, focusing particularly on Company Owned, Company Operated (COCO) stores. This quarter, we launched 29 new COCO stores, a substantial increase from the previous quarter's 9 openings. With a higher proportion of COCO stores, we anticipate further growth in average wallet spends and footfall.

Looking ahead, our pipeline includes 245 new COCO stores, many of which are slated to become operational before the end of the financial year. These expansion efforts are in line with our vision to solidify our position as India's premier generic pharmacy chain.

Profit & Loss **Statement**

Particulars (₹ Lakhs)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Income from Operations	**5,646.3**	**6,473.3**	**7,158.0**	**7,785.2**	**8,562.9**	**9,511.3**	**10,684.12**	**13,153.33**	**13,836.60**
Other Income	1.4	7.7	5.6	151.9	154.5	151.3	125.66	164.56	255.87
Total Income	**5,647.8**	**6,481.0**	**7,163.6**	**7,937.0**	**8,717.4**	**9,662.6**	**10,809.78**	**13,317.89**	**14,092.47**
Operating Expenses	4,796.5	5,516.8	6,153.8	6,695.0	7,788.7	9,059.7	10,490.90	11,618.38	13,035.65
EBITDA	**851.3**	**964.2**	**1,009.8**	**1,242.0**	**928.7**	**602.9**	**193.22**	**1,699.51**	**1,056.82**
Margin %	**15.1**	**14.9**	**14.1**	**16.0**	**10.8**	**6.3**	**1.8**	**12.9**	**7.6**
Depreciation	150.6	123.5	105.4	93.7	139.4	209.8	316.68	273.05	241.99
EBIT	**700.7**	**840.8**	**904.4**	**1,148.3**	**789.3**	**393.1**	**-123.46**	**1,426.46**	**814.83**
Margin %	**12.4**	**13.0**	**12.6**	**14.8**	**9.2**	**4.1**	**-1.2**	**10.8**	**5.9**
Financial Charges	66.5	68.3	68.2	12.1	3.7	6.9	10.97	7.32	6.33
PBT	**634.2**	**772.4**	**836.2**	**1,136.2**	**785.6**	**386.2**	**-134.43**	**1,419.14**	**808.50**
Margin %	**11.2**	**11.9**	**11.7**	**14.6**	**9.2**	**4.1**	**-1.3**	**10.8**	**5.8**
Tax	207.6	261.5	282.1	407.4	230.7	112.0	-15.3	376.56	206.43
PAT	**426.7**	**510.9**	**554.1**	**726.8**	**554.8**	**274.1**	**-16.24**	**1,058.01**	**659.35**
Margin %	**7.6**	**7.9**	**7.7**	**9.3**	**6.5**	**2.9**	**-0.2**	**8.0**	**4.8**
EPS	**3.0**	**3.6**	**3.9**	**4.2**	**2.3**	**1.1**	**-0.07**	**4.25**	**2.62**

Balance Sheet & **Key Ratios**

Particulars (₹ Lakhs)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Share capital	1,436.3	1,436.3	1,436.3	1,754.3	1,754.3	2,456.0	2456.03	2,516.0	2,516.0
Reserves and Surplus	395.7	707.8	1,262.0	5,223.4	5,138.2	4,426.9	4,181.2	6,621.4	6,930.3
Non-current liabilities	548.7	272.7	466.8	64.7	87.1	105.3	94.5	102.9	93.8
Current liabilities	1,657.6	1,988.3	2,215.4	2,137.0	1,981.0	1,859.6	1,820.0	3,287.63	2,923.57
Total Equity and Liabilities	**4,038.4**	**4,405.2**	**5,380.5**	**9,179.4**	**8,960.7**	**8,847.9**	**8,551.6**	**9,137.45**	**9,446.31**
Non-current assets	842.4	855.6	932.5	3,605.4	2,723.3	2,961.4	2438.13	5,007.36	3,683.91
Current assets	3,196.0	3,549.5	4,447.9	5,574.1	6,237.4	5,886.4	6,113.5	7,520.57	8,779.80
Total Assets	**4,038.4**	**4,405.2**	**5,380.5**	**9,179.4**	**8,960.7**	**8,847.8**	**8,551.6**	**12,527.93**	**12,463.71**

Key Ratios	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
RoCE (%)	20.0	23.5	19.3	10.5	8.0	4.0	-1.8	15.4	8.5
RoE (%)	23.3	23.8	20.5	10.4	8.0	4.0	-0.2	11.6	7.0
Net debt to equity (x)	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest coverage (x)	10.5	12.3	13.3	94.8	214.5	56.6	-11.3	194.9	128.7
Inventory days	113.9	92.1	121.9	113.8	138.6	97.2	96.1	77.6	94.5
Receivables days	75.6	89.0	87.1	107.5	94.2	111.8	98.5	106.3	*114.9
Payable days	116.2	126.5	148.4	117.8	103.5	82.5	77.6	76.4	102.7

*Receivable days increased due to outstanding of M/s Davaindia Health Mart Lts, Wholly Owned Subsidiary of the Company

Thank You

Contact Information

Mr. Himanshu Zota / Mr. Ashvin Variya

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Sagrampura, Surat-395 002 (Gujarat)

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www.zotahealthcare.com

zota®
healthcare ltd.