

February 16, 2023

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, 2022.

This is for your information and record.

Thanking you,

Yours faithfully,

For **Zota Health Care Limited**

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

Encl: a/a

Registered Office:

Zota House, 2/896, Hira Modi Street,
Sagrampura, Surat-395002 Ph: +91 261 2331601
Email: info@zotahealthcare.com
Web: www.zotahealthcare.com

CIN: L24231GJ2000PLC038352

FEBRUARY 2022

Q3FY23

**PERFORMANCE
HIGHLIGHTS**



Safe Harbour

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Q3FY23 Result

Highlights

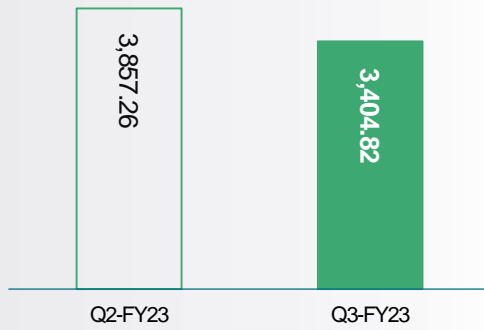
- 05 Stand Quarterly Financial Highlights
- 06 Revenue Break up – Quarterly



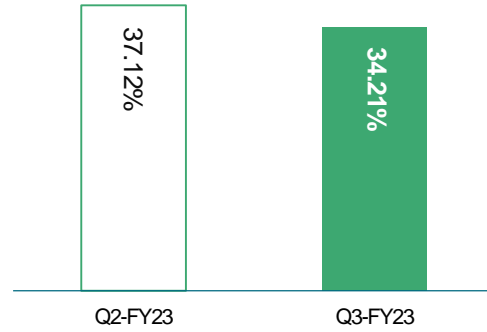
Stand Quarterly **Financial Highlights**

Q-o-Q

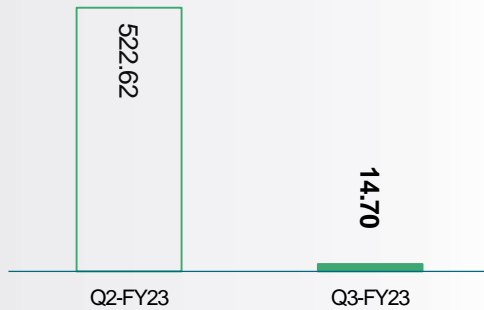
Revenues (₹ Lakhs)



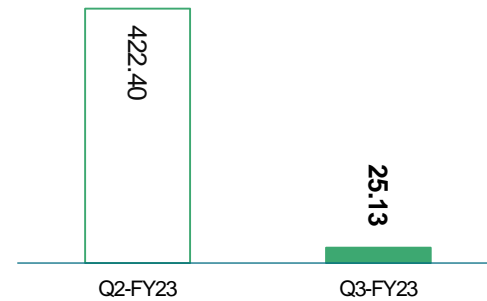
Gross Profit (%)



Operating Profit (₹ Lakhs)

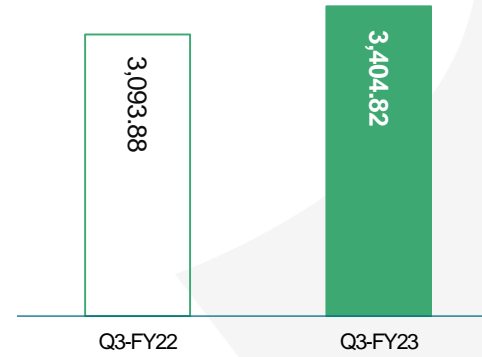


PAT (₹ Lakhs)

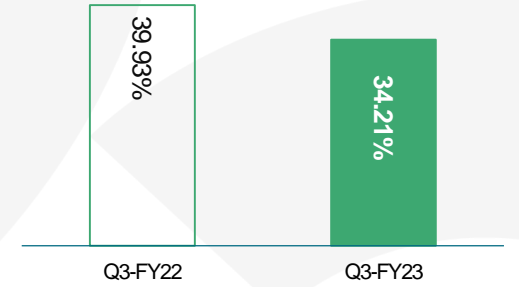


Y-o-Y

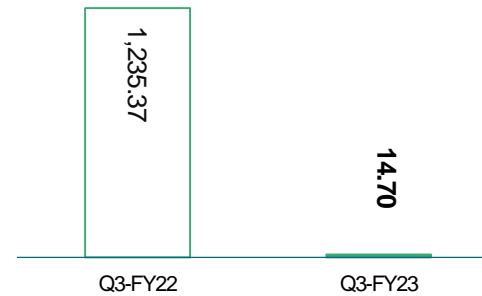
Revenues (₹ Lakhs)



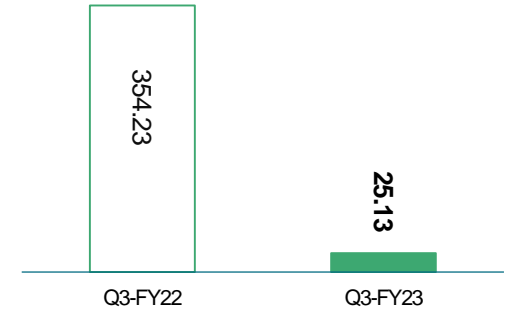
Gross Profit (%)



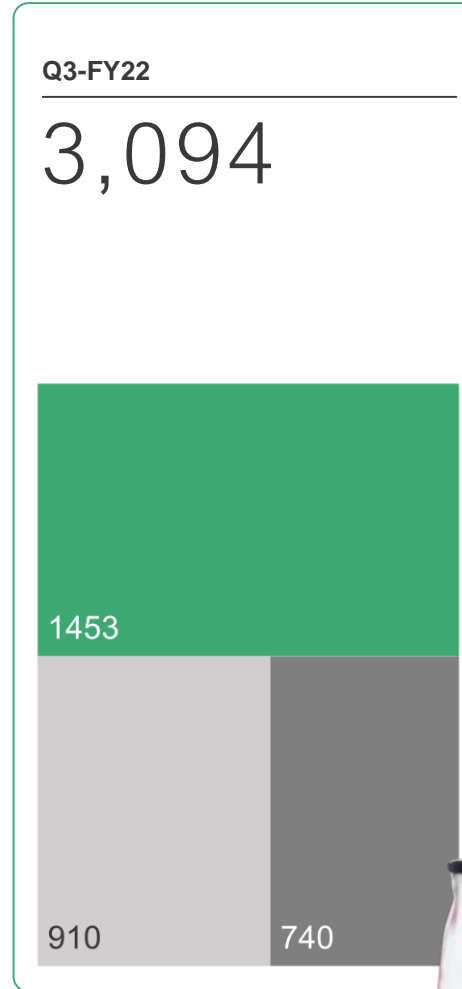
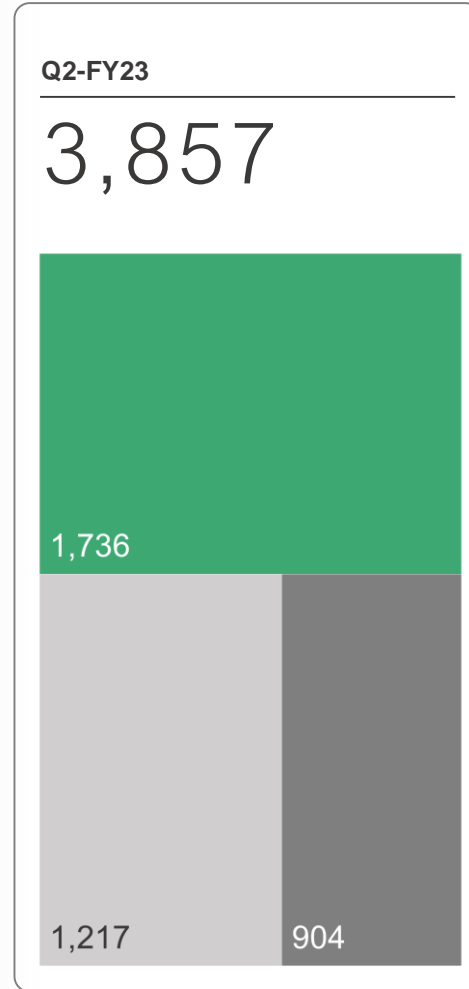
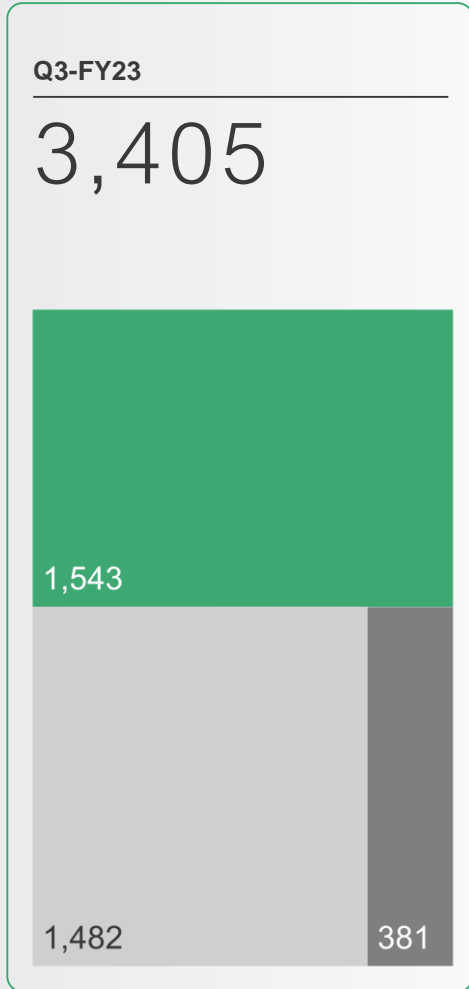
Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)



Revenue Break up- **Quarterly**



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





2

FY Result

Highlights

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Stand Profit & Loss Statement- **Quarterly**

Particulars (Rs Lakhs)	Q3FY23	Q2FY23	YoY %	QoQ %	Q3FY22
Export Sales (SEZ)	380.5	903.9	-49%	-58%	739.54
Dava India Sales	1481.8	1217.1	63%	22%	910.38
Domestic Sales	1542.6	1736.3	6%	-11%	1452.56
Revenues from Operations	3,404.82	3,857.26	10%	-12%	3,093.88
Cost of Goods Sold	2,240.11	2,425.27	21%	-8%	1,858.51
Gross Profit	1164.71	1431.99	-6%	-19%	1235.37
% Margin	34.21%	37.12%	-572 BPS	-292 BPS	39.93%
Operational Exp	1150.01	909.37	60%	26%	718.87
Employee cost	251.10	249.40	3%	1%	244.93
Other expenses	898.91	659.97	90%	36%	473.94
Operating Profit	14.70	522.62	-97%	-97%	516.50
% Margin	0.43%	13.55%	-1626 BPS	-1312 BPS	16.69%
Other Income	79.75	98.43	137%	-19%	33.64
EBITDA	94.45	621.05	-83%	-85%	550.14
% Margin	2.77%	16.10%	-1501 BPS	-1333 BPS	17.78%
Depreciation	62.18	57.36	-18%	8%	75.51
EBIT	32.27	563.69	-93%	-94%	474.63
% Margin	0.95%	14.61%	-1439 BPS	-1367 BPS	15.34%
Interest Cost	1.03	2.59	-21%	-60%	1.31
EBT	31.24	561.10	-93%	-94%	473.32
% Margin	0.92%	14.55%	-1438 BPS	-1363 BPS	15.30%
Taxes	11.19	137.00	-91%	-92%	119.10
Profit After Taxes	25.13	422.40	-93%	-94%	354.23
% Margin	0.74%	10.95%	-1071 BPS	-1021 BPS	11.45%

Management **Commentary**

1

The Company has reported resilient performance in Dava India and Domestic sales, however, Export performance during the quarter took a hit on account of partial unavailability of plant .

2

The Company has witnessed some compression in gross margins during Q3FY23, which stood at 34.21%, compared to 37.12% in Q2FY23.

3

Domestic Sales (including sales of Dava India) reported an increase of 28% YoY and 2% QoQ.

4

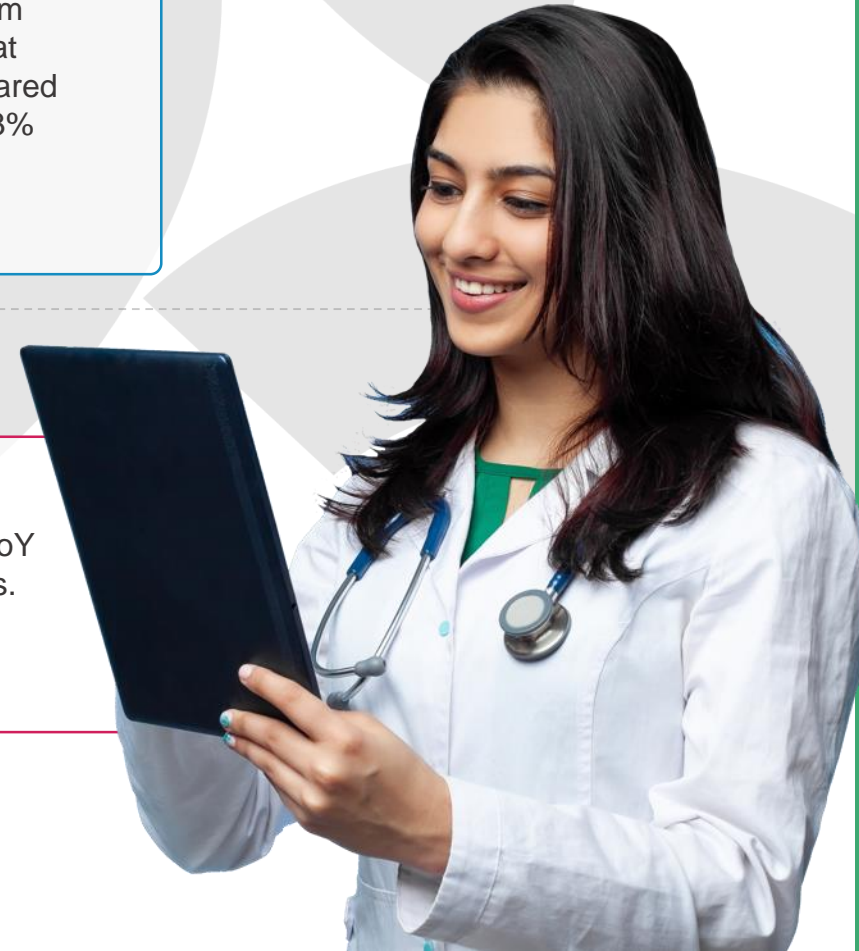
EBITDA stood at Rs 94.45 Lakhs, with margins at 2.77% driven by a decrease in Gross Margins coupled with higher Operating Expenses (mainly Advertisement expenses).

5

The sales contribution from new-age business stood at 55% in Q3FY23 as compared to 55% in Q2FY23 and 53% in Q3FY22.

6

PAT stood at Rs. 25.13 Lakhs, decreasing 91% YoY basis and 94% QoQ basis.



Management Commentary

1

DOMESTIC OPERATIONS

Domestic Revenues *increased* by 2% QoQ and a growth of 28% YoY at ₹ 3024.32 Lakhs in Q3FY23 supported by healthy performance on both fronts.



EBITDA at ₹ 75 Lakhs for Q3FY23, declined by 79% on account of high advertisement expenses.

PAT stood at ₹ 43.01 Lakhs for Q3FY23.

2

EXPORTS

Exports revenues *declined* by 58% on QoQ basis and 49% YoY at ₹ 380.5 Lakhs in Q3FY23.



EBITDA at ₹ 19.45 Lakhs for Q3FY23, marginal decreased due to partial unavailability of plant

PAT stood at ₹ (17.88) Lakhs for Q3FY23.

*Here, Domestic Operations includes the operations of Davaindia.



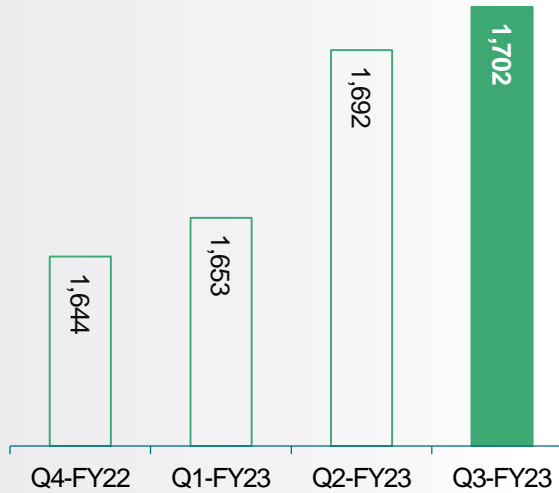
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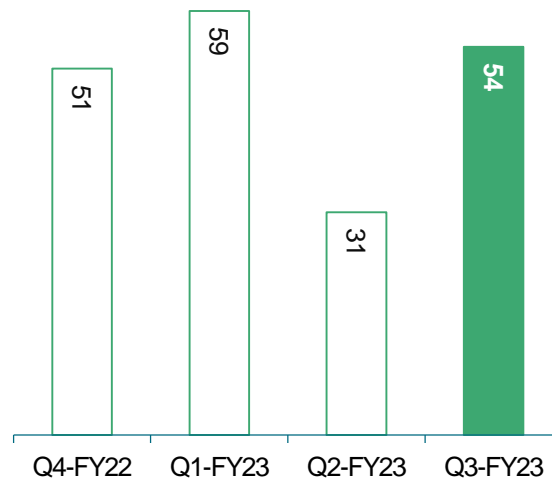


Davaindia **Key Figures**

No. of SKU's



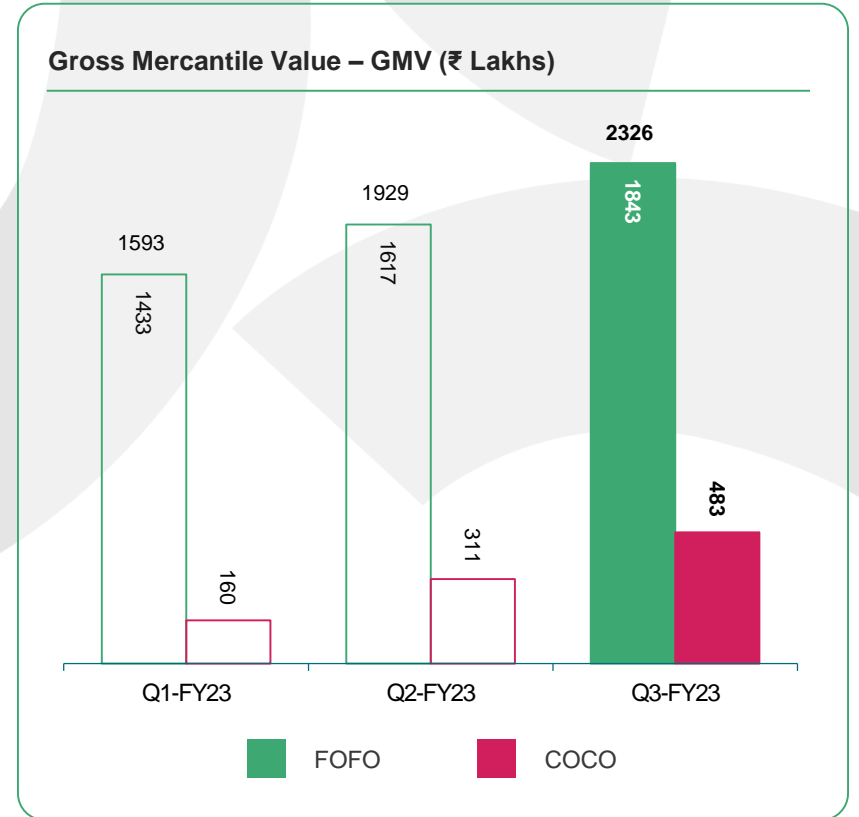
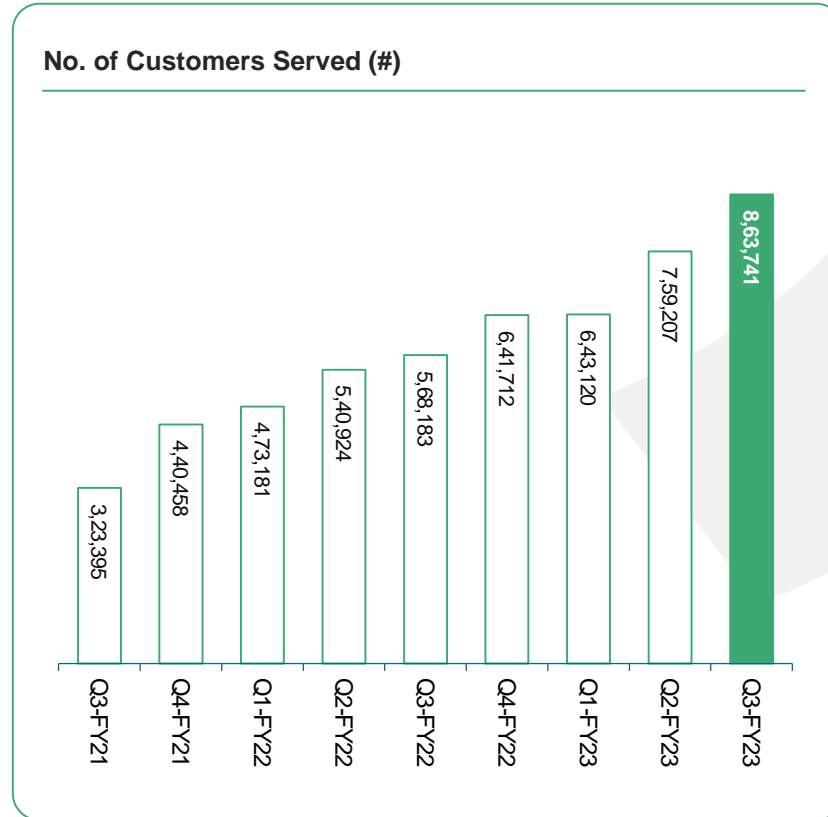
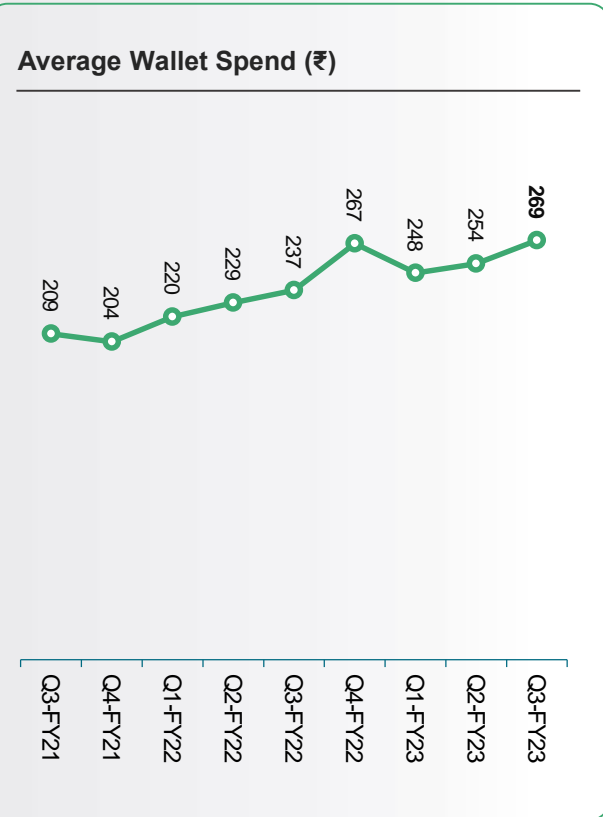
New Stores rolled-out



Davaindia **Key Figures**

Gross Mercantile Value (GMV)

Total GMV of Davaindia Stores stood at **2,323 Lakhs** during Q3FY23 an increase of **20% QoQ**



Davaindia- **Generic Pharmacy**

During the quarter Davaindia has catered to the highest-ever number of customer i.e. 8.64 lakhs against 7.59 lakhs in the previous quarter. The Company witnessed an increase in Average Wallet Spends which stood at ₹269 against ₹254 in the previous quarter.

Davaindia expansions continues in Q3FY23, the Company rolled-out 25 COCO stores on a base of 42 stores in the previous quarter. The Company will pursue rapid store roll-out on the COCO front. The Company also rolled out additional 29 FOFO stores, taking the total FOFO count to 470, and the total store count to 537.

Davaindia has led the revolution of patients opting for generic medicines against branded counterparts. As of Q3FY23, Davaindia has catered to more than 7.55 million happy customers.

The company has adopted various advertisements, marketing, and promotional channels like Print, TV, Digital, and Outdoor mediums to increase top-of-the mind brand recall in the minds of its customers. This exercise that begun to gain traction and has led to footfall & wallet share increase among its users.

Davaindia retail pharmacy stores' focus continues to be chronic ailments – Cardiac, Diabetic, Thyroid, among others – as repeat orders from existing and new customers remain high, thus aiding the overall growth of Davaindia's business model.

A higher number of SKU's i.e. 1,702 has enabled Davaindia to better serve customers across all segments. Thus, increasing its customer spends across varied price points, the Average Wallet Spend was ₹269 in Q3FY23.



Davaindia- Generic Pharmacy



Davaindia- **COCO** Stores

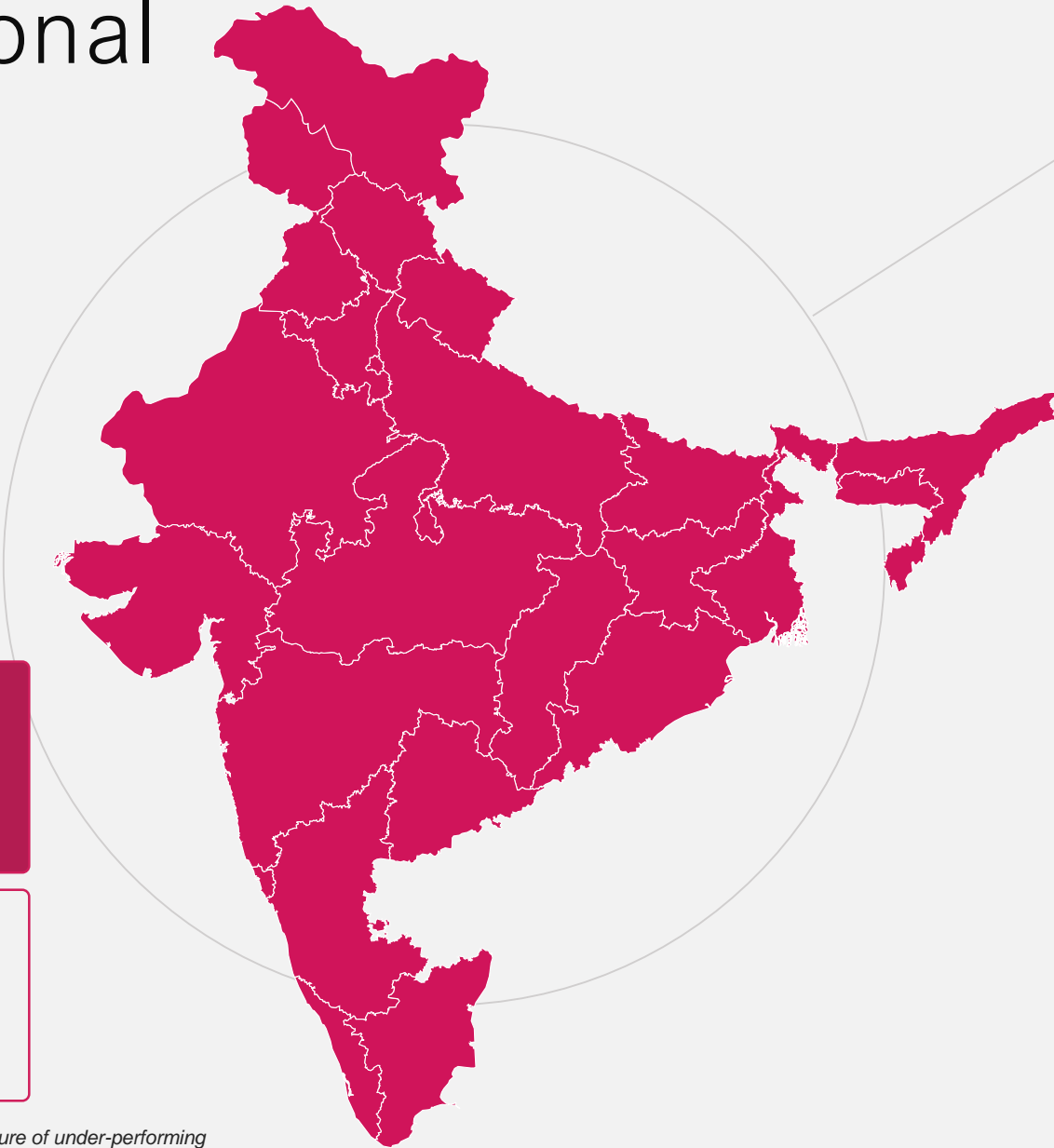


Operational FOFO Stores

470

Operational FOFO stores
as on 31.12.2022

■ Franchise Owned
Franchise Operated
(FOFO) Stores



States	No. of Stores
Uttar Pradesh	90
Madhya Pradesh	55
Odisha	53
Gujarat	45
Maharashtra	40
Haryana	31
West Bengal	28
Delhi	24
Rajasthan	22
Kerala	13
Bihar	13
Tamil Nadu	13
Assam	7
Punjab	6
Tripura	6
Jharkhand	5
Uttarakhand	5
Karnataka	4
Jammu And Kashmir	3
Telangana	2
Himachal Pradesh	2
Arunachal Pradesh	2
Chhattisgarh	1

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

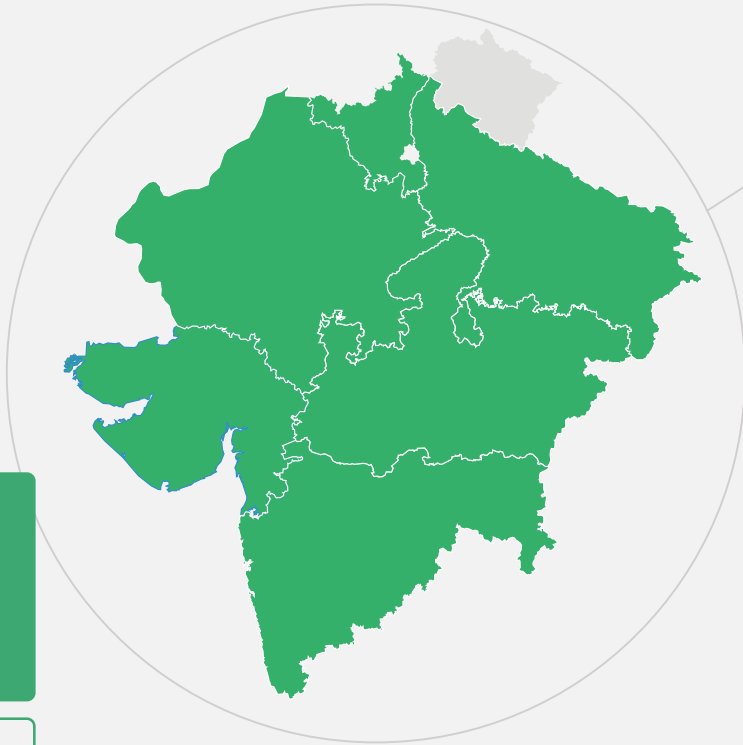
Operational **COCO** Stores

67

Operational COCO stores
as on 31.12.2022

■ Company Owned
Company Operated
(COCO) Stores

*Operated by wholly-owned subsidiary
Davaindia Health Mart Limited*



States	No. of Stores
Maharashtra	21
Gujarat	18
Uttar Pradesh	11
Rajasthan	7
Delhi	5
Haryana	4
Madhya Pradesh	1

Management **Commentary**

Commenting on Q3FY23 financial performance and operational highlights, Management Team of Zota Health Care said,

*“Q3FY23 has been a challenging quarter on some fronts, to begin with our exports performance took a hit during the quarter on account of **disturbances in production activities** due to the plant upgradation exercise undertaken at Sachin SEZ site. On the domestic sales front we witnessed some degrowth QoQ.*

Our profitability took a hit during the quarter, on account of some compression in gross margins coupled with lower sales and higher operating expenses, such as advertisement expenses. We expect this to normalize in the coming quarters.

Our Dava India performance continues to scale to new heights on all counts including growing GMV, revenues, customer footfall and average ticket size. We reported a healthy 20% QoQ growth in GMV during the quarter which translated into a 22% revenue growth in this vertical. On the store rollout front, we have stepped up our expansion in the COCO format, where we added a record 25 stores during the quarter, taking the total count to 67 operational COCO stores and many more in the works. We also added 29 FOFO stores & did some one-time closure of under performing stores, taking the total FOFO store count to 470 and the consolidated store count to 537.”





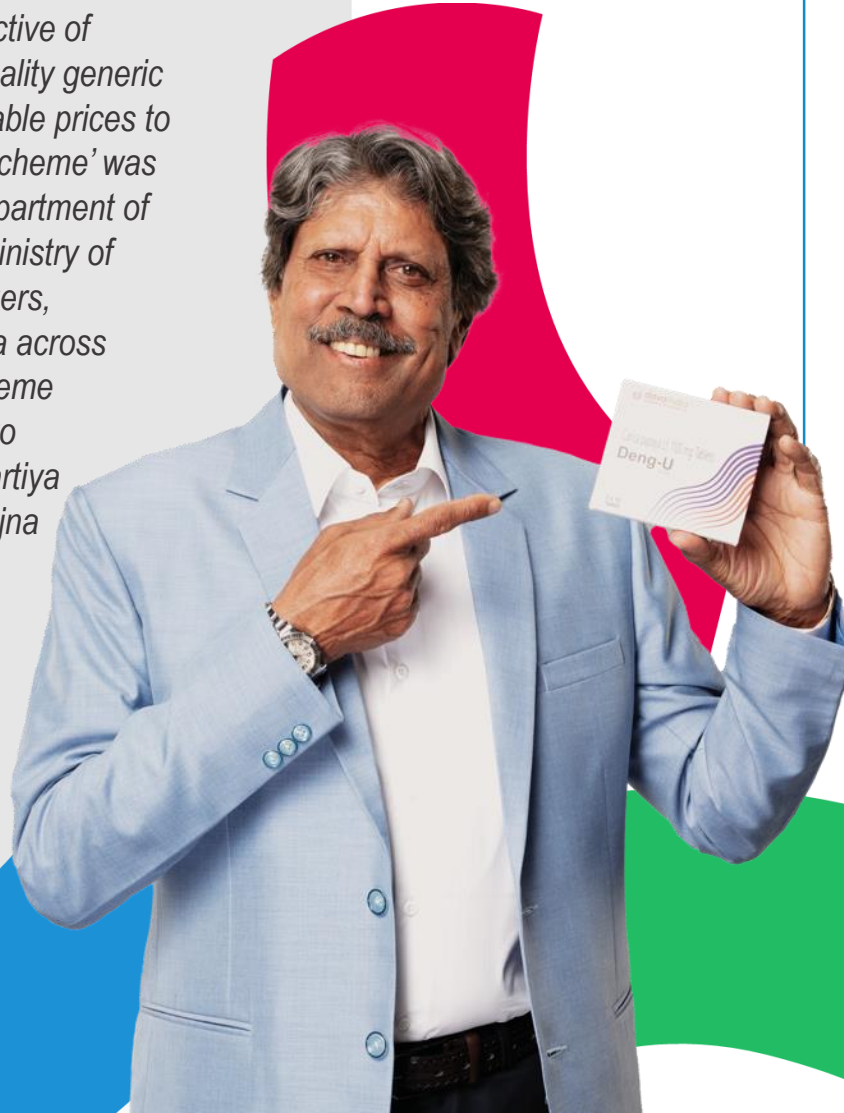
4 Industry Snapshot

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- 23 Underpenetrated Generic Medicine Market



Retail Generic Medicine Landscape **in India**

To achieve the objective of making available quality generic medicines at affordable prices to all, 'Jan Aushadhi Scheme' was launched by the Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India across the country. The scheme was later renamed to Pradhan Mantri Bhartiya Janaushadhi Pariyojna (PMBJP)



Objectives of PMBJP

- To make available quality medicines consumables and surgical items at affordable prices for all and thereby reduce out of pocket expenditure of consumers/patients.
- To popularize generic medicines among the masses and dispel the prevalent notion that low priced generic medicines are of inferior quality or are less effective.

Generate employment by engaging individual entrepreneurs in the opening of PMBJP Kendras.

Savings to the common man

- A medicine under PMBJP is priced on the principle of a maximum of 50% of the average price of the top three branded medicines. Therefore, the price of Jan Aushadhi Medicines is cheaper at least by 50% and in some cases, by 80% to 90% of the market price of branded medicines.

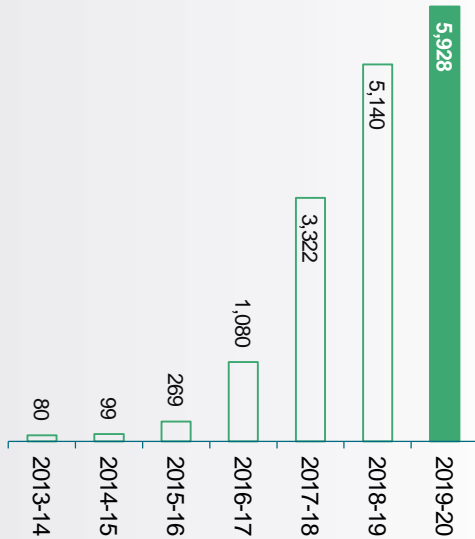
Strong Implementation

- The Product Basket of the scheme now covers more than 1,449 medicines and 204 surgical & consumables.
- Presence in all major therapeutic categories such as Anti-infective, Anti-allergic, Anti-diabetics, Cardiovascular, Anti-cancers, Gastro-intestinal medicines, etc.
- As on 24/06/2021, 7,855 PMBJP Kendras are functional in the country. Pradhan Mantri Bhartiya Janaushadhi Pariyojna has marked its presence in almost every district of India by covering 732 districts out of 734.

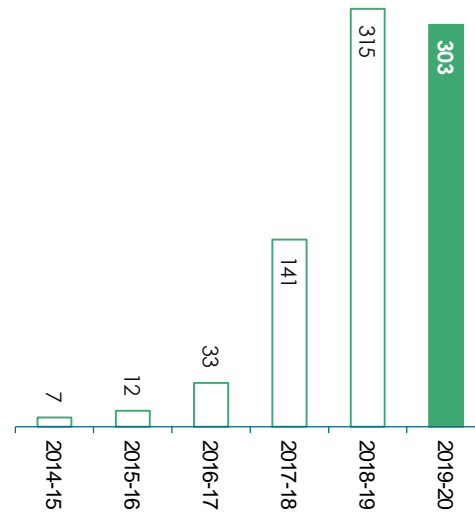
Impact of **PMBJP**

In the financial year (2019-20), PMBJP has achieved sales of ₹258 crores (at MRP), up to 30-11-2019. This has led to savings of approximately ₹1,800 crores of the common citizens of the country.

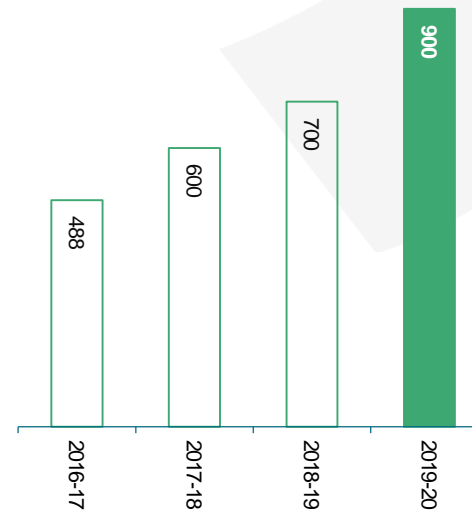
Growth in number of stores*
(Number of stores as on 31st March of the year)



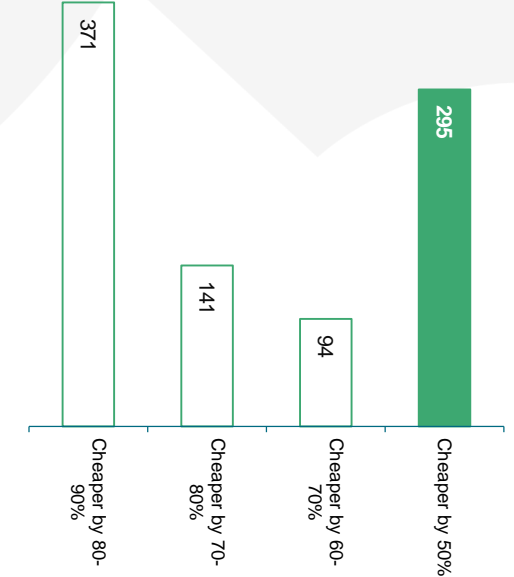
Growth in turnover*
(Sales value in crore)



Product basket*
(No of Medicines)



Price of Janaushadhi medicines to branded medicines



*Note : 2019-20 – till 31/12/2019

Underpenetrated **Generic Medicine Market**

4 pillars to drive healthcare

4 **A**s of healthcare

Accessibility

- Setting up of new hospitals
- Higher number of doctors

Affordability

- Higher per capita income
- Rising insurance penetration
- Cost advantage of India

Awareness

- Rising literacy
- Government initiatives

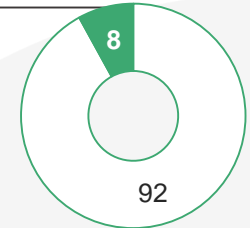
Aliments

- Growing incidence of non-communicable diseases
- Growing urbanization

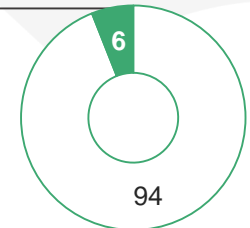
Branded and generic mix of Indian pharma market (%)

■ Generic GX □ Branded GX

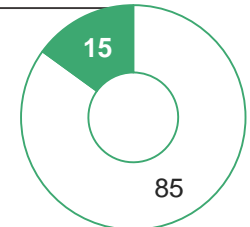
Overall India



Urban India



Rural India





5 **Financial** _ Summary

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Profit & Loss Statement

Particulars (INR Lakhs)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
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
Other Income	1.4	7.7	5.6	151.9	154.5	151.3	125.66	164.56
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
Operating Expenses	4,796.5	5,516.8	6,153.8	6,695.0	7,788.7	9,059.7	10,490.90	11,453.82
EBITDA	851.3	964.2	1,009.8	1,242.0	928.7	602.9	193.22	1,699.51
Margin %	15.1	14.9	14.1	16.0	10.8	6.3	1.8	12.9
Depreciation	150.6	123.5	105.4	93.7	139.4	209.8	316.68	273.05
EBIT	700.7	840.8	904.4	1,148.3	789.3	393.1	-123.46	1,426.46
Margin %	12.4	13.0	12.6	14.8	9.2	4.1	-1.2	10.8
Financial Charges	66.5	68.3	68.2	12.1	3.7	6.9	10.97	7.32
PBT	634.2	772.4	836.2	1,136.2	785.6	386.2	-134.43	1,419.14
Margin %	11.2	11.9	11.7	14.6	9.2	4.1	-1.3	10.8
Tax	207.6	261.5	282.1	407.4	230.7	112.0	-15.3	376.56
PAT	426.7	510.9	554.1	726.8	554.8	274.1	-16.24	1,058.01
Margin %	7.6	7.9	7.7	9.3	6.5	2.9	-0.2	8.0
EPS	3.0	3.6	3.9	4.2	2.3	1.1	-0.07	4.25

Balance Sheet & **Key Ratios**

Particulars (INR Lakhs)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Share capital	1,196.9	1,436.3	1,436.3	1,436.3	1,754.3	1,754.3	2,456.0	2456.03	2,516.0
Reserves and Surplus	384.2	395.7	707.8	1,262.0	5,223.4	5,138.2	4,426.9	4,181.2	6,621.4
Non-current liabilities	521.3	548.7	272.7	466.8	64.7	87.1	105.3	94.5	102.9
Current liabilities	1,381.7	1,657.6	1,988.3	2,215.4	2,137.0	1,981.0	1,859.6	1,820.0	3,287.63
Total Equity and Liabilities	3,484.1	4,038.4	4,405.2	5,380.5	9,179.4	8,960.7	8,847.9	8,551.6	12,527.93
Non-current assets	926.3	842.4	855.6	932.5	3,605.4	2,723.3	2,961.4	2438.13	5007.36
Current assets	2,557.8	3,196.0	3,549.5	4,447.9	5,574.1	6,237.4	5,886.4	6,113.5	7520.57
Total Assets	3,484.1	4,038.4	4,405.2	5,380.5	9,179.4	8,960.7	8,847.8	8,551.6	12,527.93
Key Ratios	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
RoCE (%)	17.4	20.0	23.5	19.3	10.5	8.0	4.0	-1.8	15.4
RoE (%)	19.7	23.3	23.8	20.5	10.4	8.0	4.0	-0.2	11.6
Net debt to equity (x)	0.3	0.3	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Interest coverage (x)	7.5	10.5	12.3	13.3	94.8	214.5	56.6	-11.3	194.9
Inventory days	91.2	113.9	92.1	121.9	113.8	138.6	97.2	96.1	77.6
Receivables days	77.8	75.6	89.0	87.1	107.5	94.2	111.8	98.5	106.3
Payable days	109.0	116.2	126.5	148.4	117.8	103.5	82.5	77.6	76.4

— Thank You

Contact Information

Mr. Himanshu Zota / Mr. Ashvin Variya

"ZOTA HOUSE", 2/896, Hira Modi Street,
Sagrampura, Surat-395 002 (Gujarat)

cszota@zotahealthcare.com
www.zotahealthcare.com