

November 22, 2022

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 September 30, 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

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Web: www.zotahealthcare.com

CIN: L24231GJ2000PLC038352

NOVEMBER 2022

Q2FY23

**PERFORMANCE
HIGHLIGHTS**



Safe Harbour

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Q2FY23 Result Highlights

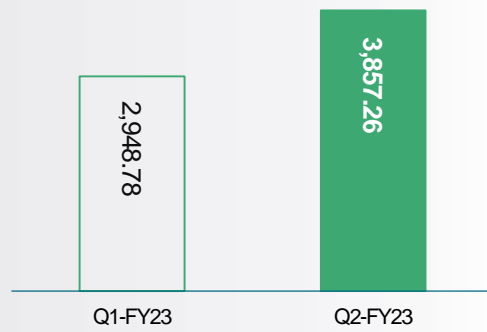
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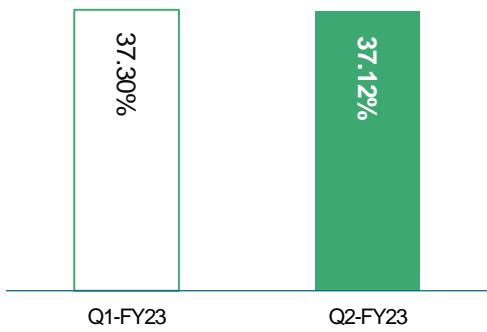
Stand Quarterly **Financial Highlights**

Q-o-Q

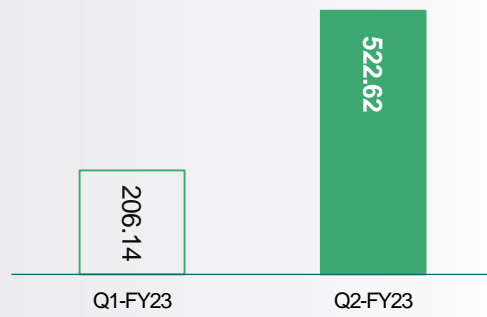
Revenues (₹ Lakhs)



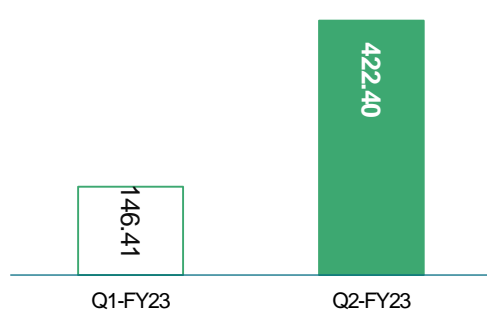
Gross Profit (%)



Operating Profit (₹ Lakhs)

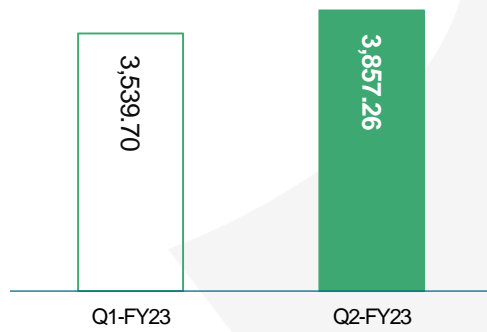


PAT (₹ Lakhs)

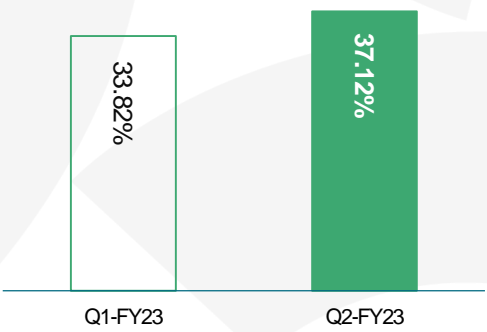


Y-o-Y

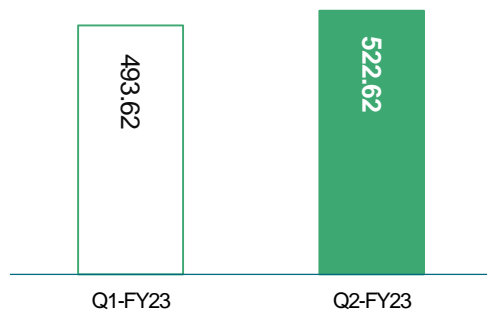
Revenues (₹ Lakhs)



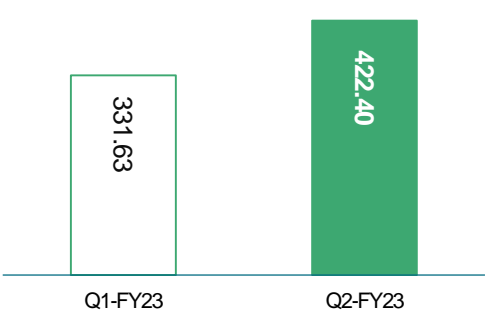
Gross Profit (%)



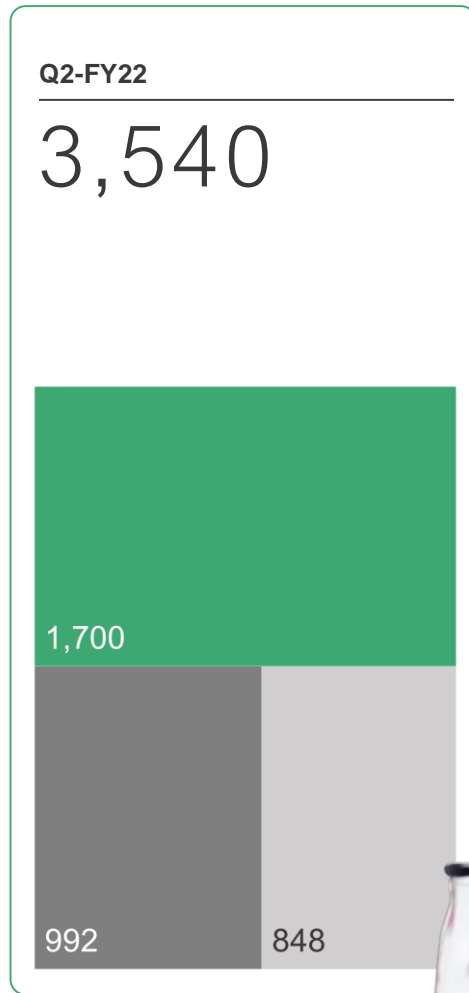
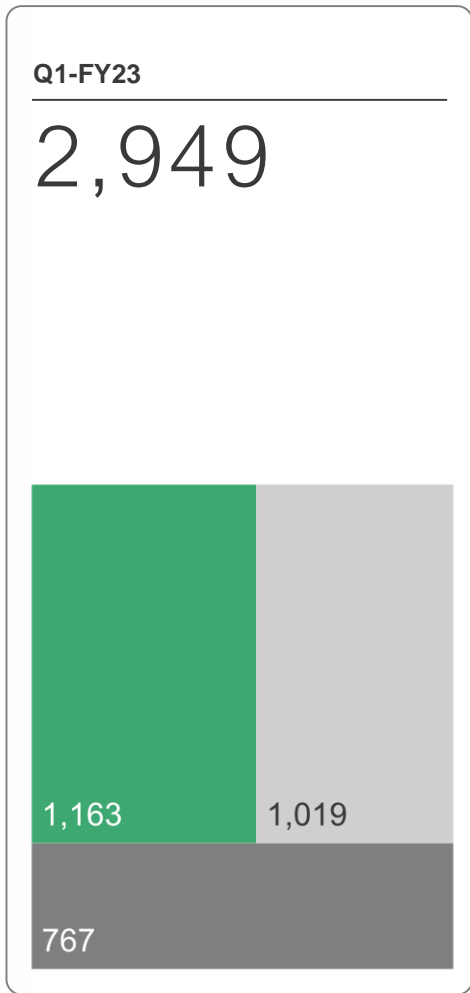
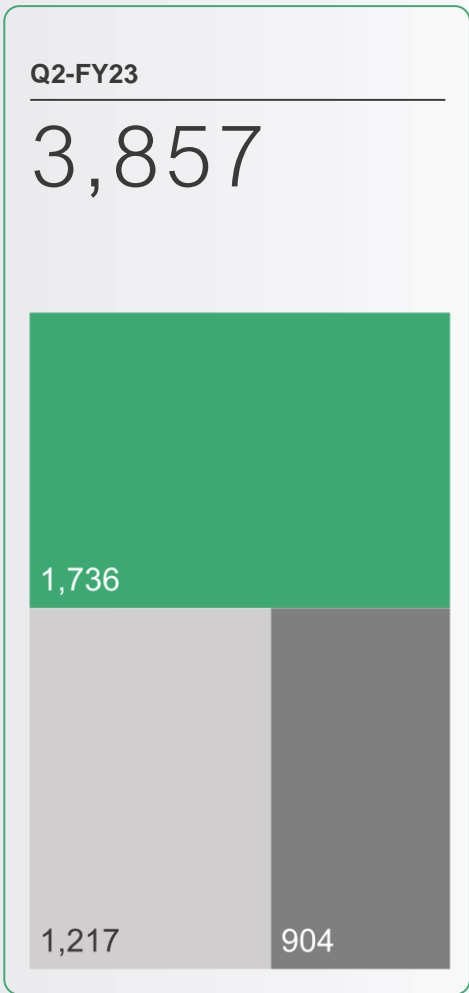
Operating Profit (₹ Lakhs)



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)	Q2FY23	Q1FY23	YoY %	QoQ %	Q2FY22
Export Sales (SEZ)	903.9	766.6	-9%	18%	991.7
Dava India Sales	1217.1	1019.3	44%	19%	848.1
Domestic Sales	1736.3	1162.8	2%	49%	1,699.9
Revenues from Operations	3,857.26	2,948.78	9%	31%	3,539.70
Cost of Goods Sold	2,425.27	1,848.88	4%	31%	2,342.47
Gross Profit	1431.99	1099.90	20%	30%	1197.23
% Margin	37.12%	37.30%	3.30%	-18 bps	33.82%
Operational Exp	909.37	893.76	29%	2%	703.61
Employee cost	249.40	256.59	11%	-3%	224.49
Other expenses	659.97	637.17	38%	4%	479.12
Operating Profit	522.62	206.14	6%	154%	493.62
% Margin	13.55%	6.99%	-0.40%	656 bps	13.95%
Other Income	98.43	54.18	446%	82%	18.04
EBITDA	621.05	260.32	21%	139%	511.66
% Margin	16.10%	8.83%	1.65%	727 bps	14.45%
Depreciation	57.36	55.96	-13%	3%	66.02
EBIT	563.69	204.36	26%	176%	445.64
% Margin	14.61%	6.93%	2.02%	768 bps	12.59%
Interest Cost	2.59	1.64	118%	58%	1.19
EBT	561.10	202.72	26%	177%	444.45
% Margin	14.55%	6.87%	1.99%	767 bps	12.56%
Taxes	137.00	47.37	21%	189%	112.83
Profit After Taxes	422.40	146.41	27%	189%	331.63
% Margin	10.95%	4.97%	1.58%	599 bps	9.37%

Management **Commentary**

1

The Company reported a comeback in Revenues in Q2FY22, on account of higher throughput in both Domestic & DavaIndia verticals, coupled with a recover in Exports vertical.

3

Domestic Sales reported an increase of 49% YoY and 2% QoQ, at the same time Export performance also recovered after a subdued Q1FY23.

5

The sales contribution from new-age business stood at 51% in Q2FY23 as compared to 61% in Q1FY23 and 52% in Q2FY22.

2

The Company has maintained its gross margins at 37.12% in Q2FY23 compared to 37.30% in Q1FY23.

4

EBITDA stood at Rs 621.05 Lakhs, with margins at 16.10% driven by an increase in Gross Margins coupled with higher Other Income.

6

PAT stood at Rs. 422.40 Lakhs, increasing 27% YoY basis and 189% QoQ basis.



Management Commentary

1

DOMESTIC OPERATIONS

*Domestic Revenues **increased** by 35.34% QoQ and a growth of 15.91% YoY at ₹ 2953.39 Lakhs in Q2FY23 supported by healthy performance on both fronts.*



EBITDA at ₹ **354.32 Lakhs** for Q2FY23, backed by strong recovery in demand of Prescription Based Drugs.

PAT stood at ₹ **195.06 Lakhs** for Q2FY23.

2

EXPORTS

*Exports revenues **increased** by 17.91% on QoQ basis and declined by 8.85% YoY at ₹ 903.9 Lakhs in Q2FY23.*



EBITDA at ₹ **266.73 Lakhs** for Q2FY23, in line with the decrease in export sales volume.

PAT stood at ₹ **227.34 Lakhs** for Q2FY23.

**Here, Domestic Operations includes the operations of Davaindia.*



3 Generic Pharmacy — Davaindia

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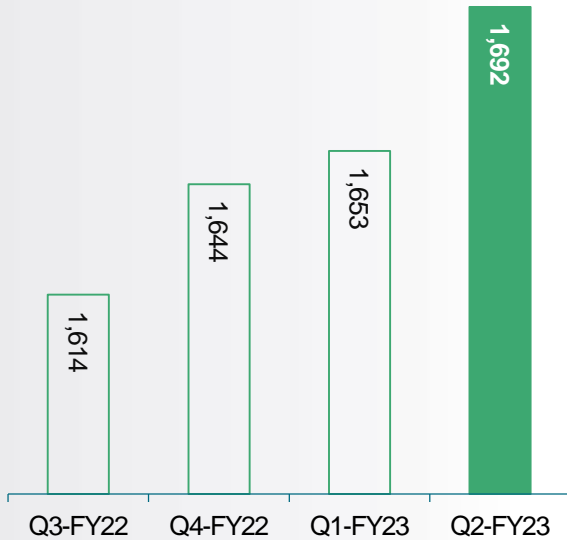


Davaindia **Key Figures**

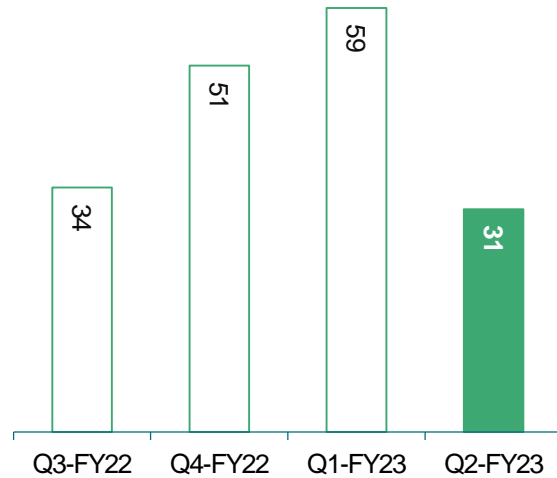
Gross Mercantile Value (GMV)

Total GMV of Davaindia Stores stood at **1,926 Lakhs** during Q2FY23 an increase of **21% QoQ**

No. of SKU's

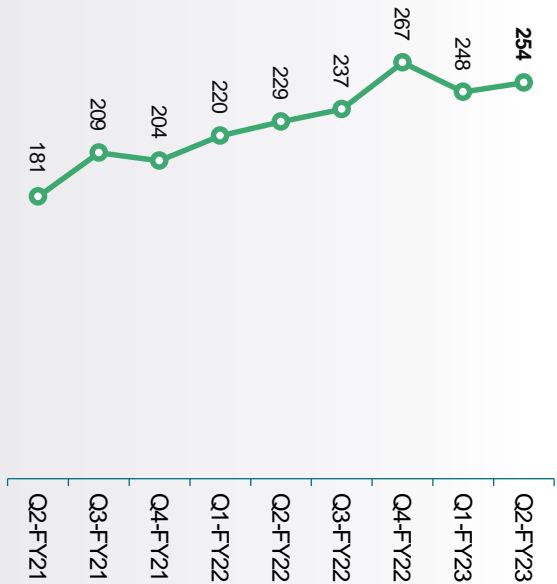


New Stores rolled-out

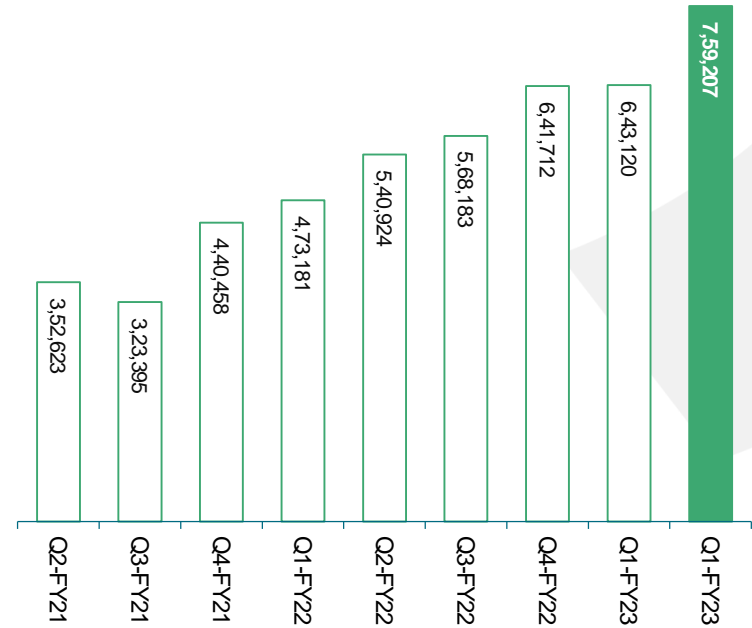


Davaindia **Key Figures**

Average Wallet Spend



No. of Customers Served



Davaindia- **Generic Pharmacy**

During the quarter Davaindia has catered to the highest-ever number of customer i.e. 7.59 lakhs against 6.43 lakhs in the previous quarter. The Company witnessed an increase in Average Wallet Spends which stood at ₹254 against ₹248 in the previous quarter.

Davaindia expansions continues in Q2FY23, the Company rolled-out 6 COCO stores on a base of 36 stores in the previous quarter. The Company will pursue rapid store roll-out on the COCO front. The Company also rolled out additional 25 FOFO stores, taking the total FOFO count to 562, and the total store count to 604.

Davaindia has led the revolution of patients opting for generic medicines against branded counterparts. As of Q2FY23, Davaindia has catered to more than 6.69 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. 1,692 has enabled Davaindia to better serve customers across all segments. Thus, increasing its customer spends across varied price points, the Average Wallet Spend was ₹254 in Q2FY23.



Davaindia- **Generic Pharmacy**



Davaindia- **COCO** Stores

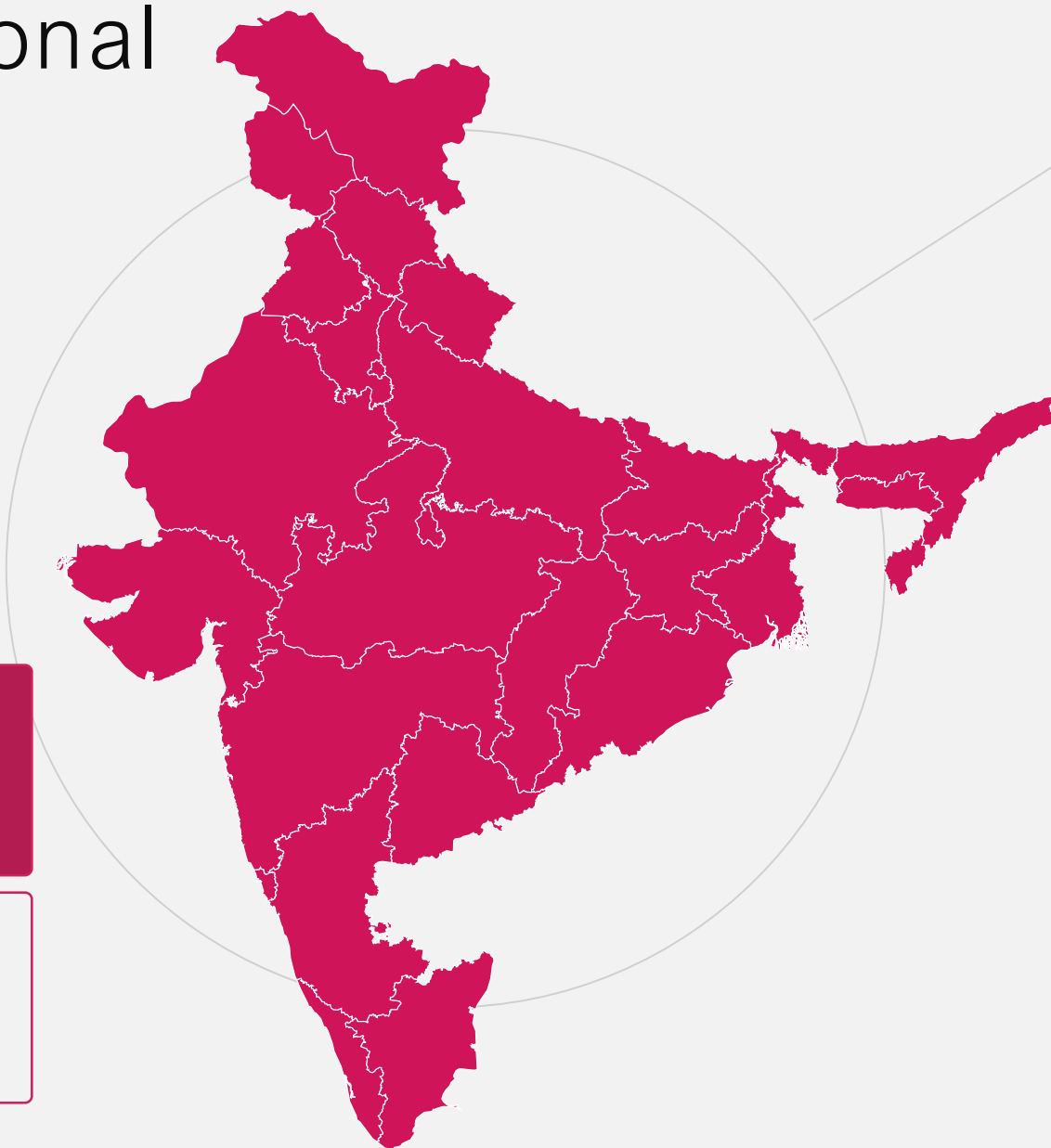


Operational **FOFO** Stores

562

Operational FOFO stores
as on 30.09.2022

■ Franchise Owned
Franchise Operated
(FOFO) Stores



States	No. of Stores
Uttar Pradesh	104
Madhya Pradesh	70
Gujarat	55
Maharashtra	52
Odisha	52
Delhi	32
Haryana	31
West Bengal	30
Rajasthan	28
Kerala	19
Bihar	17
Tamil Nadu	11
Karnataka	10
Assam	8
Jharkhand	7
Telangana	7
Punjab	6
Tripura	6
Uttarakhand	6
Jammu And Kashmir	4
Chhattisgarh	2
Himachal Pradesh	2
Arunachal Pradesh	1
Goa	1
Meghalaya	1

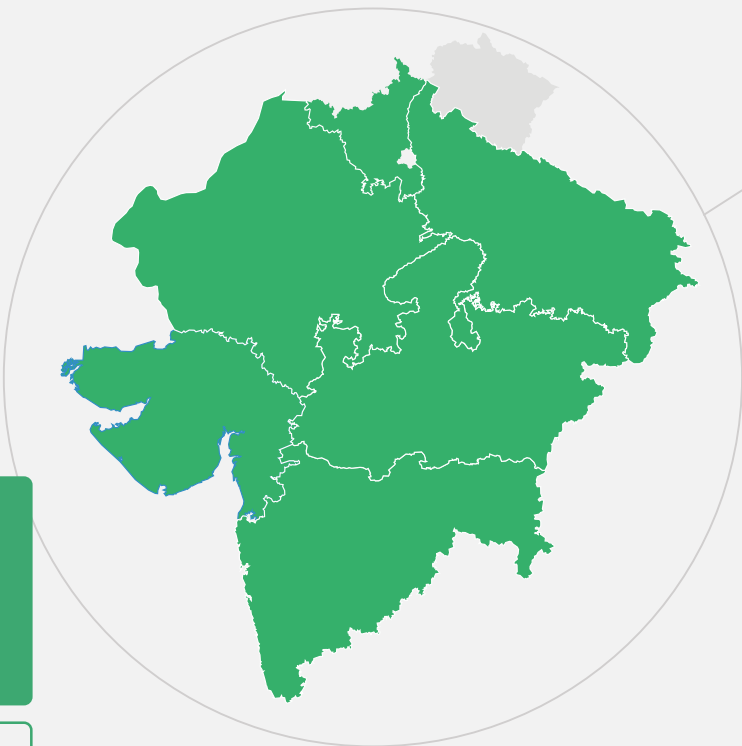
Operational **COCO** Stores

42

Operational COCO stores
as on 30.09.2022



Company Owned
Company Operated
(COCO) Stores



States	No. of Stores
Gujarat	14
Maharashtra	13
Rajasthan	5
Uttar Pradesh	4
Delhi	3
Haryana	2
Madhya Pradesh	1

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

Management Commentary

Commenting on Q2FY23 financial performance and operational highlights, Management Team of Zota Health Care said,

“The Company has made a comeback in Q2FY23 after a challenging Q1. With stabilization of operations post shifting to the new warehousing facility, the Company witnessed a pick up in both Davaindia & Domestic dispatches. As a result, both Davaindia & Domestic sales have reported growth on QoQ as well as YoY basis. Davaindia has reported its highest quarterly GMV in Q2FY23, supported by both, an increase in Average Wallet Spend and a substantial increase in the footfall at the stores. Operations have recovered in Exports vertical as well, although not to their full potential. Nonetheless, given our recent product registrations & sales efforts we remain confident on the prospects of this vertical for the coming quarters.

Davaindia expansion continues, with a rollout of 31 additional stores in Q2FY23, 6 of which were COCO stores. The Company has a good pipeline for store additions in the coming months, with a special emphasis on COCO stores.”





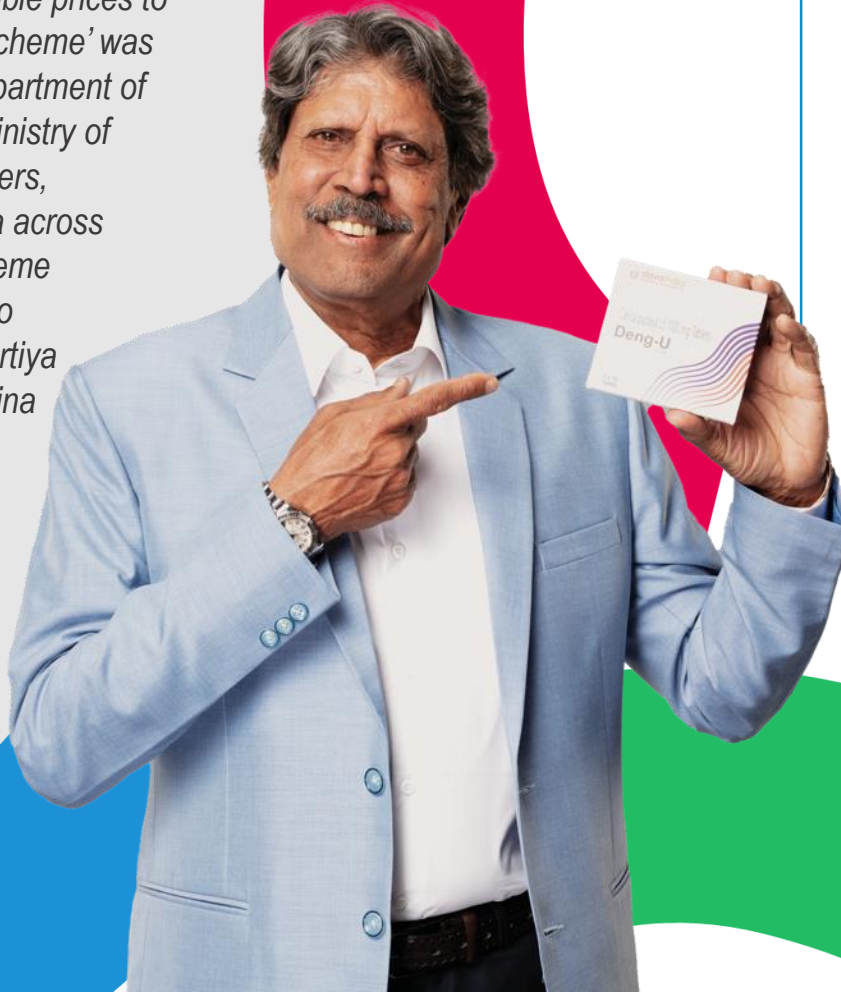
4 Industry Snapshot

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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 Pariyojana (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.

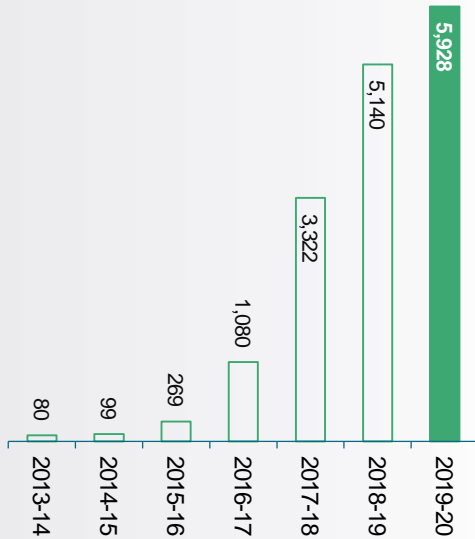
Strong Implementation

- 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 Pariyojana has marked its presence in almost every district of India by covering 732 districts out of 734.

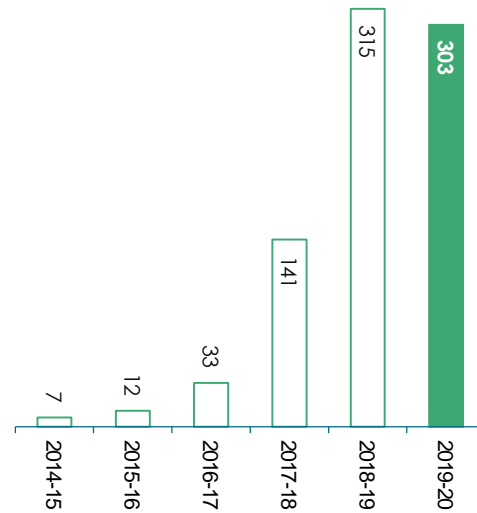
Impact of **PMBJP**

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.

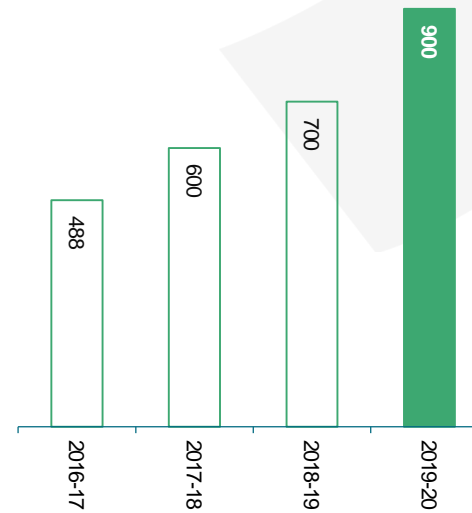
Growth in number of stores*
(Number of stores as on 31st March of the year)



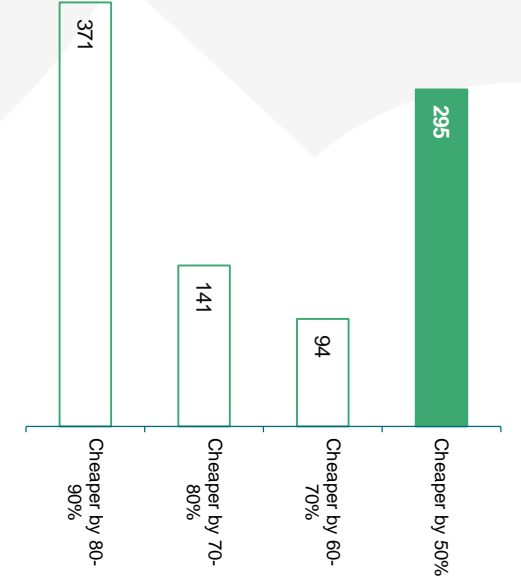
Growth in turnover*
(Sales value in crore)



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

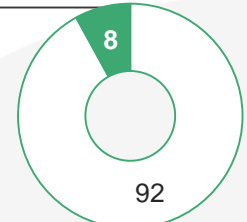
Aliments

- Growing incidence of non-communicable diseases
- Growing urbanization

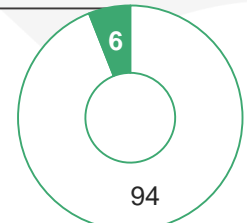
Branded and generic mix of Indian pharma market (%)

■ Generic GX □ Branded GX

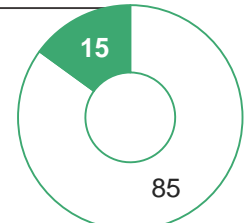
Overall India



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

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