

July 10, 2019

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(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Refer to the captioned subject we, Zota Health Care Limited (the "Company") are submitting herewith the Investor Presentation July, 2019.

Kindly take the same on your 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 - 395 002 | Ph: +91 261 2331601  
Email: [info@zotahealthcare.com](mailto:info@zotahealthcare.com)  
Web : [www.zotahealthcare.com](http://www.zotahealthcare.com)

**Plant :**

Plot no. 169, Surat Special Economic Zone,  
Nr. Sachin Railway Station, Sachin,  
Surat - 394 230 (Guj.) India  
Ph: +91 261 2397122



**davaiindia**<sup>TM</sup>  
GENERIC PHARMACY



 **zota**<sup>®</sup>  
healthcare Ltd.

# ZOTA HEALTH CARE LIMITED

Investor Presentation

July 2019

# Disclaimer

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 Emerge.

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



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# Business Overview

Incorporated in 2000, Zota Health care Ltd (ZHL) develops, manufactures and markets Generic, Ayurvedic, Nutraceuticals and Over the Counter (OTC) Pharmaceutical products

- Focused segments bifurcated in to Domestic, Exports and Retail Pharmacy chain which operates across national and international boundaries
- Promoters and senior management have over two decades of experience in the pharma domain
- As on FY19 ZHL achieved a turnover of ₹ 8,717 lacs registering a growth of 10.8% YoY and PAT of ₹ 555.2 lacs

## Davaindia Key facts and figures



Customers served  
as on date

~7.92 Lakhs



Davaindia stores

143



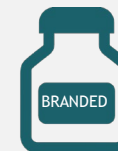
Davaindia SKU'S

1250 units



Average wallet  
spends

~ ₹123



Pvt Label Brands

95%



## Our Philosophy



### OUR VISION

- Our vision is to become a global Health Care organization driven by people, research and technology and to be recognized as domestic and internationally integrated Health care and pharmaceutical company through Innovation, Quality and Competence.



### OUR MISSION

- Our mission is to become a globally acclaimed pharmaceutical company through development and introduction of wide portfolio of Pharmaceutical Formulations along with Nutraceutical as well as Ayurvedic products in key global pharmaceutical markets.

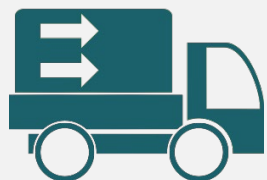


### OUR VALUES

- **Innovate And Excel:** Our strength lies in its workforce. We encourage our employees to always strive for innovation and excel beyond the norm. At Zota, every working opportunity comes with passion, dedication and zeal to excel.
- **Integrity And Transparency:** At Zota, we are fully committed to adhering to principles of transparency while conducting business and upholding every transaction with the highest level of integrity so as to garner trust from our stakeholders.
- **Quality And Safety :** Being a healthcare company, quality is the central focus in all our manufacturing processes. Conducive to achieve quality, we also provide a safe working environment and maintain adequate policies to achieve the level of quality we desire.



## Zota Health care at a Glance



**1050+**

DOMESTIC DISTRIBUTORS



**22+**

EXPORTING TO COUNTRIES



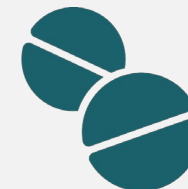
**143+**

DAVAINDIA STORES



**360+**

TEAM STRENGTH



**3000+**

PRODUCTS



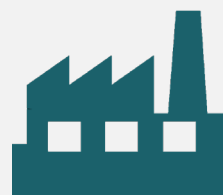
**1250+**

DAVAINDIA PRODUCTS



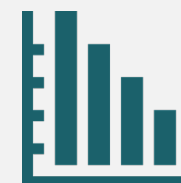
**68%**

PROMOTER HOLDING



**22%**

SEZ UNIT CAPACITY  
UTILIZATION



**9%**

5 YEAR REVENUE CAGR

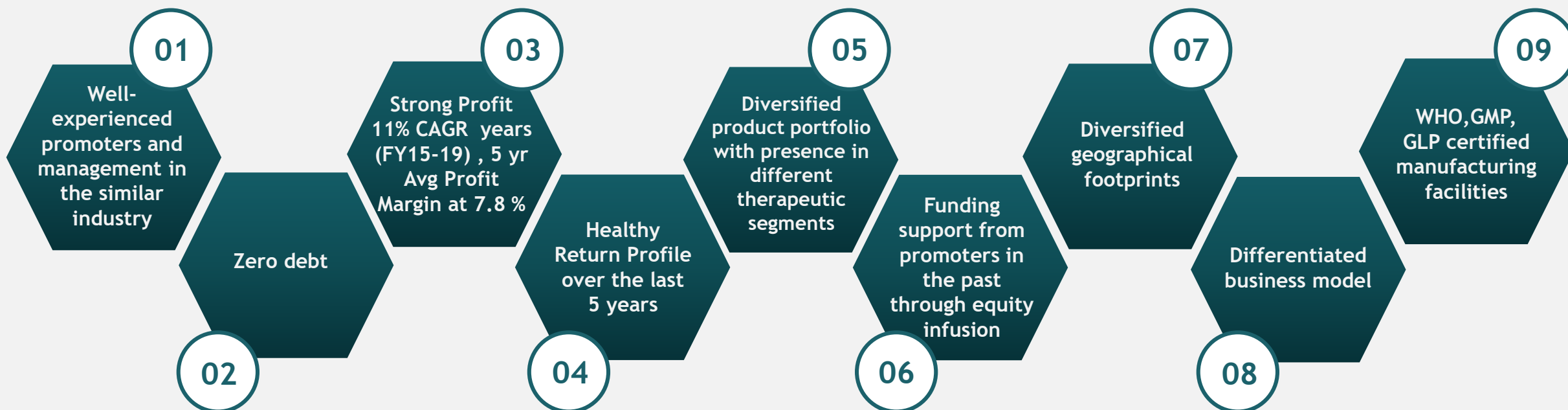


**18%**

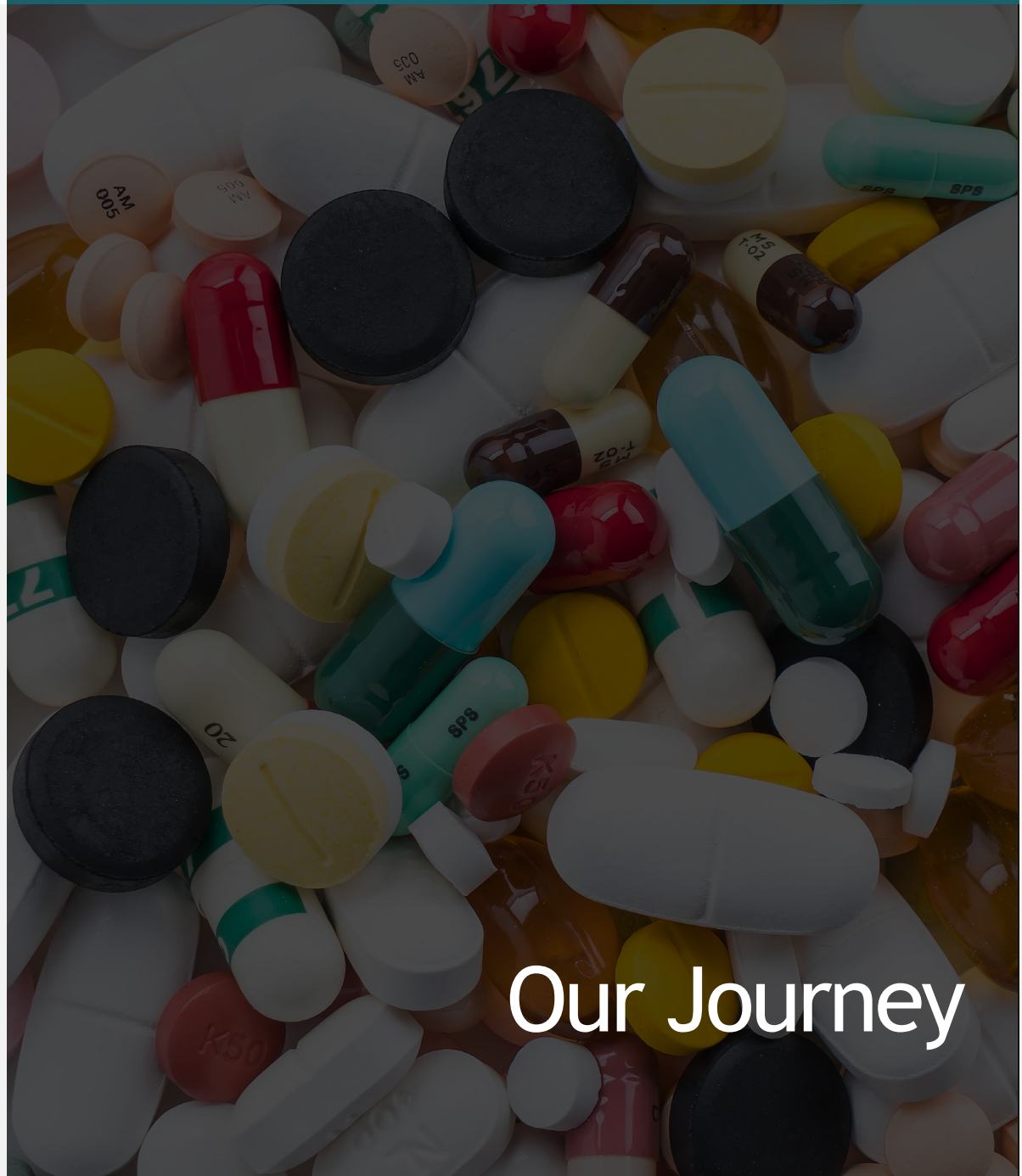
5 YEAR PAT CAGR



# Zota Health care's Strength



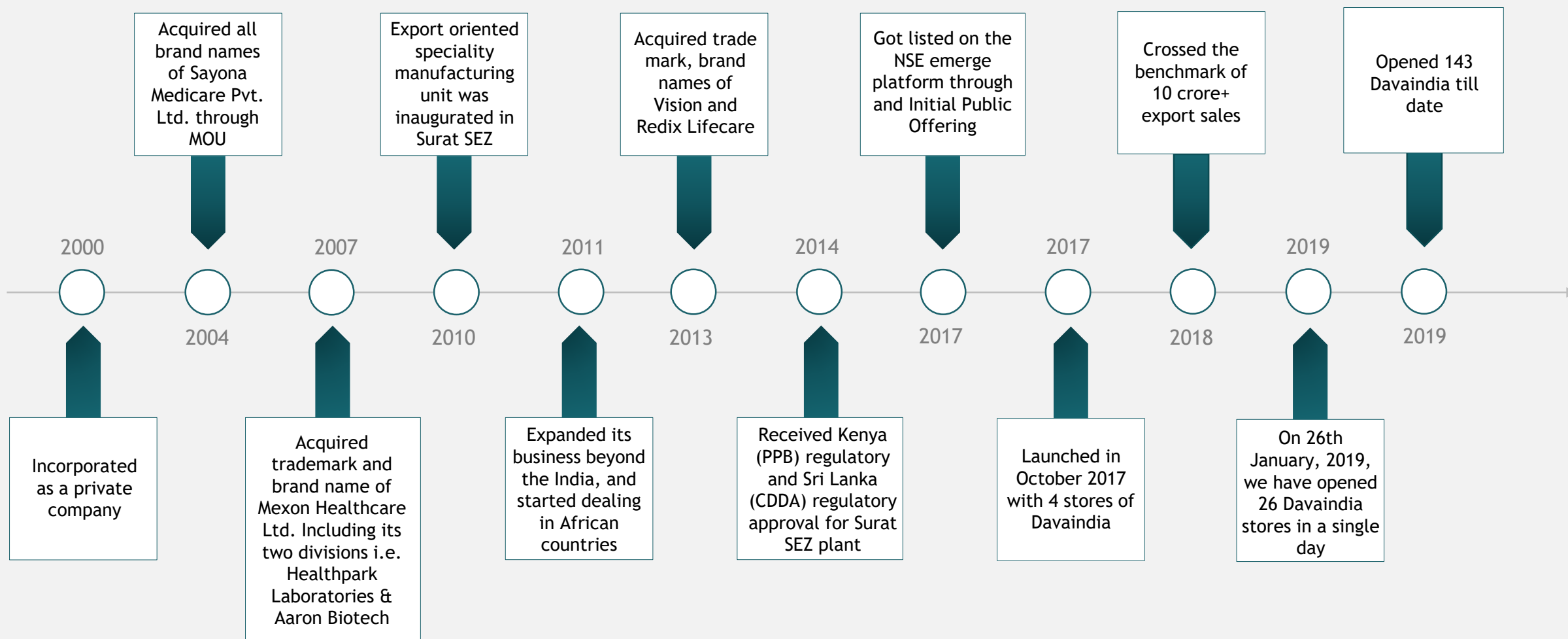




# Our Journey



## Our Journey





# Industry Overview



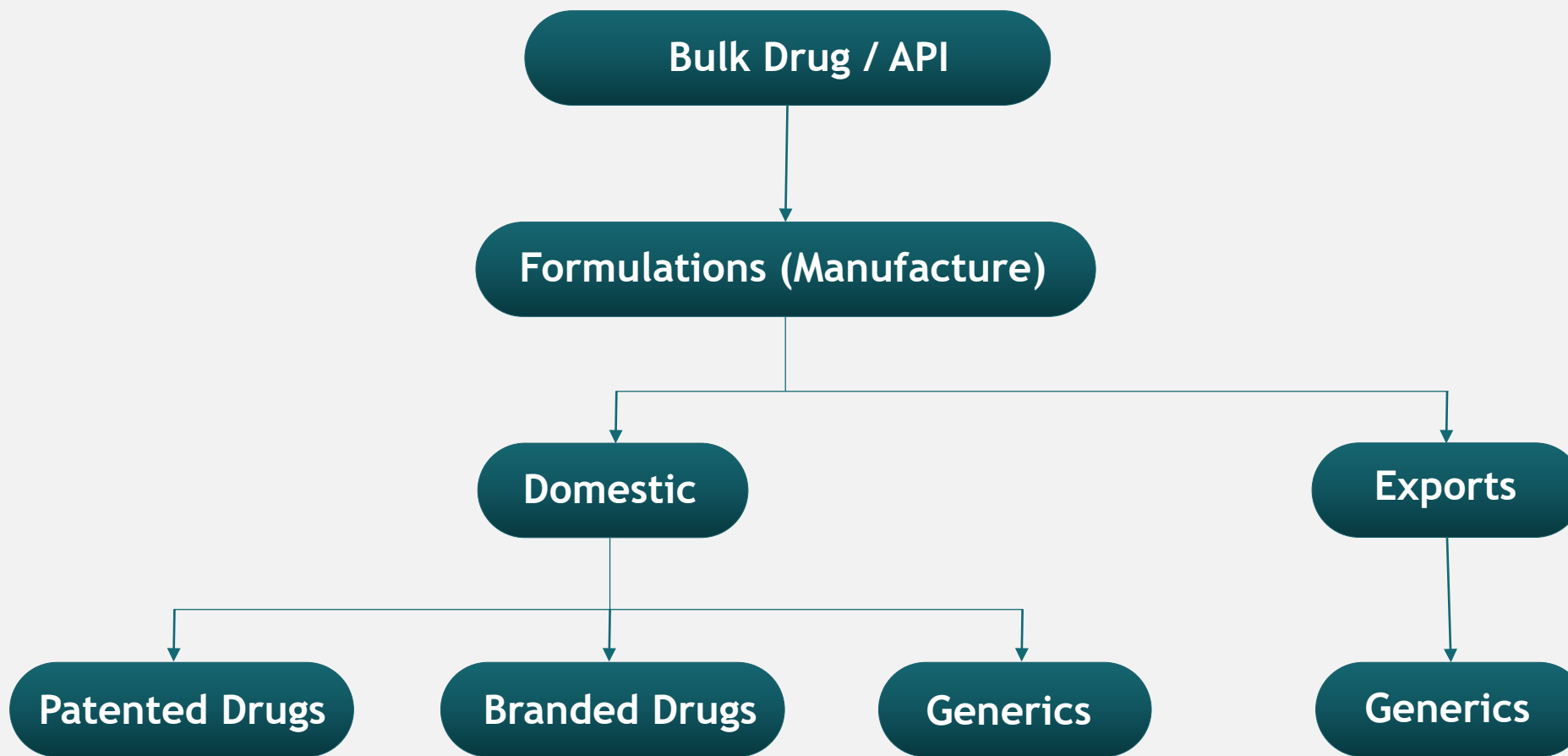
## Generic v/s Branded



According to the World Health Organization, if doctor started prescribing generic medicines, then health expenditure can be reduced by 70% in developed countries and developing countries



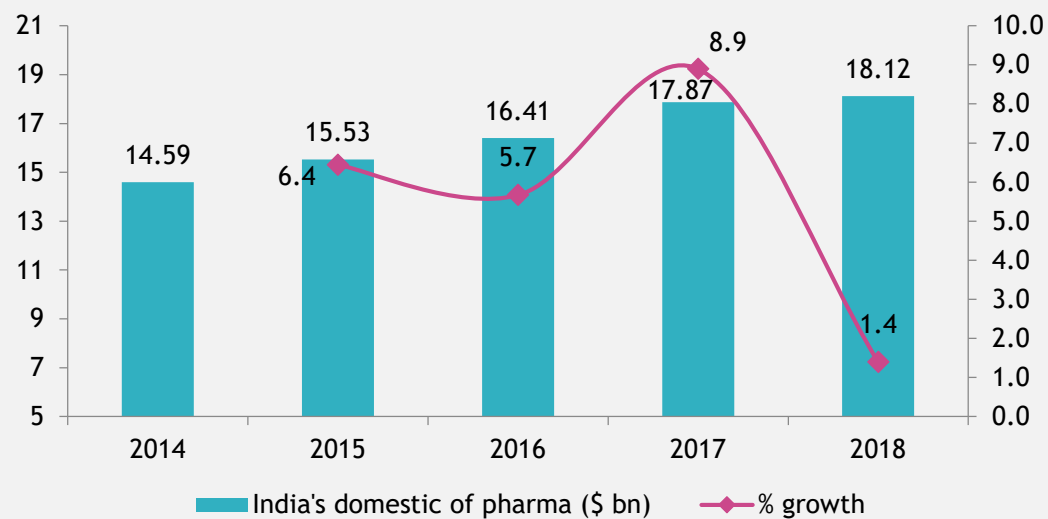
# Pharma Sector in India



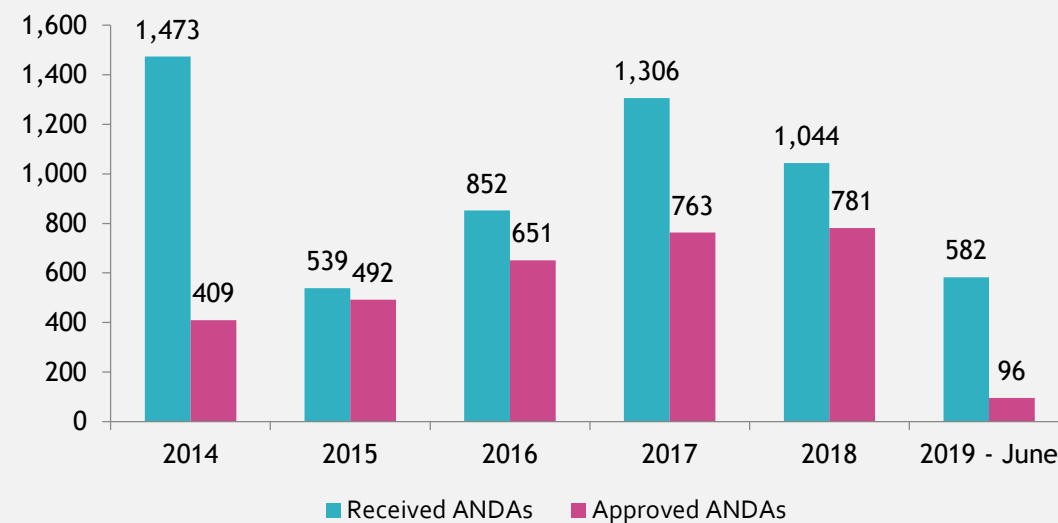




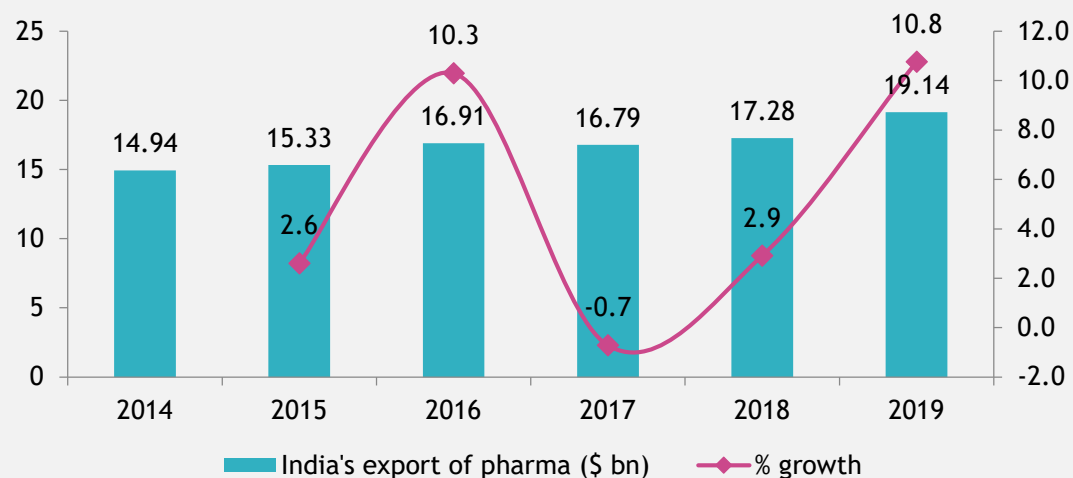
# Indian Pharmaceutical Industry



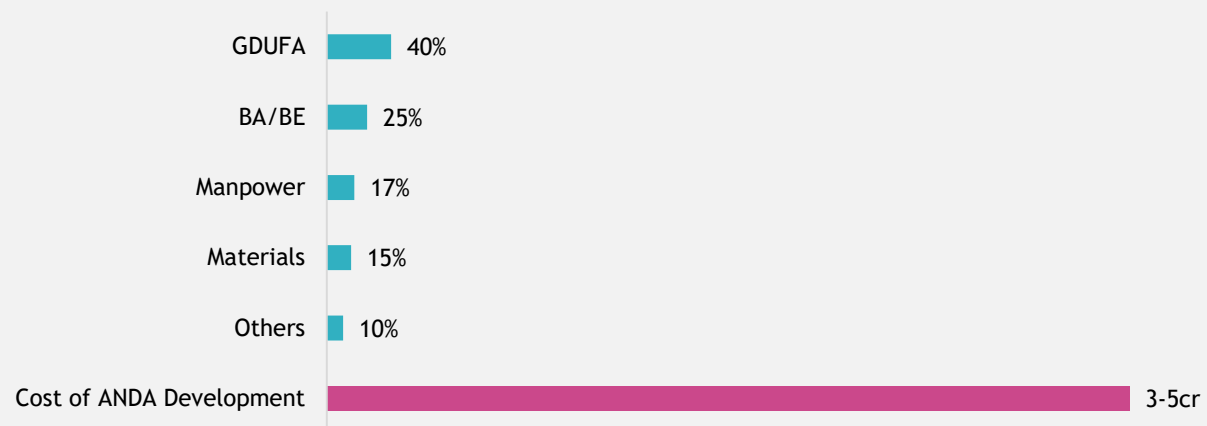
Source: IBEF



Source: FDA, First Generic Drug Approvals (Oct-Sept Year End)



Source: pharmexcil

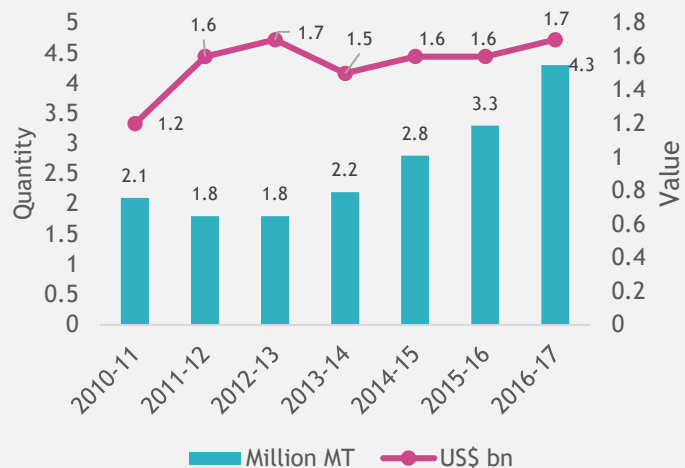


Source: IQVIA, Cost Break up of ANDA in India



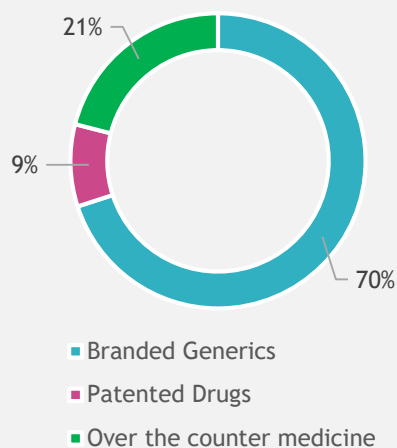
# Industry Statistics

India's Import of Drug Formulations



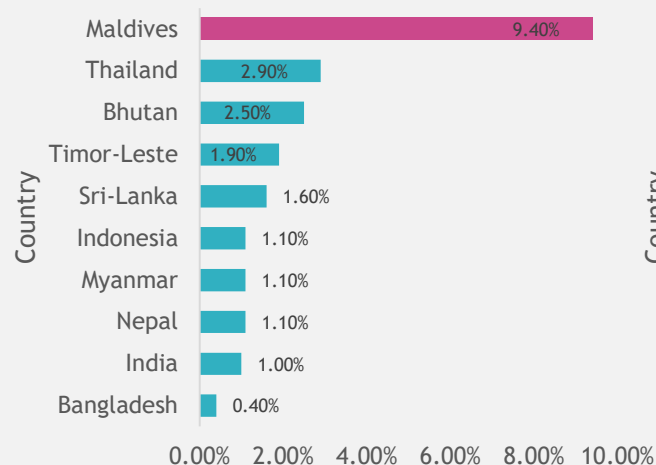
Source: Exim Report

India Pharmaceutical Industry Composition



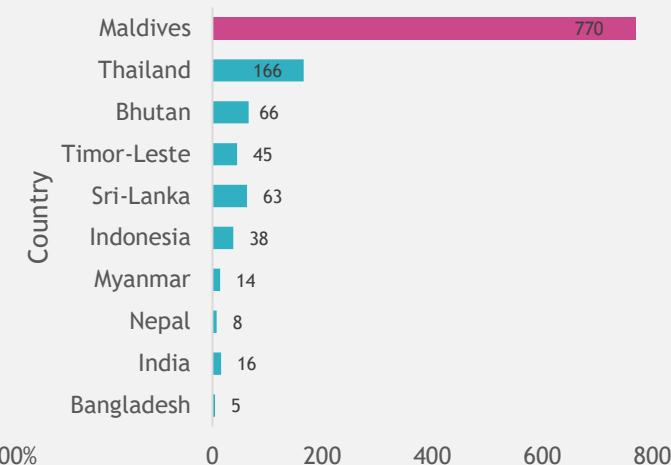
Source: KPMG Report

Public Health Expenditure % of GDP

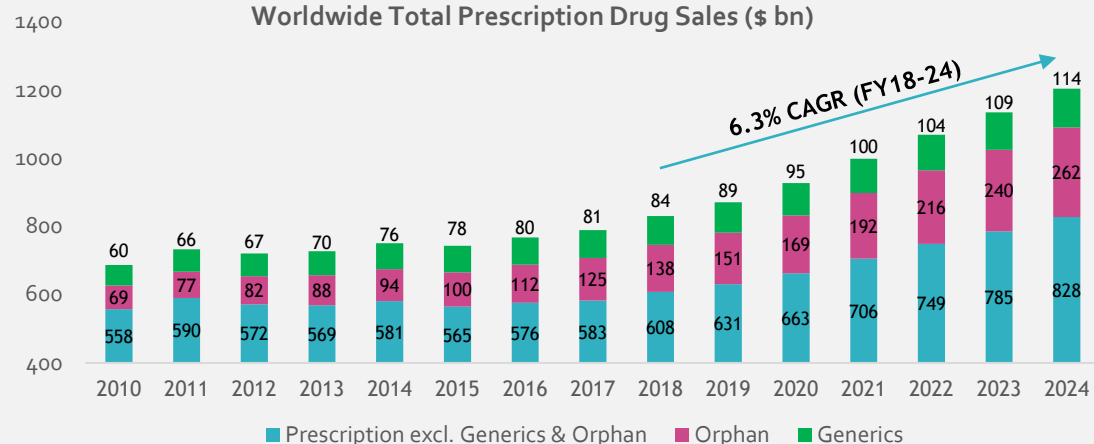


Source: National Health Profile, 2018

Per Capita Health Expenditure (In US Dollars)

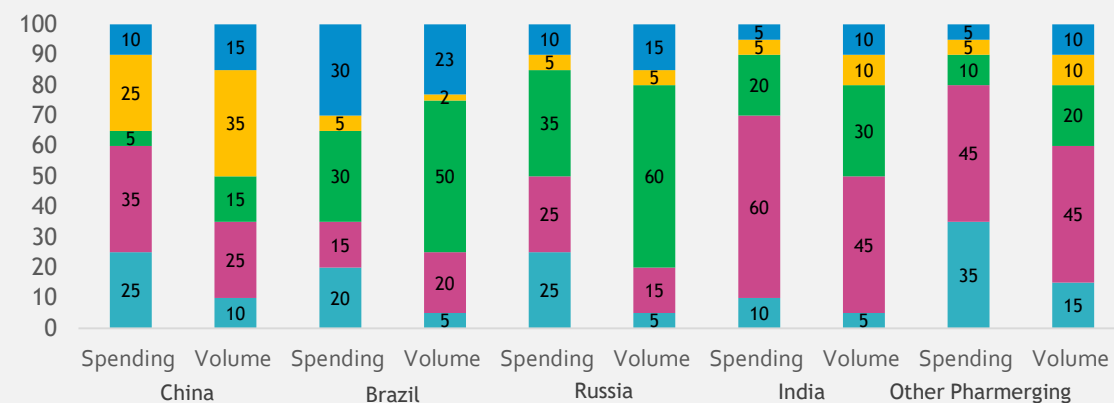


Worldwide Total Prescription Drug Sales (\$ bn)



Source: Evaluate Report

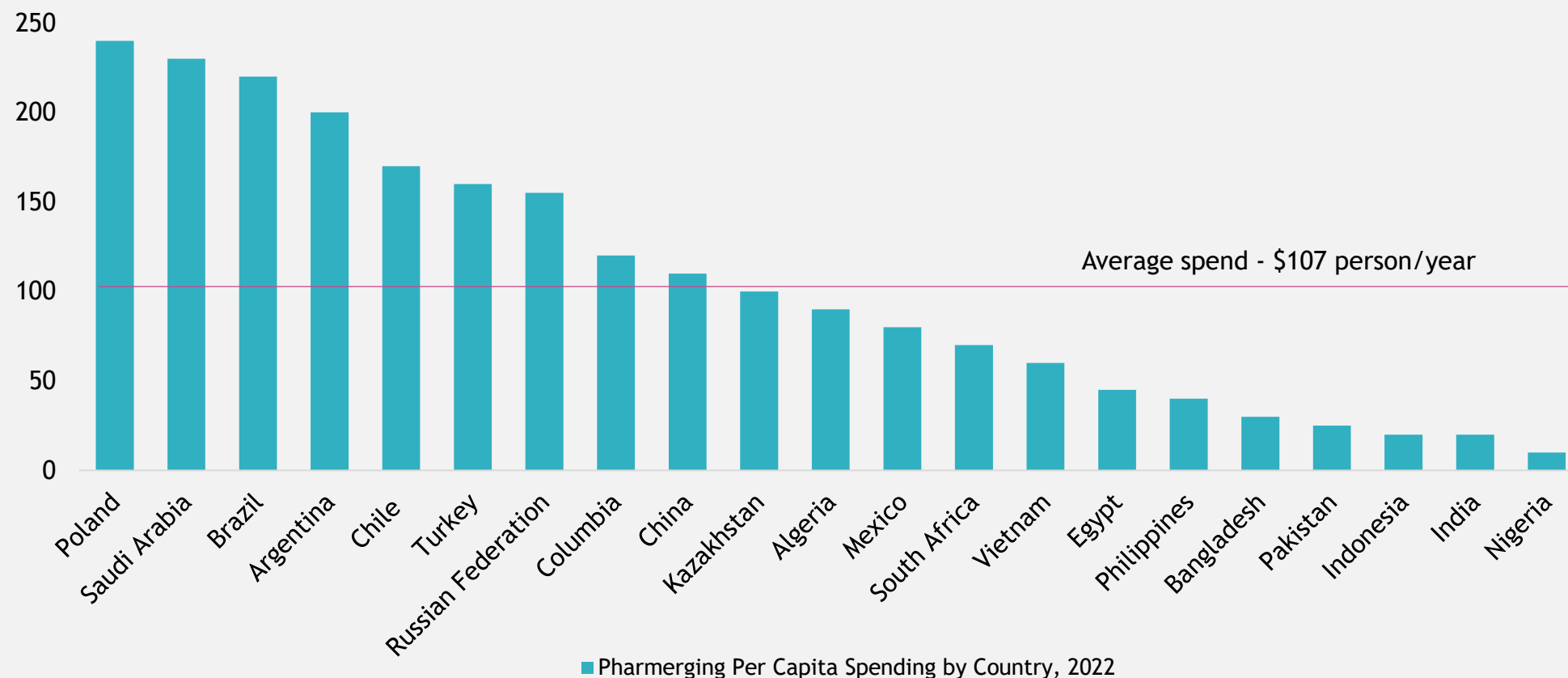
Pharmerging Medicine Spending and volume by type, 2023



Source: IQVIA



## Average Pharma spends by country



Source: IQVIA Market prognosis, Sept 2017; IQVIA Institute, Oct 2017

Notes: Spending per capita, per capita growth and overall spending growth in Constant US \$.

Report: 2018 and Beyond: Outlook and Turning Points, IQVIA Institute for Human Data science, Mar 2018

## Growth drivers for Indian generic



Inherent Competencies and Low-cost Manufacturing Capabilities



Increasing Consolidation Through Co-operative Alliances



Conducive Regulatory Environment



The Medical Council of India has already given strict instructions to doctors to prescribe generic medicines



Generic medicines have to be stored separate from other medicines as per government directives



Jan Aushadhi stores promoted by the government and also strengthen the Jan Aushadhi scheme, thus creating awareness towards generic drugs



IMA should be taking measures to ensure quality, safe, affordable generic drugs



The National Health Protection Scheme is largest government funded healthcare programme in the world (well known as AYUSHMAN BHARAT PM-JAY SCHEME), which is expected to benefit 100 million families in the country by providing a cover of up to ₹ 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.

## Key Industry Challenges



Highly Fragmented Market



Corruption and Red-Tapism



Drug Price Control Measures



Lack of manufacturing infrastructure quality & GMP practices



Resistance by doctors to prescribe generics leading to lack of demand



Nepotism by pharmacist to push for branded medicines over generics



Unavailability of appropriate generic names equivalents of branded medicines



# Why branded drugs?





# Why do people still take brand-name drugs ?

Basically, it's marketing. If the drug company can convince the average patient that the generic is the "cheap" version and that they deserve the best, many patients buy it. Also, if a patient is finally on a drug that works, he might be less likely to switch to the generic version for fear of losing the effect of the drug. And there are inactive ingredients in generic drugs that can be different from those in the brand-name drug. They don't affect the way the drug works, but they can make it look and taste different, making people wonder if the cheaper drug has left something out.



Influence of the  
brand name  
towards  
medicines



Lack of  
awareness  
towards generic  
medicines



Perception of  
inferiority of  
generics due to  
lower priced than  
branded



Efficacy of  
branded drug  
medicines



# Zota's Business Model



## 3-Pronged Business Strategy

Domestic Revenues  
72%  
( ₹ 6,312 Lakhs)

100%  
Outsourced

Sold at MRP by  
Franchisee Distributor

1050  
Distributors

Gross Margins  
30%-35%

Over 3000+  
Brands

EBITDA Margins  
15%-17%

35-60 days  
Credit Period

Outlook  
8%-10% growth

Export Revenues  
21%  
( ₹ 1,808 Lakhs)

259 Dossiers  
filed

52% YoY growth

195 Product  
Approvals

Balance 64 in  
last stage of  
approval

21.6%  
Utilization

70%-80%  
utilization by FY22E

60Cr - 100Cr expected  
revenues at maximum  
utilization

50-60% YoY  
Growth anticipated

Davaindia Revenues  
7%  
( ₹ 598 Lakhs)

Franchised  
Business 1250  
SKU's

80%-85% Fill rate,  
95% Pvt label  
product

70-90% saving v/s  
branded medicines

Gross Margins  
35%-40%

Cloud based  
software

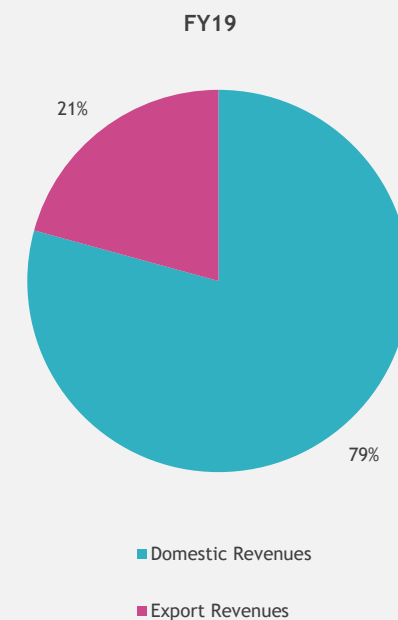
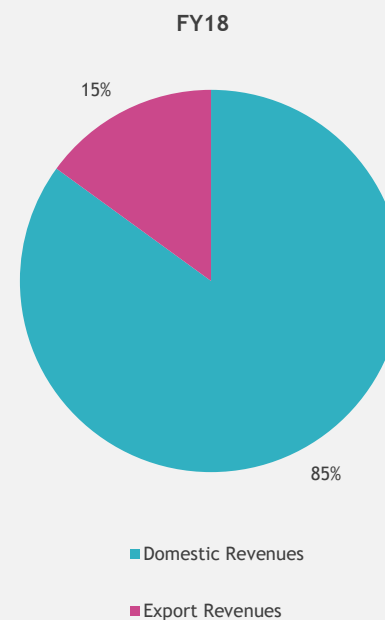
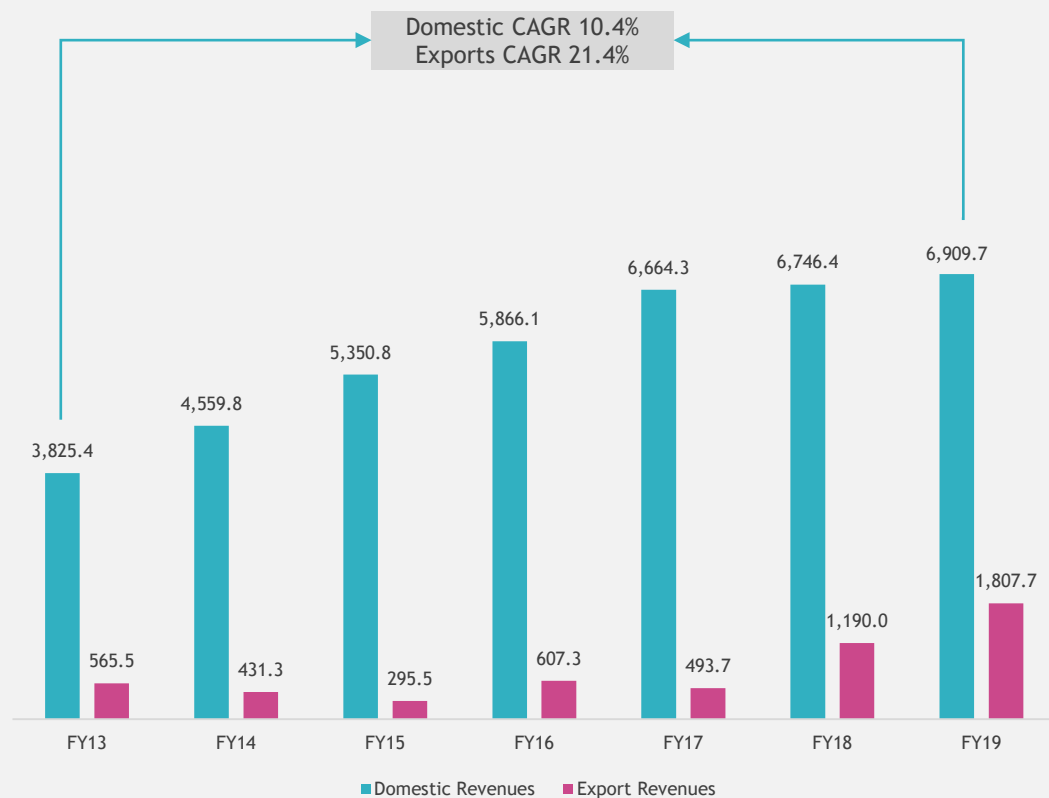
143 Stores  
opened

70% Medicinal & 30%  
Ayurvedic, Cosmetic  
& OTC products

Focus on Chronic  
Ailments

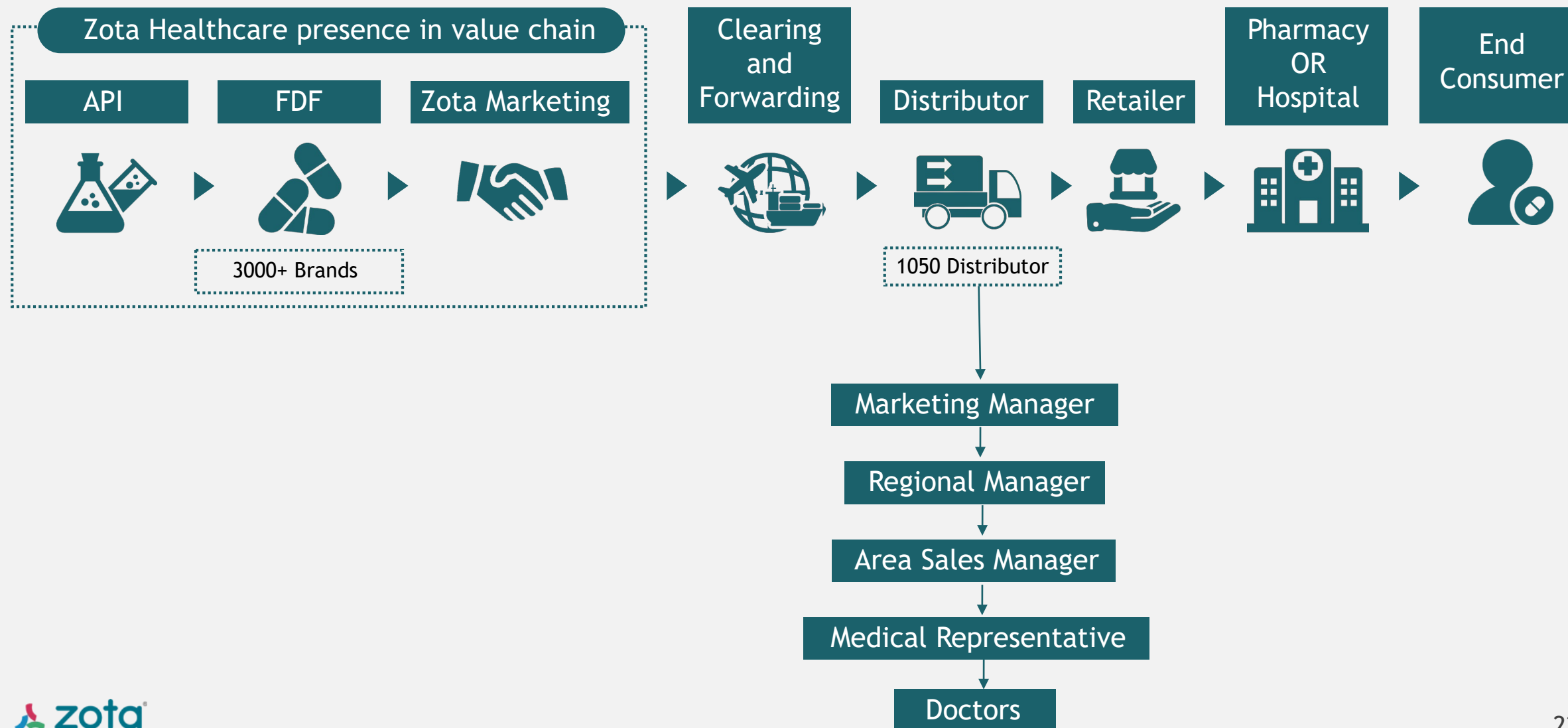


## Operational Metrics - Annual Revenue Mix





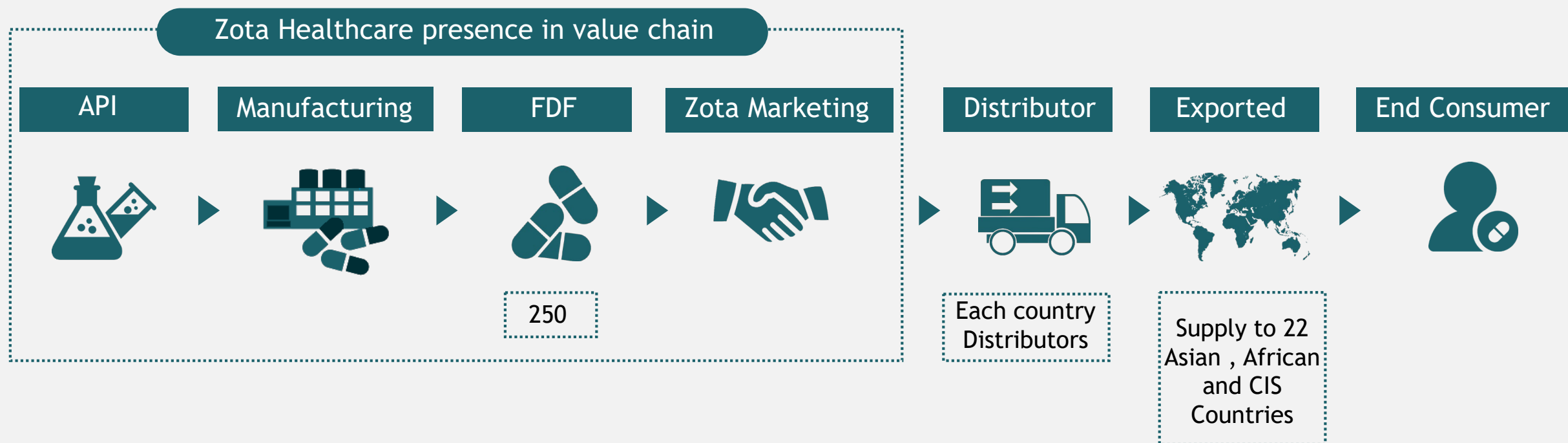
# Domestic Business - Value Chain





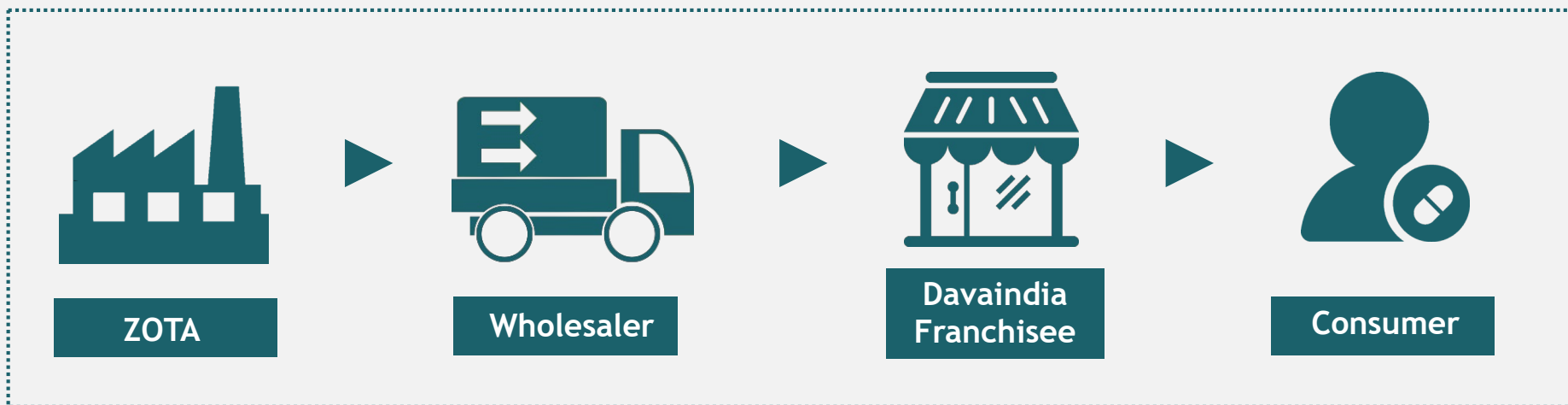


## Export Business - Value Chain





## Davaindia Business - Value Chain

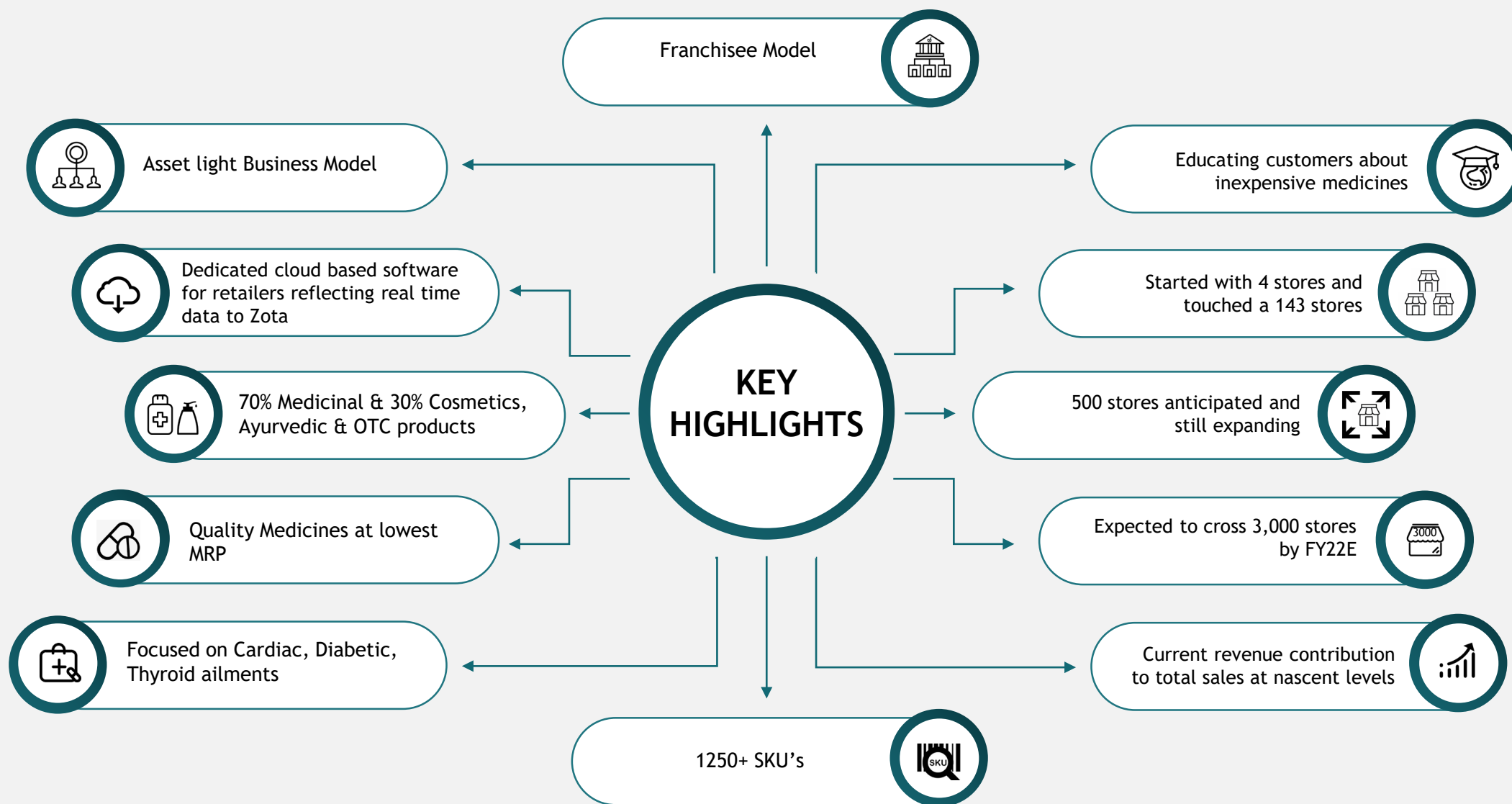




# Davaindia



# Davaindia- Pharmacy Retail Chain





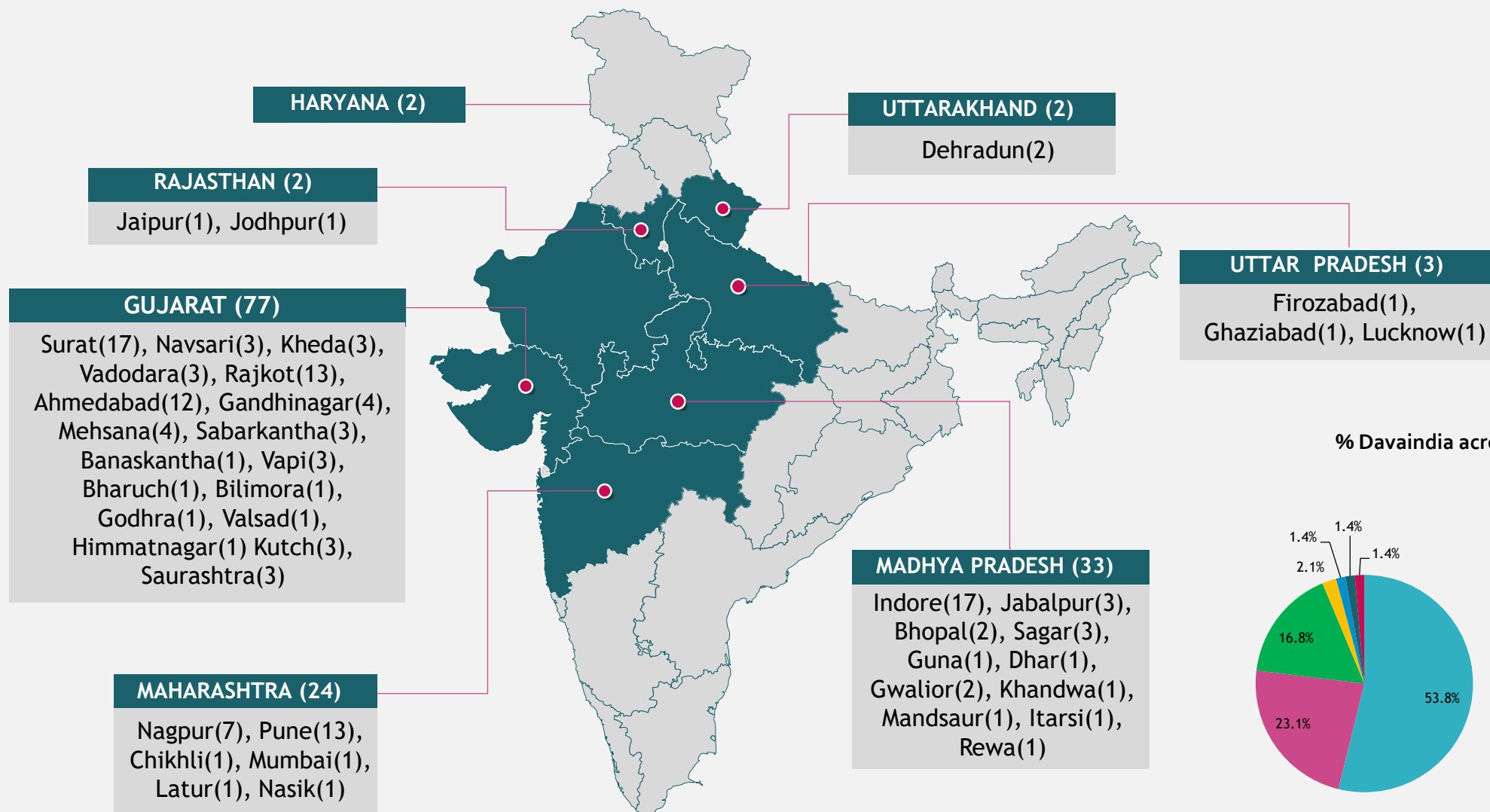
# Davaindia



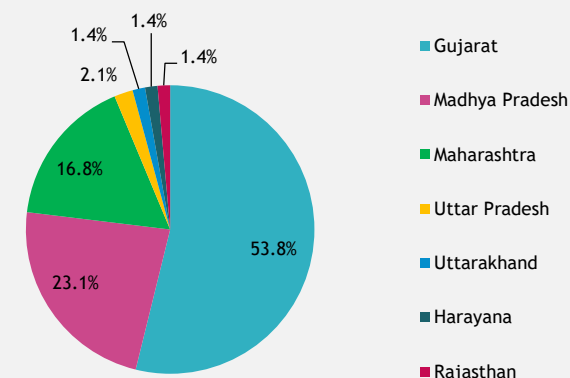




# Davaindia Footprints



% Davaindia across states

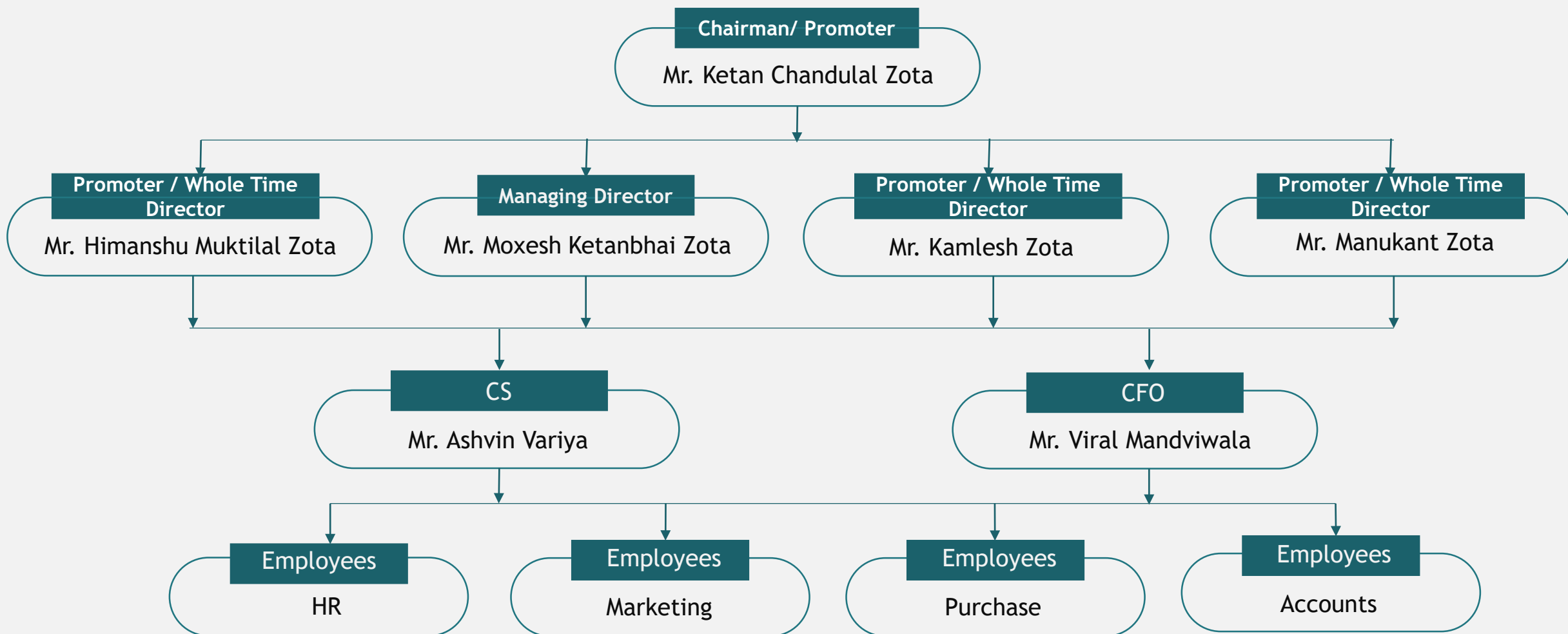




# Key Management Profile

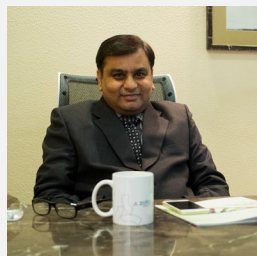


# Zota Healthcare Organisational Structure



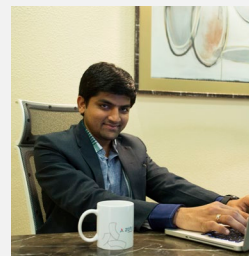


## Management Team



### Mr. Ketan Zota

Designation - Promoter, Non-executive Chairman  
Position Held - Small retail medical store  
Experience - 35 years  
Qualification - D Pharmacy



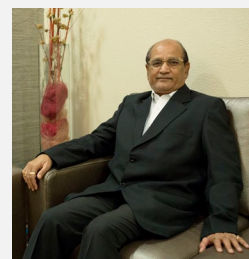
### Mr. Moxesh Zota

Designation - Managing Director  
Position Held - Entrepreneur and associated with the Company  
Experience - 5 years  
Qualification - Bachelor of Pharmacy, Master of Science (MBA) from UK



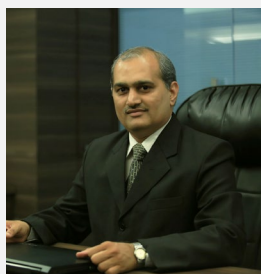
### Mr. Himanshu Zota

Designation - Promoter and Whole Time Director  
Position Held - Retail Pharmacist and a Distributor of Medical Agency  
Experience - 27 years  
Qualification - Diploma in Pharmacy , Diploma in Computer Application



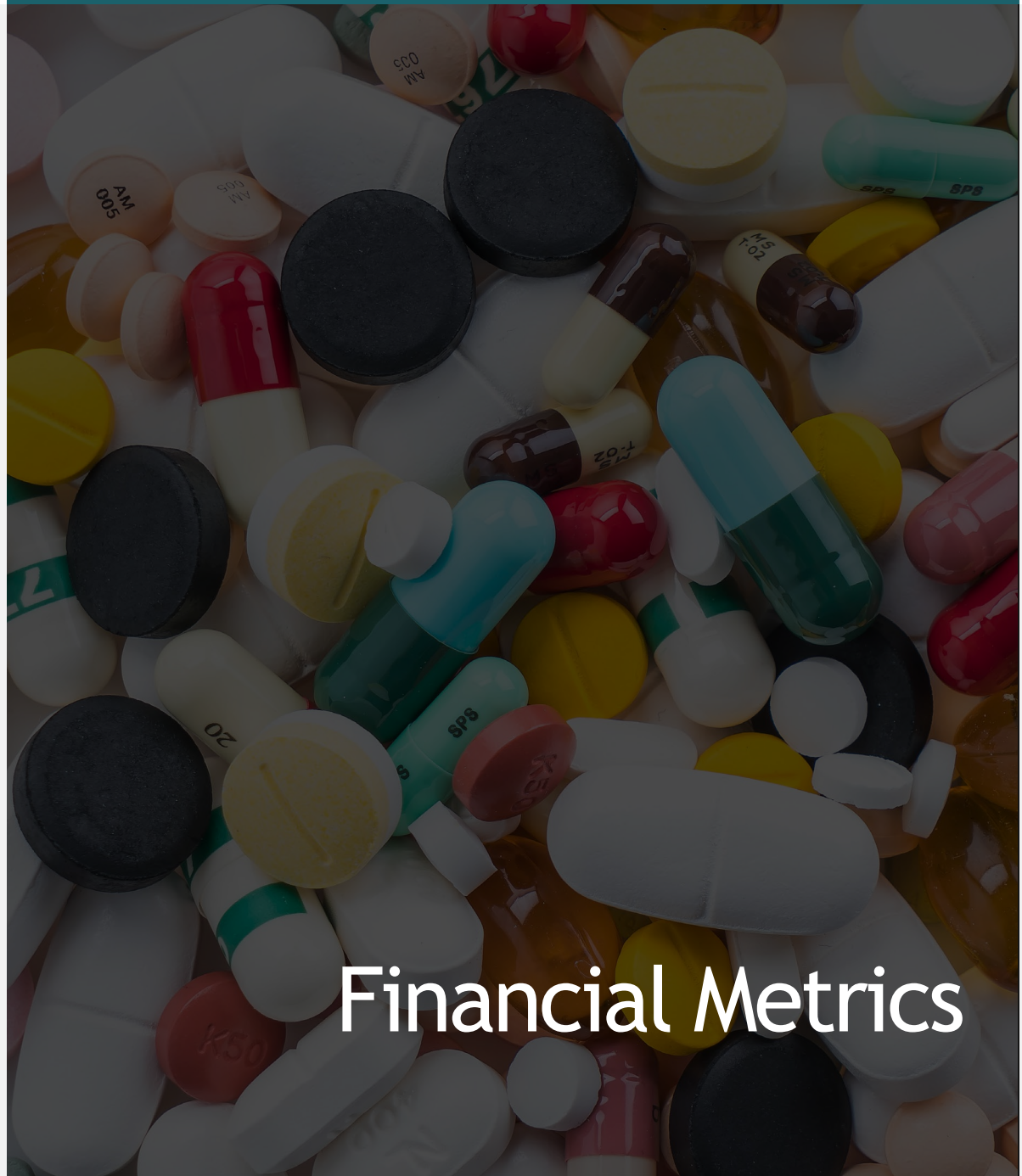
### Mr. Manukant Zota

Designation - Promoter and Whole Time Director  
Position Held - Associated with the Company  
Experience - 24 years  
Qualification - Masters of Science Degree in Mathematics



### Mr. Kamlesh Zota

Designation - Promoter and Whole Time Director  
Position Held - Sr. Technical Assistant and Production Officer  
Experience - 24 years  
Qualification - Bachelor of Pharmacy



# Financial Metrics





## Capacity & Utilization

Particulars	FY14	FY15	FY16	FY17	FY18	FY19
<b>Installed Capacity (Nos. in Lakhs)</b>						
Tablet	4800	4800	4800	4800	4800	4800
Capsules	5400	5400	5400	5400	5400	5400
<b>Utilized Capacity (Nos. in Lakhs)</b>						
Tablet	504	921	1533	1186.27	2211.29	1842
Capsules	845	170	98	113.49	344.29	364
<b>Utilized Capacity (%)</b>						
Tablet	10.50	19.19	31.94	24.71	46.06	38.38
Capsules	15.65	3.14	1.81	2.1	6.38	6.74

**Overall Capacity utilization of SEZ plant is around 22%**





# Profit & Loss Statement

Particulars (INR Lakhs)	FY14	FY15	FY16	FY17	FY18	H1FY18	H1FY19	H2FY18	H2FY19	FY19
Income from Operations	5,011.2	5,646.3	6,473.3	7,158.0	7,785.2	3,913.7	4,326.6	3,870.8	4,236.4	8,562.9
Other Income	10.2	1.4	7.7	5.6	151.9	60.5	100.3	91.4	54.2	154.5
<b>Total Income</b>	<b>5,021.4</b>	<b>5,647.8</b>	<b>6,481.0</b>	<b>7,163.6</b>	<b>7,937.0</b>	<b>3,974.1</b>	<b>4,426.8</b>	<b>3,962.2</b>	<b>4,290.6</b>	<b>8,717.4</b>
Operating Expenses	4,362.0	4,796.5	5,516.8	6,153.8	6,695.0	3,311.8	3,742.2	3,382.6	4,046.1	7,788.4
<b>EBITDA</b>	<b>659.4</b>	<b>851.3</b>	<b>964.2</b>	<b>1,009.8</b>	<b>1,242.0</b>	<b>662.4</b>	<b>684.6</b>	<b>579.6</b>	<b>244.5</b>	<b>929.0</b>
<b>Margin %</b>	<b>13.2</b>	<b>15.1</b>	<b>14.9</b>	<b>14.1</b>	<b>16.0</b>	<b>16.7</b>	<b>15.5</b>	<b>15.0</b>	<b>5.8</b>	<b>10.8</b>
Depreciation	120.7	150.6	123.5	105.4	93.7	46.3	75.9	47.4	63.5	139.4
<b>EBIT</b>	<b>538.7</b>	<b>700.7</b>	<b>840.8</b>	<b>904.4</b>	<b>1,148.3</b>	<b>616.1</b>	<b>608.6</b>	<b>532.2</b>	<b>181.0</b>	<b>789.6</b>
<b>Margin %</b>	<b>10.7</b>	<b>12.4</b>	<b>13.0</b>	<b>12.6</b>	<b>14.8</b>	<b>15.5</b>	<b>13.7</b>	<b>13.7</b>	<b>4.3</b>	<b>9.2</b>
Financial Charges	71.4	66.5	68.3	68.2	12.1	9.2	0.7	3.0	3.0	3.7
<b>PBT</b>	<b>467.3</b>	<b>634.2</b>	<b>772.4</b>	<b>836.2</b>	<b>1,136.2</b>	<b>606.9</b>	<b>607.9</b>	<b>529.3</b>	<b>178.0</b>	<b>785.9</b>
<b>Margin %</b>	<b>9.3</b>	<b>11.2</b>	<b>11.9</b>	<b>11.7</b>	<b>14.6</b>	<b>15.3</b>	<b>13.7</b>	<b>13.7</b>	<b>4.2</b>	<b>9.2</b>
Tax	156.0	207.6	261.5	282.1	407.4	204.6	195.5	202.9	35.3	230.7
<b>PAT</b>	<b>311.3</b>	<b>426.7</b>	<b>510.9</b>	<b>554.1</b>	<b>726.8</b>	<b>402.4</b>	<b>412.4</b>	<b>326.4</b>	<b>142.8</b>	<b>555.2</b>
<b>Margin %</b>	<b>6.2</b>	<b>7.6</b>	<b>7.9</b>	<b>7.7</b>	<b>9.3</b>	<b>10.1</b>	<b>9.3</b>	<b>8.4</b>	<b>3.4</b>	<b>6.5</b>
<b>EPS</b>	<b>2.6</b>	<b>3.0</b>	<b>3.6</b>	<b>3.9</b>	<b>4.2</b>	<b>2.3</b>	<b>2.4</b>	<b>1.8</b>	<b>0.8</b>	<b>3.2</b>




## Balance Sheet & Key Ratios

Particulars (INR Lakhs)	FY14	FY15	FY16	FY17	FY18	FY19
Share capital	1,196.9	1,436.3	1,436.3	1,436.3	1,754.3	1,754.3
Reserves and Surplus	384.2	395.7	707.8	1,262.0	5,223.4	5,138.5
Non-current liabilities	521.3	548.7	272.7	466.8	64.7	87.1
Current liabilities	1,381.7	1,657.6	1,988.3	2,215.4	2,137.0	1,981.6
<b>Total Equity and Liabilities</b>	<b>3,484.1</b>	<b>4,038.4</b>	<b>4,405.2</b>	<b>5,380.5</b>	<b>9,179.4</b>	<b>8,961.5</b>
Non-current assets	926.3	842.4	855.6	932.5	3,605.4	2,724.1
Current assets	2,557.8	3,196.0	3,549.5	4,447.9	5,574.1	6,237.4
<b>Total Assets</b>	<b>3,484.1</b>	<b>4,038.4</b>	<b>4,405.2</b>	<b>5,380.5</b>	<b>9,179.4</b>	<b>8,961.5</b>
Key Ratios	FY14	FY15	FY16	FY17	FY18	FY19
RoCE (%)	17.4	20.0	23.5	19.3	10.5	8.1
RoE (%)	19.7	23.3	23.8	20.5	10.4	8.1
Net debt to equity (x)	0.3	0.3	0.1	0.1	0.0	0.0
Interest coverage (x)	7.5	10.5	12.3	13.3	94.8	214.5
Inventory days	91.2	113.9	92.1	121.9	113.8	138.6
Receivables days	77.8	75.6	89.0	87.1	107.5	94.2
Payable days	109.0	116.2	126.5	148.4	117.8	103.5



# Thank You

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