

December 27, 2021

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, 2021.

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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Email: info@zotahealthcare.com
Web : www.zotahealthcare.com

Plant :

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Nr. Sachin Railway Station, Sachin,
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Ph: +91 261 2397122

A photograph of a middle-aged man with grey hair and a beard, wearing glasses and a white lab coat over a blue shirt. He is focused on using a pipette to transfer liquid into a multi-well plate. The background is a blurred laboratory setting. The image is partially covered by a large graphic on the left consisting of a blue triangle and a red triangle meeting at a diagonal line.

Q2FY22

PERFORMANCE HIGHLIGHTS

DECEMBER 2021



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

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Q2FY22- Result Highlights



Stand Quarterly Financial Highlights

Q-o-Q

Revenues (₹ Lakhs)



Gross Profit (%)



Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)



Y-o-Y

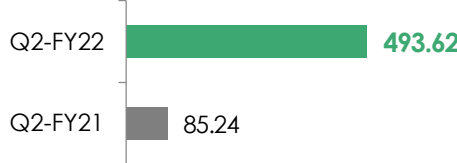
Revenues (₹ Lakhs)



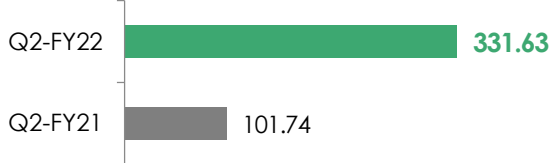
Gross Profit (%)



Operating Profit (₹ Lakhs)

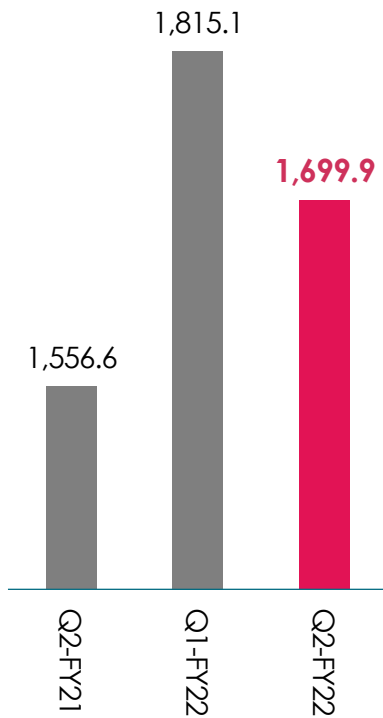


PAT (₹ Lakhs)

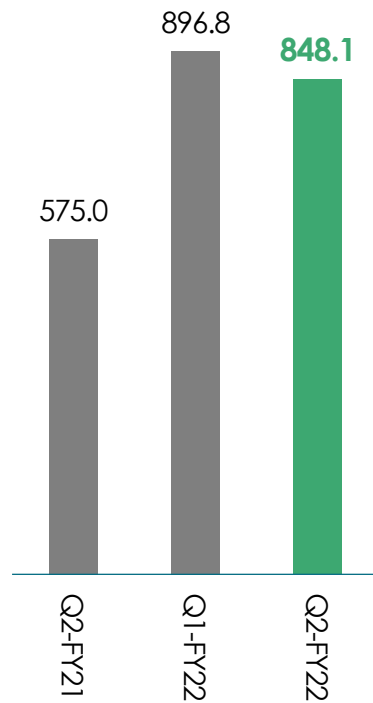


Revenue Break up – Quarterly

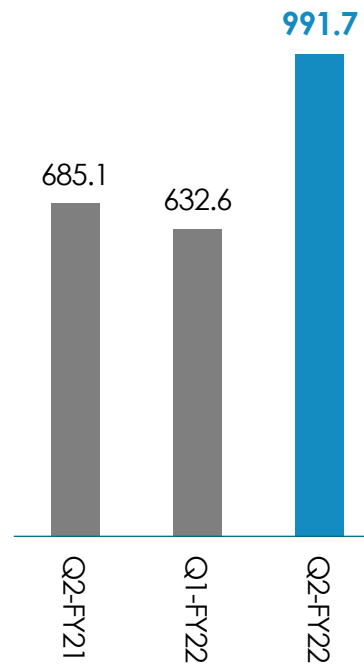
Domestic Sales



Dava India Sales



Export Sales (SEZ)



FY- Result Highlights



Stand Profit & Loss Statement - Quarterly

Particulars (Rs Lakhs)	Q2FY22	Q1FY22	YoY %	QoQ %	Q2FY21
Export Sales (SEZ)	991.7	632.6	45%	57%	685.1
Dava India Sales	848.1	896.8	47%	-5%	575.0
Domestic Sales	1699.9	1,815.1	9%	-6%	1,556.6
Revenues from Operations	3,539.70	3,344.49	26%	6%	2,816.64
Cost of Goods Sold	2,342.47	2,206.54	25%	6%	1,871.49
Gross Profit	1197.23	1,138.0	27%	5%	945.15
% Margin	33.82%	34.02%	27 bps	-20 bps	33.56%
Operational Exp	703.61	649.33	-18%	8%	859.91
Employee cost	224.49	261.33	-5%	-14%	236.81
Other expenses	479.12	388.00	-23%	23%	623.10
Operating Profit	493.62	488.62	479%	1%	85.24
% Margin	13.95%	14.61%	1092 bps	-66 bps	3.03%
Other Income	18.04	30.48	-15%	-41%	21.14
EBITDA	511.66	519.10	381%	-1%	106.38
% Margin	14.45%	15.52%	1068 bps	-107 bps	3.78%
Depreciation	66.02	61.68	-14%	7%	76.63
EBIT	445.64	457.42	1398%	-3%	29.75
% Margin	12.59%	13.68%	1153 bps	-109 bps	1.06%
Interest Cost	1.19	0.88	-20%	35%	1.48
EBT	444.45	456.54	1472%	-3%	28.27
% Margin	12.56%	13.65%	790 bps	-109 bps	4.66%
Taxes	114.07	112.73	288%	1%	29.39
Profit After Taxes	331.63	337.41	226%	-2%	101.74
% Margin	9.37%	10.09%	576 bps	-72 bps	3.61%

Management Commentary

01

The Company recorded best-ever quarterly Revenues in Q2FY22, while emerging from a challenging external environment.

02

Exports performance recovered well with a 57% increase QoQ, after a subdued Q1FY22 due to container shortages and higher freight costs.

03

The sales contribution from new-age business stood at 52% in Q2FY22 as compared to 46% in Q1FY22 and 45% in Q2FY21.

04

The Company has registered highest-ever quarterly Standalone Revenue of ₹3539.70 Lakhs and gross margins of 33.82% in Q2FY22.

05

EBITDA stood at Rs 511.66 Lakhs, with margins at 14.45% due to optimization of operational expenses on Davaindia front. Healthy Exports sales further aided the profitability.

06

PAT stood at Rs. 331.63 Lakhs, increasing 226% YoY basis and down 1% QoQ basis.

Management Commentary

DOMESTIC OPERATIONS

Domestic Revenues registered a **decline** of **(6.04)% QoQ and a growth of 19.53% YoY at ₹ 2548.0 Lakhs** supported by healthy performance in both verticals.

EBITDA at **₹ 343.38 Lakhs** for Q2FY22, backed by strong recovery in demand of Prescription Based Drugs.

PAT stood at **₹ 205.76 Lakhs** for Q2FY22.

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

EXPORTS

Exports revenues **grew 56.77% on QoQ basis and 44.75% YoY at ₹ 991.7 Lakhs** in Q2FY22.

EBITDA at **₹ 168.29 Lakhs** for Q2FY22, backed by increase in export sales volume.

PAT stood at **₹ 125.86 Lakhs** for Q2FY22.



Davaindia

Generic Pharmacy

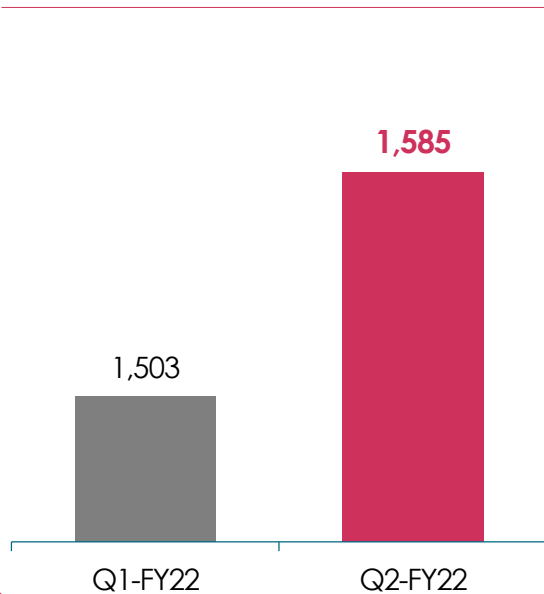


Davaindia Key Figures

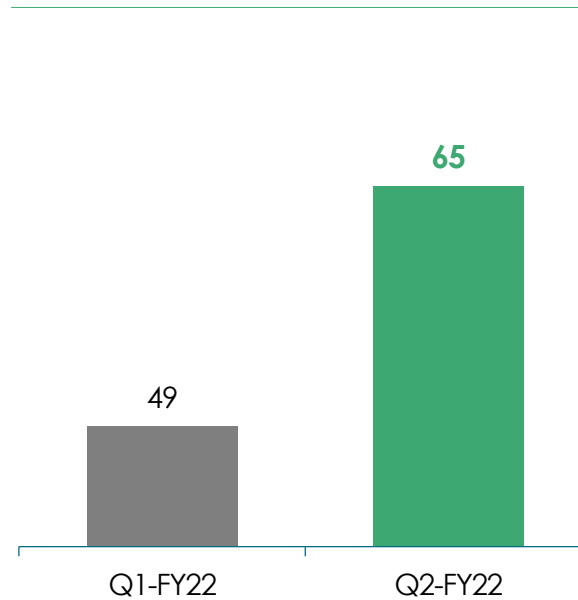
Gross Mercantile Value (GMV)

Total GMV of Davaindia Stores stood at **1401.69 Lakhs** during Q2FY22.

No. of SKU's

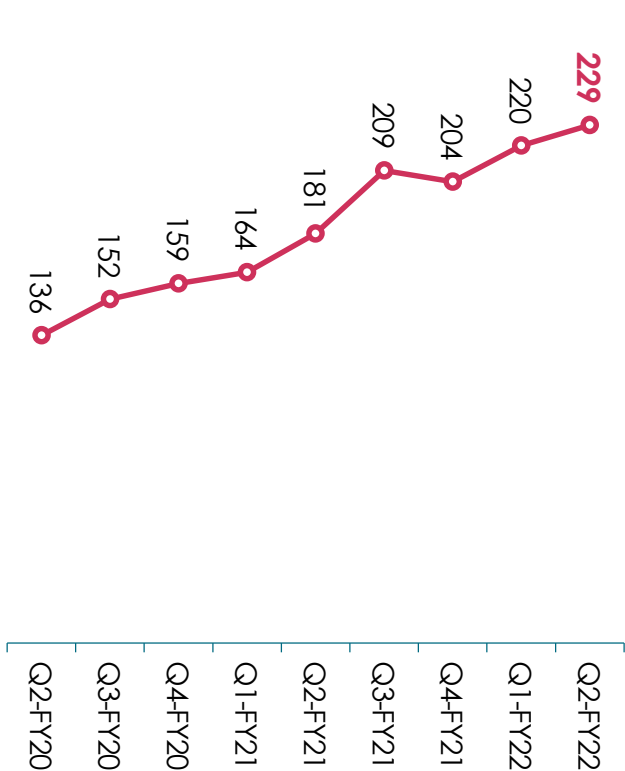


New Stores rolled-out

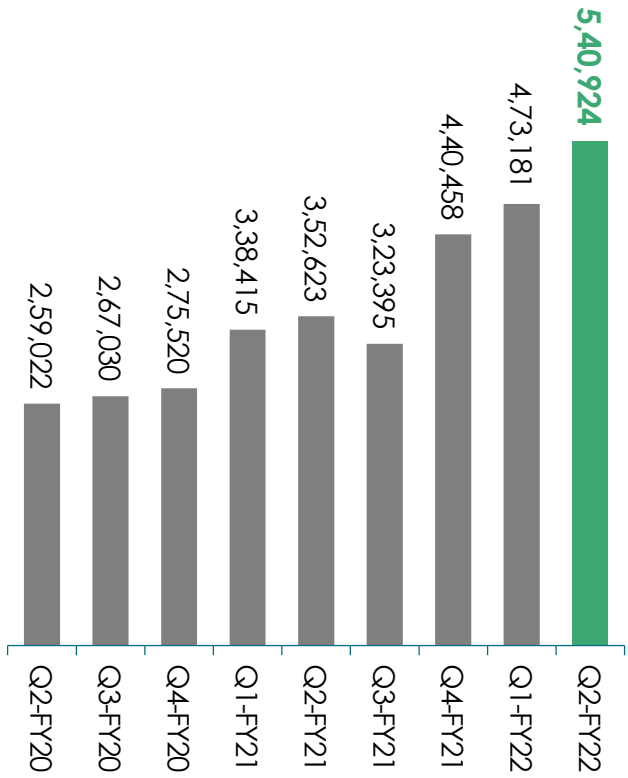


Davaindia Key Figures

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. 5.41 lakhs against 4.73 lakhs in the previous year. Coupled with increasing Average Wallet Spends which stood at 229 against 220 in the previous quarter.



Davaindia has led the revolution of patients opting for generic medicines against branded counterparts. As of Q2FY22, Davaindia has catered to more than 4.08 million happy customers.



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.



Davaindia expansions continues, although the pace has slightly slowed down in Q1 & Q2 due to the lockdown & disruptions in light of the 2nd wave of Coronavirus. The Company is confident of rebounding with higher quarterly store roll-outs.



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.



A higher number of SKU's i.e. 1,585 has enabled Davaindia to better serve customers across all segments. Thus increasing its customer spends across varied price points, the Average Wallet Spend was ₹229 in Q2FY22.

Davaindia- Generic Pharmacy



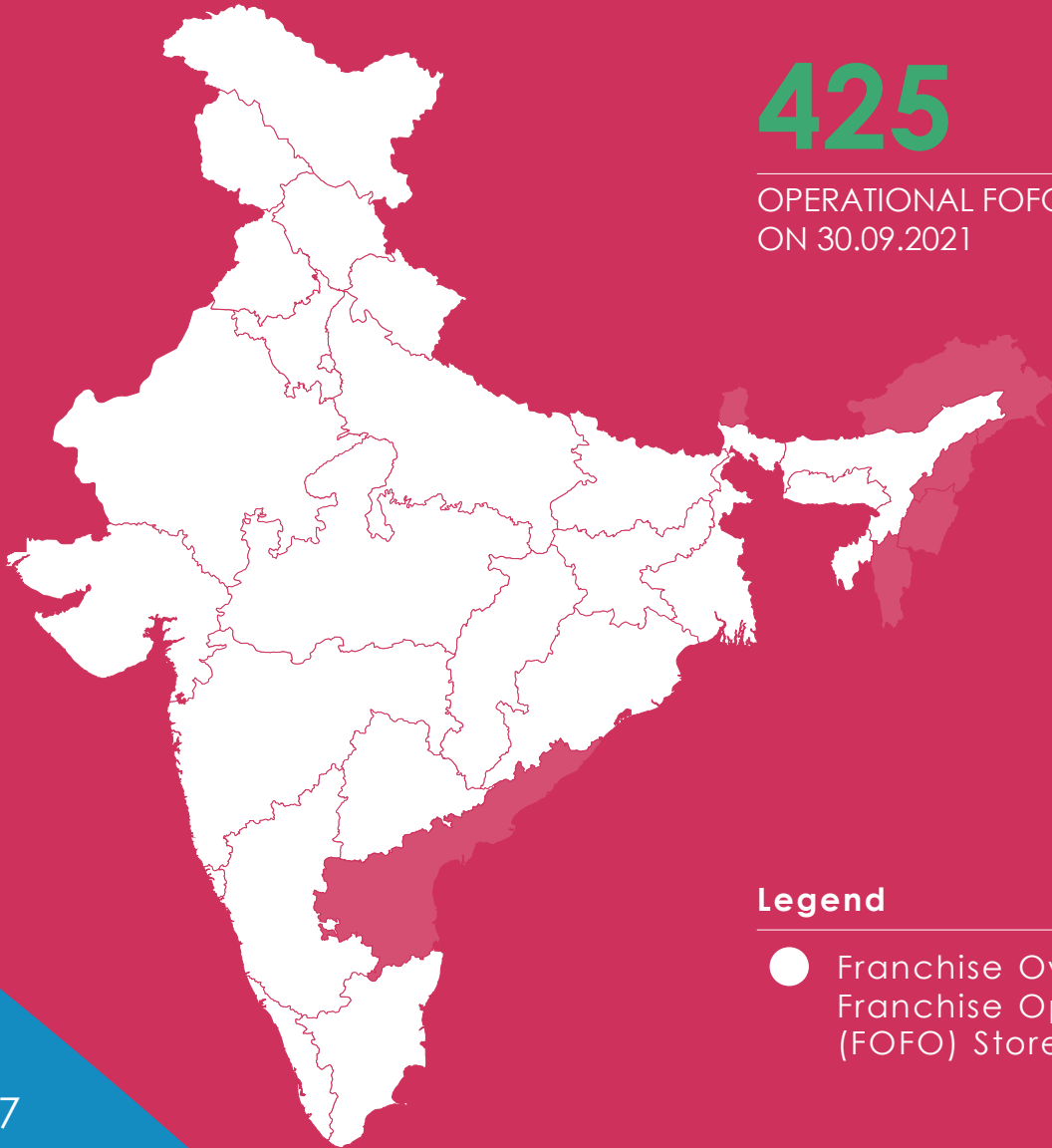
Davaindia- COCO Stores



Operational FOFO Stores

425

OPERATIONAL FOFO STORES AS
ON 30.09.2021



Legend

- Franchise Owned
- Franchise Operated (FOFO) Stores

States	No. of Stores
Arunachal Pradesh	1
Assam	6
Bihar	9
Chhattisgarh	1
Delhi	25
Goa	1
Gujarat	55
Haryana	22
Himachal Pradesh	1
Jammu And Kashmir	2
Jharkhand	7
Karnataka	8
Kerala	13
Madhya Pradesh	64
Maharashtra	45
Meghalaya	1
Odisha	31
Punjab	3
Rajasthan	23
Tamil Nadu	4
Telangana	5
Tripura	5
Uttar Pradesh	69
Uttarakhand	6
West Bengal	18

Operational COCO Stores



4

OPERATIONAL COCO STORES
AS ON 30.09.2021

Legend

- Company Owned
- Company Operated (COCO) Stores

Operated by wholly-owned subsidiary
Davaindia Health Mart Limited

Cities	No. of Stores
Surat	3
Palanpur	1



Management Commentary

Commenting on Q2FY22 financial performance and operational highlights, Management Team of Zota Health Care said,

“We are satisfied with the overall performance of the Company in Q2FY22. Q2FY22 witnessed the highest ever quarterly revenue Zota has reported, led by good performance on all fronts. The highlight for the quarter remains the quick rebound in export sales which were subdued in the first quarter of FY22.

DavaIndia rolled out another 65 stores this quarter, taking the total tally to 429 operational stores spread across the country. Store rollout has been a little slow in H1FY22 given external circumstances; however, the management is confident of coming back on track to its original run rate prior to the 2nd wave of Covid-19. It is also noteworthy that the Company has set up 4 new COCO (Company-owned and Company-operated) stores in Gujarat; these stores are receiving an excellent response in terms of customer footfall and sales.

We will further build on this performance, and Zota Health Care will evolve into a newer, better version of itself as a result of our continued focus on new-age businesses.”

Note – There is a one-time readjustment in the number of stores as the Company has decided to shut-down low-volume/non-operational stores in Q2FY22. Accordingly the current store count only includes operational store data, which has been further classified into two categories i.e. FOFO & COCO.

Industry Snapshot & Business Strategy



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

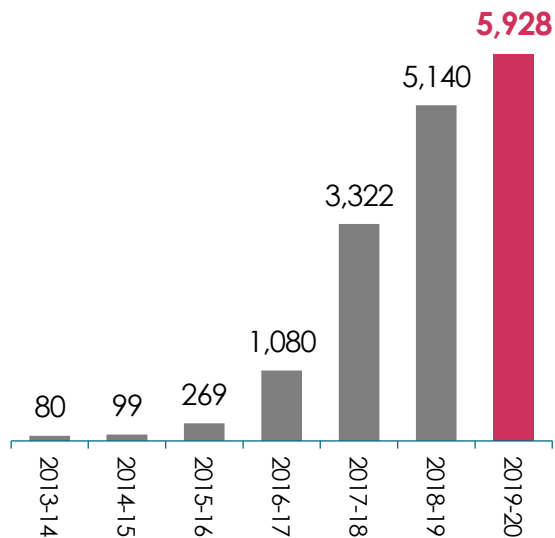
- The Product Basket of the scheme now covers more than 1,449 medicines and 204 surgical & consumables.
- Presence in all major therapeutic categories such as Anti-infective, Anti-allergic, Anti-diabetics, Cardiovascular, Anti-cancers, Gastro-intestinal medicines, etc.
- As on 24/06/2021, 7,855 PMBJP Kendras are functional in the country. Pradhan Mantri Bhartiya Janaushadhi 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

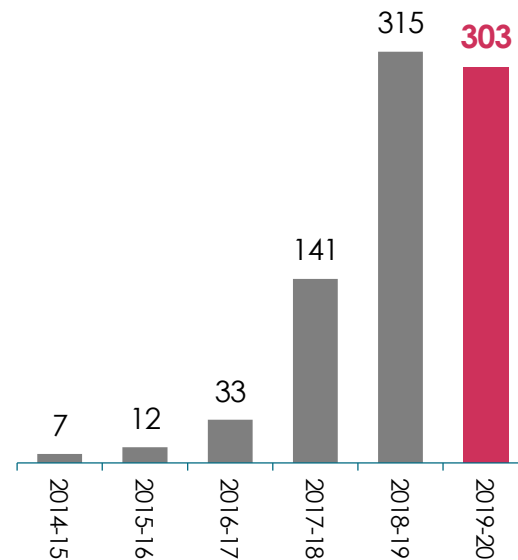
(Number of stores as on 31st March of the year)



Note : 2019-20 – till 31/12/2019

Growth in turnover

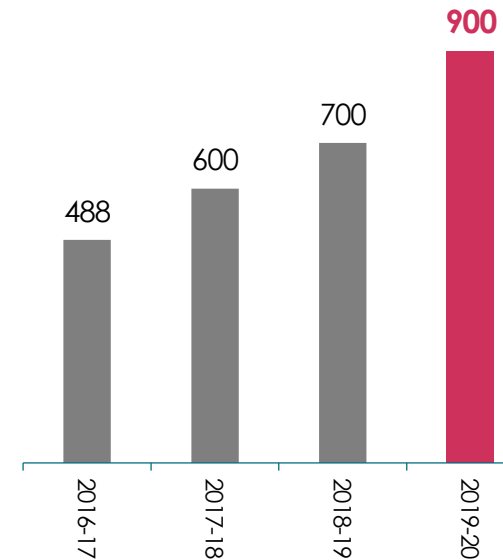
(Sales value in crore)



Note : 2019-20 – till 31/12/2019

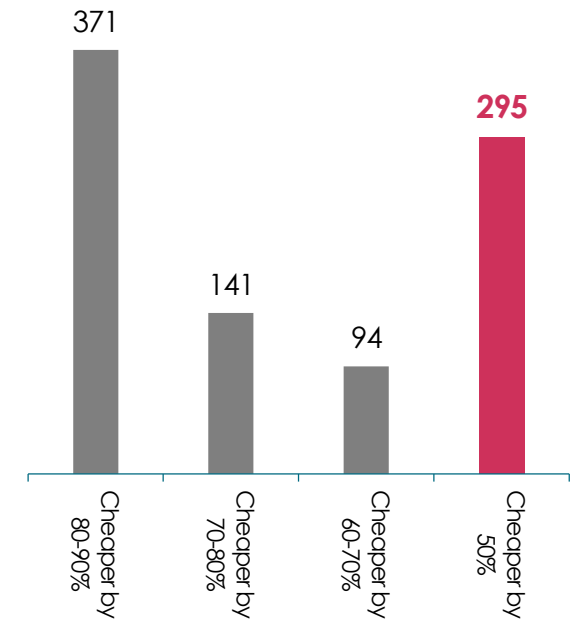
Product basket

(No of Medicines)



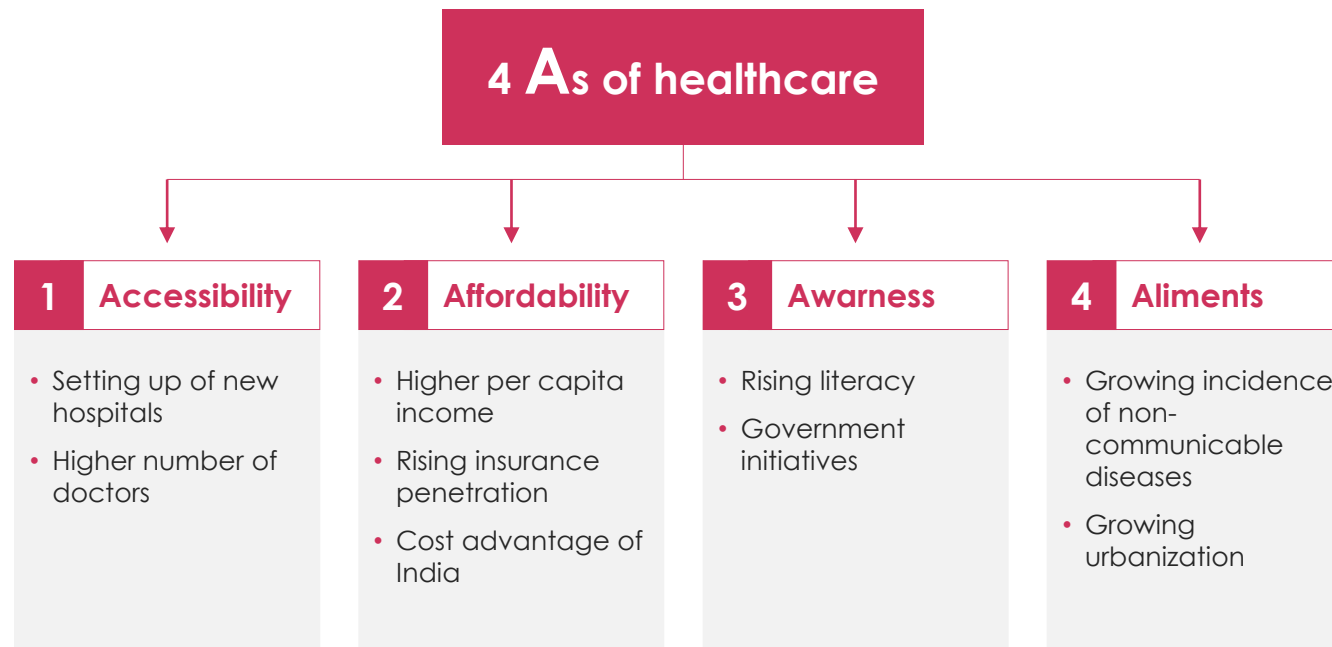
Note : 2019-20 – till 31/12/2019

Price of Janaushadhi medicines to branded medicines



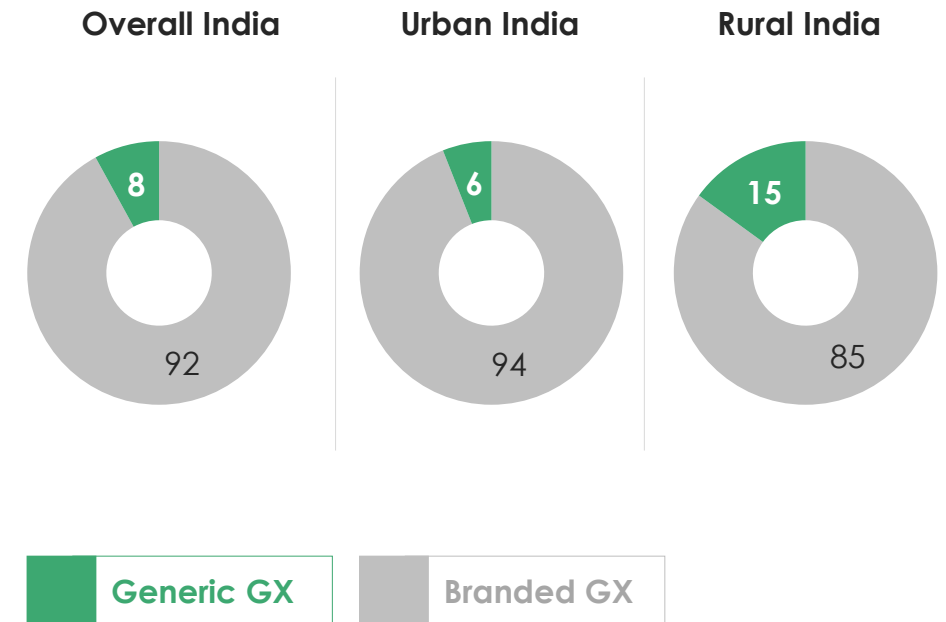
Underpenetrated Generic Medicine Market

4 pillars to drive healthcare



Source : CLSA

Branded and generic mix of Indian pharma market (%)



Source : IQVIA, CLSA

Financial Summary



Profit & Loss Statement

Particulars (INR Lakhs)	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Income from Operations	5,646.3	6,473.3	7,158.0	7,785.2	8,562.9	9,511.3	10,678.92
Other Income	1.4	7.7	5.6	151.9	154.5	151.3	125.97
Total Income	5,647.8	6,481.0	7,163.6	7,937.0	8,717.4	9,662.6	10,804.89
Operating Expenses	4,796.5	5,516.8	6,153.8	6,695.0	7,788.7	9,059.7	10,616.46
EBITDA	851.3	964.2	1,009.8	1,242.0	928.7	602.9	188.43
Margin %	15.1	14.9	14.1	16.0	10.8	6.3	1.76
Depreciation	150.6	123.5	105.4	93.7	139.4	209.8	316.87
EBIT	700.7	840.8	904.4	1,148.3	789.3	393.1	-128.44
Margin %	12.4	13.0	12.6	14.8	9.2	4.1	-1.2
Financial Charges	66.5	68.3	68.2	12.1	3.7	6.9	10.98
PBT	634.2	772.4	836.2	1,136.2	785.6	386.2	-139.42
Margin %	11.2	11.9	11.7	14.6	9.2	4.1	-1.3
Tax	207.6	261.5	282.1	407.4	230.7	112.0	15.65
PAT	426.7	510.9	554.1	726.8	554.8	274.1	-20.89
Margin %	7.6	7.9	7.7	9.3	6.5	2.9	-0.2
EPS	3.0	3.6	3.9	4.2	2.3	1.1	-0.09

Balance Sheet & Key Ratios

Particulars (INR Lakhs)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Share capital	1,196.9	1,436.3	1,436.3	1,436.3	1,754.3	1,754.3	2,456.0	2,456.0
Reserves and Surplus	384.2	395.7	707.8	1,262.0	5,223.4	5,138.2	4,426.9	4,173.6
Non-current liabilities	521.3	548.7	272.7	466.8	64.7	87.1	105.3	95.1
Current liabilities	1,381.7	1,657.6	1,988.3	2,215.4	2,137.0	1,981.0	1,859.6	1,822.7
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	8,547.5
Non-current assets	926.3	842.4	855.6	932.5	3,605.4	2,723.3	2,961.4	2,427.0
Current assets	2,557.8	3,196.0	3,549.5	4,447.9	5,574.1	6,237.4	5,886.4	6,120.5
Total Assets	3,484.1	4,038.4	4,405.2	5,380.5	9,179.4	8,960.7	8,847.8	8,547.5

Key Ratios	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
RoCE (%)	17.4	20.0	23.5	19.3	10.5	8.0	4.0	-1.9
RoE (%)	19.7	23.3	23.8	20.5	10.4	8.0	4.0	-0.3
Net debt to equity (x)	0.3	0.3	0.1	0.1	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	-11.7
Inventory days	91.2	113.9	92.1	121.9	113.8	138.6	97.2	96.3
Receivables days	77.8	75.6	89.0	87.1	107.5	94.2	111.8	98.3
Payable days	109.0	116.2	126.5	148.4	117.8	103.5	82.5	85.7

Thank You

Contact Information

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