

February 17, 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 and nine months ended December 31, 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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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 diagonal graphic on the left side, consisting of a blue triangle at the top and a red triangle below it.

Q3FY22

PERFORMANCE HIGHLIGHTS

FEBRUARY 2022



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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Q3FY22- Result Highlights



Stand Quarterly Financial Highlights

Q-o-Q

Revenues (₹ Lakhs)



Gross Profit (%)



Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)



Y-o-Y

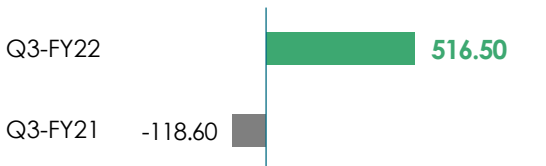
Revenues (₹ Lakhs)



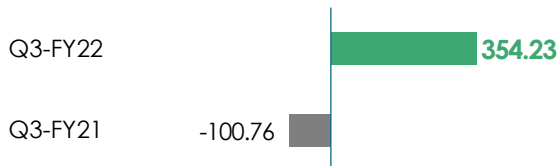
Gross Profit (%)



Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)



Stand 9-Month Financial Highlights

Y-o-Y

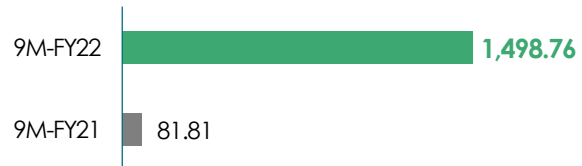
Revenues (₹ Lakhs)



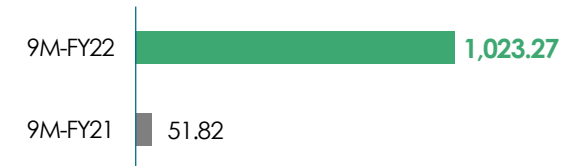
Gross Profit (%)



Operating Profit (₹ Lakhs)



PAT (₹ Lakhs)

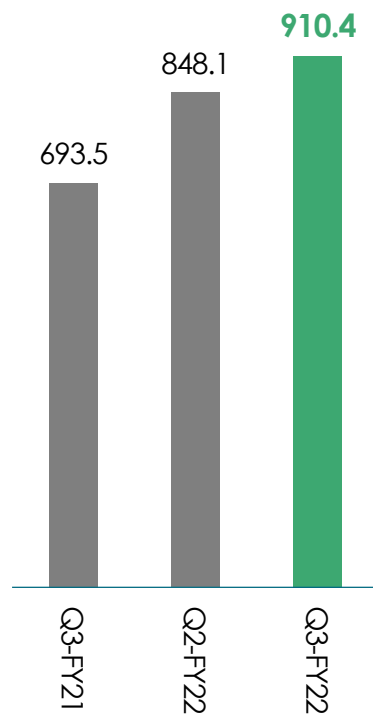


Revenue Break up – Quarterly

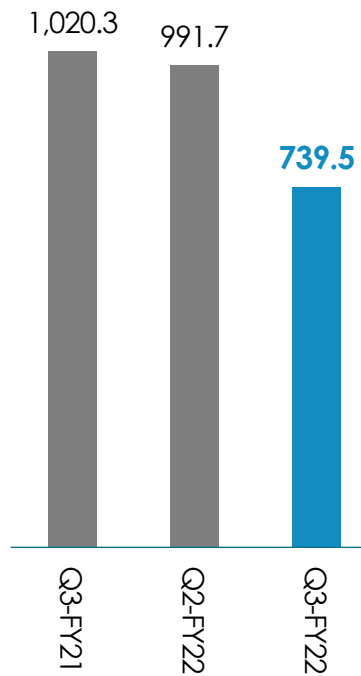
Domestic Sales



Dava India Sales



Export Sales (SEZ)



FY- Result Highlights



Stand Profit & Loss Statement - Quarterly

Particulars (Rs Lakhs)	Q3FY22	Q2FY22	YoY %	QoQ %	Q3FY21
Export Sales (SEZ)	739.54	991.70	-28%	-25%	1,020.25
Dava India Sales	910.38	848.10	31%	7%	693.50
Domestic Sales	1452.56	1699.90	9%	-15%	1,334.52
Revenues from Operations	3,093.88	3,539.70	1%	-13%	3,048.27
Cost of Goods Sold	1,858.51	2,342.47	-13%	-21%	2,140.35
Gross Profit	1235.37	1,197.2	36%	3%	907.92
% Margin	39.93%	33.82%	1014 BPS	611 BPS	29.78%
Operational Exp	718.87	703.61	-30%	2%	1026.52
Employee cost	244.93	224.49	6%	9%	231.66
Other expenses	473.94	479.12	-40%	-1%	794.86
Operating Profit	516.50	493.62	535%	5%	-118.60
% Margin	16.69%	13.95%	2058 BPS	275 BPS	-3.89%
Other Income	33.64	18.04	-41%	86%	57.09
EBITDA	550.14	511.66	994%	8%	-61.51
% Margin	17.78%	14.45%	1980 BPS	333 BPS	-2.02%
Depreciation	75.51	66.02	-6%	14%	80.08
EBIT	474.63	445.64	435%	7%	-141.59
% Margin	15.34%	12.59%	1999 BPS	275 BPS	-4.64%
Interest Cost	1.31	1.19	-62%	10%	3.42
EBT	473.32	444.45	426%	6%	-145.01
% Margin	15.30%	12.56%	2006 BPS	274 BPS	-4.76%
Taxes	125.00	114.07	382%	10%	-44.26
Profit After Taxes	354.23	331.63	452%	7%	-100.76
% Margin	11.45%	9.37%	1475 BPS	208 BPS	-3.31%

Management Commentary

01

The Company reported a decrease in Revenues in Q3FY22 on a QoQ basis, primarily due to lower export sales.

02

Exports performance suffered a 25% decline QoQ and 28% YoY, due to prolonged container shortages, rising lead times and increase in inputs costs – primarily some API's.

03

The sales contribution from new-age business stood at 53% in Q3FY22 as compared to 52% in Q2FY22 and 56% in Q3FY21.

04

The Company has registered a healthy increase in gross margins from 33.82% in Q2FY22 to 39.93% due to rising Davaindia sales and good pricing in overall Domestic business.

05

EBITDA stood at Rs 550.14 Lakhs, with margins at 17.78% due to improvement in GPM and optimization of expenses on Davaindia front.

06

PAT stood at Rs. 354.23 Lakhs, increasing 454% YoY basis and 7% QoQ basis.

Management Commentary

DOMESTIC OPERATIONS

Domestic Revenues registered a **decline** of **7% QoQ** and a **growth of 17% YoY** at **₹ 2362.9 Lakhs** supported by healthy performance in both verticals.

EBITDA at **₹ 317.68 Lakhs** for Q3FY22, backed by surge in Davaindia revenue.

PAT stood at **₹ 171.08 Lakhs** for Q3FY22.

**Domestic Operations includes the operations of Davaindia.*

EXPORTS

Exports revenues **declined 25% on QoQ basis** and **28% YoY** at **₹ 739.54 Lakhs** in Q3FY22.

EBITDA at **₹ 232.46 Lakhs** for Q3FY22, in line with the decrease in export sales volume.

PAT stood at **₹ 183.14 Lakhs** for Q3FY22.



Davaindia

Generic Pharmacy

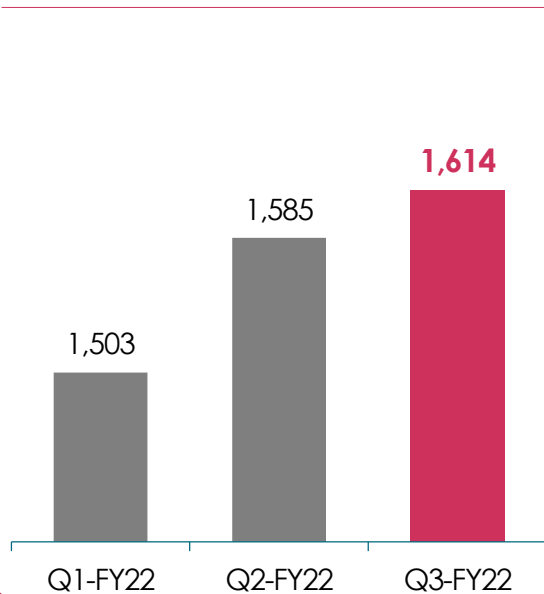


Davaindia Key Figures

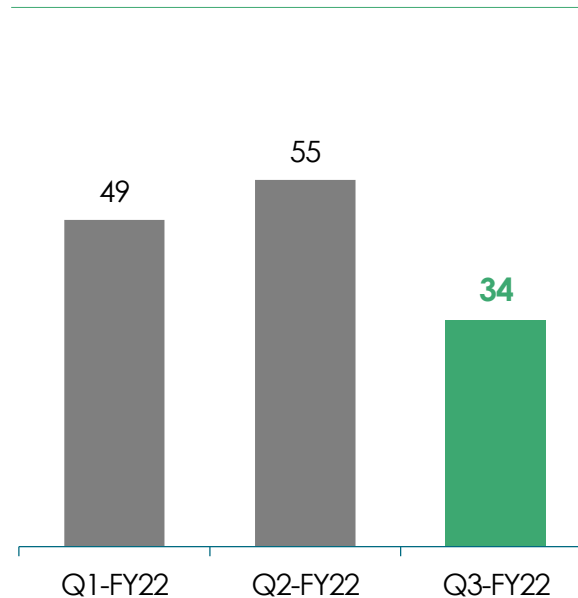
Gross Mercantile Value (GMV)

Total GMV of Davaindia Stores stood at **1501 Lakhs** during Q3FY22 up **7% QoQ** and **31% YoY**.

No. of SKU's

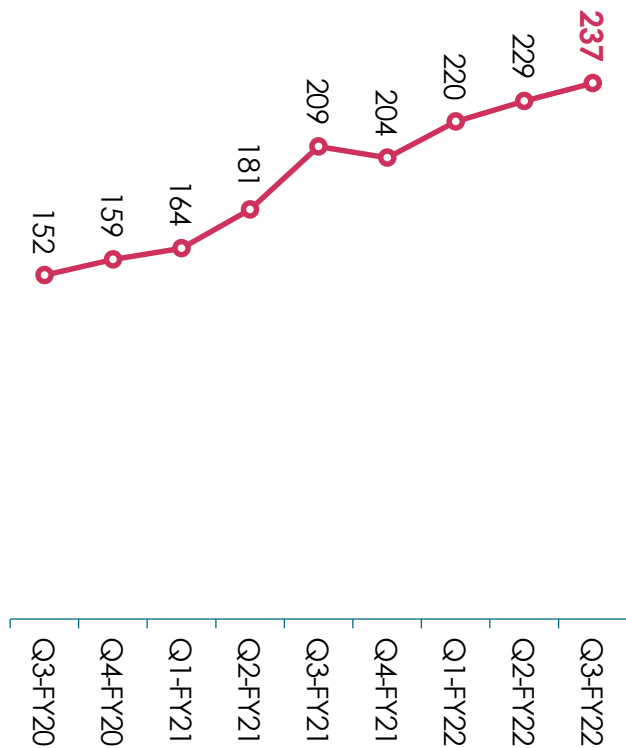


New Stores rolled-out

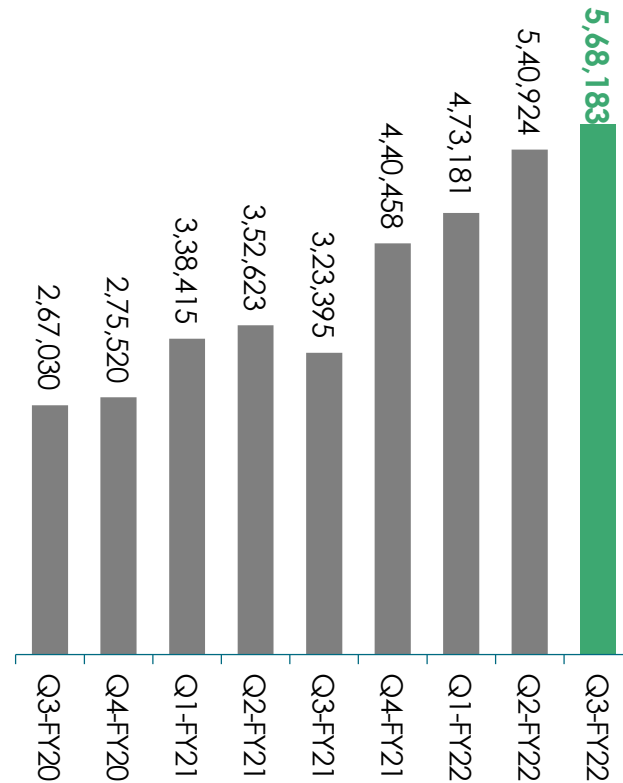


Davaindia Key Figures

Average Wallet Spend



No. of Customers Served



During Q3FY22, **up by 5% QoQ and 76% YoY**

Davaindia- Generic Pharmacy



During the quarter Davaindia has catered to the highest-ever number of customer i.e. 5.68 lakhs against 5.41 lakhs in the previous year. Coupled with increasing Average Wallet Spends which stood at 237 against 229 in the previous quarter.



Davaindia has led the revolution of patients opting for generic medicines against branded counterparts. As of Q3FY22, Davaindia has catered to more than 4.65 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 FOFO store roll-out has slightly slowed down in FY22 due to the lockdown disruptions and change in supply-chain strategy of the Company. In the coming quarters, the Company is confident of coming back with higher FOFO 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. 1,614 has enabled Davaindia to better serve customers across all segments. Thus, increasing its customer spends across varied price points, the Average Wallet Spend was ₹237 in Q3FY22.

DavaIndia- Generic Pharmacy



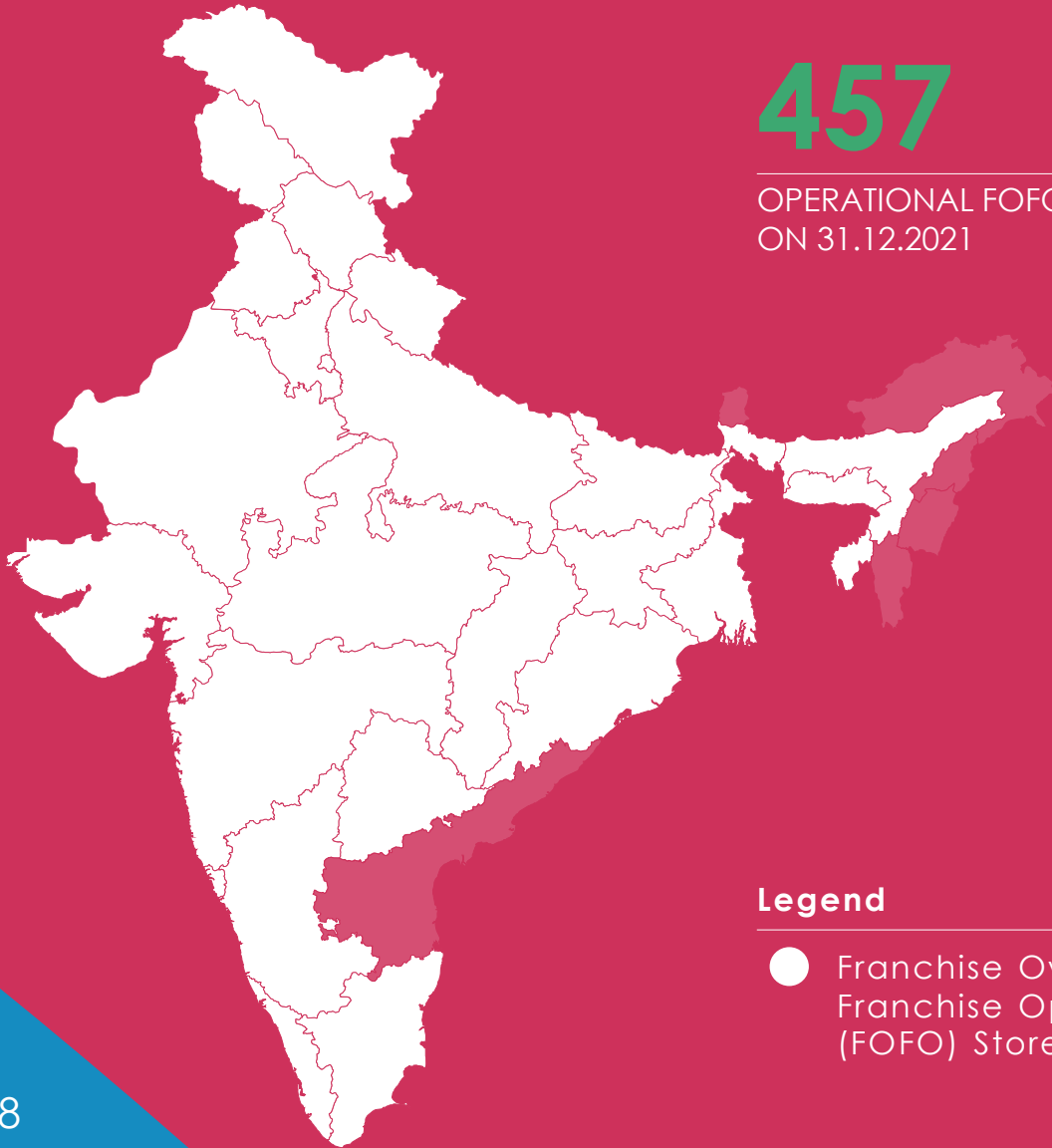
Davaindia- COCO Stores



Operational FOFO Stores

457

OPERATIONAL FOFO STORES AS
ON 31.12.2021

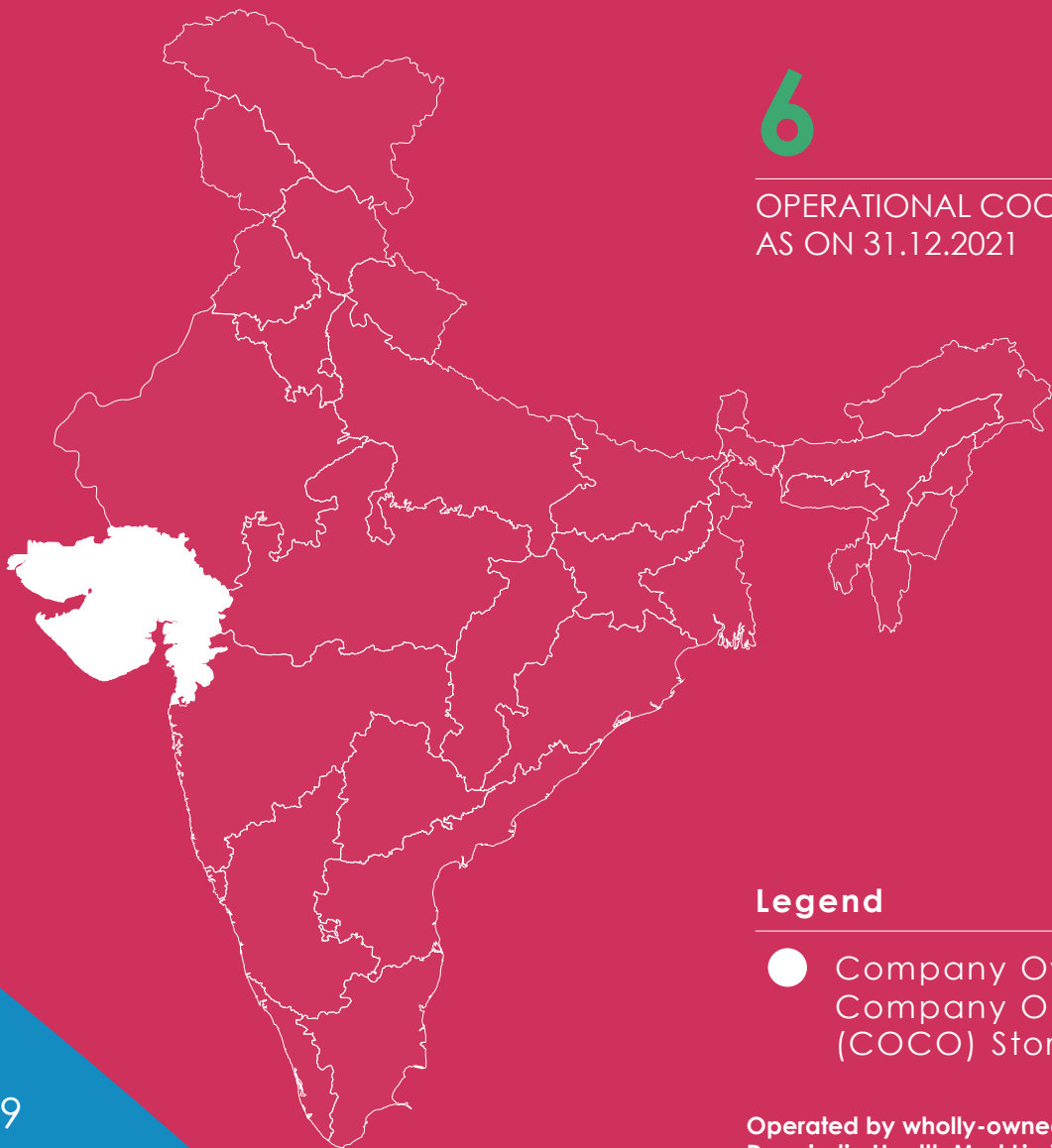


Legend

- Franchise Owned
- Franchise Operated (FOFO) Stores

States	No. of Stores
Arunachal Pradesh	1
Assam	7
Bihar	12
Chhattisgarh	2
Delhi	27
Goa	1
Gujarat	55
Haryana	24
Himachal Pradesh	1
Jammu And Kashmir	2
Jharkhand	7
Karnataka	10
Kerala	15
Madhya Pradesh	67
Maharashtra	46
Meghalaya	1
Odisha	36
Punjab	3
Rajasthan	24
Tamil Nadu	4
Telangana	6
Tripura	5
Uttar Pradesh	75
Uttarakhand	6
West Bengal	20

Operational COCO Stores



6

OPERATIONAL COCO STORES
AS ON 31.12.2021

Legend

- Company Owned
- Company Operated (COCO) Stores

Operated by wholly-owned subsidiary
Davaindia Health Mart Limited

Cities	No. of Stores
Surat	4
Palanpur	1
Mehsana	1



Management Commentary

Commenting on Q3FY22 financial performance and operational highlights, Management Team of Zota Health Care said,

"The performance of Q3FY22 has witnessed some decrease on the topline front due to lower exports sales in the quarter, coupled with a QoQ decline in Domestic sales. Export sales suffered from logistical challenges such as container shortages and longer lead times to our export markets. We believe this is a temporary phenomenon and should correct in due course. Despite a QoQ dip in sales, the Company has done well on the profitability front, primarily on account of a healthy increase in gross margins. During the quarter we witnessed good pricing in our Domestic business which was aided by an increase in Davaindia sales, leading to better blended gross margins.

On the operational front, the Company moves ahead with its expansion plans for strengthening Davaindia's pan-India presence. The Company has been receiving an excellent response for its COCO stores and, in light of the same, has decided for faster rollouts of COCO stores in the coming quarters. On the FOFO stores front, the Company has rolled-out stores less aggressively in 9MFY22 due to two reasons: a) lockdown disruptions in the early part of the year and b) a change in the supply-chain strategy. The Company will stabilize its supply-chain strategy in the coming quarter, and then resume active rollouts for FOFO stores as well.

Zota Health Care will build on this performance, and evolve into a newer, better version of itself with its continued focus on new-age businesses."

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

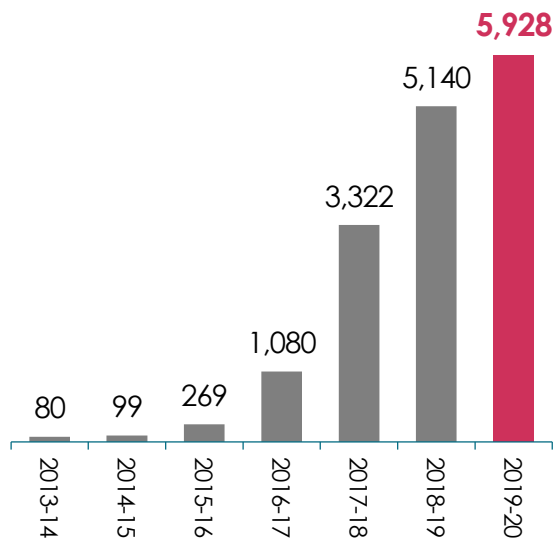
- The Product Basket of the scheme now covers more than 1,449 medicines and 204 surgical & consumables.
- Presence in all major therapeutic categories such as Anti-infective, Anti-allergic, Anti-diabetics, Cardiovascular, Anti-cancers, Gastro-intestinal medicines, etc.
- As on 24/06/2021, 7,855 PMBJP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

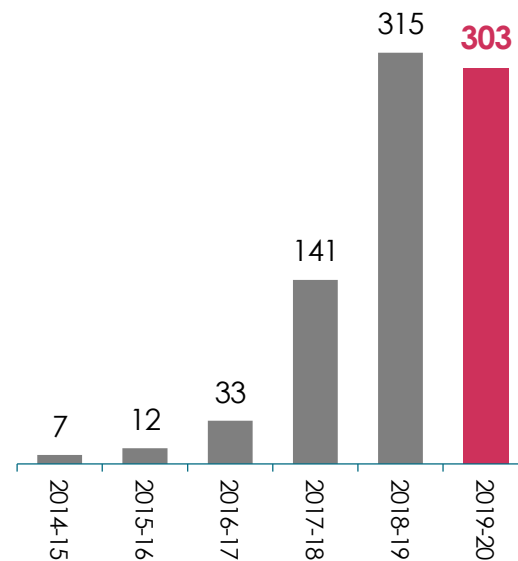
(Number of stores as on 31st March of the year)



Note : 2019-20 – till 31/12/2019

Growth in turnover

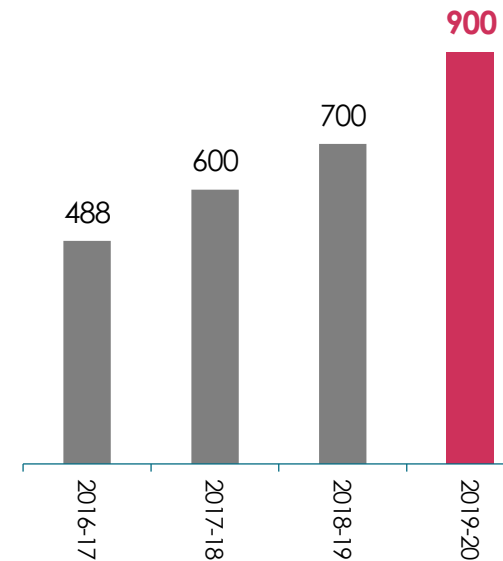
(Sales value in crore)



Note : 2019-20 – till 31/12/2019

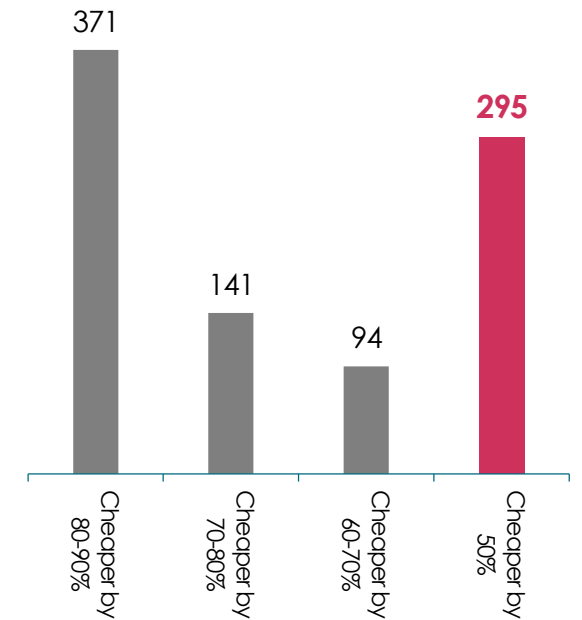
Product basket

(No of Medicines)



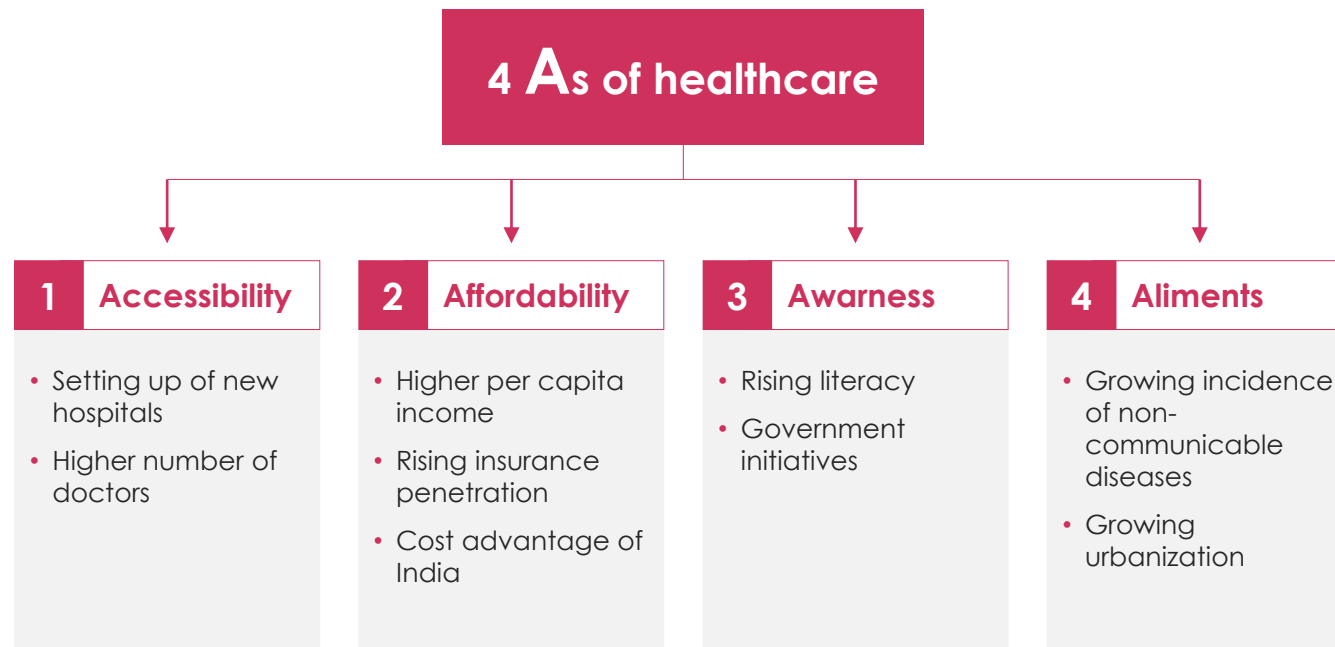
Note : 2019-20 – till 31/12/2019

Price of Janaushadhi medicines to branded medicines



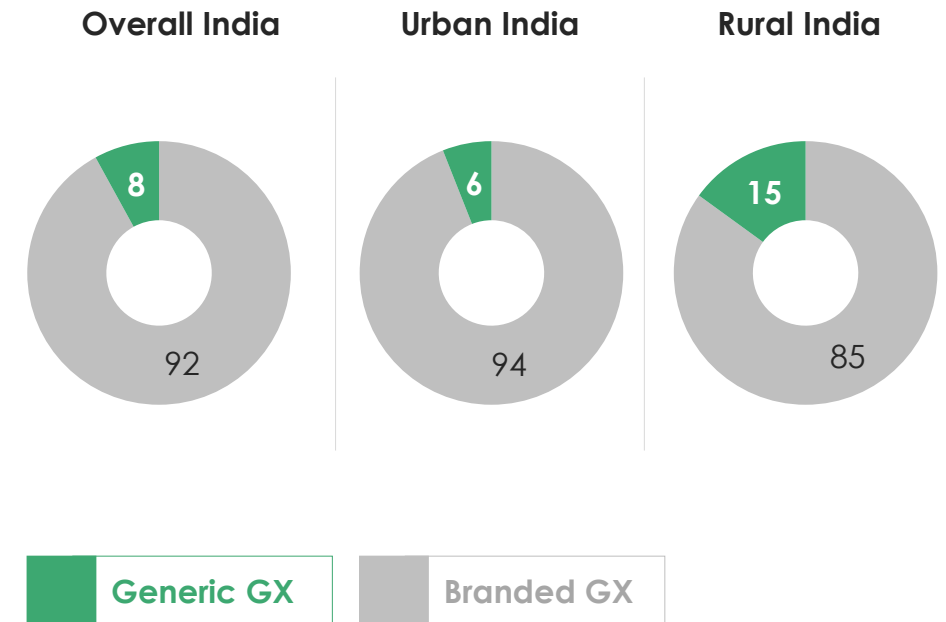
Underpenetrated Generic Medicine Market

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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