

July 12, 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: Corrigendum to Investor Presentation dated July 10, 2019

Ref.: Investor Presentation dated July 10, 2019 submitted vide NEAPS App. No. 2019/Jul/2253/2331

With reference to the captioned subject and further to our letter dated July 10, 2019, in respect of Investor Presentation July 2019; we would like to state that there was minor typographical mistake on slide number 14 of the aforementioned Investor Presentation, accordingly we are submitting herewith corrigendum to the Investor Presentation July, 2019.

The revised Investor Presentation July, 2019 is enclosed herewith for your ready reference.

Thanking you,

Yours faithfully,

For Zota Health Care Limited



Ashvin Variya

(Company Secretary & Compliance Officer)

Place: Surat



Registered Office :

Zota House, 2/896, Hira Modi Street,
Sagrampura, Surat - 395 002 | Ph: +91 261 2331601
Email: info@zotahealthcare.com
Web : 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



davaiindiaTM
GENERIC PHARMACY



 **zota**[®]
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



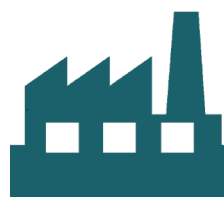
1250+

DAVAINDIA PRODUCTS



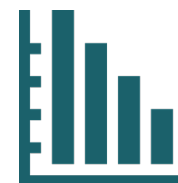
68%

PROMOTER HOLDING



22%

SEZ UNIT CAPACITY
UTILIZATION



9%

5 YEAR REVENUE CAGR

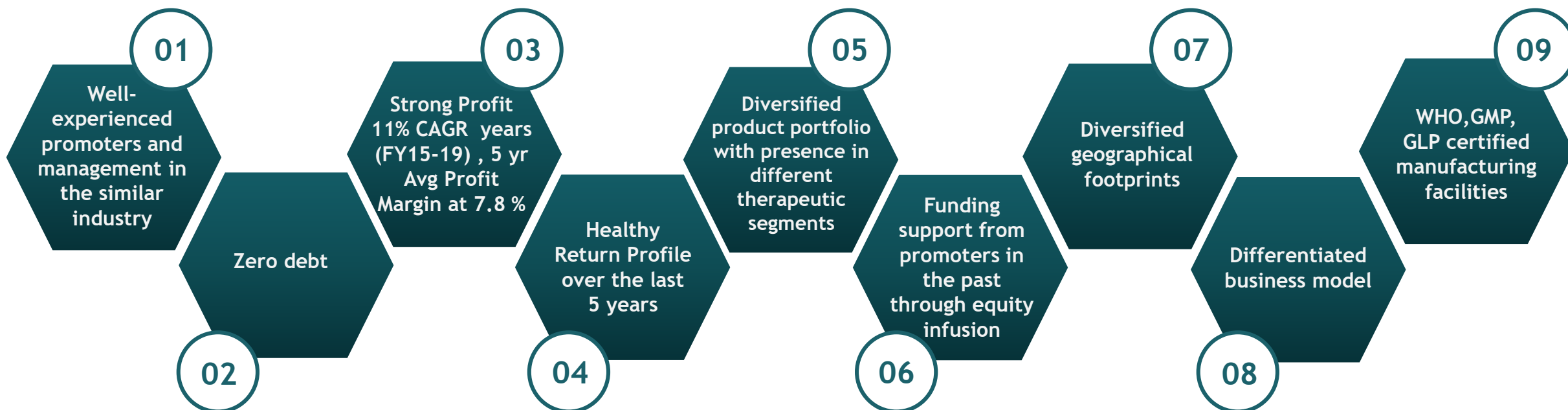


18%

5 YEAR PAT CAGR



Zota Health care's Strength

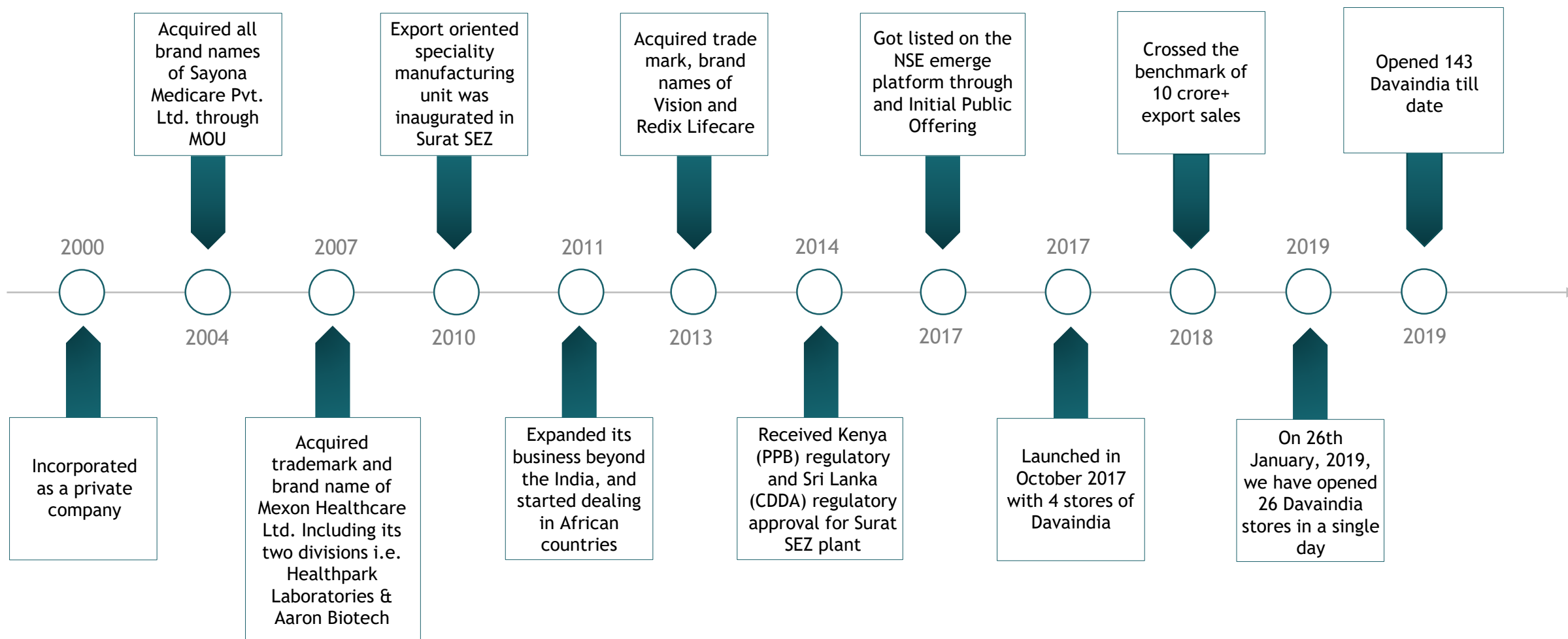




Our Journey



Our Journey

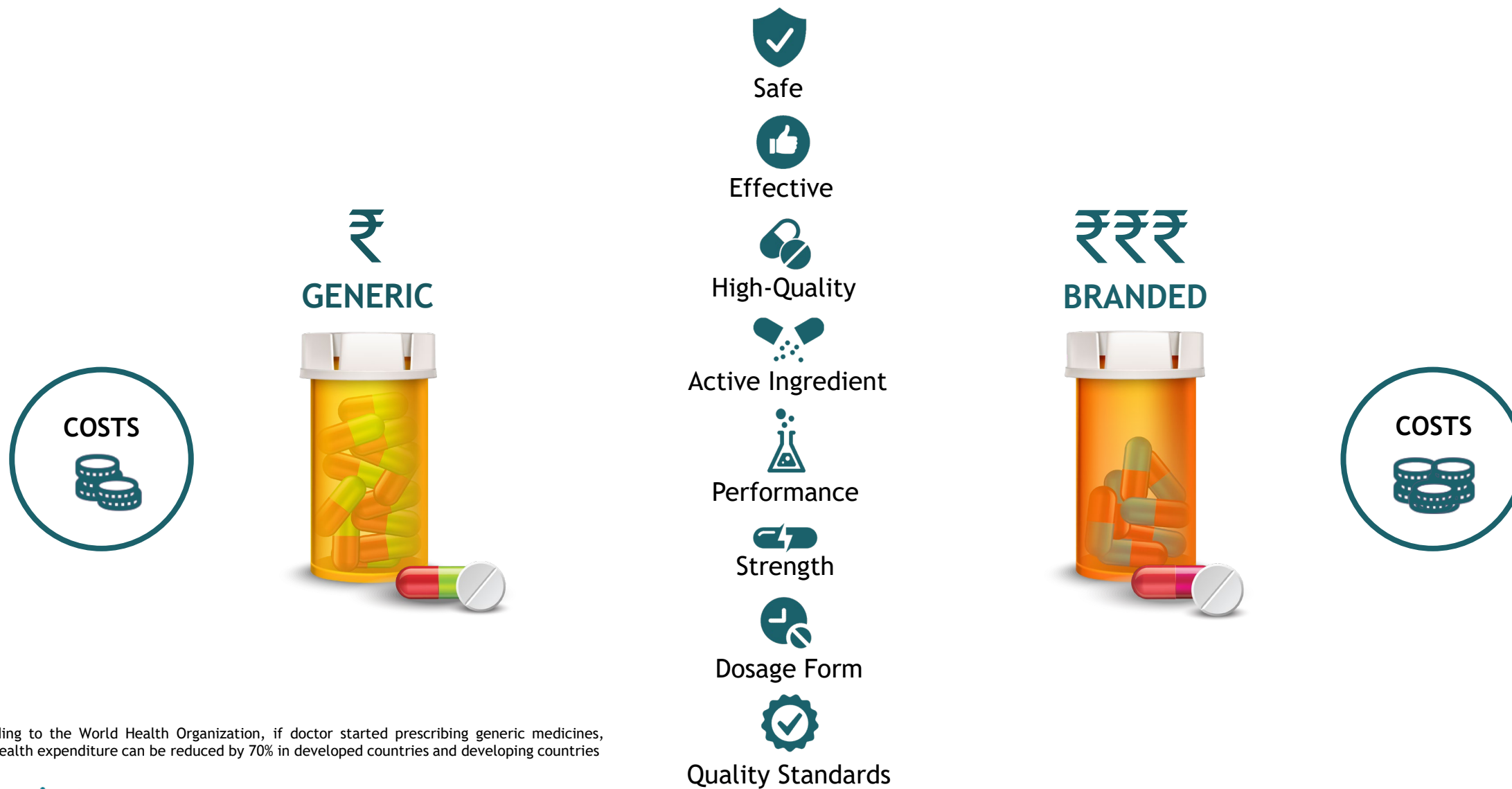




Industry Overview



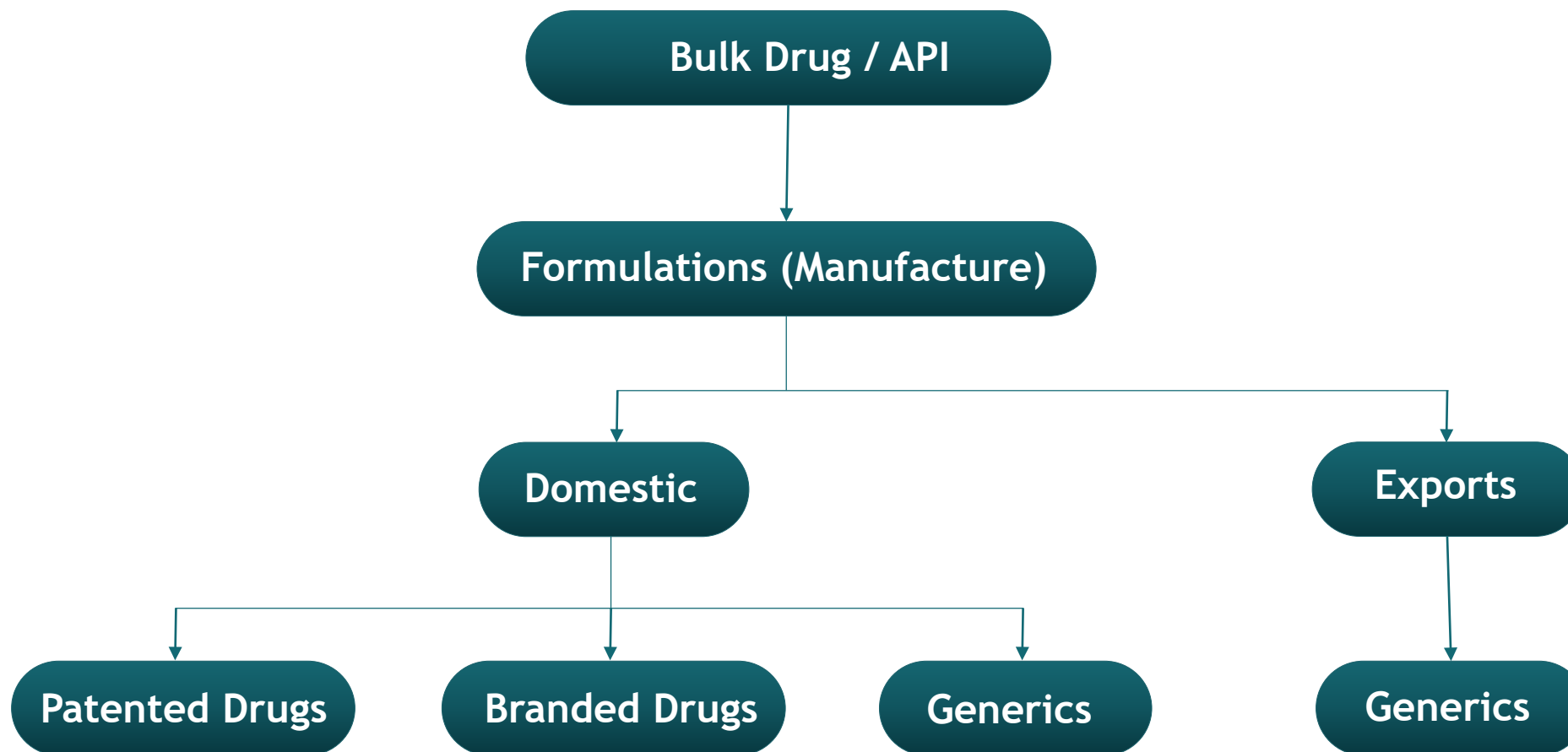
Generic v/s Branded



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

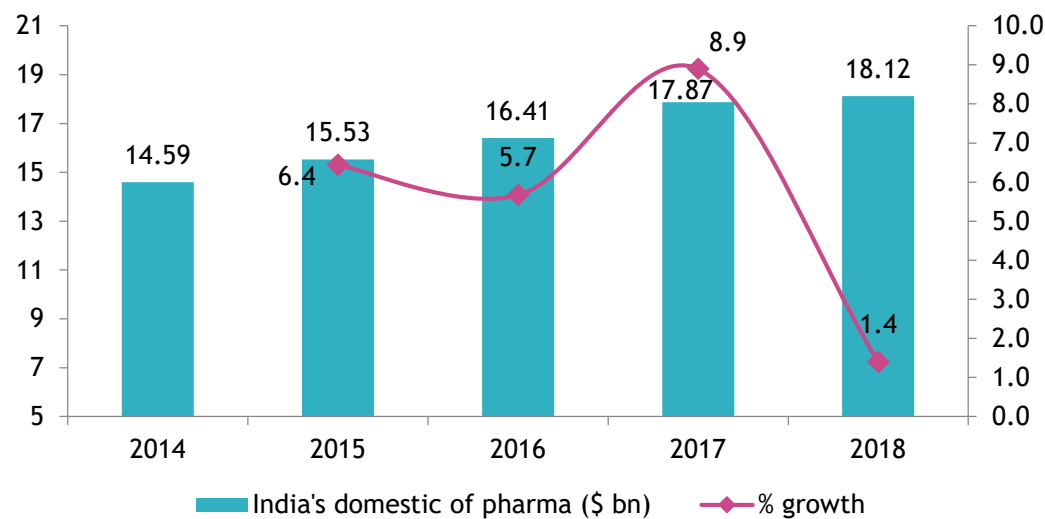


Pharma Sector in India

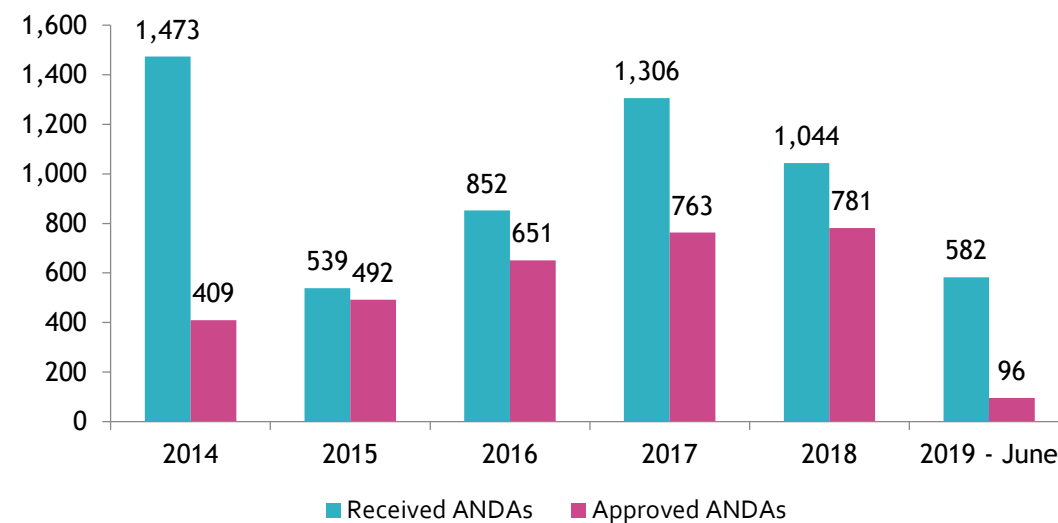




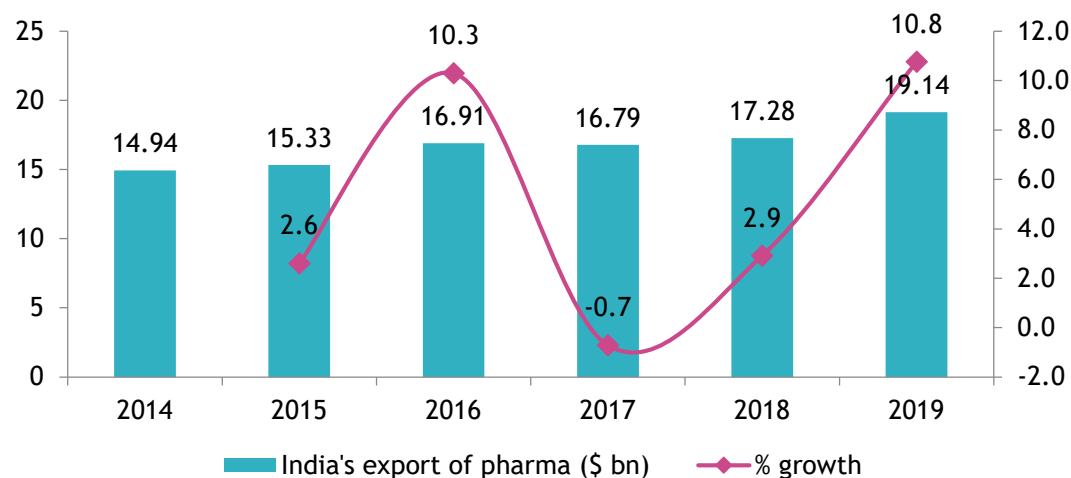
Indian Pharmaceutical Industry



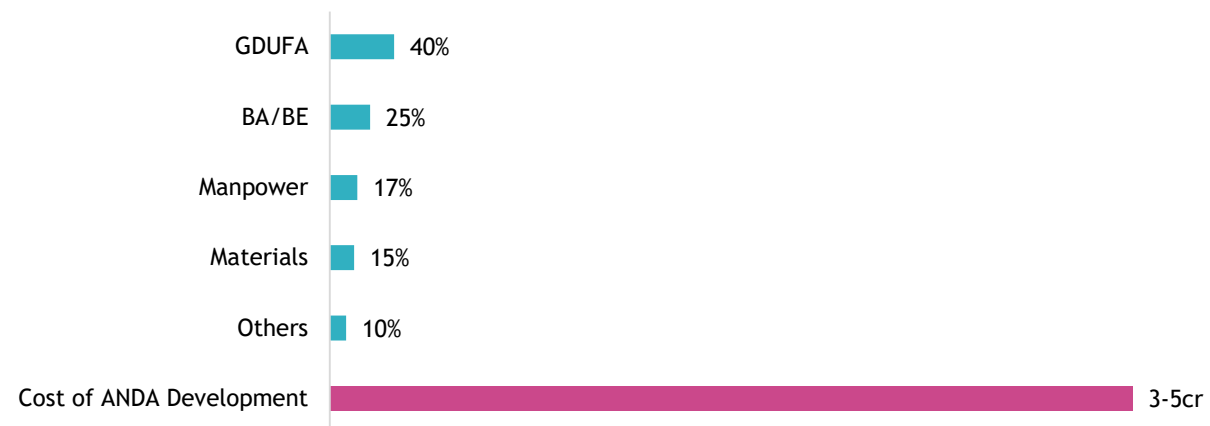
Source: IBEF



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



Source: pharmexcil

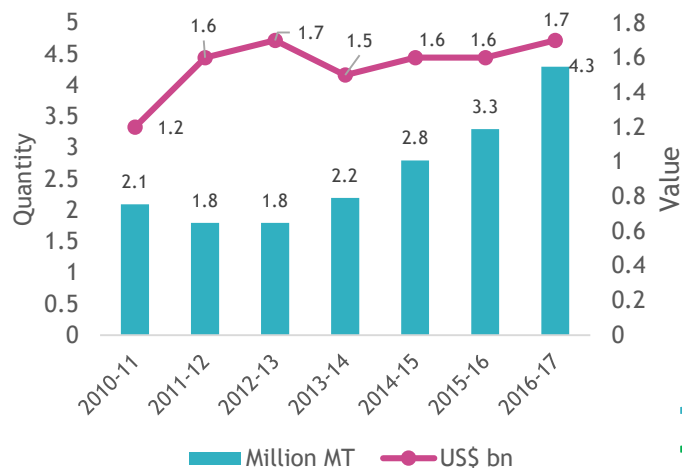


Source: IQVIA, Cost Break up of ANDA in India



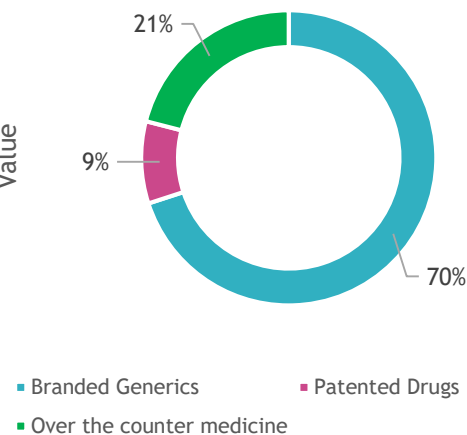
Industry Statistics

India's Import of Drug Formulations



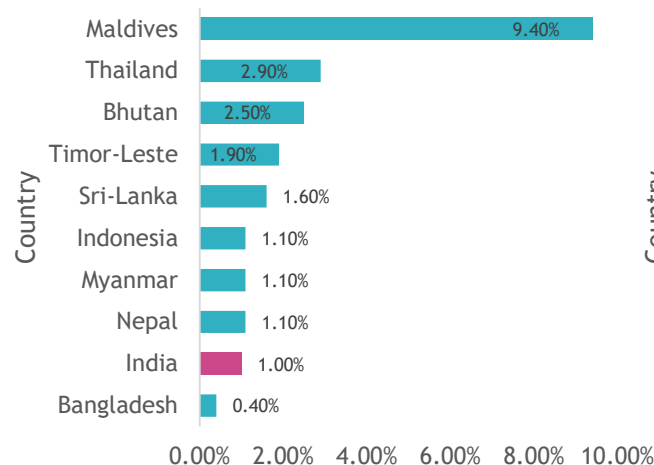
Source: Exim Report

India Pharmaceutical Industry Composition



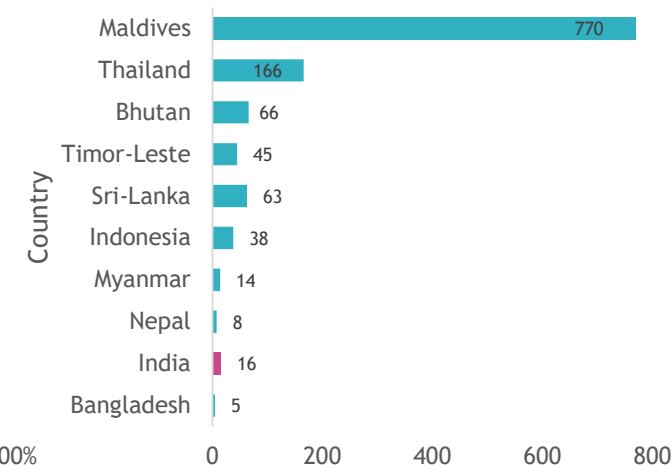
Source: KPMG Report

Public Health Expenditure % of GDP

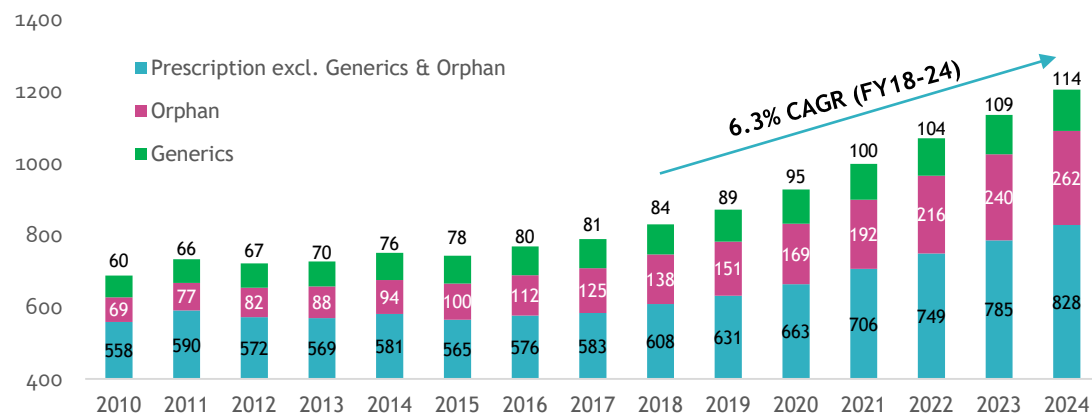


Source: National Health Profile, 2018

Per Capita Health Expenditure (In US Dollars)

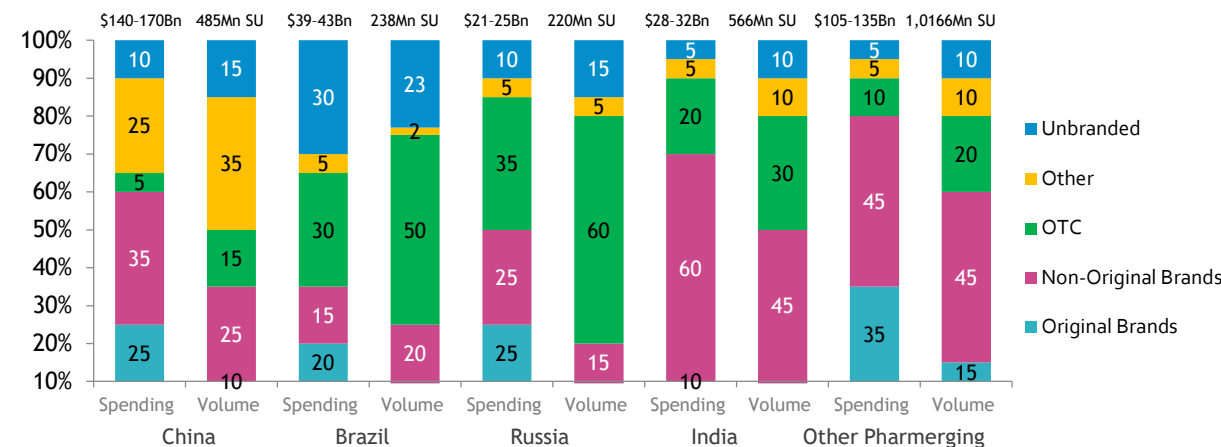


Worldwide Total Prescription Drug Sales (\$ bn)



Source: Evaluate Report

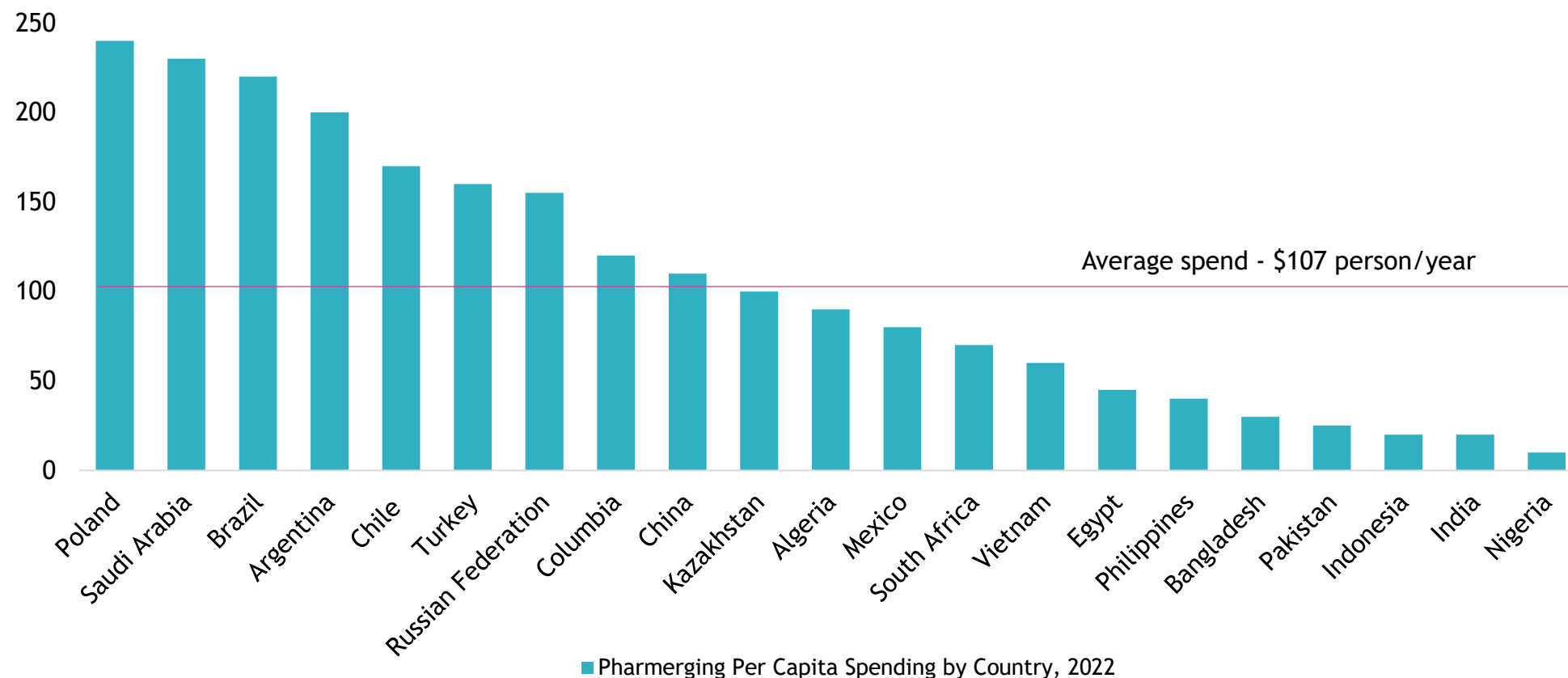
Pharmerging Medicine Spending and Volume by Type, 2023



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 Ausadhi stores promoted by the government and also strengthen the Jan Ausadhi 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

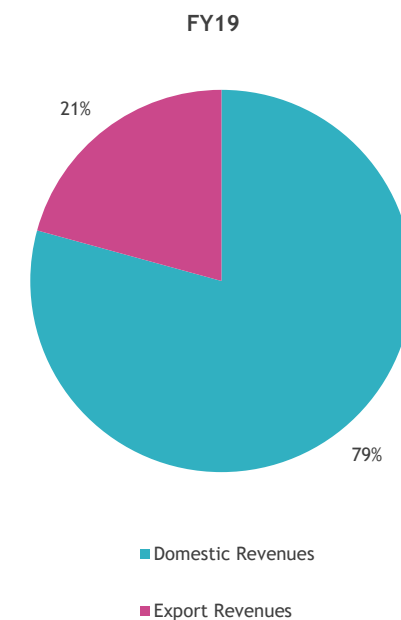
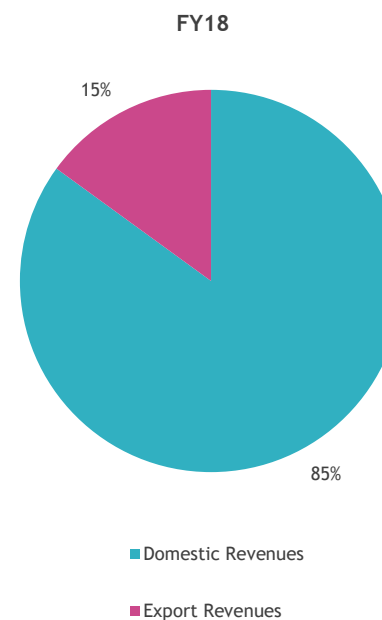
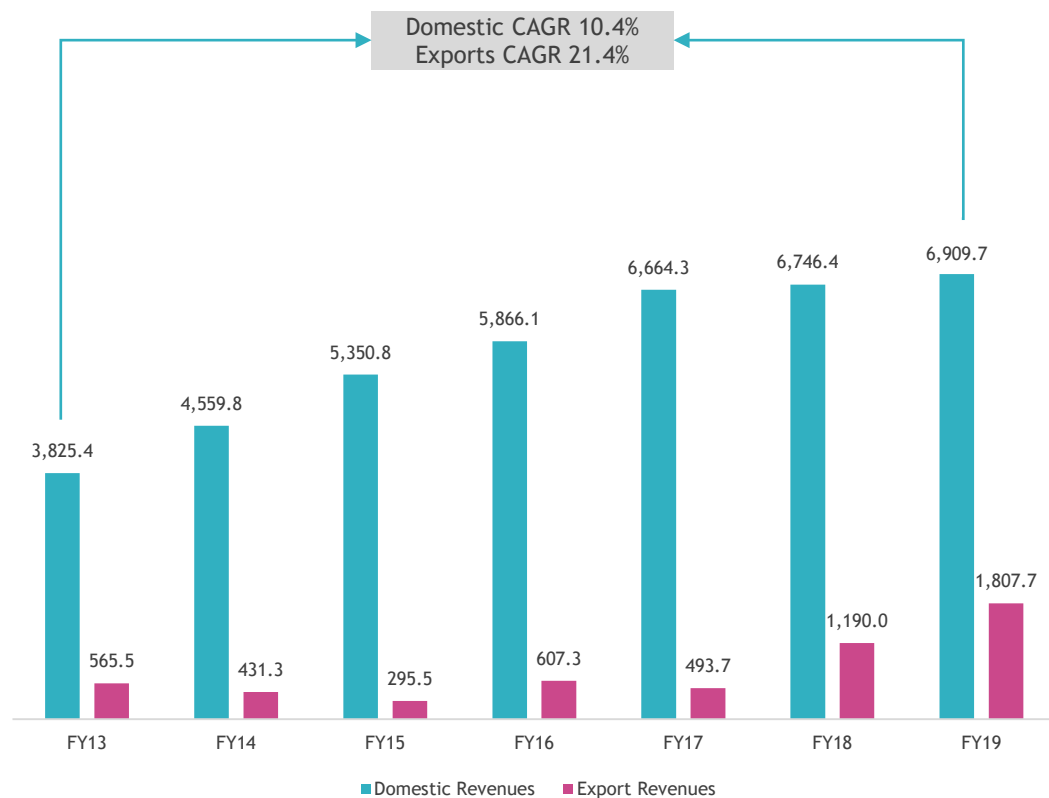
143 Stores
opened

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

Focus on Chronic
Ailments

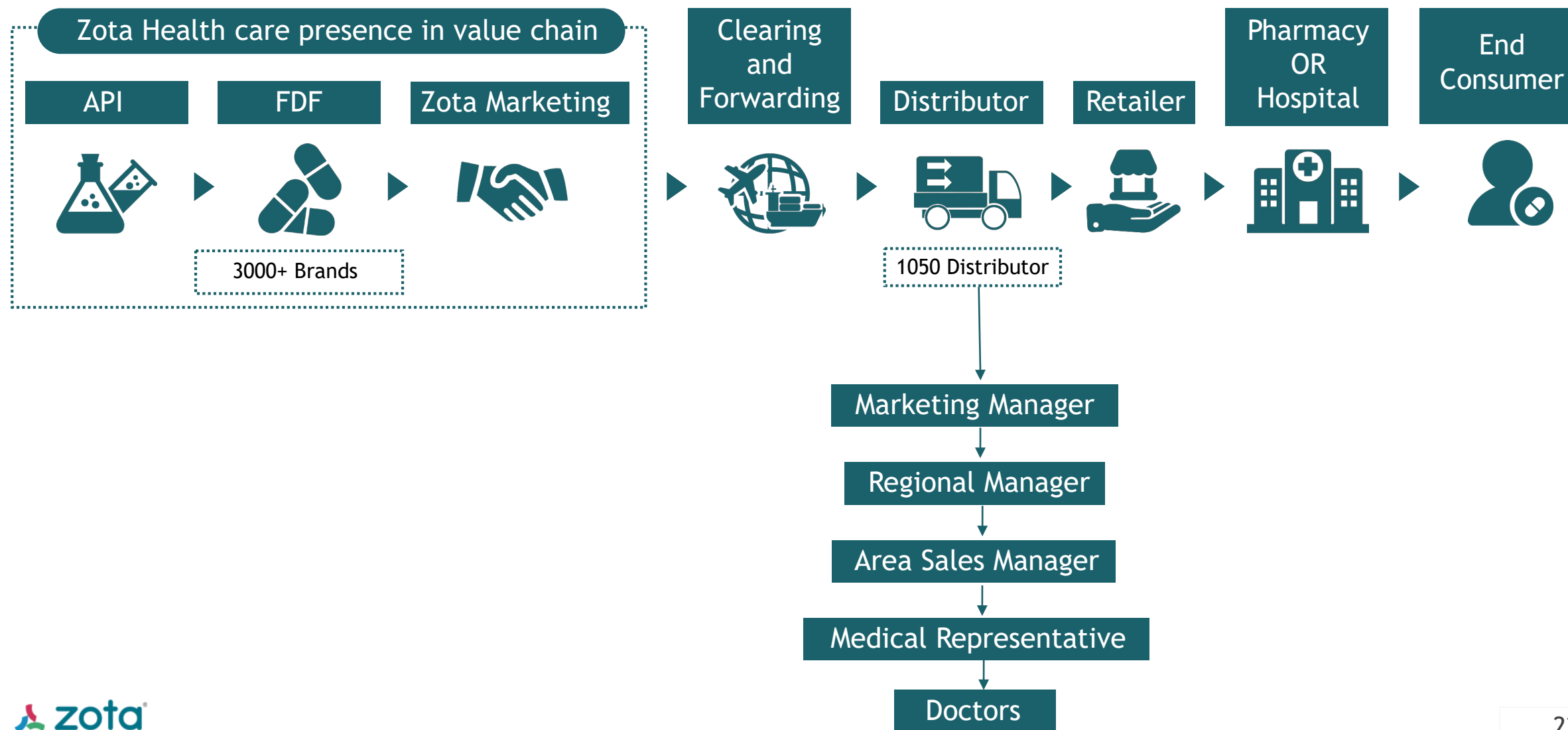


Operational Metrics - Annual Revenue Mix



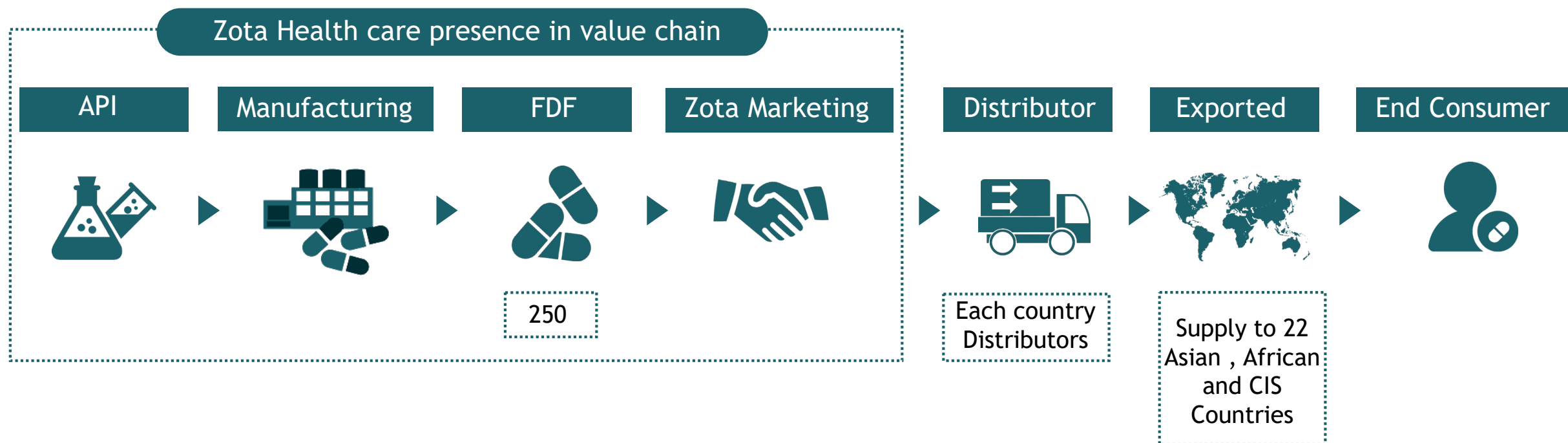


Domestic Business - Value Chain



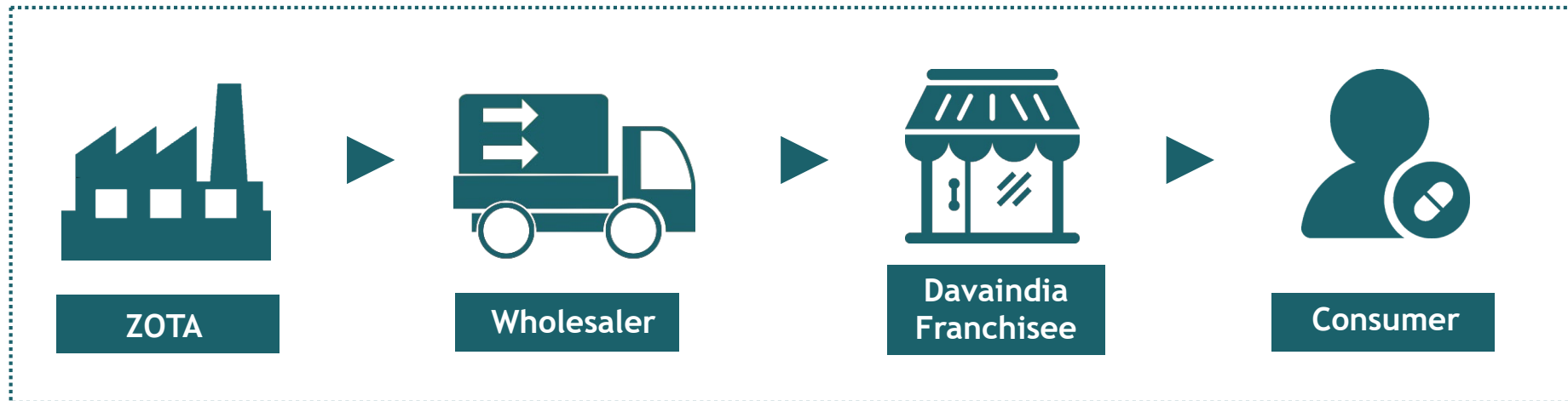


Export Business - Value Chain





Davaindia Business - Value Chain

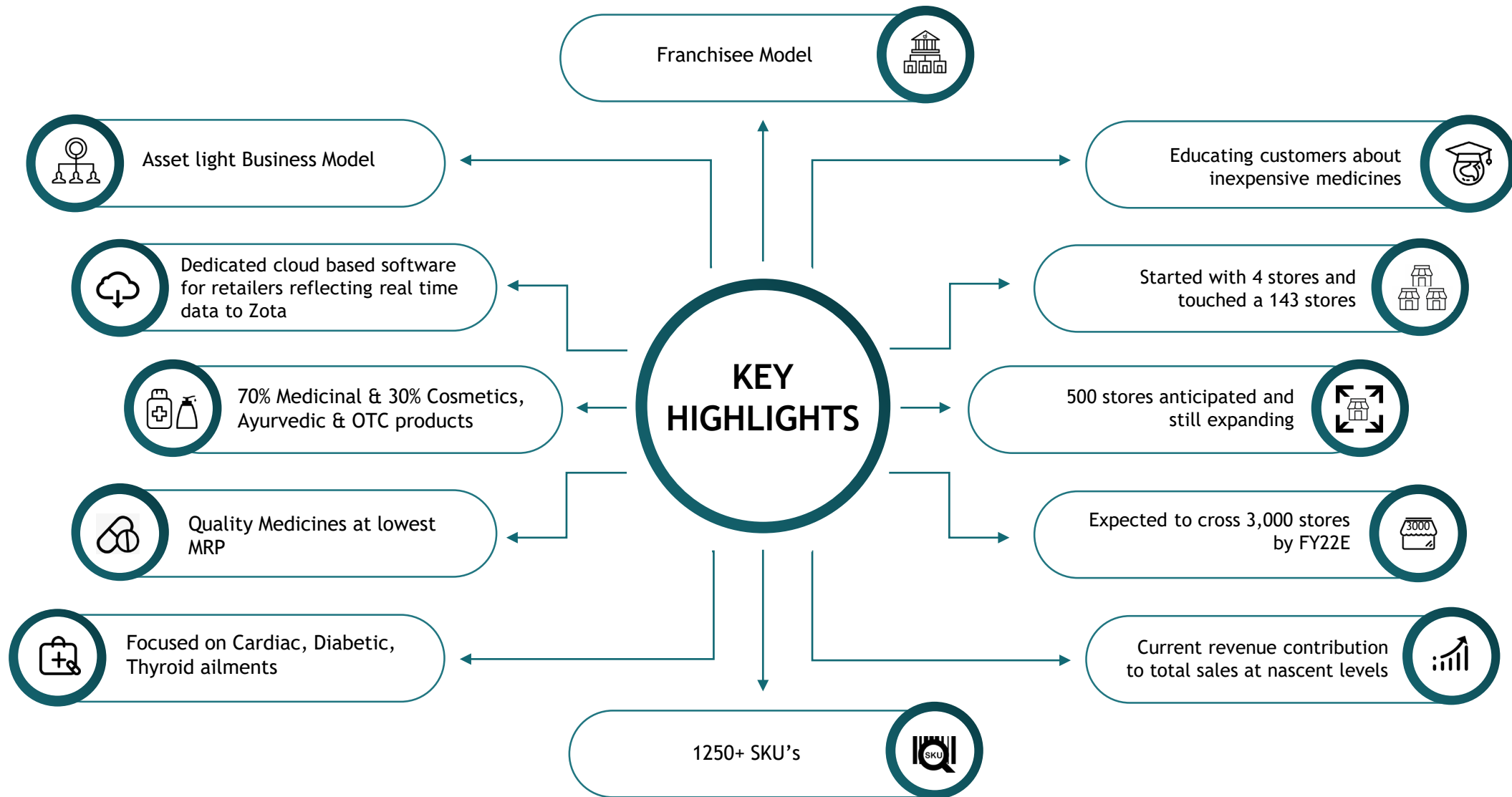




Davaindia



Davaindia- Pharmacy Retail Chain



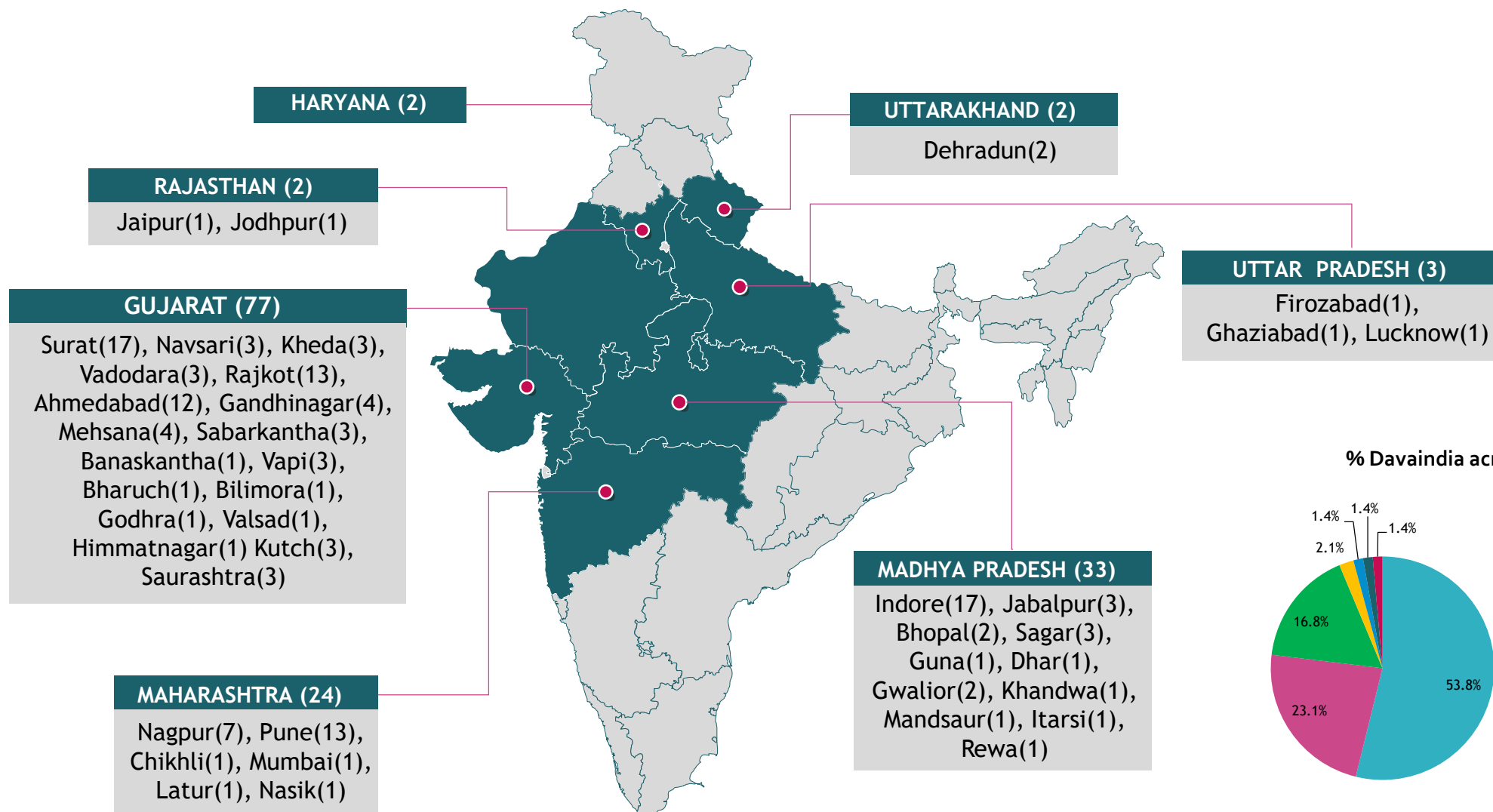


Davaindia

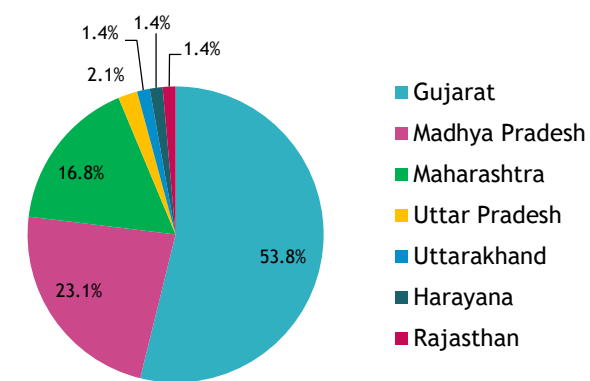




Davaindia Footprints



% Davaindia across states

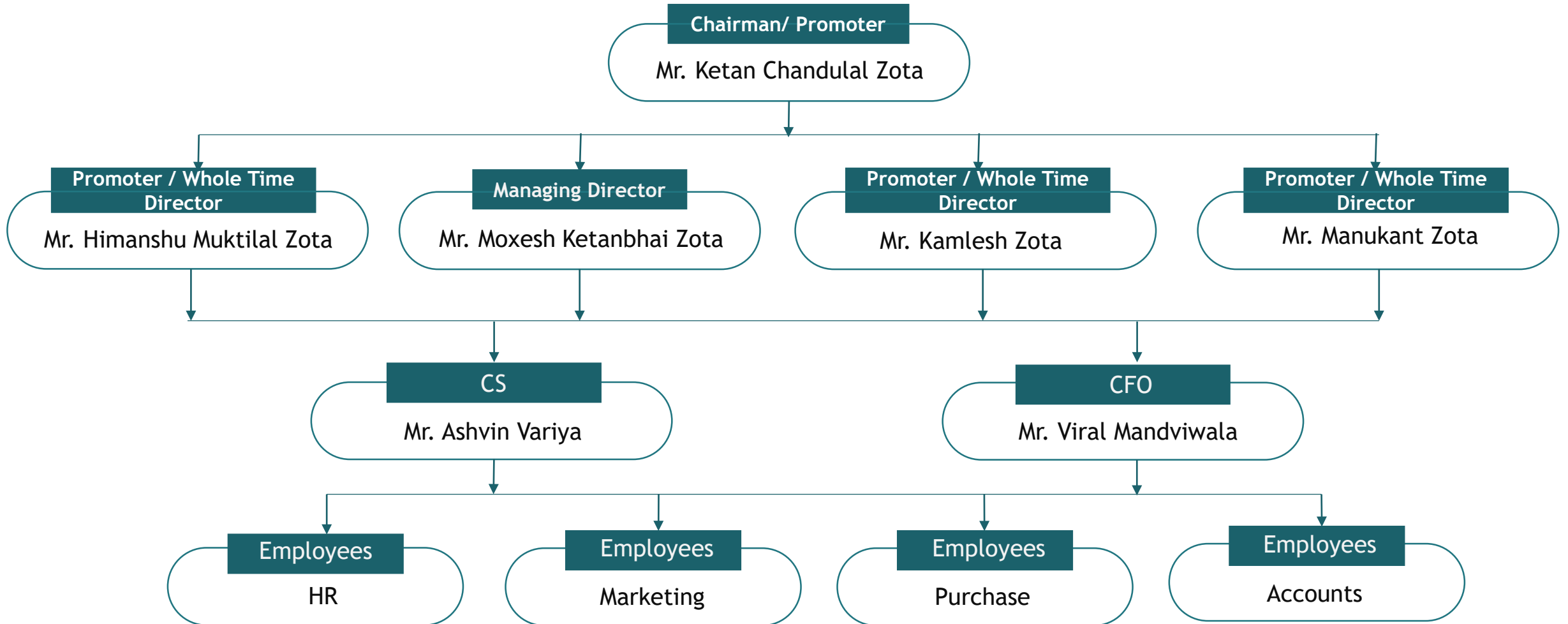




Key Management Profile



Zota Healthcare Organisational Structure



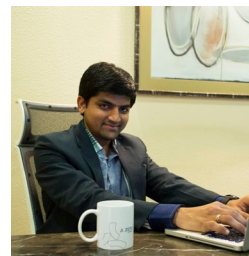


Management Team



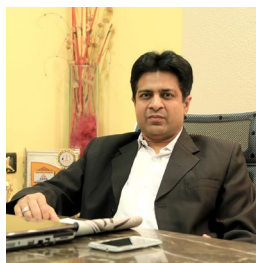
Mr. Ketan Zota

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



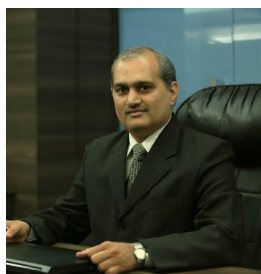
Mr. Himanshu Zota

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
Installed Capacity (Nos. in Lakhs)						
Tablet	4800	4800	4800	4800	4800	4800
Capsules	5400	5400	5400	5400	5400	5400
Utilized Capacity (Nos. in Lakhs)						
Tablet	504	921	1533	1186.27	2211.29	1842
Capsules	845	170	98	113.49	344.29	364
Utilized Capacity (%)						
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
Total Income	5,021.4	5,647.8	6,481.0	7,163.6	7,937.0	3,974.1	4,426.8	3,962.2	4,290.6	8,717.4
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
EBITDA	659.4	851.3	964.2	1,009.8	1,242.0	662.4	684.6	579.6	244.5	929.0
Margin %	13.2	15.1	14.9	14.1	16.0	16.7	15.5	15.0	5.8	10.8
Depreciation	120.7	150.6	123.5	105.4	93.7	46.3	75.9	47.4	63.5	139.4
EBIT	538.7	700.7	840.8	904.4	1,148.3	616.1	608.6	532.2	181.0	789.6
Margin %	10.7	12.4	13.0	12.6	14.8	15.5	13.7	13.7	4.3	9.2
Financial Charges	71.4	66.5	68.3	68.2	12.1	9.2	0.7	3.0	3.0	3.7
PBT	467.3	634.2	772.4	836.2	1,136.2	606.9	607.9	529.3	178.0	785.9
Margin %	9.3	11.2	11.9	11.7	14.6	15.3	13.7	13.7	4.2	9.2
Tax	156.0	207.6	261.5	282.1	407.4	204.6	195.5	202.9	35.3	230.7
PAT	311.3	426.7	510.9	554.1	726.8	402.4	412.4	326.4	142.8	555.2
Margin %	6.2	7.6	7.9	7.7	9.3	10.1	9.3	8.4	3.4	6.5
EPS	2.6	3.0	3.6	3.9	4.2	2.3	2.4	1.8	0.8	3.2




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
Total Equity and Liabilities	3,484.1	4,038.4	4,405.2	5,380.5	9,179.4	8,961.5
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
Total Assets	3,484.1	4,038.4	4,405.2	5,380.5	9,179.4	8,961.5
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

Mr. Himanshu Zota / Mr. Ashvin Variya 

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

hzota@zotahealthcare.com 
cszota@zotahealthcare.com

www.zotahealthcare.com 