



November 03, 2025

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: Transcript of Earnings Conference Call on Q2FY26 Results**

**Ref.: Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

With reference to the captioned subject; we, Zota Health Care Limited ("the Company"), would like to inform you that the Transcript of Earnings Call on Q2FY26 Results hosted by the Company on October 28, 2025 to discuss Operational and Financial performance for the 2<sup>nd</sup> Quarter ended September 30, 2025, is enclosed herewith. The same is available on the website of the Company and can be accessed at below mentioned link:

<https://www.zotahealthcare.com/wp-content/uploads/2025/11/ZotaHealthcare-Q2FY26-Earnings-call-Transcript.pdf>

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

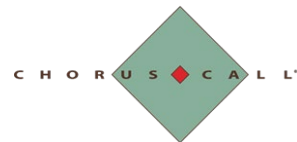
**Registered Office:**

Zota House, 2/896, Hira Modi Street,  
Sagrampura, Surat-395002 Ph: +91 261 2331601  
Email: [info@zotahealthcare.com](mailto:info@zotahealthcare.com)  
Web: [www.zotahealthcare.com](http://www.zotahealthcare.com)

CIN: L24231GJ2000PLC038352



**“Zota Healthcare Limited  
Q2 FY26 Earnings Conference Call”  
October 28, 2025**



**MANAGEMENT: MR. HIMANSHU ZOTA – FOUNDER AND WHOLE TIME  
DIRECTOR – ZOTA HEALTHCARE LIMITED  
MR. MOXESH ZOTA – MANAGING DIRECTOR – ZOTA  
HEALTHCARE LIMITED  
DR. SUJIT PAUL – GROUP CHIEF EXECUTIVE OFFICER  
– ZOTA HEALTHCARE LIMITED**

**MODERATOR: MR. AJIT MISHRA – ERNST & YOUNG INVESTOR  
RELATIONS**

**Moderator:** Ladies and gentlemen, good day and welcome to Zota Healthcare Limited Q2 FY26 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand over the conference over to Ajit Mishra from Ernst & Young Investor Relations. Thank you and over to you, sir.

**Ajit Mishra:** Thank you, Good Afternoon to all the participants on this call. I am Ajit Mishra from Ernst & Young Investor relations. Before we proceed to the call, let me remind you that the discussion may contain forward-looking statements that may involve known or unknown risks, uncertainties, and other factors. It must be viewed in conjunction with our business risks that could cause future result performance or achievement to differ significantly from what it expressed or implied by such forward-looking statements.

Please note that we have mailed the press release, Presentation, results & the same are available on the exchange & company website. In case, if you have not received the same, you can write to us and we will be happy to send the same over to you.

To take us through the results and address your questions today, we have the top management of Zota Healthcare Limited represented by Mr. Himanshu Zota, Founder & Whole Time Director, Mr. Moxesh Zota, Managing director and Dr. Sujit Paul, Group Chief Executive officer.

We will start the call with an opening remark on brief overview of the performance for the quarter gone past followed by Question & Answer session. With that said, I will now hand over the call to Moxesh Zota. Over to you, Sir.

**Moxesh Zota:** Good afternoon, everyone! Thank you for joining us today for Zota Healthcare Limited's Q2 FY26 Earnings Call.

Before we begin, I would like to extend my warm wishes to all our investors, for a belated Happy Diwali. We hope the festive season brought joy, prosperity, and good health to you and your families.

I am Moxesh Zota, Managing Director of Zota Healthcare Limited. I'm pleased to have with me today Mr. Himanshu Zota, our Founder and Whole Time Director, and Dr. Sujit Paul, our Group CEO. We appreciate your time and interest as we take you through our performance highlights and key developments for the quarter.

We are pleased to report yet another strong quarter, underscoring the strength of our business model and the disciplined execution of our store expansion strategy. Our total store count has now reached 2,055 outlets, comprising 1,207 COCO stores and 848 Franchise-Owned Franchise-Operated FOFO outlets as on 30th September 2025. This rapid expansion, particularly in the COCO format, is not just a reflection of scale it represents our unwavering commitment

to strengthening our company-owned infrastructure and enhancing access to affordable, high-quality generic medicines across India.

During the Quarter we achieved of Milestone of Opening 103 Davaindia Stores in a Single Day On the proud occasion of India's 79th Independence Day This historic expansion includes 79 Company Owned Company Operated (COCO) stores and 24 Franchise Owned Franchise Operated (FOFO) stores. The company has also applied to the India Book of Records for this landmark accomplishment. Company is on track to open 800 new COCO Stores in the FY26 out of which 355 stores have been till 30th September. To support our next phase of growth, the Board has approved a fund-raising proposal of up to ₹500 crore through a Qualified Institutional Placement (QIP). This capital will be instrumental in accelerating our store expansion and enhancing business scalability.

In line with our backward integration strategy, we have increased our stake in Everyday Herbal Beauty Care Pvt. Ltd. by 9.98%, taking our total holding to 65.98%..

We are also proud to share that our brand visibility continues to strengthen. Following the successful association with Mr. Suniel Shetty, we have now onboarded also Mr. M.S. Dhoni as the brand ambassador for Davaindia, further reinforcing our brand's credibility, trust, and nationwide appeal.

Looking ahead, we remain optimistic about our growth trajectory. With a strong expansion strategy, a robust retail network, and continued brand momentum, Zota Healthcare is well-positioned to capture the growing demand for affordable healthcare solutions in India. Our focus remains on sustainable expansion, and operational excellence per store as we continue to strengthen our position in the domestic healthcare retail space.

With that, I would now like to hand over the call to Mr. Himanshu Zota to take you all through the financial & operational performance for the quarter.

**Himanshu Zota:**

Thank you! Moxesh. Good afternoon, everyone. I will now take you through the financial and operational highlights for the quarter ended 30th September 2025.

We are pleased to report another quarter of strong performance, driven by our expanding retail footprint and consistent operational execution. Consolidated revenue from operations stood at INR 12,895 lakhs in Q2 FY26, a significant increase of 92% year-on-year compared to INR 6,727 lakhs in Q2 FY25. Consolidated gross profit rose to INR 7,650 lakhs, reflecting a robust growth of 112% over the previous year, supported by improved scale and efficiency. Our EBITDA turned positive for the second consecutive quarter, reaching INR 796 lakhs in Q2 FY26 as against a loss of INR 32 lakhs in the same period last year, underscoring the strength of our operating model and disciplined cost management.

During the quarter, Davaindia continued to be the primary growth driver, contributing 74% to the consolidated revenue, followed by domestic operations at 14%, exports at 8%, and Everyday Herbal Group at 4%. With the growing number of outlets, customer engagement across our stores continued to rise — quarterly footfalls at COCO stores increased to 29.6 lakhs from 23.0

lakhs in Q1 FY26, while FOFO store footfalls improved to 13.9 lakhs from 12.4 lakhs in the previous quarter.

During this quarter, we have adapted 310 new stores with a mix of 221 FOFO and 89 COCO. So, during current financial year, in first half, total 473 new stores adapted with a mix of 355 FOFO and 118 COCO.

Geographically, our store network continues to be well-diversified, with the largest presence across West Bengal, Uttar Pradesh, Maharashtra, Delhi, and Odisha, which remain our top five states in terms of store count and performance.

We will now open the floor for questions. Our team will be happy to address any queries you may have. Thank You!

**Moderator:** Thank you very much. The first question comes from the line of Anjali Singh from Bansal Financial Office. Please go ahead.

**Anjali Singh:** Thanks for the opportunity. Good afternoon, everyone. So, my first question is, in Q2 FY26, 310 new stores were added. So, what is the expected store addition guidance for H2 FY26? Can it reach 500 new store additions to meet predetermined target of 800 stores?

**Dr. Sujit Paul:** See, by far, if you see the kind of run rate that we are doing month-in-month-out, that clearly shows the indications of where we would be reaching. The testimony for that is your previous quarter and previous-to-previous quarter as well. So, overall, in terms of numbers, we are well-positioned and poised on that.

**Anjali Singh:** Okay. One more question. Just wanted to get some sense on how is the performance of recently opened stores trending compared to matured ones? Especially after collaboration with Sunil Shetty and MS Dhoni, has there been any improvement observed, or it would be helpful if you could provide some colour on that?

**Dr. Sujit Paul:** See, the trend pattern of the recent store continues to grow in terms of how we forecasted the growth. But you have to also understand that the collaboration with Mr. Shetty and Mr. Dhoni just happened a month's time. So definitely, it needs to kind of get into more prognosis maturity for the same.

**Anjali Singh:** Got it. Got it. Okay. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Parikshit Kabra from Pkeday Advisors, LLP. Please go ahead.

**Parikshit Kabra:** Congratulations on a great set of numbers. I want to understand a couple of things on the cost side. Your other expenses have risen this quarter significantly and I'm guessing that is because of the commissions that you're paying. Can you tell us, is that the main component and how much has that risen?

**Himanshu Zota:** That doesn't reflect any exponential growth. In Q1 last year, other expenses were around INR 21.32 crores, whereas this quarter they stand at INR 31.98 crores — an increase of approximately

INR 10 crores. despite 30% of our revenue growth. So proportionately our expenses has not grown much. The "other expenses" category includes supply chain costs, and our advertising expenses which has gone up by roughly INR 3 crores this quarter.

**Parikshit Kabra:** In your FY '25 annual report, in other expenses, commission expense is 50% of your overall other expense. So, I'm assuming that the growth in this also, your growth of INR 21 crores to INR 32 crores, commission expenses would be a major component?

**Himanshu Zota:** Yes, the commission expense is similar to a supply chain expense. It's not exactly a commission expense, but rather a supply chain-related cost, as we are providing to our supply chain partners.

**Parikshit Kabra:** Should we not consider that as part of COGS?

**Himanshu Zota:** No, no, no. It is not part of COGS.

**Parikshit Kabra:** What is the nature of the supply chain expense?

**Dr. Sujit Paul:** It is not part of COGS. See, cost of goods sold is a different perspective, but what Himanshu bhai is saying is part of the supply chain. So, more the revenue, more the business cascading is what he is saying.

**Parikshit Kabra:** Okay. So, when you say supply chain, I'm not able to understand the nature of this cost. Is this a logistics cost? Is it a sourcing?

**Himanshu Zota:** Yes, it's essentially a logistics cost covering warehousing and last-mile delivery up to the retail end.

**Parikshit Kabra:** Okay, got it. So, we assume that the other expenses will be trending at about 25% of top line and continue, that will be the trend going forward also?

**Himanshu Zota:** Yes, maybe. Not exactly 25% because as the top line increases, it will gradually go down. But not as much.

**Parikshit Kabra:** Okay, got it. So, I understood this. Secondly, in your line of employee cost, I understand that we hire, store employees for whatever expansion we are going to do next quarter also within this quarter only. So, what I wanted to understand is, can you give us a breakup of your employee cost between store level employees and overhead employees?

**Himanshu Zota:** Yes. So, employee cost will be already down. If you look at it proportionally, then in front of 30% growth, the employee cost is not increased by 30%, only increased by 20%. So, employee cost will be down already. So, already we have added roughly 221 COCO stores in this quarter. So, employee cost is roughly the same.

**Parikshit Kabra:** Can you tell us how much is your employee cost at corporate level?

**Himanshu Zota:** At corporate level, roughly out of INR 38 crores, approximately corporate employee cost will be somewhere about INR 9 crores to INR 10 crores approximately.

- Moderator:** The next question comes from the line of Chetan Sheth from Girik Capital.
- Chetan Sheth:** Sir, couple of questions. One is on, we have seen across the vintage for our COCO stores, first is GMV has grown very healthily for last three, four quarters. We have grown from, say, the oldest vintage is now at INR 7 lakhs per month versus it was INR 6 lakhs, INR 6.5 lakhs in Q4. And we have seen consistently 2%-5% sequential growth in that metric across the vintage. How do you see this stabilizing for at least the mature stores? Where do you see that maturing over time? Or if you can provide an anecdotal data point?
- Dr. Sujit Paul:** Sure. So, on an average, our stores mature. If you are talking about vintage stores, our stores mature close to, when they go to 2 to 3 years. So, kind of a 1,000-day platform is when the stores gradually start taking maturity. So, if you see the prognosis of the growth over the last couple of quarters, you will see that the stores are still growing. When I say growing, what it means is that you can see that enhanced footfall you can see in the store. You can see enhanced moving ticket size. So, more or less, to answer your statement, at 2 to 3 years, you gradually get into a kind of maturity for the stores.
- Chetan Sheth:** Sure. And can these INR 7 lakhs reach over INR 10 lakhs Monthly run rate? How many stores will be of that nature from the 29 stores which are currently, you know, matured enough in terms of the vintage?
- Himanshu Zota:** Yes, out of the 29 stores, roughly 6 to 8 stores are currently generating more than INR 10 lakhs in monthly revenue. This indicates strong potential, and we expect more stores to reach the INR 10 lakhs mark possibly within the next 2 to 3 years.
- Chetan Sheth:** Correct. Great, sir. And for clarification, if I look at the presentation for last 3 quarters, you know, the vintage store count for last 3 quarters has been same for all the vintages, despite we are adding almost 350 stores over the last 3 quarters in the COCO store vintage. So, if I look at greater than 36 months, for last 3 quarters is 29. Between 24 to 36 months is 54.
- So, I would assume that as the new stores mature, so any stores which has opened in before would have entered the vintage of 6 to 9 months in the current quarter, right? But that is not reflected in our presentation. If you look at the vintage for Q1 to Q2, the store vintage has been same for across the period which has been given in the presentation. If you can check and clarify on that.
- Dr. Sujit Paul:** So, what is your question?
- Chetan Sheth:** The question is, if you look at the Q1 presentation versus Q2 presentation, the vintage wise store count for COCO stores are same for all the vintages. So, 0 to 3 months, we have 195 stores. In Q2 presentation, it is 195 stores and so and so forth for every cohort. So, I am trying to I am just requesting management to just check on that because the numbers look, it shouldn't be the same versus the last quarter. That is the point I am trying to make.
- I am following it with couple of more questions, you know. If we look at the difference between your pre-Ind AS EBITDA which you have provided in the presentation and the Ind AS EBITDA, the difference from last three quarters has been around INR 10 crores to INR 11 crores which

has resumed to be the cost related to the rental cost, right, which are not accounted in Ind AS accounting but it gets factored in our pre-Ind AS calculation which we have provided in the presentation.

So, despite we have added 350-odd stores over this last three quarters, our rental cost remains more or less in, ranging around INR 10 crores, INR 11 crores, INR 12 crores only. So, I believe the per store rental cost per month is trending downwards. If you can clarify on that part, if my understanding is correct or not?

**Dr. Sujit Paul:** Yes, so the per-store rental cost ranges close to around INR 35,000. Yes, INR 35,000 is what we have a trending pattern. So, if you see the trend pattern, it is not only in control, it is well in control in terms of the rental parameters considered in the country.

**Chintan Sheth:** Correct.

**Himanshu Zota:** To address your first question — in both the first and second quarters of the current year, we have referred to same-store sales growth based on the 852 stores that were operational as of 31st March 2025. We haven't provided same-store data for the current year's Q1 and Q2 specifically, as there is no meaningful comparison available. That's why we've used the data from those 852 stores only.

**Chintan Sheth:** Okay. Got it. I think that explains. And lastly, sir, on the -- you mentioned that INR 3 crores impact likely to come in the subsequent quarter on the advertisement side. So, this is the recurring incremental cost we will see for, if you analyze this so INR 12 crores will be the incremental cost versus what we have spent last year. We had spent INR 10 crores last year for advertisement. This year, maybe in the second half, we will see the impact of INR 6 crores incremental. That should be the way we should think about advertisement cost, right?

**Himanshu Zota:** Yes, excluding the first quarter, we estimate an incremental cost of around INR 8 to 10 crores for the current year — assuming approximately INR 3 crores per quarter from Q2FY26 to Q4FY26. This cost is expected to increase further next year, as we have already signed Mr. Dhoni and Mr. Sunil Shetty as a brand ambassador.

**Dr. Sujit Paul:** So, if you see the advertisement cost of last year versus this year and the next year, so this year there are two parts of incremental cost. One part is obviously their fees, etcetera which is, but very natural. And the other would be due to the growth of the stores; there is a proportionate increase in the retail activities as well. So, both get in proportion. So, if you see last year's numbers and this year if we have grown by the numbers that we have. So, obviously, it multiplies equally plus the additional both the brand ambassadors that we named. And coming year, it will get further enhanced again for three reasons. One is growth of stores, in terms of addition of the new stores. The other is the brand ambassador fees. The other is the APL marketing that will go through for the brand ambassador. So, that will be a combination of BTL and ATL marketing enhancement cost as well.

**Moderator:** Thank you. The next question comes from the line of Raman, Sequent Investment. Please go ahead.



**Raman:** Sir, I just have two questions. One is with respect to the mature stores. Currently how many stores are mature and by FY26 end, how many stores do you expect to mature?

**Himanshu Zota:** As mentioned in our latest presentation, all stores with monthly sales of INR 2.5 lakhs and above are considered mature. Typically, stores that have been operational for more than 15 months fall into this category. So, most of the stores beyond the 15-month mark are now mature.

**Raman:** So, you're basically saying it will take around -- if you open a store new right now, it will take 15 months for that store to become mature?

**Himanshu Zota:** Yes. In between 12 months to 18 months.

**Raman:** And so, basically, what I just want to understand is in the presentation it was given that the mature store has an EBITDA margin of 20% to 35%, if I'm right 25% to 30% EBITDA margin. So, I just want to understand what are the current number of mature stores and by the end of this year, how many of the mature stores do you expect?

**Himanshu Zota:** A store is considered mature after approximately three to three and a half years of operations. At around 15 months, a store typically reaches breakeven level. So, while breakeven occurs after 15 months, full maturity in terms of performance and stability is generally achieved after three years or more.

**Raman:** And can you give the split that out of the current 1,207 COCO stores, how many are mature stores and by the end of this year, how many do you expect to become a mature store?

**Himanshu Zota:** Currently, there is a 29 store that is in mature level that will roughly revenue of per month INR 7 lakh per month per store.

**Raman:** And this number will increase to -- can we get 35?

**Himanshu Zota:** Yes. 54 store which currently generate the revenue of around INR 4.63 lakhs. Based on the performance trajectory, we expect these stores to reach the mature stage by the end of the current financial year.

**Raman:** So, by the end of this year, you will have around 80 stores which are mature?

**Himanshu Zota:** Yes.

**Raman:** And my second question is your average spend has -- a wallet spend has been stabilized despite your significant growth witness in the entire GMV. can you just give a reason why is it so?

**Himanshu Zota:** This is primarily due to the addition of new stores. When a new store is opened, the average wallet spend tends to be lower initially. However, despite the expansion, our average wallet spend has remained stable and has not declined which is a positive indicator of customer engagement and spending consistency.

- Dr. Sujit Paul:** See it is a very good sign that you see in the retail, in spite of we continuously opening these stores, our wallet spend is constant and it has not came down. So, that is overall a very good sign and showcases the health of the organization as well.
- Raman:** Okay. And sir my last question is how many COCO stores are you planning to open by this year end and by in FY27 and what is the number wherein you will stop with the store expansion and focus on increasing the margin or increasing the footfall of the current store?
- Dr. Sujit Paul:** Okay. So, you have two, three questions. I'll answer one by one. So, if you see that average we are well poised to see that the way we are growing is what we will continue. That's number one. Number two is that for the coming financial year, definitely we are moving on the new phase that's what you know. So, we will be working as to know how it comes in and then we kind of plan well. And the third is that as an organization level, if you see for the COCO stores, we are operating at a very rational margin. So, I think that's quite rational margin that we are operating towards ensuring the movement of the stores, stabilization and growth.
- Raman:** Okay, sir.
- Moderator:** Thank you. The next question comes from the line of Nishant from Moneybee Investment Advisors. Please go ahead.
- Nishant:** Yes. So, just want to ask a few questions. Firstly, sir, you all have paid a dividend of INR 2.86 crores last year. Your general reserves are negative. So, just wanted to understand how you are paying the dividend given that your reserves are negative. You all are making a negative net profit as well. So, how are you paying the dividend?
- Himanshu Zota:** The standalone performance is not negative in fact, it reflects a healthy profit. The consolidated figures show a negative impact, but that's due to other factors outside the standalone entity. Given the strong standalone results, we have declared a 10% dividend.
- Nishant:** And do you expect to continue this dividend trend as well, the dividend payout?
- Himanshu Zota:** Maybe. It's not a big amount.
- Nishant:** Okay. And sir my second question is, your FOFO footfall and your GMV is lesser than the COCO footfall and GMV. So, wanted to understand what is the reason for it?
- Dr. Sujit Paul:** See, what happens is that traditionally if you see in India, you have more standalone governance on the COCO stores and that is the reason you see any of the retail pharmacies in the country. So, you find all of them into COCO. So, in FOFO the level of controls is not high as what it is in COCO. So, thereby, you may see a marginally lower footfall in FOFO than in COCO.
- Nishant:** Okay. And do you expect your FOFO footfall and GMV to improve with, I mean, I know you're focusing more on the COCO model, but you will be adding a few FOFO stores as well. So, do you expect this footfall GMV to improve and maybe come to the lines of COCO as you onboard more franchisee?
- Dr. Sujit Paul:** Yes. Absolutely yes.

- Nishant:** All right. And sir again, just want to understand, what is the agreement with these franchisees like what is on the total revenue earned by the FOFO stores, how much goes to the franchisee, how much comes to Zota Healthcare?
- Himanshu Zota:** Yes. In franchisee we are giving a 37% margin upfront. So, in our books, GMV to revenue will be roughly 55% for franchisee store.
- Nishant:** All right. Clear. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Omkar from AUM Fund Advisors. Please go ahead.
- Omkar:** Hi. Thanks for taking my question. I have couple of questions regarding the FOFO stores. So, sir, you had around 550 FOFO stores three years ago. That is more than half of what store count you have right now, mature stores. How much GMV does this mature FOFO stores on monthly basis? I guess because it's far lower than the COCO stores.
- Himanshu Zota:** In FOFO stores?
- Omkar:** Yes, in FOFO stores monthly GMV?
- Himanshu Zota:** Yes. Monthly GMV for mature store, it's roughly nearly about INR 3 lakh per month.
- Omkar:** So, it's quite low compared to the COCO mature stores, right? Why so?
- Himanshu Zota:** Sorry?
- Omkar:** Why it's quite lower than the mature COCO stores? I mean, mature COCO store runs around INR 7 lakhs and mature FOFO just runs 3 lakhs?
- Dr. Sujit Paul:** If you share my previous answer, what I gave just a while ago, there is where I explained the turning of the consumers into COCO and FOFO. And also I have explained the governance for the COCO and FOFO, the logic and reason kind of operates on the same.
- Omkar:** Okay. And I heard that after three years, the franchisee margin is reduced. I mean, first three years you give additional 15% margin, franchisee margin to boost them.
- Dr. Sujit Paul:** Yes.
- Omkar:** So, post three years, it would fall around 20%, 25% odd, will that be right?
- Himanshu Zota:** Yes 26% of franchisee margin.
- Omkar:** So, what's the unit economics? I mean, if they just earn 25% of that INR 3 lakhs monthly basis, how much expense does they occur on monthly basis? I mean, are they able to earn decent EBITDA post three years?
- Dr. Sujit Paul:** Yes. So, for the franchisee, yes, because most of the times they do not operate with kind of 2.5 or 3 the way we operate in COCO.

**Omkar:** Okay. So, the employee cost is quite low, right?

**Dr. Sujit Paul:** Yes. So, its operating cost is quite low.

**Omkar:** How much? Can you just give me an average monthly expense, rent, employer or stuff like that?

**Himanshu Zota:** Yes, it's nearly INR 40,000 to INR 50,000 in between INR 40,000 to INR 45,000.

**Omkar:** Okay. So, they earn around INR 60,000 revenues if I assume 20% of 3 lakhs and their expense is?

**Himanshu Zota:** 26%, not 20%,

**Omkar:** Yes. So, 70,000 roughly and their expenses INR 40,000, INR 50,000. So, they just earn around 30,000 per month. Will that be right?

**Himanshu Zota:** Yes.

**Omkar:** So, isn't it lower? I mean, absolute basis, 30,000 per month per FOFO store?

**Dr. Sujit Paul:** No. Typically, what happens is that if you see these franchisees, they are typically small mid-sized businessmen. So, for a small mid-sized businessman to earn a decent INR 30,000, 32,000 is not really lower if you really see.

**Omkar:** Okay. And just last, a quick question. Sir, how many FOFO stores have been closed down? I mean, I know three years ago, you had done one time 100 stores were closed. Apart from that last three years, how many FOFO stores have been closed down?

**Himanshu Zota:** In the last two years, not more than 20 to 30 stores have been closed.

**Omkar:** Okay. That's it. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Sumit Gupta from Centrum. Please go ahead.

**Sumit Gupta:** Thank you for the opportunity. Sir I have two questions. First is like on the wallet spent. So, what is the maximum wallet spend or till now that a mature store has reached?

**Dr. Sujit Paul:** So, for the wallet spend primarily it operates anything on an average of INR 250 to INR 300 for a store.

**Sumit Gupta:** No, for a mature store, just want to ask on the like which has operated over three years, what is the wallet spend for a particular store which has matured not the average?

**Dr. Sujit Paul:** Yes, it's INR 300.

**Sumit Gupta:** 300. Okay. And like what's the plan to increase the wallet spend.

- Dr. Sujit Paul:** So, there are multiple activities that goes through to ensure that the wallet spend increases. However, the focus does not stay only on wallet spend. For some companies, when I say so, for some pharmacies, it does happen to only operate on wallet spend, but we don't. And the reason for the same is as follows.
- Number one, as per the guidelines of the country, you cannot sell more medicines than what is needed to the patient. Number one. Number two is that we do not oversell a patient which is unethical ways. So, keeping in view of these two parameters and also if you see our INR 300 wallet spend for us is easily a kind of INR 900 to INR 950 wallet spend of a branded store.
- So, while there are measures that we take through our detail exercise and on-store training mechanism to ensure that they dispense the right kind of medicine, but we do not have a very strong force to increase the wallet spend. There is a focus on increase of wallet spend, but there is no force on increasing of the wallet spend.
- Sumit Gupta:** Okay, understood. And sir, with respect to the mature store only, what is the peak gross margin and EBITDA margin that you can reach?
- Himanshu Zota:** Already we have given in earlier presentation. Currently, if revenue will come to nearly INR 6.5 lakh, EBITDA will be somewhere about 30%- 33%.
- Sumit Gupta:** So, that's the peak like which one?
- Himanshu Zota:** No, that is not peak because the mature store is also currently running at 17% to 18% growth. So, still we are not giving that as mature. So, this margin can go further. Maybe.
- Sumit Gupta:** Okay. So, what is the peak? So, basically 30% is there. So, can it reach around 40%-45% once the store matures and reaches the optimum level where you want it to be?
- Himanshu Zota:** We currently have data for only the past four years, as that's when we began operating under the COCO store model. Our oldest store has four years of performance history. Based on this data, we can observe certain growth trends, but it's difficult to predict whether future growth will be 17% or 20%. If such growth is achieved, it would support the theory but as of now, it's a potential, not a certainty.
- Sumit Gupta:** Yes. Understood. Thank you, sir.
- Moderator:** Thank you. The next question comes from the line of Subhanu from 3 Head Capital. Please go ahead.
- Subhanu:** Hello, sir. My question is, sir, last three quarters, we have seen EBITDA positive. Is EBITDA positive sustainable going forward?
- Subhanu:** Can it grow from here?
- Dr. Sujit Paul:** Yes. It is growing. If you see the data, you can clearly see the growth happening.
- Subhanu:** My next question is, how much is the sales of OTC products in rural India?

- Dr. Sujit Paul:** Yes. So, the combination is almost similar of urban and rural.
- Subhanu:** 27%.
- Himanshu Zota:** Yes. 27%.
- Subhanu:** Sir, There is store nearby me, COCO new store around five to six months prior. I am seeing that there were lot of issues in inventory. The pharmacist keeps saying over and over again that the stock will come in 10 days, 15 days but the stock doesn't come. He orders the stock but it does not come. What is the issue?
- Dr. Sujit Paul:** See any pharmacy that you see, you will not find a 100% smooth of inventory. And with the growth of our pharmacies and the growth of the demand of generic medicines that we are finding in our – That is the reason you cannot see the growth also. You will have some, this kind of situations of inventory.
- When you are growing at this stage, you are having more footfalls in your store. You are having customers coming and asking for monthly stock of the chronic medicine. So this is a good sign, don't you think so?
- Subhanu:** But it is not saying out of stock, they are saying the inventory isn't coming.
- Dr. Sujit Paul:** I am saying that only. So, for certain medicines, there will be a delay in the inventory. But in general, you do not face so much of an issue.
- Moderator:** Thank You. The next question comes from the line of Devarsh Shah from SPL Family Office. Please go ahead.
- Devarsh Shah:** First of all, I want to thank the group for my question. So, I have two simple questions. From COCO, we went from 494 stores to 1,207 stores, and you say it will take months to meet a breakeven on those stores. What would be your monthly revenue, that store will make and will become a breakeven, and how much cash will be going to have from next 15 months on these new stores?
- Himanshu Zota:** To break even, a store typically needs to achieve monthly revenue of around INR 2.5 lakhs, which usually happens within 12 to 15 months of operations. As shown in our presentation, we had 852 stores operational as of March 2025. The most recent cohort of stores is currently generating monthly sales in the range of INR 1.5 to 1.6 lakhs. These newer stores are expected to incur some losses in the initial two quarters. However, almost all other stores are at or near breakeven. It's important to note that new stores generally experience a bleed for up to one year — this is expected and part of the normal ramp-up cycle.
- Devarsh Shah:** That's correct. No, that's not the thing, my second part of the question was, in next 15 months, how much we going to cash burn in total number from these new stores?
- Himanshu Zota:** Over the last two to three quarters, our cash burn has remained nearly flat, despite aggressive expansion and the opening of several new stores. This stability indicates that revenue from our mature stores is increasing, effectively offsetting the initial losses from new store additions.

Given this trajectory, we expect our cash burn to remain on a similar path for the next two to three quarters.

- Dr. Sujit Paul:** And also, if you see, if you see and monitor, you can see the efficiency build up in the entire equation. So one is, as said, that mature stores are doing good, the new stores have started also showing traction. There are better efficiencies in opening the stores faster. So, all these things are cumulatively helping towards ensuring whatever we spoke at this point of time.
- Devarsh Shah:** Okay, no issue. The second question is that, we are applying for INR 500 crores QIP, at what time do you think the money will be come and where you going to use? The primary question is, we wanted to understand when we became profitable from doing all this?
- Himanshu Zota:** In QIP, shareholder approval has already come, and we are in process of QIP. We have a time of one year from date of shareholder approval. So maybe QIP is still in process, whenever it will come, we will publicly upload it on NSE. We have already taken permission for up to INR 500 crores.
- Devarsh Shah:** How is the break of INR 500 crores? Where are we going to utilize this fund?
- Himanshu Zota:** No, now it is up to INR 500 crores, not total INR 500 crores. That break up will come when we launch QIP in public. We have not disclosed it yet.
- Devarsh Shah:** Okay, but that would be a tentative use or not limit the number wise, but where we are going to use this fund?
- Himanshu Zota:** Primarily, it is for Davaindia expansion only.
- Devarsh Shah:** Okay, and going ahead, we can expect more equity dilution?
- Himanshu Zota:** Now, it is too early to comment on that. It will be very difficult to say now, because after doing this QIP, maybe next 18 months or 24 months, the fund requirement will not come. After that, we will see what to do.
- Devarsh Shah:** Okay, okay, no issue. That will be on my side. Thank you.
- Moderator:** Thank you. The next question comes from the lines of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.
- Swaraj Mehta:** Congratulations on a good set of numbers. I just wanted to understand why did we specifically choose West Bengal, Uttar Pradesh and Maharashtra for expansion? Because these are in three diverse regions. And what is the strategy behind opening such large numbers of stores in West Bengal? Just wanted to understand the thought process behind it.
- Dr. Sujit Paul:** Okay, so Uttar Pradesh and Bengal, these two states have well-proven market for the demand of generic medicines. Let me throw some numbers. So, if you see the government project of Jan Aushadhi, you can see the numbers that they have initiated in Uttar Pradesh and West Bengal. That's one part of indication for the numbers.

The other part is the pecuniary conditions for the people of Uttar Pradesh and Bengal. So, in terms of the acceptability and the overall earning index of UP and Bengal, this becomes a more sustainable area for the viability expansion and growth for generic medicines.

So, keeping in view of all these considerations, we have focused on Uttar Pradesh and also good to know that as I speak, we are the largest chain of pharmacy, retail pharmacy in Uttar Pradesh and Bengal have also been a good track record for us, for generic pharmacy and Maharashtra definitely.

**Swaraj Mehta:** Okay, and what are steady-state gross and EBITDA margins in each of the verticals and what are the plans with the domestic and export business?

**Himanshu Zota:** EBITDA margin, we have already given in the presentation.

**Swaraj Mehta:** Those are steady-state which you have given in the presentation

**Himanshu Zota:** Yes, we have already given in Q1 and Q2. And you must have seen in Davaindia that the margins are increasing. Gross margin will be increased. Even EBITDA margin will be increased.

**Swaraj Mehta:** Right. And what are plans with the domestic and export business? So, are we just doing as it is or are we actively doing something on it?

**Dr. Sujit Paul:** So, we are also refocusing back on the domestic business to an extent. And so is the export business.

**Swaraj Mehta:** But what are we doing differently for these two businesses or how does it work?

**Dr. Sujit Paul:** Yes, so while at a detailed scalability level for the growth of domestic business, a new trend pattern of strategy has been worked out. And similar plan of action towards ensuring that we touch base more and more export clients, a different strategy and plan of action has been worked out. And you can also see the numbers reflecting for the same in export business as well.

**Swaraj Mehta:** Correct. Okay, got it. Thank you.

**Moderator:** Thank you. The next question comes from the line of Sanjay Ladha from Bastion Research. Please go ahead.

**Sanjay Ladha:** Yes, hi, sir. Thank you for the opportunity. So, I just wanted to know, our employee expense as a percentage of revenue for the last three years has increased incrementally. And if you see in this quarter and H1, there is a slight improvement. But the numbers are the same. It has come down from 30% to 29%, roughly. That is what I can see.

So, my question was that the employee expense going forward, the expansion and all that we are talking about, so if I look at the employee expense as a percentage of revenue, then it will be around 28%-30%. When will it go to 25%? We are making it in our model that it will go and there will be a benefit.



- Dr. Sujit Paul:** Okay, got it. So, at this point of time, it will be by far similar because the growth trajectory is similar. See, if you see that out of the entire employee expense, a major contribution stays based on the statutory and compliance employees for the store, which are called pharmacists, right? So, as we grow, it will be directly proportional to the growth of the trajectory that we are taking because that's part of the compliance norms.
- Himanshu Zota:** Practically speaking, cost ratios improve significantly as store revenue grows over time. For example, consider a COCO store currently generating INR 2 lakhs in monthly revenue, where employee cost accounts for 30%. If that same store reaches INR 7 lakhs in monthly revenue after three years similar to our mature stores the employee cost percentage will naturally decline. In such cases, the employee cost can reduce to around 15%, or even 10–12% at the store level. So, over a 3 to 5-year period, the employee cost typically drops from 30% to below 20%, and in many mature cases, even below 18%.
- Dr. Sujit Paul:** See, basically, you have to understand the math. So, in the math, what happens is that as you are keeping on growing the organization, which I mean the number of stores, etc. So, you will have a delta move upwards, correct? So, one you kind of, you know, slightly plateau the growth, and in that plateau the growth, your existing stores are becoming more and more matured, then your employee cost starts dipping and flattening. That's the math.
- Sanjay Ladha:** So, sir, what I want to understand here, what is my point being is that like we are in the expansion phase since the last two years, right? And in this, it takes us 15-18 months to break even, and it takes us three years to mature. Right, sir? So, my point here is that in my assumption, our metrics will improve for the next two years, but for the next two years, I am not looking at the profitability of the organization because my numbers will not come as it is.
- Of course, if I go to FY28, then the benefit of operating leverage will be very kicking if I don't further expand. So, is my understanding correct? That's what I wanted to know from you.
- Himanshu Zota:** Yes. Almost, you are rightly said. Because as long as we are in the growth stage, or will grow a lot, then there will be a profitable problem in the future. Otherwise, our growth will not be that much.
- Sanjay Ladha:** Correct, sir.
- Dr. Sujit Paul:** Listen to me carefully. So, your understanding is right. So, as we are growing as an organization, the stores, so you will always be under minor pressure. But as you kind of, you know, that's exactly what I told a while ago, right?
- Sanjay Ladha:** Yes. So, sir, that's what I mean to say. So, in my assumption, if you are growing at FY26, anywhere between 520 to 540, your revenue will come. But because we are in the growth phase, it will not reflect on EBITDA level or at PAT level because we are still in the expansion phase. So, even in FY27, we are talking about opening roughly 500 to 800 stores. Even in FY27.
- So, even today, my mature scale of revenue is a very small percentage compared to my larger phase. And the expenses that are happening are going into my store expansion. So, I don't see any benefit for now. But as and when the plateau, when you slowly open your store, I mean,

from 800 to 500 to 400, for FY28, that number and that store expansion, my mature level margin will significantly improve.

So, the numbers you are showing me in the PPT are relevant for me for FY28 and not for these two years. That is what I wanted to.

**Dr. Sujit Paul:** That is exactly what I tried to explain. The FY28 is based on... Just one second. Please listen to me. FY28 is based on my today's expansion, right? FY28 is based on today's expansion. So, if you see the organization scalability, FY28 can mine you gold and diamond based on today's expansion.

**Sanjay Ladha:** Correct. Thank you, sir. I mean, I agree with you on that side. Thank you so much. This is what I wanted to confirm with you.

**Moderator:** Thank you. The next question comes from the line of Rahil from Sapphire Capital. Please go ahead.

**Rahil:** No, sir. I just also wanted to run through again on your outlook and guidance when it comes to what kind of revenues we can see in the coming quarters and coming years. And also when can we see a good amount of conversion into our bottom line. So, you pretty much summarized over that. If there's anything else you'd like to add upon it, that would be helpful.

**Dr. Sujit Paul:** So, I think we have summarized, but I think what will actually happen is you'll see a quite good enhancement of bottom line as we keep going matured and matured.

**Rahil:** Got it. Got it. No problem. Thank you and all the best.

**Moderator:** Thank you. The next question comes from the line of Arman from Blue Sky FinTech. Please go ahead.

**Arman:** Yes, sir. First of all, a great congratulations for a great set of numbers, sir. Sir, I have a question that was asked by the analysts earlier which is a little confusing for everyone. Sir, our COCO stores in August 2023 were approximately 119 stores. And sir, the data we are showing right now which is 24 plus stores in which 54 plus 29 and 83 stores data is coming.

So, ideally, the 119 stores in August 2023 have completed their 24 months. So, approximately 119, 24 plus stores 24 plus months should not come in the stores which our data is telling us is 83 stores. So, there is a little confusion that in our 24 plus months how many stores are there as of date?

**Himanshu Zota:** No, in that data, a focus of 52 stores quarter of that store will come in that. As on those 83 stores were roughly 99 stores. From that, we have relocated 13-14 stores or we have closed them in the initial stage. So, those stores will be roughly 83 stores.

**Arman:** So, you are trying to say that in August out of the 119 stores out of which you have relocated 13-14 stores. So, out of that, the data we are showing is of 83 stores.

- Himanshu Zota:** In 113, 52 stores came in a quarter. You must have seen the period because we have already written the period in every cohort.
- Arman:** Sir, I am looking at the data of your investor presentation from September. It is two years old. COCO stores, in August 2023, we have told in the investor presentation that in August 2023, COCO stores were 119....
- Himanshu Zota:** It is not 119, COCO stores were 101 or 99, I think.
- Arman:** Okay. Sir, that was the data of the investor presentation. I just wanted a clarification on where is the disconnect.
- Himanshu Zota:** It was 101 and now it is 83. The difference of 17 stores is due to close of 6-7 stores relocation of the other stores.
- Arman:** Okay. Sir, I have one last question. In spite of the speed with which we are growing, our margins are continuously improving and as the mature stores increase, as we have expanded, we can see an improvement in the trajectory. So, is it interesting to say that because we have closed the mature stores four years ago, will there always be a surprise that the mature stores can do better than what we imagined?
- Himanshu Zota:** May be possible because it is surprising for us as well.
- Dr. Sujit Paul:** So, primarily, if you see, there are 4-5 areas where we are building excellently. Now, when you say margin enhancement, there is a very strong focus to build that through various phases, which also culminates into ensuring that we are opening the stores much faster than what we were opening last year as well. So, what does that mean?
- That means that you are also saving rentals. That also means that you are opening the stores faster, means you are starting the revenues faster. That also means that you are saving the salary component of the pharmacist. So, overall, the discipline enhancement is contributing towards the excellence of growth, what you are seeing, and in terms of the bottom lines that you are seeing to develop. And that is what is building the scalability for the organization for sustainable growth.
- Arman:** Okay. Thanks, sir. That's all from my side.
- Moderator:** Thank you. Ladies and gentlemen, we will take the last question for today's conference call from the line of Jigar Shah from Individual Investors. Please go ahead.
- Jigar Shah:** Yes, hi. Good afternoon, sir. I have one question on the store cohort side. If I look at the FY25 presentation, then the stores above 15 months were doing sales of around INR 2.95 lakhs. But now, as per Q2 presentation, the stores which are 15 months and older are doing INR 2.54 lakhs of sales. So, this cohort of 15 plus months, the average revenue for stores has declined in the last two quarters. So, how should we read this?
- Himanshu Zota:** Q1 versus Q2 or FY24...?

**Jigar Shah:** Q4 FY25 had INR 2.94 lakhs revenue for 15 months older stores. Q2 FY26 had INR 2.58 lakhs. The revenue that declined, 15 plus months cohort.

**Himanshu Zota:** 15 months cohort was INR 2.33 lakhs in Q1. In that cohort we have given all three. We have given in QoQ and YoY as well. So, in last quarter it was INR 2.33 lakhs which is became INR 2.58 lakhs.

**Jigar Shah:** No sir, If I open Q4 FY25 presentation that you had given during Q4, in that 15 month...

**Himanshu Zota:** Which month are you looking at? That is monthly.

**Jigar Shah:** 15 months, yes monthly

**Himanshu Zota:** That is what. The 15 month you must have seen the revenue of March. This is quarterly revenue, this is quarterly GMV number.

**Jigar Shah:** I am talking about monthly revenue. Monthly revenue has gone down from INR 2.94 lakhs to INR 2.58 lakhs. Monthly revenue 15 months plus cohort.

**Himanshu Zota:** See INR 2.58 lakhs has gone down to INR 2.94 lakhs, currently.

**Dr. Sujit Paul:** See there may be some misunderstanding. None of the cohort is degrowing. All the cohorts are growing quarter on quarter. Where are you seeing cohort degrowth?

**Jigar Shah:** If you open the Q4 presentation when you had given the Q4 results, if you see the cohort of 15 months, the average monthly sales is INR 2.94 lakhs and if I see the cohort of 15 months in Q2, the average monthly sales is INR 2.58 lakhs

**Himanshu Zota:** But if you see the store in the back is quarter on quarter and that store is for 6 months 18 to 24 months. So the whole cohort is of 6 months. You are saying INR 2.94 lakhs

**Dr. Sujit Paul:** So, online it is not possible, so if you have to come online you also need to see what cohort you are looking at.

**Jigar Shah:** Yes, we will take this one offline. And I also wanted to know, out of 986 stores which were there as on Q1 FY26, how many stores are not breaking even now?

**Himanshu Zota:** We have already given this in the cohort.

**Jigar Shah:** In the cohort, it becomes average. I want exact, out of 986 how many stores would be below break even, would be still making losses? Absolute number of sales

**Himanshu Zota:** Here we have already given. For example, our three-month-old store 195 stores they are at INR 1.59 lakhs. So they are all below break even 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 3 cohorts are below break even. We have already given the average store.

**Jigar Shah:** What I mean is, if I look at 12-month cohorts. You have given the average of 12-month cohorts but in that the average monthly sales of 12-months would be INR 4 lakhs but in 12-months also it would be below INR 2 lakhs. So I want to know, out of total 986 how many stores are at loss?

Because in average, we don't get any data in average, we don't get the data of below average. So if you can give that number 986, how many stores are making losses?

**Himanshu Zota:** We've already provided average data for the cohorts, so it's not feasible to share individual store-level numbers. For example, if you're asking how many stores are below INR 2 lakhs or above INR 3 lakhs in monthly revenue, that level of granularity we cannot share. As you rightly pointed out, the average revenue is INR 2.3 lakhs which means some stores will be above INR 3 lakhs, and some may be below INR 2 lakhs. It's a blended average across the cohort.

**Jigar Shah:** Okay, understood. Thank you, sir.

**Moderator:** Thank you. I would now like to hand the conference over to Dr. Sujit Paul for his closing comments.

**Himanshu Zota:** Sure. So, thank you so much for joining in this. See we as an organization, if you see the past track record of performance have not only been stable but we have been growing consistently. We have a meticulous approach towards the growth and the growth is built with efficiency and excellence towards driving top line and the bottom line put together.

At an organization level, we are trying to ensure that we have the best of talent that India has towards building the best of team, the ecosystem the culture and the value for the organization. At larger scale we are not only building wealth in large but we are also building that infrastructure health highway for the organization, through all the activities that we are doing, at large is building a better India for getting accessibility medicines at ease.

We will be continuing to grow the way we are growing and ensure that we are poised and very, very close to the mission and vision of the organization that lays the foundation to build a better India. Thank you so much.

---

(Note: This transcript has been edited, without altering the content, to ensure clarity and improve readability.)