



August 14, 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 Q1FY26 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 Q1FY26 Results hosted by the Company on August 11, 2025 to discuss Operational and Financial performance for the 1st Quarter ended June 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/2025/08/Zota-Healthcare-Q1FY26-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

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CIN: L24231GJ2000PLC038352



**“Zota Healthcare Limited  
Q1 FY '26 Earnings Conference Call”**

**August 11, 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 IR**

**Moderator:** Ladies and gentlemen, good day. And welcome to Zota Healthcare Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ajit Mishra from Ernst & Young Investor Relations. Thank you, and over to you, sir.

**Ajit Mishra:** Thank you. Good evening to all the participants on this call. I'm 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 risk, uncertainties and other factors. It must be viewed in conjunction with our business risk 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 and the same are available on the Exchange and company website. In case if you have not received the same, you can write to us and we'll 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 and Whole Time Director; Mr. Moxesh Zota, Managing Director; and Dr. Sujit Paul, Group Chief Executive Officer. We'll start the call with an opening remark on brief overview of the performance for the quarter gone past, followed by question-and-answer session.

With that said, I will now hand over the call to Moxesh Zota. Over to you, sir. Thank you.

**Moxesh Zota:** Good evening, everyone. Thank you for joining us today for Zota Healthcare Limited Q1 FY '26 earning call. I am Moxesh Zota, Managing Director of Zota Healthcare Limited. I am pleased to have with me today, Mr. Himanshu Zota, a Founder Director; and Dr. Sujit Paul, a Group CEO. We appreciate you all taking the time to join us for our earning call this evening.

Before we move on to the company-specific performance and updates, I would like to share some key trends and highlights from the Indian generics market, which will set context to the overall market performance in the quarter. Rising demand for affordable healthcare is shaping the growth of India's generics market, a vision and purpose that sits at the core of what we serve at Zota Healthcare Limited. With rising healthcare costs and limited access to affordable medication, patients and an increasing number of healthcare providers are turning to the generic drug as a cost-effective alternative. Generic medications offer comparable efficacy, safety and quality to a branded equivalent at a fraction of the cost, making them an attractive option for individuals seeking an affordable treatment option.

According to the National Health Profile of India, healthcare expenditure has been increasing steadily, with a significant focus on reducing out-of-pocket expense for medical care. Using generic medicines can save patients as much as 60% to 90% on their medication costs. This affordability makes it easier for people to access essential treatments for Chronic conditions like

Diabetes, Hypertension, Cardiovascular and Neurovascular disease, helping them to stay on track with their treatment and improve their health outcomes. WHO estimates approximately 77 million individuals above the age of 18 in India suffer from type 2 diabetes and 25 million are at greater risk of developing diabetes. The rising case of such diseases, coupled with changing lifestyles and the expansion of the aging population, are fulfilling the requirements for long-term medications that are cost-effective and are preferred by both healthcare providers and patients. Supporting the Indian generic drug market growth.

Now, as many of you may already be aware, but for the benefit of those joining us for the first time, I would like to quickly outline our business segment. Zota Healthcare operates to four key verticals.

### **DavaIndia**

It is India's only leading private-sector generic pharmacy chain, which gives 100% private-label products. Under this vertical, we have a store network of 1,745 stores as of June 30, 2025.

This includes 986 COCO and 759 FOFO stores. This generic pharmacy offers generic medicines at a remarkably 30% to 90% lower price compared to their branded equivalents, along with OTC, nutraceutical, cosmetic and ayurvedic products. We have also entered the online B2C business through a hyperlocal delivery app. Now, it is in initial rollout phase.

### **Domestic Operations**

Our oldest vertical, distributing around 4,000+ products across all major therapeutic areas via 1,050+ distributors. All products come from WHO GMP-certified manufacturers marketed under the Zota brand.

### **Export Business.**

It has present in 30+ countries focused on CIS, Latin American countries, African countries and Asian countries, our Sachin SEZ facility produces 250+ formulations, with 325 product approvals out of 586 dossiers filed.

### **Everyday Herbal Group.**

In 2024 we acquired 56% stake in this company, which is licensed by the Khadi and Village Industry Commission. These acquisitions strengthen our OTC and cosmetic portfolio with trusted Khadi-marked products, adding authenticity and brand appeal.

Now, I would request Mr. Himanshu Zota, our Whole-Time Director, to take you all through our financials followed by a few operational highlights. Thank you.

**Himanshu Zota:**

Thank you, Moxesh. I am Himanshu Zota, Founder and Whole-Time Director.

**Consolidated Q1FY26 Financial Highlights**

Our consolidated revenue from operations stood to INR103.58 crores in Q1 FY '26, an increase of 84% year-on-year, compared to INR56.3 crores in Q1 FY '25. DavaIndia continued to be the largest contributor to our revenue mix. Accounting for 73% of total revenue came from DavaIndia at INR75.62 crores, an impressive 111% growth year-on-year. Domestic sales stood at INR15.07 crores, growing 8% year-on-year, while 15% share of total revenue came from domestic sales. Our export business also performed well, registering 41% growth to INR6.64 crores year-on-year, contributing 6% of total revenue. Everyday Herbal Group contributed INR6.24 crores this quarter, also making up 6% of total revenue. Consolidated gross profit rose 95% year-on-year to INR58.45 crores, compared to INR29.96 crores in Q1 FY '25. Consolidated EBITDA at INR4.83 crores, with an EBITDA margin of 4.7%.

**Operational Highlights**

Moving to our operation performance for this quarter, our DavaIndia store network expanded to 1,745 stores nationwide as on 31 June 2025, comprising 986 COCO and 759 FOFO outlets. During this quarter, we added 163 new stores, including 134 COCO and 29 FOFO, reflecting our balanced approach of strengthening the company on infrastructure while advancing our Asset-light expansion model.

COCO stores saw a remarkable year-on-year increase from 386 to 986, while FOFO stores grew from 645 to 759. This expansion drove a more than two-fold jump in quarterly footfall to INR35.35 lakhs versus INR17.5 lakhs last year, supported by heightened brand awareness and aggressive rollout. To further strengthen visibility and connect with consumers, we appointed a renewed actor and entrepreneur, Mr. Suniel Shetty, as our brand ambassador during this quarter.

The robust traffic translated into an 88% year-on-year GMV to INR87.78 crores, compared to INR46.58 crores in Q1 FY '25. With growth evenly spread across both formats, average wallet spends remained healthy with INR231 in COCO and INR281 in FOFO stores. Looking ahead, we remain focused on keeping our presence, improving store-level efficiency and leveraging our brand equity to capture the growing demand for affordable, high-quality medicine across India.

With that, I would now like to open the floor for questions-and-answers. Thank you.

**Moderator:**

Thank you, sir. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Mr. Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead, sir.

**Sucrit D. Patil:**

My question is, as Zota scaled the DavaIndia network and is exploring deeper penetration into the Tier 2 and Tier 3 markets, how are you thinking of evolving the business model to drive more profits, perhaps, through tech-enabled supply chain efficiency or alternate monetization like diagnostics or wellness, and if the consumer uptake or regulatory tailwinds slow down, what contingencies or fallback levers are you building to sustain growth and margin improvement in the coming quarter two, quarter three?

**Dr. Sujit Paul:**

Noted, I'm Dr. Sujit Paul. I'll take this question for you. So you have three parts of the question. The first part was relevant to SCM, followed by the other two. So, I'll kind of break down into three parts and give you answer one-by-one. Your first part of the question had, in terms of supply chain efficiency, towards the scalability of the business. So, at this point of time, as I speak, we have central supply chain management, primarily because we are operating more on the chronic disease management sections and that's where the chunk of the business lies. So, it's very lean management that we are operating and that's already an enabler towards SCM. However, that had a link with your second part of the question, in terms of the model of the business expansions. I'll link both and I'll be specific to your question on the models. In terms of the models, primarily we would be integrating towards the offline and online, and there is where you will get better efficiencies.

Now how will that be? It is because like some of the online players that you have in the country, who primarily operate their online either through their warehouse model or few of them through the dark store model. For us, it's not like that. It's purely a hyper local delivery model. Now, you see the regulations of the way how it's been drafted for the online business for India. It is more so to ensure that we deliver in the respective state and similar. So, our hyper local model would ensure that it not only enhances, builds efficient supply chain and robust management, but it would also increase the speed. It would decrease the time. It would build much more operational costs and thereby the efficiencies at large. So, if you see, it's a corporate management that we have built around to ensure that we not only enhance the profitability, but it also gives better consumer experiences at the end of the day. And your SCM actually gets integrated to the store level last mile as well. Trust it's clear and you have understood.

**Sucrit D. Patil:**

Okay, sir. Thank you very much for your guidance.

**Moderator:**

Thank you. The next question is from the line of Mr. Harsh Shah from Seven Rivers Holding. Please go ahead, sir.

**Harsh Shah:**

Hi, sir. Good afternoon. A couple of questions from my end. If I look at your store cohort, around 83 of your stores are more than 24 months old now. So, just wanted to understand what would be the EBITDA margin of this cohort? I mean, how many stores would be operating at more than 20% kind of a margin, because that is the business model that has been shown on the presentation. And second question is, if I look at the cohort of 9 months to 12 months, we have opened 136 stores which are 9 months to 12 months old. Of these, how many have already achieved breakeven at EBITDA level?

**Himanshu Zota:**

We've already covered this data in our recent presentation, including detailed store-wise and age-wise sales figures. To highlight a few key insights: we currently have 29 stores that are over 36 months old, each generating an average GMV of INR6.56 lakhs per store per month. These stores deliver a store-level EBITDA margin of approximately 30%. In addition, we have 54 stores that have been operational for more than two years, and their store-level EBITDA margin is around 20%.

**Harsh Shah:**

Okay. And what would be the breakeven of stores which are 9 months to 12 months old? How many would have already broken even at EBITDA level?

- Himanshu Zota:** Yes. Normally, I will tell you a simple thing. There are expenses in stores, one is rent, which is roughly INR40,000. Then, the expenses of two pharmacist, which is roughly INR65,000-INR70,000 per month pharmacies and INR15,000 other expenses. So, all together it is INR1.2 lakhs per month per store expense. And in COCO store, we have a handsome 60% gross margin. So, roughly at INR 2 to 2.2 lakhs revenue, the store comes near to breakeven. And currently if you see in recent PPT, 9 to 12 months store now is at INR2,05,000 GMV. So, roughly we have reached near to breakeven.
- Harsh Shah:** Got it. Understood. All right. Thank you so much.
- Himanshu Zota:** Yes.
- Moderator:** Thank you. The next question is from the line of Mr. Subhanu from 3 Head Capital. Please go ahead.
- Subhanu:** Hello, sir. What are the initiatives are you taking to improve the Average wallet spend or Average Bill value?
- Dr. Sujit Paul:** Okay. Got it. So, firstly, our push is to ensure that every end-consumer patient should get the desired medicine. So, whilst I can talk for 10 minutes to make you understand what we are doing to increase the ABV, but I think not, rather than that, let me be straight on that. What we are ensuring is that every single product that the end-consumer wants, they primarily get. So, on average, most of the chronic disease products that the end-consumer would want is what we are getting. But on a larger scale, it is not only a pharmacy. It is a health and wellness store put together where right from drugs to OTC to Nutra to Ayurvedic, everything they can get so that the average bill increases towards what the end-consumer needs. Now, this why I said in my statement twice is for you to understand the emphasis to give the right kind of products to the end-consumer that he needs. Apart from that, a lot of programs that run around the stores the BTL activities & the ATL activities, so on and so forth to ensure that the ABV increases as well.
- Subhanu:** Okay. Understood. My second question is, what is your mature store ABV?
- Himanshu Zota:** It is roughly in the range of INR260- INR270.
- Subhanu:** And new store?
- Himanshu Zota:** New store is approx. INR200.
- Subhanu:** Okay. Understood. Thank you.
- Moderator:** Thank you. The next question is from the line of Mr. Naman Maheshwari from Brescon Ventures Private Limited. Please go ahead, sir.
- Naman Maheshwari:** Yes. Okay. First of all, congratulations on the good set of numbers. Two basic questions. One is footfalls per store. As we expand, do we see these footfalls to come down temporarily and then stabilize at a certain rate? So, the second allied question along with this is, what sort of walk-ins to sales conversion ratio do we typically look at, right? Those are the first two questions. I'll move after I get the answers of these.

- Himanshu Zota:** Typically, when a new store is launched, the initial daily footfall ranges between 15 to 20 customers. As the store matures say, after around three years the footfall increases significantly, reaching between 70 to 100 customers per day.
- Naman Maheshwari:** Okay. At the three-year level. Got it. And, sir, in 15 to 20 footfall per day, typically, is there a low conversion ratio and how does it get tracked or do we not track that particularly?
- Himanshu Zota:** Since this is a generic pharmacy, most patients visiting the store are already aware that they'll find generic medicines here. As a result, the conversion rate is exceptionally high. For instance, if the daily footfall is around 20 customers, nearly 19 of them end up making a purchase. This translates to a conversion ratio of over 90–95%.
- Naman Maheshwari:** Got it. Okay. And, sir, the last thing was, do we track nutraceutical sales separately, which would be a driver of AOV increase? Are we seeing that, 36-months-old store when the nutraceutical component or the value-add component is increasing as a percentage of overall revenue?
- Dr. Sujit Paul:** So, what happens is that the nutra, the OTC and the ayurvedic all gives the equivalent push for the drug, which closely consumes to close to around the 27%.
- Naman Maheshwari:** It would be 27%?
- Dr. Sujit Paul:** Yes.
- Naman Maheshwari:** Okay. And in new stores, what would this be? This rate?
- Dr. Sujit Paul:** That will be similar.
- Naman Maheshwari:** Okay.
- Moderator:** Thank you. The next question is from the line of Mr. Armaan from Blue Sky Fintech Private Limited. Please go ahead.
- Armaan:** Yes. Sir, I wanted to ask that, this store expansion that is going on, will it still go on this speed going forward? And if it goes on at this speed, then are we thinking of sustainable margins? And when are we thinking of breakeven on EBITDA level overall and breakeven on PAT level? We have still blocked a margin of around 4%. But when are we thinking that we will come to breakeven on PAT level?
- Himanshu Zota:** This year, we're focused on scaling up aggressively, and we're well on track to open 800 stores as planned. Now, when we talk about breakeven or profitability whether at the store level or overall EBITDA and PAT it's important to look at the maturity of our store network. As shared earlier, we currently have 29 stores that are 36 months old, and 54 stores that are around two years old. These numbers show that a large part of our network is still in the early stages of maturity. For us to see a meaningful shift in profitability, we believe around 600 to 700 stores need to enter that mature bracket say, 18 to 36 months old. Once that happens, the economics will change significantly, and we expect the business to turn strongly profitable. We estimate this transition will take another 12 to 18 months, after which the full potential of our model will be visible.



**Armaan:** And sir, in these 12 months to 18 months, how far will our GMV reach?

**Himanshu Zota:** As outlined in our growth trajectory shared in the presentation, we've observed a clear ramp-up in store-level performance over time. Typically, a store in its first year achieves monthly sales of around INR 2 to INR2.25 lakhs. In the second year, this increases to INR 3 to INR 3.5 lakhs. By the third year, stores reach INR4.5 lakhs per month, and in the fourth year, they go up to INR 6 lakhs per month per store. Based on this progression, you can estimate the GMV contribution as stores mature

**Armaan:** Okay. Thanks a lot sir.

**Moderator:** Thank you. The next question in line is from Mr. Kaushal Kedia from Wallfort PMS. Please go ahead.

**Kaushal Kedia:** Yes. Sir, thank you for the opportunity to ask questions. Sir, I wanted to understand how many stores have you closed in the last financial year, that is FY '24-'25?

**Himanshu Zota:** So far, we've closed a total of 19 stores. Out of these, 6 have been relocated to better-performing locations, while the remaining 12 to 13 stores have been permanently shut down.

**Kaushal Kedia:** And in this quarter?

**Himanshu Zota:** In the current quarter, we have not closed any stores.

**Kaushal Kedia:** And since the lifetime of the company, how many stores have you closed?

**Himanshu Zota:** In our COCO (Company-Owned, Company-Operated) format, we've only closed 19 stores, and all of these closures were done last year. Since then, there have been no further store closures under the COCO model.

**Kaushal Kedia:** In full lifetime?

**Himanshu Zota:** Yes. Yes.

**Kaushal Kedia:** So, that's a very good ratio. So, we can extrapolate this thing depending on the number of stores. Okay, that's it. Congratulations, sir. Great set of numbers. Thank you, sir.

**Dr. Sujit Paul:** So, just to add to your point, you can extrapolate that. And, how to extrapolate that in terms of mathematical numbers, that as Himanshu Bhai was saying, that effectively maybe 12 or 13 is the number. So, on a scale of 1,000 plus at this point in time, that's a bare minimum. But also, the current stores that we are opening, maybe in the last one year, two years, that you see that these stores also have a very, very moderate kind of rental. So, that's a positive extrapolation that you get into.

**Kaushal Kedia:** Okay, sir. So you're saying the rental that Himanshu Bhai gave us at INR40,000 per month is even cheaper than that?

- Dr. Sujit Paul:** That is what it is. The earlier stores, the rentals were on a higher scale. So, that's how you have to look into the figures.
- Kaushal Kedia:** That's even better. Okay, sir. Thank you very much. Thanks.
- Moderator:** Thank you. The next question is from the line of Ms. Anjali Singh from Bansal Family Office. Please go ahead.
- Anjali Singh:** Yes. Hello. Hi. Thanks for the opportunity. So, my question is, in the last earnings call, you guided the opening of roughly 900 new COCO stores. And this quarter, 163 new stores were added, including COCO and FOFO. So, given the current pace of expansion, do you anticipate a ramp-up in COCO stores' openings in the upcoming quarters to meet the 900-store target?
- Himanshu Zota:** Just to clarify we had earlier guided 800 stores not 900, and we remain on track. As of now, we're aligned with the 800-store mark, and we're confident of reaching close to 800 stores within this financial year. If you look at our performance trend, Q1 is typically a bit slow, which is something you may have noticed last year as well. However, Q2, Q3 and Q4 tend to pick up pace significantly. So, we're very much in line with our growth trajectory and confident about achieving our targets.
- Anjali Singh:** Okay. Okay. Okay. Sir, one second, one more question. So, it was on marketing and advertising expenses. What are your marketing and advertisement expenses as a percentage of sales and will it increase in FY '26 given the aggressive expansion?
- Dr. Sujit Paul:** So, it will moderately increase because the expansion will be & it will get into marketing expansion for the visibility of the brand. But it's well in control.
- Himanshu Zota:** Yes. Currently, it is not more than 5% of total revenue.
- Anjali Singh:** Okay. Thank you so much, sir. Thank you.
- Moderator:** Thank you. The next question in line is from Ms. Vaibhavi Shah, an Individual Investor. Please go ahead, ma'am.
- Vaibhavi Shah:** Yes. Thank you for the opportunity, sir. I have two sets of questions. First, sir, with reference to region-wide stores data given in the presentation, we noticed that between March and June 2025, there was some reduction in FOFO stores in states such as Bihar, Delhi, Madhya Pradesh, Jharkhand. So, could you please highlight what reasons have caused these closures?
- Dr. Sujit Paul:** Okay. So, you can finish the second part. Do you want me to answer this first?
- Vaibhavi Shah:** Yes, sir.
- Dr. Sujit Paul:** Okay. So, typically, if you really see the whole presentation, the question of what we have shared with you past, present and future, you'll see that the organization's focus stands on company-owned stores for various logical reasons. So, there would be some reductions that you mentioned for the franchisees. So, I would not use the word reductions. I would say that there are some closures that you have mentioned on franchisees. So, any franchisee who does not adhere to the

terms and conditions of the organization does not fit on to stay as a franchisee. And we have to be careful and cognizant about the fact, and accordingly, the decisions are taken for that.

**Vaibhavi Shah:** Okay. Okay, sir. Thank you for the detailed answer. And sir, my next question is, as you have previously mentioned, that Davaindia B2C online portal and mobile app were in the initial rollout phase. So, now, could you please share whether the platform has now been launched on a PAN India basis, or it's still limited to specific regions?

**Dr. Sujit Paul:** No. The platform is now launched. The B2C portal is what it is. It is also in the form of an app, both in Android and the iOS. It is available and it is full through.

**Vaibhavi Shah:** Okay, sir. And could you highlight the state where Davaindia e-pharmacy chain has commenced operations?

**Dr. Sujit Paul:** By far, if you see, we are spreading ourselves across the country now.

**Vaibhavi Shah:** Okay. Okay. That's great to hear, sir. Thank you for the opportunity and all the best, sir.

**Himanshu Zota:** Thank you.

**Moderator:** Thank you, ma'am. The next question in line is from Mr. Armaan from Blue Sky Fintech Private Limited. Please go ahead.

**Armaan:** Yes, sir. Just I want to confirm, like in every investor presentation, we tell that we have 80% repeat customers. So, in short, sir, our sense is that every 10 customers who comes to our shop, eight out of them are those who keep buying from us every time, right?

**Himanshu Zota:** Yes. Absolutely, right!

**Armaan:** Yes. Exactly. So, this also becomes our mode, right? Because with our new stores, our footfall and quarterly GMV is also increasing in such a way that it is also justifying what you are saying. And... One more thing, sir, out of your 136 stores, which are between 9 months to 12 months, how much has the breakeven been?

**Himanshu Zota:** I've already mentioned, our breakeven point is a GMV of INR 2,40,000 per store per month. Currently, stores that are between 9 to 12 months old are averaging around INR 2,00,000 per month. On the other hand, we have 99 stores that are over 12 months old, and they perform at INR 2,34,000 per month. These 99 stores are effectively above breakeven and contributing positively to our overall profitability. We currently have 136 stores that are between 9 to 12 months old, which were opened in Q1 of last year. These stores are now averaging INR 2,05,000 in monthly GMV. Based on their growth trajectory, we expect them to reach breakeven INR 2,40,000 per store per month in the next quarter.

**Armaan:** Okay. Got it. Thanks, sir.

**Moderator:** Thank you. The next question is from the line of Ms. Vaibhavi Shah, an Individual Investor. Please go ahead.

- Vaibhavi Shah:** Thank you again, sir, for the opportunity. My question is related to EBITDA. Sir, as our EBITDA has turned positive to INR483 lakhs versus a loss in last quarter Q1 FY '25 year-on-year. So, what specific cost optimization or scale benefits contributed to this?
- Himanshu Zota:** The scale benefits we're seeing are largely reflected in our EBITDA, and this is primarily driven by our COCO stores. These are our older stores, and as they mature, their EBITDA has turned positive. With the number of mature COCO stores increasing steadily, we're seeing a gradual and consistent improvement in overall EBITDA performance.
- Vaibhavi Shah:** Okay, sir. So, what is your EBITDA target for FY '26 as a whole?
- Himanshu Zota:** We can't comment specifically on that question, but if you look at the trend over the last two quarters Q4 of FY'25 and Q1 of FY'26 you'll see that our EBITDA has turned positive. In Q4, we reported an EBITDA margin of 3.6%, and in Q1FY25, it improved to 4.7%. This consistent upward movement reflects the strength of our operating model and the benefits of scale kicking in.
- Dr. Sujit Paul:** And typically, what is happening is that we are in a growth phase. So, when you are in a growth phase, then you have to kind of build a focus on terms of tactical, strategical growth for the organization. And in spite of that, the delta is moving positively.
- Vaibhavi Shah:** Okay. Okay. Got it, sir. Got it. So, we would be positive at the EBITDA level throughout the year.
- Himanshu Zota:** Ya
- Vaibhavi Shah:** Okay, thank you sir.
- Moderator:** Thank you. The next question is from the line of Mr. Dhwanil from I wealth Fund. Please go ahead.
- Dhwanil:** Hello sir, and congratulation on the set of numbers. Yes. Himanshu Bhai, I just wanted to understand as you clearly mentioned on the COCO expansion, we would be adding close to 800 stores this year. And sir, any guidance on the FOFO opening this year? I think Q1 also saw decent openings, about 29 stores.
- Himanshu Zota:** Nearly 150 to 200 stores in current time.
- Dhwanil:** 150 to 200. Okay. Okay. Sir, we were earlier saying that we will not be opening further FOFO and will be focusing on the COCO chain only.
- Dr. Sujit Paul:** No. Earlier we said that we would be focusing more on COCO. That's what we said. And with the 80-20 ratio of COCO is to FOFO, that's what it is. We are focusing more on COCO.
- Dhwanil:** Got it, sir. So close to 150 stores will be FOFO this year, ballpark.
- Himanshu Zota:** Yes.

- Dhwanil:** Okay. And sir, I just saw your presentation, right, I was trying to understand the early breakup of stores which we have given, right? So, when I saw our old presentation, in June '23, we had 114 COCO stores, and now when I see June '25, right, so 36 plus months are close to 29. And above two years is close to 54. So just to understand that this should have been higher, right? If we had 115 stores two years back. So, this number should have been closer to that.
- Himanshu Zota:** Just to clarify, we've only closed 19 stores so far, and all of these closures were done last year. There haven't been any additional closures since then. Some of these closures around five to ten stores were part of the third tranche from December 2023, which we had mentioned in our December 2023 update. But overall, the total number of closures remains at 19.
- Dhwanil:** So, Himanshu ji, I was thinking like this. If you have 114 stores in June '23, right? So, it has been at least two or three years. Now it is June '25. Correct. So, my 36 plus and 24 plus, both should have a total of 114 days now. So, our total is 83.
- Himanshu Zota:** If you look at the third tranche of stores 52 stores opened between April 1st and June 30th, 2023; they are now part of the 52-store bracket. In our very first tranche, we opened 101 stores. Out of those, we've closed approximately 18 stores. So, if we exclude those closures, 83 stores from the first tranche are still operational. These 83 stores are reflected in the first two tranches 29 and 54 which together add up to 83.
- Dhwanil:** Understood sir.
- Himanshu Zota:** Yes. That is not quarter-wise. Because earlier the number of stores was not that much in every quarter. So that's why we have taken a period of 6 months or 9 months. Then after that we have given quarter-wise. Because we have done expansion at a fast pace. That's why the starting numbers are not quarter-wise.
- Dhwanil:** Got it. Understood. And sir, now that you are opening new stores, and overall, sir, what kind of demand do you see on the ground? And in terms of now, I think, we have taken Suniel Shetty on Board, right? So, are we planning to do and spend more on advertising, sir, going ahead this year?
- Dr. Sujit Paul:** So, you have two parts to your question. Question one... How are we seeing the ground? So, it is the same and more in terms of fractions of the end consumers. Your second part was that for Suniel Shetty, are we doing any advertising campaign? Yes, we intend to do a TV Commercial and roll out an advertising campaign.
- Dhwanil:** Okay. And how much will you be spending on it, sir, this year on the advertising expenses?
- Dr. Sujit Paul:** I think this may not be the appropriate forum to discuss how much we will be spending on advertisements at this point of time.
- Dhwanil:** Got it. Okay, sir.
- Moderator:** Thank you. The next question is from the line of Mr. Subhanu from 3Head Capital. Please go ahead.

- Subhanu:** Okay. Sir, my question is a bit long term. Can we have 5,000 stores in the next two years, three years?
- Dr. Sujit Paul:** Okay. So, yes, it may be possible.
- Subhanu:** Yes. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Mr. Kaushal Kedia from Wallfort PMS. Please go ahead.
- Kaushal Kedia:** Sir, who are our competitors? I mean, who are the generic companies? One is a government company. Who are the private companies?
- Dr. Sujit Paul:** So, in private, if you see that there are companies who primarily operate on branded medicines. And there are some so-called generic pharmacies who also unfortunately work more on branded generic.
- Himanshu Zota:** So apart from the government, there are no purely generic pharmacies in India at this level. The rest of the companies also provide branded along with generic. There are many such small companies. But purely in the generic space, Jan Aushadhi backed by Government, and apart from this, DavaIndia is the only player in 100% Private label Generic medicine in India.
- Kaushal Kedia:** Okay sir. Thank you. That's it.
- Moderator:** Thank you. The next question in line is from Mr. Dhwanil from I wealth Fund. Please go ahead, sir.
- Dhwanil:** Sir, just on the previous participant's question. So, when we say close to 5,000 stores, is it possible in next two years, three years? So roughly, sir, this year we should be close to 2,700 stores, right? And I think earlier we were saying that we'll take some pause and then again relocate how many stores we need to open. So, for next year, sir, can you help us to understand how many stores we are planning?
- Dr. Sujit Paul:** Okay. So, the previous participant's question was that, can we or are we kind of planning to go to close to around 5,000? And our answer was, yes, it may be possible to go to 5,000. So that was our answer. Your statement was that earlier we said that we would take a pause. And our answer to that is, yes, we said that we may potentially take a pause for growth.
- So, as we speak, we are rolling out with the desired numbers of the forecasted plans of COCO close to around 800 stores and FOFO close to around 150 odd stores for the existing year. And I still say that we may think of taking a pause, but that does not mean that we will take a pause.
- Dhwanil:** So next year you are not guiding as of now, but I think it will be closer to Q4 or something.
- Dr. Sujit Paul:** We see what happens is that we are charting our numbers very carefully. We are receiving growth because this is what typically India needs at this point of time. India needs good pharmacy where you'll get high quality generic medicines at affordable price. So, this is the opportunity for us not only for business, but also an opportunity hour for us to make India a

healthier nation. So, we are not really planning to slow down unless there are some environmental factors or unforeseen situation that comes in, which you and me don't know at this point of time. But by far, two clear and critical parameters, India needs these efficient medicines which are of good affordable cost, and it also does make a very good business sense in terms of the organization as well.

**Dhwanil:** Got it. Got it. Thank you.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for the session. I would now like to hand the conference over to the management for closing comments.

**Dr. Sujit Paul:** Thank you everyone who has been part of this. It's always an aspiration that we are setting every single day to build a better Bharat for all of us. And as I said to the previous question that this is the need of the hour for India. And not only the need of the hour, if you really, really see the way how the business dynamics is growing for the organization, it is extremely stable. It is having extreme promising growth. We have already started seeing growth and that is how we are poised to grow.

Our business models of a combined nature being with having COCO, FOFO and definitely catching up with the mobile applications is not only changing the face as to how India perceives to buy medicine, but it showcases that we are truly and relentlessly working towards building a strong, robust business in healthcare domain that would make India healthy at large and would build a very, very solid infrastructure at the enterprise level for the organization and for the people of India. With that, I conclude by saying thank you to all of you. Jai Hind.

**Moderator:** Thank you, sir. On behalf of Zota Healthcare Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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