



May 29, 2026

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 financial results for the fourth quarter and year ended March 31, 2026**

**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 Conference Call on financial results for the fourth quarter and year ended March 31, 2026 hosted by the Company on May 25, 2026 to discuss Operational and Financial performance for the fourth quarter and year ended March 31, 2026, 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/2026/05/Q4FY26-FY26-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**

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CIN: L24231GJ2000PLC038352



“Zota Health Care Limited  
Q4FY26 & FY26 Earnings Conference Call”

May 25, 2026



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

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Zota Health Care Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will remain 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 the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Ajit Mishra from EY Investor Relations for opening remarks. Thank you and over to you, sir.

**Ajit Mishra:** Thank you. Good evening 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 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 the 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 FY26 results, business performance, and address your questions today, we have the top management of Zota Health Care 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 will start the call with an opening remark on the brief overview of performance of 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 afternoon, everyone. Thank you for joining us today for Zota Health Care Limited Q4 FY26 Earnings Call. We appreciate your time and continued interest in the Company. I hope you all have had the opportunity to review our Q4 FY26 and FY26 financial results and investor presentations.

I will now walk you through our performance highlights and key development for the quarter and financial year ended 31<sup>st</sup> March 2026. FY26 has been a defining year for Zota Health Care Limited, marked by strong execution and accelerated expansion across our key business verticals.

During the year, we added 997 new Davaindia stores including 804 COCO stores and 193 FOFO stores, which we believe is the highest ever addition in the pharmaceutical retail segment in a single financial year. This expansion has taken our total network to 2,579 stores nationwide, comprising 1,656 COCO stores and 923 FOFO stores.

Our Davaindia retail business continues to be the primary growth driver, contributing approximately 77% of overall revenue in FY26, reflecting strong scale-up and increasing

consumer adoption. The domestic formulation business contributed around 13%, providing stability through consistent demand across key therapeutic segments.

Export operations accounted for nearly 6%, maintaining a steady contribution, while the Everyday Herbal segment contributed around 3%, gradually scaling as we expand our consumer portfolio. While the other segments are expected to grow at the moderate pace, we will continue to prioritize Davaindia as it remains our core focus area and the primary engine of growth for the Company.

Davaindia business has scaled significantly with revenue growing more than double to INR 41,741 lakhs, reflecting strong consumer acceptance and deep market penetration. We also witnessed a substantial increase in customer engagement with annual footfalls rising to over 182 lakhs customers, nearly doubling year-on-year, and GMV reaching INR 45,706 lakhs, demonstrating strong traction at the store level and improving our unit economics as the network matures.

From a strategic point, we have taken several important initiatives to strengthen our integrated business model and support long-term growth. We have successfully completed a INR 350 crores QIP, significantly strengthening our balance sheet and providing capital to support our expansion journey.

We increased our stake in Everyday Herbal Beauty Care Limited to 87.78%, reinforcing our backward integration strategy and enhancing control over our consumer product portfolio. We also strengthened our brand visibility and consumer trust through strategic association with renowned personalities such as Mr. Suniel Shetty and Mr. MS Dhoni.

While we have witnessed strong growth momentum, we remain equally focused on driving sustainable and profitable growth. For upcoming 1 or 2 quarters, our major focus will be improving store level profitability and optimizing operation efficiency with the moderate pace of expansion.

With a strong foundation, expanding footprint, and integrated business model, we remain confident in our long-term vision of scaling 5,000 plus Davaindia stores by FY29, while continuing to make high-quality, affordable healthcare accessible to every household in India.

With that, I will now hand over call to Mr. Himanshu, who will take you through the financial and operational performance in greater detail. Thank you.

**Himanshu Zota:**

Thank you, Moxesh. Good evening, everyone. Let me take you through the key financial and operational highlights for Q4 and full year of FY26. We are pleased to report a strong financial performance for the year, reflecting the scale-up of our Davaindia retail business and improving operational leverage.

Consol revenue from operations for FY26 stood at INR 53,865 lakhs, registering a robust Y-o-Y growth of 83.86%, driven primarily by continuous expansion of Davaindia network and strong SSG, same-store traction across the mature stores. Breaking this down, Davaindia sales grew

sharply to INR 41,741 lakhs, nearly doubling from last year, clearly emerging as the primary growth engine.

Domestic sales stood at INR 6,794 lakhs, showing steady progress. Export sales contributed INR 3,471 lakhs, mainly maintaining the stability. Everyday Herbal business contributed INR 1,846 lakhs, reflecting traction in our consumer product segment.

Our consol gross profit increased to INR 32,468 lakhs, representing strong growth of over 108% Y-o-Y. Gross margin expanded significantly by 714 basis points to 60.28%, supported by scale benefit and improved product mix. Importantly, FY26 marked a turnaround at the operating level as we achieved a positive EBITDA, which stood at INR 2,597 lakhs compared to negative EBITDA in FY25. EBITDA margin improved to 4.82% for the full year.

On quarterly basis as well, performance has shown meaningful improvement. EBITDA stood to INR 1,191 lakhs with margin of 7.3%, reflecting both sequential and Y-o-Y improvement. This clearly indicates the operational leverage and beginning to play out as scale benefits materialize.

From a Davaindia operation standpoint, we added 248 stores in Q4 alone, including 218 COCO and 30 FOFO stores. Total network reached to 2,579 stores, a substantial increase from 1,582 stores last year.

Now, the main and very important point, SSG, same-store growth. We have witnessed a very strong same-store growth across our store cohort. During FY26, all our 852 stores operational as on March '25 have delivery and overall SSG of more than 40% during this financial year.

Further to dig it down, store age 24 plus months have recorded SSG of 35% to 40%, while store age between 12 to 24 months have achieved even stronger SSG of 55% to 60% in this financial year. We increased our stake in Everyday Herbal Beauty Care Limited to 87.78%, reinforcing our backward integration strategy and enhancing control over our consumer product portfolio.

We have strengthened our brand visibility and consumer trust through strategic association with renowned personalities such as MS Dhoni and Suniel Shetty. While we have witnessed strong growth momentum, we remain equally focused on driving sustainable and profitable growth on upcoming one or two quarters.

Our major focus will be improving store-level profitability and optimizing operational efficiency with moderate pace of expansion. Overall, FY26 marked a transition year for Zota Health Care, where we have successfully increased our Store network, Scaled revenues significantly, Improved margins, achieved positive EBITDA, Strengthened our operational foundation.

With a strong foundation, an expanding footprint, and an integrated business model, we remain confident in our long-term vision of scaling to 5,000+ Davaindia stores by FY29, while continuing to make high-quality, affordable healthcare accessible to every household in India.

With that, I would now like to open the floor for questions and answer session.

Thank you.

**Moderator:** Thank you. We take the first question from the line of Chintan Sheth from Girik Capital. Please go ahead. Chintan, please unmute from your end and proceed with your question.

**Chintan Sheth:** Thank you for the opportunity and congratulations to the team for a great set of numbers. Himanshu bhai, just want to dwell more upon the comment Moxesh bhai and you have mentioned that for the next couple of quarters, focus will be on improving the store-level profitability, while we will continue a moderate pace of store expansion.

Because last quarter when we talked about, we have 400 plus, 500 plus stores lined up, we have kind of added almost 220 stores this quarter itself. So, going forward over the next two quarters or say FY27 as a whole, how much store addition is being planned at this stage, if you can talk that about?

And you mentioned about the SSG growth for the stores at different maturity. But if I look at obviously the newer store addition has been pretty strong this year, that might average out the overall GMV per store at a flattish level if I compare it with the last year.

In terms of trajectory, if you can give us some indication on granular detail about the consumer adoption and wallet spend, because if I look at the wallet spend also, that has been kind of hovering at a flattish level at 230 levels. If you can guide us or talk us about how at store level things are improving and what should be the trend?

**Himanshu Zota:** Thank you, Chintan bhai.

First of all, addressing your initial question on store expansion for the year, we are quite confident that in the current financial year, FY27, we will open somewhere between 500 to 700 stores.

In terms of phasing, we are intentionally moderating the pace for a couple of quarters. While we are continuing store openings in Q1 as we had already indicated last quarter that a significant number of stores were in the pipeline, we plan to slow down the expansion during Q2 and Q3, possibly for one or two quarters. This calibrated approach is aimed at improving profitability. As you may have observed, there has already been a meaningful improvement both on a quarter-on-quarter and year-on-year basis, including in same-store sales growth (SSG).

That said, we remain very comfortable with ramping up store additions again in Q3 and Q4.

So, for the full year, our target of opening between 500 to 700 stores remains intact, and we are confident of comfortably achieve this range.

**Chintan Sheth:** These will be all COCO stores, right?

**Himanshu Zota:** Yes, largely because currently around 80% to 90% of our store additions are in the COCO format. Out of the total ~700 stores planned, approximately ~100 to 150 stores may be opened under the FOFO model, while the remaining ~500+ stores will be COCO. So overall, about 80% to 90% of the total store additions will continue to be in the COCO format.

**Chintan Sheth:** Got it. Thanks.

**Himanshu Zota:** Coming to your second question on SSG, if you look at the full financial year, our same-store sales growth has been very strong. Let me give you a couple of data points for context. For example, we had 234 stores as of 31<sup>st</sup> March 2024, if I compare their revenue as on Q4 FY25 versus Q4 FY26 for this particular cohort, the growth is over 24% on an adjusted basis, factoring in the GST impact. On a reported basis, the growth is around 17%. However, in Q4 FY25, GST was at 12%, whereas currently it stands at 5%. So, on an apples-to-apples basis, this translates to approximately 24% growth. This essentially means that stores in the 2–5-year vintage category are delivering around 24% year-on-year SSG, which is quite strong.

Addressing your observation on the flattish trend in the current quarter, that is primarily due to two reasons. First, this quarter has fewer operating days. As you know, Q4 typically has 90 days, whereas Q3 has 92 days. So, there is an inherent impact of roughly 2-2.2% due to fewer days. If you adjust for this, even a reported 3-4% quarter-on-quarter growth translates into an effective 5-6% growth, which on an annualized basis is equivalent to 15-20% growth.

So overall, the growth trajectory remains very healthy. As I mentioned earlier, our older stores are growing at about 24% year-on-year. The next cohort of around 618 stores is growing even faster, at approximately 35% to 40%. So overall, the growth momentum remains very strong.

On your question regarding average wallet spend, since we have added a significant number of new stores, these stores tend to bring in new customers who typically start with a lower wallet share. As a result, while customer addition is strong, the average wallet spend remains stable along the current trajectory.

If we further break this down between older stores and newly added stores, the average wallet spend is clearly different.

**Chintan Sheth:** How much will it be? The peak oldest stores, what will be the average wallet spend just to compare?

**Himanshu Zota:** Yes, for stores that are more than two to three years old, the average wallet spend is in the range of approximately INR 270 to INR 290.

**Chintan Sheth:** Got it. Got it. Okay. And last question from my end and I'll join back in queue is on the cost side. If I look at this quarter, the cost has been managed pretty well despite the endorsement cost which we were expecting. If you can talk about that branding cost and marketing cost which you have budgeted for next year or so, would be helpful. And that will be the last question.

**Himanshu Zota:** Yes, we have taken meaningful steps to control our marketing costs. However, given the strong growth in sales, the absolute marketing spend has also increased. That said, because sales have grown significantly, the overall impact of this increase does not appear as pronounced.

On a year-on-year basis, we have delivered approximately 80% to 85% growth, with sales nearly doubling. Accordingly, our marketing spend has also increased broadly in line with this growth.

Going forward, we expect this to continue along a similar trajectory.

- Chintan Sheth:** Okay. I'll join back in queue. Thank you.
- Moderator:** Thank you. We take the next question from the line of Brajesh Nirala from 3P Investment Managers. Please go ahead.
- Brajesh Nirala:** Yeah, hi. Good afternoon. It is good to see the expansion in gross margins and positive EBITDA. It was a good performance. But I want to understand what is our thinking behind starting UGO Generic platform and All Day Stores?
- Dr. Sujit Paul:** So primarily, if you see the way we have actually rolled out the Davaindia at large, we see that we have kind of set a footprint in East, West, North, South towards pushing the affordable medicines in the country at large. Now, from All Day Stores, as well as UGO Generic, the objective is now the coming 1,000 days, the aspiration and the execution that we are working out towards ensuring that we build an affordable healthcare from ZOTA healthcare perspective across the country. So, this will be a model that would ensure not only a strong foothold of ZHL at large for the urban and rural India.
- But this would also be an enhancer towards ensuring that every single consumer in India gets affordable medicine in the form of whatever you are saying, either it's UGO Generic or All Day Store or similar. So, that is part of the strategic movement for the organization for the coming 1,000 days.
- Brajesh Nirala:** Sir, how it is different from our Davaindia then? Because we are already serving, like, medicine as well as OTC product through Davaindia, right?
- Dr. Sujit Paul:** If you see various retail companies or mobile technology companies that have launched in India, they operate under various model, under various names, under various status, to ensure they get a larger pie of their targeted consumer in a much faster pace. So, that is the model that we are building in healthcare at large. Also, it will also be a model to disrupt the supply chain management at large to ensure that we reach much faster through various different models of UGO Generic as well as All Day store.
- Brajesh Nirala:** Okay. And sir, also do you intend to use different brand ambassadors for different platforms? Like you have recently hired Akshay Kumar for UGO Generic platform?
- Dr. Sujit Paul:** Yes, you're right. So, for Davaindia and we would be having Mahendra Singh Dhoni and Suniel Shetty for the coming 2 years. For other platform, your answer is yes.
- Brajesh Nirala:** Okay sir. Thanks.
- Moderator:** Thank you. We take the next question from the line of Harsh Shah from Seven Rivers Holdings. Please go ahead.
- Harsh Shah:** Yeah, hi. Good afternoon, sir. Congratulations on good set. So, my first question is on the gross margin. Sequentially, we have seen pretty sharp improvement and even in last 2 years if we look at it, almost 63-64% we are at highest level in terms of gross margin. So, is it structural in nature? I mean, should we bake in 60% going ahead or was there any one-offs in this quarter?

**Himanshu Zota:** On gross margins, we have been seeing consistent improvement both on a quarter-on-quarter and year-on-year basis. This improvement is largely driven by Davaindia's operating model, which is built on a 100% private label portfolio along with an integrated manufacturing-to-retail approach. As a result, we continue to see steady expansion in gross margins every quarter.

At this stage, margins are nearing peak levels; however, there is still some scope for further improvement going forward.

**Harsh Shah:** Understood. I was trying to run a quick calculation based on the numbers you have shared.

If I exclude all the stores opened during the current year roughly around 800 COCO stores the monthly sales per store for this cohort is about INR 1.6–1.8 lakhs as per your presentation. So, if I take approximately INR 1.6 lakhs per store per month, this translates to roughly INR 38 crores GMV for the quarter from these stores.

Now, the total GMV reported for the quarter is INR 93 crores. If I subtract the INR 38 crores contribution from the newly added stores, I get about INR 55 crores coming from the older base of approximately 852 stores (as of Q4 FY25).

When I divide this, it implies an average monthly sale of ~INR 6 lakhs per store, whereas typically we understand the average store sales to be in the range of roughly INR 2.5 lakhs to INR 7 lakhs.

So just wanted to check is my understanding and calculation broadly correct?

**Himanshu Zota:** No, I believe the calculation is not entirely accurate because we have already provided cohort-wise data separately in our disclosures.

For all cohorts up to December 2025, we have explicitly shared the number of stores along with the corresponding average GMV for each cohort. If you compute based on that cohort-wise data, you will arrive at the correct total GMV. The only cohort that is not fully reflected is the stores opened post-December 2025, as they have completed only one quarter of operations and hence are not fully comparable.

Additionally, the assumption of 800 stores at INR 1.8 lakh monthly GMV is not correct. We have around 586 stores added between April 2025 and December 2025 (i.e., over the nine-month period), and for this cohort, the reported average GMV for the last quarter is approximately INR 1.42 lakh per month.

So, if you base your calculation on the actual cohort data we have shared, you should be able to reconcile the overall GMV accurately.

**Harsh Shah:** Understood.

On store ramp-up if we look at the data, stores in the 39 to 54 months cohort are currently delivering around INR 4.5 to INR 4.7 lakhs in monthly sales, whereas the most mature stores are doing ~INR 7 lakhs.

So how should we think about store maturation going forward? If we were to assume an average steady-state sales level of INR 5 to INR 6 lakhs per store, would it be fair to build in a 4-to-5-year maturation period?

Earlier, our understanding was that stores would reach the INR 5 lakh mark in about 3 to 3.5 years. Based on current trends, do you believe a 4-to-5-year horizon is now a more appropriate assumption?

**Himanshu Zota:**

If you look at the cohort you referred to the 54-month stores doing INR 4.7 lakhs it's important to adjust for the GST impact. When we had earlier discussions, the GST regime was different. If we add roughly ~6-7% impact to normalize for GST and make an apples-to-apples comparison, these stores have effectively already crossed the INR 5 lakh mark. Additionally, this cohort has delivered about 17% to 20% year-on-year growth over the last year.

Based on the current data trends, we believe store maturation typically falls within a 3-to-5-year range. Within this period, stores can achieve a steady-state monthly sales level of around INR 6 lakhs to INR 7 lakhs.

That said, there will be some variation at the individual store level depending on factors such as location, catchment, and execution. But broadly, the range of INR 6-7 lakhs within a 3-5-year timeframe is a reasonable assumption for mature stores.

**Harsh Shah:**

Understood. Just one bookkeeping-related question.

If I look at FY26 numbers the consolidated revenue is INR 539 crores, and standalone revenue is INR 407 crores. So, the difference comes to ~ INR 132 crores. Should we interpret this INR 132 crores entirely as the COCO revenue of Davaindia, or does this include any other components as well?

**Himanshu Zota:**

Yes, so the INR 132 crores difference that you are referring to is between consolidated and standalone numbers.

The primary driver of this difference is Davaindia. However, it is important to understand the accounting treatment here. At the standalone level (Zota), we procure and record sales when goods are sold to Davaindia Health Mart. For example, if a product has a total retail value of INR 100, part of that say INR 50 is recorded as sales in Zota (standalone), and the remaining INR 50 is recorded at the Davaindia Health Mart level.

Now, when we prepare the consolidated financials, these inter-Company transactions are eliminated. So, the internal sales between Zota and Davaindia get knocked off during consolidation.

Therefore, we cannot say that the entire INR 132 crores difference directly represents Davaindia's COCO revenue. It includes the impact of inter-Company eliminations as well.

Also, it is important to note that a portion of the Davaindia business is already reflected within standalone numbers as well.

- Harsh Shah:** Okay, so up to the gross margin level, does the sales get fully reflected in the standalone numbers?
- Himanshu Zota:** Yes, we have already provided a detailed business-wise breakup in our presentation. This includes Davaindia, domestic business, and Everyday Herbal group sales. The breakup is available both on a quarterly and annual basis in the consolidated view, which should give you full clarity.
- Harsh Shah:** Got it. And just one last question in the last two quarters, have we closed any stores? And secondly, among stores that are more than two years old, are there any loss-making stores currently?
- Himanshu Zota:** So, to clarify, in the last one year, we have not closed even a single COCO store.
- If I specifically talk about stores that are more than two years old which is roughly around 234 stores there could potentially be a very small number of underperforming stores. However, even in that case, the closure rate would be extremely low, within the range of about 1% to 1.5%.
- Any such closures, if required, would happen gradually over the next one to two years, depending on performance. But beyond that, there is no significant concern from a store viability standpoint.
- Dr. Sujit Paul:** I think here I'll add on to Himanshu bhai. So more than two years, it will be too premature for us to say, you know, whether we would be relocating those stores or we may have to kind of taper down those stores. But it's too early as you know, the data talks anything between three to five years. So, it's too but I think overall there's a tremendous performance of all the stores as you may have seen all the cohorts.
- Harsh Shah:** Understood. So, among stores that are more than two years old, less than 1% to 2% are currently loss-making.
- Himanshu Zota:** Yeah, right
- Harsh Shah:** Got it. Got it. Sure. Thank you so much, sir.
- Moderator:** Thank you. We take the next question from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.
- Swaraj Mehta:** Thank you for the opportunity and congratulations on a good set of numbers. My first question was for COCO we sell through Zota, right? And whenever we sell from Zota to COCO or FOFO, is the pricing same or is there a differentiated pricing structure?
- Himanshu Zota:** So, it is completely arm's length price.
- Swaraj Mehta:** For both COCO and FOFO?

**Himanshu Zota:** No. In the FOFO model, we sell directly and add our margin. Typically, the margin in FOFO ranges between 40% to 55%. In the COCO model, we operate at a lower margin, where we add roughly 10% to 15% while billing.

**Swaraj Mehta:** Understood. And for FOFO, this is supplied through Zota Healthcare, correct?

**Himanshu Zota:** Yes, that's correct.

**Swaraj Mehta:** Got it. And on the same-store sales growth specifically for mature stores what kind of growth are we seeing? Also, for the 29 stores that are above 54 months, could you provide the range of same-store growth there? Just trying to understand where we stand on the maturity curve.

**Himanshu Zota:** As I mentioned in my opening remarks, let me elaborate further. For our mature store base specifically the 234 stores that were operational prior to FY24, the same-store sales growth (SSG) stood at approximately 24% year-on-year in the last financial year. This figure includes the impact of GST changes.

On a quarter-on-quarter basis, growth for this cohort in the current quarter was ~5%, which translates to an annualized growth rate of around 20%. So overall, growth remains quite healthy.

**Swaraj Mehta:** Understood. I was specifically referring to the 29 stores that are more than 54 months old.

**Himanshu Zota:** Yes, for that specific cohort, the annualized SSG growth is about 17% on a year-on-year basis.

On a quarter-on-quarter basis, reported growth is around 3.8%. However, this is primarily due to the difference in the number of days this quarter had 90 days versus 92 days in the previous quarter. Adjusting for this, the apples-to-apples quarter-on-quarter growth is closer to ~5.5% for these 29 stores.

**Swaraj Mehta:** Right. But if we compare Q4 FY25 to Q4 FY26, growth for these 29 stores comes to about 11%. You're indicating it should be closer to 17% on a normalized basis?

**Himanshu Zota:** Yes, that's correct. The 11% reported growth does not account for the GST impact. In FY25, GST was at 12%, whereas it is now 5%. We have reduced MRP accordingly. So, if you adjust for the GST impact roughly 6% to 6.5% the normalized growth comes to around 17%.

**Swaraj Mehta:** Got it, that makes sense.

**Swaraj Mehta:** One more question on the balance sheet, there is an "Intangible Assets Under Development" line item of around INR 14 crores. What does this represent?

**Himanshu Zota:** This mainly pertains to pre-operative expenses related to stores under development. Specifically, these include items such as drug licenses and other regulatory approvals that are in process before a store becomes operational.

These costs are incurred during the store setup phase (prior to opening) and are therefore classified under intangible assets under development.

- Swaraj Mehta:** Understood. And within other expenses, how much would be fixed versus variable? Also, which components are variable?
- Himanshu Zota:** The supply chain cost specifically the cost related to our supply chain partner is largely fixed in nature. The rest of the expenses are variable.
- Swaraj Mehta:** And what is commission on sales portion in the other expenses?
- Himanshu Zota:** That essentially pertains to the supply chain cost. The supply chain partner cost is accounted for under commission on sales.
- Swaraj Mehta:** Got it. And just one last question how do we decide on expanding our SKU basket? How do we evaluate which new molecules to add? For example, taking a hypothetical case like semaglutide becoming generic in India, how would we approach adding such products?
- Himanshu Zota:** Today, with a network of around 2,500 stores, we get significant on-ground demand visibility directly from our stores. There is a structured system in place where demand inputs flow in from across the network.
- Based on this data which reflects customer demand and prescription trends we evaluate and decide on launching new products or adding new molecules. So, our SKU expansion is largely driven by real-time demand signals coming from our store network.
- Swaraj Mehta:** Okay, got it. Thank you, I'll join back in queue.
- Moderator:** Thank you. We take the next question from the line of Manan Shah from Moneybee Investment Advisor. Please go ahead.
- Manan Shah:** Hi, thank you for the opportunity, and congratulations on a good set of numbers.
- Sir, earlier you mentioned that UGO Generic, All Day Stores, and Davaindia are essentially the same concept under different brand names. Is that understanding, correct?
- The reason I'm asking is that in the press release, the positioning appears slightly differentiated. For instance, for All Day Stores, the focus seems to be more on essentials, cosmetics, OTC, surgical products, and nutraceuticals.
- Whereas for UGO Generic, the communication suggests it could also operate as a B2B platform catering to existing retail pharmacies.
- So just wanted to clarify how should we think about the positioning and differentiation across these formats?
- Dr. Sujit Paul:** So, I'll give you an understanding clarity. Yes, I spoke and I will re-speak for you to understand clearly. I said that we would be adopting various tactical and strategic approach towards ensuring that we can cater to the mass of India at large towards affordable healthcare. Yes, you heard it right that All Day store is more of a health and wellness kind of store.

It will continue to be a health and wellness kind of store, but there is also a mechanism how and the way that we would be building towards ensuring that the end consumer can also get affordable healthcare stroke affordable medicines through All Day store.

For UGO Generic, yes, you may be referring to some release where we may have spoken on a B2B model, but irrespective of what the model is for the organization, the perspective and the objective is to ensure that through whichever and whatever model that we roll out, it actually reaches to the end consumer a very affordable healthcare, affordable medicines from Zota Healthcare at large. Trust I'm clear. If there is any understanding issues, stroke gaps, please feel free to ask me.

**Manan Shah:** Okay. Sir, what is the absolute marketing spend that we did in the last financial year and what are we budgeting for the upcoming financial year?

**Dr. Sujit Paul:** Our marketing spend is extremely low and it is directly proportional to the growth of the organization, but as a larger pie, it is quite rationally low that we have aspired for at this point of time.

**Manan Shah:** No, I was trying to get a number because I believe it has been almost one year since we had Dhoni as our brand ambassador and I had the understanding that we would be amplifying whatever we spent to acquire Dhoni, we would be amplifying at least 2x to 3x of what we paid to him to create more visibility. But even after one year of having him, I don't see that amplification that you were, you know, alluding to.

And now we have one more brand ambassador as Akshay Kumar. So, the marketing budget I believe would be significantly higher for this year than versus what we had last year. And so, I'm just trying to understand that because we were supposed to air some TVCs also along with them and if we don't do it during our two-year period, then there is no point of having them as our brand ambassadors if we are not able to create that sort of visibility.

**Himanshu Zota:** In terms of numbers, if I address your question on advertising spend — in the last financial year, we incurred approximately INR 18 crores purely towards advertising. In comparison, in the previous year, the spend was around INR 10.5 crores.

So broadly, the increase is in line with our sales growth. Given that we have delivered nearly 80%–90% year-on-year growth, the increase from INR 10 crores to INR 18 crores is proportionate.

Going forward as well, while the absolute spend will continue to increase in line with growth, as a percentage of sales, it is expected to remain broadly in a similar range.

**Manan Shah:** Understood. But in terms of visibility especially with Dhoni as our brand ambassador, we don't see that much presence across channels. So, unless we are able to create stronger visibility, the benefit of such a partnership may not fully accrue to Davaindia or Zota.

**Himanshu Zota:** Sujit ji go ahead.

**Dr. Sujit Paul:**

So that is exactly what I was explaining to you a while ago when Himanshu bhai was speaking. While the absolute numbers kind of rose from 10 to 18, but it is proportional to the revenue which I also explained. But I am not too sure what your definition of amplification is all about. Most of the Indian organization for their definition of amplification when they take brand ambassadors is TVC.

That is a very ordinary definition of amplification that we do. Unfortunately, my definitions are not directly proportional what most of the Indian organizations' definitions of amplifications are concerned. We have our own definitions. However, to answer to your statement, we also have done a TVC shoot with MS, which we have started showcasing in the television, but we will not overdo.

Please understand that our organization's objective is a long-term perspective and not short-term. Why do I say so? And it is important for you to understand. Any organization that does an over-usage of the brand ambassador, that's typically how I have seen Indian organizations operate, they take a brand ambassador, they go whole hog on the television, after two years they suddenly change the brand ambassador, it's like, you know, changing pill from one pill colour to a different pill colour to a different capsule.

That's not the right perspective of consumer movement. We will optimally use Mahendra Singh Dhoni. We have already started optimally using Suniel Shetty and Mahendra Singh Dhoni in various bus panels all across Bombay, Pune, Bangalore, etcetera. We have started using the television screens. We have started using huge number of cinema hall screens all across the country. TVCs are been rolled out, but I would repeat the statement, we would optimally use and not over-use any of the brand ambassadors.

This would solidify the organization ahead in case two years later we intend to shift to a different brand ambassador or as a matter of fact whatever decisions that we feel appropriate. And for a consumer mindset, that's the right approach towards movement. And that is the reason I said that amplification definition differs from what actually is needed. If you recollect, this is exactly what Piyush Pandey used to say when he used to be managing brands.

**Manan Shah:**

Sure, thanks. I'll get back in the queue.

**Moderator:**

Thank you. We take the next question from the line of Meet, an Individual Investor. Please go ahead.

**Meet:**

Thank you for the opportunity. My question is regarding growth sustainability. If we look at the year-on-year quarterly sales growth, up to March FY25, we were delivering upwards of 90% growth. Now you have mentioned that in Q1 and Q2 we may slow down store additions.

So, does that imply that earlier, a significant part of our 80%-90% growth was driven by aggressive store additions? And going forward, since we are moderating store openings in some quarters, should we expect overall growth rates to moderate as well?

Also, since you mentioned that same-store sales growth is around 20%-25%, would it be fair to assume that, in a scenario where no new stores are added, growth could normalize to mid-double digits say around 25%-30%?

**Himanshu Zota:**

Even if we were to stop adding new stores from today, we are still seeing a growth rate of around 25%–30%, driven by a combination of same-store growth and ramp-up in relatively newer stores (1–2 years vintage).

This is quite significant because, typically, in most retail sectors, mature same-store growth tends to stabilize at around high single digits to low double digits. However, in our case, we are seeing 25%–30% growth, which is substantially higher.

In addition, new stores contribute even faster growth. For example, the ~800 stores that we opened in FY26 are likely to deliver close to 100% growth in their second year, as early-stage stores typically see a doubling of revenue from year one to year two.

So even without new store additions, 25%–30% growth is achievable, which is quite meaningful. For instance, on a INR 400 crore base, a 30% growth alone would add ~INR 120 crores in revenue, which is substantial and can significantly improve profitability.

That said, we are not stopping expansion. We are continuing store additions in Q1, and we will ramp up again in Q3 and Q4. Only in Q2 and to some extent Q3 we are moderating the pace.

Even this year, we plan to open around 600 to 700 stores. Compared to last year's ~800 stores, the reduction is limited to ~100–200 stores, and that too only for a short period. Hence, the impact on overall growth will not be very significant.

**Meet:**

Understood. One follow-up based on the current trajectory, where we grew ~85% this year versus ~100% previously, can we assume that by FY27-end we could potentially reach INR 900+ crores in revenue?

**Himanshu Zota:**

We don't typically provide such forward-looking numerical guidance.

However, we remain confident about our growth trajectory. As you have seen, both quarter-on-quarter and year-on-year growth trends remain strong. Future growth will depend on the pace of store additions as well as same-store performance. If we continue to execute well on both these fronts, growth will remain robust along similar lines.

**Meet:**

Okay sir. Thank you so much.

**Moderator:**

Thank you. We take the next question from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.

**Swaraj Mehta:**

Thank you for the opportunity again.

My question is on margins. In your business performance slide, you indicated that Davaindia delivered close to ~70% gross margins this quarter. Given that FOFO store margins are in the

range of 40%–55%, it would imply that COCO store margins are significantly higher. Could you share the breakup or clarify the gross margin profile for COCO stores?

**Himanshu Zota:** Yes, that's correct. COCO store's gross margins are over 70%. While, for communication purposes including in our presentation we typically indicate around ~60%, the actual margins are materially higher, closer to 70%+ at the COCO level.

**Swaraj Mehta:** Understood. And do you see this level of margins as sustainable on a quarter-on-quarter basis?

**Himanshu Zota:** Yes, these margins are sustainable, and in fact, we continue to see improvement. The overall margin expansion is driven by both COCO and FOFO formats, as both are benefiting from scale and the private label model.

**Swaraj Mehta:** Got it. You had mentioned earlier that around 400–600 stores were under process. This quarter, about 218 stores were launched. So how many additional store openings should we expect in the current quarter? Also, since we have employees under training, how many employees are being added per store?

**Himanshu Zota:** As we indicated last quarter, we had around 400–500 stores in the pipeline. Out of these, we have already opened ~230–240 stores in the previous quarter.

From the remaining pipeline, we expect to open roughly 200+ stores in the current quarter.

**Swaraj Mehta:** And how many employees are typically added per store?

**Himanshu Zota:** On average, we add around 2 to 3 employees per store, this is purely at the store level.

**Swaraj Mehta:** Understood. Has there been any change in the size of COCO stores compared to earlier?

**Himanshu Zota:** No, the store size remains broadly unchanged. It continues to be in the range of approximately 300–400 square feet.

**Swaraj Mehta:** Okay. I also noticed that inventory levels have increased, and the capex for the year is around INR 114 crores. Is this largely in anticipation of upcoming store openings?

**Himanshu Zota:** Yes, that's correct. The increase in inventory and capex is primarily in advance of the planned store expansion.

**Swaraj Mehta:** Got it. Lastly, payable days have improved this quarter. What is the driver behind this are there any changes in supplier terms or advance payments?

**Himanshu Zota:** The improvement is mainly due to MSME-related compliance. As per regulations, payments to MSME suppliers need to be made within 45 days. Since a significant portion around 70% of our procurement is from MSMEs, this has led to a reduction in payable days.

**Swaraj Mehta:** Okay. Thank you.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Dr. Sujit Paul, Group CEO of Zota Health Care Limited, for closing comments.

**Dr. Sujit Paul:** Thank you so much, everyone present here. Thank you, Managing Director, our Full-Time Director. It's been a journey that Davaindia has set to build the affordable healthcare in India. We have seen the trajectory. You have seen the cohorts. You have seen how the Company is not only sustainable, but it is building a real future for India at large.

We at Zota Healthcare, primarily with the focus of Davaindia, have been able to build a very strong foundation that not only drives a strong top line, but it relies on driving strong top line, bottom lines, and more. At a Company level, we still prioritize at large to build real wealth for all our investors, shareholders, and more. But what's equally important for us is to build affordable healthcare at large through Zota Healthcare.

We have already spoke and discussed about some of the ways that we intend to ensure that India at large becomes a healthy, affordable country. And we, from our end, build a very strong, accessible healthcare to urban and rural India. We stand strong to build the foundations of Company, get into a huge scalability, sustenance, and a strong foundation to build the ecosystem at large for the Company. Thank you so much.

**Moderator:** Thank you. On behalf of Zota Health Care Limited, that concludes this conference call. 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.)*