



ZIMMER BIOMET
Moving You Forward.[™]

Zimmer India Pvt. Ltd.
Vanijya Kunj, Enkay Towers,
Unit No 6, Floor, Udyog Vihar, Phase V,
Gurgaon - 122016, Haryana (INDIA)
Phone : +91 - 124-4693500
Tele fax : +91-124-4245274
Website : www.zimmerbiomet.in

BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2022

To,
The Members
ZIMMER INDIA PRIVATE LIMITED

The Board of Directors has pleasure in presenting the 26th Annual Report on the business and operations of the Company together with Audited Financial Statements of the Company for the financial year ended March 31st, 2022.

1) FINANCIAL RESULTS:

The Company's financial performances for the year under review along with previous year figures is summarized below:

(Amount in Rs. Lakhs)

| Particulars | For the Year ended 31.03.2022 | For the Year ended 31.03.2021 |
|--|----------------------------------|----------------------------------|
| Revenue from Operations | 18,529.54 | 13,216.00 |
| Other Income | 454.26 | 1,784.35 |
| Total Income | 18,983.80 | 15,000.35 |
| Less: Expenses other than interest and Depreciation | 17,954.59 | 16,579.48 |
| Less: Interest/Finance Cost | 34.54 | 12.62 |
| Profit/Loss before Depreciation | 2,078.21 | 2,982.38 |
| Less: Depreciation | 1,615.29 | 2,274.44 |
| Less: Extraordinary Items | - | - |
| Less: Exceptional Items | 2,216.12 | - |
| Profit/Loss after depreciation and Interest and Extraordinary Items | 462.92 | 707.93 |
| Less: Current Income Tax | 231.41 | 426.84 |
| Less: Tax related to previous years | - | 26.76 |
| Less: Deferred Tax | -105.24 | -206.96 |
| Net Profit/Loss for the Year | 336.75 | 461.32 |
| Earnings Per share (EPS) | 21.73 | 29.76 |

2) STATE OF COMPANYS' AFFAIRS AND PERFORMANCE:

The Company is engaged in the business of importing, marketing and distributing Zimmer Biomet Orthopedic Implants, Instruments and Robotics to customers in India through direct sales and network of dealers.



The Board of Directors of your company are pleased to report a strong rebound of revenue growth over the previous year which was significantly impacted by the COVID-19 global pandemic. The vast majority of our net sales are derived from products used in elective surgical procedures, and the Company is making strides in improving the robotics footprint in the country. This growth is in spite of intermittent disruptions in our supply chain due to ongoing geo-political developments.

With the deferral of elective surgical procedures, we have taken prudent measures, in an effort to maintain an adequate financial profile to have access to capital to fund the business during these unprecedented times. During the current year, the Company has discontinued certain products majorly relating to Spine and Trauma business as part of the global strategy and considering other operational factors to improve margins and reduce working capital intensive product range. Accordingly, the Company has entered into a settlement agreement with various dealers handling these products and has agreed for a settlement amount for Rs. 1325.61 lakhs. Further, the Company has also impaired the property, plant and equipment (instruments) relating to these businesses amounting to Rs. 890.51 lakhs.

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising property, plant and equipment, trade receivables, inventories and other assets as at the Balance Sheet date, and has concluded that there are no material adjustments required to be made in these financial statements. The management believes that it has taken into account all the possible impact of known events arising from Covid-19 pandemic in the preparation of these financial statements. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

The Company has temporarily reduced discretionary spending such as travel, meetings, sponsorship and sales promotion and other project spend that can be delayed with limited long-term detriment to the business. We have also received reimbursement from group companies to help us achieve the targeted operating profit margin.

The Board of Directors has made detailed assessment of your company's liquidity position for the next one year and of the recoverability and carrying values of its assets comprising property, plant and equipment, trade receivables and inventories as at the Balance Sheet date, and has concluded that there is no material adjustments required to be made in these financial statements. The Company will continue to monitor any material changes to future economic conditions.

3) CHANGE IN THE NATURE OF BUSINESS

There has been no change in the business of the Company during the financial year ended 31st March, 2022 except for the products discontinued as stated above. The financial impact has already been fully covered in the financial statements reflected as exceptional items.

4) TRANSFER TO RESERVES:

The Board of Directors of your company has decided not to transfer any amount to the Reserves for the year under review.

5) DIVIDEND:

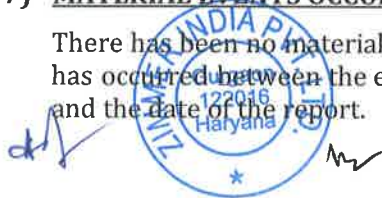
The Board of Directors of your Company, after considering holistically relevant circumstances, has decided to plough back the profits of the Company for growth and development of the business thereby they do not recommend any dividend for the financial Year ended 31.03.2022.

6) TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

Since there was no unpaid/unclaimed dividend declared and paid last years, so the provisions of Section 125(2) of the Companies Act, 2013 and Rules made thereunder do not apply.

7) MATERIAL EVENTS OCCURRING BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT:

There has been no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relates and the date of the report.



8) AUDITORS:

a) STATUTORY AUDITORS:

M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, bearing Firm registration no. 012754N/N500016, the Statutory Auditors of the Company, were appointed at 23rd Annual general Meeting and hold their office until the conclusion of Twenty Eighth (28th) Annual General Meeting of the Company to be held in the year 2024. Pursuant to Section 141 of the Act, the Auditors have represented that they are not disqualified and continue to be eligible to act as the Auditor of the Company.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

b) INTERNAL AUDITOR:

Pursuant to Section 138 of the Companies Act, 2013 read with Rule 13 of Companies (Accounts) Rules, 2014, the Board of Directors has appointed M/s Jaikumar Tejwani & Co LLP, Chartered Accountants firm, as an Internal Auditor of the Company for the Financial Year 2021-22.

c) COST AUDITOR:

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (cost records and audit) Rules, 2014, the cost accounts and records is maintained by the Company and the Board of Directors has re-appointed M/s Ravi Sahni & Associates, Cost Accountants, as cost auditor of the Company to carry out the cost audit for FY 2021-22.

9) AUDITOR'S REPORT:

The Auditor's Report for financial year 2021-22 does not contain any qualification, reservation or adverse remark. However, your directors have taken note of the Auditor's Emphasis of Matter referring to Note 38 of the financial statements. In this regard, the company has initiated the process of regularizing the same under the Foreign Exchange Management Act 1999 through Authorized Dealer.

The notes to the Accounts referred to the Auditors' Report are self-explanatory and needs no further explanations.

10) REPORTING OF FRAUDS BY AUDITORS

Pursuant to the provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees, to the Board during the year under review.

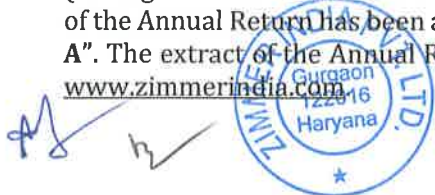
11) DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Present Board constitutes Mr. Kaustav Banerjee, Managing Director, Mr. Sang UK YI, Director, and Mr. Ajay Bagga as an additional director of the Company. During the reporting period, Mr. Ajay Bagga was inducted into the Board as an additional director w.e.f. 10th January, 2022, while Mr. Bhupesh Kohli resigned from the post of directorship w.e.f. 09th March, 2022.

The particulars of appointment and resignation of director have been duly filed by the Company and approved by the Registrar of Companies (ROC). Further, it is proposed to appoint Mr. Ajay Bagga as director in the ensuing annual general meeting.

12) EXTRACT OF ANNUAL RETURN:

In compliance with Section 92 (3) of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules, 2014 and Section 134 (3) (a) of the Companies Act, 2013, the extract of the Annual Return has been annexed with this Board's report in the prescribed Form MGT-9 as "**Annexure-A**". The extract of the Annual Return of the Company can also be accessed on the website of the Company at www.zimmerindia.com



13) NUMBER OF BOARD MEETINGS HELD DURING THE YEAR UNDER REVIEW:

During the Financial Year 2021-22, the Company held six Board meetings of the Board of Directors as per Section 173 of Companies Act, 2013. The provisions of Companies Act, 2013 were adhered to while considering the time gap between two meetings. The Details of meetings are as follows.

| S. No. | Meeting No. | Date of Meeting | Board Strength | No. of Directors Present |
|--------|-------------|-----------------|----------------|--------------------------|
| 1. | 181 | 28/06/2021 | 3 | 2 |
| 2. | 182 | 24/09/2021 | 3 | 2 |
| 3. | 183 | 02/12/2021 | 3 | 2 |
| 4. | 184 | 10/01/2022 | 3 | 2 |
| 5. | 185 | 24/02/2022 | 4 | 3 |
| 6. | 186 | 09/03/2022 | 3 | 2 |

14) SHARE CAPITAL:

The Authorized Share Capital of the Company is Rs. 7,00,00,000/- (Rupees Seven Crore Only) divided into 70,00,000 (Seventy Lakh) equity shares of Rs. 10/- (Rupees Ten) each and the Paid-up Capital of the Company is Rs. 1,55,00,000/- (Rupees One Crore Fifty-Five Lakhs Only) divided into 15,50,000 (Fifteen Lakh Fifty Thousand) equity shares of Rs. 10/- (Rupees Ten) each. During the year under review, there was no change in the paid-up capital of the Company.

15) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

16) SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Company does not have any Subsidiary, Joint venture or Associate Company.

17) PUBLIC DEPOSITS:

The Company has neither accepted nor renewed any deposits from the public during the year under review.

18) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year under review, there are no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Corporation in future.

19) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under Section 134 (3) (m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014, the management of the Company furnish following information: -

A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

The particulars as required under the provisions of Section 134 (3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of foreign exchange earnings and outgo during the year under review as follows: -

| Particulars of the transaction | For the year ended 31 st March, 2022 (In Rs. Lakhs) | For the year ended 31 st March, 2021 (In Rs. Lakhs) |
|---------------------------------|--|--|
| * Foreign Exchange earnings | 239.35 | 913.62 |
| Foreign Exchange outgo | 13,654.27 | 5146.32 |
| Expenditure in Foreign Currency | 128.67 | 86.71 |



| | | |
|----------------------|-----------|----------|
| CIF Value of Imports | 13,525.60 | 5,059.61 |
|----------------------|-----------|----------|

20) DIRECTOR'S RESPONSIBILITY STATEMENT:

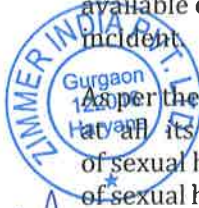
To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 134 (3) (c) & 134 (5) of the Companies Act, 2013:

- i) in the preparation of the annual accounts for the financial year ended March 31st, 2022, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the financial year and of the Profit & Loss of the Company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the Annual accounts for the financial period 2021-22 on a going concern basis;
- v) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) the directors had laid down compliance controls to be followed by the company and that such compliance controls are adequate and were operating effectively.
 - a. The Company has a dedicated compliance officer who ensures compliance with the Indian / global regulatory framework e.g., Foreign Corrupt Practices Act, Anti-Bribery Anti-Corruption, Uniform Code of Pharmaceuticals Marketing Practices (UCPMP) Act, and other compliance requirements including Company's internal policies.
 - b. The Company leverages upon the global hotline no. widely circulated across the organization for reporting of any non-compliances by any employee or business partners. Such reporting of cases is investigated by the global investigation team as appropriate.
- vii) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
 - a. The Company has instituted a local Statutory compliance program to identify any potential non-compliances with the applicable laws and has partnered with M/s Nangia & Co. LLP for the same. Necessary measures are being taken by the Company to regularize any non-compliances identified / reported under this program.
 - b. The company is regular in depositing undisputed statutory dues in respect of Provident fund, income tax, goods and service tax, though there has been a slight delay in a few cases, and is regular in depositing statutory dues including Employee state insurance, sales tax, duty of customs, VAT and other material statutory dues, as applicable, with the appropriate authority
 - c. The Company is doing the necessary compliance and reporting as per the MSME Act (refer note no. 35 in the financial statement)
 - d. The Company is in compliance with the Global Privacy Program and applicable privacy and data security laws, rules and regulations. The Global Privacy Program ensures that the information provided by patients, healthcare providers and Team Members is collected, used, stored, disclosed and/or disposed of in a safe and secure manner.

21) SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and the Rules there under. The Policy aims to provide protection to female employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where female employees feel secure. The Policy is available on the website at www.zimmerindia.com; and a hotline is available for the employees to report any incident.

As per the requirement of the POSH Act and Rules made thereunder, The Company has constituted committees at its locations, known as the Internal Complaints Committees (ICC), to inquire into complaints of sexual harassment and recommend appropriate action. The Company has not received any complaint of sexual harassment during the financial year 2021-22.



[Handwritten signatures]

22) INTERNAL FINANCIAL CONTROL:

The Company has adequate internal control systems in place, and also has reasonable assurance on authorizing, recording and reporting transactions of its operations. The Company has a well-placed, proper and adequate internal controls environment, commensurate with its size, scale and complexities of its operations. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

The Company has initiated several new measures to strengthen the financial and operational controls around inventory and instruments. An online tagging tool has been introduced to track the movement of instruments. The Company has partnered with Esker® for providing online solution for accounts receivable management and dispute tracking.

The report on the Internal Financial Controls issued by M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountant, Statutory Auditors of the Company, is annexed to the Audit Report on the financial statements of the Company and does not contain any reportable weakness of the Company.

Accordingly, the Auditors is of the opinion that the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022.

23) RELATED PARTY TRANSACTIONS:

The particulars of contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 are annexed with this report in the prescribed Form AOC-2 as "**Annexure- B**".

24) CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135(9) of the Companies Act, 2013 and in view of the fact that total CSR amount required to be spent u/s 135(5) in a year is less than Rs. 50 Lacs, the Board of Directors of the Company has dissolved the CSR Committee dated 24-09-2021. However, all the functions of the CSR Committee have been discharged by the Board.

The Board of Directors had also laid down the CSR Policy, covering the Objectives, Focus Areas, Governance Structure and Monitoring & Reporting Framework among others. The policy is available at the website of the Company at www.zimmerindia.com.

The disclosures as per Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed herewith as "**Annexure- C**" to this Report.

25) RISK MANAGEMENT POLICY

The Company is in process of developing formal risk management policy. However, the Company has various processes to evaluate report, analyze and mitigate risk. However, elements of risk threatening the Company's existence are very minimal.

26) SECRETARIAL STANDARDS OF ICSI

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.



27) ACKNOWLEDGEMENT:

Your directors place on records their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your directors also acknowledge gratefully the shareholders for their support and confidence reposed on your Company.

**By order of the Board of Directors
For Zimmer India Private Limited**

Kaustav Banerjee

-sd-



**KAUSTAV BANERJEE
(Managing Director)
DIN: 00015955**

**Date: October 28, 2022
Place: Hyderabad**

Ajay Bagga

-sd-

**AJAY BAGGA
(Additional Director)
DIN: 07972681**

**Date: October 28, 2022
Place: Gurugram**