



# ZIMMER BIOMET

Moving You Forward.™

Zimmer India Pvt. Ltd.

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## BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2023

To,  
The Members  
**ZIMMER INDIA PRIVATE LIMITED**

The Board of Directors has pleasure in presenting the 27<sup>th</sup> Annual Report on the business and operations of the Company together with Audited Financial Statements of the Company for the financial year ended March 31<sup>st</sup>, 2023.

### 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 31.03.2023	For the Year ended 31.03.2022
Revenue from Operations	27,729.54	18,529.54
Other Income	160.15	454.26
<b>Total Income</b>	<b>27,889.68</b>	<b>18,983.80</b>
Less: Expenses other than interest and Depreciation	25,575.19	14,670.89
Less: Interest/Finance Cost	6.42	18.58
<b>Profit/Loss before Depreciation</b>	<b>2308.07</b>	<b>4294.33</b>
Less: Depreciation	1,236.40	1,615.29
Less: Extraordinary Items	-	-
Less: Exceptional Items	12.00	2,216.12
<b>Profit/Loss after depreciation and Interest and Extraordinary Items</b>	<b>1,059.67</b>	<b>462.92</b>
Less: Current Income Tax	190.18	231.41
Less: Tax related to previous years	-	-
Less: Deferred Tax	87.73	(105.24)
<b>Net Profit/ Loss for the Year</b>	<b>781.76</b>	<b>336.75</b>
<b>Earnings Per share(EPS)</b>	<b>50.44</b>	<b>21.73</b>

### 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 deadly Delta and Omicron waves of 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.

**The highlights of the Company's performance (Y-o-y) are as under: -**

Revenue from operations has increased from Rs. 18529.54 lakhs in the previous Financial Year 2021-22 to Rs. 27729.54 lakhs in the year under review i.e., 2022-23 and resultantly Earnings per share has also been increased from Rs. 21.73 in the previous Financial Year 2021-22 to Rs. 50.44 in the year under review i.e., 2022-23.

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 taken operational factors to improve margins and reduce working capital.

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. The Board is of the view that it has the financial strength to sustain any fresh impact of Covid or geo-political landscape. The Company will continue to monitor any material changes to future economic conditions.

The Company has invested heavily in improving the ZB brand through digital marketing initiatives, sales promotion and sponsorship. We have also received reimbursement from group companies to help us achieve the targeted operating profit margin.

**3) CHANGE IN THE NATURE OF BUSINESS**

There has been no change in the business of the Company during the financial year ended 31<sup>st</sup> March, 2023.

**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 31.03.2023.

**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 CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE 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 23<sup>rd</sup> Annual general Meeting and hold their office until the conclusion of Twenty Eighth (28<sup>th</sup>) 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 AND THEIR REPORT:**

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 2022-23.

#### **The Auditor includes the following areas in their scope of Audit:**

- Revenue recognition from Sale of Goods and ROSA equipment;
- Agreement Settlement- Trauma and Spine;
- TCS compliance of the provisions applicable for the sale of goods.

The Internal Auditor's Report for financial year 2022-23 has stated in their report that we have not identified any issues and nothing has come to our attention that would indicate any faults in company's adherence to the recognized principles and provisions.

## **9) COST AUDITOR AND COST RECORDS:**

During the year under review, in accordance with Section 148(1) of the Act, the Company has maintained the accounts and cost records, as specified by the Central Government. Such cost accounts and records are subject to audit by M/s Ravi Sahni & Associates, Cost Auditors of the Company for FY 2022-23.

The Board has re-appointed M/s Ravi Sahni & Associates, Cost Accountants (Firm Registration Number: 000383) as Cost Auditors of the Company for conducting cost audit for the FY 2023-24. A resolution seeking approval of the Shareholders for ratifying the remuneration payable to the Cost Auditors for FY 2023-24 is provided in the Notice of the ensuing Annual General Meeting.

The Cost accounts and records as required to be maintained under section 148 (1) of the Act are duly made and maintained by the Company.

## **10) EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR**

The Auditor's Report for financial year 2022-23 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 Authorised Dealer.

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

**11) 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.

**12) DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

The Present Board constitutes Mr. Kaustav Banerjee-Managing Director, Mr. Sang UK YI-Director, and Mr. Ajay Bagga-Chief Financial Officer and Director as directors of the Company.

**Change in directors /key managerial personnel during the year and till the date of signing of this Report:**

The details about the changes in Directors or Key Managerial Personnel by way of Appointment, re – designation, Resignation, Death, Dis-qualification, variation made or withdrawn etc. are as follows:

S. No.	Name	Designation	Nature of Change	With Effect From
1.	Mr. Ajay Bagga	Director	Change in Designation	December 07, 2022

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

During the Financial Year 2022-23, 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.	Date of Board Meeting	Kaustav Banerjee	Ajay Bagga	Sang Uk Yi
1.	13-04-2022	Present	Present	Leave of Absence
2.	19-07-2022	Present	Present	Leave of Absence
3.	08-09-2022	Present	Present	Leave of Absence
4.	28-10-2022	Present	Present	Leave of Absence
5.	14-12-2022	Present	Present	Leave of Absence
6.	17-03-2023	Present	Present	Present

**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.

**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) DETAILS OF MONEY ACCEPTED FROM DIRECTOR**

During the period under review, the Company has not accepted money in the form of unsecured loan from the director or relative of the director of the Company.

**19) 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.

**20) 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 period ended 31 <sup>st</sup> March, 2023 (in Rs. Lakhs)	For the period ended 31 <sup>st</sup> March, 2022 (in Rs. Lakhs)
Foreign Exchange earnings	128.22	239.35
Foreign Exchange outgo		
Expenditure in Foreign Currency	270.59	128.67
CIF Value of Imports	22601.41	13,525.60

**21) WEB LINK OF ANNUAL RETURN**

Pursuant to Section 134(3)(a), the draft Annual Return of the Company prepared as per Section 92(3) of the Act for the financial year ended March 31, 2023, is hosted on the website of the Company and can be accessed at <https://www.zimmerindia.com>. In terms of Rules 11 and 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return shall be filed with the Registrar of Companies, with prescribed timelines.

**22) 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 31<sup>st</sup>, 2023, 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 2022-23 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.

### **23) 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](http://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 all 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 2022-23.

### **24) 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, 2023.

## **25) 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- A".

## **26) CORPORATE SOCIAL RESPONSIBILITY (CSR)**

As per Section 135 of the Companies Act, 2013, every company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. CSR activities, projects, and programs undertaken by the Company are in accordance with Section 135 of the Act and the rules made thereunder. Such CSR activities exclude activities undertaken in pursuance of its normal course of business.

The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, protection of flora and fauna, animal welfare, agroforestry, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects.

- a) Gross amount required to be spent by the company during the year is Rs. 19.77 Lakhs.
- b) Amount spent during the year on:

S. No.	Particulars	Status as on March 31, 2023 (Amount in Rs. Lakhs)		
		Amount Spent	Amount unpaid	Total
1	Construction/ acquisition of any asset	0	0	0
2	On purpose other than (i) above	18.42	1.35	19.77

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in "Annexure-B" of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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 <https://www.zimmerindia.com/content/dam/zimmerweb/documents/en-IN/pdf/CSR%20Policy%20Zimmer.pdf>

**27) 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.

**28) PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016**

There are no proceedings filed by the Company which is pending under the Insolvency and Bankruptcy Code, 2016 as amended, before National Company Law Tribunal or other Courts during the year under review.

**29) ONE-TIME SETTLEMENT WITH THE BANKS OR FINANCIAL INSTITUTIONS**

There were no instances of one-time settlement with any Banks or Financial Institutions during the year under review.


**30) 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.

**31) ACKNOWLEDGEMENT:**

Your Directors place on record 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 acknowledges 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  
(Managing Director)  
DIN: 00015955**



**AJAY BAGGA  
(Director & CFO)  
DIN:07972681**

**Date: 27-09-2023**

**Place:**