



ZIMMER BIOMET

Zimmer India Pvt. Ltd.

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Moving You Forward.™

BOARD'S REPORT FOR FINANCIAL YEAR ENDED MARCH 31, 2024

To,
The Members
ZIMMER INDIA PRIVATE LIMITED

The Board of Directors has pleasure in presenting the 28th 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, 2024.

1) FINANCIAL RESULTS:

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

(Amount in Rs. Lakhs)

Particulars	For the Year ended 31.03.2024	For the Year ended 31.03.2023
Revenue from Operations	30,342.45	27,729.54
Other Income	252.09	160.14
Total Income	30,594.54	27,889.68
Less: Expenses other than interest and Depreciation	27,451.94	25,575.18
Less : Interest/Finance Cost	1.92	6.42
Profit/Loss before Depreciation	3,140.68	2308.07
Less : Depreciation	1,370.40	1,236.40
Less: Extraordinary Items	-	-
Less: Exceptional Items	-	12.00
Profit/Loss after depreciation and Interest and Extraordinary Items	1,770.28	1,059.67
Less : Current Income Tax	473.61	190.18
Less: Tax related to previous years	-222.60	-
Less : Deferred Tax	-12.82	87.73
Net Profit/ Loss for the Year	1,532.09	781.76
Earnings Per share(EPS)	98.84	50.44

2) STATE OF COMPANY'S 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 Company has its Registered Office at Gurugram (Haryana).

The Board of Directors is pleased to report a strong rebound in revenue and income growth for the current financial year, reflecting significant improvement over the previous year. This growth is primarily driven by the Company's continued focus on products used in elective surgical procedures, along with strategic advancements in expanding our robotics footprint across the country. Despite occasional disruptions in the supply chain due to ongoing geopolitical developments, the Company has demonstrated resilience and adaptability in maintaining robust financial performance.

The Board has conducted a comprehensive assessment of the Company's liquidity position for the coming year, along with a detailed review of the recoverability and carrying values of its key assets, including property, plant and equipment, trade receivables, inventories, and other assets as of the Balance Sheet date. Following this assessment, the Board has concluded that no material adjustments are required to be made in these financial statements. The Company remains in a strong financial position and is well-prepared to navigate future challenges.

Looking ahead, the Board of Directors is confident in the Company's ability to maintain its positive growth trajectory, supported by a solid financial foundation. The Company will continue to monitor any material changes in the broader economic environment and adjust its strategies as necessary to sustain growth and profitability.

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, 2024.

4) TRANSFER TO RESERVES:

The Board of Directors has reviewed the financial performance and overall position of the company for the year under review. After careful analysis, The Board of Directors of your company has decided not to transfer any amount to the Reserves for the year under review

This decision has been made to ensure optimal allocation of resources in line with the company's immediate operational and strategic needs. The Board believes this approach will better support the company's financial flexibility and long-term objectives.

5) DIVIDEND:

The Board of Directors, after thoroughly considering all relevant factors, has decided to plough back the company's profits into its growth and development initiatives. As a result, the Board does not recommend the declaration of any dividend for the financial year ending March 31, 2024.

This decision aligns with the company's long-term strategy to strengthen its market position and enhance future shareholder value through sustained business expansion.

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 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. As the term of term of Statutory auditor is getting expired in ensuing AGM, therefore, the Board has recommended to the members of the Company for re-appointing M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, who have confirmed their eligibility in terms of the provisions of Section 141 of the Act and the relevant Rules and have offered themselves for re-appointment. Hence, the necessary resolution for re-appointment of the said Auditors is included in the Notice of AGM seeking approval of members.

Pursuant to Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and rules made there under, as may be applicable.

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 2023-24.

9) COST AUDITOR AND COST RECORDS:

During the year under review, in compliance with Section 148(1) of the Companies Act, the Company has duly maintained the cost accounts and records as specified by the Central Government. These cost accounts and records have been prepared and are subject to audit by M/s Ravi Sahni & Associates, the appointed Cost Auditors for the financial year 2023-24.

The Board of Directors has re-appointed M/s Ravi Sahni & Associates, Cost Accountants (Firm Registration Number: 000383), to conduct the Cost Audit for the financial year 2024-25. A resolution seeking shareholder approval to ratify the remuneration payable to the Cost Auditors for FY 2024-25 has been included 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

In response to the auditor's comments in Note 38 of the financial statements regarding overdue foreign currency and INR payables amounting to Rs. 32,569.85 Lakhs and receivables of Rs. 22,558.08 Lakhs from non-resident group companies. The Board acknowledges that these balances have been overdue beyond the stipulated time period as per the Reserve Bank of India (RBI) Master Directions on Import of Goods and Services (FED Master Direction No. 17/2016-17) and Export of Goods and Services (FED Master Direction No. 16/2015-16). This delay is due to ongoing discussions with the concerned group companies.

The Company has already initiated discussions with the Authorised Dealer (AD) Bank to resolve these outstanding balances. Furthermore, efforts are underway to collate and provide the requisite documents to the AD Bank, to ensure compliance with the relevant RBI directions.

At this stage, we are unable to ascertain whether all required documentation will be satisfactorily furnished or if the extension of time will be granted by the AD Bank. Should the AD Bank require approval from the RBI, further steps will be taken in this regard. As a result, any potential penalties or consequences arising from this matter cannot be determined at present, and their impact on the financial statements, if any, will only become clear after final resolution.

The Board remains committed to ensuring that the company complies with all regulatory requirements and will take all necessary measures to resolve the situation in a timely manner. The Company will keep its stakeholders informed about any material developments in this regard and will update the financial statements accordingly, should any penalties or further actions be required.

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 current composition of the Board includes Mr. Ajay Bagga as Managing Director and Chief Financial Officer, Mr. Sang UK YI as Director, and Mr. Himanshu Paliwal as Additional Director.

During the period under review, the following changes have taken place in the constitution of the Board of Directors:

- Mr. Kaustav Banerjee has been resigned from their position as Managing Director of the company with effect from November 28, 2023.
- Mr. Ajay Bagga has been appointed as Managing Director of the Company for a period of 5 years with effect from December 01, 2023.

Further, the following change has taken place in the constitution of the Board of Directors:

- Mr. Himanshu Paliwal was appointed as an Additional Director of the Company on June 11, 2024. In accordance with Section 161 of the Companies Act, 2013, he holds office until the ensuing Annual General Meeting. The Board proposes to regularize his appointment as a director, subject to the approval of the shareholders. A resolution seeking such approval has been included in the Notice of the forthcoming Annual General Meeting.

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

During the financial year 2023-24, the Company convened seven meetings of its Board of Directors in accordance with the provisions of Section 173 of the Companies Act, 2013.

The requisite time gap between two consecutive Board meetings was maintained, except in the case of the last two meetings, where an inadvertent lapse occurred. The Company has initiated the necessary process for compounding the non-compliance under the applicable provisions of the Companies Act, 2013, with the relevant authority.

The Details of meetings are as follows.

S. No.	Date of Board Meeting	Kaustav Banerjee	Ajay Bagga	Sang Uk Yi
1.	11-04-2023	Present	Present	Leave of Absence

2.	01-06-2023	Present	Present	Leave of Absence
3.	18-07-2023	Present	Present	Leave of Absence
4.	27-09-2023	Present	Present	Leave of Absence
5.	01-11-2023	Present	Present	Present
6.	28-11-2023	Present	Present	Present
7.	28-03-2024	Resigned from the company	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 an 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 st March, 2024 (in Rs. Lakhs)	For the period ended 31 st March, 2023 (in Rs. Lakhs)
Foreign Exchange earnings	36.05	128.22
Foreign Exchange outgo		
Expenditure in Foreign Currency	552.33	270.59
CIF Value of Imports	21,142.00	22,601.41

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, 2024, 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 31st, 2024, 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 2023-24 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. However, as of March 31, 2024, a deficiency in the internal controls relating to gathering, reviewing, and submitting required documents to the Authorised Dealer (AD) Bank in compliance with FEMA regulations was noted. Efforts are underway to strengthen this control and ensure future compliance.
 - 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 upholds a zero-tolerance policy towards sexual harassment in the workplace. In compliance with the provisions of the **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act")** and its accompanying rules, the Company has implemented a comprehensive Policy on Prevention, Prohibition, and Redressal of Sexual Harassment at the Workplace. This policy aims to safeguard the rights of female employees by providing a secure, respectful, and inclusive work environment, free from any form of harassment.

The policy is accessible to all employees on the Company's website (www.zimmerindia.com), and a dedicated hotline is available for reporting any incidents of sexual harassment.

In accordance with the POSH Act, the Company has constituted Internal Complaints Committees (ICCs) at all its locations to investigate complaints of sexual harassment and recommend appropriate actions.

During the financial year 2023-24, one complaint of sexual harassment was received, which has been duly addressed and resolved by the concerned ICC in line with the Company's policy and legal requirements.

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.

Despite these controls, the Auditor has drawn attention to **Note 38** of the financial statements concerning overdue foreign currency and INR payable balances aggregating Rs. 32,569.85 Lakhs, and foreign currency and INR receivable balances aggregating Rs. 22,558.08 Lakhs, related to non-resident group companies. These balances have been outstanding beyond the stipulated time period prescribed by the Reserve Bank of India (RBI). The Company has initiated discussions with the Authorised Dealer (AD) Bank and is in the process of

submitting the necessary documents. However, there is uncertainty regarding whether all required information will be furnished and whether the AD Bank or RBI will approve an extension of time.

The management acknowledges a deficiency in the control process related to gathering, reviewing, and filing of documents with the AD Bank in compliance with FEMA regulations. Specifically, as of March 31, 2024, the required documents were not fully arranged for submission. Efforts are ongoing to rectify this control weakness and ensure compliance with regulatory requirements.

The **report on Internal Financial Controls** issued by M/s Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Company, is annexed to the Audit Report on the financial statements. Except for the specific qualified opinion regarding overdue balances, the Auditors are of the opinion that the Company has, in all material respects, an adequate internal financial control system with reference to financial statements, and such internal financial controls were operating effectively as of March 31, 2024.

This qualification will be closely monitored, and the Company is committed to addressing the deficiency in compliance with FEMA regulations to ensure that the internal control system remains effective in all respects.

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) The gross amount required to be spent by the company during the year is Rs. 20.89 Lakhs.

b) Amount spent during the year on:

S. No.	Particulars	Status as on March 31, 2024 (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	20.89	0	20.89

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/zimmer-web/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 reports, 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**



Himanshu Paliwal
(Additional Director)
DIN: 10656954



Ajay Bagga
(Managing Director & CFO)
DIN: 07972681

Date: September 23, 2024

Place: