



**Delivering Product Differentiation**  
for patient convenience and healthier lives

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# Delivering Product Differentiation

## For patient convenience and healthier lives

Our differentiated products which leverage innovative process technologies, help improve convenience for patients in a fast-paced lifestyle. Affordability and access to drugs are an important priority for us. FY22 saw an attractive growth in our core revenue on the back of our sustained efforts to grow the business of higher margin value-added products.

To strengthen differentiation and gain market share, we proactively invested in R&D infrastructure and product development. We have set up separate laboratories and teams dedicated for mainstream R&D and for Oral Thin Film divisions with each division responsible for developing its own distinct sets of products including studies and filings.

## Putting our Zeal for Excellence and Spirit of Innovation in Developing our Medicines...

Solutions that make everyday lives of patients easier.





# About Us

A research-driven pharmaceutical company, ZIM Laboratories Limited (ZIM labs) provides technology-based drug delivery solutions.

Established in 1989, we are engaged in developing, manufacturing and supply of differentiated generic products in oral solid dosages alongside offering pre-formulation intermediates (PFI) and finished formulations (FF) for certain key therapeutic segments across rest of the world (RoW) markets. We are now focused on expanding our offerings

across two verticals - pharmaceutical and nutraceuticals, to customers across the globe.

Our state-of-the-art manufacturing facility coupled with our in-house research and development capability empowers us to offer a comprehensive range of solutions to customers. We offer a range of

non-infringing drug delivery solutions based on process technologies that allow us to improve patient compliance thereby reducing the cost of treatment. Our differentiation and value proposition is in our ability to develop and supply combination generic products using various drug delivery techniques and release patterns in the oral solid dosage form.



## Our Vision

Making quality healthcare affordable through drug delivery solutions focusing on patient convenience and adherence.



## Our Values

### Zeal

Passion to positively impact the lives of patients through compassion, excellence in product quality, affordability and marketability

### Innovation

Challenge the status quo to enhance value-providing attributes of our products and processes

### Partnership

Build strong and enduring partnerships that enable success based on value enhancement, mutual respect, trust and transparency

### Performance

Strive to deliver performance that enables our customers to differentiate in the marketplace. Continuously upgrade our skills and drive the change to do so

### Integrity

Be fair, honest, transparent and ethical in our conduct

### Teamwork

Be a strong team player through respect, trust, care, kindness and transparency

### Care for Environment

Judiciously use and protect resources, minimize waste and leave a better place for our future generations

## Focus verticals



## Pharmaceuticals

## Offerings

## PFI business

We partner pharmaceutical and nutraceutical distribution companies who seek solutions for development, sourcing and marketing of differentiated generic products



## Nutraceuticals

## FF business

We register our products in select markets with plans to enter into marketing tie up with local distributors and marketing companies for launch of our FF products as branded generics

## Oral Thin Film (OTF) business

Part of FF business, it has been growing steadily over the years on the back of some high value pharmaceutical products and has recently ventured into Nutraceutical products

## Key facts for FY 2022

# ₹3,334 Mn

Total Operating Income

# ₹454 Mn

EBIDTA

# ₹146 Mn

PAT

# ₹1,757 Mn

Net worth

# 7.1%

of Total Operating Income spent on R&D

## Pharmaceuticals

During FY22, our Pharmaceuticals business was ₹ 2,890 Mn – or 87% of Total Operating Income

The pharmaceutical business top-line grew 5% YoY and 7.7% CAGR over last 2 years (FY20- FY22)

4 key therapeutic segments of Antibiotic / Antiinfective, Respiratory, Gastrointestinal and Analgesic/ NSAID contribute to over 71% of the pharmaceuticals business (was 60% in FY20)

Our top 4 therapeutic segments grew 22.8% YoY and 16.9% CAGR over last 2 years (FY20-FY22)

79% of the pharmaceutical business was in exports while the balance 21% products was in domestic.

## Nutraceuticals

During FY22, our Nutraceutical business comprising of Vitamins, Healthcare and Dietary Supplements was ₹ 445Mn – or around 13% of the Total Operating Income

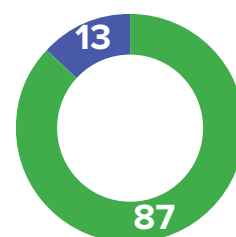
The Nutraceutical business top-line grew 34% YoY and 24.7% CAGR over last 2 years (FY20-FY22) , albeit from a smaller base

97% of the Nutraceuticals business was from exports, while the balance 3% was domestic

The domestic business include our range of OTF products and other Nutraceuticals sold directly under

our ZIMUNAT<sup>®</sup> brand or through our partners (ecommerce / through traditional channels)

## Pharma/Nutra mix (%)



● Pharmaceuticals ● Nutraceuticals

# Evolution Down the Decades

## A story of resilience and the Zeal to adapt, change and succeed



### 1989-2000

Cemented our positioning in the market as a fast growing company capable of supplying pharmaceutical products to Government organizations through tenders from our WHO-GMP approved plants

### 2001-2012

- Developed Pellets, Granules and Taste Masking Technology Platforms to expand its offerings towards building differentiated generic and higher margin products
- Expanded international presence in countries of Middle East and North Africa (MENA)
- Established 'Proof-of-Concept' for Oral Thin Films and Nano-technology





## 2012-2017

- Funding from Private Equity Investor
- Focused on growth through higher-margin businesses
- Reduced deemed exports and low-margin government business
- Invested and upgraded manufacturing facilities to EU-GMP standards. Invested adequately in team building and strengthening processes
- Invested in building a separate WHO-GMP approved OTF facility and Commercialized OTF products
- Entered into newer geographies like South East Asia, LATAM, CIS and Africa; increased market share in Sri Lanka, South Asia and MENA
- Focused on building a steady pipeline of new products, increased dossier filings and own product registrations

## 2018-Present

- Focus on expansion of business by penetrating new geographies, increasing customers and building new product pipeline
- Growing our generic finished formulations business – through registration, marketing partnerships and regular launch of products in MENA, SE Asia, Latin America and CIS countries
- Launched Thinoral® (Patented Oral Thin Film technology) (prescription and OTC products) as an alternate drug delivery platform across RoW/ Pharmerging Markets and EU
- Strengthened our R&D team to develop a pipeline of innovative combination generic products for the Pharmerging and select Developed Markets.
- Focus on new products, registrations, building the marketing team



# Business Overview

## Inputs



### Financial Capital

- Equity Capital: ₹ **1624 Mn**
- Debt fund: ₹ **512 Mn**



### Manufacturing Capital

- CAPEX: ₹**158 Mn** in FY22
- Manufacturing Facilities: **3**



### Human Capital

- Employees: **505** as on FY22
- Implementation of **safety process** across the facilities
- Building an **inclusive** work environment



### Intellectual Capital

- R&D Expenditure: ₹ **237 Mn**
- Total operating income spent on R&D: **7.1%**
- Products ready for refiling: **18**

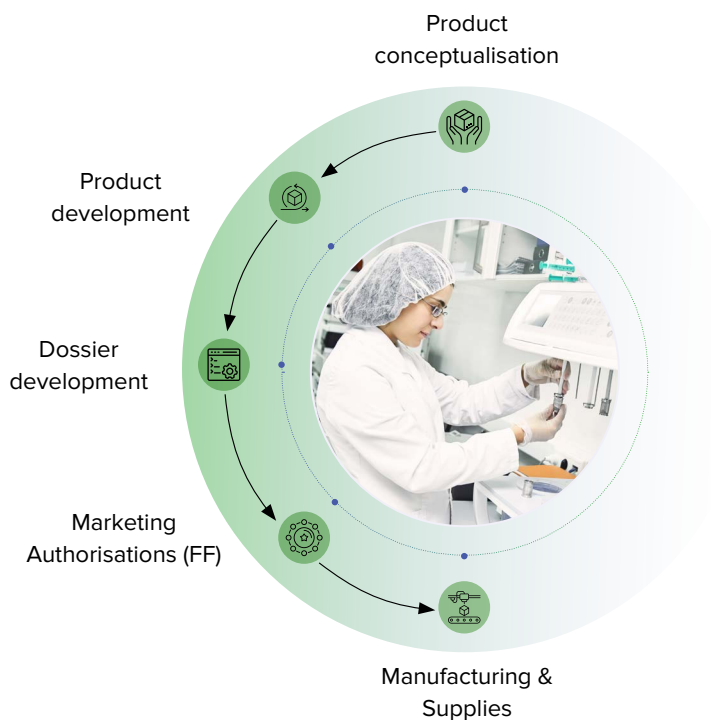
## Operating Structure

### Subsidiaries



- SIA ZIM Laboratories Limited, Latvia 100% Subsidiary**
  - For Registration of products and marketing efforts in the EU.
- ZIM Laboratories FZE, Sharjah , UAE 100% Subsidiary**
  - For Business Development and Marketing in MENA and Africa Region.
- ZIM Health Technologies Limited, India 100% Subsidiary**
  - For Advisory and Support Services to ZIM on overall R&D and Product Development for the Pharming and Developed Markets.
- ZIM Thinorals Private Limited, India 100% Subsidiary**
  - Created for OTF Business.

### Process



### Growth strategy

#### Pharmaceuticals

- Scaling up product portfolio
- Increasing registration of products
- Strengthen marketing team
- Invest in plant and machinery

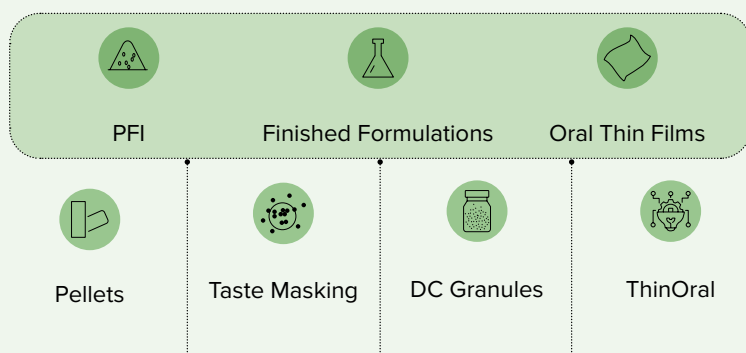
#### Nutraceuticals

- Develop new product basket
- Use differentiated active ingredients
- Invest in plant and machinery
- Enhance marketing efforts



## Product Presentations

### Offerings



### Therapy Segments



### Manufacturing Facility Certifications

Our manufacturing facilities are certified under EU-GMP, WHO-GMP & ISO 9001 standards.

## Outcomes

- Total Operating Income: **₹ 3,334 Mn**
- PAT: **₹ 146 Mn**
- Export revenue: **₹ 2,701 Mn**

- Increased **capacity utilisation**
- Increased **OTF manufacturing capacity**

- **Stringent safety protocols** across operations
- **Engaging work culture**
- Striving to **improve diversity** at workplace

- Total FF products registered with **MA 270**
- Number of Patents: **7**
- Total Branded Formulation Generics registered under Zim: **154**

# Oral Thin Films (OTF) Thinoral Technology

The global OTF market is estimated at 2.55BN USD ('19) and estimated to grow at CAGR 9% to over 6.5BN USD by 2030, with growth projected in some Therapeutic segments. We have developed several OTF products using our patented Thinoral® technology in these segments.

ZIM's R&D team has developed Oral Thin Films (OTF) which are manufactured using the company's in house Patented Thinoral technology. This technology enables the Company to manufacture pharmaceuticals and nutraceuticals on Orodispersible, Sublingual and Buccal thin film technologies. Oral Thin Films are instantaneously wettable, quick-dissolving, non-sticky, non-tacky, and non-curving, with drug loading capacities of up to 100 mg of active medication. This thin-film manufacturing method has been upgraded in exceptional circumstances for the delivery of liquid actives, broadening the range of applications for the Thinoral® technology platform.

Oral Thin Films (OTF) disintegrate virtually instantaneously when put on the tongue. Unlike tablets and capsules, these thin films do not require water for administration and, unlike liquids, may easily be carried in pockets, purses, and wallets. These films have an excellent palatability and are taste masked. Thin films can also assure dosage homogeneity.

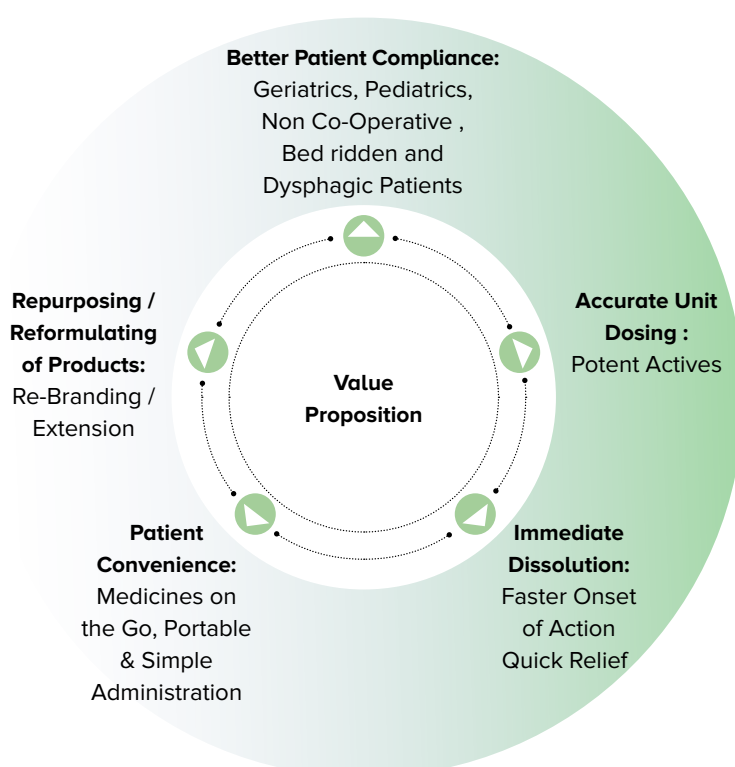
We have 7 patents granted and 14 under examination in OTF. The R&D team is also developing Buccal Strips which carry good potential for certain products and working on new technologies for delivering large molecules and highly potent drugs via OTF.

During FY 22, we received Marketing Authorisation (MA) for EU market – Rizatriptan Benzoate. Several other products - Melatonin, Ondansetron, Vitamin D3, Methyl cobalamin, Levocetirizine, Sildenafil, Tadalafil etc. in various strengths have also received approvals and been commercialized across ROW. Our OTF plant is EU-GMP accredited and scalable for business across markets.

Nutraceutical Supplement products have also been developed using the

OTF platform and these products are being presently marketed through eCommerce / OTC platforms. Some of these products are likely to be filed for OTC registration in USA, EU and across developed markets.

Various OTF products of the Company's nutraceutical business have also been sourced by leading Online/E-commerce Healthcare Brands for distribution through their E-commerce and Online channels.

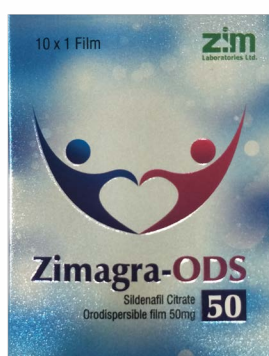


# ZIM's Brands under Oral Thin Films

## Pharmaceuticals under ZIM's Brand



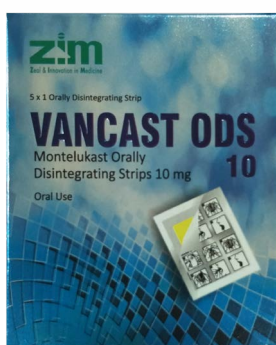
Tadalafil 10 mg



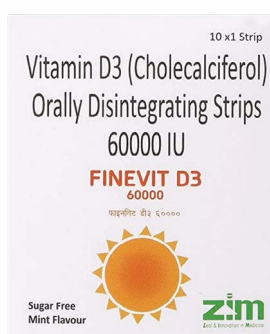
Sildenafil Citrate 50 mg  
Orodispersible Film



Vomibar ODS 4



Vancast ODS 10



Finevit D3 60K

## Nutraceuticals under ZimUNat Brand



ZimUNat Melatonin



ZimUNat Methylcobalamin



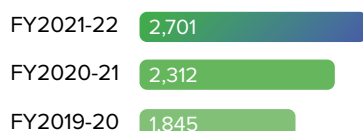
ZimUNat Lactic Acid  
Bacillus

# Business-wise Performance Break-up

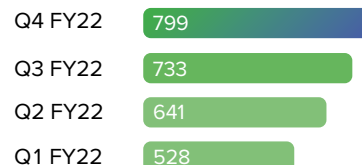
## Export Business:

- Our exports business in FY22 was Rs2,701Mn, up 17% from Rs.2312 Mn for FY21 and CAGR of 21% over the last 2 years (FY20-FY22)
- Mix of exports is now 81% of our Total Operating Income (up from 66% in FY20 and 75% in FY21)
- Key regions for exports during the year were MENA, SE Asia, Europe and Africa.

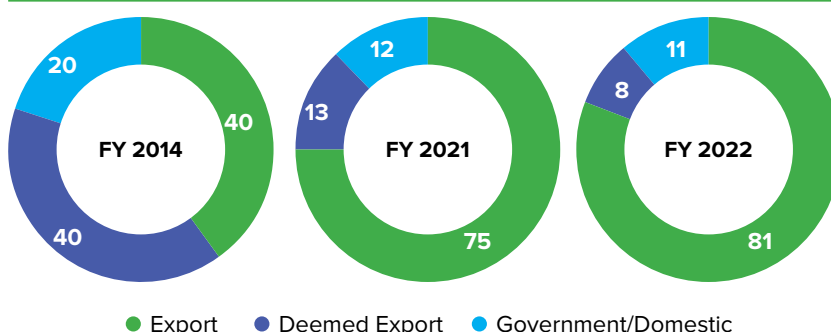
(₹ in Mn)



(₹ in Mn)



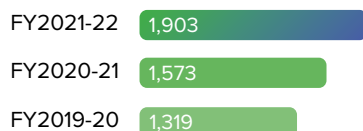
## Business Mix (%)



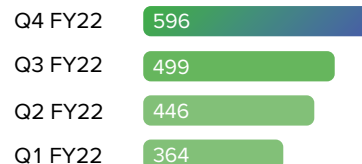
## PFI Exports

- Our Pre-Formulation intermediates (PFI) business grew 21% in FY22 vs FY21 and has grown @ 20% CAGR over the last 2 years (FY20-FY22)
- Exports of PFI comprise of 57% of our Total Operating Income
- The PFI exports are on a non-exclusive basis and the arrangements for PFI exports are based on deep-rooted, long-term relationship with our partners
- Key regions for PFI business are Asia, Europe and MENA

(₹ in Mn)



(₹ in Mn)

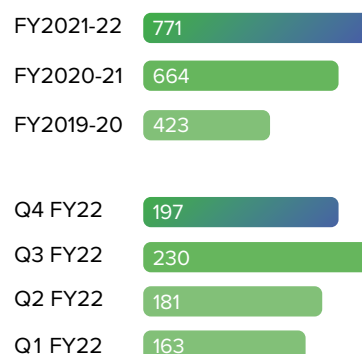


## Finished Formulation (FF) Exports:

- Our Finished Formulations Exports business has grown at 16% YoY and at a CAGR of 35% over the last 2 years (FY20-FY22)
- Exports of FF comprise of 23% of our Total Operating Income

- Within Finished Formulations, we have 154 products commercialized in our own brand with sales of Rs. 436Mn in FY22
- Key markets for FF Exports are Africa and MENA

(₹ in Mn)



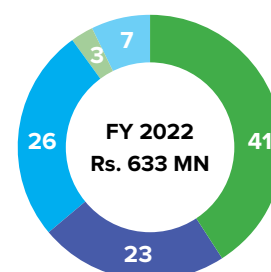
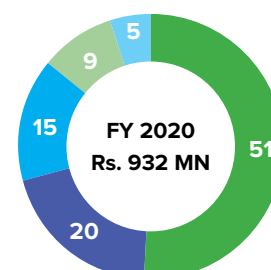


**Domestic Business:**

- For FY22, our domestic business was Rs633Mn and comprised 19% of our Total Operating Income.
- The domestic business includes sale to Central/ State Government, agencies owned by the Government and sale through deemed exports (products billed in India for export by 3rd parties).
- The Government business is mainly in pharmaceutical products under

the “Jan Aushadhi and CGHS” scheme to ESIC, Railways etc. and comprise of our differentiated and high margin generic products that provide certain threshold net contribution % to meet risks in fluctuating raw material prices and payment delays.

- 9% of the domestic business comprises of sales of Oral Thin Films and Nutraceutical supplements.

**Business Mix (%)**

- Deemed Export
- Jan Aushadhi & CGHS-ESIC & Railways
- State Government
- ODS
- Others

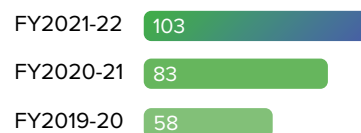
**Oral Thin Films (OTF):**

- During FY 22, we received Marketing Authorisation (MA) for EU market - Rizatriptan Benzoate. Several other products - Melatonin, Ondansetron, Vitamin D3, Methyl cobalamin, Levocetirizine, Sildenafil, Tadalafil etc. in various strengths have also received approvals and been commercialized across ROW.

- Our OTF plant is EU-GMP accredited and scalable for business across markets.
- Nutraceutical Supplement products have also been developed using the OTF platform and these products are being presently marketed through eCommerce / OTC platforms. Some of these

products are likely to be filed for OTC registration in USA, EU and across developed markets.

(₹ in Mn)

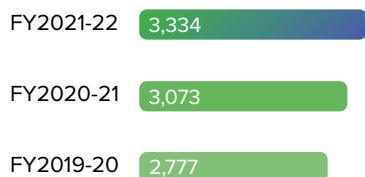


# Key Performance Indicators (Financial and Business)

## Profit and Loss

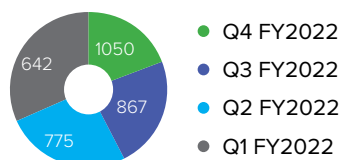
### Total Operating Income

(₹ in Mn)



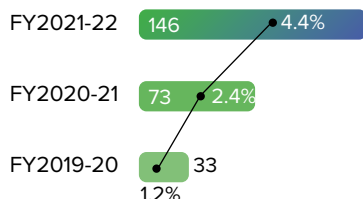
**8.5%** Y-O-Y

(₹ in Mn)



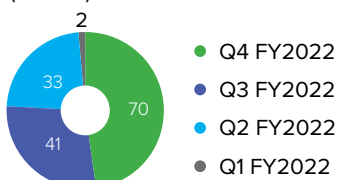
### PAT (₹ in Mn)

PAT as % of Total Operating Income



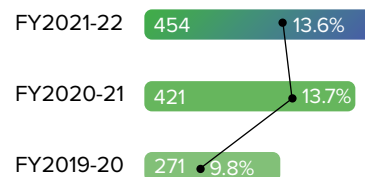
**100%** Y-O-Y

(₹ in Mn)

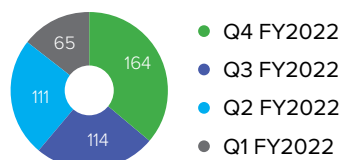


### EBITDA (₹ in Mn)

EBITDA as % of Total Operating Income

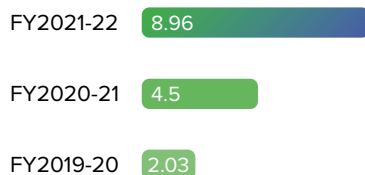


(₹ in Mn)



### EPS

(₹)

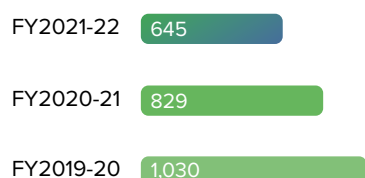


**99%** Y-O-Y

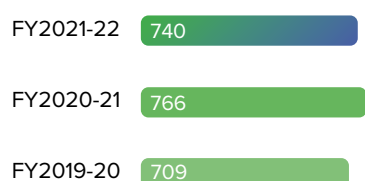
### Region-wise revenue breakup

(₹ in Mn)

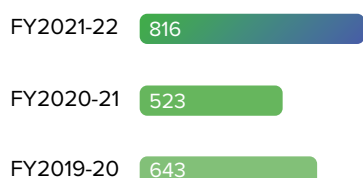
#### India



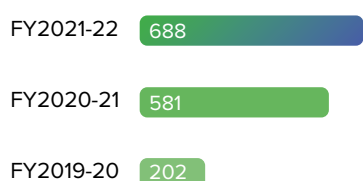
#### Middle East



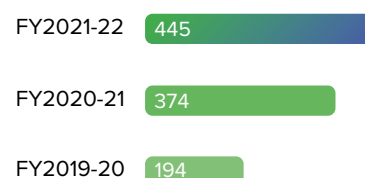
#### Asia (Excluding India)



#### Rest of the World



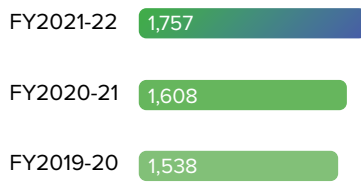
#### Africa



## Balance Sheet

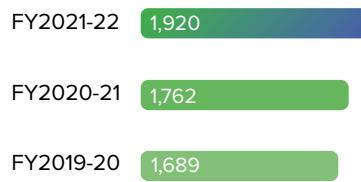
## Net Worth

(₹ in Mn)



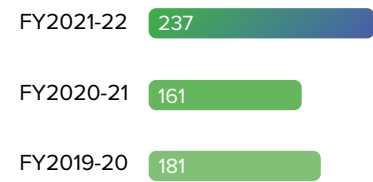
## Gross Block

(₹ in Mn)



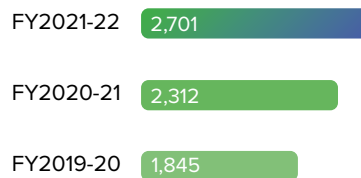
## Total R&amp;D Expenses

(₹ in Mn)



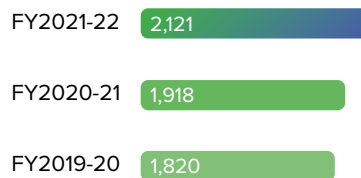
## Export

(₹ in Mn)

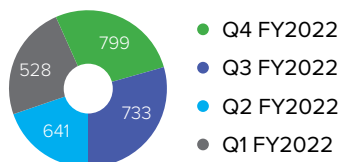


## Current Assets

(₹ in Mn)



(₹ in Mn)



# Message from Corner Office



Dear Shareholders,

I take great pleasure in presenting the annual report for the Financial Year 2022 (FY22). Hope that this finds you safe and in good health.

When the current financial year began, none of us expected that we would be confronted by a new and deadlier variant of Covid-19 in the first quarter, putting into greater stress the global supply chains and logistics and impacting business operations across industries.

As usual, it was the resilience and grit of our team that helped us overcome these challenges. It is an immense privilege to work with a team which has the passion and innovative spirit to overcome various obstacles faced in these extraordinary times to ensure our continued success.

We continue to make positive strides in operational excellence and process improvement to reduce costs while improving quality. We also progressed on developing and expanding our portfolio of specialty generics coming-off patent, in the near future, thus preparing products for submission in various markets.

I am happy to inform you that during the year, the Total Operating Income of your Company grew by 8.5% to ₹ 3,334 Mn while Profit After Tax grew 100% to ₹ 146 Million from ₹ 73 Million in the previous year.



Of the Total Operating Income, the pharmaceutical business comprised 87%, while the Nutraceutical division, which comprises of Vitamins, Healthcare and Dietary Supplements, contributed Rs 445Mn or 13%.

As you are aware, over the years, we have been focusing on growing our business mix towards exports and during this fiscal year the composition of Exports in our Total Operating Income grew to 81%, up from 75% in the previous year. Both our Pre-Formulation Intermediates business and our Finished Formulation business witnessed healthy growth during the year.

During the third quarter of the fiscal year 2022, our oral thin film product Rizatriptan Benzoate was registered and cleared for marketing in the European Union market. This was the first product from ZIM's portfolio to get MA in EU and we believe it will provide confidence to our team for applying for many innovative products in the future. Several pharmaceutical companies have enabled us to engage in co-development of multiple oral thin film products, both in the pharmaceutical and in the nutraceutical segments, to be launched in the Developed and Pharmerging markets in the coming years.

We also worked on strengthening our R&D Infrastructure, streamlining our manufacturing processes, upgrading our machinery, broadening our supply chain, development of new products and filing for registration across markets. The total investment in R&D related costs was maintained at 7.1 % of total operating income for FY22.

To Support overall R&D initiatives and focus on the development of innovative combination generic products – particularly for the Developed and Pharmerging markets, we have created Zim Health Technologies Ltd., a 100% subsidiary of your company. This initiative is being led by an experienced and qualified team of scientists with global expertise.

### Capitalising on Growth of Indian Pharma

Being the largest provider of generic medications, India is rightly called the pharmacy of the world. Our company continues to diligently put effort and investment into our Research and development to create value added generics with differentiated and patient friendly drug delivery solutions.

### Future Growth Initiatives

Our primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to our vision and mission. We are pivoting towards specific therapy areas while maintaining our focus on technology platform innovation and process optimisation. This year, our efforts will also be on registration and marketing arrangements for the products developed.

We are in initial stages of developing a range of nutraceutical supplements to complement our existing pharmaceutical product lines. We intend this new product range to be



**Our primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to our vision and mission.**

available through various channels including online. This will enable us to approach patient care holistically and further our mission of providing unique health care solutions.

On behalf of the board, I would like to thank all the shareholders for your continued support and also wish to thank our Government, the Administration, Customers, Suppliers, Banks and all other Stakeholders who helped and stood by us during these trying times. A special thanks to all the 'ZIMians' for living the Company's values and their contributions and commitment during the year.

Best Wishes,

**Anwar Daud**  
Chairman & Managing Director

# Review by CFO



**Dear Shareholders,**

Amid a challenging global environment, I am pleased to inform you that we continued to make steadfast progress on delivery of our strategy – new product development, expanding our reach, strengthen our capabilities and delivering healthy results.

We have been able to achieve this on the back of our commitment to improve our performance, prioritising innovation and R&D productivity, and ensuring optimum fund utilisation. These drives have also enabled us to remain strong amid uncertainties, and remain well-gearred to capitalise on growing opportunities.

## **Financial highlights**

Despite the hurdles posed by COVID-19, our Total Operating Income increased by 8.5% YoY to Rs. 3,334 Million in FY22, up from Rs. 3,073 Million in FY21. During the year under review, our EBITDA grew from Rs. 421 million in previous year to Rs. 454 million, registering a growth of 8% YoY. Our PAT grew by 100% YoY from Rs. 73 million in FY21 to Rs. 146 million in FY22. During the year under review, we continued to focus on producing novel and differentiated generic pharmaceutical formulations and pre-formulation intermediates for developed markets. Export has been

one of the important contributors to the overall revenue of the company with export income contributing 81% to the total revenue in FY22 as compared to 75% in FY21. On the balance sheet front, we were able to reduce our overall borrowing by Rs. 299 million, ensuring we maintain a strong gearing ratio of 29% as on 31st March 2022. Moreover, our average cost of borrowing reduced to 12.6% for the year, as compared to 15.2% in FY20.

### Creating long-term sustainable value

We believe, the greatest contribution we make is to improve the health of people around the world. Directly and indirectly, we strive to create a positive impact on the health of thousands of people every day through our innovative drugs. In order to achieve the same, we continue to focus on R&D activities. During the year under review, we invested 7.1% of the total operating income in R&D

Our continued emphasis on R&D has resulted in development of several new products in the past three years and 10 products are in pipeline across various stages including a few in BE and clinical study stages. These products will be considered for registration across markets once trials are successfully completed. In FY22, we entered the EU market for the first time with our OTF product - Rizatriptan Benzoate, and are planning to enter other regulated markets with strategic partnerships. In line with increasing awareness of health and wellness, we grew ZimUNat - a nutraceutical products brand that caters to the health and wellness space with natural and effective healthcare supplements. The supplements are produced with patented innovative and disruptive pharmaceutical technologies.

We believe, central to our success are our people - experts in science, technology, manufacturing, legal, intellectual property and commercialisation. We strive to be an employer of choice, developing our people and offering a broad range of benefits that help us attract and retain the best talent.

### Outlook

As we enter the fiscal year 2023, we remain optimistic about the future that lies ahead of us. We believe, in the global pharmaceutical market, emerging markets will have a more significant role to play. Though developed countries will be ahead of the time, however, reliance on countries like India for research and drug production will grow significantly in the years to come.

The strategic investment in domain expertise, R&D and market penetration has helped us to strengthen our financial performance despite the challenges. Looking ahead, I am convinced that our well-defined company strategy will position us as a valuable partner for our stakeholders as the world continues to recover from the pandemic. Before I conclude, I want to thank all of our shareholders for their patience and support throughout one of the most challenging years. We shall continue to work diligently and strategically to create long-term value and fulfil our promise to provide affordable high-quality medical solutions.

Best wishes,  
**Shyam Mohan Patro**  
Chief Financial Officer



On the balance sheet front, we were able to reduce our overall borrowing by Rs. 299 million, ensuring we maintain a strong gearing ratio of 29% as on 31st March 2022. Moreover, our average cost of borrowing reduced to 12.6% for the year, as compared to 15.2% in FY20.

# Value Proposition and R&D Capabilities

Being a research-driven company, we strive to develop innovative solutions that cater to the evolving needs of the markets in which we operate. We believe the rapid convergence of science and technology in pharmaceutical market provides significant opportunity for us.

## ZIM Innovation

ZIM has an independent R&D centre recognized by the DSIR, Govt. of India, and has developed several differentiated generics based on innovative process technologies. Our in-house R&D centre comprises of experts in development of pharmaceuticals and nutraceutical supplements. We have enhanced our R&D capabilities through our investment in a very experienced team in Zim Health Technologies Ltd (ZHTL - 100% subsidiary).

## What makes our R&D unique

**Independent** R&D team and QA/QC facilities formed business verticals – Pharmaceutical, Oral Thin Films and Nutraceutical. Each division responsible for developing their own distinct sets of products including studies and fillings

**Analytical** methods conducted for drug development and research

**Key** therapeutic areas identified

**Seamless** product development framework in place (lab scale to pilot scale to commercialisation)





## Key highlights

We continue to innovate on differentiated generics and complex dosage forms based on innovative process technologies.

- **270** Finished Formulation products (80 molecules), registered in our name with Marketing Authorizations
- **154** finished formulation products commercialized under our own brand
- **9** patents have been granted and 42 are under examination
- R&D expenditure comprised **7.1%** of total operating income
- **~70%** of R&D expenditure incurred on salary, material, BE and other study

## R&D expenses

(In ₹ Mn and as % of Total Operating Income)



- Capital Expenses on BE-Study
- Capital Expenses on Infrastructure & Equipment
- R&D Expenses in P&L (Employee, Material, BE-Study etc.)
- %Total R&D Expenses to Total Operating Income

## Outlook

R&D team has completed the development and most of the BE studies for 6 new unique combination generic products with substantial global market potential. Of these 2 products are targeted for filing in Q2 F23 and 4 are targeted for filing in Q3 F23 in EU and other Developed Markets. In addition 4 products are also in advanced development and targeted for filing in EU in Q4 FY23. 18 products are also developed and ready for refiling of Dossiers for the ROW markets; some of these products may get filed for registration in developed markets after further BE studies.

# 80

R&D team size

# 18

Products developed and ready for refiling of Dossiers for RoW markets

# ~70%

of R&D expenditure incurred on salary, material, BE and other study

# Growth Strategy and Focus: FY 23

## Growth Strategy



### Pharmaceuticals

- Scaling up our product portfolio with development of new differentiated generic products targeted for EU and some of the high value Developed Markets.
- Increasing the registration of our products on back of new Dossiers / BE studies across markets.
- Strengthening our marketing team for scaling up our business in some key markets of LATAM, SE Asia, CIS and MENA countries.
- Investment in latest plant and equipment, including the possibility of a new manufacturing facility at the appropriate time.
- Leverage OTF technology for developing and capitalize on our pipeline of Over the Counter (OTC) products in regulated markets.



### Nutraceuticals

- Developing a product basket of Nutraceuticals which complement our pharmaceutical products thus providing a holistic approach to patient health.
- Working with differentiated generic active ingredients which are sourced naturally and chemically to create higher efficacy products and product differentiation.
- Investment in a new manufacturing facility to cater to the growing needs of this segment.
- Enhancing marketing efforts in B2B and B2C / E-commerce space by partnering with healthcare brands in the domestic and global markets for supply of unique products under white label or through our own brands.



**FOCUS : FY2023**

We will continue to focus on the development of innovative, differentiated, generic products across various dosage forms for Pharmaceuticals and Nutraceuticals:



# Unique Value Proposition

Amid continuing evolution in the pharma industry, we continue to identify business opportunities more flexibly and efficiently in order to achieve long-term sustainability. Our strategic viewpoints are influenced by new technologies and holistic treatment approaches, product development needs, new possibilities for commercialization, evolving market trends and changes in pharmaceutical laws and regulations. In keeping with our vision of providing affordable yet quality healthcare through drug delivery solutions, we continuously strive to identify unique and novel solutions to solve patients' needs.







### Increased focus on Oral Thin Films

Being a pioneer and leader in the Oral Thin Film (OTF) drug delivery solution, we are revolutionising the process of drug delivery. The unique platform provides prospects for repurposing and realigning generics to create added value for patients. During the year under review, we entered the EU market with our first product as we received registration and marketing authorisation for 'Rizatriptan Benzoate' oral thin films. Multiple OTF products are under co-development with multi-national companies for registration and launch in regulated markets.

### Strong market presence

Apart from our plans to enter the regulated markets, we are also expanding our finished formulation specifically in nutraceuticals business across several countries in MENA, SEA, CIS, Francophone and LATAM regions. We are entering these markets through joint ventures, partnerships, market authorizations and out-licensing.

## 36%

Share of total operating income from MENA in FY22

### Prudent business mix

We are balancing our business growth by scaling up investments and product portfolio across both our pharmaceutical and nutraceutical businesses. Today, 4 key therapeutic segments of Antibiotic / Anti-infective, Respiratory, Gastrointestinal and Analgesic/ NSAID contribute to over 71% of the pharmaceuticals business. Similarly, nutraceutical business aggressively grew by 34% in topline YoY, with 97% of revenue coming

from exports. Going forward with more dossier filings and product registrations, we are confident of scaling business growth across both our business verticals.

### State-of-the-art manufacturing facilities

We have three manufacturing units situated in Nagpur, which include the general facility, OTF facility and cephalosporin. We leverage our manufacturing facilities to develop and deliver industry-leading quality products at cost-effective price that enables us to retain our competitiveness in the global market. Moreover, our production practices are aligned with the international standards and are accredited under EU-GMP, WHO-GMP and ISO 9001 standards.

## 3

Manufacturing facilities

### Domain expertise

We leverage our multi-decade knowledge and experience in the pharmaceutical industry to optimise the process and deliver quality products to customers. We have diversified and built strategic relationships with partners to share expertise and foray into new markets. Our leadership team with its diverse and rich experience and committed team is integral to our success in this evolving industry.

### Technology-led

We are using data analytics and past learnings to help in repurposing and repositioning of generic drugs thus finding out better use case scenarios. Our R&D team leverages modern-day technology to make available differentiated, novel dosage forms for patients.

# Profile of Board of Directors



**Dr. Anwar S. Daud**  
**Chairman and Managing  
Director**



**Mr. Zulfiquar Kamal**  
**Director - Finance**



**Mr. Niraj Dhadiwal**  
**Director - Business Development**



**Mr. Prakash Sapkal**  
**Director - Operations**



**Mrs. Kavita Loya**  
**Independent Director**  
**Chairperson** : Audit and Risk  
Management Committee



**Mr. Padmakar S. Joshi**  
**Independent Director**  
**Chairman**: Nomination and  
Remuneration Committee



**Dr. Kamlesh Shende**  
**Independent Director**  
**Chairman**: Stakeholders Relationship  
Committee



**Dr. Kakasaheb Mahadik**  
**Independent Director**  
**Chairman**: Corporate Social  
Responsibility Committee

**01 Dr. Anwar S. Daud**

Dr. Anwar Siraj Daud is an M. Pharm and PhD in pharmaceutical chemistry and pharmaceuticals respectively. He began his professional journey in 1981 and is the promoter of ZIM Laboratories Limited (ZIM).

Dr. Anwar. Daud has been responsible for the overall growth of ZIM into an R&D based pharmaceutical manufacturing company that supplies medicines to more than 50 countries worldwide adhering to the strictest standards of quality. His keen interest in research and innovation has led ZIM to develop several innovative process technologies for manufacturing novel delivery systems and differentiated products. He has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in the Company.

**02 Mr. Zulfiqar Kamal**

A Chartered Accountant, Zulfiqar Kamal has been associated with the company for over 25 years. He has been on the Board of Directors since 1991. With his financial acumen, refined over an experience of more than three decades, he brings to the table the financial discipline and control necessary for a growing organization like ZIM Labs. In his current role as Director – Finance, Mr. Kamal oversees the commercial operations of the company. He envisions ZIM Labs to be a financially efficient organization known for its operational efficiencies.

**03 Mr. Niraj Dhadiwal**

Mr. Niraj Dhadiwal is a pharmacy graduate with a diploma in business management and has been with the company for nearly three decades. He started his career with ZIM Labs as a production officer in 1991, rising through ranks to his current position of Director. With his keen business acumen and technical knowledge, Mr. Dhadiwal has played a key role in the export-development arm of the company. His contribution to the development of overseas business

stands unmatched and a testament to his foresight and ability to tap into new markets. In his current role as Director – Business Development, Mr. Dhadiwal looks after the business development and marketing functions of the company. He envisions ZIM Labs to have a global presence with innovative and differentiated products leading to good returns for all the stakeholders.

**04 Mr. Prakash Sapkal**

Mr. Prakash Sapkal is a Pharmacy graduate with post-graduation in Business Administration. He is associated with the Company for 26 years starting his career as Assistant Chemist. During all these years he has handled key operations in various capacities like Production Supervisor, Production Manager, and Vice President – Operations. His major contribution has been in assembling a team that has brought the vision of ZIM Labs to life. Always passionate about meaningful change, Mr. Sapkal believes prioritizing people and customers, and streamlining processes.

**05 Mrs. Kavita Loya**

Mrs. Kavita Loya is a Senior Practicing Chartered Accountant with 20 years of experience. She is presently a Partner in Loya Bagri & Company, Chartered Accountants. She was a Member of Capacity Building Committee and Women's Empowerment Committee of the Western Region of ICAI, Mumbai & Nagpur. She is presently a core group member of the Bombay Chartered Accountants Society. She is on the Board as an Independent Director since the year 2017. She has an expertise in Audit, Taxation and other financial matters.

**06 Mr. Padmakar Joshi**

Mr. Padmakar Joshi is a senior banking professional with more than 37 years of rich and multi-functional experience in areas of commercial banking. He is on the Board as an Independent Director since September, 2017. He retired as Dy. Head- Corporate & SME Credit Monitoring and Debt Restructuring, Union Bank of India.

**07 Dr. Kamlesh Shende**

Dr. Kamlesh Shende has more than 30 years of experience in the area of Regulatory Affairs in the Pharmaceutical sector. He possesses rich experience in Drug Policy matters enabling him to act as a technical consultant to various pharmaceutical companies. Dr. Shende has worked as Drugs Formulation Expert for the entire State of Maharashtra and was a member of the National Subcommittee on Formulations constituted by Drugs Consultative Committee.

Dr. Shende retired as Joint Commissioner (Drugs), Food and Drugs Administration, Mumbai. He holds a master's degree in Pharmacology and a Ph. D (Herbal Medicine) from university of Health Sciences, Nashik.

**08 Dr. Kakasaheb Mahadik**

Dr. Kakasaheb Mahadik, a senior professional having a rich experience of more than 35 years in Research in pharmaceutical sector including Novel Drug Delivery Systems. He is an active contributor in various Pharma and Research organizations. He was a Member, Executive Council Indian Society for Clinical Pharmacology and Therapeutics as well as the Executive Committee Indian Pharmaceutical Association.

He is a member of Indian Pharmaceutical Association, IASTAM and other reputed professional bodies. He has been granted several patents and has published more than 300 Research Papers internationally and nationally. He is recipient of various awards for his contributions in the pharmaceutical research and other social causes.

Dr. Mahadik is an M. Pharm and PhD in Pharmaceutical and also holds Ph. D in Law. He has expertise in the field of Pharmaceutical Research, Management and Administration.

# Comprehensive Research Capabilities

A wholly-owned subsidiary, ZIM Health Technologies Limited (ZHTL) has been incorporated as an extended research and development unit to enhance R&D efforts of ZIM in areas of product development, manufacturing and marketing of complex generic and high-end pharmaceutical and nutraceutical products - particularly for the developed and pharmerging markets.

The ZHTL team has been pivotal in enhancing the growth in ZIM's business and product pipeline over the last few years. During the FY 21-22, with the active involvement of ZHTL team, the R&D team at ZIM has developed new differentiated products and filed dossiers for registrations across various geographies. ZHTL team has been instrumental in advising the management of ZIM in enhancing the operational efficiency.

ZHTL is led by Dr. Chandrasekhkar Mainde, a veteran professional in the field of pharmaceutical research and development, who joined ZHTL after a significant stint. Leader of various Technical and Business Development functions in leading Indian and International Pharmaceutical organizations. He leads a team of experienced R&D, QA, QC, RA, production professionals on product Ideation, development, dossier readiness, manufacturing and registration of new products for ZIM group.

Mr. Gautam Saigal has recently joined ZHTL Board as the Non-Executive and Non-Independent Director. Mr. Saigal is an experienced private equity investment professional who works closely with ZIM group on all strategic and new initiatives.

## Board of Directors : ZHTL



**Dr. Anwar S. Daud**  
Non Executive Chairman



**Dr. Chandrasekhkar Mainde**  
CEO and Executive Director –  
ZIM Health Technologies Ltd.



**Mr. Zulfiqar Kamal**  
Non Executive and  
Non Independent Director



**Mr. Gautam Saigal**  
Non-Executive and  
Non-Independent Director



**01 Dr. Chandrasekhar Mainde**

Dr. Mainde is M.Pharm and Ph.D. in Pharmaceutical Technology from Nagpur University. He has an industrial experience of over 25 years.

He heads the company's research and development activity and advises the company on all technical functions including Quality and Operations. He also leads certain high impact business development initiatives for the company's regulated markets.

During his long professional career as leader and team leader representing several well-known pharmaceutical organizations, he has faced around 75 Audits from US FDA, MHRA, ANVIS, TGA, EMA and other regulatory authorities. Under his guidance over 300 products were filed to MOH Turkey along with 10 ANDA submissions to USA and 50 EU CTD dossiers to different European countries.

Being the principal investigator for more than 100 Indian patents, he is also the inventor in several patents filed worldwide. Conducted more than 300 bio-equivalence studies including complex formulations and contributed to submitting around 150 ANDA in USA and several others in regulated markets.

**02 Mr. Gautam Saigal**

Mr. Gautam Saigal is founder partner of Pachira Financial Services LLP., is an Advisor to Zim Laboratories Ltd.

He has over 30 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK.

Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India private equity advisory practice. Since 1997, Gautam has been responsible for leading several private equity investments and monitoring them as a board member covering various sectors including in healthcare, financial services, telecom, energy distribution, IT services, consumer products, logistics and infrastructure.

Earlier he worked in Investment Banking with SSKI Corporate Finance and SMIFS Capital Markets for over 6 years. He is a Chartered Accountant

and a post-graduate in Commerce from the Calcutta University.

Gautam led the investment of AA Indian Dev Capital Fund in Zim and was on the Board of Zim Laboratories till mid-2013. He is presently a member of the Board of Directors of Asirvad Microfinance Ltd. and Manappuram Home Finance Ltd.



# Corporate Information

## Board of Directors

### Dr. Anwar Daud

Chairman and Managing Director

### Mr. Zulfiqar Kamal

Director (Finance)

### Mr. Prakash Sapkal

Director (Operations)

### Mr. Niraj Dhadiwal

Director (Business Development)

### Mrs. Kavita Loya

Independent Director  
Chairperson : Audit and Risk  
Management Committee

### Mr. Padmakar Joshi

Independent Director  
Chairman : Nomination and  
Remuneration Committee

### Dr. Kamlesh Shende

Independent Director  
Chairman : Stakeholder Relationship  
Committee

### Dr. Kakasaheb Mahadik

Independent Director  
Chairman : Corporate Social  
Responsibility Committee

## Chief Financial Officer

### Mr. Shyam Mohan Patro

## Company Secretary and Compliance Officer

### Mr. Piyush Nikhade

## Bankers

Bank of India

Shamrao Vithal Co-operative Bank  
Limited

TATA Capital Financial Services  
Limited

## Statutory Auditors

### Walker Chandiok & Co. LLP,

Chartered Accountants

### Cost Auditor

### M/s Dhananjay V. Joshi & Associates,

### Internal Auditors

### Protiviti India Member Private Limited

### Secretarial Auditor

### Ms. Yuti Nagarkar

Company Secretary in Practice

## Legal Consultant:

Adv. Shabana Karim, Corporate Law  
Practitioner,  
Managing Partner - S. K. Law  
Associates

## Registrar And Share Transfer Agent

Link Intime India Pvt. Ltd,

Unit: ZIM Laboratories Limited,  
C 101, 247 Park, LBS Marg,  
Vikhroli (West),  
Mumbai - 400 083, India.

Tel: +91 22 4918 6000

Toll Free No.: 1800 1020 878

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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E-mail : [cs@zimlab.in](mailto:cs@zimlab.in)

CIN: L99999MH1984PLC032172

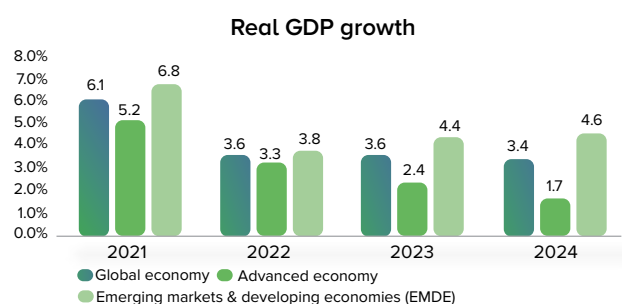
# Management Discussion And Analysis

## Global economy review

According to the IMF, the global economy grew by 6.1% in CY2021. The steady yet gradual recovery can be owed to the long-term effects of the pandemic and feeble economic policies at the back of supply-chain disruptions. The advanced economies are witnessing a steady recovery. This can be owed to rising economic activities and investments, which are likely to restore to pre-pandemic levels. However, owing to the lower levels of production, the sluggish growth is more prominent in EMDEs. The difference in the pace of recovery is a result of slower vaccination rollouts and tighter economic policies.

Emerging market and developing economies are expected to grow at 6.8 percent in the year 2021, helped by increased external demand and higher commodity prices. Further recovery in global trade will help accelerate these economies' growth, and lowering trade costs will also boost business and stimulate investment and growth.

Although there are significant downside risks to the recovery of both advanced and emerging economies, the recovery process is expected to stabilise in the foreseeable future. Trade activity is gaining traction and will contribute to the growth of the global economy.



Source: World Economic Outlook (April 2022) - Real GDP growth (imf.org)

## Outlook

According to the IMF (April 2022 World Economic Outlook) global growth is projected to slow from 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. Beyond 2023, global growth is forecast to decline to about 3.4 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies.

## Indian economy review

The Indian economy experienced a strong rebound in 2021-22 with a GDP of 8.7%. India's wide range of fiscal and monetary measures to the crisis and various economic reforms helped mitigate a longer-lasting adverse impact of the crisis and assisted its recovery. However, towards the end of the year, the geopolitical unrest in Europe triggered a series of sanctions that also impacted India. Supply-chain disruption and spiking commodity prices exacerbated the already rising inflation. Despite the challenges, the long-term outlook is positive owing to the government's growth-oriented budget as well as strategies like 'China plus one' and 'Russia plus one' that is aimed at the diversification of businesses into other geographies. Such strategies would prove India as an attractive option for business due to its large domestic market and skilled labour.

A strong rebound in government revenue in 2021-22, on the other hand, implies the government will comfortably meet its year-end objectives while maintaining support and expanding capital investment. The government now has fiscal space to give further aid if required, thanks to a considerable increase in revenue (revenues were up over 67 percent YoY in April-November 2021)<sup>3</sup>.

## Outlook

Based on the government's proposed increased capital investment, the Indian economy is predicted to grow by 8.0-8.5 percent in 2022-23. In addition, supply-side policies are being implemented, such as deregulation of industries, the elimination of retroactive taxes, and so on, all of which will assist in growth. Inflationary difficulties induced by rising fuel prices, as well as geopolitical uncertainty, are some of the factors of concern for the economy's future growth, but India is well equipped to cater to such challenges.

## Industry overview

### Indian pharmaceutical industry

Over the years, the Indian pharmaceutical sector has grown tremendously, and it currently ranks third in the world in terms of pharmaceutical manufacturing volume. India is the world's largest provider of generic medications, accounting for 20% of the global supply. Because of their low prices and high quality, Indian pharmaceutical companies have become significant participants in the global market, making

<sup>1</sup> Indian Economic Survey, 2021-22

<sup>2</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1801835#:~:text=Real GDP or Gross Domestic,2022.>

<sup>3</sup> Indian Economic Survey 2021-22

the country the 'Pharmacy of the World.' Currently Indian pharma industry is valued at US \$41.7 bn and is expected to reach \$65 billion by 2024 and \$120-130 billion by 2030. This growth has been aided by various government incentives and schemes like the production linked incentive for bulk drugs, promotion of domestic manufacturing of medical devices etc.

Foreign direct investment in the pharmaceutical industry increased substantially over previous years. The unprecedented increase in foreign investments in the pharmaceutical industry is mostly due to efforts to address COVID-19 related medicinal and vaccination demands.

Despite being a major participant in formulations, the country is heavily reliant on the import of APIs used in the formulations of medicines. The government has launched PLI scheme to produce APIs within the country and has allocated a budget of INR 6,940 crore for the promotion of domestic production of 53 essential Active Pharmaceutical Ingredients (APIs) in the country over the next eight years.

### Novel Drug Delivery System (NDDS)

The term "Novel Drug Delivery System" (NDDS) refers to methods, formulations, technologies, and systems for safely transporting a pharmaceutical compound in the body as deemed necessary to achieve its desired therapeutic effects. It is a method for delivering drugs that is different from traditional drug delivery systems and consists of a mix of advanced technology and modern dosage forms that are much superior to conventional dosage forms. The global market for Novel Drug Delivery Systems (NDDS) is estimated to be US\$9 Billion in the year 2020 and is projected to reach a size of US\$28.1 Billion by 2026<sup>7</sup> growing at a CAGR of 20.8% over the analysis period.

Based on the method of administration, the pharmaceutical drug delivery sector is divided into oral, pulmonary, injectable, ophthalmic, nasal, topical, implantable, and transmucosal drug delivery. There are numerous advantages associated with this route of administration, such as convenience and ease of use, right dosage to the right place, painless and non-invasive delivery, superior transmissibility, and enhanced patient compliance.

### Generics

The generic pharmaceuticals produced in India and distributed across the world comply with safety and stringent quality levels. India employs the world's second-largest number of people in the pharmaceutical and biotech industries. Many prominent international corporations have set ambitious goals for their India operations, implemented a localised strategy that includes rapid salesforce ramp-ups and branded generics releases. Leading pharmaceutical companies have invested heavily in market development, established distinctive business strategies, and maintained the momentum of new product introductions.

### Oral Thin Films (OTF)

Oral Thin Films are being explored on a larger scale as a new drug delivery system. Oral Thin Films have been defined as a non-conventional alternative to traditional dose forms. They're a flexible platform that can provide immediate, local, or systemic effects. Traditional oral solid dose forms, such as tablets, capsules, and other oral forms, have mainly been employed for adult patients. However, not everyone is capable of swallowing, holding, or consuming medications without any help. Paediatric, geriatric, dysphagic, mentally ill, and bed-ridden patients, for example, have special needs that demand an alternative to swallowing.

The films known as Oral Thin Films (OTF) disintegrate virtually instantaneously when put on the tongue. Unlike tablets and capsules, these thin films do not require water for administration and, unlike liquids, may easily be carried in pockets, purses, and wallets. These films have an excellent palatability and are taste-masked. Because thin films are measurable, they can also assure dosage homogeneity, which is a challenge with liquid medications. Fast-dissolving thin films are not only beneficial to special-needs individuals, but they are also appealing to other patients.

### Company Overview

ZIM develops and supplies differentiated generic pharmaceutical products in Finished Formulations (FF) and Pre-Formulation intermediates (PFI) in certain key therapeutic segments across RoW markets.

Our differentiation and value proposition is in our ability to develop and supply combination generic products using various drug delivery techniques and release patterns in the oral solid dosage form.

The Company's core capability is built on the foundation of a strong, experienced in-house R&D set up. The R&D capabilities provide various delivery solutions that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing & supplies. The R&D capabilities are enhanced through investment in a very experienced team in Zim Health Technologies Ltd (ZHTL - 100% subsidiary). For the PFI business - we partner with pharmaceutical and nutraceutical distribution companies who seek solutions for development, sourcing and marketing of differentiated and value added generic products. To grow our FF business - we register our products in select markets with plans to enter into marketing tie up with local distributors and marketing companies for launch of our FF products as branded generics. Our Oral Thin Film (OTF) business, (part of FF) has been growing steadily over the years on the back of some high value pharmaceutical products and has recently ventured into Nutraceutical products. Our plant (including the OTF facility) is EU GMP certified and will support our manufacturing and supply initiatives for these new products

<sup>4</sup> Indian Economic Survey 2021-22

<sup>5</sup> Pharma industry in India: Invest in Indian Pharma Sector (investindia.gov.in)

<sup>6</sup> Indian Economic Survey 2021-22

<sup>7</sup> Novel Drug Delivery Systems (NDDS) - Global Market Trajectory & Analytics (researchandmarkets.com)



The Company is expanding its nutraceutical business vertical to develop unique vitamins and dietary supplement products which align with its pharmaceutical therapy area strategy thus creating a holistic treatment approach to ensure a healthier life for the patient

across various markets. The Company is focused on expanding offerings across two verticals-pharmaceutical and nutraceuticals, to customers across the globe. The Company is expanding its nutraceutical business vertical to develop unique vitamins and dietary supplement products which align with our pharmaceutical therapy area strategy thus creating a holistic treatment approach to ensure a healthier life for the patient.

Novel drug delivery technologies, such as Oral Thin Film (OTF) are being developed. Company's R&D team works on repurposing and repositioning differentiated generics using drug delivery solutions which consist of pellets, capsules, granules, tablets, oral solutions, etc., to increase effectiveness and patient convenience. The firm is concentrating on certain therapeutic areas that include urology, gastroenterology, cardiology, and anticoagulants, as well as antibiotics and anti-infectives, NSAIDs/pain analgesics, and vitamins and supplements.

The Company's goods and services cover multiple locations, including Asia, India, Africa, MENA, CIS, Europe, LATAM, SE Asia.

### Export Business

The Company's exports are primarily to RoW markets of Asia Pacific, Middle East and Africa MENA. Exports to CIS Countries and Latin American Countries (LATAM) are also growing. The export business grew by 17% during the fiscal year, comprising 81% of the total operating income for FY22. The export business witnessed steady growth in PFI, FF and OTF verticals, and the Company strengthened its market presence in key regions. We have also initiated the development of innovative and differentiated Nutraceutical products using our various Drug Development Technologies for sale as Over the Counter (OTC) products in India and globally.

### Outlook

The Company aims to develop several unique generics some of which will be first generics. The goal is to register and market these differentiated generic products as finished formulations in the EU and across global markets in collaboration with leading marketing companies or as pre-formulation intermediates (PFI) in collaboration with pharmaceutical companies.

### Domestic Business

The domestic business includes sale to Central/ State Government, agencies owned by the Government and sale through deemed exports (products billed in India for export by 3rd parties). The Government business is mainly in pharmaceutical products under the "Jan Aushadhi and CGHS" scheme to ESIC, Railways etc. and comprise of our differentiated and high margin generic products that provide certain threshold net contribution % to meet risks in fluctuating raw material prices and payment delays.

Our range of OTF products in India which are marketed by partners in their brands and directly under our brand ZIMUNAT® through ecommerce / online platforms.

### R&D Initiatives and Value Propositions

The Company's value proposition is its ability to manufacture differentiated generic medications as well as unique drug delivery techniques that provide patients with therapeutic benefits. The Company is differentiating itself from the competition in the following ways:

#### 1. Modified Dosage Forms and release patterns

Rising competition in traditional generics is pushing the need for innovation and value addition to these traditional generic molecules. The Company addresses this issue by streamlining its resources and focusing on new dosage forms and release patterns, resulting in smarter generics or super generics in terms of convenience, effectiveness, and treatment adherence. These products with unique delivery mechanisms can be developed in a shorter time frame and with lower investment, resulting in increased profitability and return on investment.

The Company's primary focus is to develop innovative and differentiated generic pharmaceutical pre-formulation intermediates and finished formulations while staying true to its vision and mission. The Company is pivoting towards specific therapy areas while maintaining its focus on technology platform innovation and process optimisation. This year, the efforts will also be on registration and marketing arrangements for the products developed.

New forms and release patterns with improved drug efficacy such as sustained release, immediate release, targeted release in pellets, eliminates the need for multiple doses and is also a primary point of focus for the Company. The release patterns also help to improve efficacy and patient convenience resulting in lower dosage frequency, improved bioavailability, reduced side effects and increased patient compliance and treatment adherence.

#### 2. Novel drug delivery platforms

Oral solid doses, such as tablets and capsules, must be eaten whole, with water or some other liquid. Swallowing these can be a problem for some individuals, such as children, the elderly, the mentally challenged and the

bed-ridden. ZIM's R&D team has developed Oral Thin Films (OTF) which are manufactured using the company's in house Patented Thinoral technology. This technology enables the Company to manufacture pharmaceuticals and nutraceuticals on Orodispersible, Sublingual and Buccal thin film technologies. Oral Thin Films are instantaneously wettable, quick-dissolving, non-sticky, non-tacky, and non-curving, with drug loading capacities of up to 100 mg of active medication. This thin-film manufacturing method has been upgraded in exceptional circumstances for the delivery of liquid actives, broadening the range of applications for the Thinoral® technology platform.

The technological platform is well-protected thanks to the submission of multiple product process patents, some of which have already been awarded in countries such as India, Malaysia, Ukraine, and Eurasia. Several pharmaceutical and nutraceutical items have been developed, registered, and marketed using this Thinoral® technology. Various novel items are being developed in collaboration with multinational corporations and major regional players for registration and commercialisation in regulated markets (including Europe). The company was successful in getting registration and marketing

authorization for Oral Thin Film product - Rizatriptan Benzoate for the EU market.

Various OTF products of the Company's nutraceutical business have also been sourced by leading Online/E-commerce Healthcare Brands for distribution through their E-commerce and Online channels.

Governments and Regulatory bodies across the world are actively searching for alternatives to several innovator molecules and branded products. There already exists a library of generic therapeutic molecules, which through repurposing, re-combining or reformulating, provide possibilities for creating new and affordable therapeutic solutions that strengthen product pipeline, improve product life cycle or create branded generics

The Company intends to focus on refining existing generic pharmaceuticals and developing new ones in order to achieve lower doses, fewer side effects, increased patient compliance and treatment adherence, and other benefits, such as price stability and larger profits even as treatment costs decline.

## Financial Overview

Particulars	2021-22	2020-21	YoY Change	Reasons
Current ratio	1.45	1.35	8%	
Debt- Equity Ratio	29%	50%	-42%	Improvement by 42% in the current year is mainly due to improved working capital management and repayment of borrowings during the year
Debt Service Coverage Ratio	1.02	0.99	3%	
Return on Equity Ratio	8.65%	4.65%	86%	Increased by 86% in the current year due to improvement in net profit margin and profitability which in the previous year was affected due to mainly to exceptional item- loss
Inventory Turnover Ratio	2.47%	2.87%	-14%	
Trade Receivable Turnover Ratio	4.06	4.17	-3%	
Trade Payable Turnover Ratio	3.74	4.41	-15%	
Net Capital Turnover Ratio	5.03	6.18	-19%	
Net Profit Ratio	4.36%	2.38%	83%	Increased by 83% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
Return on Capital Employed	12.52%	10.84%	16%	
Operating Profit Margin	8.80%	8.56%	3%	
Basic EPS	8.96	4.50	99%	Increased by 99% in the current year due to improvement in net profit margin and profitability which in the previous year was affected mainly due to exceptional item- loss
Interest coverage ratio	3.53	2.41	46%	Improvement by 46% in the current year is mainly due to reduction in the finance costs on account of improved working capital management



## Key Risks and Mitigations

The Company has a risk management framework to identify and evaluate business risks and opportunities. To strengthen the risk management framework, Company has a dedicated committee in place to minimize adverse impact on the company's vision and mission.

### Regulatory and compliance

A market presence across multiple geographies requires indepth knowledge of regulatory and compliance norms across different countries. In addition, stringent manufacturing and audit norms have to be adhered for long-term business sustainability.

#### Mitigation

The Company's regulatory team is experienced to address several compliance norms, queries and observations for multiple filings and registrations. As a result, the Company has a strong pipeline of product filings and registered products that ensure a viable revenue model. The Company's manufacturing units are certified EU-GMP, and the Company regularly complies with third-party audit checks.

### Cyber Security & Data Privacy

Data protection risk has emerged as one of the most significant enterprise risks in recent years. The company's IT assets and systems need to be secured end to end to avoid a negative influence on the company's long-term viability. Malicious emails and viruses have dramatically raised the hazards to information security.

#### Mitigation

Daily backups of critical data are performed to different sites, including Microsoft Azure Cloud, and the usage of Sophus firewall routers and Quick Heal multiuser security provides an effective risk mitigation solution.

### Opportunities and Challenges

1. **Pharmerging markets:** The demand for Indian drugs in several emerging economies opens up new significant opportunities for growth. Our drug efficacy and target therapeutic segment positions us comfortably to widen our market presence and grow our business.

#### Challenges

1. **Volatility in Forex Market:** Significant volatility in the forex market, especially for emerging market currencies, may adversely impact reported growth of these markets, even though they may be recording growth in local currency terms.
2. **Price fluctuations of key inputs:** Prices of the key ingredients used in the products manufactured and marketed by the Company remain volatile due to several market-related factors, including changes in government policies and fluctuations in the foreign exchange rates. However, the Company keeps a close

watch on the prices and enters into long term contracts, wherever feasible, to minimise the risk of fluctuations in the input prices.

### Information and technology

The management has invested in building processes that are backed by sound technologies. All critical operations are managed on ERP while critical data at multiple locations is backed up on Cloud. A dedicated disaster recovery site has been built to ensure data integrity and protection.

Introduction of IoT devices across all primary machines and manufacturing lines now help monitor health, run-time, and efficiency of equipment, thereby enabling better production planning, reduced downtime, and sending out preventative maintenance notifications too.

### Human Resource

In keeping with its vision and objectives, the Company continues to improve its human capital by hiring new members at top levels and modernising its HR systems to promote a performance culture. Regular training programs are also conducted to enhance skills and competencies of workforce for respective work. The Success of Performance Enabling Process has enhanced the alignment of organisations and individuals to the point that a portion of the compensation of mid-senior level personnel is tied to the organisation's performance rather than individual performance. To achieve its goals, the Company's working culture continues to emphasise innovation, collaboration, execution, and speed.

Projects such as system and process simplification, process improvements, facility upgrades, production planning, and inventory management continue to be improved upon. Aside from that, such performance-based initiatives aid in the retention of top people. To create a culture of gratitude and increase team togetherness, the company established a peer-to-peer appreciation initiative called "Joy of Giving", Woman's Day Celebration, Diwali Celebration and such other events. Vaccination camp of all the employees of the Company was also effectively conducted. As on 31st March the Company had 505 employees.

### Internal Control and Audit

The Company has suitable internal control mechanisms in place, which are appropriate for its size and industry. The Company's internal control architecture assures regulatory compliance while also assisting in the implementation of the plans. The risk management framework, financial control, internal audit, and supporting policies lay the groundwork for internal control. The internal control structure is designed to ensure that operations are efficient and aligned with strategic objectives. The internal control framework's goal is to assure accurate, reliable, complete, and timely financial and management reporting, as well as to protect business assets and maintain effective productivity at all levels. Ethical ideals, effective corporate governance, and risk management techniques are all endorsed by the framework.

The Company's internal audit function independently scrutinises critical audit areas based on audit plans that are approved by the Audit Committee. The plans are created

using a risk assessment exercise to determine which regions are more dangerous. Significant Internal Audit findings are evaluated by Management, the Audit Committee and Risk Management Committee on a regular basis, and corrective action plans recommended by them are executed by the appropriate process owners of the business units, strengthening Internal Control.

#### Disclaimer

The document contains statements about expected future events and financial and operating results of ZIM Laboratories Limited and may be construed as forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and

uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of ZIM Laboratories Limited's Annual Report of FY 2022.