

ZIM LABORATORIES LIMITED

CORPORATE PRESENTATION : H1FY23

NOVEMBER 2022

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# OUR BUSINESS

- ZIM develops and supplies differentiated generic pharmaceutical and nutraceutical products in Finished Formulations (FF) and Pre-Formulation Intermediates (PFI) in certain key therapeutic categories 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
  - Our core capability is built on the foundation of a strong, experienced in-house R&D set up which provides various delivery solutions that are comprehensive and cover product conceptualisation, product development, clinical studies, dossiers, manufacturing & supplies
  - We have enhanced our R&D capabilities through our investment in a very experienced team in ZIM Health Technologies Ltd (ZHTL -100% subsidiary)
- For the PFI business - we partner with pharmaceutical and distribution companies who seek solutions for development, sourcing and marketing of differentiated 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; in addition our OTF facility is NSF/ANSI 455-2 certified

# BUSINESS HIGHLIGHTS

- 10 Novel innovative products ( NIP ) have been developed by the R&D team and are at various stages of dossier completion and registration
- 8 of our existing products are undergoing dossier upgradation for regulated markets and pharmerging markets
- 2 patents were been filed by R&D during H1FY23
- 12 products were registered during H1FY23 for the regulated and pharmerging markets
- The OTF division received its second Marketing Authorisation in Europe for the product Sildenafil Citrate ODS in Spain
- 15 finished formulation dossiers were filed for registration and 16 products received registration during H1FY23. The FF business also received 5 Marketing Authorisations
- ZIM Labs received GMP certification : NSF/ANSI 455-2 Dietary Supplements from NSF International under the “oral, dissolving films” product category in Nutraceuticals

- 72% of our business was from Pharmaceutical products and the balance 28% from Nutraceuticals; both grew in H1FY23
- 83% of our business in H1FY23 was in Exports and the balance from Domestic business
- Rs 96Mn was added during H1FY23 to our Gross Block comprising of addition to plant and equipment and BE studies
- To supplement the growth in business , a state of the art warehouse facility and specialised production blocks for NIP are under construction
- We are developing unique differentiated combination Nutraceutical products which complement our Pharmaceutical products thus providing a holistic approach to patient health

# FINANCIAL HIGHLIGHTS

## H1FY23

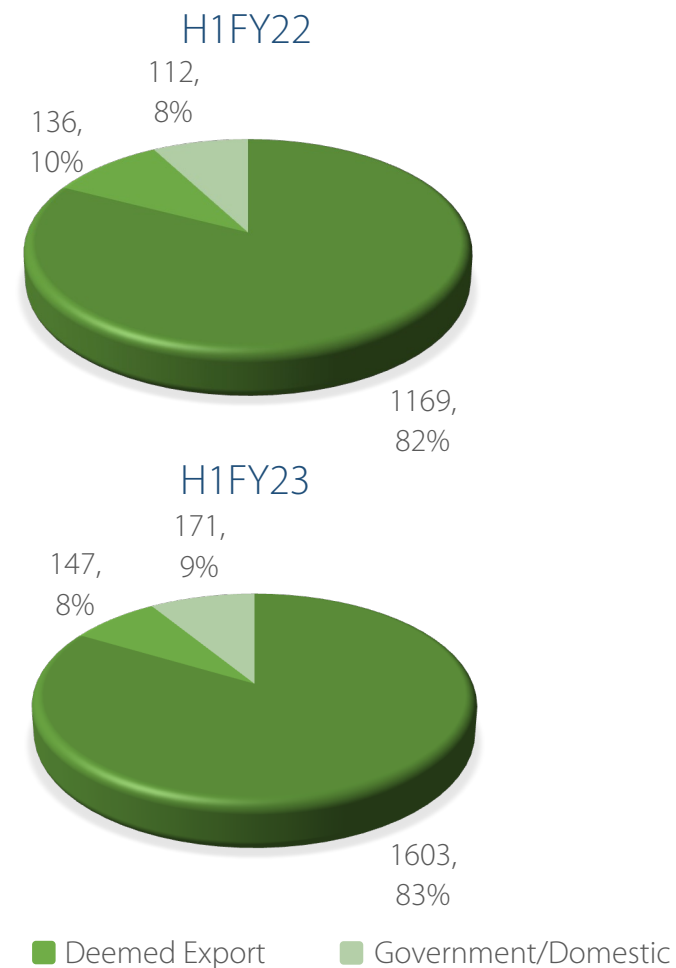
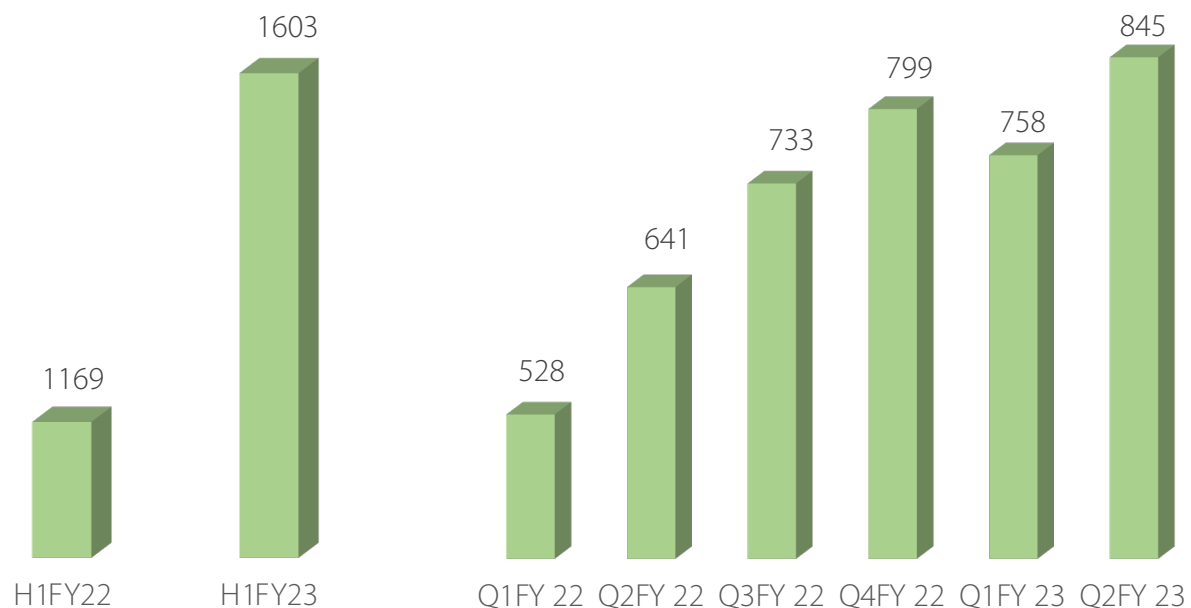
- Total Operating Income grew 35.6% YoY to Rs1,921Mn in H1FY23 (from Rs1,417 in H1FY22)
- EBITDA for H1FY23 grew to Rs268Mn from Rs176Mn in H1FY22; margins grew to 14% from 12.4% for the same period
- Profit After Tax grew to Rs106Mn for H1FY23 from Rs35Mn in H1FY22; margins grew to 5.5 % from 2.5 % for the same period
- Gearing was at 34% with total borrowings at Rs633 Mn in H1FY23, down from Rs864 Mn in H1FY22
- ROCE and ROE (both Annualised) for H1FY23 were 15.2% and 11.7% vs 7.8% and 13% for H1FY22 resp.
- 7.3% of our Total Operating Income in H1FY23 was invested in our R&D initiatives; we plan to continue our investments in product development, BE /other clinical studies for enhancing our product pipeline

## Q2FY23

- Total Operating Income for Q2FY23 was Rs994Mn, up 28.3% YoY and up 7.2% QoQ
- EBITDA for Q2FY23 was Rs137Mn, up 23% YoY and up 4.6% QoQ; margins for Q2FY23 were at 13.8% (14.1% in Q1FY23)
- Profit After Tax for Q2FY23 was Rs55Mn, up 66.7% YoY and up 7.8% QoQ; margins for Q2FY23 were at 5.5% (5.5% in Q1FY23)
- Average cost of borrowing(Annualised) reduced to 8.9% in Q2FY23 from 12.2% in Q2FY22 and 9.7% in Q1FY23

# EXPORTS BUSINESS

- Exports business in H1FY23 was Rs1,603Mn, up 37.1% from Rs.1169 Mn in H1FY22
- Contribution from Exports was 83% of our Total Operating Income
- Key regions for Exports during the year were MENA, SE Asia, Europe and Africa

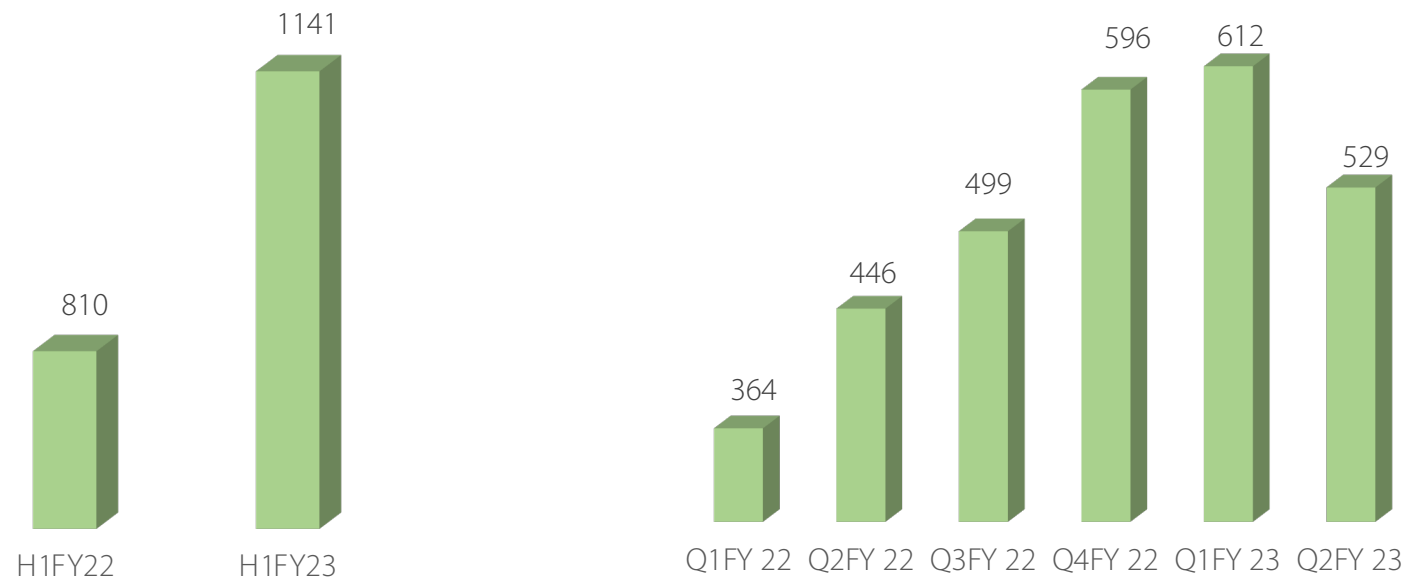


*All numbers are in Rs. Mn unless otherwise stated*



# PFI EXPORTS

- Our Pre-Formulation Intermediaries (PFI) business grew 41% in H1FY23 vs H1FY22
- Exports of PFI comprise of 59% of our Total Operating Income
- Decrease in PFI business for Q2FY23 (vs Q1FY23) is partly due to shift of dispatches to the next quarter
- PFI exports are based on deep-rooted, long-term relationship with our partners; Key regions for PFI business are Asia, Europe and MENA



**59%**

Mix of PFI Business to  
Total Operating Income  
in H1FY23

**41%**

Growth over  
H1FY22

# FINISHED FORMULATION (FF) EXPORTS

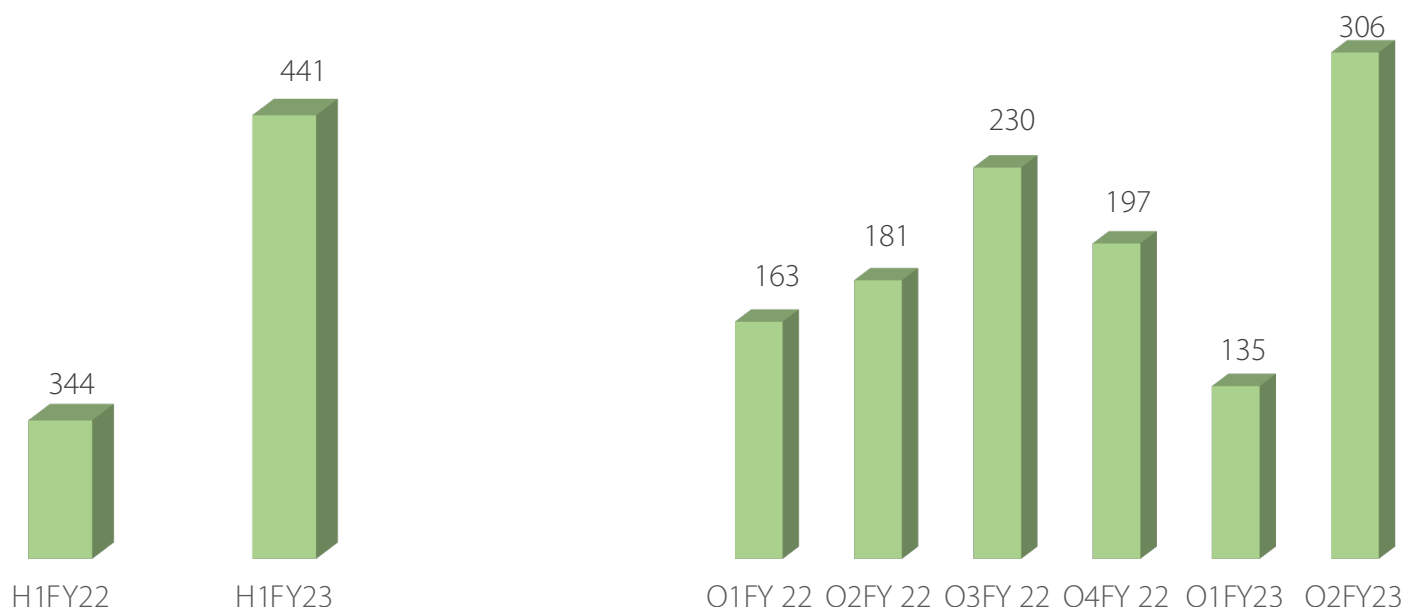
- Finished Formulations Exports business has grown by 28% in H1FY23 vs H1FY22
- Exports of FF comprise of 23% of our Total Operating Income
- Decrease in FF business for Q1FY23 was partly due to shift of dispatches to Q2FY23
- 15 finished formulation dossiers were filed for registration and 16 products received registration during H1FY23. The FF business also received 5 Marketing Authorisations

**28%**

Growth over  
H1FY22

**23%**

Contribution to the  
Total Operating Income



*All numbers are in Rs. Mn unless otherwise stated*

# ORAL THIN FILMS

- During H1FY 23, we received Marketing Authorisation (MA) for EU market – Sildenafil Citrate in Spain. 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
- Opioid Analgesic product (In Sublingual film form), co-development project completed successfully & final dossier has been submitted to our Business partner for further submission to Health & regulatory authorities in the EU
- BE study has been successfully passed with Canadian RLD for our Antiemetic product (In Orally disintegrating strip form)
- We successfully launched Vitamin D3 ODS combination products with our partner in Italy
- We have also successfully signed a licensing and supply agreement with our existing business partner in Italy for 2 major ODS products
- Our OTF plant is EU-GMP and NSF/ANSI 455-2 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

2

Major ODS products  
licensing and supply  
agreement signed

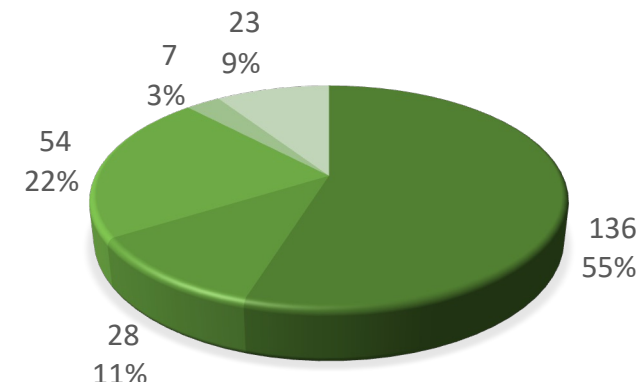
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Marketing Authorisation  
received for EU

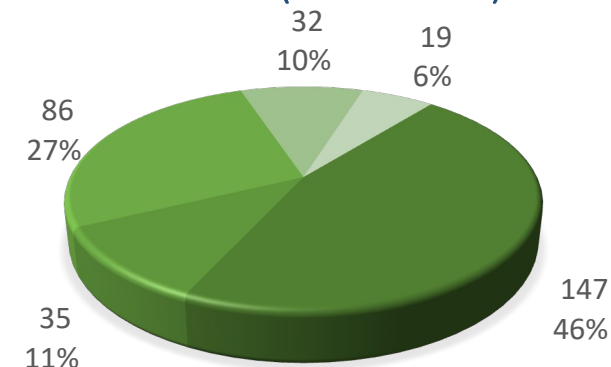
# DOMESTIC BUSINESS

- For H1FY23, our domestic business was Rs318Mn and comprised 17% 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 3<sup>rd</sup> parties)
- Our range of OTF products in India are marketed by partners in their brands through ecommerce / online platforms
- 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 benchmark threshold of net contribution %
- Our continued focus on high margin business under central government schemes (Jan Aushadhi & CGHS – ESIC railway) resulted in increase in the mix of this business from Rs 54Mn in H1FY22 to Rs 86Mn in H1FY23
- Within the domestic business, the relatively lower net margin business from Deemed Exports has reduced from 55% in H1FY22 to 46% in H1FY23

**H1FY22 (RS. 247 MN)**



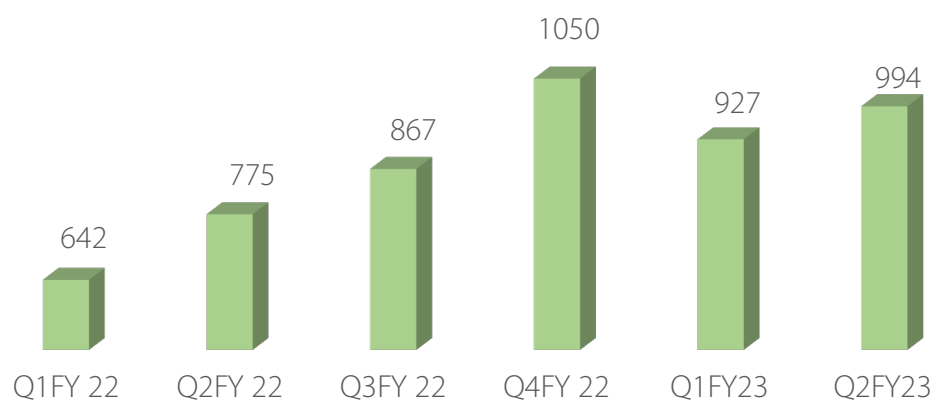
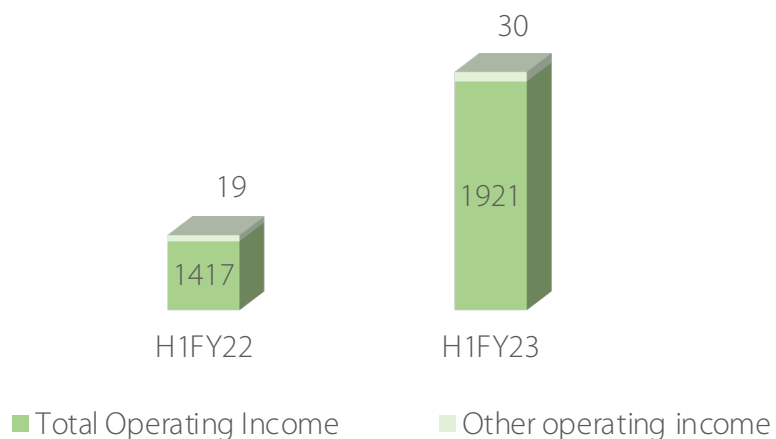
**H1FY23 (RS. 318 MN)**



- Deemed Export
- Others
- Jan Aushadhi & CGHS - ESIC & Railway
- State Govt.
- ODS



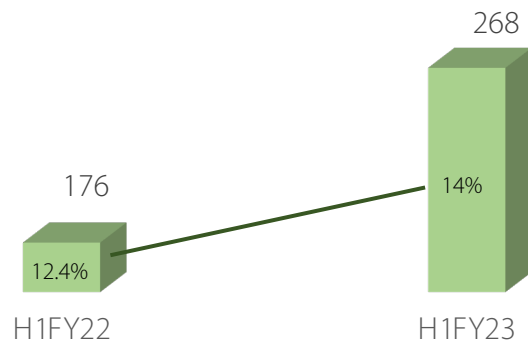
# TOTAL OPERATING INCOME



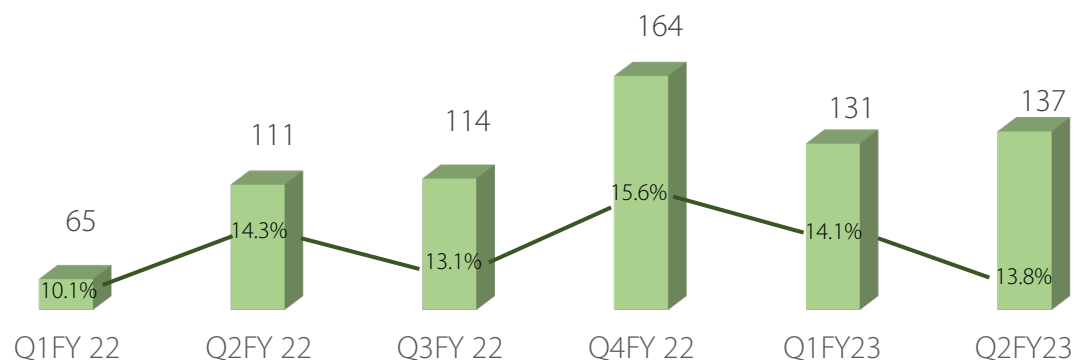
- Total Operating Income grew to Rs1,921Mn from Rs1,417Mn in H1FY23; a growth of 35.6% YoY
- Business related "Other Operating Income" incl. licensing fees and export incentives grew to Rs30Mn in H1FY23 Vs Rs19Mn in H1FY22
- The Total Operating income grew from Rs 927Mn in Q1FY23 to Rs 994Mn in Q2FY23; a growth of 7.2% QoQ

# EBITDA

In Rs. Mn and as % of Total Operating Income



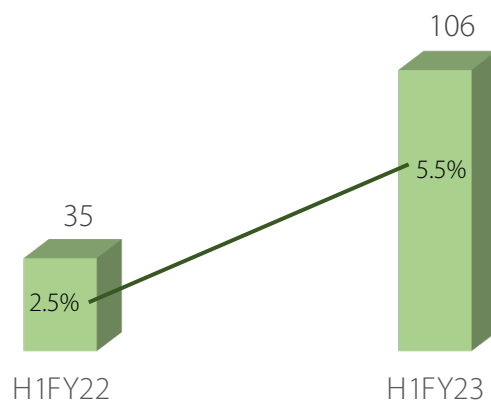
In Rs. Mn and as % of Total Operating Income



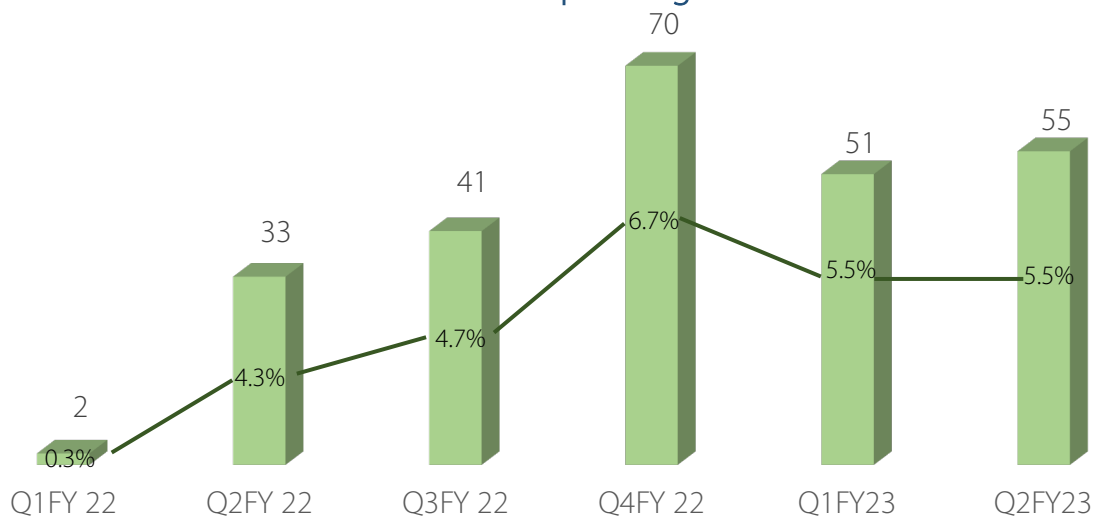
- EBITDA grew from Rs 176Mn in H1FY22 to Rs 268Mn in H1FY23 despite increase in operating costs and employee costs
- Operating costs in the last few quarters has seen an upward trend on account of significant increase in oil prices; our energy costs have increased by 36% between H1FY23 and H1FY22 of which 23% increase is due to increase in prices
- In addition, employee costs have been higher due to hiring of higher cost professionals across various divisions and higher incentive pay-outs during the last 2 quarters
- The changing trend in EBITDA margins % has been on account of change in product mix and dispatch timelines across various quarters

# PROFIT AFTER TAX

In Rs. Mn and as % of Total Operating Income



In Rs. Mn and as % of Total Operating Income

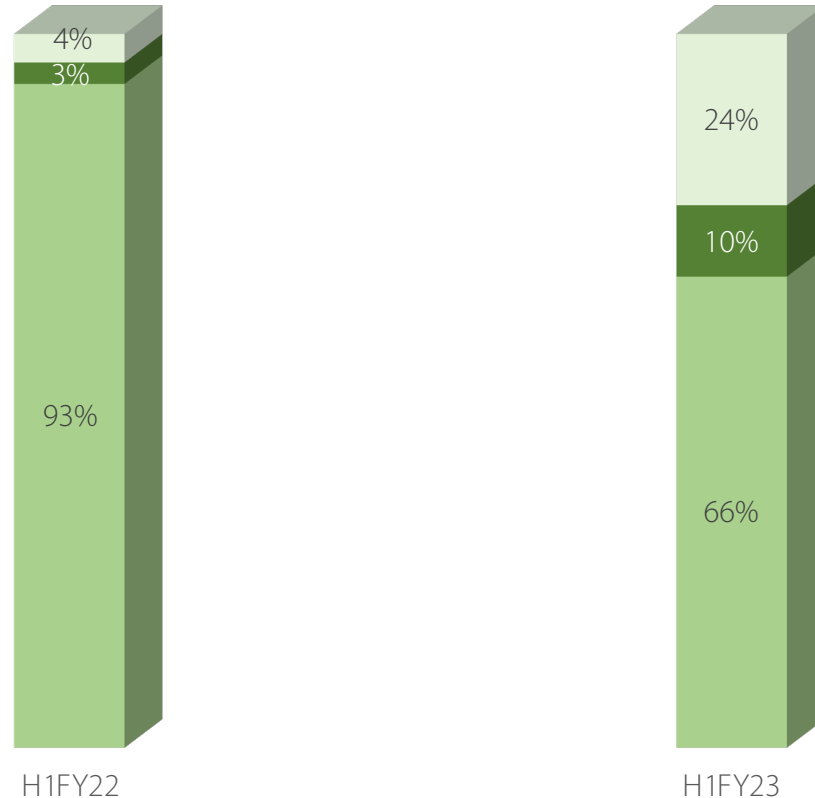


- Profit After Tax(PAT) grew to Rs 106Mn in H1FY23 compared to Rs 35Mn in H1FY22
- Finance costs were Rs 27Mn for H1FY23 vs Rs 51Mn in H1FY22; a decline of 48% on the back of lower debt and reduction in interest costs
- Average cost of borrowing(Annualised) declined to 9.4% in H1FY23 (from 14.9% in H1FY22)



# RESEARCH & DEVELOPMENT

R&D Expense Mix (In % of total R&D expenses)



- 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

- Our R&D expenses for H1FY23 were 7.3% of our Total Operating Income (4.7% in H1FY22)
- Around 24% of the expenses were incurred on BE and other study etc. , 66% were incurred on salary, materials, and the balance was on capitalized expenses including tools, equipment, in BE and other studies
- Spending on BE studies is being undertaken for development of new products and upgradation of existing products for the regulated and pharmerging markets
- Independent R&D laboratories, QA/ QC facilities and teams are there for the main-stream Pharmaceutical R&D, for Oral Thin Films and for the Nutraceutical division - with each division responsible for developing their own distinct sets of products including studies and fillings

# INCOME STATEMENT

## Key Financial Highlights: Income Statement (Rs. Mn)

Particulars	H1FY23	H1FY22	Change % (YoY)	Q2FY23	Q2FY22	Change % (YoY)
Total Operating Income	1921	1417	35.6%	994	775	28.3%
Other Income	33	21	57.7%	14	9	61.2%
Total Income	1954	1438	35.9%	1008	783	28.7%
EBITDA	268	176	52.0%	137	111	23.0%
EBITDA %	14.0%	12.4%	-	13.8%	14.3%	-
Profit Before Tax (PBT)	154	45	243%	79	42	88.1%
PBT %	8.0%	3.2%	-	7.9%	5.4%	-
Profit After Tax (PAT)	106	35	202.9%	55	33	66.7%
PAT %	5.5%	2.5%	-	5.5%	4.3%	-
EPS (Rs / Share)	6.52	2.12	207.5%	3.35	2.00	67.5%

# BALANCE SHEET

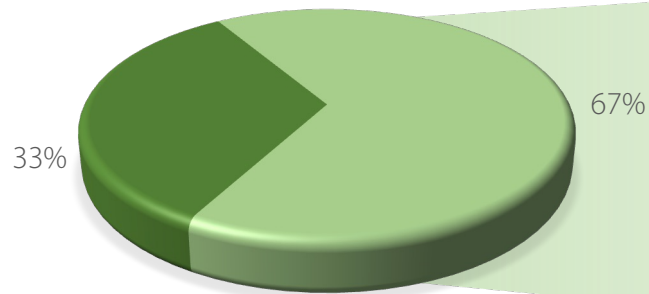
## Statement of Financial Positions (Rs. Mn)

Particulars	H1FY23	H1FY22	FY2022
Gross Block & Intangible Assets including WIP	2016	1840	1920
Net Block including WIP	1075	1063	1069
Intangible Assets including WIP	129	107	105
Other Non- Current Assets	135	127	121
Current Assets	2102	1931	2121
<b>Total Assets</b>	<b>3441</b>	<b>3228</b>	<b>3416</b>
Net Worth	1873	1642	1757
Borrowings	633	864	512
Other Non- Current Liabilities	34	0	11
Current Liabilities	901	722	1136
<b>Total Liabilities</b>	<b>3341</b>	<b>3228</b>	<b>3416</b>



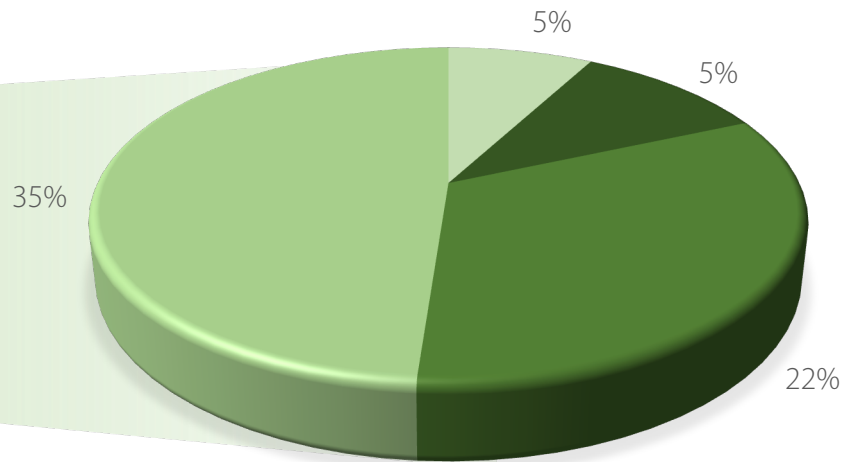
# OWNERSHIP

Overall Shareholding %



■ Promoter  
■ Public

Public Shareholding %



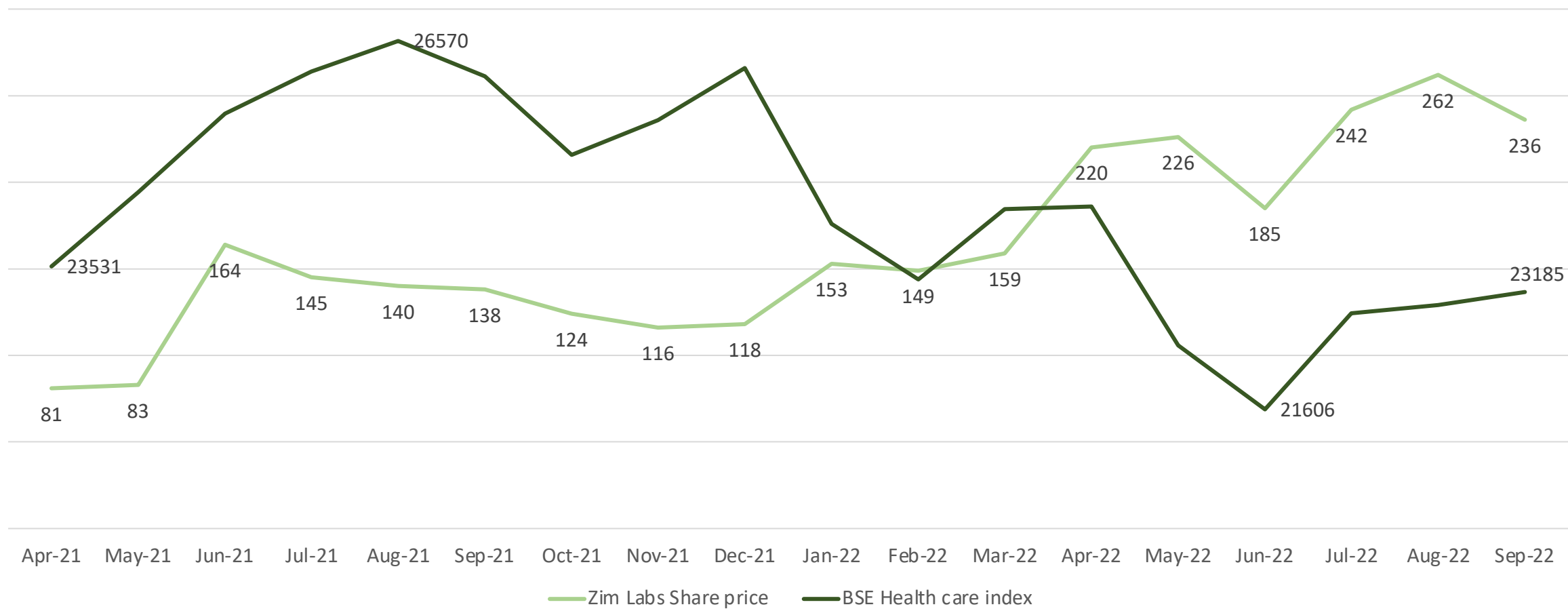
■ HNI  
■ Body Corporates  
■ NRI and foreign individuals  
■ Other Public Shareholding

- Promoter Group shareholding is free of any encumbrance
- 1 Mn equity shares (6.16% of the diluted capital) of the Company are held under an Escrow arrangement and categorized under "Other Public Shareholding". These shares may be liquidated at an appropriate time in line with the Escrow arrangement (Refer Disclosure in the Published Financial Statements of the Company).
- The company has proposed issue of bonus shares in the ratio of 2 (two) shares for 1 (one) existing share, subject to shareholder and other statutory approvals

# SHARE PRICE MOVEMENT



ZIM Share price vs S&P Healthcare Index





Zeal & Innovation in Medicine

**THANK YOU**