



Zeal & Innovation in Medicine

Ref No.: ZLL/CS/BSE/NSE

Date: 15.08.2023

| | |
|---|---|
| BSE Limited, Market Operations Dept. P. J. Towers, Dalal Street, Mumbai- 400 001 Company Code- 541400 | National Stock Exchange of India Limited Listing Compliance Department Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 (Symbol - ZIMLAB) |
|---|---|

Dear Sir/Madam,

Sub: **Q1FY 24 Earnings Presentation August 2023**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed Q1FY 24 Earnings Presentation August 2023.

Kindly take the intimation on record.

Thanking you,

Yours faithfully,

For ZIM LABORATORIES LIMITED

(Piyush Nikhade)
Company Secretary and Compliance Officer
Membership No. A38972

Encl : As above.

ZIM LABORATORIES LIMITED

www.zimlab.in | info@zimlab.in | CIN : L99999MH1984PLC032172

Works : B-21/22, MIDC Area, Kalmeshwar – 441 501 Dist. Nagpur
Maharashtra, India. Ph. + 91.718.271370 | Fax : +091.7118.271470

Regd. Office : Sadoday Gyan (Ground Floor), Opp. NADT, Nelson Square,
Nagpur – 440013. Maharashtra, India. Ph. +091.712.2981960



ZIM Laboratories Limited
Q1FY24 Earnings Presentation
August 2023

SAFE HARBOUR



The presentation has been prepared by ZIM Laboratories Limited (“ZIM” or the “Company”) solely for information purposes and does not constitute an offer to sell or recommendation or solicitation of an offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. By accessing this presentation, you are agreeing to be bound by the trading restrictions.

The information contained in this presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm.

Certain statements contained in this presentation may be statements of the Company’s beliefs, plans and expectations about the future and other forward-looking statements. The forward-looking statements are based on management’s current expectations or beliefs as well as a number of assumptions about the Company’s operations and factors beyond the Company’s control or third-party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Forward looking statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward looking statements, which speak only as of the date of this presentation.

The Company, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. You acknowledge and agree that the Company and/or its affiliated companies and/or their respective employees and/or agents have no responsibility or liability (express or implied) whatsoever and howsoever arising (including, without limitation for any claim, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this presentation and neither the Company, its affiliated companies nor their respective employees or agents accepts any liability for any error, omission or misstatement, negligent or otherwise, in this presentation and any liability in respect of the presentation or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

CONTENTS

BUSINESS

OVERVIEW
COMMITTED TO CORE STRATEGY
HIGHLIGHTS

FINANCIALS

INCOME STATEMENT
FINANCIALS
R&D AT CORE

CORPORATE

SHAREHOLDING
SHARE PRICE MOVEMENT
Q1FY24 EARNINGS CALL DETAILS

OVERVIEW

- 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 in the oral solid dosage form, using drug delivery techniques and various non infringing proprietary manufacturing processes
- 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)



CORE STRATEGY INITIATIVES : Q1 FY24



- In line with our Core Strategy – we filed 20 Dossiers of New Innovative Products (NIP) across Pharmerging and RoW markets; this is in addition to 2 NIP product dossiers filed in EU last quarter
- In addition to the NIP products, we have filed 19 Upgraded Dossiers of our existing products across Pharmerging and RoW markets
- NIP products saw increased revenue during Q1FY24 (Rs 47Mn) Vs Q4FY23
- 6 Dossiers for our Oral Thin Film Products were submitted In Pharmerging & RoW markets
- 5 Marketing Authorisations were received on our Dossiers in Pharmerging & RoW markets
- Rs 53Mn was invested in R&D in Q1FY24 (c.8% of Total Operating Income)
- Rs 181Mn was added in Gross Block (Tangible Assets) during Q1 for new warehouse, enhancing manufacturing facilities and product optimisation

20

NIP Dossiers Filed

5

Marketing Authorisations received on ZIM Dossiers by us and our partners

HIGHLIGHTS : Q1FY24



- Total Operating Income for Q1FY24 was Rs 674Mn, down 27% YoY (Rs 927Mn, Q1FY23) and down 36% QoQ (Rs 1054Mn in Q4FY23)
- The Business in this quarter was impacted primarily due to a drop in export of Nutraceutical products to some of the RoW markets due to shortage of USD currency needed by customers to meet our supply agreements; we believe that most of this business will track back over the quarters
- The Pharmaceutical export business in Q1FY24 tracked Q1FY23
- Gross contribution for Q1FY24 was higher at 48% vs 43% in Q1FY23
- The drop in Nutraceutical Exports business impacted our profitability during the quarter due to operating leverage
- Exports was at 80% of our Total Operating Income

80%

Exports business
as part of Total
Operating
Income

48%

Gross
Contribution in
Q1FY24; was 43%
in Q1FY23

HIGHLIGHTS : Q1FY24



- Total Exports in Q1FY24 were Rs 539Mn vs Rs 758Mn in Q1FY23; a decrease of 29% due to currency shortage in some RoW markets and shifting of a large PFI business orders to Q2
- Finished Formulations Exports – Business grew to Rs 202 Mn in Q1FY24 from Rs 135Mn in Q1FY23; a growth of 49.6% YoY
- EBITDA for Q1FY24 was Rs 59Mn with EBITDA margins tracking at 8.8%
- Profit After Tax for Q1FY24 was Rs 2Mn with PAT margins for Q1FY24 tracking 0.3%
- During the quarter, the escrow shares were liquidated resulting in inflow of funds of Rs 306Mn into the company; this fund inflow will result in lower borrowings for the company going forward and consequently lower finance costs ; the inflow adjusted for taxes, has been added to Networth.

306

INR MN received as proceeds from sale of Escrow Shares

49%

Growth in Finished Formulation Vs Q1 FY23

HIGHLIGHTS : Q1FY24



Key Impact on profitability during Q1FY24 has been primarily on account of a drop in Nutraceutical Business on account of currency availability issues and shift of some nutraceutical orders to Q2. Resultant variance in contribution flows through to PAT

| Particulars | Q1 FY24 | Q1 FY23 | Change (Negative) / Positive |
|-------------------------|---------|---------|------------------------------|
| Pharmaceutical Income | 540 | 617 | (77) |
| Nutraceutical Income | 134 | 310 | (176) |
| Total Operating Income | 674 | 927 | (253) |
| Gross Contribution | 327 | 397 | (70) |
| Gross Contribution % | 48.4% | 42.8% | |
| Total Operating Expense | 279 | 285 | 6 |
| Other Income | 11 | 19 | (8) |
| EBITDA | 59 | 131 | (72) |
| Depreciation | 40 | 43 | 3 |
| Finance Costs | 17 | 13 | (4) |
| Pre Tax Profit | 2 | 75 | (73) |

All figures in Mn except percentages

OPERATIONAL UPDATES : Q1FY24



1

Powering up together- Introducing our new marketing partnership

ZIM's Board has approved an investment with a local partner to strengthen its capabilities for marketing and distributing New Innovative Products (NIP) and Oral Thin Films (OTF) in Australia and New Zealand.

2

Continuous Audits – Substantiates focus on quality systems, process and people

NSF conducted an Audit for Renewal of ANSI 455 2 Certification for Dietary supplements, Oral thin Films (OTF) in Q1FY24

3

Influx of proceeds from liquidation of Escrow Equity Shares - will assist in Capex and various R&D studies

Rs 306Mn inflow of cash from liquidation of Equity Shares Escrow* to be deployed for Debt Reduction and Investments

4

Revenue from Manufacturing and Sale of NIP (PFI) – Confidence on commercialisation of NIP products

Revenue amounting to Rs 47Mn was accrued in Q1FY24 in addition to Dossier and Licensing Fees

5

Moving up the Product Value Chain – Developing Value Added Generics

10 New Innovative Products(NIP) in various stages of development; 2 NIP filed in EU under ZIM's name

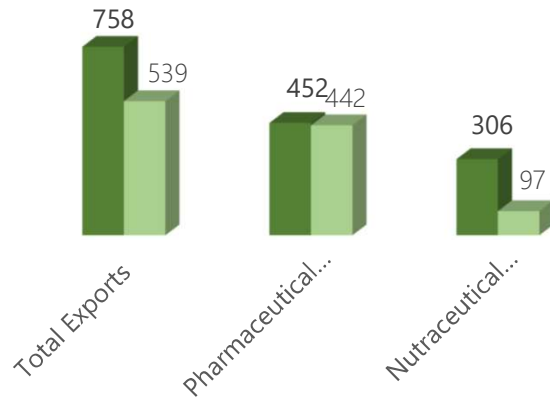
6

Fortifying Market Presence in the MENA Region: A Strategic Endeavour

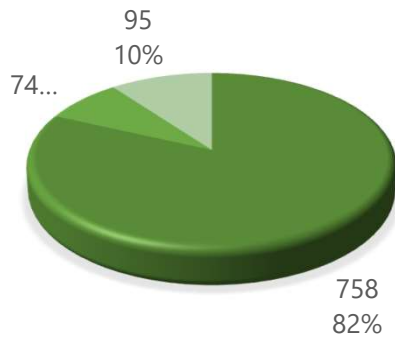
ZIM Laboratories FZE, Sharjah, will invest and partner with a local experienced business entrepreneur, through a step-down majority owned subsidiary, to obtain regulatory approvals and facilitate marketing, distribution, and sales in MENA

*Explanation related to Escrow transactions has been given in the Shareholding slide

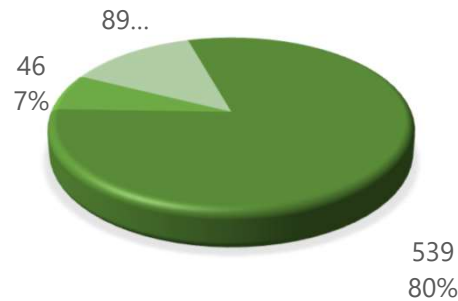
EXPORTS



REVENUE MIX % : Q1FY23



REVENUE MIX % : Q1FY24



■ Export
 ■ Deemed Export
 ■ Government/Domestic

All figures in Mn except percentages

- Exports business for Q1FY24 was Rs 539Mn, down 29% from Rs 758Mn in Q1FY23; Nutra business de growth led to overall decrease in Exports
- Pharmaceuticals exports remained stable YoY; growth was hindered by some regular PFI orders shifting to the next quarter
- Lack of US Dollars in our target markets led to decline in PFI business affecting revenue growth; we maintained a prudent business strategy to safeguard ourselves from risks in payments

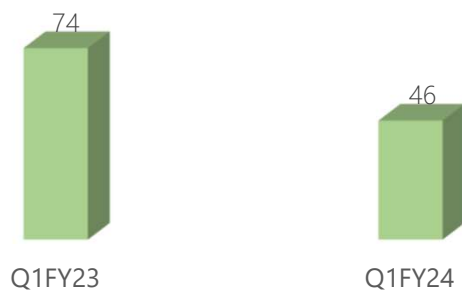
DOMESTIC BUSINESS AND DEEMED EXPORTS

Domestic Business (Rs Mn)



- For Q1FY24, our Domestic Business was Rs 89Mn vs Rs 95Mn in Q1FY23
- The domestic business includes sale to Central/ State Government, agencies owned by the Government
- 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 %

Deemed Exports (Rs Mn)

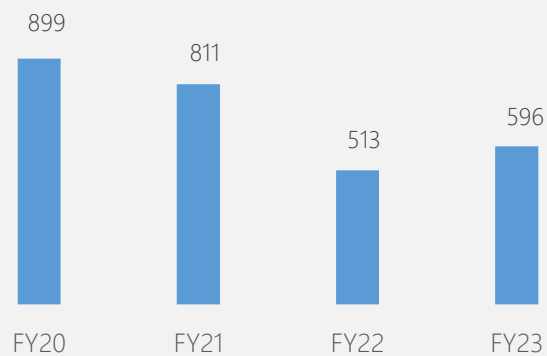


- Reduction in Deemed Exports for Q1FY24 is in line with our strategy to focus less on this business attributed to lower margins

BUSINESS PRIORITIES

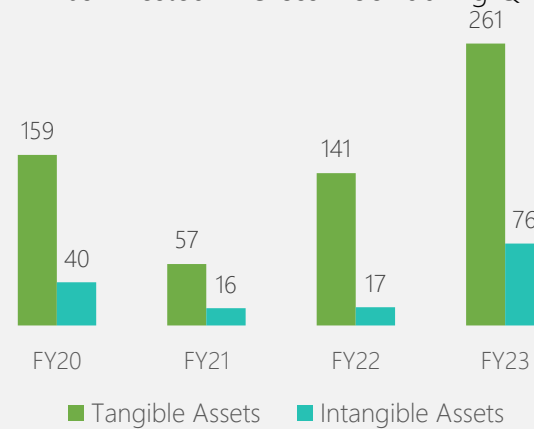
Debt Reduction

- Total Borrowing and Gearing for Q1FY24 stands at Rs 593 Mn and 27% respectively



Committed to Expansion

- Upgradation of Plant and Equipment : Rs 618Mn (Tangible Assets) invested over last 4 years
- Continuing with upgrading our facilities and obtaining best of plant & equipment - Rs 181 Mn was invested in Gross Block during Q1FY24



FINANCIAL OVERVIEW

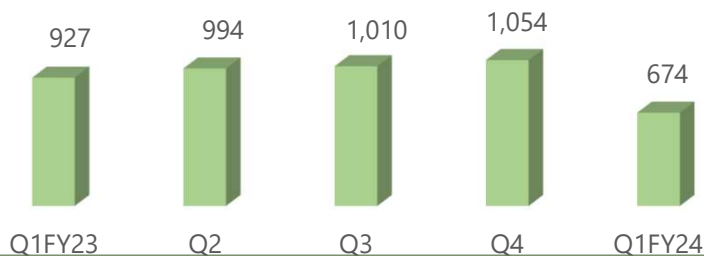
INCOME STATEMENT



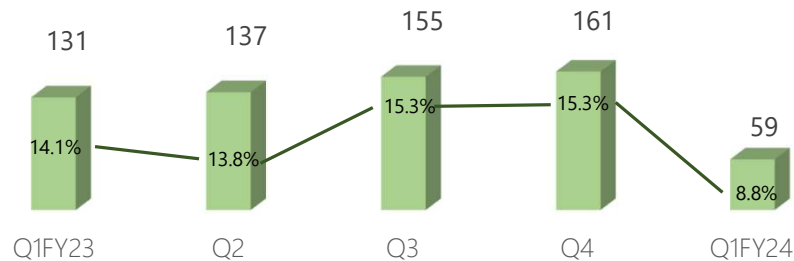
| Particulars (Rs Mn) | Q1FY24 | Q1FY23 | Change % (YoY) | Q1FY24 | Q4FY23 | Change % (QoQ) |
|-------------------------|--------|--------|----------------|--------|--------|----------------|
| Total Operating Income | 674 | 927 | (27.3%) | 674 | 1,054 | (36.1%) |
| Other Income | 11 | 19 | (42.1%) | 11 | 7 | 57.1% |
| Total Income | 685 | 946 | (27.6%) | 685 | 1,061 | (35.5%) |
| EBITDA | 59 | 131 | (55.0%) | 59 | 161 | (63.4%) |
| EBITDA % | 8.8% | 14.1% | - | 8.8% | 15.3% | - |
| Profit Before Tax (PBT) | 2 | 75 | (97.3%) | 2 | 99 | (98%) |
| PBT % | 0.3% | 8.1% | - | 0.3% | 9.4% | - |
| Profit After Tax (PAT) | 2 | 51 | (96.1%) | 2 | 72 | (97.2%) |
| PAT % | 0.3% | 5.5% | - | 0.3% | 6.8% | - |
| EPS (Rs / Share) | 0.05 | 1.06 | (95.3%) | 0.05 | 1.48 | (96.6%) |

FINANCIALS

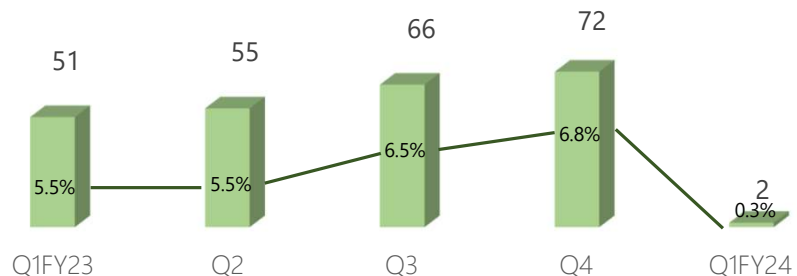
Total Operating Income (Rs Mn)



EBITDA (Rs Mn) and as % of Total Operating Income



Profit After Tax (Rs Mn) and as % of Total Operating Income

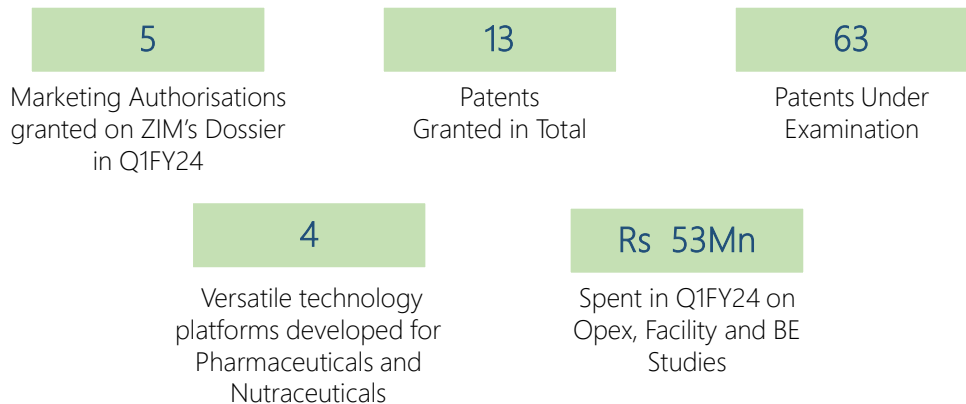


- De-growth in Total Operating Income was primarily on account of lower Nutraceutical exports during the quarter
- EBITDA and PAT margins de growth was solely attributed to revenue deficit in Q1FY24 vs Q1FY23
- EBITDA margins for Q1FY24 were 8.8% YoY vs 14.1% in Q1FY23
- Operating costs for Q1FY24 dropped by 2.4% vs Q1FY23 owing to efficient operations
- Profit Before Tax (PBT) for Q1FY24 was Rs 2Mn, compared to PBT of Rs 75Mn in Q1FY23
- Total Operating Income stood at Rs 674Mn in Q1FY24 from Rs 927Mn in Q1FY23

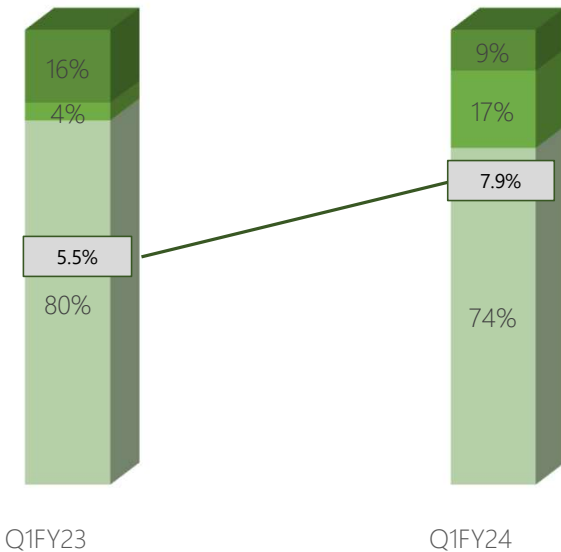
R&D AT CORE

- Focus on using Differentiated Drug Delivery techniques
- Non – infringing development and manufacturing process using various technology platforms –
 - Micro - Emulsion Coating Technology (MECT)
 - Pellet Cold Forming Technology (PCFT)
 - Rapid Gelation Drug Release Technology (RGDRT)
 - Matrix Pore Forming Tablet Technology (MAPOTAB)

- 89 Member R&D Team ; 4 PhDs ; 71 post graduate professionals
- In Q1FY24, 2 patents were granted; 1 for NIP and 1 for ODS business



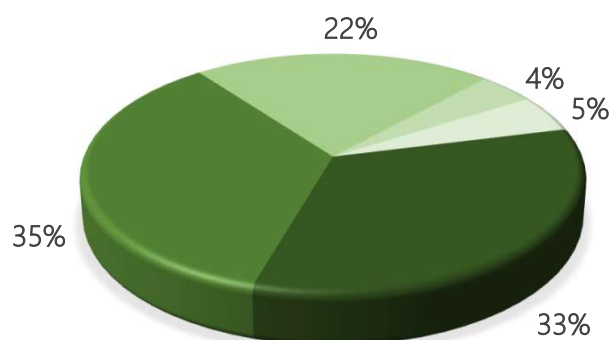
R&D Expense Mix %
Total R&D Spend as % of Total Operating Income



- Capital Expenses on BE study
- Capital Expenses on Infrastructure & Equipment
- R&D Expenses in P&L (Employee;Material,BE-Study etc.)

SHAREHOLDING

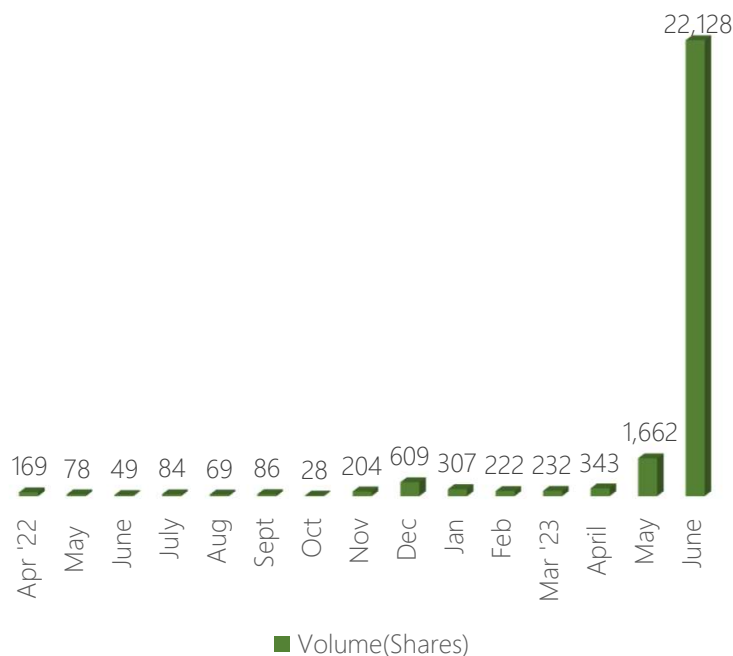
Ownership % (On June '23)



- Promoter
- Other Public Shareholding
- HNI
- NRI and foreign individuals
- Body Corporates

Percentage figures rounded off to show whole numbers

Traded Volume (In K) BSE+NSE



- The Company had entered into an escrow agreement in 2017, with one of its shareholder wherein the shareholder has provided his holding to the extent of 30 Lakhs equity shares (including 25 Lakhs Bonus shares) as security towards realization of covered trade receivables owned by third parties. During the quarter, the equity shares have been liquidated; also reflected in higher volumes in June
- Promoter Group shareholding is free of any encumbrance

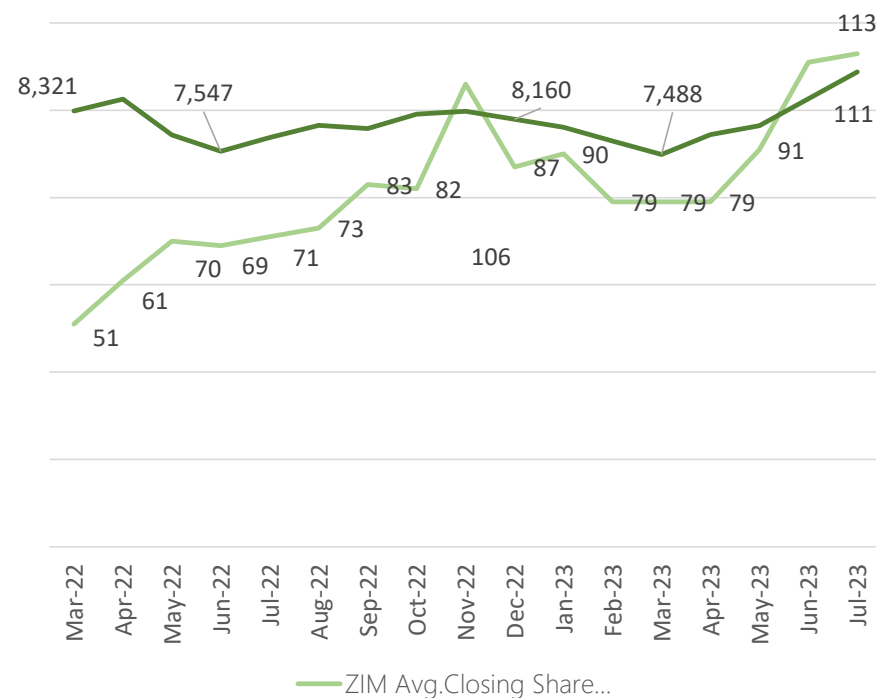
SHARE PRICE MOVEMENT



ZIM (BSE) vs BSE S&P Healthcare Index



ZIM vs NIFTY Healthcare Index



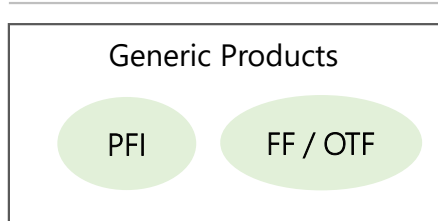
*Share Price - Adjusted for issue of Bonus Shares issued in Q3FY23

COMMITTED TO CORE STRATEGY



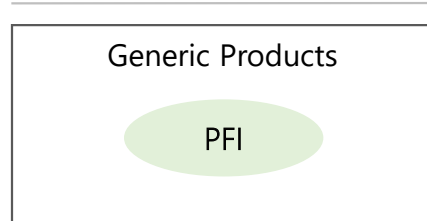
Current Business : Q1FY24

Pharmaceuticals



80% Revenue Contribution

Nutraceuticals



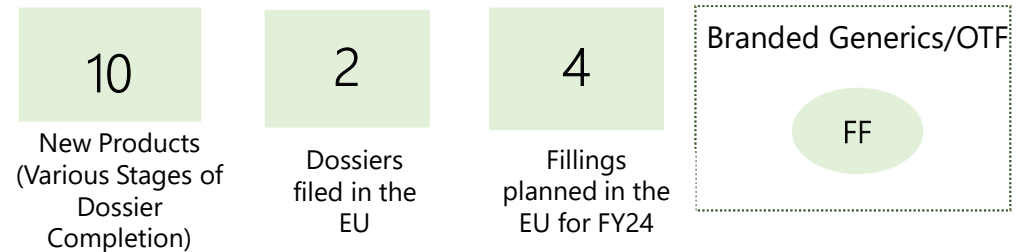
20% Revenue Contribution

80% Export

- Presently catering to the Rest of the World (RoW)
- Pre-formulation intermediates (PFI) and Finished formulations (FF): unique combinations of generic products with various drug delivery techniques
- High R&D focus and a strong pipeline of innovative products
- Marketing ties: local pharma companies and distributors as partners to market the products

Outlook : FY24

Pharmaceuticals; New Innovative Products (NIP) Nutraceuticals



Attractive Products

Better Margins

- New Innovative Products: A Basket of 10 Products
- Market potential of NIP : USD 500 Mn -1.5 Bn / Product* (Ex-USA); Generic+ Targeted for Key Developed and Pharmerging markets**
- 2 products filed in the EU; 8 products under development for developed markets; 4 developed market filings planned in FY24
- Registrations are expected in 18–24 months from the date of filing
- Developing specialized Nutraceutical products

*Source(IQVIA) **Key Developed and Pharmerging Markets: EU, Turkey ,Canada, Australia, BRICS, LATAM, Saudi Arabia and other markets with high GDP / Capita

Q1FY24 EARNINGS CALL DETAILS



| | |
|--------------------------|----------------------------------|
| Date | 16 th August, 2023 |
| Time | 12 Noon IST |
| Dial – In Details | |
| Universal Access Numbers | +91-22-62801214/ +91-22-71158115 |
| Diamond Pass | Click Here |

For further information, please get in touch with:

Investor Relations at ir@zimlab.in

Sheetal Khanduja
sheetal@GoIndiaadvisors.com
M:+91 97693 64166

Deepika Sharma
deepika@GoIndiaadvisors.com
M:+91 8451029510

Priya Sen
priya@GoIndiaadvisors.com
M : +91 8334841047

THANK YOU