November 7, 2026

Listing Department **Code: *532321***
BSE LIMITED
P J Towers, Dalal Street,
Mumbai–400 001

Listing Department **Code: *ZYDUSLIFE***
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex,
Bandra (E),
Mumbai–400 051

Sub: **Transcript of the post results earnings call held on November 4, 2026, pursuant to regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")**

Dear Sir / Madam,

Pursuant to regulations 30 and 46(2)(oa) of the Listing Regulations, please find attached the transcript of the Company's Q2 FY27 post results earnings call held on November 4, 2026.

Please find the same in order.

Thanking you,

Yours faithfully,
For, **Zydus Lifesciences Limited**

DHAVAL NARENDRA SONI
Digitally signed by DHAVAL NARENDRA SONI
Date: 2026.11.07 15:13:46 +05'30'

Dhaval N. Soni
Company Secretary and Compliance Officer
Membership No. FCS7063

Encl.: As above

“Zydus Lifesciences Limited Q2 FY27 Post Results Earnings Call”

November 4, 2026

MANAGEMENT: **DR. SHARVIL PATEL - MANAGING DIRECTOR, ZYDUS LIFESCIENCES LIMITED**
MR. GANESH NAYAK - DIRECTOR, ZYDUS LIFESCIENCES LIMITED
MR. TUSHAR SHROFF – CHIEF FINANCIAL OFFICER, ZYDUS LIFESCIENCES LIMITED
MR. ARVIND BOTHRA - HEAD, INVESTOR RELATIONS, ZYDUS LIFESCIENCES LIMITED
MR. ALOK GARG - MD OFFICE, ZYDUS LIFESCIENCES LIMITED

Ganesh Nayak: Good afternoon, ladies and gentlemen. It's my pleasure to welcome you all to the post results teleconference for the second quarter ended September 30th, 2026. For today's call, we have with us Dr. Sharvil Patel - Managing Director, Mr. Tushar Shroff – Chief Financial Officer, Mr. Arvind Bothra - Head of Investor Relations and Mr. Alok Garg from the Managing Director's office.

To begin with, let me talk about the key developments during the quarter.

I am happy to report that we maintained upward momentum during the quarter with all our businesses delivering strong double-digit growth. A deep and resilient portfolio coupled with strong execution capabilities led to robust performance across the markets.

With this, first of all, let me walk you through the financial performance for the quarter under review.

We registered consolidated revenues of ₹79.1 billion, up 29% on a year-on-year basis. Our operating profitability remained robust with an EBITDA margin of 24% despite continued investments towards Saroglitazar launch related activities in the US. Adjusted for this investment, our EBITDA margin was higher by 150 basis points. EBITDA for the quarter stood at ₹18.9 billion while net profit for the quarter stood at ₹9.3 billion. Our net debt to EBITDA ratio stood at 0.62 times as on 30th of September, 2026.

Now, let me take you through the operating highlights for the second quarter of FY27 for our key business segments.

In the pharmaceutical space,

In India, our branded formulations business sustained market outperformance with a strong 19% year-on-year growth during the quarter. Growth during H1 FY27 stood at 20% year-on-year. The business has in fact consistently delivered above market performance during the last three financial years and has maintained this momentum through the first half of the current fiscal as well. In terms of secondary sales performance, the business grew 20% year-on-year with volume and new products accounting for around two-thirds of the total growth. In terms of therapies, the business gained share in cardiology, diabetology, respiratory, dermatology, gastrointestinal, anti-infectives and in super specialty areas of oncology and nephrology. Our ranking improved in cardiology, diabetology, gastrointestinal and anti-infective therapies while on the super specialty front, we continued to retain leadership position in the oncology therapy. Contribution of chronic and sub-chronic portfolio has increased consistently over the last several years and stood at 56.9% as per AWACS MAT September 2026, an improvement of 450 basis points over the last four years.

International markets formulations business is an established growth engine for the company, consistently delivering strong performance over the last several quarters. Building on this momentum, the business reported revenues of ₹10 billion during the quarter, up 33% year-on-year. Growth was broad based across markets supported by strong underlying demand and focused execution.

North America business, comprising of the United States and Canada delivered strong performance during the quarter with revenues of ₹33.1 billion up 21% year-on-year and 7% quarter-on-quarter. The growth was driven by sustained volume expansion in the base business supplemented by continued scale-up of the US specialty business. On the US generics front, we filed 4 ANDAs, received 12 approvals and launched 5 new products during the quarter. Recently, in the month of October 2026, we launched the first generic version of Riociguat tablets. Our US specialty business delivered strong sequential growth during the quarter. This was driven by addition of Rolvedon following the acquisition of Assertio Holdings during the last quarter and sustained traction seen in 505(b)(2) products portfolio. We remain confident to build a robust specialty platform and transition towards a more differentiated innovation led business model.

Consumer wellness business recorded revenues of ₹11.2 billion, up 76% year-on-year. On the domestic front, demand trends indicated sustained positive momentum across categories driven by a steady urban recovery and improving rural offtake. As a result, the business delivered strong performance during the quarter with 29% year-on-year growth. Both skin & hair care and food & nutrition portfolio delivered strong performance with growths of 37% and 25% respectively. International business, including the Comfort Click portfolio, delivered a like-to-like growth of 12% during the quarter.

In the medical devices space, the business registered revenues of ₹2.2 billion during the quarter. We are investing in enhancing our capabilities in focused segments which offer long-term growth potential to create differentiated value.

On the operations front, recently, the USFDA inspected our formulations manufacturing facilities at SEZ-II, Ahmedabad and Moraiya which concluded with one observation and five observations respectively. We are working closely with the regulator to address the observations expeditiously. Post-inspection in Moraiya, we have received an important transdermal patch approval on the 21st of October, 2026.

With this, I hand over to Dr. Patel to take you through the key drivers across businesses as well as our initiatives in our innovation program.

Dr. Sharvil Patel: Thank you, Mr. Nayak. Good afternoon, everyone. It's a pleasure to have you all here on the call.

I am pleased to note that we sustained our strong growth trajectory during the quarter, delivering impressive double-digit growth as each of our businesses executed exceptionally well.

Importantly, share of our branded business has expanded to around 57% of our total revenue in this quarter, which is an increase of 150 basis points versus the last quarter. The strategic decisions undertaken over the years and the capabilities built along the way position us well to achieve our medium-term aspirations of branded business to account for two-thirds of our consolidated revenue.

As we prepare for the US launch of Saroglitazar, we continue to invest strategically in the capabilities and infrastructure required to deliver a seamless, differentiated and an impactful market entry. Despite these investments, our operating profitability remained robust and we are on track to deliver a 24% plus EBITDA margin in line with our FY27 expectations.

On the pharmaceuticals front, our India-branded formulation business delivered a strong 19% growth during the quarter, significantly outpacing the IPM. More importantly, this outperformance is sustained with the business consistently outgrowing the industry and strengthening in market position quarter after quarter. Our strong chronic and super specialty portfolio coupled with the innovation-led growth and focus execution continues to drive sustained market share gains.

Our international markets formulations business continues to be a powerful growth engine for the company. Anchored by our therapy-led approach and strategy in emerging markets and sustained portfolio expansion in Europe, the business is delivering strong, broad-based growth and steadily strengthening its presence across the geographies.

Our US business is evolving into a diversified and durable growth engine, built on strength of generics franchise and an expanding specialty portfolio. Backed by a broad portfolio, strategic partnerships, a resilient supply chain and strong execution, we continue to deliver sustained prescription growth, gain market share and strengthen our market position.

We are making significant progress in reshaping our US business beyond generics and towards a higher-value specialty and biologics portfolio. Our differentiated 505(b)(2) products, rare disease offerings and the biologics pipeline are creating powerful new growth vectors. Rolvedon continues to gain momentum, while the USFDA's acceptance of the BLA for Pembrolizumab biosimilar represents a major milestone in our biologics journey. Alongside the upcoming launch of Saroglitazar, these catalysts position us for the next phase of growth. Notably, specialty products accounted for 16% of US revenues during the quarter, up

approximately 550 basis points sequentially, underscoring the pace and success of our strategic transformation.

In the consumer wellness space, our focus remained on building a future-ready portfolio powered by strong brands, innovation and customer-centric execution. We are enhancing brand relevance by addressing evolving needs across health and nutrition and personal wellness, while driving premiumization and differentiated offerings. Alongside, we continue to strengthen our omnichannel presence and expand internationally, positioning us to deliver sustainable and profitable growth.

In the medtech, we continue to execute our strategy across orthopaedics, cardiology and nephrology through a combination of capability building, portfolio expansion and strategic partnerships. Our focused approach reflects a commitment to strengthening the foundation of this business while creating avenues for sustained long-term growth.

With this, let me share some material developments on our innovation efforts during the quarter.

On the NCE front, we presented new analysis from the Phase III clinical trial of Saroglitazar magnesium in PBC indication at the American College of Gastroenterology (ACG) 2026 annual meeting. The analysis demonstrated consistent biochemical response benefits versus placebo across geographic subgroups, including both the US and non-US patients. The findings build on the clinical profile of Saroglitazar in patients with PBC who have inadequate response or intolerance to UDCA.

We successfully completed evidences-x™ global Phase II(b) trial, evaluating Saroglitazar Magnesium in MASH indication. The study successfully met its primary endpoint, demonstrating resolution of steatohepatitis with no worsening of fibrosis at 52 weeks. We also observed encouraging improvements across several key secondary and exploratory efficacy measures.

In the biotech R&D space, we received regulatory approval to initiate Phase III clinical trial in India for one of our important monoclonal antibodies.

On the global specialty initiatives front, we achieved an important milestone in our biologics journey with the USFDA accepting for review the BLA for Keytruda biosimilar developed by our partner Formycon. This is the first publicly announced Keytruda biosimilar filing accepted for review in the United States.

During the quarter, our wholly owned US subsidiary, Sentynl Therapeutics entered into a licensing agreement with Mereo Biopharma for Alvelestat, a late-stage asset being prepared for Phase III development in Alpha-1 Antitrypsin

Deficiency Associated Lung Disease, a rare genetic respiratory disorder. Alvelestat has the potential to become the first oral treatment for this condition. This transaction further strengthens our rare disease portfolio.

Thank you. Now we will start with the Q&A session. Over to the coordinator.

Moderator: Thank you, sir. We will now open the call for Q&A session. We will wait for a few minutes until the queue assembles. We request participants to restrict to two questions and then return to the queue for more questions. Please raise your hand from the participant tab on the screen to ask questions.

The first question is from Kunal Dhamesha.

Mr. Kunal Dhamesha: Hi. Thank you for the opportunity and congratulations on a good set of momentum in the branded business.

Dr. Sharvil, the first question on Saroglitazar. we now have also built up some bit of commercial infra. So where do you see that expenses from quarter to over the second half of FY27, do we see a meaningful ramp up there or is it going to stay there and then probably increase as we launch the product? And also, an update on the approval cycle where we are, what kind of queries we are getting from the agency at this point in time?

Dr. Sharvil Patel: So, yes, we continue, we have been continuing to invest from last quarter to this quarter on the commercialization effort and we will also see some growth in the next quarter, next two quarters also for the commercial launch. This is in expectation that we are. Our queries have all been answered as they have come through and we are being able to clear most of the queries that have come from the regulators and we are seeing potentially a goal date approval for Saro if everything goes right and if there are no further last minute queries.

Mr. Kunal Dhamesha: Would it be fair to say that these queries would be more related to labelling, etc.?

Dr. Sharvil Patel: Yes.

Mr. Kunal Dhamesha: Okay, sure. And second question on, you know, the Riociguat launch. How has that launch been faring for us? Would we have gone with a good amount of inventory in the market?

Dr. Sharvil Patel: It's been a good launch. There are only two specialty distributors and both are working with us. So, we have gained good share with them. So, you know, we hope to get a good market share with this.

Mr. Kunal Dhamesha: Yeah, sure. And lastly, for the domestic business, we have seen a very strong growth in this quarter. So, for H2 and probably a comment on the overall IPM as

well. How do you see IPM growth faring in the second half or maybe next year, given that IPM growth itself has been strong and for us, we've been gaining market share. But, you know, what's the kind of outperformance that can, because I think the delta between our performance and IPM is even bigger this quarter, right? So how should we think about the sustainable outperformance? Thank you.

Dr. Sharvil Patel: The last two quarters have seen very strong performance versus the IPM. I think, obviously there was some base issue to the IPM also because of GST and other things. So, we still believe that the market will grow between 10 to 11% and we will definitely grow at 200 to 400 basis points consistently more than the IPM from the future point of view. Obviously, currently, our growth trajectory is faster and I think we would see that momentum continue.

Mr. Kunal Dhamesha: Thank you. All the best.

Moderator: Thank you. The next question is from Neha Manpuria.

Ms. Neha Manpuria: Hi. Thanks for taking my question.

My first question is on Saro. So, if I got the numbers right, we are already spending close to about 115-120 crores on the Saro commercialization. Sharvil Bhai, did you say that this cost would increase, you know, for the next two quarters? You know, there's more investment required.

Dr. Sharvil Patel: Yes. We are looking for a March launch and obviously we would still see hiring of sales field force and other things continuing the front-end teams. So, we expect our commercial expense to be around $100 million every year.

Ms. Neha Manpuria: This is the number, okay, understood. And this includes pre-launch cost, etc. everything included in this $100 million. Would that be a fair assumption?

Dr. Sharvil Patel: Yeah, the commercial spends.

Ms. Neha Manpuria: Okay, got it. And in terms of Saro, you know, I think we had goal date in November. Is it fair to believe that we would be able to launch this, if not in November, probably before the end of this fiscal year, based on the queries that we have received?

Dr. Sharvil Patel: So, we currently are, you know, we are on track with our responses. So, November is our current goal date and we are, as I said, our current expectation is to launch in March.

Ms. Neha Manpuria: Okay, understood.

Dr. Sharvil Patel: Because obviously, you cannot launch in December at the year end. It doesn't make sense to launch at the end of the year.

Ms. Neha Manpuria: Okay. And I think for the other product in generics, Ibrance generic, right, Palbociclib. I think that also we were to determine whether we have paediatric exclusivity or not. So, in your assessment, could that be an earlier launch versus, you know, the September timeframe, September '27 timeframe? Is that a possibility?

Dr. Sharvil Patel: No. It will be, our estimate is for the September and October launch.

Ms. Neha Manpuria: Understood. Understood. In which case, Sir, how should I think about the US revenue, you know, from the 250 odd million-dollar sort of number that we have done this quarter, going into the second half, as well as, you know, next year. Obviously, we have Adempas, you know, then you will, Saro will obviously, you know, see uptake slowly. Is this a sustainable base? It seems like you've seen very good base business momentum. So just trying to understand, you know, how sustainable this base is? And should we expect, I mean, is the Mirabegron competition impact already factored into this, you know, 350 number that we have seen in the quarter?

Dr. Sharvil Patel: Yeah, so the Mirabegron is factored in already. And as I said, we are still guiding for a single digit growth on constant currency terms on the high base of FY26.

Ms. Neha Manpuria: And for '28, what would this look like?

Dr. Sharvil Patel: So, '28, we have not given guidance right now, but as I said, our pipeline is good. We have Palbociclib launch coming and other things, and obviously our base business as well as the new product that we are planning to launch will continue. So, I think nearer, after closer to the year end, we can give a better idea to that. But we have a good traction on the portfolio of products that will come through. Also, we have a good upside on patches and others, which are also significantly helping, which is not a short term, but a long-term opportunity.

Ms. Neha Manpuria: Understood. Sorry, one other follow-up on the gross margin, you know, given we saw an improvement in the US, but we don't seem to see, you know, that much of an improvement, you know, in the gross margins. You know, I understand that obviously there is Mira competition, but, you know, with the increase, with the Rolvedon launch and the base business improvement, shouldn't that have reflected in better gross margins in this quarter or am I missing something here?

Dr. Sharvil Patel: No, see, we have, one is obviously part of it also has wellness in it and wellness doesn't have the company gross margins. So, wellness, when you see such a high growth, obviously, you know, it's gross margin is not in the 70s.

The second thing is also that we had also very significant gross margin products that came down. So, these have compensated for those gross margins that have gone.

Ms. Neha Manpuria: Understood. Okay. Thank you so much, Sir.

Moderator: Thank you. The next question is from Bino.

Mr. Bino: Hi. Good afternoon. A few quick questions. In Q2, have we seen any sort of benefit from the Riociguat launch or would it all be in Q3?

Dr. Sharvil Patel: It's an October launch, so Q3.

Mr. Bino: And, you know, this partnered product Cabometyx®, Cabozantinib. It's a late opportunity. I understand FY30-31, but originally we were expected to have sole exclusivity, but we have seen a couple of other approvals of late. Does that still remain one of sole exclusivity opportunity?

Dr. Sharvil Patel: So, there can be other filings, but the whole point on this would be there is a patent litigation going on right now. So, that is still once the appeals court decision comes, we can talk more about it later.

Mr. BIno: Okay. Generally, if there is a sole exclusivity, others don't get final approval, only tentative approval, that's why I asked. Next, in med-tech revenue, I see a Q-o-Q sharp dip. Was there any particular reason for that?

Dr. Sharvil Patel: It's seasonal, right. Europe, the July-August is a very lean season because of summer holidays.

Mr. Bino: Got it. And one last question on depreciation and amortization number that has sharply gone up in the quarter. Is that because of Assertio and would there be similar levels going forward?

Mr. Tushar Shroff: Yeah. So, yes, you are absolutely right. That includes amortization related to Assertio acquisition. We expect this at current level, we'll have that depreciation to continue with a marginal increase because there will be some kind of depreciation on capital work in progress that will actually get capitalized. So, I think overall, we tend to believe that we will be at the current level run rate up to September 2027, because that will also have Mirabegron related depreciation on the licensing of that particular deal.

Mr. Bino: Got it. And the guidance for the full year, 24% plus EBITDA margin, do you maintain that?

Mr. Tushar Shroff: Yes, we maintain that guidance of 24% EBITDA margin for the full year.

Mr. Bino: Thank you. I'll join back in the queue.

Moderator: Thank you. The next question is from Niharika Agarwal.

Ms. Niharika Agarwal: Thank you for the opportunity. So, my question was towards the costs. We are seeing an increase in employee costs and other expenses. So, just wanted to understand what is exactly driving this increase and how much of it is linked to investments in new businesses versus higher underlying cost base?

Mr. Tushar Shroff: So, on personnel expenses on a quarter-on-quarter basis, if you look at it, you know, there is excluding R&D expenses, there is a marginal degrowth. But on year-on-year basis, there is a growth mainly driven by the acquisitions that we have done for the last, you know, last one year. So that is driving the overall HR related expenditure excluding R&D specific expenses.

The second is on other expenses. I think, if you look at, you know, the commercial launch for Saroglitazar and R&D expenditure, we see the sequential, there is a marginal degrowth in terms of overall other expenses. I'm talking about excluding R&D spend and ZTI commercial spend that we have been incurring. And what we are expecting is that, you know, excluding R&D and the Saro commercialization cost, other expenses would be in the range of ₹2000 to 2050 crores, that kind of a spend that we are expecting on other expenses side.

Ms. Niharika Agarwal: Thank you. And then for the acquisitions, when can we expect operating leverage to kick in?

Dr. Sharvil Patel: So, I think, if you look at our acquisitions, CCL is already getting, going to be accretive very soon. Amplitude, we have said, is a long-term investment, which we are building the whole platform on that side. And Rolvedon already are very, I mean, from day one, they are profitable.

Ms. Niharika Agarwal: Okay, thank you. And then towards the Keytruda biosimilar, now that it is accepted for US review, what is the expected timeline for launch?

Dr. Sharvil Patel: Obviously, it will be patent litigation that will go through. So, I don't think we can give any update on when the launch will be. All we can say is we are one of the first filers on the product and we're under review with the FDA. But the launch will depend on the IP litigation.

Ms. Niharika Agarwal: And if you can share some information on it, how will the economics be split between Zydus and Formycon?

Dr. Sharvil Patel: Formycon or. So, we decided a profit share arrangement.

Ms. Niharika Agarwal: Okay. Okay. That was all for me. Thank you.

Moderator: Thank you. The next question is from Pratik Duggar. Hi Pratik, are you able to hear us? Hi Pratik, are you able to hear us?

Mr. Pratik Duggar: Hello.

Moderator: Yes Pratik. Please go ahead.

Mr. Pratik Duggar: Yeah, okay. Thank you. Thank you for taking my question. Sir, my first question is actually on Desidustat and the commercialisation progress for that. I mean, what are the key milestones that will trigger meaningful contribution either in terms of a large pay-out or maybe royalties on Desidustat?

Dr. Sharvil Patel: So, Desidustat is a royalty arrangement. So, you know, once the reimbursement pathway is set up in China, maybe in the next 4 - 5 quarters, then we would see the uptake and it's a royalty. So, it's mostly a profit share arrangement.

Mr. Pratik Duggar: Alright. And Sir, on Usnoflast, what would be our commercialisation strategy, particularly for ALS? Would we give preference to our own existing US infra, including Sentynl, or would we consider an outside partner for that?

Dr. Sharvil Patel: I mean, it's a little too early to talk about it, but we do have plans to generally build our own front-end specialty business. So, as we come nearer to our completion of our clinical development, we can talk about it. But currently, it's a little too early because it's still in Phase II(b)clinical work.

Mr. Pratik Duggar: And Sir, just one last question, if I can. On the biologic CDMO side, I mean, we had also partnered for a company for biologics, the monoclonal antibodies. What is the progress that we are seeing there on the biologic CDMO?

Dr. Sharvil Patel: So, that company has got funded and started a Phase III clinical trial. So, we are helping them with the clinical supplies for the product. And once the Phase III, if it's good data and it gets approved, then obviously we have the commercial rights to manufacture for them.

Mr. Pratik Duggar: Sir, any details if you could give about what would be the target disease or any details on exactly what drug that is?

Dr. Sharvil Patel: It's a drug that has been tested in cancer, colorectal cancer and one more cancer. So, that is the trial that is going on in the US.

Mr. Pratik Duggar: Okay. Thank you, sir. That will be all. Thank you.

Moderator: Thank you. Participants who wish to ask questions can raise their hand from the participant tab on the screen. The next question is from Shreya Chatterjee.

Ms. Shreya Chatterjee: Hello.

Dr. Sharvil Patel: Yes.

Ms. Shreya Chatterjee: Thank you for taking my question. Could you give some colour as to the nature of observations that you got for your Moraiya and whether those include data integrity or cross-contamination of products, if anything related to that? And how much of your current revenue and what will be the future product filings, if you could also give some colour to that from your Moraiya facility?

Dr. Sharvil Patel: So, revenue-wise, Moraiya is around less than 30% of the US revenue and we don't have many filings from Moraiya. In fact, recently, we had one transdermal approval post our audit, which has come through and most of the CRLs that we are having, we don't see any facility concern and we have responded to the FDA with the observation.

Ms. Shreya Chatterjee: Got it. And regarding Keytruda and regarding your MedTech business, how big do you see this Keytruda opportunity as well as how big do you see this MedTech business going forward? And what would be the margins, EBITDA margins, if you could give some numbers for MedTech business, that would be really helpful?

Dr. Sharvil Patel: So, today, the existing business, which is mostly the Amplitude Surgical business is around 20% EBITDA margins, which is a platform built. So, in the next 5 years, we hope to build both the, scale the orthopaedic side, but also build on the nephrology and the cardiovascular side. So, that is going to be a build-out that we'll do over the next 5 years. And specifically on Keytruda, it's a very large biologics, $30 plus billion of revenue. So, depending on the launch and number of competitors, it will be a meaningful launch.

Ms. Shreya Chatterjee: Still a billion dollar plus kind of a revenue opportunity?

Dr. Sharvil Patel: As I said, it all depends on the time of launch and number of competitors. So, I don't think we can give you that estimate today.

Ms. Shreya Chatterjee: And how many launches like ANDAs and 505(b)(2) or FTFs, we are looking in the next two to three quarters? If you could just give some numbers to that.

Dr. Sharvil Patel: About 15 to 20 in the next two to three quarters.

Ms. Shreya Chatterjee: These are all ANDAs or these also include 505(b)(2)s and FTFs?

Dr. Sharvil Patel: Both.

Ms. Shreya Chatterjee: Both. Okay. Okay, thank you.

Moderator: Thank you. The next question is from Nitin Agarwal.

Mr. Nitin Agarwal: Thanks for taking my question. Sharvil bhai, you mentioned about the transdermal patches, the hormonal patches opportunity, the way it's playing out. If you can give us some sense on what kind of opportunity do you see here?

Dr. Sharvil Patel: I mean, right now we are at capacity. So, we are selling as much as we can make. The demand in the market is 50% more than what is currently served. So, there is a significant unmet demand. Obviously, no companies have capacities to cater to it immediately. And building new capacity also takes time in transdermal. So, currently the market is obviously having more demand than actual availability. So, that's where we are. And that is also in our business is also meaningfully scaled up in this and we are doing well. And with additional capacities potentially coming in a year, we could see that even scale up further.

Mr. Nitin Agarwal: So, on that, when do you see these additional capacities coming through for us? And they're going to be, I mean, if you can give us a scale of the quantum of increase of capacity that we're planning?

Dr. Sharvil Patel: It will take at least a year, but we could double our capacity.

Mr. Nitin Agarwal: Okay. Secondly, on this, on these hormonal products, apart from the patches, do you have any other products where you are playing?

Dr. Sharvil Patel: We are, we have, yeah, we have Rivastigmine and Scopolamine also.

Mr. Nitin Agarwal: Okay. And secondly, on the 505(b)(2) scale up that you mentioned. So, apart from the Januvia and combination, are there any other 505(b)(2)s which are meaningful for us?

Dr. Sharvil Patel: Sorry, could you repeat that question?

Mr. Nitin Agarwal: I'm saying on the 505(b)(2)s, apart from the Januvia product launches of 505(b)(2)s, are there any other 505(b)(2)s which are right now meaningful for us?

Dr. Sharvil Patel: Yeah, we have filed a significant amount of products in the 505(b)(2), some in the oncology supportive injectable space, some in the oral liquid space. Also, we have partnerships on products where we have filed 4 another products, some in the anti-retroviral, I mean, HIV and other areas. So, yeah, we have a decently large pipeline of 505(b)(2)s.

Mr. Nitin Agarwal: Okay. Thank you so much.

Moderator: Thank you. The next question is from Saion Mukherjee.

Mr. Saion Mukherjee: Hey, hi. Thanks for taking my question. Dr. Sharvil, just on Saroglitazar, you talked about some new data which you have presented recently. How significant

is that? So, what are the key tailwinds and headwinds one needs to look out for when you launch this product in the market in March?

Dr. Sharvil Patel: So, I think one, on the tailwind side, obviously, the good thing has been that there have been more patients who have been found for PBC, so diagnosis has gone up. The second is the patients being put on PBC drugs, that also has significantly improved. So, there are a lot of patients who want to get treatment. So, are the doctors preferring to treat with the new drugs on this PPAR class. So, those are the two good positives. So, the market has expanded faster, both in terms of patients as well as in terms of more patients being put on to the drugs. So, that's, I think, are some of the good things that have happened.

For us, obviously, we showed our data. We are one of the few companies who have shown strong data with ALP rising. We have shown significant decrease in ALP. So that is some part of what we have shown in terms of differentiation and also on the side effects. Obviously, once we get the label, we can talk more about how the product is. Also, we had a good Phase II(b) readout for the MASH trial and we have shown data on Steatohepatitis ballooning and as well as also no increase in fibrosis. So, obviously that is not the trial that we are pursuing right now for Phase III but it has good data to show how the product is efficacious as well as safe.

Mr. Saion Mukherjee: So, when you eventually, so in terms of peak sales compared to the other two products, do you think, you can kind of get to a comparable scale with the other products which are ahead of you in the market? Given the efficacy and the safety profile that you see today and compare with others currently in the market.

Dr. Sharvil Patel: So, we are third to market and our current goal is to achieve a 20% patient share. So, we are not talking about equaling or beating competitors. We are assuming for a 20% market share.

Mr. Saion Mukherjee: Okay, and for the MASH indication, you said you won't be pursuing a Phase III trial at this point. Is that, I mean, or you want to license it or…?

Dr. Sharvil Patel: Yeah, not yet because I think, the current expectation is a biopsy led trial, which is almost impossible to do anymore. So…

Mr. Saion Mukherjee: Okay, and that is also not a licensing candidate. I mean, there won't be interest by other companies also. Okay, okay.

Dr. Sharvil Patel: No, because it's highly difficult to do. It's not a question of

Mr. Saion Mukherjee: Okay, okay. So basically, the Phase II data that you got probably could have some rub-off on your PBC indication and can help you in some form in the marketplace. That's the way to think about it.

Dr. Sharvil Patel: And also, other markets including first obviously India, that data will have a meaningful bit. We have those indications in India also. So, now this is a FDA approved, done US trial.

Mr. Saion Mukherjee: Right, right, right. Okay, okay. The other question I have, you know, you had shared, but just because your R&D spend has gone up a fair bit, you know, you're spending almost ₹650 crores a quarter now. If you can give some split of this, how much of it is going into innovative programmes? How much into, let's say, development of biosimilar and vaccine and how much is into, say, the remaining plain vanilla generic programmes? An approximate split?

Dr. Sharvil Patel: I would say just the very common generic vanilla programmes is maybe only of the 30 products we file around 10-12 products. You know, most of the products which we do are either first to file or complex generics or biologics, vaccines or specialties and the NCEs that we're doing. So, last part of our development effort and the growth that is happening on R&D is happening on this. We have SARO trials continuing with the next trial for marginal ALP also. We have ALS Phase II(b) trial in the US started and recruiting also. We have also trials happening on Desidustat for sickle cell anemia. We have obviously couple of biologics trials, biosimilar trials happening and you have seen the success on biosimilars for us. So those continue to do well and obviously vaccines, the PQ trials that have completed and we'll obviously continue to add more programmes.

So yeah, most of the programme is more on complex or differentiated pipeline. And R&D cost will, as a percentage, we have guided that is around the 8-8.5% but we don't see R&D for us coming down and it will continue to grow because we are investing heavily and the future for the company is also to make sure that we continue to have a differentiated specialty portfolio both in India and US. And what we are gaining today, whether it's in India or any other market, is because of the portfolio that we have created. So, this is only doubling down on that.

Mr. Saion Mukherjee: Right. So, this, Sharvil bhai, this specialty bit of it, right, like the ALP trial, ALS that you mentioned, Desidustat, how much of the R&D spend would be on this? I'm not talking about FTF or complex generics or biosimilar, just these innovation assets.

Dr. Sharvil Patel: So, I mean, that will only increase, I think. We'll probably, I can come back to you, but I think over a period of time, 70 to 80 million or close to $100 million will be spent on mostly the phase, this clinical, late stage clinical programme.

Mr. Saion Mukherjee: Understood. Understood. Thank you and I'll join back next.

Moderator: Thank you. The next question is from Bino.

Mr. Bino: Hi, thanks for the follow up. Just a follow up question on the margin guidance. For your press release, the first half margin, EBITDA margin is 24%. So, are we assuming that second half will be similar? Because as Riociguat comes in, shouldn't that be a higher number?

Dr. Sharvil Patel: No, but our SARO spend will also go up. So…

Mr. Bino: Okay. So, you're expecting a similar margin, second half.

Dr. Sharvil Patel: Yeah.

Mr. Bino: Thank you.

Moderator: Thank you. The next question is from Kunal Dhamesha.

Mr. Kunal Dhamesha: Yeah, thank you for the follow up. Dr. Sharvil, on the specialty revenue contribution for our US business on sequential basis, the jump is primarily due to Rolvedon. Is it a fair assumption?

Dr. Sharvil Patel: Yeah, the major jump is Rolvedon and also better traction on Sentynl.

Mr. Kunal Dhamesha: And Rolvedon in terms of its contribution, should it be stable across quarter, I assume?

Dr. Sharvil Patel: Sorry, it should be what? I'm sorry.

Mr. Kunal Dhamesha: Like stable across quarter. Like there is no….

Dr. Sharvil Patel: Yeah, I think it should be next couple of quarters, it should be stable. Yeah. And then maybe in 6 to 8 quarters, we'll see a bump up again.

Mr. Kunal Dhamesha: Sure. And second question on our balance sheet leverage. So net debt to EBITDA is around 0.6. So, what's the strategy there? Would we be focusing on deleveraging or we are okay with where we are in terms of deleveraging?

Dr. Sharvil Patel: So obviously, whatever cash we are generating, we will use to pay down our debt and it has come down versus last quarter. So, from ₹5900 crores, it's come down to ₹5200 crores net debt. So that is obviously will continue if we continue to do this. But as I said, for us also, there is an uptick on the capex cycle as well as all the investments. So, we are building for the future growth. And I think that is something that is very critical for us what we want to do the next 5 years. And we have always said that we are comfortable for till one times net debt to EBITDA and that's what we are guiding.

Mr. Kunal Dhamesha: Okay. Thank you and all the best.

Dr. Sharvil Patel: Thank you.

Moderator: Thank you. The next question is from Saion Mukherjee.

Mr. Saion Mukherjee: Yeah, thank you for the follow up. Dr. Sharvil, you have invested, you know, Cadila, Zydus has invested significantly in the last 3 years. There is a step up in across various businesses. Do you have appetite for large acquisitions at this stage? Or you would like to sort of consolidate the business before you make the next move? How should we think about inorganic appetite at this point in time?

Dr. Sharvil Patel: So, mostly what we have seen and we are seeing success on is bolt-on acquisition. So obviously, we did one on the platform side for the MedTech side. But beyond that, we are only looking to do bolt-on acquisition that can help in terms of access or new portfolio. So that's what is our strategy so far right now.

Mr. Saion Mukherjee: Okay. But you are still looking at more deals or is there an appetite to sort of do large acquisitions? Because last 3 years have been specifically quite active when it comes to inorganic moves?

Dr. Sharvil Patel: No, we do see a lot of deals. As I said, we are looking at portfolio products, licensing, as well as buyout of portfolio. That will continue more on the specialty or and the differentiated side. And we do get to see, we are seeing a lot of opportunities, but not any big-ticket items.

Mr. Saion Mukherjee: Okay. On SARO again, you mentioned about 20% patient share eventually that you would like to see in terms of ramp up. So, if you have to think about FY28-29, any colour on how this ramp up would be? Will we see any revenue, meaningful revenue in FY28 or we need to wait for at least one year to see some revenues coming in? Just on the projected.

Dr. Sharvil Patel: FY28 will not be any meaningful revenue. It will mostly be starting from FY29, but more realistically FY30.

Mr. Saion Mukherjee: Okay. Okay. Okay. So, I mean, you are looking at 20% share by FY30 or what kind of share you are looking at by FY30?

Dr. Sharvil Patel: No, no. FY30 we are not looking at, we are looking at 10 to 12% share only.

Mr. Saion Mukherjee: Okay. Okay. Understood. And our…..

Dr. Sharvil Patel: Even our IP runs longer and by the time, by, you know, 2033-34, we would have definitely peaked or gained a significant share and that will then continue till the expiry.

Mr. Saion Mukherjee: Okay. And also, in terms of large opportunities, you mentioned a few of them like Ibrance and possibly Keytruda. Any other big opportunities you can talk about for

the next FY28-29, either in the US or outside US like vaccine, etc., anything, any big tender win, etc., that we should keep in mind?

Dr. Sharvil Patel: So, yeah, I think, US you will still see some more, we have many first-to-files and exclusive files. So, depending on IP and litigation and our launch, we can talk once it's more realistic, including some 505(b)(2), which can be early launches, like we had early Sita launch. Beyond that, vaccines is a big upswing for us. You know, we have seen a significant uptake on vaccines. We have started seeing our registrations with the WHO and pre-qualifications. And we believe that in the future, rabies, TCV, MR tenders, which are getting published, we should get a decent share of that. So, we would see a meaningful upswing on from where we are today. So, in the next 3 to 4 years, we'll definitely double our business from the current annualized run rate of ₹450 crores.

Mr. Saion Mukherjee: Okay. Okay. Thank you.

Dr. Sharvil Patel: And I think you will see similar opportunity on the biosimilar side also. So, Nivolumab has been a great success. We have many like these opportunities every year in India to launch. So, you will see that momentum continuing also.

Mr. Saion Mukherjee: So, biosimilar would be largely India-led or when you're talking?

Dr. Sharvil Patel: Currently it is India-led, but now we have US also. We have Russia, a little bit we used to have, but we have Mexico, we have South Asia, we have now some Latin American countries coming up. So, in FY28 onwards, you would see global revenues of biosimilars also.

Mr. Saion Mukherjee: Okay. So, this is a non-US emerging market piece?

Dr. Sharvil Patel: Yes. Emerging markets and the US.

Mr. Saion Mukherjee: Emerging market and the US. And the total bio, how large is biosimilar today, if you can share?

Dr. Sharvil Patel: India, we have obviously crossed ₹1000 plus crores.

Mr. Saion Mukherjee: Okay. And outside India, there won't be much at this point, right?

Dr. Sharvil Patel: Yeah.

Mr. Saion Mukherjee: Okay. Okay. And you expect over the next 3 years or so, which you mentioned, a similar revenue from emerging markets or, I mean, ex-India?

Dr. Sharvil Patel: I mean, next 3-4 years, I mean, Pembro will be obvious. I'm not considering Pembro because that's a very large account.

Mr. Saion Mukherjee: Right. Excluding that?

Dr. Sharvil Patel: But beyond Pembro, this plus our, this plus our also Semaglutide, I think, will add meaningfully to our outside India.US franchise.

Mr. Saion Mukherjee: Okay. Thank you.

Moderator: Thank you. We'll wait for a minute for queue to assemble. Anyone who wishes to ask the question, please raise your hand from the participant tab on the screen. So, next question is from Rashmi Shetty.

Ms. Rashmi Shetty: Yeah. Thanks for the opportunity. Sir, is it fair to assume that, you know, FY28, the expenses for this SARO, as it will go up, plus we are also expanding our MedTech and Comfort Click business, it will be completely integrated? So, you feel that this 24% EBITDA margin, maintaining that level will be little challenging also due to the inflationary scenario? Or you feel that the other branded businesses will be able to absorb it?

Dr. Sharvil Patel: So, we have only guided till FY27. FY28, we haven't given our guidance yet. So, maybe in the fourth quarter, we can talk about the next year. But as I said, our business, all businesses are delivering strong growth. So, we are confident to continue to do well.

Ms. Rashmi Shetty: Okay. Sir, and the two products, you know, Palbociclib and Ribociclib, you know, those are FY28 launch, right?

Dr. Sharvil Patel: Palbociclib is '28. I don't know which is the other one you said.

Ms. Rashmi Shetty: Ribociclib something.

Dr. Sharvil Patel: I don't know. Riociguat is already launched. I don't know which one you are talking about. We don't have Ribociclib.

Ms. Rashmi Shetty: Okay. Okay. So, only Palbo will be there. And this product will be like a low competitive market for you or it will be an exclusivity year you have?

Dr. Sharvil Patel: Exclusivity.

Ms. Rashmi Shetty: It would be six months exclusivity, right?

Dr. Sharvil Patel: Yes.

Ms. Rashmi Shetty: Okay. And sir, again, just on the US business, you know, this quarter, we have done around $347, $350 million. So, even if you exclude the specialty sales, there is a good delta which is coming quarter on quarter. Is it…and we are already taking, you know, the entire erosion that is coming from Mirabegron? So,

whatever that delta is coming in the base business, is it because of the new launches or the existing products? You have seen some market share expansion, if you can give some comment.

Dr. Sharvil Patel: So, it's been a mix of both. It's the base business has continued to also grow Q-on-Q. The new products also are contributing also with the launches that have happened. So, both of those have led to the better growth on the non, I mean, non-specialty part also.

Ms. Rashmi Shetty: And this is likely to sustain in the subsequent quarters also?

Dr. Sharvil Patel: Yes, at least for the next 2 quarters.

Ms. Rashmi Shetty: Okay. Got it, sir. Thank you so much.

Moderator: As there are no further questions, we will close the call. Thank you very much. Thank you very much to the Zydus management team. Ladies and gentlemen, on behalf of Zydus Life Sciences that concludes today's conference call. Thank you for joining us and you may now disconnect your line and exit the webinar. Thank you.

END OF TRANSCRIPT