August 18, 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 August 11, 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 Q1 FY27 post results earnings call held on August 11, 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: 2026.08.18 14:37:07 +05'30'

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

Encl.: As above

“Zydus Lifesciences Limited Q1 FY27 Post Results Earnings Call”

August 11, 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

Moderator: Ladies and gentlemen, good day and welcome to Zydus Lifesciences' earning conference call for the first quarter of FY27. Please note, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after management's opening remarks. Should you need any assistance during the conference call, please raise your hand from the 'Participant' tab on the screen. While asking questions, request you to please identify yourself and your company. Please note, this conference is being recorded.

I now hand over the call to Mr. Ganesh Nayak, Director at Zydus Lifesciences. Thank you and over to you, Sir.

Mr. Ganesh Nayak: Good evening, ladies and gentlemen. It is my pleasure to welcome you all to our post-results teleconference for the first quarter ended June 30, 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 commenced FY27 with strong double-digit growth, building on the formidable base of FY26. This performance reflects the sustained momentum across all our key businesses, each of which contributed meaningfully to the overall performance during the quarter.

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

We registered consolidated revenues of ₹ 80.2 billion, up 22% on a year-on-year basis. On the operating profitability front as well, our performance was robust with an EBITDA margin of 24.1%. Consequently, EBITDA for the quarter stood at ₹ 19.3 billion while net profit for the quarter stood at ₹ 9.4 billion. Our net debt to EBITDA ratio stood at 0.7 times as on 30th of June, 2026.

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

In the Pharmaceutical space,

In India, our branded formulations business sustained market outperformance with a strong 20% year-on-year growth during the quarter. This business has, in fact, outperformed the market growth consistently over the last three financial years. Growth during the quarter was broad-based as we grew faster than the market in super-specialty, chronic, as well as acute segments. In terms of therapy performance, the business grew faster than the market in cardiology, diabetology, gynecology, anti-infectives, pain management, and in the super-specialty areas of oncology and nephrology. Our ranking improved in key

therapies of cardiology, diabetology, and pain management while on the super-specialty front, we continued to retain leadership position in the oncology therapy. Our large innovative brands led by Lipaglyn® continue to strengthen their market standing and improve their rankings quarter after quarter, underscoring the impact of our innovation on improved patient outcomes. Contribution of chronic and sub-chronic portfolio has increased consistently over the last several years and stood at 54.2% as per AWACS MAT June 2026, an improvement of 360 basis points over the last 4 years.

International markets formulations business has delivered strong growth during the last several quarters and has established itself as a formidable growth pillar for the company. The business sustained the growth momentum during the quarter and posted revenues of ₹ 9.7 billion with a year-on-year growth of 34%. The growth was led by strong demand-driven performance across markets and supported by focused execution.

North America business, comprising of the US and Canada, exhibited resilience with revenues of ₹ 31 billion during the quarter, up 5% quarter-on-quarter. The base US Business continued to gain share driven by sustained volume expansion, supplemented by new product launches. On the US generics front, we filed 5 ANDAs, received 9 approvals (including 4 tentative approvals), and launched 11 new products during the quarter. Our US specialty business achieved two important milestones during the quarter. First, we launched Nufymco™ Injection, which is Ranibizumab, our first biosimilar in the US market, marking a meaningful expansion of our specialty capabilities and laying the foundation for future participation in the growing biosimilar segment. Second, we completed the acquisition of Assertio Holdings, significantly strengthening our commercial capabilities, portfolio breadth, and market access in the US specialty space. These milestones underscore our continued focus on building a robust specialty platform in the US and advancing our transition towards a more differentiated, innovation-led business model. In Canada, we received 2 ANDS approvals and launched 2 new products during the quarter.

Our Consumer Wellness business recorded revenues of ₹ 14.3 billion, up 67% year-on-year. Within this, the international business, including the Comfort Click portfolio, delivered a like-to-like growth of 25%, while the domestic business grew 5% year-on-year. Within the domestic portfolio, skin & hair care and food & nutrition continued their strong momentum, delivering growth of 35% and 16% respectively. Seasonal brands, however, de-grew primarily due to the softer summer season.

In the medical devices space, the business registered revenues of ₹ 2.8 billion during the quarter. We are investing in enhancing our capabilities in the focused therapies, which offer long-term growth potential to create differentiated value.

On the operations front, our injectable manufacturing facility at Zydus Biotech Park recently received an Establishment Inspection Report (EIR) with a Voluntary Action Indicated (VAI) classification, following a GMP surveillance inspection conducted in April'2026 and May'2026.

During the quarter, we entered into a joint venture agreement with Sunshine Healthcare to establish a pharmaceutical manufacturing facility in Sri Lanka to strengthen local production and reduce import dependence for the country.

Now, this concludes the business review. I would now request Dr. Sharvil Patel to take you through the key drivers across businesses as well as initiatives in our innovation program. Thank you.

Dr. Sharvil Patel: Thank you, Mr. Nayak, and good evening, ladies and gentlemen. It's a pleasure to have you all here today on our call.

FY27 is off to a great start with a strong performance across the key businesses. More importantly, we continue to advance our transformation into an innovation-led organization. The share of our branded portfolio in the total revenues has steadily increased over the last several quarters. It accounted for over 55% of our total revenue in the first quarter of this year. As our branded business continues to gain scale across markets, we expect their share to exceed two-third of our overall revenue over the medium term. I'm confident that the strategic choices that we have made over the last several years will build strong growth pillars for us in the long term. With our innovation efforts translating into commercial opportunities, a growing branded portfolio and disciplined execution across businesses, we are well-positioned for our next phase of growth.

On the pharmaceuticals front, our strategy for India formulation business is working favorably. The branded business delivered a formidable 20% growth during the quarter. In fact, the business has been consistently outperforming the market growth over the last several quarters. A key driver of this outperformance is our Chronic portfolio. These therapies continue to gain share and significantly aid our overall growth momentum. This is further supported by the strong uptick of our innovation and differentiated portfolios. In addition, our brand-building initiatives and a stronger execution focus are delivering clear results. We remain fully confident in our ability to outpace the industry growth and growing sustainably.

Our International Market formulations business continues to deliver strong growth and has emerged as a formidable growth pillar for the company. While our therapy-led strategy continues to drive momentum in the emerging markets, portfolio expansion and deeper market penetration in Europe are supporting this sustained growth momentum across the business.

We have steadily strengthened our position in the US generics market through our diversified portfolio, a stronger execution, and a resilient supply chain. This is reflected in the sustained prescription growth, market share gains, and improved market rankings, reinforcing our position as a trusted generic player in the US. I am pleased to report that our branded business in the US now contributes 10% of our revenue in the US. We expect the share of this segment in the US to continue to increase as our specialty and innovation-led business gains scale. The growth drivers are firmly in place viz. orphan and rare disease franchise, a growing portfolio of 505(b)(2) products, the recent acquisition of Rolvedon®, and an NDA submission to the USFDA of Saroglitazar, our first internally developed innovation in the US. Collectively, these businesses position us for a sustained shift towards a more differentiated and specialty-driven US portfolio.

In the Consumer Wellness business, we continue to build a future-ready portfolio through innovation, disciplined execution, and data-driven decision-making. Our investments in analytics and digital capabilities are enabling sharper consumer insights, improving resource allocation, and sustainable profit growth.

In the Med-tech, we continue to strengthen our presence across the orthopedics, cardiology, and nephrology while building a scalable platform for long-term growth. Leveraging Amplitude's orthopedic portfolio and the proprietary Andy robotic surgical system, we are expanding access to advanced solutions. At the same time, we are broadening our cardiology offerings and establishing a high-end dialyzer membrane facility to address growing global demand in nephrology.

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

On the NCE research front, The USFDA granted priority review to our new drug application of Saroglitazar Magnesium for the treatment of primary biliary cholangitis. Recently, we received regulatory approval in India to initiate a Phase III clinical trials of Desidustat in patients with sickle cell disease. The study will be conducted in collaboration with ICMR. Desidustat represents a potentially first-in-class therapeutic opportunity for the treatment of sickle cell disease.

On the biotech R&D space, we initiated a Phase III clinical trial in India for our second ADC Biosimilar. This development further strengthens our deep and differentiated biologics pipeline and underscores our capability in developing advanced biologics. It further enhances the long-term growth potential of a biologics franchise.

On the vaccines R&D front, we completed our Phase II clinical trial of the bivalent typhoid conjugate vaccine and also initiated a Phase I trial of our chikungunya vaccine in India. On the global development front, we submitted our dossier of the MR vaccine to WHO. The dossier has been accepted for review.

Thank you and now we can start with the Q&A session. Over to the coordinator for the question and answers.

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 2 questions and then return to the queue for more questions. Please raise your hand from the 'Participant' tab on the screen to ask the question.

The first question is from Kunal Dhamesha.

Mr. Kunal Dhamesha: Hi, good afternoon. This is Kunal from Macquarie. Thank you for the opportunity and congratulations on a strong set of numbers. Dr. Sharvil, with Q1 suggesting strong topline growth, would we be kind of looking at a much higher growth than what we have guided for FY27, which is currently double digit is what we have said? So, yeah, that's the first question.

Dr. Sharvil Patel: So, thank you for the wishes and I think, we continue to stay with the guidance that we will deliver strong double-digit growth for the year, starting with the first quarter. I think, our India business is poised to deliver significantly good traction, better than market, at least by 300-500 basis points. So, we see mid-teens growth continuing for that business. So is our international markets and US being around single-digit growth. So, looking at that, we will still see good growth for the coming year in revenues.

Mr. Kunal Dhamesha: Sure, sure. And for the India business, I think, last time you shared the share of the progressive brand. I believe that with a strong growth, has that gone up meaningfully in this quarter? And should we expect that momentum of progressive brands to kind of continue at that level?

Dr. Sharvil Patel: Yes, I think, we have seen more than expected exceptional strong growth on our innovation portfolio, which has beaten our current expectations. Also, on our value-based biosimilar, we have seen a very significant uptick on all brands. So, that has seen a very significant uptick also. So, I think, both of them have significantly aided to this momentum. At the same time, which has also led to an improvement in our Chronic basket and growth booster brand.

So, I would say, the allround performance across but better than expected on the innovation and biosimilar and also the scaling up of vaccines.

Mr. Kunal Dhamesha: Okay. The last question that I have is, you know, on the overall, some of these new growth drivers, right, in the medium term, we suggested that the branded pieces will become more than 2/3rd of the revenue, right? Would you say most of this new drivers, you know, would aid to our profitability over medium term?

Dr. Sharvil Patel: Yes, I think, if I break down into businesses, India and EM, I agree that with the improvement in our portfolio of branded as well as chronic, we will see better

profitability. On the US, I would say the only scale-up that we need to do is Saro, which will require investments. But if you take our other portfolio, which is our Sentynl Therapeutics, it is already profitable, broken even and profitable, and will continue to aid to profitability. We are seeing our portfolio on 505(b)(2) also becoming profitable from now and growing. And as I said, today, it's only 10% of our business and probably by the end of the year, it will cross 15% or more, and we can only see that increasing meaningfully.

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

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

Ms. Neha Manpuria: Thanks for taking my question. My first question is on the increase in the operating cost that we have seen in the current year. You know, given that we'll have the full impact of Assertio as well as Saro spend, how should we think about, you know, both the employee cost as well as the SG&A cost? When should we start expecting the incremental Saro cost to flow through? And, you know, just an update on our guidance, margin guidance, are we still maintaining the 24%+ margin guidance that we'd indicated?

Dr. Sharvil Patel: So, Saro, there is already certain costs that have started but we will see an increase in the second half of the year. And owing to that meaningful increase that we'll see in the second half, we are still guiding towards the 24% kind of margin.

Ms. Neha Manpuria: In that case…Sorry, Sir, go ahead.

Mr. Tushar Shroff: So, our current run rate of about, you know, ₹1,900-₹2,000 crores, I think that kind of a run rate we should assume as a part of other expenses, excluding R&D on quarterly basis.

Ms. Neha Manpuria: And this is despite us increasing the spend on Saro?

Mr. Tushar Shroff: Yeah, it's all inclusive.

Ms. Neha Manpuria: Okay. And the increase that we have seen quarter-on-quarter so far is essentially on the back of what? This increase, like Sir mentioned, Saro is one of them. But what is the other reason for the sharp increase that we have seen in costs, you know, quarter-on-quarter?

Mr. Tushar Shroff: It's all, you know, acquisition driven impact that we see on the increase in the other expenses. Largely, I would say, that about 80% increase in the cost is driven by acquisitions that we had in the last one year.

Ms. Neha Manpuria: That I understand, Sir. Year-on-year, I understand but even if I look at this number quarter-on-quarter, you know, it seems like a fairly steep increase.

Dr. Sharvil Patel: That is because of Zylidac and Assertio.

Mr. Tushar Shroff: Zylidac, Assertio and the freight expenses.

Ms. Neha Manpuria: Okay-okay, understood. My second question is on the capex. You know, we see a pretty sharp increase in capex this quarter as well. If you could give us some color in terms of where we are spending in terms of, you know, capex and what the guidance for the full year would be?

Dr. Sharvil Patel: So, from the capex point of view, I think, a meaningful part of it obviously is setting up of the facilities, SEZ 3, which is coming, right now the completion of the expansion that we have done in our existing facilities for higher capacity, including Moraiya, Goa, Baddi and then Unit-2, Unit-3 at SEZ. We are also building a new bigger R&D center for formulations development, which has happened. There is one-off investment in wellness for a larger land acquisition for future facility, which is exceptionally for one-time kind of investment. And then it's a new CAR-T facility that we built for biologics, new vaccines DS facility. So, there are multiple things that have led to this increase, including some investment that continues in Zylidac also. So, it's a whole host of many things. So, it is not a one particular thing that is a large item other than the wellness land acquisition, but multiple investments in increasing scale and capacity in existing and new capabilities.

Ms. Neha Manpuria: And for the full year, what would this number be in that case?

Dr. Sharvil Patel: So, right now, we are guiding for around ₹1,500-₹1,600 crores capex.

Ms. Neha Manpuria: Understood. And for Saro, based on, you know, given that we have the TAD coming in the later part of this year, how should we think about the ramp up of market share there? If you could give us some color to help us understand in terms of what the sales opportunity could be?

Dr. Sharvil Patel: So, on Saro, I mean, we are building for next FY28 launch right now, so April launch. And we are investing for that. The first 3 years, I mean, first 2 years will be just a buildup of this, so we won't see any significant revenue in the first year, at large. But as we move into second and third year, we will see the revenue mark buildup. So, I think, first 2 years will look more from an investment point of view as to how much we are investing.

On the market point of view, obviously, if you see the recent guidance from both the competitors in the current segment, they are seeing better traction than their earlier guidance and they've upgraded some of their guidance. And that is led from higher patients, bigger patient pool and more patients wanting to access this indication. So, we are seeing a positive in terms of market being a bigger market than expected. So, we are only seeing some positive signs in terms

of how this market formation is happening. And so, we're quite excited with that opportunity.

Ms. Neha Manpuria: Noted, Sir. And any indication that you would want to give on target market share or, let's say, peak sales that we expect from this product?

Dr. Sharvil Patel: So, as I always said, on a conservative side, we are looking at a $200-$300 million range. And maybe more optimistic, we can cross the $400+ million range.

Ms. Neha Manpuria: Understood, okay. That's helpful, Sir. Thank you.

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

Mr. Saion Mukherjee: Hi. Thanks for taking my question. On the US, Sir, you mentioned, currently we have 10% of revenues coming from Branded. So, that would mean roughly, let's say, $130-$135 million, right, of revenues on an annual basis. How is that like, you know, the rare disease would be like $40-$50 million? And if you can throw some light, what are the other constituents and whether Assertio is a significant number in this?

Dr. Sharvil Patel: So, currently, in this quarter, which is 10%, we don't have any Assertio number. Our last year's Sentynl was around $60 million, which is the ultra-rare disease business.

Mr. Saion Mukherjee: Okay.

Dr. Sharvil Patel: Assertio will start adding from the coming quarter. That's why we said the numbers from an analyst point of view would go up towards 15% because those numbers are still to be baked in.

Mr. Saion Mukherjee: Understood. So, you're saying, rare disease is around $60 million and the remaining $60-$70 million is like 505(b)(2) products. Would that be a right way to think about?

Dr. Sharvil Patel: Yeah, they are cluster of 505(b)(2) products.

Mr. Saion Mukherjee: Okay, okay. And, Sir, this Assertio acquisition, Rolvedon sales, how should we think about the contribution this year? next year? What's the expectation there?

Dr. Sharvil Patel: So, I think, we have just begun. So, it seems to be on track. We are looking at around $15-$20 million per quarter run rate.

Mr. Saion Mukherjee: And we would see that from next quarter, right?

Dr. Sharvil Patel: Yes.

Mr. Saion Mukherjee: Understood, understood. And, Sir, on the India business, we have seen good growth here. I mean, what's really driving this, if you can give some color? Of course, you mentioned about innovation asset, how has semaglutide done? If you can give some color here? I'm just wondering, what's the sustainable number? Let's say, if I take a 2-3 year horizon, how should we think about the growth for India business?

Dr. Sharvil Patel: So, I will try to summarize a little better. There are 2-3 things.

One is, overall chronic part of our business is growing, I mean, at more than 20%. And if we look at even July numbers, that have been reported by the AWACS, we're seeing strong traction on the chronic side of Zydus therapies and growing very meaningfully. The second is, we are seeing a very, very meaningful uptick on Saro and Desi, which is adding quite meaningfully, almost 30-45% kind of growth in this business. So, that's also adding very meaningfully and scaling up and we see that traction continuing. The other, third, is our biologics have seen extremely traction on 3-4 brands, which have also very, very significantly scaled after genericization also. So, we are seeing very strong momentum on growth. And Sema is just the beginning. So, it is a small contributor. We are third-fourth in market share today in our own brand but, overall, we are largest as a semaglutide innovative generic that we've launched. So, that also is adding to the momentum. So, I would say, it's the whole differentiated pipeline and the chronic business both helping this growth and we see that sustaining going forward.

Mr. Saion Mukherjee: Understood. Sir, you know, the ₹ 6500 crores of revenues that was booked last year, how much would be biologics, innovation and vaccine in that, if you can give a rough percentage?

Dr. Sharvil Patel: So, we're not giving any breakup because it's all the different divisions which have multiple brands, both chronic and this. So, we don't track them separately but as I said, oncology portfolio is the fastest growing and then followed by the chronic portfolio. And then vaccines is obviously a very different business, which, you know, I always said that we want to achieve the ₹300 to 400 kind of crore mark and we are on track to achieve that.

Mr. Saion Mukherjee: Understood. Sir, if I can ask one last question which is on the international formulation. You know, we have crossed $100 million of revenues this quarter and the growth has been exceptionally strong. I would appreciate if you can give some granular color on this, either in terms of geographic segment or product segment, which is driving this. And again, the question is around sustainability of very strong double-digit growth, from let's say next 2-3 years perspective?

Dr. Sharvil Patel: So, I think three things:

One is our core existing markets have delivered, on the emerging market front delivered. They continue to do better than last year and are growing very strongly. The second is Europe, which used to be a little difficult business for us in terms of growth, has done, has two things have changed, both our core old markets which are France and Spain have significantly delivered on growth and they continue to see a very strong traction on that and a new market entry of UK has scaled up much faster than expected and is also becoming a very important business for us. So that international part in terms of EU has started doing extremely well in terms of the revenue. And the third is, we entered new geographies and those geographies, we are seeing our innovative pipeline or first generic kind of launches in many markets. which is seeing a good healthy traction in terms of commercialisation. So, I think, all in all, all these three things are helping core markets, the Europe doing much better and the new markets meaningfully scaling up.

Mr. Saion Mukherjee: All right, sir. Thank you very much.

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

Dr. Sharvil Patel: Hello?

Moderator: Hi Bino. Are you able to unmute yourself and ask the question?

Dr. Sharvil Patel: I think that he is unmuted but unfortunately his mic has gone off.

Moderator: Yeah, we might move to the next. The next question is from Vamsi.

Mr. Vamsi: Hi, Sir. Am I audible?

Dr. Sharvil Patel: Yes.

Mr. Vamsi: Thanks for taking my question and congrats on the good set of numbers. So, my first question is in terms of the 505(b)(2) portfolio that we have. So, of the 20 assets, if I am not wrong, close to 5 have been commercialized. So how much of, you know, how do you expect the overall portfolio to ramp up in terms of the launches which are scheduled for the rest of the year? And in terms of the 'steady-state' sales, I remember in one of the calls, we have guided that some of these assets could hit a $50 million kind of mark each. So how is that kind of panning out at this point of time?

Dr. Sharvil Patel: So, on our 505(b)(2), we have a good mix of our own products and licensed products also. So, we have about 19 products that we have from our in-house and own pipeline creation. We have partnered products, which are about 8 that we're working on in different areas. We have commercialized 4+ products now,

as we said, and we have more products in the pipeline. So, I think, it's a pipeline that we're trying to develop for the markets.

From the current point of view, I would say, most of them are doing better than expected. I think the going out BEIZRAY is slower than what we had expected. And we hope, in the next financial year, we will see a bigger scale up.

But beyond that, the other 2-3 products that we have launched are doing extremely well. At the same time, Rolvedon will add meaningfully to that business going forward. And then the biosimilars launched… initial launch of Ranibizumab and with the PFS coming next year and also further products, we will see a good uptick on that. And also, our specialty rare disease business on Sentynl, which has meaningfully started to do well. So, all in all, I think that's doing well and it's growing well.

Mr. Vamsi: Thank you, Sir. If I just may also ask a couple of questions around the LiqMed's portfolio. So currently, how big is this in terms of the overall contribution and how many of the overall 505(b)(2) assets within the liquid's portfolio have already been commercialized?

Dr. Sharvil Patel: So, we have around 7 launches, I think, and we have 10+ approvals and we continue to create a larger pipeline.

Mr. Vamsi: Understood, Sir. And lastly, also on Desidustat, any update in terms of our China partner launching it in the Chinese market and how the ramp up is happening there? And how big of an opportunity do you think it could be over the next couple of years?

Dr. Sharvil Patel: So, yes, I think we achieved the milestone of getting it approved in China now. We have supplied now API for formulation manufacturing in the market. With the time, this product is included nationally reimbursed in their drug list. So obviously, we need to get an approval through the NRDL to gain a major part of the share. But having looked at that, there are 120 million CKD patients in China. So, it's a very, very large market. And the prevalence of anemia is very strong in that market. So, looking at all of that and looking at how the peers have done in this space, we see it as a good opportunity. But first, we need to go through the registration and making sure, it is available through the reimbursement phase. And once the reimbursement phase goes through, then we can see an uptick in that business. So, maybe in a couple of quarters, we can give more highlight. But we see this being a descent opportunity, a long-term opportunity. But we'll have to wait for another 2 to 3 quarters to make sure that all the important approvals go through and the access to the molecule is created in the list.

Mr. Vamsi: Understood, Sir. Just one last question. Sir given that it's an NCE asset, and I presume that, of course, it will also be under patent protection in the Chinese

market. So, if not as big as Saro in comparison, like how much of steady state sales would this asset generate once it reaches its, let's say, 3 to 4 years down the line? What kind of top-line contribution could be coming from this product from the China market?

Dr. Sharvil Patel: See, the opportunity is very difficult to say right now. We have not factored in any meaningful scale in terms of our current year. But as we get experience in terms of it getting reimbursement through, then we can see it importantly doing well. Because the other molecule is doing very well, which is already launched. And I think they are doing about $200+ million in the Chinese market. So, we can see it also being a meaningful contributor to us.

Mr. Vamsi: Thank you, sir. Thanks for answering my questions and all the very best.

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

Mr. Kunal Dhamesha: Hello. Can you hear me?

Dr. Sharvil Patel: Yes.

Mr. Kunal Dhamesha: Yeah. Dr. Sharvil, one question on Saroglitazar. So, for the incremental addressable patient pool, one, do we need to do additional studies? If yes, what would be the size, scope, and duration of that study? And with, let's say, initial indication we already applied, would we be going for an expedited process here?

Dr. Sharvil Patel: Saro is already being granted priority review by the FDA for its first indication in PBC. So that is on track. And as I said, we are building for pre-launch capabilities on that. This will be a continuing trial because we have to follow the patient through and rolling phase 3. So that will continue. We are also adding a marginal ALP trial to Saro for certain patients who have marginal ALP issues. So that will also expand the opportunity size of the market, which that trial is about to start. So those are the updates on the key trials.

Mr. Kunal Dhamesha: And the duration, if you could share, like, you know, there's in, let's say, expanded indication. Can it be a near-term opportunity or would take, let's say, 2 to 3 years? How should we think about it?

Dr. Sharvil Patel: No, it's not. The expanded indication is not a near-term. It will take 2 to 3 years.

Mr. Kunal Dhamesha: Okay, sure. And any update on Usnoflast for ALS indication? When is the readout that we expect for that?

Dr. Sharvil Patel: No. So, you know, Usnoflast, as I said, we have a couple of trials that we are doing. One is a phase 2. We initiated a phase 2(b) in the US for ALS. So that is ongoing. The study is going to enroll 240 patients against the placebo. So, that is the way it is moving on. We see it as a FY28 kind of timeline when we can see

some data coming out of that. So, end of FY28, late calendar year '28, '28 or early '29. That's when we see the data come out. On the ulcerative colitis side, we are also looking at that as a potential opportunity also. We have seen good phase 2(a) data and we hope we can in India and we hope to move that obviously in India in the next phase 2(b) or 3. And also potentially evaluate it in the US, which is under evaluation right now.

Mr. Kunal Dhamesha: Yeah, thank you.

Moderator: Thank you. The next question is from the Damyanti Kerai.

Ms. Damyanti Kerai: Yeah, hi. Good afternoon and thank you for the opportunity. My first question is for Dr. Sharvil. You indicated your medium-term goal of scaling up of newer initiatives. So, for these, what kind of spend you foresee whether it's towards the SG&A or building up team for specialty etc?

Dr. Sharvil Patel: We were not able to hear your question, if you don't mind repeating it.

Ms. Damyanti Kerai: Yeah, sure. So, my question was regarding the kind of spend which you foresee for scaling up some of your newer initiative, whether it's MedTech, specialty, biosimilars. And this is also related to how should we see spend required to reach the medium-term goal of getting 2/3rd of revenue from branded products as you indicated?

Dr. Sharvil Patel: So, we have already invested in biologics and vaccines. So that investment has already gone through. Also, MedTech is a business, running and growing business with which we have, which we acquired and which we also launched in India, in the Cardiovascular side. So, these businesses are already invested in and are baked into our current margin guidance.

Ms. Damyanti Kerai: So, as these businesses scale up and no major incremental spend, it's safe to assume we will be seeing margins moving up from the level which you indicated for FY27?

Dr. Sharvil Patel: FY27, we have guided for a 20…..

Ms. Damyanti Kerai: 24%+, right?

Dr. Sharvil Patel: 24% guidance. So that is what we are sticking to.

Ms. Damyanti Kerai: Okay. And on the biosimilars portfolio, where you just launched your big product there. So there also, what kind of timeline we should assume to see meaningful sales build up happening?

Dr. Sharvil Patel: Biosimilars is already a meaningfully scaled business for us and very profitable. So, it is not a new business for us.

Ms. Damyanti Kerai: No, I was specifically asking for the US part. India, obviously, I think you have a very well-established presence, EM as well. But….

Dr. Sharvil Patel: Yeah, US is more like a '29 kind of timeline when we will see that business scale up. We will have a couple of products before, but real meaningful scale up will come in the calendar year '29.

Ms. Damyanti Kerai: Okay, that's helpful. Thank you.

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

Mr. Bino: Hi, good evening all of you. Can you hear me?

Dr. Sharvil Patel: Yes.

Mr. Bino: Okay, great. Sharvil Bhai, I was looking at the US trajectory over next 3-4 years. So, this year, we have Mirabegron going on, plus Riociguat should come in. Next year also, partly we have Mirabegron and Palbociclib should come in. But beyond that, do you think, there could be a dip in US revenues, even if it is a temporary one?

Dr. Sharvil Patel: No, we are currently, we still have a growing pipeline of products beyond these valuable products in the market. In fact, we recently also launched Indocyanine Green, where we got 180-day CGT exclusivity. So, we have a future pipeline of products, which are in the 505(b)(2) and ready-to-use formats and other areas, which will all add to meaningful business. So, we do not see that kind of a fall in the US revenues.

Mr. Bino: Understood. Thank you. And one book-keeping question, if I look at the depreciation number consolidated, it has sharply gone up starting 4Q of last year and 1Q also again has gone up. So, part of it could be the acquisitions and related amortization. Is there anything else into it? And is this the level at which it will continue?

Mr. Tushar Shroff: Yeah, so I think, largely it is on account of these acquisitions. This amount also includes the licensing amortizations that we had because of the Mirabegron settlement. So that will be up to the first quarter of FY27-28.

Mr. Bino: Do you mind calling out that number, roughly at least?

Mr. Tushar Shroff: We have not called out that number very specifically because of the confidentiality.

Mr. Bino: Okay. Anyway, it will end in the second quarter of FY28, correct?

Mr. Tushar Shroff: Yes, that is correct.

Mr. Bino: Okay, thank you.

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

Mr. Saion Mukherjee: Thanks for the follow-up. Just you mentioned about the brand part of the business becoming two-thirds or more in the medium term. And this year has been more of an investment year for you. So, with that business mix changing towards brand, from 24% EBITDA margin today, where should you expect, let's say from an FY30 perspective, when you achieve those targets your EBITDA margin to settle at?

Dr. Sharvil Patel: So, I think, from the planning point of view, yes, when we are able to scale up a branded business towards two-thirds, then we should see an improvement in EBITDA margins. Obviously, the first couple of years now, you will see an investment phase on Saro and some of the other portfolio and also some increase in R&D. But ideally, we would want to be improving our EBITDA margins to 28-30% range as we move closer to the 5-year period.

Mr. Saion Mukherjee: Okay, thank you.

Moderator: Thank you. The next question is from Rashmi Shetty.

Ms. Rashmi Shetty: Yeah, thanks for the opportunity. Am I audible?

Dr. Sharvil Patel: Yes.

Ms. Rashmi Shetty: Yeah. Sir, just one bookkeeping question. On Assertio, whatever consideration amount, how much are you allocating to goodwill, intangibles or anything in gross block?

Mr. Tushar Shroff: So, I think, so, we have a window of 12 months to finalize in terms of what should be the purchase price allocation of this entire consideration. But, you know, the large part of this will be towards the brand, as well as, you know, the platform that we have got from, the commercial platform that we got from this particular acquisition. So, large part will be towards intangible.

Ms. Rashmi Shetty: Okay, and amortisation and all has not come in in quarter one, right, for this quarter?

Mr. Tushar Shroff: Yes, that's correct.

Ms. Rashmi Shetty: Okay, and on your Comfort Click business, how do you see growth for this piece in FY27 and going ahead?

Dr. Sharvil Patel: So, we are seeing good strong double-digit growth for the business and that we see that happen for this year.

Ms. Rashmi Shetty: Okay, and for the entire consumer business also, you see a strong double-digit growth only, right?

Dr. Sharvil Patel: Yeah, we are looking at a double-digit growth.

Ms. Rashmi Shetty: Okay, and how many launches are planned for the US business for this year?

Dr. Sharvil Patel: Between 30 to 40 depending on multiple scenarios, but at least 30+ launches.

Ms. Rashmi Shetty: Okay, and this includes the specialty launches also, right? Hello?

Dr. Sharvil Patel: Yes.

Ms. Rashmi Shetty: This includes the specialty launches also, right?

Dr. Sharvil Patel: Yes.

Ms. Rashmi Shetty: Okay, okay. Thank you. That's it from my side.

Moderator: Thank you. The next question is from Surya Patra.

Mr. Surya Patra: Yeah, thanks for the opportunity, sir. Sir, in fact, first question is about the gross margin. Sorry, if I am repeating the question because I slightly late joined the call. See, gross margin this quarter has seen a kind of a dip, both sequentially as well as YoY, despite of the fact that there would be some currency tailwind that would be there. So, how should one understand this? Is it entirely due to the kind of royalty or the commission that we are paying to, for Mirabegron or what is the reason that would be?

Mr. Tushar Shroff: So, Surya, on a gross margin perspective on a quarter on quarter, there is, you know, because of this Mirabegron settlement, we have the higher cost associated with that because of the arrangement that we had with Innovator. So, that is impacting on a quarter on quarter basis. Yeah.

Mr. Surya Patra: Okay. So, then, is it fair to believe that, sir, then, see this Mirabegron issue would be there in the first half, second half onwards, it would be subsiding substantially. So, then second half, gross margin scenario will go back to the normalcy situation, excluding for the kind of whatever special situation product opportunity that is there with us. Is that understanding right?

Dr. Sharvil Patel: No, I think, maybe you can contextually think differently. Mirabegron is a very good profitable driver. So, it is not a negative to the business. In fact, in spite of whatever royalty agreements we have, it still has very strong profitability. So, I won't say Mirabegron is not the negative side of the story, but the positive side of the story, because it continues to be semi exclusive. And factoring for all of that, we have still guided for a 24 % EBITDA margin.

Mr. Surya Patra: Okay. So, kind of a balanced kind of a margin trajectory for the all of the quarter that we are indicating that way. Sure.

Dr. Sharvil Patel: Yeah. That is what we are guiding for.

Mr. Surya Patra: Second question is about the Saroglitazar US plans, the launch plans, if you can talk about and the associated cost along with that, the likely timeline, what one should think. Whether it will kind of have an initial cost impact in FY28 or how should one think if you can just?

Dr. Sharvil Patel: So, as I said, Saro is an FY28 launch. So, we can give you better in the last quarter when we are coming near to launch. The first 2 years will be a build out phase for the investment that we make. So, even this year and the coming year, we will see uptick in investment and post. So, that's what we are building for. And that's how we are also guiding in terms of our margins, assuming that there will be investment on Saro.

Mr. Surya Patra: Okay. And regards to the domestic business piece, see, in fact, as you mentioned in the call itself, that your performance was one of the best in the Semaglutide side because of your own brand, as well as the kind of a partnership route what you'd have adopted. But whether this is a sustainable kind of a trend even in the subsequent quarter or it is the initial benefit of channel filing and all that, what the street would have seen for everybody. So, hence, whether it is a likely sustainable trend, hence the growth in the domestic market should remain elevated and stronger. How should one think about this Semaglutide boosting the kind of growth momentum here in India?

Dr. Sharvil Patel: So, on Sema, yes, it is a sustainable momentum. But having said so, our 20% growth is not factored around Sema. Sema is a contributor, but a small contributor to that. Our growth has come from our other products rather than Semaglutide.

Mr. Surya Patra: Okay, just last one point. See, we know that this year you have mentioned about a kind of a sustaining, some single-digit kind of a growth for the US business, but because of the Mirabegron impact. But going back again to FY28, if we talk about, given the pipeline and given the kind of the Ibrance products exclusivity that is there. So, again, can we think about double-digit kind of growth in the US business?

Dr. Sharvil Patel: I mean, there are all things that we're doing with, obviously, on the generic as well as on the branded side scaling up. So, obviously, we'll see a better profile versus this one.

Mr. Surya Patra: Sure. Yeah. Yeah. Those are the questions. Thanks for taking all my questions.

Dr. Sharvil Patel: Thank you.

Moderator: Thank you. The next question is from Vishal Manchanda.

Mr. Vishal Manchanda: Hi, thanks for the opportunity. Would you be able to share some color on Aflibercept biosimilar launch? Because you were the first one to launch that in India. So, is that shaping up well and can that be large?

Dr. Sharvil Patel: Yeah, I think the initial traction is good for us. We are seeing, it's a very critical product with high quality specs that is required for this and we are seeing good results on the launch of the biosimilar. So, from the ophthalmology side, this will be a meaningful product for our business.

Mr. Vishal Manchanda: And that's picking up traction well in, so based on your initial assessment?

Dr. Sharvil Patel: Yes.

Mr. Vishal Manchanda: Okay. And I also saw like you also in-licensed the innovator product also in the same category. Is that right?

Dr. Sharvil Patel: You mean the generic biosimilar of that, right? Yeah, yeah.

Mr. Vishal Manchanda: No, the innovator brand as well is something you have in-licensed for the…so Eylea which is the innovator brand, has Zydus in-licensed that as well?

Dr. Sharvil Patel: We have not licensed the innovator brand.

Mr. Vishal Manchanda: Okay. Okay. Thank you. That's all from my side.

Dr. Sharvil Patel: Thank you.

Moderator: Thank you. We will wait for the queue to assemble. If anybody wishes to ask the question, please raise your hand from the participant tab on the screen.

Thank you very much to Zydus Lifesciences Management team. Ladies and gentlemen, on behalf of Zydus Lifesciences, that concludes today's conference. Thank you for joining us and you may now disconnect your line and exit the webinar.

END OF TRANSCRIPT