



February 14, 2024

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Code: 532321

Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
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Code: ZYDUSLIFE

Sub: **Transcript of the Post Results Earnings Call held on February 9, 2024**

Dear Sir / Madam,

Pursuant to Regulations 30 and 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the Transcript of the Company's Q3 FY24 post results earnings call held on February 9, 2024.

Please find the same in order.

Thanking you,

Yours faithfully,
For, **ZYDUS LIFESCIENCES LIMITED**

DHAVAL N. SONI
COMPANY SECRETARY

Encl.: As above



“Zydus Lifesciences Limited Q3 FY24 Post Results Earnings Call”

February 9, 2024

MANAGEMENT: **DR. SHARVIL PATEL - MANAGING DIRECTOR, ZYDUS LIFESCIENCES LIMITED**
MR. GANESH NAYAK - EXECUTIVE DIRECTOR, ZYDUS LIFESCIENCES LIMITED
MR. NITIN PAREKH - CHIEF FINANCIAL OFFICER, ZYDUS LIFESCIENCES LIMITED
MR. ARVIND BOTHRA - SENIOR VICE PRESIDENT, INVESTOR RELATIONS, ZYDUS LIFESCIENCES LIMITED
MR. ALOK GARG - SENIOR VICE PRESIDENT, MD OFFICE, ZYDUS LIFESCIENCES LIMITED

Moderator: Welcome to Zydus Lifesciences Limited Q3 FY24 Earnings Conference Call. Please note that all participants' line will be in listen only mode and there will be an opportunity for you to ask questions after the opening remarks. Please note that this conference is being recorded. I now hand the conference over to Mr. Ganesh Nayak, Executive Director of Zydus Lifesciences. Thank you and over to you Sir.

Ganesh Nayak: Good afternoon ladies and gentlemen. Welcome to our post results teleconference for the quarter ended December 31st 2023. For today's call, we have with us Dr. Sharvil Patel - Managing Director, Mr. Nitin Parekh - Chief Financial Officer, Mr. Arvind Bothra - Senior Vice President, Investor Relations and Mr. Alok Garg - Senior Vice President from the Managing Director's office.

Let me now give you a broad overview of the developments during the quarter.

We are happy to end the calendar year with a strong performance and expect to sustain the growth momentum going ahead. The quarter gone by, was an encouraging one for our India formulation business. The business delivered strong double-digit growth during the quarter on the back of healthy volume growth and new product launches. In the consumer wellness space, our category leading brands like Glucon D, Everyuth Scrub & Peel Off and Nycil gained market share during the quarter despite the challenging demand scenario. Our US base business registered improvement in profitability driven by sustained volume expansion and new product introductions made over the last 12 months. On the Emerging markets and Europe formulations front, robust growth momentum built over the last several quarters sustained with the business delivering healthy double-digit growth for yet another quarter.

With that, let me take you through the financial numbers for the quarter gone by. We registered consolidated revenues of 45.1 bn rupees, up 6% on a year on year basis. For the first nine months of the current fiscal, the growth was 15%, driven by healthy double-digit growth registered in all our key markets. EBITDA for the quarter was 11 bn rupees with a growth of 15% on a year on year basis. EBITDA margin for the quarter stood at 24.5% which is an improvement of 200 basis points on a year on year basis. The business delivered robust operating performance during the current fiscal as the EBITDA margin for the first nine months of FY24 was 26.8%, up 550 basis points over the corresponding period of the previous financial year. Net profit for the quarter stood at

7.9 bn rupees, up 27% year on year. Our balance sheet continued to strengthen with a net cash position of 15.2 bn rupees as at 31st December 2023 as against a net cash of 5.5 bn rupees as at 31st March 2023.

Now let me take you through the operating highlights for the third quarter of FY24 for our key business segments.

Our India geography, which comprises of the formulations and consumer wellness business, accounted for 42% of the total revenues during the quarter and grew 11% year on year. As mentioned earlier, our formulation business in India delivered a strong double-digit growth during the quarter with a growth of 16% year on year. The branded portfolio grew faster with a growth of 17% year on year. Portfolio of key pillar brands and innovation products registered strong volume growth driving overall growth during the quarter. During the quarter, we gained ranking in the cardiac and anti-infective therapies and registered improvement in market share in the anti-diabetic and anti-infective therapies. On the super specialty front, we retained leadership position in the nephrology segment while in the oncology space, we remained the fastest growing company in the IPM. As per IQVIA MAT December 2023, our chronic portfolio grew faster than the market with a growth of 12% against the IPM growth of 11%. Our share of chronic portfolio has gone up by 136 basis points in CY23 to 41%.

Consumer wellness business recorded revenues of 4 bn rupees, down 3% on a year on year basis. The sector continues to witness subdued demand similar to the previous quarter as the expected buoyancy in rural demand continues to lag. The personal care segment, which comprises of Nycil and Everyuth brands, registered yet another quarter of strong growth. Gross margins continued its upward journey with an improvement both on a sequential and year on year basis.

Now let me take you through the performance of our US formulations business. The base business displayed robust momentum during the quarter with sustained volume expansion on a sequential basis well supported by new product launches, including some differentiated launches, which helped profitability improvement. Overall, the business posted revenues of 18.4 bn rupees during the quarter. We launched 11 new products during the quarter. New launches for the quarter include launch of our first 505(b)(2) product Zituvio and 2 transdermal products. We filed 12 additional ANDAs and received final approval for 6 ANDAs during the quarter. As mentioned during the last earnings call, we

also received final approval for two NDAs viz. Sitagliptin tablets which is Zituvio™ and Sitagliptin and Metformin IR tablets which is Zituvimet™ during this quarter. Of the international markets front, which comprises of Emerging markets and Europe formulation business, all major markets of Asia Pacific region and Africa registered robust double-digit growth during the quarter. Demand scenario remained strong in Europe while in Mexico, the business continued to grow in double digits. Overall, the business posted revenues of 4.9 bn rupees, up 31% year on year.

On the operations front, we have built a network of regulatory compliant manufacturing facilities and a resilient supply chain which serves as the backbone of our businesses globally. We remain committed to extend our robust compliance record by maintaining highest standards of quality and in turn, ensure uninterrupted supply to our customers across the globe.

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.

Sharvil Patel:

Thank you Mr. Nayak and good afternoon ladies and gentlemen. It is a pleasure to have you all here on the call today. Our performance during the current fiscal has been very encouraging so far and we are confident of meeting and possibly exceeding our growth aspirations for the year. All our key markets delivered healthy growth with significant improvement in profitability. We remain committed to expand our presence across markets through expansion of our offerings to satisfy diverse healthcare needs of patients and in turn, generate greater value for all the stakeholders.

On the India formulations front, our endeavour is to strengthen position across focused therapies through multiple levers. We continue to work towards expanding our geographical reach, leverage multiple distribution channels, exploring different partnership opportunities, launching new products and leveraging our innovation portfolio to offer normal solutions to the patients. We have been conducting various patient support programs and activities to create greater awareness amongst patients, particularly in the areas of their unmet healthcare needs.

On the US formulations business, it continued to exhibit resilience on the back of volume expansion in base portfolio and new launches. Comprehensive portfolio of generics and proprietary products developed in-house as well as through partnerships, strong customer relationships, a network of regulatory compliant

facilities and an agile supply chain will ensure sustained growth for our US business going forward.

We have a strategic focus to scale up our operations in UK which is part of our international markets business. We will leverage our global R&D portfolio of differentiated and niche generics as well as specialty products and build a strong growth path for the UK market going ahead.

Integration of Liqmeds, following the transaction completion during the quarter, remains on track. We are excited about the potential of differentiated pipeline of liquid orals of Liqmeds. US and UK are key markets for us for the portfolio of oral liquids. Going forward, we shall expand our offerings of liquid orals to other countries of the international markets as well.

Our innovation pipeline across different areas continues to flourish, which is evident from the achievement of the different milestones. Our innovation engine has enabled affordable treatment options what are made accessible to the patients and in turn, have delivered strong volume growth consistently for the company.

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

On the NCE research front, during the quarter, we expect to complete the patient recruitment for our phase II(b)/III clinical trials of Saroglitazar Magnesium for the PBC indication for the US market. We also completed the hepatic impairment study of the molecule in cirrhotic cholestatic patients and published the results of the same in CPDD. The phase II(b) clinical trials of Saroglitazar Magnesium for NASH indication for the US market is also progressing as per plan. We have received permission from the USFDA to initiate phase II clinical trials of ZYIL1, an NLRP3 inhibitor, in patients with Parkinson's disease. The study will evaluate the safety, tolerability, pharmacokinetics and pharmaco dynamics of the molecule in patients with Parkinson's disease. The USFDA has granted an orphan drug designation to the molecule to treat patients with CAPS, a rare auto-inflammatory disease. ZYIL1 is also undergoing a phase II clinical trial in India in patients with Amyotrophic Lateral Sclerosis, a disease called ALS. ALS is a rare, progressive and fatal neurodegenerative disease with an average life expectancy of 3-5 years from the time of symptom onset. We completed the phase II clinical trial of ZY19489, a potential single dose, anti-malarial drug and submitted the protocol to DCGI to initiate the phase III clinical trials.

In the biotech R&D space, our pipeline of biological products continue to advance further, with two monoclonal antibodies awaiting marketing approvals in India. Two other products including one mAb are undergoing a phase III clinical trial in India.

On the specialty and 505(b)(2) development front, we completed asset transfer of CUTX101, a Copper Histidinate product candidate for the treatment of Menkes disease from Cyprium Therapeutics. Under the agreement, we received worldwide proprietary rights and the USFDA documents pertaining to CUTX101. The rolling NDA submission of CUTX101 is going on at present which is expected to be over during the current calendar year.

Thank you and now we can start with the Q&A session. Over to the co-ordinator for the Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions may raise your hand from the participant tab on your screen. The participants are requested to use headphones or earphones while asking a question. Ladies and gentlemen, we will wait for a moment while question queue assembles. The first question is from Neha Manpuria.

Neha Manpuria: Thanks for taking my question. My first question is on the India growth that we have seen in the quarter. I know you have talked about India starting to see double digit growth over time but was there anything specific in the quarter? How sustainable is this trend as we look at the next year? So that's the first part of the question on India. Second is, also to maintain this growth momentum, do we think we need to add MRs or continue to invest in the India business to support this double-digit growth?

Sharvil Patel: So, as I said, the continued effort, persistent effort on India business for our key molecules and therapies continues. So, there is no one-off in this. It's all driven by volume growth and new product launches which has led to this growth and we do believe, we will continue to look at expansion in terms of number of reps in the India market which we have started to do and I think the full effect of this you will get to see from quarter one of the next financial year.

Neha Manpuria: How many reps are we adding Sir? What is the current strength and how much we are adding?

Sharvil Patel: We will be adding around 700.

Neha Manpuria: Got it and are these in specific therapy areas, market penetration? What's the thought process when we are looking at this rep addition?

Sharvil Patel: It's a mixture of both. Both reach as well as because of a larger portfolio, better coverage of the portfolio.

Neha Manpuria: Understood. My second question is on the LiqMed acquisition that we announced last quarter. How should I think about monetization of the portfolio as we go ahead? I think from what you announced, they have a facility in UK. So, how should we think about this business contributing to the growth in the US, ROW and therefore to earnings?

Sharvil Patel: So, I think on the earnings front, LiqMed will start contributing immediately because it is a profitable business and as I said, the business is currently based on 505(b)(2) products which are both partnered and some of it in the future which will be launched by Zydus also and also with our expansion in UK and other markets using this portfolio, we would start seeing revenues but much later. Its current business plan itself is very good for it to deliver its desired expectations that are there. As I said, it will be profitable from this year onwards.

Neha Manpuria: What's the current revenue base from this business that we have?

Sharvil Patel: It's right now very small. It is just in the commercialization phase. So, maybe in the next financial year, I can give you better input once we see it but it is doing well right now.

Neha Manpuria: Got it. Thank you so much.

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

Kunal: Hello? Can you hear me?

Sharvil Patel: Ya.

Kunal: Thank you for the opportunity. First one on the US business. QoQ revenue seems to be flattish despite launching 11 products. So, any particular product where we faced lot of price erosion because I believe the overall price erosion remains benign in the market, Right? So, what has caused this? I believe Revlimid was also not the factor last quarter and probably not this quarter as well. So, what has caused this revenue to remain flat?

Sharvil Patel: So, I think we are on track as per expectations for this quarter. This is the last quarter where distributors also look at their inventories and looking at re-stocking or de-stocking. So, I think it is in line with what we expected. Quarter 4 onwards, you will again see the uptake but I think we are happy with the progress that we achieved same numbers as last quarter. With respect to lot of new launches in the last few months, you have to understand, very little sales happened for new

products in December. So, we hardly get any few months to sell. So, the major impact will be in the next financial year.

Kunal: And any comments on price erosion? What you have seen, what you are expecting for the next couple of quarters?

Sharvil Patel: Always difficult to predict but I think on our base portfolio, we don't see any major price erosion. It is negligible right now but we cannot predict what will happen going forward.

Kunal: Sure! And the second one is on the PBC trials that we are currently doing. So, now that we are done with the patient enrolment, what is the internal estimate about when we reach the primary end-point? Any timelines you would like to share there?

Sharvil Patel: It's a 52 weeks follow-up. So, by next year, our expectation is, by quarter 4 of FY25, we would look for major data as well as submission.

Kunal: So, there are no event related data in this, Right? It's just follow-up and measuring certain chemical.....

Sharvil Patel: Ya.

Kunal: Ok, ok. And one for the India business on specialty. we have set up a decent portfolio in India as well. Would you be able to help with what is the contribution of NCE products within our India formulations revenue for the 9 months of FY24?

Sharvil Patel: So, as I said, we are not giving individual product sales but we have two, three NCEs that we commercialized. One is Lipaglyn, sorry, Saroglitazar under 2 brand names – Lipaglyn and Bilypsa. We have our Desidustat, which is Oxemia. We have our Rabimabs, which is monoclonal antibody for treatment, post treatment of a dog bite which is just starting to commercialize and some differentiated ADC which are not proprietary but which is Ujvira which continues to do very well. But I definitely can say for all of the products, the growth is significant and they are significantly scaling up. We do believe that first Lipaglyn will become the largest brand for the company very soon and going forward, these are large opportunities for the company.

Kunal: Perfect! Thank you, Sir.

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

Bino: Hi! Good afternoon! Hope you can hear me.

Sharvil Patel: Yes.

- Bino:** Great! Just beginning with Revlimid, just to recap what you have said earlier, Revlimid will be back in 4Q and then, again be there in 1Q? Is that the same pattern that will continue?
- Sharvil Patel:** Yes.
- Bino:** Ok. And second on this Zituvio, Zituvimet product, what's the early signs you are seeing in the market in terms of pickup? What's your strategy there? What sort of target market share you are looking at?
- Sharvil Patel:** So, I think this is going to be a slow scale up. I don't think we will see significant traction immediately because we have to look at prescriptions for this molecule. We are currently, our initial discussions with both the PBMs, buyers and others, look interesting in terms of what we can do with this 505(b)(2). So, more colour I can give in after the first half of the year but it will be a slow build-up but I think one of the important launches for sure, this will be for FY25, an important value driver.
- Bino:** Ok. Then this product Mirabegron or Myrbetriq. One of your competitors has kind of guided through a launch, potential launch in Q1 FY25 depending on certain legal outcomes. What is your status there?
- Sharvil Patel:** So, we have a final approval. We have an approval for this and I think once, I think it's little too early to talk about it but at the appropriate time, we will do the proper disclosures on this.
- Bino:** Ok, great! And last the usual question on Asacol HD competition. Any further updates?
- Sharvil Patel:** No. We continue to enjoy exclusivity.
- Bino:** Great. Keep it up. Thank you.
- Moderator:** Thank you. The next question is from Surya Patra.
- Surya Patra:** Yeah. Thank you for this opportunity, Sir. And congrats for the great set of numbers. My first question is on the gross margin front. So, while we know that the elevated number of gross margin number that we have seen in the recent quarters, it was obviously initially aided by the launch of Revlimid. But in the last two quarters, without Revlimid, we have been almost maintaining the similar kind of gross margin. So, here what is driving this? And it looks like that without Revlimid, if you are maintaining this, then subsequent quarter with Revlimid, we can see even improved number and whether this kind of run rate is sustainable?

- Sharvil Patel:** So, I thank you for the good wishes and for the performance. But yes, I would say that the gross margins are driven by many ways. One is obviously the product mix, which is helping us in terms of the gross margin with the right focus both on the India business and what one has to also see is that we have had important launches in the US where the gross margins are better than obviously, the average gross margin. So, new products are helping in improving the gross margins. Also, I think scaling up of our other businesses is also leading to healthy improvements also with good launches in the international markets also. So, I would say it's an overall improvement across the businesses on the gross margin front which has led to this and going forward, obviously with the Revlimid, you would see a higher uptick on gross margins. But we do believe these are sustainable gross margins that we are showing.
- Surya Patra:** Okay. So just an extended one. Even for the current year, you have guided that EBITDA margin would be around 27%. So, I think this is a kind of a great number that we are achieving after a gap. So, given the kind of a potential annual volume ramp up that you will see in Revlimid in the subsequent financial year and again, product mix, both in the US as well as in the India market, seeing a kind of improvement. So, are you kind of guiding a more than 27% kind of margin run rate for next year?
- Sharvil Patel:** So, I think it's a little early to talk about next year. But if we don't see competition on Asacol, we would obviously, definitely continue comfortably and probably exceed because of the new launches.
- Surya Patra:** Okay. Okay. The next question is on the domestic formulation side sir, say, in fact, obviously we have outperformed the industry in this quarter and in the recent period. But going ahead, although you have also kind of indicated about the expansion of the field force and all that but see, practically about your chronic therapies performance going ahead, your growth contribution coming from the innovative molecule, biosimilars, differentiated product offerings from your basket. So, considering all that, what is the practical kind of a progression that one should expect from the domestic formulation business next year and going ahead?
- Sharvil Patel:** So, our intention is definitely to outperform the industry growth driven by many of the points that you raised, both on the chronic as well as on the new portfolio and the proprietary medicines. So, that is our endeavour going forward. I think we are happy with the last few quarters' performance and especially the last quarter, and we hope to continue to build this momentum into the coming quarters.

Surya Patra: Okay. Just last one, beside the US business, if you see, we have consistently been maintaining more than 200 kind of quarterly run rate. So, going ahead, what is the kind of a trend and what is the kind of this thing that we should anticipate because you have talked about multiple licensing product opportunities. We have seen some of the announcement relating to those in the recent months. But if you can just a collaboratively means combining both these two points of the base business and continuing the way it is and the potential benefit flowing from the in-licensed product opportunities. So, over the next two-year period, what run rate that we can potentially achieve going ahead, over these two periods, two years?

Sharvil Patel: So, I think from the immediate point of view, I think as you said, for this FY 24, we will end the year with a good double-digit growth and our endeavour is to continue to launch more products into the US market. We do have almost every year, 1 to 2 very large opportunities, both by our own development and in-licensing. So, until 2027, 2028, we have a very good pipeline of day one launches and exclusive launches. So, we are quite excited about the kind of products that we hope to launch in the US, which could be revenue wise, sizable and profit wise. But as I said, the US is a moving parts business. There are a lot of things we have to achieve, obviously approvals, you have to achieve IP success and then obviously launch. So, hoping all of that goes through as we expect, we are seeing good progress on the US business.

Surya Patra: Yeah. Thank you. Wish you all the best.

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

Sanath: Hello.

Sharvil Patel: Yes.

Sanath: Can you hear me?

Sharvil Patel: Yes.

Sanath: Okay. So, first of all, congratulations for the good set of numbers. I have two questions. One is related to your consumer wellness business. So, there is no improvement quarter on quarter on this front. So, what is going to be your strategy to improve the situation here? Secondly, which category and I'm talking about not the drug, but which two categories in India and US will propel your growth, coming in the future from near to medium term?

Sharvil Patel: So, I think on the consumer side of the business, we have two portfolios. One is the skin care side, and the other is the food side. On

the personal care side, we have done very well with the strong double-digit growth, both for the year and the quarter. However, on the nutrition and food side, we have found it challenging with both the inflationary issues that have happened and more importantly, rural demand not picking up, which is a normal trend that we have seen recently in the last two quarters in the market. Going forward, from quarter four onwards and more importantly, in the next financial year, we believe that with the normalized season, we would see better traction for our summer skewed products in the quarter four and quarter one. And with the important new launches, some distribution expansion and also the line extensions that we are doing, we believe that, we aspire to at least make sure we grow in double digits. Also, on the gross margin front, we have seen quarter on quarter improvement and further improvement on the gross margins we would see which would help in terms of profitability. So, I think it's still early days. We need to wait to see how do we do in the quarter four and quarter one but we have taken steps to make sure that we can find growth. But we also need help with, in terms of the market growing for us to grow. The good thing for the wellness business is that in most of the brands, it has gained market share and in Complian, it has just managed to retain its market share. So, overall, in the difficult market also, the brands have continued to gain market share. So, that's in terms of relative performance.

With specifics to the other question that you asked. So, on the US business, as I said, it's a mixture of all our portfolios of businesses, of complex orals, injectables and a whole portfolio that is aiding to the growth. So, I would say going forward, both complex launches in the oral side as well as injectable side will aid further growth in the US market. Good compliance on manufacturing and supply chain is also helping us garner more business. And we do continue to see good amount of launches continuing over the next three years which will help us sustain the US growth. Of course, we still have to wait and see when we see Asacol competition, but not seeing that obviously we have much better trajectory right now. With respect to India, I think, as I said, multiple things, focus on the pillar brands and chronic portfolio, driving penetration through better marketing practices and also the new launches, day one launches, as well as important areas like oncology and other areas scaling up will all lead to better growths.

And obviously our proprietary medicines have continued momentum, which is helping overall growth as well.

Sanath: Basically, in US. So, when I said category, I meant whether it is going to be antivirals or anti-malarial ones or....

Sharvil Patel: US is a generics business. It is not a branded business. So, it's not a category wise business.

Sanath: Ah! Okay. And India.

Sharvil Patel: India, we are present in about six, seven important therapies and we continue to pursue them.

Sanath: Okay. Thank you so much for your reply.

Sharvil Patel: Thank you.

Sanath: Thank you so much.

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

Nitin Agarwal: Thanks for taking my question. Sharvil bhai, there has been a very strong growth in the emerging market business over the last 3-4 quarters. Anything particularly which has changed in this business and what is the outlook for this segment as we go forward?

Sharvil Patel: So, I think, yes, the international business is, we are very happy with both, not only the revenue growth, but also their improvements on profits and their thrust on improving profitability. So, I think over the last five years, we have seen good growth, double digit growth and also profitability improving and with the pipeline of products and the focus on key geographies, we continue to see that. Also, I think going forward, with the better, with the ability to leverage our complex dosage forms filed in the regulated markets, in many of the international markets, we will see a much better upside also. So, I think we are very excited that in spite of geographical challenges, country challenges and the related to different issues, we still see a good momentum for the international business and going forward also, it should continue.

Nitin Agarwal: And which would be a key market in these emerging markets group?

Sharvil Patel: So, we have a Latin American focus, South Asia, we have Philippines, Sri Lanka, Myanmar.....

Ganesh Nayak: South Africa.

- Sharvil Patel:** ...and also through partners, some other markets including Vietnam. And then in Africa, we have Uganda and South Africa, which are the critical markets. And now we have also started to register products in Australia. Also other markets in Europe. So, the UK, France, Spain and other markets. So, I would say, a more focused strategy and not a very... it's not many markets, it's focused markets.
- Nitin Agarwal:** And is it fair to say that, if you take the next two, three-year view, this probably could be the fastest growing business for you, you know, worth in the entire.... in the consolidated revenues?
- Sharvil Patel:** Yeah. Currently, the scale up is good but as I said there are potentials on also our home markets, which is US and India showing good growth. So, I won't be 100% able to say will this be the fastest but definitely consistency wise, it will be a fast-growing market.
- Nitin Agarwal:** Okay. Thanks. And on the US, for the last two quarters, we've made about \$225 million of revenue. Now, this obviously has a fair chunk of Asacol HD, I presume in this base. Now, assuming there is a risk, assuming the competition for Asacol HD does materialize, I mean, do we have enough launches to offset this over the next couple of years?
- Sharvil Patel:** Yes, more than enough.
- Nitin Agarwal:** Okay. That's good. And on Revlimid, what should be a base assumption? Similar sort of revenues, which we've done in '24, or we should see a scale up in revenues as we go through the next couple of years?
- Sharvil Patel:** I think our immediate expectation is some scale up on revenues. For the year later, we will still wait and talk about it later, but on the immediate basis we would see some scale up.
- Nitin Agarwal:** And that should reflect in Q4 and Q1?
- Sharvil Patel:** Yes.
- Nitin Agarwal:** Okay. And lastly, you've talked about the point that you mentioned about that there are enough opportunities for you to offset a possible Asacol HD genericization. I mean, if there is a way for you to sort of indicate, over the next two years, how many, you know, \$25, \$30 million plus launches that we can potentially have in a basket?
- Sharvil Patel:** So, I think exactly, I won't be able to give you the number right now, but definitely in the next two years, we have important launches which will overall scale up the overall US generics business. But as I said, even considering FY 26, 27, 28, we have very large, important

launches. So, we have a good pipeline of products where we will see limited or exclusive launches.

Nitin Agarwal: Okay. Thank you so much.

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

Kunal: Hi. Thank you for the opportunity again. So, this 1-2 very large opportunity per year till 2027, '28 that we have said. In terms of risk mitigation, would these 8 to 10 products be filed from multiple plants of ours or they are currently a single plant filings?

Sharvil Patel: No. This is all diversified. Both from plant dosage form and partnered in products. So, it's not anything related to a specific plant.

Kunal: And so, in case.....

Sharvil Patel: Majority of the products I'm talking about are already filed. For to be filed products, obviously I don't want to give an early indication without filing them.

Kunal: So, we have done the risk mitigation for these key large opportunities, is the way to understand it. Right? Not a single plant would you know, so every key product will have two plants as the manufacturing site?

Sharvil Patel: No, that is never possible. All products will not have two plants, but all products are not from one plant.

Kunal: Okay. Okay. Perfect. And, in terms of let's say if I have to bucket these 8 to 10 products based on what they are contingent on from the launch, you know A one is settlement, B court litigation and C probably the development front. How would you bucket these ten, 8 to 10 products, that how many would have been settled, which we are, you know, just waiting for that deadline to hit as we can launch and how many are under court litigation right now?

Sharvil Patel: So, a majority of what I have just spoken of are all settled products, to be settled products and to be filed products still we are waiting. I mean, we are not talking about those right now.

Kunal: Okay. Perfect. Thank you. And all the best.

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

Nitin Agarwal: Hi, thanks for taking my question again. Sharvil bhai, on Zituvio, what is the kind of fair share of market share that you can target, over a period of... over the next two years, I guess that's when the exclusivity lasts for us?

- Sharvil Patel:** So, I said it's still early days. I think I can give a better picture, maybe two quarters down because both negotiations with PBMs, the right channel, the prescription, all is required. So, I don't think it's a quick build up. So, generally, success on 505(b)(2) has been limited. So, we are still very, from whatever early traction we are seeing, we are seeing some good opportunity, but it still has to play out. So, I would say still early days but definitely it will... from whatever we are seeing currently, our best estimate is that this will be a valuable, this first two products will be a valuable launch.
- Nitin Agarwal:** Okay. Got it. Thank you.
- Moderator:** Thank you. The next question is from Harith Ahmad.
- Harith:** Hi, hope I'm audible.
- Sharvil Patel:** Yes.
- Harith:** So, my first question is, on the other operating income for the quarter, there is roughly 50 crore quarter on quarter delta there. So, can you give some colour on that?
- Sharvil Patel:** Other income?
- Harith:** Other operating income.
- Sharvil Patel:** Yeah. So, I think Arvind can give you that.
- Arvind Bothra:** Yeah. So, Harith, it is largely driven by incremental export incentive and processing income and small portion of license fees for a couple of out licensing deals that we had. But it's consistent with export incentive and processing income largely.
- Harith:** Okay. So, on the injectables business in the US, a few quarters back, we had talked about 150 to 200 million dollar kind of target from that portfolio. So, how has the ramp up been? Any update that you can provide on that front?
- Sharvil Patel:** So, I think the business is tracking better than what we had planned. So, I think it's going on the right direction right now. And we are seeing good opportunities with shortages as well as the complexity of regulatory approvals and the quality. So, I think the opportunity seems to be good and we are doing better than our plans.
- Harith:** Okay. And last one on the transdermal side. Couple of launches that you had done during the quarter. So, when I think of FY 25, how material can transdermal be for us? Can it be a \$50 million plus revenue stream from all the launches in transdermals?

- Sharvil Patel:** So yes, the potential definitely for our portfolio is about 50-60. It won't be in FY 25, but in the next 1 to 2 years, yes, it can be a 50 to 60 million dollar opportunity.
- Harith:** All right. Thanks for taking my questions.
- Moderator:** Thank you. The next question is from Devang.
- Devang:** Hello?
- Sharvil Patel:** Yes.
- Devang:** Sir, when we are planning to partner for respiratory therapy in the US market? Will we see this in FY 25?
- Sharvil Patel:** No, it's a little longer term. So, it is still under the development stage. So, we have to wait couple of years before we can talk about it.
- Devang:** Okay. And my next question is, could we see double digit revenue growth for FY 25 and beyond?
- Sharvil Patel:** I think once we finish this year, we can talk a little bit more about the next year. But as I said, going forward in the next quarter four, we are seeing good traction driven by US and good base business, and we continue to hope to build that momentum.
- Devang:** Thank you, sir.
- Sharvil Patel:** Thank you.
- Moderator:** We will wait for a few minutes for the question queue to assemble. Whoever wishes to ask the question, please click on the "Raise the Hand" button. The next question is from Unnati.
- Unnati:** I just have one question specifically for the US market. Why has there been a decline on a year on year and quarter on quarter basis in this quarter for the US sales?
- Sharvil Patel:** Could you repeat what you just asked? We couldn't hear you well.
- Unnati:** Well, I just wanted to understand why there has been a decline in the US sales in this quarter, 4.3% on a year-on-year basis and 1.2% on quarter-on-quarter basis?
- Sharvil Patel:** So, I think the US business, right way to look at it is quarter on quarter versus year on year. Last year, we had Revlimid sales, which is not there this year. But I think the right matrix is to look quarter on quarter and quarter on quarter, we are almost flat. And as I said, the last quarter is always where the distributors normally destock or at

least manage their inventories, So, we don't see any concern with this. This is as per expectations of quarter 4, sorry, quarter 3.

Unnati: Okay. So, there was absolutely no sales of Revlimid in Q3 of 24?

Sharvil Patel: Yes.

Unnati: Okay, but then do you believe that it will continue to be the case for the coming quarters, or will it kind of resurge again?

Sharvil Patel: It will resurge again next quarter.

Unnati: Okay, okay. Thanks. Thanks.

Moderator: Thank you so much. As there are no further questions from the participants, I now hand the conference over to management for the closing comments.

Ganesh Nayak: Thank you very much and look forward to interacting with you again in the month of May for the last quarter results of FY 24. Thank you and good night.

Moderator: On behalf of Zydus Life Sciences Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines and exit the webinar. Thank you so much.

END OF TRANSCRIPT