August 20, 2025

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 12, 2025, 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 FY26 post results earnings call held on August 12, 2025.

Please find the same in order.

Thanking you,

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

DHAVAL NARENDRA SONI
Digitally signed by DHAVAL NARENDRA SONI
Date: 2025.08.20 11:03:01 +05'30'

DHAVAL N. SONI
COMPANY SECRETARY AND COMPLIANCE OFFICER
MEMBERSHIP NO. FCS7063

Encl.: As above

“Zydus Lifesciences Limited Q1 FY26 Post Results Earnings Call”

August 12, 2025

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

Ganesh Nayak: Good evening, ladies and gentlemen. It's my pleasure to welcome you all to the post results teleconference for the first quarter ended June 30th, 2025. For today's call, we have with us, Dr. Sharvil Patel, Managing Director, Mr. Nitin Parikh, CFO, Mr. Tushar Shroff, President - Corporate Finance, Mr. Arvind Bothra, Head of Investor Relations and Mr. Alok Garg from the Managing Director's office.

To begin with, let me now give you a broad overview of the developments during the quarter.

We commenced FY26 on a strong note following a formidable base of FY25. We delivered a stable revenue growth during the quarter, with most key businesses performing well. Our US formulations business sustained execution excellence, delivering both sequential and year-on-year growth on a high base. On the India geography front, our branded formulations business in India sustained the growth momentum, outpacing the market growth for yet another quarter. The business has consistently outperformed the market growth in the last couple of years. Consumer Wellness business navigated through the challenges posed by early monsoon conditions, which impacted the seasonal brands. However, the non-seasonal portfolio remained resilience, cushioning the overall performance. International markets formulations business delivered yet another strong growth performance seen over the last several quarters, driven by all round growth across key geographies, reflecting a good diversity of performance.

With that, let me take you to the financial numbers for the quarter gone by. We registered consolidated revenues of ₹ 65.7 billion, up 6% on a year-on-year basis. Our operating profitability continued to remain strong with an EBITDA margin of 31.8% during the quarter. Consequently, EBITDA for the quarter stood at ₹ 20.9 billion. Net profit for the quarter was ₹ 14.7 billion, up 3% year-on-year. Aided by strong profitability, our balance sheet strengthened further with the net cash position of ₹ 56.3 billion as of 30th June 2025 against the net cash of ₹ 48.8 billion as at 31st March 2025.

Now, let me take you through the operating highlights for the first quarter of FY26 for our key business segments. The US business registered revenues of ₹ 31.8 billion during the quarter, up 3% year-on-year and 2% quarter-on-quarter. We filed 3 ANDAs and

received 6 approvals including 2 tentative approvals and launched 3 new products during the quarter.

Our India geography comprising of formulations and consumer Wellness business, accounted for 37% of the total revenues during the quarter and grew 6% year-on-year. As mentioned earlier, the branded formulations business in India grew faster than the market during the quarter with 9% year-on-year growth driven by strong uptick in pillar brands and innovation products. Chronic segment continued to grow at a faster pace, driving the overall growth of the business. In terms of therapeutic performance, the business grew faster than the market in key therapies of Cardiology, Respiratory Anti-infectives, Pain Management, and in the super specialty area of Oncology. On the super specialty front, we continued to retain leadership position in the Oncology therapy. Contribution of chronic portfolio has increased consistently over the last several years and stood at 43.7% as per IQVIA MAT June 2025, an improvement of 420 basis points over the last three years. Our Consumer Wellness business recorded revenues of ₹ 8.5 billion, up 2% year-on-year. Excluding the seasonal brands, the business posted strong double-digit growth, reflecting the underlying strength of the portfolio and balanced business model.

International markets formulations business posted revenues of ₹ 7.3 billion with a strong year-on-year growth of 37%. The growth was well spread across different regions as both the emerging markets and Europe delivered strong demand led growth during the quarter, benefiting from focused execution.

On the MedTech front, we recently completed acquisition of 85.6% stake in Amplitude Surgical. During the quarter, we entered into a strategic partnership with Braile Biomedica, an innovative cardiovascular device manufacturer in Brazil, to exclusively commercialize its Transcatheter Aortic Valve Implantation, which is TAVI technology, across Europe, India, and other select markets. With this partnership, we look forward to expand into the fast-growing interventional Cardiology segment.

On the operations side, our API manufacturing facilities at Ankleshwar and Dabhasa received EIR from the USFDA against inspections conducted in March 2025 and April 2025 respectively.

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.

Dr. Sharvil Patel: Thank you, Mr. Nayak, and good evening, ladies and gentlemen. It's a pleasure to have you all here today on the call. We had a steady start to FY26. All our businesses maintained the growth momentum with robust operating profitability and performed in line with expectations except for a couple of summer-oriented brands in the Consumer Wellness business, which faced seasonal challenges. We stay committed to achieve our targeted top line growth and profitability for the current financial year. This will be driven by our strategic intent of going beyond the pill to address diverse healthcare needs of the patients and also superior execution.

In the US generics market, we have steadily expanded our footprint by building a robust and diversified portfolio across various dosage forms. This growth has been driven by a combination of strategic in-house development efforts and prudent licensing initiatives. To broaden access and provide diverse treatment options, we have been expanding our presence in the specialty space by enriching our portfolio of the 505(b)(2) products and enhancing our focus on the pediatric rare disease platform. Powered by robust customer relationships, a versatile network of manufacturing facilities capable of delivering a wide array of dosage forms, an agile and responsive supply chain, and disciplined cost management, our US business is firmly positioned to have a sustainable growth trajectory.

On the India formulations front, our branded formulations business continues to outpace the market growth. Our strategic initiatives are focused on expanding our presence across targeted therapeutic areas, thereby enabling us to serve a broader patient population. We have effectively leveraged our rich and diverse portfolio of innovative products to deliver novel solutions that address critical unmet medical needs. In the Consumer Wellness space, we are driven by our mission to meet evolving consumer preferences and choices in the wellness domain and inspire healthier lives. Our portfolio of wellness products built over the years positions us well for the future customer needs. We look forward to drive growth through innovation, scale sustainably, and serve consumers with differentiated, evidence-backed wellness products.

The International markets formulations business, which comprises of different countries of emerging markets and Europe, has emerged as a reliable third pillar of growth and continues to deliver strong double-digit growth over the last several quarters. In the emerging markets, we remain committed to satisfy diverse patient needs across chosen therapies through multiple levers. In Europe, our focus remains on expanding our offerings and enhancing the market coverage.

In line with the vision of going beyond the pill to make deeper impact in patients' lives, we forayed into a global biologics CDMO Business through our plan to acquire Agenus Inc.'s US-based biological manufacturing facility. Agenus Inc. is a clinical stage immuno-oncology company committed to developing immune therapies to combat cancer. The acquisition marks our strategic investment in the US-based manufacturing for biologics thereby adding a sustainable growth driver for the future.

I'm also happy to note that we successfully completed our stake acquisition in Amplitude Surgical SA in France, a European MedTech leader in high quality, lower limb orthopedic technologies. Amplitude's portfolio comprises of technologically advanced products and solutions backed by cutting edge research and innovation and complemented by robotic surgery platform. With this acquisition, we look forward to offer numerous value-added innovations to meet the needs of patients, surgeons, and healthcare facilities.

With this, let me share some material developments on the innovation efforts during the quarter. On our NCE research front, we initiated a Phase II(b) clinical trial of Usnoflast, a novel oral NLRP3 inflammasome inhibitor, in the US, in patients with Amyotrophic Lateral Sclerosis, commonly known as ALS. The US FDA granted fast track designation to the molecule for ALS indication during the quarter. The molecule also holds an orphan drug designation from the USFDA for this indication.

In the biotech R&D space, we received market authorization approvals from the drug regulator for rituximab and aflibercept biosimilars. We also received regulatory approval to initiate a Phase III clinical trial for our second antibody drug conjugate.

On the vaccines R&D front, we completed a Phase II clinical trial of Hepatitis E vaccine. We also initiated a Phase IV trial of rabies

vaccine to evaluate the long-term immunogenicity and safety viz-à-viz the WHO pre-qualified vaccine in animal bite cases.

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

Moderator: Thank you, Sir. Now, we will open the forum for a question-and-answer session. Anyone who wishes to ask the question, please raise your hand from the participant tab on the screen. Please note this conference is being recorded. The first question is from Kunal Dhamesha.

Kunal Dhamesha: Hi, can you hear me?

Dr. Sharvil Patel: Yes.

Kunal Dhamesha: Yeah. Thank you for the opportunity and congratulations on good set of numbers. The first question on our US run rate, which is obviously good this quarter, but when we look at let's say beyond FY26, we had initially commented last quarter that we don't expect a sharp fall, so can you provide some more color there? How are we seeing the FY27 US revenue shaping up and some of the key products that we are expecting to launch?

Dr. Sharvil Patel: So, in FY26, with the price challenges on Revlimid, we still believe we will have a single digit growth in this year. So, we are maintaining our current guidance of growth in the US for FY26 and we expect to launch 30 plus products and with clearance potentially of our injectable facilities also, some more launches.

Kunal Dhamesha: For FY27 or for FY26, Sir?

Dr. Sharvil Patel: FY26.

Kunal Dhamesha: Okay, but my question was more on FY27, Sir. Beyond, let's say, Revlimid, how are we basically planning to offset the Revlimid cliff with the kind of products that we have?

Dr. Sharvil Patel: So, there will be obviously, we continue to have important launches in FY27 also. Ibrance as well as the other two molecules, where we believe, we will have decent launches. Also, our 505(b)(2) scale up is going to be seen in FY26 end, but more so, in FY27. So, that will substantially add to the business and we're quite excited with that prospect, especially with our 505(b)(2), we have almost 25 product pipeline with 15 products that have already been filed and future products that are to be filed. So,

that is also going to create a long-term differentiated portfolio for the organization.

Kunal Dhamesha: Sure. So, shall we expect like FY27 to be more flattish growth?

Dr. Sharvil Patel: I think, it's still early to tell because we have to see many things play out, but as I said, the pipeline-wise we have exclusive launches. We have a 505(b)(2) program that will scale up. So, we are quite and obviously regular products of 20 to 30 launches every year. So, we believe, all of that will aid to the growth, but I think, better clarity we can give only probably end of the fourth quarter once we are clear about what will be the current status.

Kunal Dhamesha: Thank you for that and my second question is on Saroglitazar. If you could provide an update there, how the trials are progressing, whether was there any interim clinical trial data readout, which you have seen interim data etc., how does it and then on the timeline of launches, I think we have suggested late FY27 or early FY28, but how are we looking on those timelines?

Dr. Sharvil Patel: So, I think it's the same, nothing has changed. I think, we have completed our trial. The last patient readout is also done. So, we will wait for the data to be seen in the next quarter and if the data looks promising, which we hope, then, we will be going for NDA filing and if all that goes well, then FY27, we'll see a launch for Saro.

Kunal Dhamesha: So, just the last bit, data is already there and it's being analyzed? This is what you are suggesting?

Dr. Sharvil Patel: No, no, it's under lock right now. So, once everything is done, then we'll be able to unlock data and do a readout. So, we are saying it will be in the second end or third quarter beginning.

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

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

Bino: Hi.

Dr. Sharvil Patel: Hello.

Bino: Hi. Can you hear me?

Dr. Sharvil Patel: Yes, I can hear you.

Bino: Okay. Great. Sharvil Bhai, you also comment on Mirabegron. First of all, in this quarter, has it been pretty much similar levels as last two-three quarters and is it likely to continue for the time being?

Nitin Parekh: So, Revlimid and Mirabegron two special products, you know, in totality, are more or less the same kind of sales.

Bino: Okay and has it changed significantly for Q2 vs 1Q or more or less similar continuing?

Nitin Parekh: More or less similar.

Bino: Okay, got it and what is your outlook for Mirabegron? You know, of course litigation is pinching, but when you look forward into FY27, do you see this continuing in FY27 or it is highly unlikely that it stays in FY27?

Dr. Sharvil Patel: So, we'll have to wait for the trial before we can comment on that. So, I think, as I said, the trial date is in February 2026. So, only post that, we can give any more comments on that. Until then, we do continue to commercialize the product.

Bino: So, what is the best outcome of the trial, that the product continues to be under patent, you will be non-infringing and only the current two players will stay for 3-4 years, is that such a?

Dr. Sharvil Patel: I think it would be very difficult to speculate what outcomes can be. So, I would not do that right now. We'll have to wait till then, I said until then, we know we are commercialized the product.

Bino: Got it. Another question about these two facilities, which you have acquired. One is the Agenus one in California and the earlier acquisition in India of the Stirling Bio facility. When can we look at some sort of meaningful scale up in these facilities? You have, you have paid the decent quantum of money. Even if one applies 1½ to 2 times asset turnover, still it could be US$ 100 to 200 million revenue coming from these kinds of facilities. When can we see this kind of revenue?

Dr. Sharvil Patel: So, on the, on the second facility with the bio CDMO facility that we have acquired in US, it is under qualification, it's a brand-new facility which is under qualification and once it's qualified, it is going to produce a BOT/BAL for Agenus and there is a contract for them for the next three years to produce BOT/BAL. Beyond that, we will be looking to bring more bio CDMO manufacturing into

this facility and also potentially bring some biosimilar manufacturing. So, that's the current plan. So, I would say it's probably at least a two and a half year, three year plan before we'll see large, I mean see capacity utilization and revenue uptick. With respect to our other joint venture which we have for the Sterling Biotech facility, we have a large capex program going on to build, I would say, world's first recombinant whey protein manufacturing at scale that have never been made in the world. So, we are making large scale manufacturing for the whey protein and re-isolate through fermentation and that program, probably in the next two years, we would see commercialization kick in. So, it's nothing in the short-term for both of these facilities.

Nitin Parekh: But just one point on that. When you talk of for Sterling Biotech, it is an existing company with, you know, sales and EBITDA and what we have paid for is, you know, that existing business. What Sharvil Bhai just now mentioned is the future project that we intend to put up in the same company.

Bino: Understood. Great. Great. I'll join back. Thank you.

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

Neha Manpuria: Yeah. Thanks for taking my question. My first question is on the 505(b)(2) portfolio that you indicated would ramp up by the end of this year. Currently, we have Sitagliptin. I think there was one more, Docetaxel, that we had in-licensed last year. Are there any other launches in the 505(b)(2) portfolio that is expected as we think about the next year? And how big can the 505(b)(2) portfolio be for Zydus next year?

Dr. Sharvil Patel: So, we have, obviously you mentioned already that one product that we commercialize and Docetaxel which will commercialize in the next quarter. We also have some, two more like, 505(b)(2), that one is about to get commercialized. One we're waiting for approval to commercialize. Over a period of time, I think, the 505(b)(2) will definitely be a significant value as well as profitability driver for the specialty space, which would be more sticky. So, we already have a decent revenue on 505(b)(2) with good profitability, but we are seeing a major scale up, you know, in the FY27 and beyond.

Neha Manpuria: Besides Sitagliptin, can the other portfolios also, I think, Sita you had mentioned that can be, you know, $50 odd million. So, can

the other products be as large as Sita, or Sita would still end up being the largest product in that portfolio?

Dr. Sharvil Patel: Others will be larger.

Neha Manpuria: Others would be, okay, okay. And the usual ramp up for these would be similar to what we've seen in Sitagliptin, for Docetaxel and the two other products that we commercialized.

Dr. Sharvil Patel: No, I would say, the peak for the others would be in the second or third year.

Neha Manpuria: Okay, okay.

Dr. Sharvil Patel: But they will have longer patent life. They will not be facing generic competition that way.

Neha Manpuria: Got it. Oh, okay, okay, okay, understood. My second question is, I think, in the opening remarks you mentioned about emerging market being the third pillar of growth. We've seen a significant step up in emerging market revenues this quarter. Is there any one off that we are seeing in EM? Could you provide some color on what sort of growth we should expect and what's driving this acceleration and growth in the emerging market business?

Dr. Sharvil Patel: So, for us, the emerging market including EU, both have driven very strong growth and it's been broad based across geographies. We are very confident of strong double digit, high teens to mid-twenties growth going forward for the overall international markets and we are seeing that to be sustainable.

Neha Manpuria: And the high teens to mid-twenties is there anything, I mean there's no tender component which is you know probably one off to this year which we don't see? I mean there's the sticky run rate that we should assume for the emerging market business?

Dr. Sharvil Patel: Yeah. Yeah. We are talking about high teens to mid twenties growth for the International Markets.

Neha Manpuria: Okay. Thank you so much.

Moderator: Thank you. The next question is from Harith Ahmed.

Harith Ahmed: Hi, thanks for the opportunity. Hope I'm audible.

Dr. Sharvil Patel: Yes.

Harith Ahmed: First question is on Usnoflast. Given it's a very promising molecule and you talked about commencement of Phase II(b) trials, can you give some more color on the timelines for Phase II(b) trials and you know the best case scenario for the launch for this product?

Dr. Sharvil Patel: Yeah. So, I think we're just about to initiate the trial. We have a global CRO whom we have contracted and everything is in place. So, the trial will begin in the next one to two months. It will be a two-year kind of trial and then post that readout. So, we are talking about a two to three-year window for seeing our clinical data for ALS, but it's mostly an efficacy trial. So, we believe that depending on the results, we could see an approval on Phase II(b) or we may have to then further do Phase III, but high chances that we if we see good data, we could go for an approval post this trial.

Harith Ahmed: Okay. Thanks for that and next one is on biosimilars. So, far, we've refrained from any investments targeting regulated markets for our biosimilar portfolio. Given that we have fairly broad portfolio of around 14-15 biosimilars, is there any rethink on our regulated market strategy or is there any plan to partner with someone who will undertake all the R&D spends and the commercialization part of it?

Dr. Sharvil Patel: So, we are working on both the ideas. One is the regulatory scenario has changed for certain class of biosimilars, there is no longer a requirement for an efficacy trial. So, the pathway has become obviously much better for US. The second is we have a manufacturing footprint now in the US to make biologicals. So, we are looking at both opportunities, in-house portfolio as well as licensing in with manufacturing in US as an opportunity to add may be one to two products in the biosimilar space to launch, I mean to develop and launch.

Harith Ahmed: Okay, got it. And one clarification on the Saroglitazar comment in PBC as we await the data and you mentioned that we'll be looking at the data before deciding on the next steps. So, what exactly are we waiting? I mean, are we going to compare the data for Saroglitazar, with some of the existing products in the market and only if we meet the expectations versus those products, we'll be taking a call to go forward with Saroglitazar, is that the correct understanding?

Dr. Sharvil Patel: No, it's a blinded trial. So, we're waiting for the efficacy as well as safety data to come out. So, if both those are good and if it is

comparable with the treatments available today, we will obviously take the next step of filing for an NDA.

Harith Ahmed: Got it, Sir. I'll get back to the queue. Thanks.

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

Surya Patra: Hello. Can you hear me?

Dr. Sharvil Patel: Yes.

Surya Patra: Yeah. Sir, just first question is on the Amplitude acquisition. If you can just give some more color, after the acquisition, what is your thought process about it? Is there any kind of acquisition related cost that we could see in this quarter? And having done the licensing arrangement for the devices also what is the kind of MedTech thought process or the goal that we would be having going ahead, if you can?

Dr. Sharvil Patel: So, with the acquisition of Amplitude, obviously, we have become at least from an Indian context perspective, a decently important player in the Med devices space. The acquisition gives us the opportunity to enter into the orthopedic implant space for knee and hip. It gives us a navigation and robotic capability as well, which is the future for all surgeries as you see. So, it gives us both those capabilities. It has a strong footprint in Europe with a strong presence in France and what we hope to do is obviously continue to build and increase our share in these markets, but also enter and scale up markets like Australia, Brazil, Mexico, and enter more markets through both their network as well as Zydus' capabilities. Also, India offers a great opportunity to launch high technology, high end implants in India, and we will be also launching these products in India. Beyond that, we do see opportunities to improve on our profitability with looking at cost reduction through helping us improve margins. Also, on the Interventional Cardiology, our licensing capabilities with the TAVI allows us to enter more markets, including India. We will be doing clinical trials for CE approvals for Europe as well as in India and we hope to build an Interventional Cardiology business both through stents, balloons, TAVI, and future more products in this category.

Nitin Parekh: And acquisition related cost, so, we have largely booked in March quarter only.

Surya Patra: Sure. Okay. Yeah. Thank you, Sir and second question is on the GLP opportunity. So, in the emerging market that is now likely to be activated, starting with Canada, Brazil like that as well as in India. So, if you can give some clarity about your preparedness for these markets and your ultimate plan of integrated operation here for the advanced market in the subsequent period, your plan please?

Dr. Sharvil Patel: Sure. So, first, we have, in Semaglutide, a different formulation, a formulation that gives convenience and ease of administration and also reduces the overall burden in terms of economics. So, we hope to, we will be launching this new formulation in India, and we are on track to do so, and we should be present when market formation happens. So, we're quite excited with that. This formulation does offer significant benefit versus the existing formulations in the market. Similarly, we hope, we are also taking this novel formulation to the other markets like Brazil, Canada and future other markets which will open up. So, our strategy is not to go with the same, but differentiated formulation in all other markets and we will get to see that. The filings will start to happen by end of the year and we will see maybe from a year to two years from then launches in different markets depending on our approval, how long does it take for the approvals to come. But right now, I think, from the commercialization point of view, India will offer the most benefit to us in terms of revenue.

Surya Patra: Okay. Sir, regards the CDMO acquisition or entry into this biologics CDMO business. So, these two acquisition - these two-facility acquisition obviously facilitate your foray, but is there any investment plan beyond that?

Dr. Sharvil Patel: No, I think our current, the investment plan is to get these facilities up and running and qualified and start doing business through them. We don't have any more bio CDMO expansion plans in US.

Surya Patra: Okay. Just last one on the Sitagliptin. So, considering the kind of a bulk supply arrangement as well as the government supply put together, is it fair to believe that this is kind of compensating for the losses, means the revenue losses what we have been facing in the Asacol HD in this current year and what will happen to that revenue stream once the generic competition in Sitagliptin starts?

Dr. Sharvil Patel: Yeah, I think, so, I would say the franchise is a good product which will have business over the next couple of years. It is definitely

not replacing the loss of revenue for the Lenalidomide, but from a new product 505(b)(2) point of view, it's a, it's a good product which has a good NPV with at least two to three years of good earnings. So, we are quite excited, happy with that. But it doesn't replace on its own, doesn't replace any earnings.

Surya Patra: No, I was asking about the Ascol HD revenue loss is getting compensated by this product right now this year, Sir?

Dr. Sharvil Patel: Asacol has gone quite, I mean there has been steep decline, so the revenue gap has been obvious some of this, but also so many other products that we have launched. So, I would not attribute all of it to this product.

Surya Patra: Okay, okay. Yeah. One just clarification, Sir, about the finance cost. See we have been talking about reducing our debt and hence the finance cost, but that is still been kind of stagnated or it is remaining there only? So, some clarity on that front would be useful.

Nitin Parikh: So, there are two kinds of finance cost. One is because of the accounting treatment that we do for liqmed acquisition where we have to do unwinding of interest amount on the contingent payments that we need to make to the sellers. So, that is one important component. I'll give you separate amounts, we'll provide that specific amount for that. The second is that we are having arbitrage income in terms of government securities. So, we have made investment, we buy government securities, we place the government security again, the securities again, you know, borrow so that actually helps us in terms of maximizing return on our own capital. So, you would also find increase in other income in our results and increasing other income is largely attributed to interest income. So, on a net-net basis, there is still a gain in what we are doing. So, you will have a large cash balance and there will be some borrowings also against the government securities. On net-net basis, we have net surplus only. There is no borrowing.

Surya Patra: Okay, okay. Sure Sir. Thank you.

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

Kunal Dhamesha: Hi, thank you for the opportunity again. One on the medical devices business. Beyond let's say Amplitude and the in-licensing, are we planning to do any organic capex here and if yes, what

would be the amount and how will it be spread over the next couple of years?

Dr. Sharvil Patel: Yeah, we are building a dialyzer facility which is under construction and in the next one year, we hope to get it up and running. So, that is the capex that is going on. Also some small capex on our Intervention Cardiology side. So, between the two, we're spending around 300 crores of capex on Med devices.

Kunal Dhamesha: And that will be completed this year mainly?

Dr. Sharvil Patel: No, in probably 12 to 18 months.

Kunal Dhamesha: Sure, sure and then second one on the Agenus facility that we have in the US. Would you share the current bio reactor capacity that we have and is it a single use reactor or a stainless-steel reactor facility?

Dr. Sharvil Patel: So, these are single use bag reactors and I think the capacity is around 2X4, 2 KL X 4.

Kunal Dhamesha: Okay.

Dr. Sharvil Patel: 2000 KL, 4 reactors, and also, we have small scale reactors also.

Kunal Dhamesha: Yeah. So, this would be mainly mammalian cell culture reactors that we'll be using?

Dr. Sharvil Patel: Yes, yes.

Kunal Dhamesha: Okay, sure, sure and then you know, Sir, are we looking at any cost efficiency program as we enter into post Revlimid era? And if yes, what are the cost lines that we are looking at and potentially how much savings we can kind of, you know, accrue over the next couple of years?

Dr. Sharvil Patel: So, we do, I mean not because of Revlimid but I would say since the mid, early 2000s, we have institutionalized cost reduction programs in the organization with SLIM, PRISM, and other critical initiatives. So, every year, we have a very strong savings target which the team is quite good and have been surpassing those targets every year and so that continues. As our cost base goes up, from procurement savings, same vendor negotiations, alternate vendors, improvement in efficiency in manufacturing both from productivity as well as batch size yield, I think all of those put together, we do have savings that we achieve every year

which are meaningful and so that will continue. By and large, on many metrics, we are sort of very good and best in class, so to say. So, we hope to stay in that kind of metrics.

Kunal Dhamesha: Sure, Sir and last one from my side. At this point in time, shall we pencil in, Ibrance, generic launch in FY27, do we have that clarity from the settlement?

Dr. Sharvil Patel: We have clarity, but we have to wait for, if there is any pediatric exclusivity. If not, yes, it will be a FY27 launch, late FY27 launch. If there is pediatric exclusivity, then early FY28 launch.

Kunal Dhamesha: Sure. And Sir, just the Ibrance, the molecule itself for the innovator has seen a significant decline this year. Do we expect once genericization happens and the low-cost alternative is available, some share can be gained back?

Dr. Sharvil Patel: Generally, when genericization does happen, unless the therapy has shifted, obviously you see volumes grow, but today also irrespective, that's still a very, very large opportunity. So, after genericization, generally volumes will pick up for most therapies unless there is a shift of therapy, but I would say the molecule still offers a very significant opportunity in the medium term.

Kunal Dhamesha: Sure, Sir. Thank you and all the best.

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

Bino: Hi, good evening again. Just one follow up question on Semaglutide. Are we fully integrated backwards in Semaglutide both the API as well as formulation?

Dr. Sharvil Patel: Yes.

Bino: Okay. And do we have sufficient capacities for India launch and the other emerging market, Canada etc. launch over the next two years?

Dr. Sharvil Patel: Yeah, we have planned for enough capacity. We also have alternate source on API. So, we are dual-sourced and we have obviously PFS and cartridge facility sufficient of that and obviously the devices also we have been planned for. So, hopefully, we are in control.

Bino: Got it. Thank you.

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

Neha Manpuria: Yeah, just wanted to get a sense on what the capex would be given the CDMO capacity that we are setting up in the US and you said 300 crores for the intervention? Is there anything else that we have planned? What would be the capex roughly for the year?

Nitin Parikh: Total capex for the current financial year is estimated at about 1,200 crores. That includes 300 crores of MedTech.

Neha Manpuria: And the US capex also, right?

Nitin Parikh: Sorry.

Neha Manpuria: And the US facility?

Nitin Parikh: No, the acquisition is separate.

Dr. Sharvil Patel: No, but there is no capex in that because that facility is already, I mean the fully capexed and it's only under qualification now.

Neha Manpuria: Okay. So, there is no additional capex that is required for that?

Dr. Sharvil Patel: I mean, there could be incremental small capex, but the facility is only under, I mean, now is under qualification.

Neha Manpuria: Okay, got it, that is helpful. Thank you so much.

Moderator: Thank you. The next question is from Devang Saraogi.

Devang Saraogi: Good evening, Sir.

Dr. Sharvil Patel: Good evening.

Devang Saraogi: I have two questions. When can Desidustat be expected to receive approval from Chinese regulator and what could be the potential revenue opportunity for this drug in Chinese market?

Dr. Sharvil Patel: So, I think, as I said, we have completed the clinical trials in China with our partner. The data read out was already published. We have mostly answered all our queries with the Chinese authorities. So, we are hoping that in the next 12 months, we would see approval for Desidustat in China. From our point of view, Desidustat offers a tremendously large opportunity potentially for the company. China is probably one of the largest markets for HIF inhibitors with an existing product also which are in multi million

dollars. So, we do hope for it to be a very meaningful launch and commercial opportunity for Zydus.

Devang Saraogi: And Sir, second, is there any change in approval timeline for CUTX 101?

Dr. Sharvil Patel: No, we still are looking forward to approval in this financial year.

Devang Saraogi: And Sir, lastly on the andy robot arm from Amplitude Surgical appeared to be promising. Do you have any information on the expected launch timeline and market size potential?

Dr. Sharvil Patel: Yes. So, it has been already applied for CE approval and the launch will be in this financial year.

Devang Saraogi: And any revenue expectations?

Dr. Sharvil Patel: Yeah, there are revenue expectations built with this robot, which will improve our revenue in Europe also and we also potentially will look to bring the robot to other markets as well after CE approval.

Devang Saraogi: Any differentiation between competitors in this product?

Dr. Sharvil Patel: So, the good part of this is that there has been a navigation system that has been in use for many years and with strong data. So, we are very excited with the capability that it has. Now, with the robotic arm, also it builds additional capabilities. So, I think, we believe, we will see good traction for the robot going forward. Beyond that, obviously the knee and hip joints are high-tech, high-quality products and we hope to see good success of them in different markets.

Devang Saraogi: Sir, if you allow last question on tariffs, any comment how can it affect, any insight?

Dr. Sharvil Patel: So, I don't have any comment because we don't know the extent of the tariff on pharmaceuticals or generics. So, as and when we are clearer on that, we can give a better understanding, but as I said, US is an important market for us. In US, a lot of medicines are made available and affordable because of generics. Generics are almost 90% of the volume in the US and that helps bring the healthcare cost down. So, I think, we are committed to making sure that we continue to create this access in the US. Once we see the tariffs, we will see the impact and work accordingly as to what we can best achieve after that.

Devang Saraogi: Thank you, Sir. Thank you.

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

Nitin Agarwal: Thank you for taking my question. Sharvil Bhai, on Lenalidomide, for the remaining quarters, do we still have quantities that we intend to book or are we largely done with the quota?

Dr. Sharvil Patel: We're most largely done. No, the quota we still have some left, but I think, by and large, we're largely done in terms of majority of our revenue in the last, we have booked it in the last quarter.

Nitin Agarwal: Sharvil Bhai, when we look through the remaining 3 quarters for the year, you know when we're talking about growing on, you know the business that we did last year in the US, given the fact that we did have a large mirabegron, we did have a largish Q4 contribution from Lenalidomide plus the Asacol erosion which come through this year, what sort of drivers do you see will make up for some of these things going forward?

Dr. Sharvil Patel: So, as I said, we still continue the guidance of single digit growth in the US this FY26. It will be driven obviously by the launches that we have done in the last year. The products like the 505(b)(2), which we have launched and which we are hoping to launch in the coming quarters. Also we have base business that has done well. So, while Asacol may have gone down, but overall, we are gaining on our base business as well and Mirabegron also continues to be favorable. So, putting all of this together, we believe that we will still see growth in spite of last quarter four that happened where we won't see any majority business on Lenalidomide.

Nitin Agarwal: Thanks, and Sharvil Bhai on the EBITDA margins, how do you see the EBITDA margins versus the last year?

Dr. Sharvil Patel: So, we believe, we will be better than 26% EBITDA margins and that's what we have maintained as our guidance.

Nitin Agarwal: Okay. Thank you so much.

Moderator: Thank you. The next question is from Tushar Manudhane.

Tushar Manudhane: Am I audible?

Dr. Sharvil Patel: Yes.

Tushar Manudhane: Thanks for the opportunity, Sir. Sir, just with respect to Desidustat, while you know, maybe probably approval taking next 12 months and then subsequently the commercial channel probably you know how long will that take to see that stable, the scale up in the sales?

Dr. Sharvil Patel: So, we have partnered with the commercial partner in China who's a large player in the market and they are already preparing for commercial launch. So, they're well prepared to do so. The market size of this kind of CKD molecule in China is already above billion dollars and more. So, we see a great opportunity for this to take share in the Chinese market and I think our partner is well prepared and excited to prepare for the launch. I think most of the work with the authorities is completed and we hope that we will see approvals in the next one year.

Tushar Manudhane: And for us, it will be just like royalty kind of income, of course, including the profit share because let's say the manufacturing and the commercial?

Dr. Sharvil Patel: Yeah, it's a profit share, I mean it's a markup plus royalty income.

Tushar Manudhane: So, any broad range you would like to highlight like how much this would be as a percentage?

Dr. Sharvil Patel: No, we can't talk about it yet because we have to get pricing approvals also and other aspects. So, once we commercialize it, we can give better color, but obviously the nature of a licensing is where we don't have any other fixed costs, so obviously the profitability will be high.

Tushar Manudhane: Okay. So, then just secondly on this Agenus Biologics facility with this Botensilimab and Balstilimab, the capacity would be largely utilized or there would be still, you know, sufficient amount and then what kind of products we intend to sort of get the, let's say exhibit batches or validation done from this facility?

Dr. Sharvil Patel: So, for current requirements for BOT/BAL for their clinical trials, the facilities obviously far more, I mean, it has far more capacity than the production that we'll do. So, we do have opportunity to add more products beyond BOT/BAL. If BOT/BAL goes fully commercial and the uptick is very strong, we have a potential to further add capacity also. But we do believe that we can have more than one product in this facility. As I said, we have four 2 KL reactors and we also have another facility though smaller, but also

can be retrofitted. So, depending on the requirement, we will look to how do we scale up if needed, but currently we look at clinical supplies on BOT/BAL as well as potentially adding some biosimilars and third party business to the CDMO.

Tushar Manudhane: Okay. Sir, sorry for my ignorance, but just wanted to understand this. Given that it is a biologics facility, this entity has scaled up earlier in terms of manufacturing from, let's say, lab to the commercial level, right? And which is where the confidence for this BOT/BAL product?

Dr. Sharvil Patel: Yeah. So, BOT/BAL has already been given to more than 1000 patients through their different clinical trials. So, there is already, the team already has the capability from both, as you said, from lab scale to 2 liters to 20 liters to now 2 KL. So, they have those, they already have proven capabilities to manufacture this.

Tushar Manudhane: Okay, Sir. Got it. Got it. Thanks. That's it from my side.

Dr. Sharvil Patel: Thank you.

Moderator: Thank you. We will wait for few minutes for the question queue to assemble. You can click on raise hand tab on the screen. I request management for the closing remarks, please.

Dr. Sharvil Patel: Thank you for today's conference call and your active participation. We look forward to interacting with you in the next quarter. Thank you.

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

END OF TRANSCRIPT