



Dedicated To Life

November 7, 2023

Listing Department  
**BSE LIMITED**  
P J Towers, Dalal Street,  
Mumbai-400 001

**Code: 532321**

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

**Code: ZYDUSLIFE**

Re: **Investor Presentation**

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter / half year ended on September 30, 2023.

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

Earnings Presentation: Q2 FY24

7<sup>th</sup> November, 2023

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# Q2 FY24: At a Glance

## Revenues from Operations

**Rs. 43,688 mn**  
 ↑ 9% YoY

## R&D

**Rs. 3,225 mn**  
 7.4% of revenues

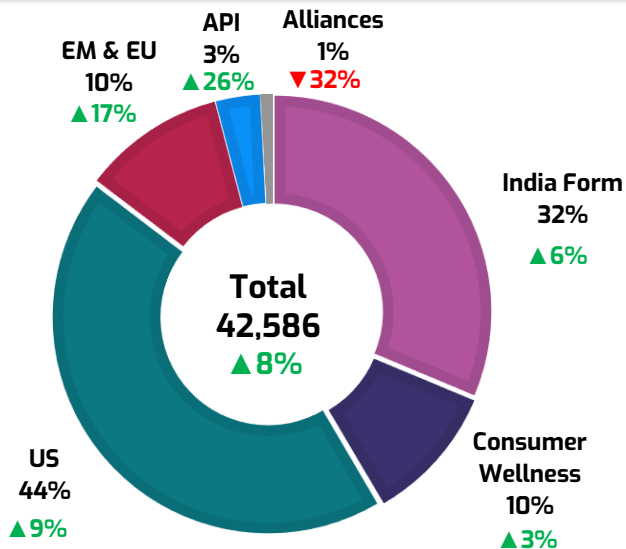
## EBITDA & Margin %

**Rs. 11,461 mn**  
 26.2% of revenues  
 ↑ 41% YoY

## Net Profit

**Rs. 8,007 mn**  
 ↑ 53% YoY

## Business-wise Sales Break-up (Rs. mn) and YoY Growth



## Highlights of Q2 FY24

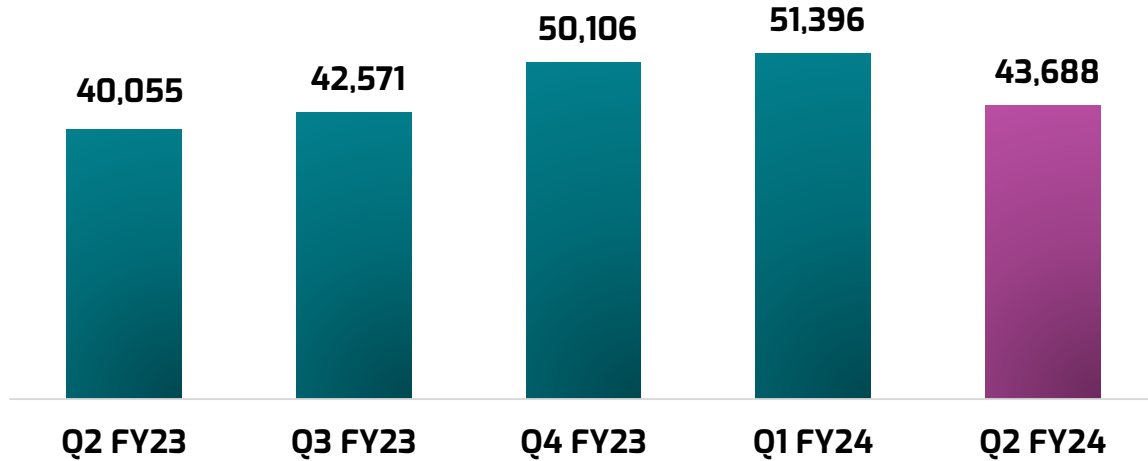
- Total revenues grew **9% YoY**, led by **US, EM& EU formulations** and **API** businesses.
- **Branded formulations** business in India grew in **high single digit** after adjusting for NLEM impact, partly affected by **delay in acute season**.
- **Consumer Wellness** business continued to hold **leadership** position in **5 out of 6 brands** in their respective categories.
- **US formulations** business performed on **expected lines** driven by **stable base business** and **supported by new introductions**.
- **EM & EU formulations** business **continued** the **strong growth momentum** and delivered double digit growth.
- EBITDA margin stood at **26.2%, up 580 bps YoY**.
- Capex (organic) for the quarter: Rs. 2,162 mn.
- Net debt to EBITDA: (-) 0.34x (at 30-Sep'23) vs (-) 0.14x (at 31-Mar'23)

## Regulatory Updates

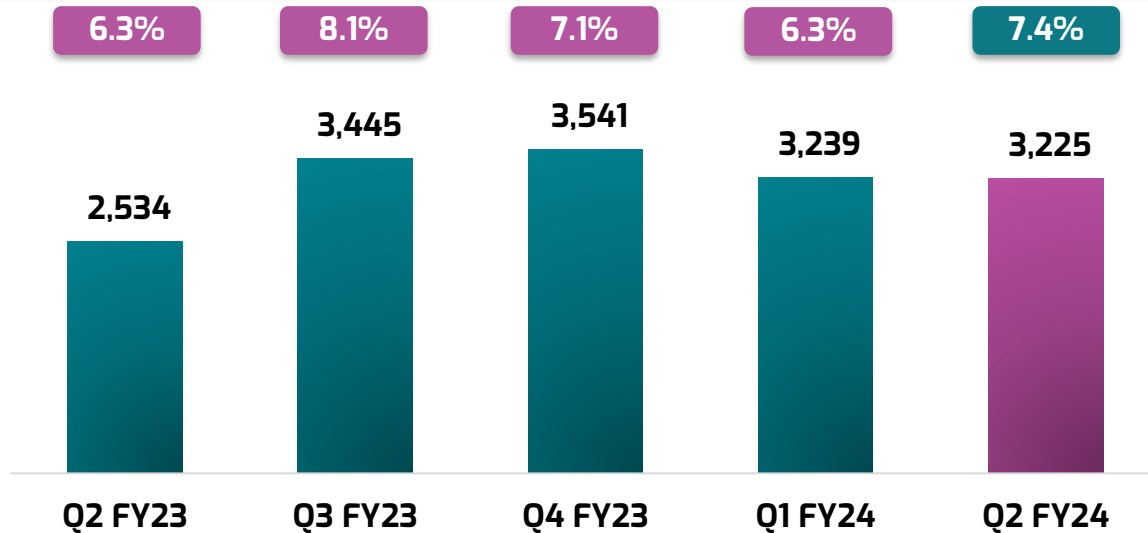
- Oral Solid Dosage (OSD) facilities Unit I and II located in Ahmedabad SEZ and Biologics fill-finish facility located at Zydus Biotech Park received Establishment Inspection Reports (EIR) from the USFDA.

# Key Financial Metrics (1/2)

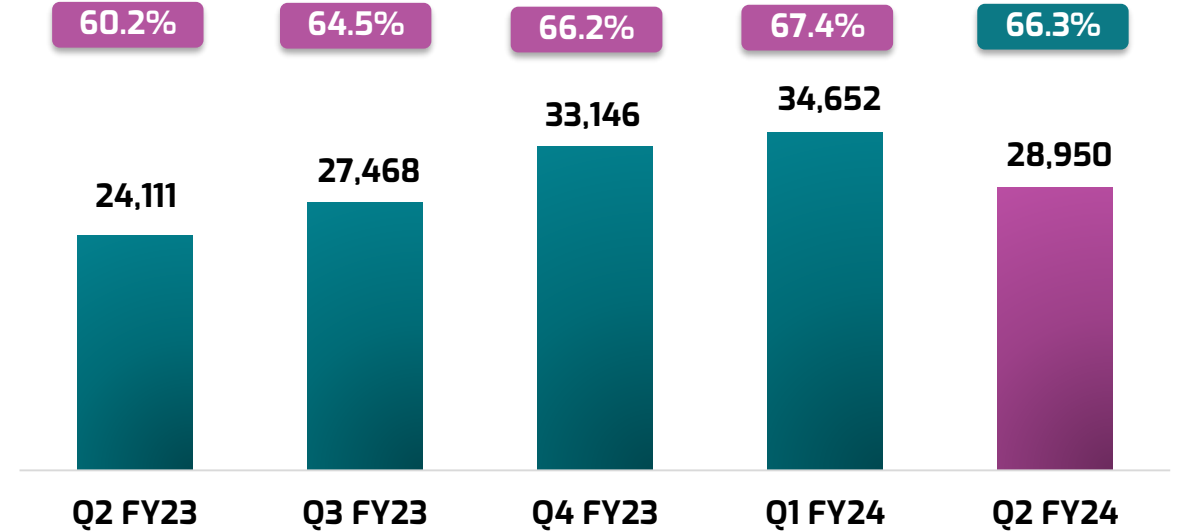
## Total Revenues (Rs. mn)



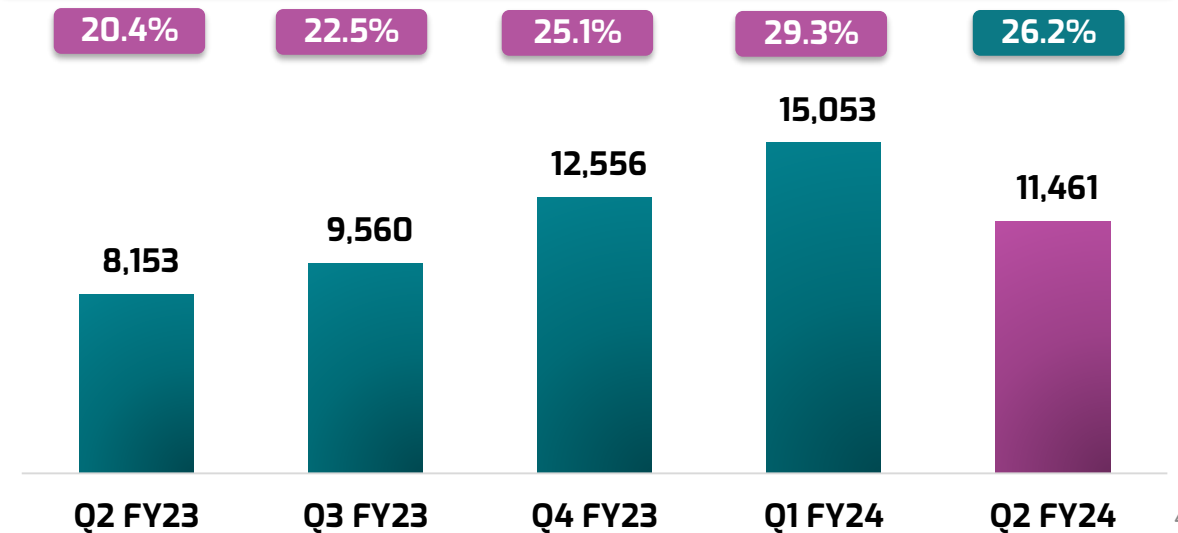
## Total R&D (Rs. mn) and % to Revenues



## Gross Profit (Rs. mn) and Gross Margin %

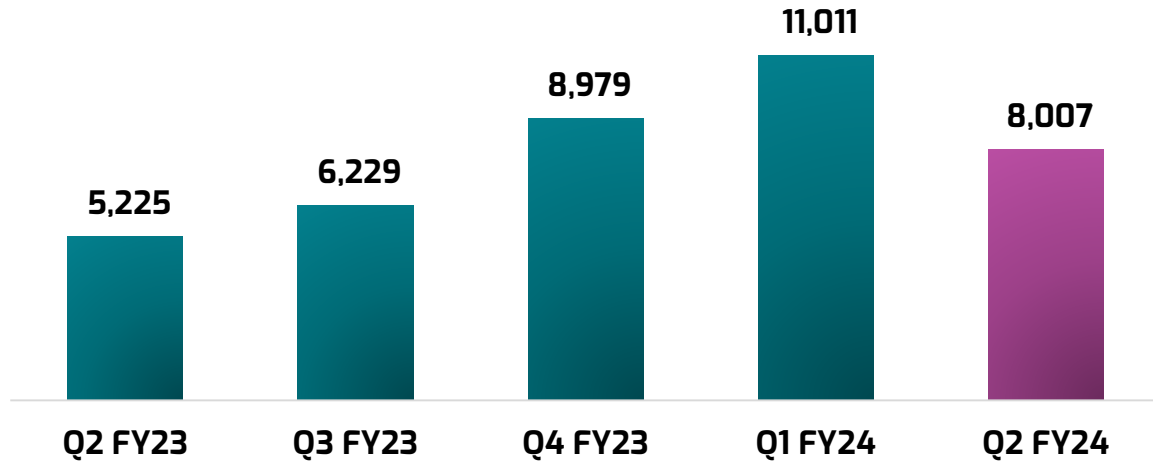


## EBITDA (Rs. mn) and EBITDA Margin %

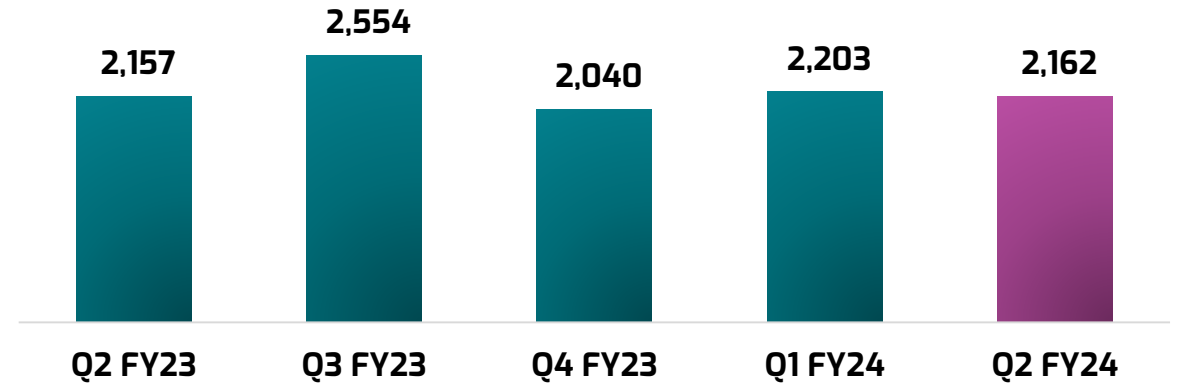


# Key Financial Metrics (2/2)

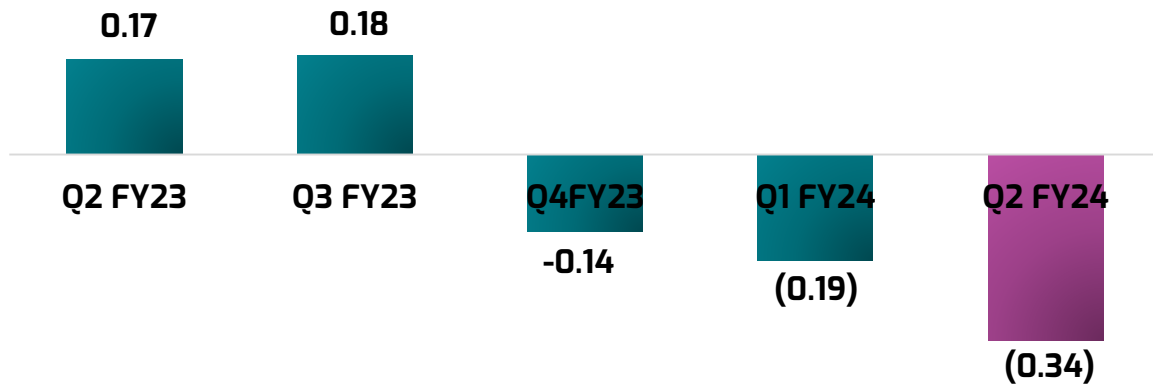
## PAT ex. Exceptional (Rs. mn)



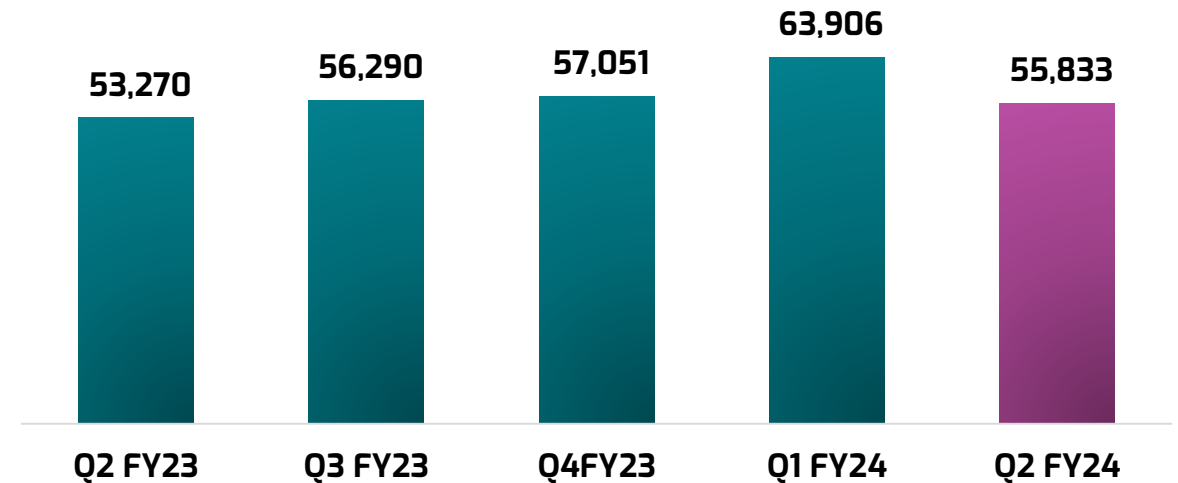
## Organic Capex (Rs. mn)



## Net Debt/ EBITDA



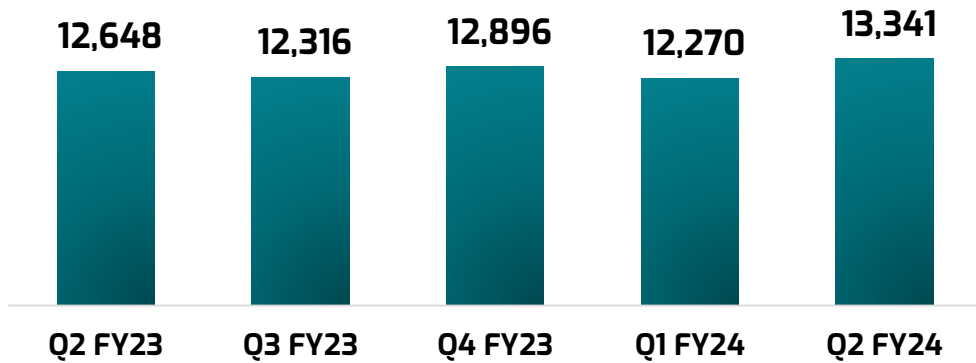
## Net Working Capital\* (Rs. mn)



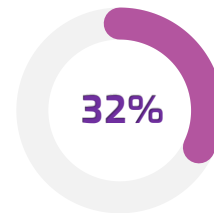
\*Net working capital includes Inventory, Trade receivables and Trade payables.

## Branded business sustained momentum despite delayed seasonality

India Formulations Sales (Rs. mn)



Q2 FY24 Revenue Contribution



Q2 FY24 Gr.

YoY

5.5%

QoQ

8.7%

## Brand building - a key growth driver

Brand Value (Rs. Mn)\*

1000+

# of Brands

8

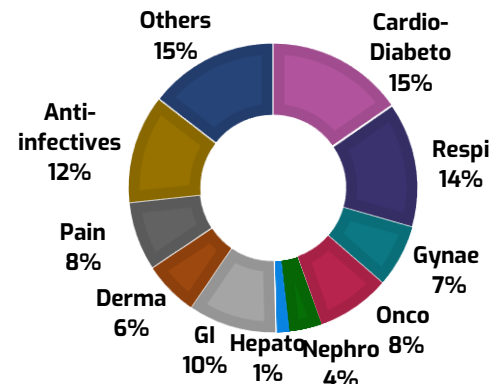
500 to 1000

20

250 to 500

33

## Therapy-wise Break-up\*

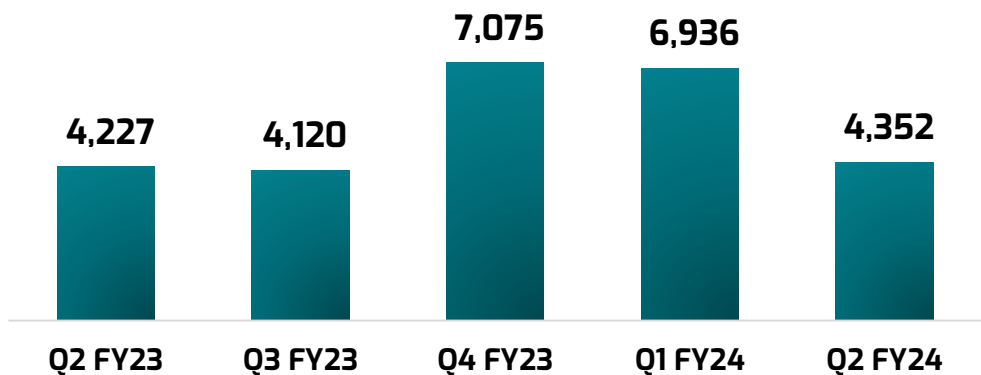


## Highlights for the quarter

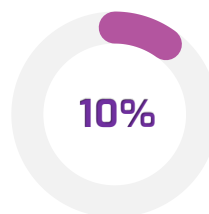
- Branded business grew in **high single digit** despite **delay** in **acute season onset**.  
Growth was driven primarily by **volume expansion** and **new launches**.
- Gained rank** and **improved market share** in **anti-diabetic** and **respiratory** therapies.
- On the Super Specialty front,
  - Retained **leadership** position in the **Nephrology** segment.
  - In the **Oncology** segment, continued to grow at the **fastest pace**.

## Strong brand equity to aid recovery ahead

Consumer Wellness Sales (Rs. mn)



Q2 FY24 Revenue Contribution



Q2 FY24 Gr.

YoY

3.0%

QoQ

-37.3%

## Key brands continued to hold dominant market share

Brand Name



Market Share#

60.0%

35.2%

96.1%

6.1%

43.4%

78.9%

4.4%

Facial  
Cleansing \*

Scrub

Peel  
Off

## Highlights for the quarter

- Personal care segment, which comprises of **Nycil®** and **EverYuth®** brands, registered **robust** growth, driven by **favorable season** in many parts of the country. .
- Gross margins **continue to recover** on account of **moderating input prices** and **calibrated price increases** taken earlier.

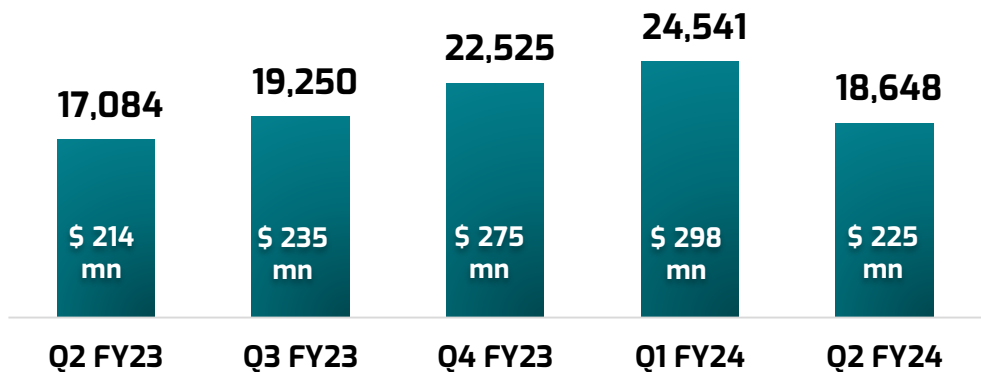
#Source: Nielsen and IQVIA MAT September 2023 report

\* Facial cleansing segment includes Face wash, Scrub and Peel-off.

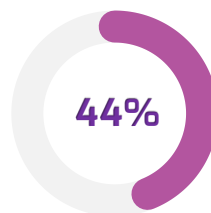


## Base business performed on expected lines

US Formulations Sales (Rs. mn)



Q2 FY24 Revenue Contribution



Q2 FY24 Gr.

YoY

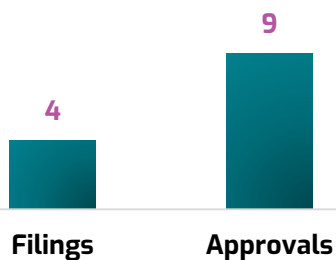
9.2%

QoQ

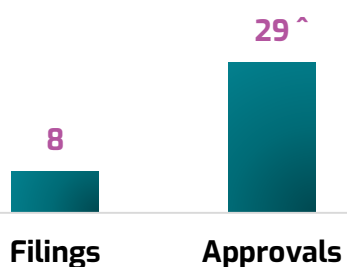
-24.0%

## Continued investment to build the generics pipeline

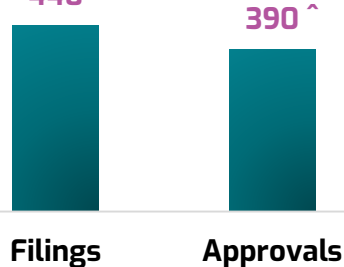
ANDA filings and approvals - Q2 FY24



ANDA filings and approvals - H1 FY24



ANDA filings and approvals - Cumulative



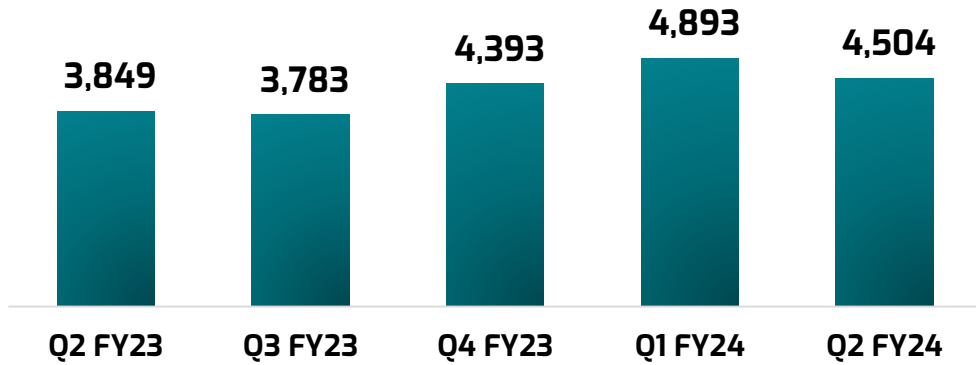
^ includes 2 tentative approvals in H1 FY24 and 24 tentative approvals on a cumulative basis.

## Highlights for the quarter

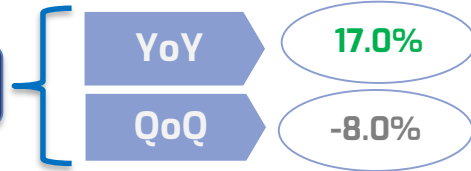
- QoQ decline was on account of **reduction** in revenues of a **limited competition product, in line** with the expectations.
- Launched **8 new products**.  
New launches include **Indomethacin suppository** which was granted **180 days of CGT exclusivity** and **Plerixafor injection** which was a **Day 1** launch.
- Filed 4 ANDAs** and received **9 new product approvals**.

## All key markets continued to display strong momentum

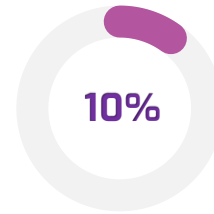
EM & EU Formulations Sales (Rs. mn)



Q2 FY24 Gr.



Q2 FY24 Revenue Contribution



## Highlights for the quarter

- The business **continued its growth journey** and posted a **robust 17% growth YoY**.
- All the **major markets** delivered **healthy growth** during the quarter.

## NCE: ZYIL1 (NLRP3 inhibitor)

- Initiated Phase II clinical trials in patients with ALS.
- ALS is a rare, progressive and fatal neurodegenerative disease, with an average life expectancy of 3 to 5 years from the time of symptom onset.
- Already established proof-of-concept in Phase II clinical trials in CAPS patients and published the data in Clinical Pharmacology in Drug Development.

## NCE: PCSK9 inhibitor

- Received approval from the CDSCO to initiate Phase I clinical trials to evaluate the safety and tolerability. The molecule will be administered subcutaneously in healthy human volunteers.
- Dyslipidemia patients with high LDL cholesterol are at a high risk of ASCVD such as heart attack and stroke.
- This PCSK9 inhibitor will regulate the levels of LDL receptors, which are responsible for the uptake and clearance of cholesterol from the blood.

## Biotech R&D

- Completed clinical trials for one mAb and completed recruitment of patients for clinical trials for another mAb.
- Received regulatory approval to initiate Phase III clinical trials for one more product.

## Specialty Initiatives

- Received final approvals from the USFDA for two New Drug Applications (NDAs) viz. Sitagliptin tablets (ZITUVIO™) and Sitagliptin and Metformin IR tablets (ZITUVIMET™) in the area of metabolic disorder management.
- Filed one more NDA viz. Sitagliptin and Metformin ER tablets in the area of metabolic disorder management.

# ESG Initiatives: Following a holistic philosophy of sustainability

## Overview of initiatives undertaken in FY23 to turn ESG principles into actions



### Environment

- **12% reduction** in **GHG emissions** over FY22
- **Renewable energy** consumption up **53%** over FY22
- **8% reduction** in **energy intensity** (GJ/Mn) over FY22
- **Solar power** generation at mfg. sites; plans to **procure** and **use solar-wind hybrid power** in FY24
- **Increased use** of **bio fuel/ hybrid fuel**



### Water Management

- **9% reduction** in **water intensity** (KL/ Rs. Mn) over FY22
- **18 sites: water conservation** initiatives under progress
- Adoption of **Zero Liquid Discharge** approach to **recycle** and **re-use** of water
- Use of **water efficient technologies**
- **Reduction** in **fresh intake** of water



### Waste Management

- **24% increase** in waste disposal by **Co-processing**; an **eco-friendly** solution
- **Compliance** with all applicable **regulations**
- Focus on **reduction** in **waste generation**



### People Initiatives

- Creation of an **inclusive work place** which promotes **gender diversity** and **equal opportunities** for all
- Building a **positive work culture**, promoting **skill development** and a healthy **work-life balance**
- Implementation of **employee well-being measures**



### EHS Matters

- **Dedicated EHS cell** at **each location** to oversee implementation of EHS policy.
- **Zero fatal incidents** during FY23; **significant reduction** in reported **incidents**
- **Reduction** in **Lost Time Injury Frequency Rate** (LTIFR) by **51%** over FY22



### Governance

- **Gender diversity** in **Board** up from **12%** in FY22 to **20%** in FY23; onboarded a **female** director
- **Independent directors** in Board up from **40%** in FY22 to **60%** in FY23; onboarded **2 independent** directors
- **Zero violations** of regulatory requirements in FY23

# Zydus at a Glance

**~\$2.15**  
bn  
Global Revenues<sup>1</sup>

**5<sup>th</sup>**  
Largest generic Co. in US  
in terms of prescription<sup>3</sup>

**7**  
R&D Centers  
For NCE, APIs, Gx formulations,  
Biosimilars and Vaccines

**>40%**  
Revenues from India  
Geography (Formulations  
and wellness) in FY23

**Among  
Top 3**  
In ~60% of product  
families marketed in US<sup>4</sup>

**1<sup>st</sup>**  
Approved product for  
NASH in India - (Bilypsa<sup>®</sup> -  
Saroglitazar)

**\$7.1**  
bn  
Market Capitalization<sup>2</sup>

**8**  
Brands among Top  
300 in India<sup>5</sup>

**1<sup>st</sup>**  
OSD formulation for anemia  
associated with CKD –  
Oxemia<sup>™</sup> (Desidustat)

**36**  
Mfg. sites having  
capabilities across  
dosage forms

**25 K**  
Zydans globally incl.  
>1400 scientists (R&D)

**21**  
Biosimilars in portfolio  
(incl. 2 ADCs), launched  
13 products in India

1. In FY23, assuming exchange rate of Rs. 80.4 per USD  
2. As on 6<sup>th</sup> November, 2023, exchange rate of Rs. 83.2 per USD  
3. IQVIA MAT September 2023 TRx

4. IQVIA MAT September 2023 TRx  
5. As per IQVIA MAT September 2023

# Consolidated Financial Performance (reported)

Rs. mn	Q2 FY24	Q2 FY23	YoY gr.	Q1 FY24	QoQ gr.	H1 FY24	H1 FY23	YoY gr.
<b>Total Income from Ops.</b>	<b>43,688</b>	<b>40,055</b>	<b>9.1%</b>	<b>51,396</b>	<b>-15.0%</b>	<b>95,084</b>	<b>79,698</b>	<b>19.3%</b>
Gross Contribution (GC)	28,950	24,111	20.1%	34,652	-16.5%	63,602	48,661	30.7%
Gross Margin %	66.3%	60.2%		67.4%		66.9%	61.1%	
Employee benefits expenses *	6,737	5,997	12.3%	6,524	3.3%	13,261	12,039	10.2%
R&D expenses	3,225	2,534	27.3%	3,239	-0.4%	6,464	5,376	20.2%
Other operating expenses *	8,349	8,719	-4.2%	9,565	-12.7%	17,914	17,139	4.5%
Net (gain)/loss on foreign currency transactions	-822	-1,292	36.4%	271	-403.3%	-551	-2,376	76.8%
<b>EBITDA</b>	<b>11,461</b>	<b>8,153</b>	<b>40.6%</b>	<b>15,053</b>	<b>-23.9%</b>	<b>26,514</b>	<b>16,483</b>	<b>60.9%</b>
EBITDA Margin %	26.2%	20.4%		29.3%		27.9%	20.7%	
Other Income	540	444	21.6%	360	50.0%	900	1,103	-18.4%
Finance cost	87	351	-75.2%	181	-51.9%	268	694	-61.4%
Depreciation and amortization	1,842	1,818	1.3%	1,798	2.4%	3,640	3,625	0.4%
<b>PBT before exceptional items</b>	<b>10,072</b>	<b>6,428</b>	<b>56.7%</b>	<b>13,434</b>	<b>-25.0%</b>	<b>23,506</b>	<b>13,267</b>	<b>77.2%</b>
Exceptional Expenses/ (Incomes)	-	-		142	-100.0%	142	29	389.7%
<b>Profit before Tax</b>	<b>10,072</b>	<b>6,428</b>	<b>56.7%</b>	<b>13,292</b>	<b>-24.2%</b>	<b>23,364</b>	<b>13,238</b>	<b>76.5%</b>
Tax expenses	2,264	1,370	65.3%	2,161	4.8%	4,425	2,554	73.3%
Share of profit from JVs	234	148	58.1%	215	8.8%	449	369	21.7%
Profit/(loss) from discontinued ops.	-10	55	-118.2%	-10	0.0%	-20	-28	
Minority Interest	25	36	-30.6%	467	-94.6%	492	617	-20.3%
<b>Reported Net Profit</b>	<b>8,007</b>	<b>5,225</b>	<b>53.2%</b>	<b>10,869</b>	<b>-26.3%</b>	<b>18,876</b>	<b>10,408</b>	<b>81.4%</b>

\* Excludes Research related expenses

# Details of Exchange Rate Fluctuations

Rs. mn	Q2 FY24	Q2 FY23	YoY gr. %	H1 FY24	H1 FY23	YoY gr. %
<b>A. On operating transactions (above EBITDA line)</b>	<b>-853</b>	<b>-1,372</b>	<b>37.8%</b>	<b>-579</b>	<b>-2,541</b>	<b>77.2%</b>
a. Included in COGS	-31	-80	61%	-28	-165	83.2%
b. Part of other operating expenses (shown separately)	-822	-1,292		-551	-2,376	
<b>B. On other income</b>	<b>-</b>	<b>-87</b>	<b>100.0%</b>	<b>-</b>	<b>-236</b>	<b>100.0%</b>
<b>C. On foreign currency borrowings (part of finance cost)</b>				<b>4</b>	<b>1</b>	<b>300.0%</b>
<b>Total Exchange Rate Fluctuations ('+' = loss, '-' = gain)</b>	<b>-853</b>	<b>-1,459</b>	<b>41.5%</b>	<b>-575</b>	<b>-2,776</b>	<b>79.3%</b>



# Thank you

For any queries, please contact  
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[Arvind.Bothra@zyduslife.com](mailto:Arvind.Bothra@zyduslife.com)  
+91-22-62711905



For more information, please visit:  
[www.zyduslife.com](http://www.zyduslife.com)



[www.linkedin.com/company/zyduslife](http://www.linkedin.com/company/zyduslife)



## Registered Office:

Zydus Corporate Park, Scheme No. 63, Survey No. 536,  
Khoraj (Gandhinagar), Nr. Vaishnodevi Circle,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad – 382 481  
Gujarat, India