

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	ERIS IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	246.3 / 2.8
52-Week Range (INR)	1910 / 1035
1, 6, 12 Rel. Per (%)	9/26/65
12M Avg Val (INR M)	335

Financials & valuations (INR b)

Y/E MARCH	2025	2026E	2027E
Sales	28.9	33.5	38.7
EBITDA	10.2	12.1	14.1
Adj. PAT	3.5	5.2	7.5
EBIT Margin (%)	24.3	26.2	27.5
Cons. Adj. EPS (INR)	25.6	37.7	54.4
EPS Gr. (%)	-12.4	47.1	44.3
BV/Sh. (INR)	207.6	239.7	288.6
Ratios			
Net D:E	0.8	0.5	0.2
RoE (%)	12.9	16.8	20.6
RoCE (%)	10.4	13.1	16.2
Payout (%)	21.5	14.6	10.1
Valuations			
P/E (x)	70.7	48.1	33.3
EV/EBITDA (x)	26.7	22.0	18.2
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	3.7	3.3	4.2
EV/Sales (x)	9.4	7.9	6.7

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	54.8	54.9	54.9
DII	18.2	18.1	16.2
FII	8.4	8.4	14.6
Others	18.6	18.7	14.3

FII includes depository receipts

CMP: INR1,808
TP: INR1,700 (-6%)
Neutral
Domestic formulations business drives earnings
Strategic reset lowers trade generics and intensifies focus on GLP-1/CDMO outlook

- Eris Lifesciences (ERIS) delivered in-line revenue for 1QFY26. However, its EBITDA and PAT were lower than our expectations (3%/7% miss). Higher operating costs and the reduced international business led to lower profitability for the quarter.
- ERIS is transitioning its domestic branded formulation (DBF) business by increasing its focus on the anti-diabetes portfolio and minimizing its efforts in the trade generics business.
- It is enhancing its business prospects in Insulin and GLP-1 products by solving shortage issues (Insulin) and adding capacities at the Bhopal plant.
- Through the EU-accredited Swiss parenteral facilities, ERIS is garnering CDMO contracts in Europe and building a further growth lever in the international business.
- We broadly maintain our earnings estimate for FY26/FY27. We value ERIS at 30x 12M forward earnings to arrive at our TP of INR1,700.
- We expect a 16%/18% revenue/EBITDA CAGR over FY25-27, led by improved traction in its flagship therapies (anti-diabetes and cardiac) and emerging therapies (women's health, critical care, and oncology). The reduction in net debt is likely to lower the interest outgo and drive a 46% PAT CAGR over FY25-27.
- However, we **reiterate our Neutral rating** on ERIS due to its rich valuations.

Segmental mix drives better profitability YoY

- ERIS' 1QFY26 revenue grew 7% YoY to INR7.7b (vs. our est: INR7.8).
- Gross margin expanded 120bp YoY to 76% due to lower cost of buying finished goods and a better business mix.
- However, EBITDA margin expanded 100bp YoY to ~36% (our est. 37%), due to increased gross margins. Employee costs and other expenses (+30bp/-10bp YoY as a % of sales) were stable for the quarter.
- EBITDA rose 11% YoY to INR2.7b (vs. our estimate of INR2.8)
- Adj. PAT increased 41% YoY to INR1.2 (vs. our estimate of INR1.3b).

Highlights from the management commentary

- ERIS reaffirmed its overall revenue guidance of INR33.2b-INR35b with EBITDA of INR11.9b-INR12.5b for FY26.
- While its 1Q sales declined in the international business, ERIS remains confident of achieving a revenue of INR3.8b in FY26.
- Management could not get approval to launch liraglutide 3mg in India, and hence, the business from this product has been lower. It is expected to pick up in the coming months.

- The patient enrolment for semaglutide would be completed by Aug'25. Six months would be required for the study. Subsequently, it would take two months for approval. Hence, ERIS remains confident to launch semaglutide in India in the first wave of market formation.
- While net debt increased by INR1b QoQ in 1QFY26, Eris is expected to reduce the net debt to INR18b by the end of FY26.

Consolidated - Quarterly Earnings											(INR m)
Y/E March	FY25				FY26E				FY25	FY26E Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			
Gross Sales	7,197	7,412	7,275	7,053	7,730	8,079	8,657	9,028	28,936	33,493	7,773
YoY Change (%)	54.2	46.7	49.6	28.0	7.4	9.0	19.0	28.0	44.0	15.7	8.0
Total Expenditure	4,697	4,767	4,771	4,529	4,963	5,154	5,558	5,742	18,764	21,417	4,920
EBITDA	2,500	2,645	2,503	2,524	2,767	2,925	3,099	3,286	10,172	12,077	2,853
Margins (%)	34.7	35.7	34.4	35.8	35.8	36.2	35.8	36.4	35.2	36.1	36.7
Depreciation	759	805	812	773	705	809	867	904	3,149	3,286	778
Interest	604	595	572	543	487	419	419	419	2,313	1,744	419
Other Income	16	46	42	80	27	51	55	57	184	190	49
PBT before EO expense	1,153	1,291	1,162	1,288	1,602	1,747	1,868	2,020	4,894	7,237	1,705
Extra-Ord expense	0	0	0	-1	-9	0	0	0	-1	-9	0
PBT	1,153	1,291	1,162	1,289	1,611	1,747	1,868	2,020	4,895	7,246	1,705
Tax	259	328	292	265	360	381	426	487	1,144	1,654	358
Rate (%)	22.5	25.4	25.2	20.6	22.3	21.8	22.8	24.1	23.4	22.8	21.0
MI & Profit/Loss of Asso. Cos.	62	48	33	85	71	95	110	129	228	405	80
Reported PAT	832	916	836	938	1,180	1,272	1,332	1,405	3,522	5,188	1,267
Adj PAT	832	916	836	938	1,173	1,272	1,332	1,405	3,522	5,181	1,267
YoY Change (%)	-12.3	-25.8	-18.6	15.0	41.0	38.8	59.3	49.8	-12.4	47.1	52.3
Margins (%)	11.6	12.4	11.5	13.3	15.2	15.7	15.4	15.6	12.2	15.5	16.3

E: MOFSL Estimates



Eris's secondary sales grew 4.9% YoY in Jun'25 vs. a decline of 3.4% YoY in May'25. Insugen/Cyblex Mv outperformed, but a dip in Remylin D/Zomelis-Met dragged the overall growth in Jun'25.

Cardiac/VMN hit overall YoY growth at the therapy level for Jun'25

Growth was driven by new launches and price hikes on a MAT basis, offset by a decline in volumes in Jun'25.

Key exhibits

Exhibit 1: Top 10 drugs

Drug	Therapy	MAT Jun'25		Growth (%)	
		Value (INRm)	Growth (%)	Market Sh. %	Last 3M
Total		30731	3.6	100.0	4.1
Renerve Plus	Vitamins/Minerals/Nutrients	1444	3.1	10.5	5.2
Glimisave Mv	Anti Diabetic	1422	7.4	10.6	3.7
Insugen	Anti Diabetic	1125	26.2	4.4	43.6
Basalog	Anti Diabetic	1069	15.4	8.9	11.3
Glimisave-M	Anti Diabetic	1006	-1.8	2.9	1.7
Cyblex Mv	Anti Diabetic	496	22.6	52.1	21.4
Eritel Ln	Cardiac	488	7.6	7.6	11.7
Remylin D	Vitamins/Minerals/Nutrients	452	-1.9	10.6	-13.7
Zomelis-Met	Anti Diabetic	432	-12.0	4.7	-12.1
Eritel Ch	Cardiac	376	-2.9	6.3	-2.2

* Three-months: Apr-Jun'25

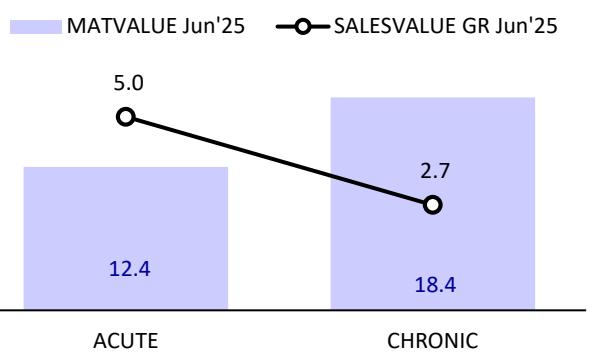
Source: IQVIA, MOFSL

Exhibit 2: Therapy mix (%)

	Share	MAT growth (%)	3M*	Jun'25
Total	100.0	3.6	4.1	4.9
Anti Diabetic	32.9	9.8	12.2	9.5
Cardiac	15.0	3.1	3.2	2.9
Derma	13.0	15.2	12.5	16.0
Vitamins/Minerals/Nutrients	12.2	-1.0	-6.1	-4.0
Antineoplast/Immunomodulator	5.9	-16.1	-12.9	-13.9
Gynaec.	4.7	-5.3	4.3	14.2

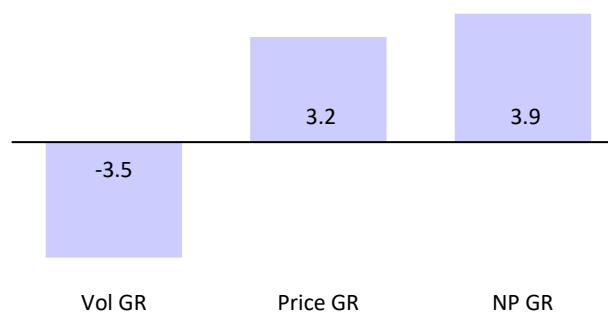
Source: IQVIA, MOFSL

Exhibit 3: Acute vs. Chronic (MAT growth)



Source: IQVIA, MOFSL

Exhibit 4: Growth distribution (%; MAT Jun'25)



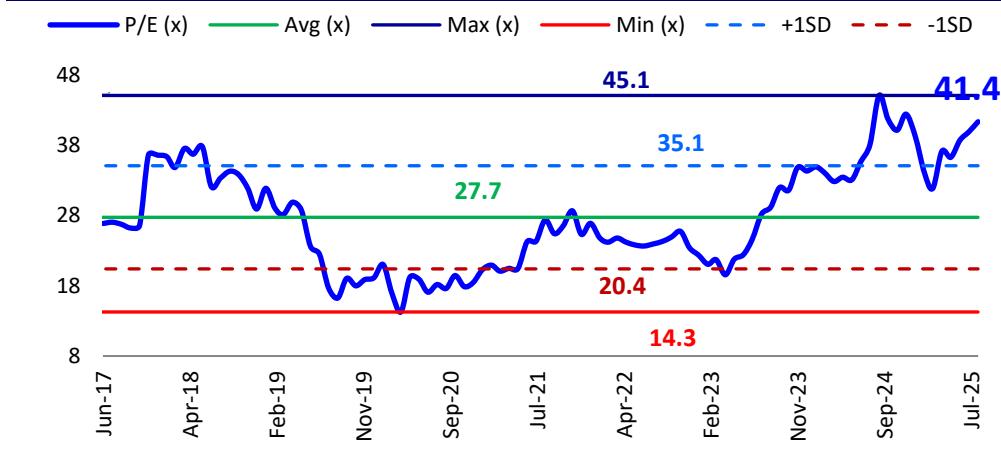
Source: IQVIA, MOFSL



Highlights from the management interaction

- Bhopal vial manufacturing has been commissioned after considerable delays. Bhopal cartridge manufacturing is expected to be commissioned by 4QFY26.
- The RHI cartridge market opportunity is expected to accrue to ERIS from Nov-Dec'25.
- ERIS reduced the trade generics business division by reprioritizing strategic focus on other potential areas of growth.
- ERIS has added a potential opportunity for the EU market in injectable dosage. ERIS is expected to be among the early entrants post-loss of exclusivity.

Exhibit 5: P/E Chart



Strength in domestic therapies and international CDMO contracts to fuel growth

Domestic branded formulation – portfolio expansion to drive 15% sales CAGR over FY25-27

- ERIS delivered 11% YoY revenue growth in 1QFY26 on an organic basis. Adjusting for the discontinued trade generics and insulin shortages, the business grew 13-14% YoY for the quarter.
- ERIS has a two-prong strategy of strengthening its presence by expanding its portfolio in flagship therapies such as anti-diabetes, CVD, and VMN.
- It also has emerging therapies like dermatology, women's health, CNS, critical care, nephrology, and oncology.
- Particularly, in anti-diabetes therapy, ERIS not only broadened its portfolio with the introduction of orally administered anti-hyperglycemic agents such as Dapagliflozin, Sitagliptin, Linagliptin, and Empagliflozin, but also expanded its footprint in the insulin segment.
- Specifically, ERIS would have Zayo-trio (a combi-pack of Sacubitril-Valsartan, Dapagliflozin, and Bisoprolol) in 2QFY26. It would be launching other combinations such as Dapa-Telmisartan, Dapa-Pio-Met, Sita-Gliclazide, Sita-Glicla-Met, and Esaxerenone in 3QFY26.
- ERIS exhibited broadly in-line covered market growth in cardiac care. ERIS has increased its offering in this therapy with key launches like Natribeta, Gluxit Beta, and Eritel Beta Trio over the past 12 months and consistent engagement with cardiovascular specialists.
- The VMN therapy has witnessed underperformance vs. the industry over the past 12M. Having said this, it has added two new divisions for this therapy with a higher focus on co-prescription with other specialties.
- Eris is reasonably scaling up the dermatology therapy post-strengthening its offering through Oaknet and select brand additions from Glenmark and Dr. Reddy's lab. Notably, ERIS grew 13% YoY in this therapy in 1QFY26, as per IMS.
- It is preparing itself in terms of both marketing/promotional activities as well as validation of synthetic semaglutide cartridges at its manufacturing sites.
- Overall, we expect a 15% sales CAGR in the domestic branded formulation segment to reach INR34b over FY25-27.

International business – working on securing the European contracts and regulatory approvals from other markets

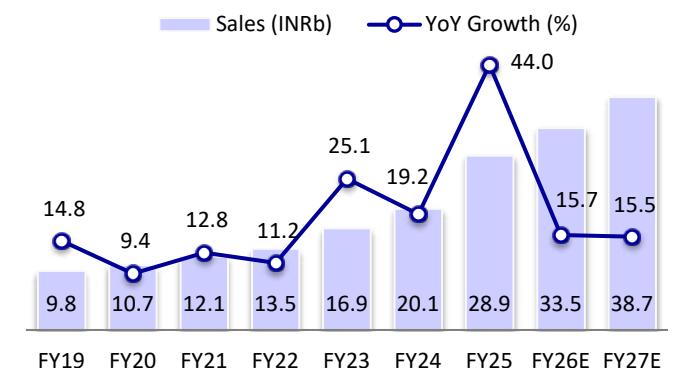
- After delivering robust 12% YoY growth in revenue/33.5% EBITDA margin in FY25, ERIS exhibited revenue/EBITDA margin of INR680m/32% for 1QFY26.
- ERIS is not only utilizing the Swiss parenteral facility for manufacturing the critical care segment of ERIS but also for peptide opportunities over the medium term. Notably, it is in the process of validating semaglutide as well as building manufacturing capacity for international markets like Brazil and the rest of the world.
- In addition, it is working to secure contracts under CDMO for European markets. In fact, ERIS has confirmed contracts worth INR1b revenue per annum in various stages of execution starting FY27.
- We expect a 15% sales CAGR in international business to reach INR4.4b over FY25-27.

Valuation and view

- We broadly maintain our earnings estimate for FY26/FY27. We value ERIS at 30x 12M forward earnings to arrive at our TP of INR1,700.
- We expect a 16%/18% revenue/EBITDA CAGR over FY25-27, led by improved traction in its flagship therapies (anti-diabetes and cardiac) and emerging therapies (women's health, critical care, and oncology). The reduction in net debt is likely to lower the interest outgo and drive a 46% PAT CAGR over FY25-27.
- However, we **reiterate our Neutral rating** on ERIS due to its rich valuations.

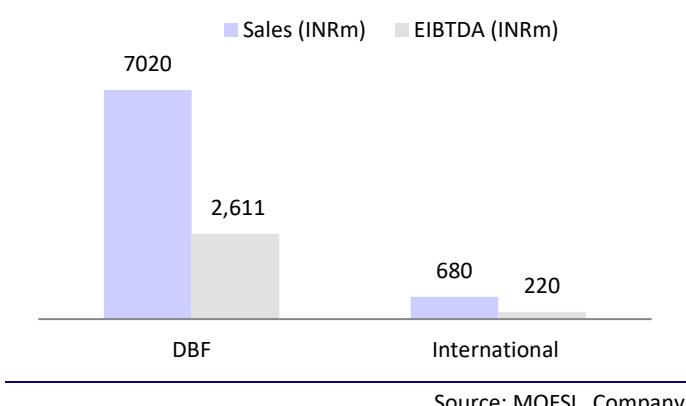
Story in Charts

Exhibit 6: Expect 15% revenue CAGR over FY25-27



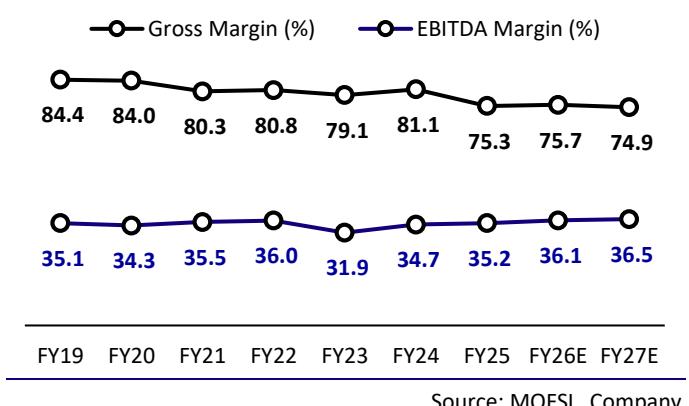
Source: MOFSL, Company

Exhibit 7: Segmental sales/EBITDA snapshot (1QFY26)



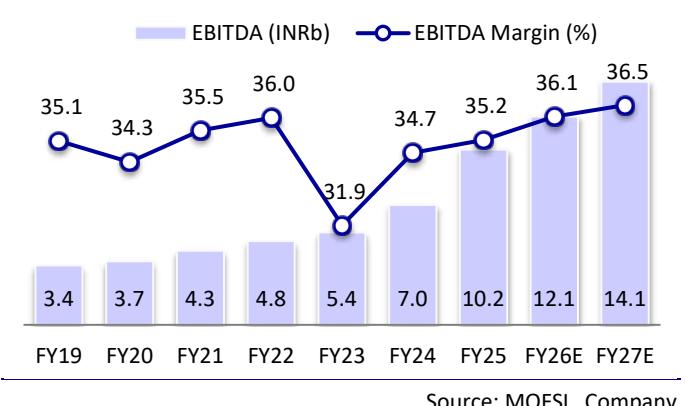
Source: MOFSL, Company

Exhibit 8: Gross margin to reach 75% by FY27E



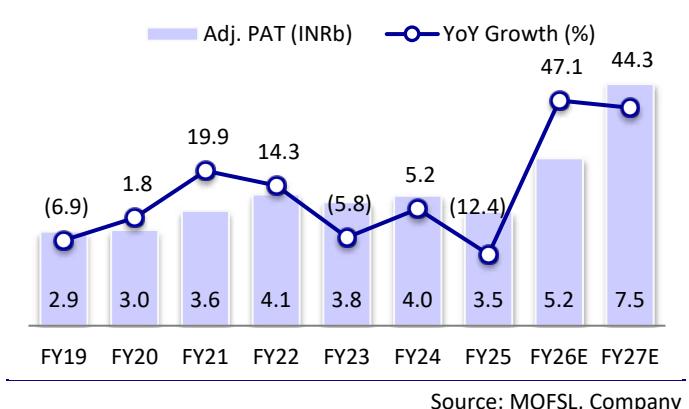
Source: MOFSL, Company

Exhibit 9: EBITDA margin to expand 130bp over FY25-27E



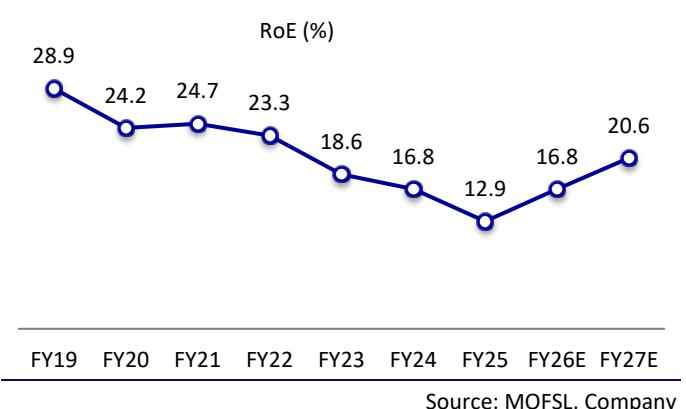
Source: MOFSL, Company

Exhibit 10: PAT to exhibit 46% CAGR over FY25-27E



Source: MOFSL, Company

Exhibit 11: RoE to expand to 20% by FY27E



Source: MOFSL, Company

Financial and valuations

Consolidated - Income Statement							(INRm)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	12,119	13,470	16,851	20,091	28,936	33,493	38,673
Change (%)	12.8	11.2	25.1	19.2	44.0	15.7	15.5
Total Expenditure	7,813	8,621	11,484	13,129	18,764	21,417	24,557
EBITDA	4,306	4,850	5,368	6,962	10,172	12,077	14,115
Margin (%)	35.5	36.0	31.9	34.7	35.2	36.1	36.5
Depreciation	430	647	1,171	1,830	3,149	3,286	3,478
EBIT	3,876	4,203	4,197	5,132	7,023	8,791	10,637
Int. and Finance Charges	18	41	262	848	2,313	1,744	1,097
Other Income	87	261	112	238	184	190	245
PBT bef. EO Exp.	3,945	4,422	4,046	4,522	4,894	7,237	9,785
EO Items	0	0	0	-214	-1	9	0
PBT after EO Exp.	3,945	4,422	4,046	4,308	4,893	7,246	9,785
Total Tax	394	364	305	342	1,144	1,654	2,055
Tax Rate (%)	10.0	8.2	7.5	7.9	23.4	22.8	21.0
Minority Interest	0	0	80	-51	228	405	251
Reported PAT	3,551	4,058	3,822	3,916	3,521	5,188	7,479
Adjusted PAT	3,551	4,058	3,822	4,021	3,522	5,181	7,479
Change (%)	19.9	14.3	-5.8	5.2	-12.4	47.1	44.3
Margin (%)	29.3	30.1	22.7	20.0	12.2	15.5	19.3

Consolidated - Balance Sheet							(INRm)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	136	136	136	136	136	136	136
Total Reserves	15,628	18,947	21,824	25,725	28,407	32,821	39,544
Net Worth	15,764	19,083	21,960	25,861	28,543	32,957	39,680
Minority Interest	0	-1	247	6,359	4,174	4,174	4,174
Total Loans	0	450	8,300	27,353	24,217	19,717	13,717
Deferred Tax Liabilities	-1,511	-1,970	-163	2,359	2,294	2,294	2,294
Capital Employed	14,253	17,562	30,344	61,931	59,228	59,142	59,865
Gross Block	1,757	2,506	4,634	6,726	9,454	10,480	11,696
Less: Accum. Deprn.	978	1,294	1,594	2,164	3,054	4,150	5,370
Net Fixed Assets	779	1,212	3,040	4,562	6,401	6,330	6,326
Gross intangible asset	7,366	7,439	20,546	32,621	42,589	42,589	42,589
Accumulated amortization	541	873	1,744	3,004	5,262	7,452	9,710
Net intangible asset	6,825	6,566	18,803	29,617	37,327	35,138	32,879
Goodwill on Consolidation	935	935	3,318	8,612	9,120	9,120	9,120
Capital WIP	16	270	217	197	220	894	679
Total Investments	2,940	5,204	367	155	670	670	670
Curr. Assets, Loans&Adv.	4,847	6,103	8,189	24,276	13,703	16,444	21,076
Inventory	945	1,179	1,314	1,890	3,348	3,822	4,382
Account Receivables	1,405	1,610	2,927	4,220	4,586	5,309	6,130
Cash and Bank Balance	383	523	560	942	1,997	2,949	5,525
Loans and Advances	2,114	2,791	3,387	17,224	3,771	4,365	5,040
Curr. Liability & Prov.	2,088	2,728	3,590	5,487	8,214	9,454	10,886
Account Payables	1,026	1,178	1,248	2,683	3,324	3,793	4,349
Other Current Liabilities	474	839	1,207	1,656	3,420	3,958	4,571
Provisions	588	712	1,136	1,148	1,471	1,702	1,966
Net Current Assets	2,759	3,375	4,599	18,789	5,489	6,990	10,190
Appl. of Funds	14,253	17,562	30,344	61,931	59,228	59,142	59,864

E: MOFSL Estimates

Financial and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
EPS	25.8	29.5	27.8	29.2	25.6	37.7	54.4
Cash EPS	29.0	34.2	36.3	42.6	48.5	61.6	79.7
BV/Share	114.6	138.8	159.7	188.1	207.6	239.7	288.6
DPS	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Payout (%)	21.3	18.6	19.8	19.3	21.5	14.6	10.1
Valuation (x)							
P/E	70.2	61.4	65.2	62.0	70.7	48.1	33.3
Cash P/E	62.6	53.0	49.9	42.6	37.4	29.4	22.7
P/BV	15.8	13.1	11.3	9.6	8.7	7.6	6.3
EV/Sales	20.5	18.5	15.2	13.7	9.4	7.9	6.7
EV/EBITDA	57.8	51.4	47.9	39.6	26.7	22.0	18.2
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	25.4	18.8	-40.0	-15.3	66.2	59.4	75.9
Return Ratios (%)							
RoE	24.7	23.3	18.6	16.8	12.9	16.8	20.6
RoCE	24.8	23.2	16.0	11.8	10.4	13.1	16.2
RoIC	32.9	34.3	19.0	10.5	9.2	12.2	15.6
Working Capital Ratios							
Inventory (Days)	28	32	28	34	42	42	41
Debtor (Days)	42	44	63	77	58	58	58
Creditor (Days)	31	32	27	49	42	41	41
Leverage Ratio (x)							
Net Debt/Equity	-0.2	-0.3	0.3	1.0	0.8	0.5	0.2

Consolidated - Cash Flow Statement

(INRm)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	3,945	4,422	4,046	4,312	4,889	7,237	9,785
Depreciation	430	647	1,171	1,826	3,155	3,286	3,478
Interest & Finance Charges	-5	41	262	848	2,313	1,553	852
Direct Taxes Paid	-685	-833	-772	-1,008	-979	-1,654	-2,055
(Inc)/Dec in WC	53	-299	-1,755	-987	1,260	-550	-625
CF from Operations	3,738	3,979	2,952	4,992	10,637	9,873	11,436
Others	16	-196	-34	-131	13	-9	0
CF from Operating incl EO	3,754	3,783	2,917	4,860	10,650	9,864	11,436
(Inc)/Dec in FA	-257	-1,203	-8,413	-6,960	-1,546	-1,700	-1,000
Free Cash Flow	3,497	2,580	-5,495	-2,100	9,104	8,164	10,436
(Pur)/Sale of Investments	-2,946	-1,881	4,904	-11,656	12,840	0	0
Others	-30	-112	-6,313	70	-12,094	190	245
CF from Investments	-3,233	-3,196	-9,821	-18,545	-800	-1,510	-755
Issue of Shares	0	0	0	45	72	0	0
Inc/(Dec) in Debt	-59	450	7,850	14,628	-3,972	-4,500	-6,000
Interest Paid	-18	-39	-234	-773	-1,451	-1,744	-1,097
Dividend Paid	-747	-816	-999	0	-10,005	-756	-756
Others	0	-42	264	167	6,541	-405	-251
CF from Fin. Activity	-824	-447	6,880	14,068	-8,814	-7,405	-8,105
Inc/Dec of Cash	-304	140	-23	383	1,036	950	2,576
Opening Balance	673	369	508	560	944	1,998	2,949
Others	13	15	75	0	18		
Closing Balance	383	523	560	943	1,997	2,949	5,525

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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