Eris Lifesciences

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ERIS IN
Equity Shares (m)	139
M.Cap.(INRb)/(USDb)	197.5 / 2.1
52-Week Range (INR)	1888 / 1200
1, 6, 12 Rel. Per (%)	0/11/-18
12M Avg Val (INR M)	193

Financials & valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Sales	31.3	35.4	40.3
EBITDA	11.2	12.7	14.7
Adj. PAT	4.8	6.3	7.7
EBIT Margin (%)	26.9	27.8	28.5
Cons. Adj. EPS (INR)	34.6	45.7	56.3
EPS Gr. (%)	35.1	32.0	23.3
BV/Sh. (INR)	283.8	323.0	372.9
Ratios			
Net D:E	0.6	0.4	0.2
RoE (%)	14.1	15.1	16.2
RoCE (%)	15.0	12.6	14.4
Payout (%)	14.4	14.2	11.5
Valuations			
P/E (x)	41.3	31.3	25.3
EV/EBITDA (x)	19.5	16.9	14.1
Div. Yield (%)	0.5	0.5	0.5
FCF Yield (%)	1.2	3.7	5.1
EV/Sales (x)	7.0	6.0	5.1

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	54.1	53.9	54.8
DII	20.7	20.4	18.2
FII	5.8	6.4	8.4
Others	19.4	19.3	18.6

FII includes depository receipts

CMP: INR1,425 TP: INR1,435 (+1) Neutral

Domestic branded formulation drives earnings

Remediation measures weigh on the international business

- Eris Lifescience (ERIS) delivered slightly better-than-expected revenue for the quarter. However, EBITDA/PAT were marginally below our estimates (4%/6% miss).
- The domestic branded formulation (DBF) segment has witnessed an improving YoY growth trend, with the insulin, Onco-Nephro, and VMN categories significantly outperforming the industry.
- The oral anti-diabetes (OAD) and cardiac therapy witnessed muted YoY growth compared to the industry.
- The international business performance was impacted by the implementation of corrective actions to address EU regulatory issues.
- We reduce our FY27/FY28 estimates by 6%/2%, factoring in: a) a gradual revival in OAD and cardiac therapy growth, and b) an additional opex in the Swiss parenterals business. We value ERIS at 25x 12M forward earnings to arrive at a TP of INR1,450.
- We expect 13%/15%/28% revenue/EBITDA/PAT CAGR over FY26-28, reaching INR40b/INR15b/INR8b. The current valuation adequately factors in the earnings upside. **Reiterate Neutral.**

Product mix impact offset by operating leverage to some extent on a YoY basis

- ERIS' 1QFY27 revenue grew 13% YoY to INR8.7b (vs our est: INR8.4b).
- DBF revenue grew 14% YoY to INR8b.
- International business revenue grew 5% YoY to INR720m.
- Gross margin contracted 350bp YoY to 72.6%.
- EBITDA margin contracted 190bp YoY to ~33.9% (our est. 36.4%).
- EBITDA increased 7.1% YoY to INR3b (vs our estimate: INR3.1b)
- PAT increased 21.4% YoY to INR1.4b (vs our estimate: INR1.5b).

Highlights from the management commentary

- Monthly sales for semaglutide have remained stable (~INR40m/month), with upside expected from the launch of the obesity SKU in 2QFY27.
- Semaglutide offtake has been slower at the industry level, with prescriptions largely driven by diabetes treatment rather than a weight loss perspective.
- Management highlighted patient resistance to Semaglutide adoption at the clinic level across indications. However, treatment outcomes in diabetes have been successful.
- International revenue is expected to remain broadly flat to grow at low single digits in FY27. International EBITDA margin is expected to contract by ~200bp in FY27 due to remediation-related costs.

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- GM contraction was largely driven by the product mix, while solvent price fluctuations had a limited impact on gross margin.
- ERIS completed three engineering batches at its Bhopal biologics facility: Insulin Degludec/Degludec combination/Recombinant Semaglutide. Regulatory filings for these products are expected in 2QFY27.

Consolidated - Quarterly Earning (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Gross Sales	**7,730**	**7,924**	**8,075**	**7,566**	**8,733**	**8,747**	**8,962**	**8,998**	**31,294**	**35,440**	**8,426**	3.6
YoY Change (%)	7.4	6.9	11.0	7.3	13.0	10.4	11.0	18.9	8.1	13.2	9.0	
Total Expenditure	4,963	5,042	5,258	4,830	5,770	5,537	5,655	5,786	20,093	22,748	5,359	
EBITDA	**2,767**	**2,882**	**2,816**	**2,736**	**2,962**	**3,210**	**3,307**	**3,212**	**11,201**	**12,692**	**3,067**	-3.4
Margins (%)	35.8	36.4	34.9	36.2	33.9	36.7	36.9	35.7	35.8	35.8	36.4	
Depreciation	705	691	703	696	721	698	715	718	2,795	2,852	627	
Interest	487	496	488	456	467	459	436	413	1,927	1,774	463	
Other Income	27	28	0	22	24	22	22	22	78	90	21	
PBT before EO expense	**1,602**	**1,724**	**1,625**	**1,606**	**1,799**	**2,075**	**2,178**	**2,104**	**6,557**	**8,157**	**1,998**	
Extra-Ord expense	-9	-3	172	0	0	0	0	0	161	0	0	
PBT	**1,611**	**1,727**	**1,452**	**1,606**	**1,799**	**2,075**	**2,178**	**2,104**	**6,396**	**8,157**	**1,998**	
Tax	360	382	365	-1,197	362	425	447	431	-90	1,665	420	
Rate (%)	22.3	22.1	25.1	-74.5	20.1	20.5	20.5	20.5	-1.4	20.4	21.0	
Minority Interest & P/L of Asso. Cos.	71	143	90	-24	13	63	63	63	280	202	63	
Reported PAT	**1,180**	**1,202**	**997**	**2,827**	**1,424**	**1,587**	**1,669**	**1,610**	**6,206**	**6,290**	**1,515**	
Adj PAT	**1,173**	**1,200**	**1,126**	**1,261**	**1,424**	**1,587**	**1,669**	**1,610**	**4,759**	**6,290**	**1,515**	-6.0
YoY Change (%)	41.0	31.0	34.7	34.4	21.4	32.3	48.2	27.7	35.1	32.1	29.2	
Margins (%)	15.2	15.1	13.9	16.7	16.3	18.1	18.6	17.9	15.2	17.7	18.0	

Secondary sales grew 13.8% YoY in Jun'26 vs. 13% in May'26. Subdued performance in Glimisave-M/ Eritel Ln dragged overall performance.

Exhibit 1: Top 10 drugs

Drug	Therapy	MAT Jun'26 Value (INR m)	MAT Jun'26 Growth (%)	MAT Jun'26 Market Sh. (%)	Growth (%) Last 3M	Growth (%) Jun'26
Total		**34,558**	**9.6**	**100.0**	**12.2**	**13.8**
Renerve Plus	Vitamins/Minerals/Nutrients	1,548	7.2	10.4	10.9	21.8
Glimisave Mv	Anti Diabetic	1,452	2.1	10.5	4.6	12.7
Insugen	Anti Diabetic	1,368	21.6	5.4	20.6	26.4
Basalog	Anti Diabetic	1,167	9.2	9.0	13.9	16.5
Glimisave-M	Anti Diabetic	964	-4.2	2.6	-4.4	4.1
Cyblex Mv	Anti Diabetic	602	21.2	51.4	20.1	15.3
Eritel Ln	Cardiac	541	10.8	6.5	-0.9	7.3
Hertraz	Antineoplast/Immunomodulator	517	70.9	7.1	80.5	76.4
Xsulin	Anti Diabetic	493	68.9	1.9	49.8	41.3
Remylin D	Vitamins/Minerals/Nutrients	447	-1.1	9.9	8.5	24.0

* Three-months: Apr'26-Jun'26

Source: IQVIA, MOFS

Subdued performance in major therapies, except for Antineoplast/VMN.

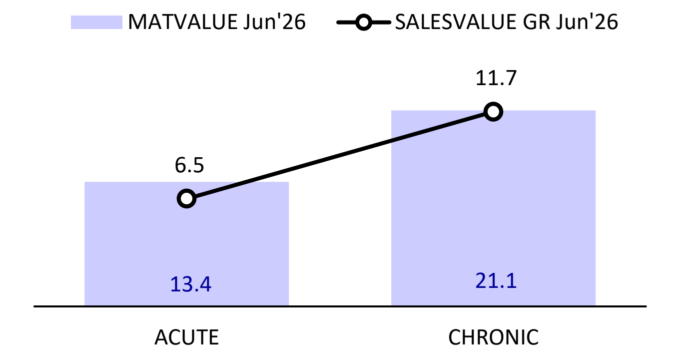
Exhibit 2: Therapy mix (%)

	Share	MAT gr. (%)	3M*	Jun'26
Total	**100.0**	**9.6**	**12.2**	**13.8**
Anti Diabetic	33.2	10.5	13.8	16.5
Cardiac	15.7	11.2	11.1	12.1
Derma	13.1	13.6	11.1	13.1
Vitamins/Minerals/Nutrients	12.1	10.3	19.9	26.7
Antineoplast/Immunomodulator	6.6	25.6	31.4	33.9
Gynaec.	4.8	15.1	11.6	8.9

Growth was driven by price hikes and new launches on a MAT basis in Jun'26.

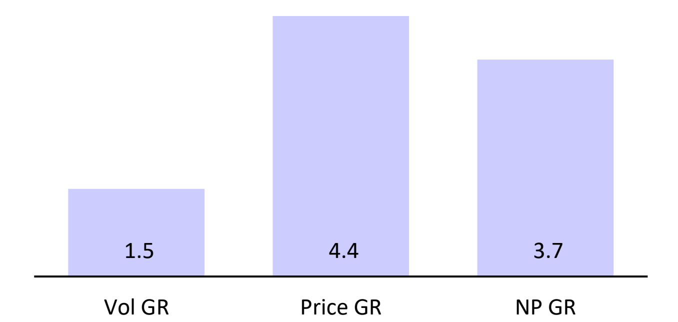
Source: IQVIA, MOFSL

Exhibit 3: Acute vs. Chronic (MAT growth)



Source: IQVIA, MOFSL

Exhibit 4: Growth distribution (%) (MAT Jun'26)

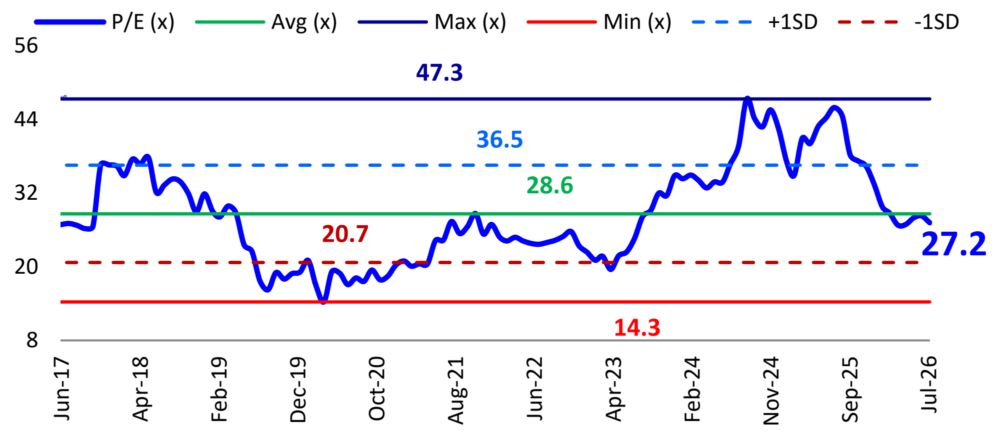


Source: IQVIA, MOFSL

Highlights from the management commentary

- ERIS' total MR count currently stands at 4,000 and plans to increase it in 2HFY27.
- The company intends to file Insulin Aspart in 4QFY27.
- It witnessed OAD therapy YoY growth of 6% vs IPM YoY growth of 11%. Regulatory ban on Glimisave MV has impacted growth of this therapy. ERIS is implementing efforts through new launches and scaling up existing products to reach industry-level growth over the medium term.
- Management expects Cardiac therapy growth to converge with IPM growth over the next two quarters.

Exhibit 5: P/E chart



Positioned for the next phase of growth across the insulin analog market

DF - chronic-led growth momentum sustained

- The DBF business reported 14% YoY revenue growth to INR8b in 1QFY27, while EBITDA grew 7% YoY to INR2.8b, with EBITDA margin contracting 200bp YoY to 35%.
- The portfolio remains heavily skewed toward chronic/sub-chronic therapies, which account for ~85% of revenue, supporting earnings visibility. Growth was led by Insulin (+27.7% YoY), Onco & Nephro (+31.3%), VMN (+19.9%), and GLP-1 (+165.5%), while the two largest therapy segments, OAD/Cardiac, accounting for ~20%/15.3% of the portfolio, grew 1.9%/11.1%.
- ERIS sustained strong execution in the insulin/RHI cartridges portfolio, with overall insulin market share increasing to 16% in MAT Jun'26. It continues to gain share in the human insulin market despite operating in a declining represented segment, with the insulin franchise delivering 26.4% YoY growth in 1QFY27, significantly outpacing the broader market.
- ERIS is yet to enter the insulin analog market, growing at 9.4% YoY, with five analog products slated to launch from FY28.
- The company has established an early leadership position in India's nascent generic GLP-1 (semaglutide) market via its flagship brand, Sundae, and witnessed a strong initial response, achieving 20% market share by sales units and 21% prescription share in Jun'26.
- Overall, we expect DBF business to deliver a 14% CAGR over FY26-28, supported by strong momentum in insulin therapies, expanding diabetes portfolio, and chronic therapy scale-up.

International business - regulatory overhang is expected to weigh on near-term growth

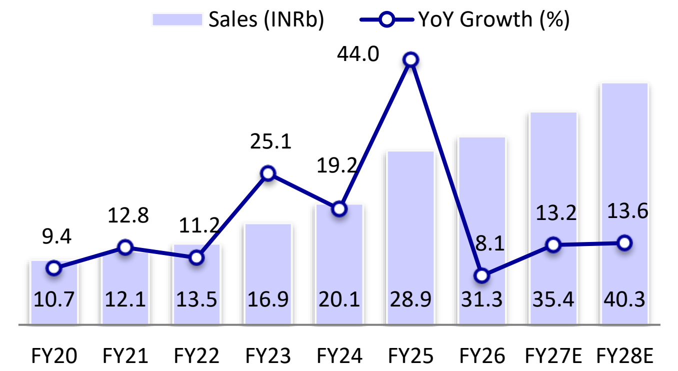
- International business revenue grew 5% YoY to INR720m in 1QFY27, while EBITDA contracted 19% YoY to INR180m, with EBITDA margin at ~25%.
- The CDMO business remained resilient in 1QFY27, supported by the negligible exposure of the base business to the EU market.
- While remediation (CAPA) activities are progressing, with sites targeted to be audit-ready by Dec'26, management expects better visibility on the potential FY27 margin impact after 2QFY27.
- While management indicated that timelines for the EU-CDMO product pipeline remain intact and all development projects are on track, it is targeting the commissioning of Unit-3.
- Overall, we expect 7% growth in the International business over FY26-28, driven by scale-up in regulated market opportunities and CDMO expansion.

Valuation and view

- We reduce our estimates for FY27/FY28 by 5.7%/2%. We value ERIS at 25x 12M forward earnings to arrive at our TP of INR1,450.
- We reduce our FY27/FY28 estimates by 6%/2%, factoring in: a) a gradual revival in OAD and cardiac therapy growth, and b) additional opex in the Swiss parenterals business. We value ERIS at 25x 12M forward earnings to arrive at a TP of INR1,450.
- We expect 13%/15%/28% revenue/EBITDA/PAT CAGR over FY26-28, reaching INR40b/INR15b/INR8b. The current valuation adequately factors in the earnings upside. **Reiterate Neutral.**

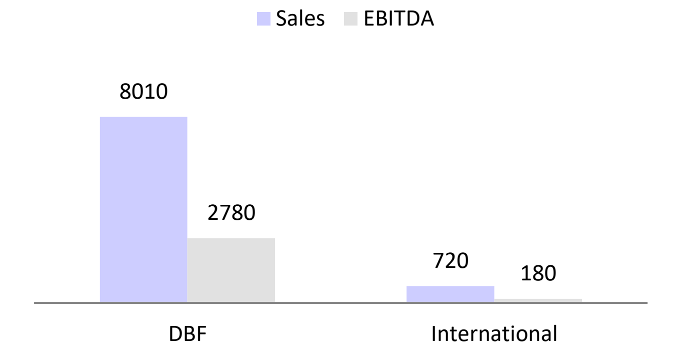
Story in charts

Exhibit 6: Expect 13% revenue CAGR over FY26-28



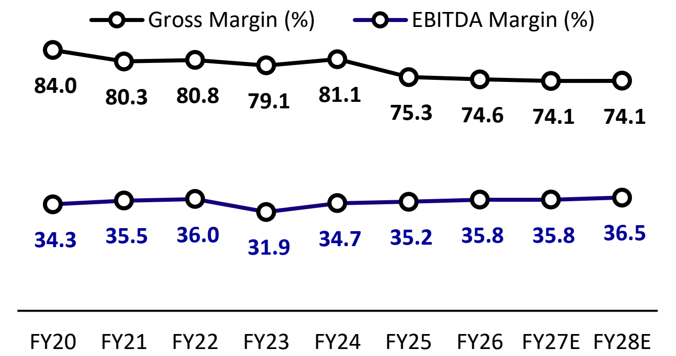
Source: MOFSL, Company

Exhibit 7: Segmental sales/EBITDA snapshot (1QFY27; INRm)



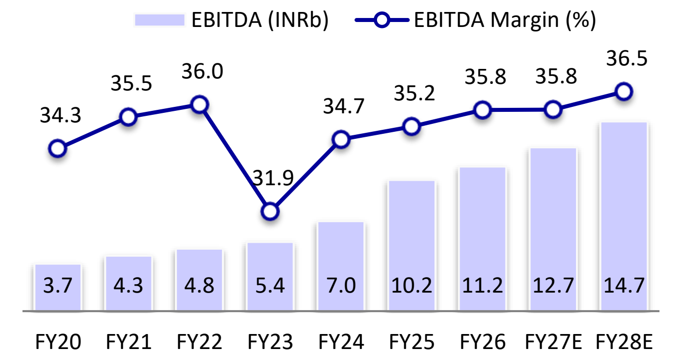
Source: MOFSL, Company

Exhibit 8: Gross margin to reach 74.1% by FY28E



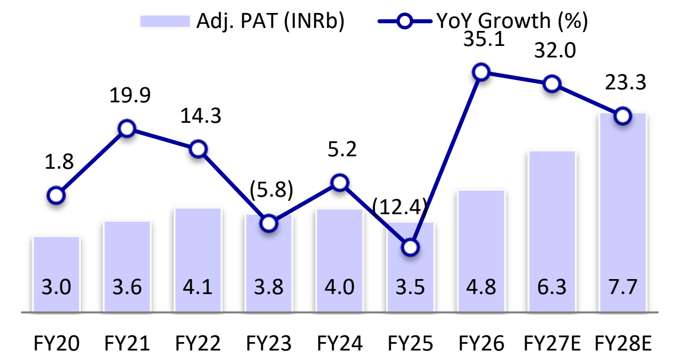
Source: MOFSL, Company

Exhibit 9: EBITDA margin to expand 70bp over FY26-28E



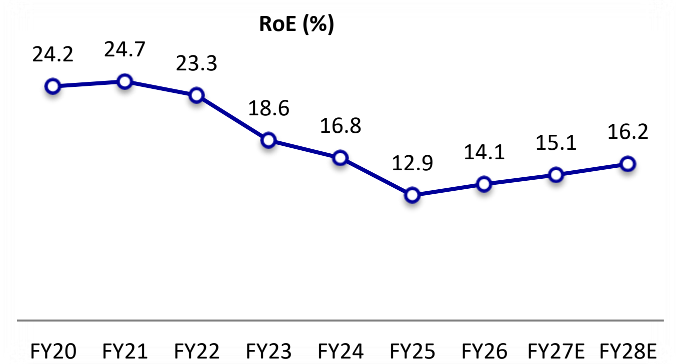
Source: MOFSL, Company

Exhibit 10: PAT to exhibit a 28% CAGR over FY26-28E



Source: MOFSL, Company

Exhibit 11: RoE to expand to 16.2% by FY28E



Source: MOFSL, Company

Financial and valuations

Consolidated - Income Statement (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**13,470**	**16,851**	**20,091**	**28,936**	**31,294**	**35,440**	**40,256**
Change (%)	11.2	25.1	19.2	44.0	8.1	13.2	13.6
Total Expenditure	**8,621**	**11,484**	**13,129**	**18,764**	**20,093**	**22,748**	**25,561**
EBITDA	**4,850**	**5,368**	**6,962**	**10,172**	**11,201**	**12,692**	**14,696**
Margin (%)	36.0	31.9	34.7	35.2	35.8	35.8	36.5
Depreciation	647	1,171	1,830	3,149	2,795	2,852	3,212
EBIT	**4,203**	**4,197**	**5,132**	**7,023**	**8,406**	**9,840**	**11,484**
Int. and Finance Charges	41	262	848	2,313	1,927	1,774	1,395
Other Income	261	112	238	184	78	90	100
PBT bef. EO Exp.	**4,422**	**4,046**	**4,522**	**4,894**	**6,557**	**8,157**	**10,188**
EO Items	0	0	-214	-1	-161	0	0
PBT after EO Exp.	**4,422**	**4,046**	**4,308**	**4,893**	**6,396**	**8,157**	**10,188**
Total Tax	364	305	342	1,144	-90	1,672	2,190
Tax Rate (%)	8.2	7.5	7.9	23.4	-1.4	20.5	21.5
Minority Interest	0	80	-51	228	280	202	251
Reported PAT	**4,058**	**3,822**	**3,916**	**3,521**	**6,206**	**6,283**	**7,746**
Adjusted PAT	**4,058**	**3,822**	**4,021**	**3,522**	**4,759**	**6,283**	**7,746**
Change (%)	14.3	-5.8	5.2	-12.4	35.1	32.0	23.3
Margin (%)	30.1	22.7	20.0	12.2	15.2	17.7	19.2

Consolidated - Balance Sheet (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	136	136	136	136	139	139	139
Total Reserves	18,947	21,824	25,725	28,407	38,888	44,277	51,130
Net Worth	**19,083**	**21,960**	**25,861**	**28,543**	**39,027**	**44,415**	**51,268**
Minority Interest	-1	247	6,359	4,174	-70	-70	-70
Total Loans	450	8,300	27,353	24,217	23,097	18,347	12,347
Deferred Tax Liabilities	-1,970	-163	2,359	2,294	622	622	622
Capital Employed	**17,562**	**30,344**	**61,931**	**59,228**	**62,675**	**63,314**	**64,166**
Gross Block	2,506	4,634	6,726	9,454	11,234	13,856	15,980
Less: Accum. Deprn.	1,294	1,594	2,164	3,054	4,150	5,370	6,590
Net Fixed Assets	**1,212**	**3,040**	**4,562**	**6,401**	**7,084**	**8,486**	**9,390**
Gross intangible asset	7,439	20,546	32,621	42,589	42,633	42,633	42,633
Accumulated amortization	873	1,744	3,004	5,262	6,961	8,592	10,584
Net intangible asset	**6,566**	**18,803**	**29,617**	**37,327**	**35,672**	**34,040**	**32,048**
Goodwill on Consolidation	935	3,318	8,612	9,120	9,120	9,120	9,120
Capital WIP	270	217	197	220	1,715	1,593	1,169
Total Investments	**5,204**	**367**	**155**	**670**	**616**	**616**	**616**
Curr. Assets, Loans&Adv.	**6,103**	**8,189**	**24,276**	**13,703**	**17,020**	**19,143**	**22,778**
Inventory	1,179	1,314	1,890	3,348	4,368	4,986	5,462
Account Receivables	1,610	2,927	4,220	4,586	6,803	7,865	8,713
Cash and Bank Balance	523	560	942	1,997	547	289	1,783
Loans and Advances	2,791	3,387	17,224	3,771	5,301	6,003	6,819
Curr. Liability & Prov.	**2,728**	**3,590**	**5,487**	**8,214**	**8,552**	**9,684**	**10,955**
Account Payables	1,178	1,248	2,683	3,324	3,297	3,732	4,193
Other Current Liabilities	839	1,207	1,656	3,420	4,011	4,543	5,160
Provisions	712	1,136	1,148	1,471	1,245	1,410	1,601
Net Current Assets	**3,375**	**4,599**	**18,789**	**5,489**	**8,468**	**9,459**	**11,823**
Appl. of Funds	**17,562**	**30,344**	**61,931**	**59,228**	**62,675**	**63,314**	**64,167**

E: MOFSL Estimates

Financial and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
EPS	**29.5**	**27.8**	**29.2**	**25.6**	**34.6**	**45.7**	**56.3**
Cash EPS	34.2	36.3	42.6	48.5	54.9	66.4	79.7
BV/Share	138.8	159.7	188.1	207.6	283.8	323.0	372.9
DPS	5.5	5.5	5.5	5.5	6.5	6.5	6.5
Payout (%)	18.6	19.8	19.3	21.5	14.4	14.2	11.5
Valuation (x)							
P/E	48.4	51.4	48.8	55.8	41.3	31.3	25.3
Cash P/E	41.7	39.3	33.6	29.4	26.0	21.5	17.9
P/BV	10.3	8.9	7.6	6.9	5.0	4.4	3.8
EV/Sales	14.6	12.1	11.1	7.6	7.0	6.0	5.1
EV/EBITDA	40.5	38.0	32.0	21.5	19.5	16.9	14.1
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.5	0.5	0.5
FCF per share	18.8	-40.0	-15.3	66.2	17.5	52.9	72.3
Return Ratios (%)							
RoE	23.3	18.6	16.8	12.9	14.1	15.1	16.2
RoCE	23.2	16.0	11.8	10.4	15.0	12.6	14.4
RoIC	34.3	19.0	10.5	9.2	14.7	13.0	14.8
Working Capital Ratios							
Inventory (Days)	32	28	34	42	51	51	50
Debtor (Days)	44	63	77	58	79	81	79
Creditor (Days)	32	27	49	42	38	38	38
Leverage Ratio (x)							
Net Debt/Equity	-0.3	0.3	1.0	0.8	0.6	0.4	0.2

Consolidated - Cash Flow Statement (INRm)

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	4,422	4,046	4,312	4,889	6,385	8,157	10,188
Depreciation	647	1,171	1,826	3,155	2,795	2,852	3,212
Interest & Finance Charges	41	262	848	2,313	1,927	1,684	1,296
Direct Taxes Paid	-833	-772	-1,008	-979	-1,244	-1,672	-2,190
(Inc)/Dec in WC	-299	-1,755	-987	1,260	-4,580	-1,250	-871
CF from Operations	**3,979**	**2,952**	**4,992**	**10,637**	**5,283**	**9,770**	**11,635**
Others	-196	-34	-131	13	97	0	0
CF from Operating incl EO	**3,783**	**2,917**	**4,860**	**10,650**	**5,380**	**9,770**	**11,635**
(Inc)/Dec in FA	-1,203	-8,413	-6,960	-1,546	-2,968	-2,500	-1,700
Free Cash Flow	**2,580**	**-5,495**	**-2,100**	**9,104**	**2,412**	**7,270**	**9,935**
(Pur)/Sale of Investments	-1,881	4,904	-11,656	12,840	105	0	0
Others	-112	-6,313	70	-12,094	-832	90	100
CF from Investments	**-3,196**	**-9,821**	**-18,545**	**-800**	**-3,695**	**-2,410**	**-1,600**
Issue of Shares	0	0	45	72	45	0	0
Inc/(Dec) in Debt	450	7,850	14,628	-3,972	-1,650	-4,750	-6,000
Interest Paid	-39	-234	-773	-1,451	-1,933	-1,774	-1,395
Dividend Paid	-816	-999	0	-1,001	0	-894	-894
Others	-42	264	167	-2,463	403	-202	-251
CF from Fin. Activity	**-447**	**6,880**	**14,068**	**-8,814**	**-3,135**	**-7,619**	**-8,541**
Inc/Dec of Cash	**140**	**-23**	**383**	**1,036**	**-1,450**	**-259**	**1,494**
Opening Balance	369	508	560	944	1,998	548	289
Closing Balance	**523**	**560**	**943**	**1,997**	**547**	**289**	**1,783**

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
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