

May 20, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,740		1,450	
Sales (Rs. m)	32,688	36,710	33,271	37,498
% Chng.	-1.8	-2.1		
EBITDA (Rs. m)	11,824	13,631	11,961	13,893
% Chng.	-1.2	-1.9		
EPS (Rs.)	38.5	53.4	39.5	54.5
% Chng.	-2.5	-2.0		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	20,091	28,936	32,688	36,710
EBITDA (Rs. m)	6,748	10,172	11,824	13,631
Margin (%)	33.6	35.2	36.2	37.1
PAT (Rs. m)	3,889	3,485	5,234	7,260
EPS (Rs.)	28.6	25.6	38.5	53.4
Gr. (%)	1.8	(10.4)	50.2	38.7
DPS (Rs.)	-	7.4	7.5	8.0
Yield (%)	-	0.5	0.5	0.6
RoE (%)	16.3	12.8	17.1	20.3
RoCE (%)	11.8	13.2	16.3	20.2
EV/Sales (x)	10.4	7.5	6.5	5.6
EV/EBITDA (x)	31.1	21.5	18.0	15.0
PE (x)	50.5	56.3	37.5	27.0
P/BV (x)	7.6	6.9	6.0	5.0

Key Data

ERIS.BO | ERIS IN

52-W High / Low	Rs.1,594 / Rs.816
Sensex / Nifty	82,059 / 24,945
Market Cap	Rs.197bn / \$ 2,302m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.248.79m

Shareholding Pattern (%)

Promoter's	54.85
Foreign	8.43
Domestic Institution	18.07
Public & Others	18.66
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.4	5.5	60.9
Relative	(0.1)	(0.3)	45.1

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Multiple growth levers

Quick Pointers:

- Poised to capture Rs 2–3bn in annual revenue starting H2FY26 in insulin franchise post discontinuation of Novo Human Mixtard.
- Strong FY26 guidance with +15% revenue growth with 36% OPM.

Eris Lifesciences' (ERIS) Q4FY25 EBITDA was in line with our estimate (Rs2.5bn; up 70% YoY). Eris has opted for inorganic route to diversify and scale up existing portfolio. This has been implemented without diluting margins. We expect margins to scale up from the current level of 35% as revenue scales up from recent acquisitions, which are currently operating at sub-optimal profitability. The company has multiple growth levers such as broad-based offerings in the derma segment, tapping GLP-1 market, demand supply mismatch in insulin segment, creating large injectable franchise across India and RoW market and benefits of operating leverage, as revenue scales up from these acquisitions. Our FY26 and FY27E EBITDA broadly remains unchanged. We maintain 'BUY' rating with revised TP of Rs1,740 (valuing at 18x EV/EBITDA on FY27E vs 15x earlier).

- **Supply issues in insulin impacted sales; base portfolio growth was at 10% YoY:** ERIS reported revenue growth of 28% YoY to Rs7.1bn; below our estimate of Rs7.5bn. The miss was on account of supply issues in Biocon insulin portfolio which impacted revenues by Rs380mn. Base organic business growth was at 10% for Q4 and 9% for FY25. Among the businesses acquired, Biocon acquisition reported revenues of Rs760mn in Q4 (down 31% QoQ), whereas Swiss Parenteral reported Rs930mn revenue (up 22% QoQ).
- **In line EBITDA, strong margins:** EBITDA came in at Rs2.52bn (up 70% YoY), vs our estimate of Rs2.6bn. OPM remained higher at 35.8%; up 140bps QoQ and 880bps YoY given change in product mix. Base business OPM stood at ~39.5% stable QoQ. Overall GMs came in at 76%, flat QoQ but down 269bps YoY. The YoY impact on GMs was largely on account of change in product and business mix due to integration of new businesses. Depreciation & finance charges came in higher due to consolidation of new businesses. Resultant PAT came in at Rs 938mn (up 32% YoY), largely in line with our estimate.
- **Key concall takeaways: Base business** (ex Biocon) delivered 39.5% EBITDA margins (up 500bps YoY) in FY25. Margins for Biocon segment improved from 19% to 24% during the year. Margins for Biocon business will see further expansion in FY26 on account of insulin sourcing to its Bhopal facility. Despite RHI (human insulin) shortages which impacted revenues to tune of Rs 500mn in FY25, Biocon 2 insulin franchise grew by 22% YoY. **Bhopal insulin** vial operations have begun; cartridge-filling line expected by Q3FY26E. In-house manufacturing increased to 66%, with a target of 80% by Q4FY26E. Eris is poised to capture ~Rs2-3bn in annual revenue from the RHI cartridge market, beginning H2 FY26E post discontinuation of Novo Human Mixtard. **Base business:** Introduced 2 new divisions (RISE & STRIDES). Expanded field force by 300, bringing total to 1,200 Market reps across five divisions. Intensified

penetration into super-specialty and hospital segments. Ex diabetic business, aligned 16 division into 2 SBUs and also several senior level hires to strengthen leadership. **CDMO business** initiated with injectables for EU clients; now expanding into oral solid dosage (OSD) development. Targeting 3–5 year specialty manufacturing contracts with large generic/EU innovator clients. Facilities (Swiss & Eris Ahmedabad) have been inspected by ANVISA. Full commissioning and commercialization from both sites expected in Q4FY26E. FY25 **Capex** totaled Rs 2.6bn, including Rs 1bn for the Bhopal site. **FY26 guidance-** Net debt reduction to Rs 18bn by FY26E end. Consolidated revenue of Rs33.-35bn with EEITDA of Rs11.9-12.5bn. Guided 15-20% revenue growth across domestic formulation and Swiss Parentals.

Exhibit 1: Q4FY25 Result Overview (Rs mn): In line EBITDA, Base business growth at 10%

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	7,053	5,509	28.0	7,275	(3.0)	28,937	20,091	44.0
Raw Material	1,703	1,182	44.1	1,769	(3.7)	7,140	3,800	87.9
<i>% of Net Sales</i>	<i>24.1</i>	<i>21.5</i>		<i>24.3</i>		<i>24.7</i>	<i>18.9</i>	
Personnel Cost	1,215	1,025	18.5	1,254	(3.1)	5,051	4,038	25.1
<i>% of Net Sales</i>	<i>17.2</i>	<i>18.6</i>		<i>17.2</i>		<i>17.5</i>	<i>20.1</i>	
Others	1,612	1,818	(11.3)	1,749	(7.8)	6,574	5,504	19.4
<i>% of Net Sales</i>	<i>22.9</i>	<i>33.0</i>		<i>24.0</i>		<i>22.7</i>	<i>27.4</i>	
Total Expenditure	4,529	4,025	12.5	4,771	(5.1)	18,764	13,342	40.6
EBITDA	2,524	1,484	70.0	2,503	0.8	10,172	6,749	50.7
<i>Margin (%)</i>	<i>35.8</i>	<i>26.9</i>		<i>34.4</i>		<i>35.2</i>	<i>33.6</i>	
Depreciation	773	539	43.3	812	(4.9)	3,149	1,826	72.4
EBIT	1,751	945	85.3	1,691	3.6	7,024	4,923	42.7
Other Income	80	151	(47.5)	42	88.4	184	238	(22.9)
Interest	543	330	64.3	572	(5.1)	2,313	848	
PBT	1,288	766	68.1	1,162	10.9	4,894	4,313	13.5
Total Taxes	265	(30)	(988.1)	292	(9.3)	1,144	342	235.0
<i>ETR (%)</i>	<i>20.6</i>	<i>(3.9)</i>		<i>25.2</i>		<i>23.4</i>	<i>7.9</i>	
Minority Income	85	87		33		228	51	
Reported PAT	938	710	32.2	836	12.1	3,522	3,921	(10.2)

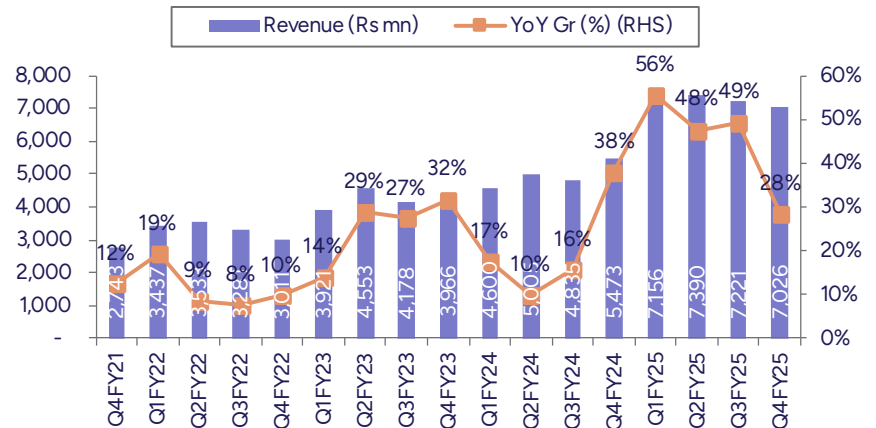
Source: Company, PL

Exhibit 2: Supply issues impacted Biocon biz revs to tune of Rs380mn

Revenues INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Base business	5,010	5,100	5,290	5,290
Biocon business	1,310	1,340	1,060	730
Swiss Parenteral	730	820	760	930
Total revenues	7,050	7,260	7,110	7,026
EBITDA margin	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Base business	39%	41%	39%	40%
Biocon business	23%	25%	21%	25%
Swiss Parenteral	36%	33%	30%	37%
Consol margins	34%	36%	34%	36%

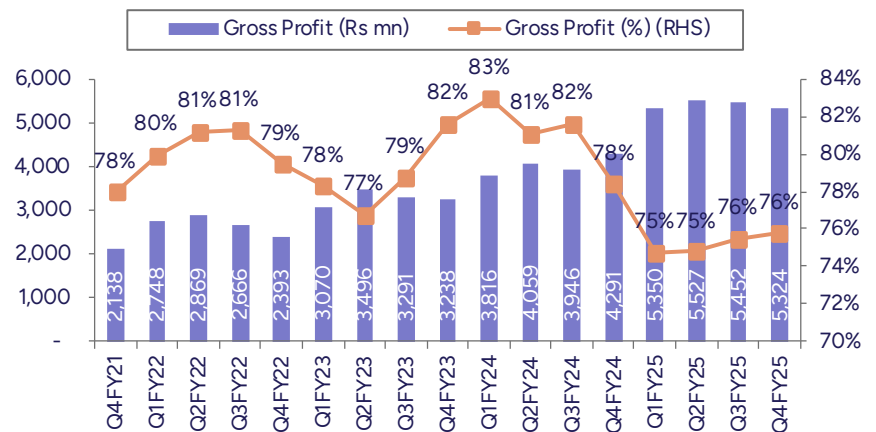
Source: Company, PL

Exhibit 3: Base business delivered 10% growth YoY



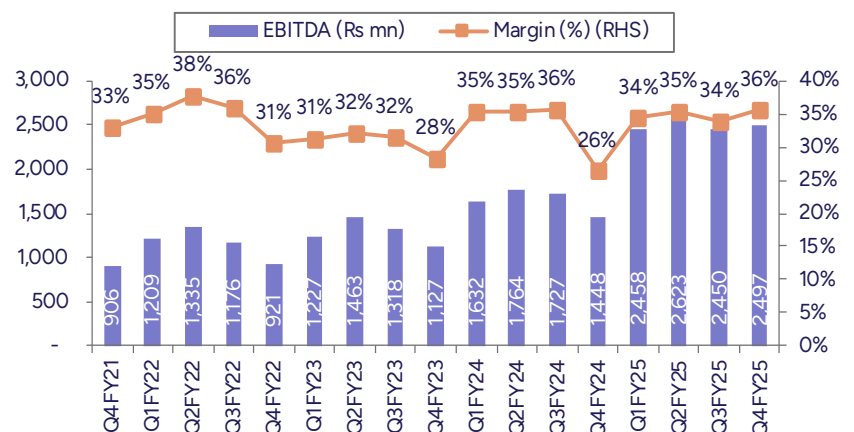
Source: Company, PL

Exhibit 4: Stable gross margin QoQ



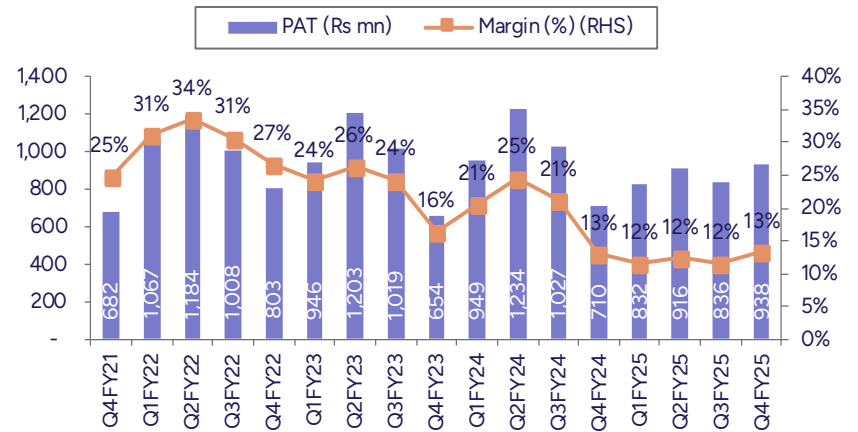
Source: Company, PL

Exhibit 5: Margin improved 180 bps QoQ aided by better operating leverage



Source: Company, PL

Exhibit 6: PAT growth of +30% YoY



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	20,091	28,936	32,688	36,710
YoY gr. (%)	19.2	44.0	13.0	12.3
Cost of Goods Sold	3,800	7,140	7,911	8,700
Gross Profit	16,291	21,797	24,778	28,010
Margin (%)	81.1	75.3	75.8	76.3
Employee Cost	4,038	5,051	5,657	6,279
Other Expenses	5,505	6,574	7,297	8,099
EBITDA	6,748	10,172	11,824	13,631
YoY gr. (%)	25.7	50.7	16.2	15.3
Margin (%)	33.6	35.2	36.2	37.1
Depreciation and Amortization	1,826	3,155	3,356	3,430
EBIT	4,922	7,017	8,468	10,201
Margin (%)	24.5	24.3	25.9	27.8
Net Interest	848	2,313	1,676	1,032
Other Income	238	184	200	300
Profit Before Tax	4,312	4,888	6,992	9,469
Margin (%)	21.5	16.9	21.4	25.8
Total Tax	342	1,142	1,538	1,988
Effective tax rate (%)	7.9	23.4	22.0	21.0
Profit after tax	3,971	3,746	5,454	7,480
Minority interest	51	228	220	220
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,889	3,485	5,234	7,260
YoY gr. (%)	1.8	(10.4)	50.2	38.7
Margin (%)	19.4	12.0	16.0	19.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,889	3,485	5,234	7,260
YoY gr. (%)	1.8	(10.4)	50.2	38.7
Margin (%)	19.4	12.0	16.0	19.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,889	3,485	5,234	7,260
Equity Shares O/s (m)	136	136	136	136
EPS (Rs)	28.6	25.6	38.5	53.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	40,499	52,933	54,133	55,333
Tangibles	40,493	52,930	54,130	55,330
Intangibles	6	3	3	3
Acc: Dep / Amortization	5,830	8,985	12,341	15,771
Tangibles	5,830	8,985	12,341	15,771
Intangibles	-	-	-	-
Net fixed assets	34,669	43,948	41,792	39,561
Tangibles	34,663	43,945	41,789	39,559
Intangibles	6	3	3	3
Capital Work In Progress	191	-	-	-
Goodwill	8,612	9,120	9,120	9,120
Non-Current Investments	155	105	105	105
Net Deferred tax assets	(2,359)	(2,294)	(2,294)	(2,294)
Other Non-Current Assets	771	857	857	857
Current Assets				
Investments	0	50	50	50
Inventories	1,890	3,348	2,955	3,319
Trade receivables	4,220	4,586	5,911	6,638
Cash & Bank Balance	14,006	2,228	1,926	2,679
Other Current Assets	2,848	1,959	1,959	1,959
Total Assets	70,488	69,149	67,622	67,235
Equity				
Equity Share Capital	136	136	136	136
Other Equity	25,725	28,407	32,621	38,793
Total Network	25,861	28,543	32,757	38,929
Non-Current Liabilities				
Long Term borrowings	6,545	17,375	17,375	10,375
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	20,808	6,842	842	842
Trade payables	2,683	3,324	3,582	4,023
Other current liabilities	2,804	3,707	3,708	3,708
Total Equity & Liabilities	70,488	69,149	67,622	67,235

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,312	4,888	6,992	9,469
Add. Depreciation	1,826	3,155	3,356	3,430
Add. Interest	848	2,313	1,676	1,032
Less Financial Other Income	238	184	200	300
Add. Other	(137)	13	(420)	(520)
Op. profit before WC changes	6,849	10,369	11,604	13,411
Net Changes-WC	(987)	1,260	(673)	(650)
Direct tax	(1,002)	(979)	(1,538)	(1,988)
Net cash from Op. activities	4,860	10,650	9,393	10,773
Capital expenditures	(6,960)	(13,240)	(1,200)	(1,200)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	(6,960)	(13,240)	(1,200)	(1,200)
Issue of share cap. / premium	45	72	-	-
Debt changes	14,637	(3,972)	(6,000)	(7,000)
Dividend paid	-	(1,000)	(1,020)	(1,088)
Interest paid	(773)	(1,451)	(1,676)	(1,032)
Others	1,612	(2,838)	201	300
Net cash from Fin. activities	15,521	(9,188)	(8,495)	(8,820)
Net change in cash	13,422	(11,778)	(302)	753
Free Cash Flow	(2,100)	(2,590)	8,193	9,573

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	28.6	25.6	38.5	53.4
CEPS	42.0	48.8	63.2	78.6
BVPS	190.2	209.9	240.9	286.3
FCF	(15.4)	(19.0)	60.2	70.4
DPS	-	7.4	7.5	8.0
Return Ratio(%)				
RoCE	11.8	13.2	16.3	20.2
ROIC	8.7	10.5	12.9	15.8
RoE	16.3	12.8	17.1	20.3
Balance Sheet				
Net Debt : Equity (x)	0.5	0.8	0.5	0.2
Net Working Capital (Days)	62	58	59	59
Valuation(x)				
PER	50.5	56.3	37.5	27.0
P/B	7.6	6.9	6.0	5.0
P/CEPS	34.4	29.6	22.9	18.4
EV/EBITDA	31.1	21.5	18.0	15.0
EV/Sales	10.4	7.5	6.5	5.6
Dividend Yield (%)	-	0.5	0.5	0.6

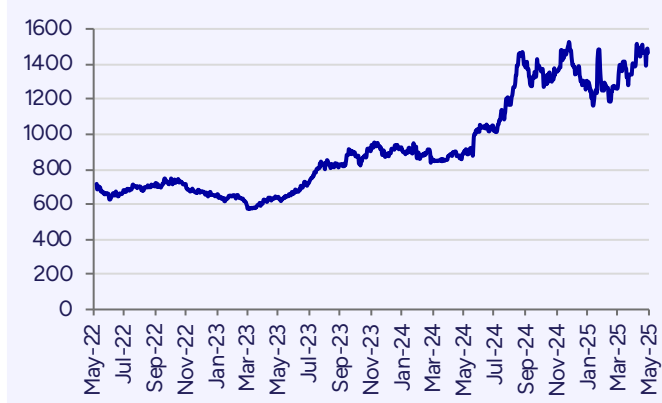
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	7,197	7,412	7,275	7,053
YoY gr. (%)	54.2	46.7	44.0	45.0
Raw Material Expenses	1,806	1,863	1,769	1,703
Gross Profit	5,391	5,550	5,506	5,351
Margin (%)	74.9	74.9	75.7	75.9
EBITDA	2,500	2,646	2,503	2,524
YoY gr. (%)	47.2	46.0	38.2	43.8
Margin (%)	34.7	35.7	34.4	35.8
Depreciation / Depletion	759	805	812	773
EBIT	1,740	1,841	1,691	1,751
Margin (%)	24.2	24.8	23.2	24.8
Net Interest	604	595	572	543
Other Income	16	46	42	80
Profit before Tax	1,153	1,292	1,162	1,288
Margin (%)	16.0	17.4	16.0	18.3
Total Tax	259	328	292	265
Effective tax rate (%)	22.5	25.4	25.2	20.6
Profit after Tax	894	964	869	1,023
Minority interest	62	48	33	85
Share Profit from Associates	-	-	-	-
Adjusted PAT	832	916	836	938
YoY gr. (%)	(12.4)	(25.8)	(32.2)	(8.7)
Margin (%)	11.6	12.4	11.5	13.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	832	916	836	938
YoY gr. (%)	(12.4)	(25.8)	(32.2)	(8.7)
Margin (%)	11.6	12.4	11.5	13.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	832	916	836	938
Avg. Shares O/s (m)	138	138	138	138
EPS (Rs)	6.0	6.6	6.1	6.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	1,450	1,275
2	05-Feb-25	BUY	1,450	1,230
3	08-Jan-25	BUY	1,420	1,301
4	26-Oct-24	BUY	1,420	1,292
5	07-Oct-24	BUY	1,250	1,351
6	05-Aug-24	BUY	1,250	1,128
7	08-Jul-24	BUY	1,100	1,012
8	22-May-24	BUY	1,100	908

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,450	1,275
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Sunteck Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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