

August 6, 2025

Q1FY26 Result Update

■ Change in Estimates | ☒ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,975		1,740	
Sales (Rs. m)	32,688	36,710	32,688	36,710
% Chng.	-	-	-	-
EBITDA (Rs. m)	11,824	13,631	11,824	13,631
% Chng.	-	-	-	-
EPS (Rs.)	38.5	53.4	38.5	53.4
% Chng.	-	-	-	-

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 (%)	-	0.4	0.4	0.4
RoE (%)	16.3	12.8	17.1	20.3
RoCE (%)	11.8	13.2	16.3	20.2
EV/Sales (x)	12.9	9.3	8.1	6.9
EV/EBITDA (x)	38.4	26.3	22.3	18.7
PE (x)	63.2	70.6	47.0	33.9
P/BV (x)	9.5	8.6	7.5	6.3

Key Data

ERIS.BO | ERIS IN

52-W High / Low	Rs.1,910 / Rs.1,035
Sensex / Nifty	80,710 / 24,650
Market Cap	Rs.246bn / \$ 2,805m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.423.9m

Shareholding Pattern (%)

Promoter's	54.83
Foreign	8.40
Domestic Institution	18.17
Public & Others	18.59
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.9	30.1	67.6
Relative	9.5	26.1	63.5

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Revenue growth to pick-up

Quick Pointers:

- Maintains revenue growth guidance of 15-20% for FY26E.
- Assured CDMO contracts worth Rs1bn. Revenue booking to start from FY27

Eris Lifesciences' (ERIS) Q1FY26 EBITDA was broadly in line with our estimate (Rs2.75bn; up 11% YoY). Though Q1FY26 revenue growth (up 7.4% YoY) was muted, we see pick up in coming quarters as insulin shortages stabilize, export pick up and likely additional market share gain from human insulin market. 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% in FY25 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. Our FY26 and FY27E EBITDA broadly remains unchanged. We maintain 'BUY' rating with revised TP of Rs1,975 (valuing at 20x EV/EBITDA on FY27E vs 18x earlier).

- **DBF growth at 11% YoY:** ERIS reported revenue growth of 7.4% YoY to Rs7.7bn. Segment wise domestic formulations including Biocon business grew by 11% YoY to Rs 7bn while Swiss parenteral declined by 7% YoY to Rs 680mn. Mgmt cited insulin shortages persist during the quarter which largely impacted the revenues by Rs 100mn.
- **In-line EBITDA, margins at 35.7%:** EBITDA came in at Rs2.75bn (up 11% YoY) broadly in line with our est. OPM remained flat QoQ, whereas it was up 110bps YoY at 35.8%. Domestic business formulation margins expanded 155bps YoY at ~37%. Biocon margins improved to 30% in Q1FY26 up from 19% at acquisition. Overall GMs came in at 76.1%, up 30bps QoQ and 130bps YoY. Other expenses were up 7% YoY. Tax rate stood at 22.5%. Resultant PAT came in at Rs 1.2bn (up 41% YoY) given lower interest charges. EPS stood at Rs 8.5/share.
- **Key concall takeaways: Domestic business formulation:** Revenues including all acquisition grew by 11% YoY and outperform IPM. Adjusted for insulin shortages and discontinued FDCs, growth was 13-14%. EBITDA margins expanded to 37.2%. Margins for Biocon business will see further expansion in FY26 on account of insulin sourcing to its Bhopal facility. EBITDA loss (ex DBF) of Rs 50mn due to ramp down of Trade Gx division in Q1.
- Strategic stocking of insulin APIs caused a Rs 730Mn working capital impact. Insulin cartridge production from Bhopal to start in Q4; vials already operational. Rs 100Mn revenue loss this quarter due to DP (Drug Product) shortages.

- **GLP-1:** Recombinant semaglutide candidate to enter Phase 1 trials in Q4. Validation ongoing at Ahmedabad plant. Bausch & Strobel cartridge line (GLP-1 + RHI glargine) under installation. Market expected to be Rs 25-30bn in first year post-LoE.
- **Insulin:** Eris sees Rs 2bn annual revenue upside from Novo Nordisk exiting human insulin cartridge market in India. Cartridge production readiness at Bhopal expected in Q4; ramping up validation. Currently facing ~20% capacity shortfall; adding vial capacity via MJ Biopharm site.
- **R&D:** 25 products under development (oral + injectable). Q2/Q3 launches: combinations of dapagliflozin, sitagliptin, esaxerenone.
- **Exports:** Leveraging competitive strength of Swiss parentals and venturing into CDMO model. The company has confirmed CDMO contracts worth Rs1bn per annum which should start reflecting from FY27. Products include corticosteroids, critical care injectables, women's health, etc. **Capacity constraints exist;** new facility expected to be ready in ~1.5 years, will triple capacity. FY29 international sales aspiration: Rs 10bn (including ROW, CDMO, OSD exports, and B2C).
- **Capex in Q1:** Rs 660Mn (focused on insulin, GLP-1, general injectables).
- **Others:** Net Debt stands at Rs 23bn in Q1 and is expected to reduce to Rs 18bn by FY26 end. Maintains revenue growth guidance of 15–21% with EBITDA of 11.9-12.5bn in FY26. Strong confidence in Sema, insulin cartridge, and EU CDMO opportunities from FY27E onward.

Exhibit 1: Q1FY26 Result Overview (Rs mn): EBITDA in line, DBF business up 11% YoY

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	%Var	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	7,730	7,197	7.4	7,610	1.6	7,053	9.6	32,688	28,937	13.0
Raw Material	1,846	1,806	2.2	1,814	1.8	1,703	8.5	7,911	7,140	10.8
% of Net Sales	23.9	25.1		23.8		24.1		24.2	24.7	
Personnel Cost	1,444	1,326	8.9	1,393	3.7	1,215	18.9	5,657	5,051	12.0
% of Net Sales	18.7	18.4		18.3		17.2		17.3	17.5	
Others	1,672	1,565	6.8	1,690	(1.1)	1,612	3.7	7,297	6,574	11.0
% of Net Sales	21.6	21.7		22.2		22.9		22.3	22.7	
Total Expenditure	4,963	4,697	5.7	4,897	1.4	4,529	9.6	20,864	18,764	11.2
EBITDA	2,767	2,500	10.7	2,714	2.0	2,524	9.6	11,824	10,172	16.2
Margin (%)	35.8	34.7		35.7		35.8		36.2	35.2	
Depreciation	705	759	(7.2)	800	(11.9)	773	(8.7)	3,356	3,149	6.6
EBIT	2,062	1,740	18.5	1,914	7.7	1,751	17.7	8,468	7,024	20.6
Other Income	27	16	64.0	60	(55.2)	80	(66.2)	200	184	8.9
Interest	487	604	(19.4)	500	(2.6)	543	(10.3)	1,676	2,313	(27.5)
PBT	1,602	1,153	39.0	1,474	8.7	1,288	24.4	6,992	4,894	42.9
Total Taxes	360	259	39.0	324	11.0	265	35.7	1,538	1,144	34.4
ETR (%)	22.5	22.5		22.0		20.6		22.0	23.4	
Minority Income	71	62		57	24.7	85		220	228	
Reported PAT	1,171	832	40.8	1,093	7.2	938	24.9	5,234	3,522	48.6

Source: Company, PL

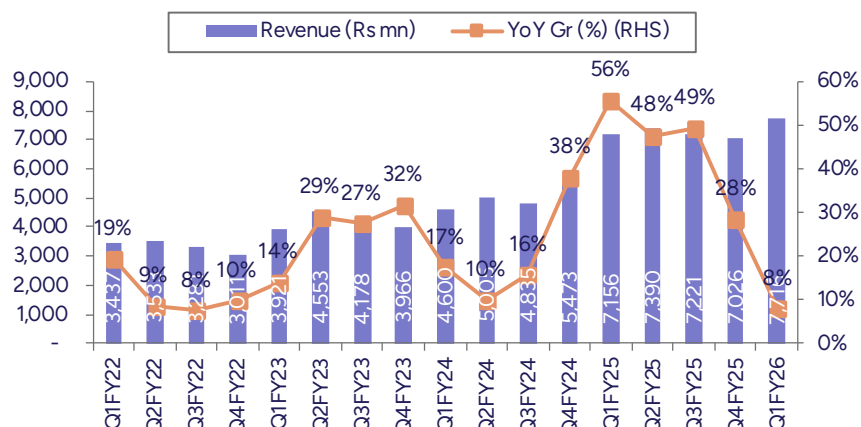
Exhibit 2: Supply issues impacted insulin biz revenues to tune of Rs100mn

Revenues INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
DBF	6,320	6,440	6,350	6,020	7,020
Swiss Parenteral	730	820	760	930	680
Total revenues	7,050	7,260	7,110	7,026	7,716

*DBF includes Eris Life base business as well as Biocon portfolio

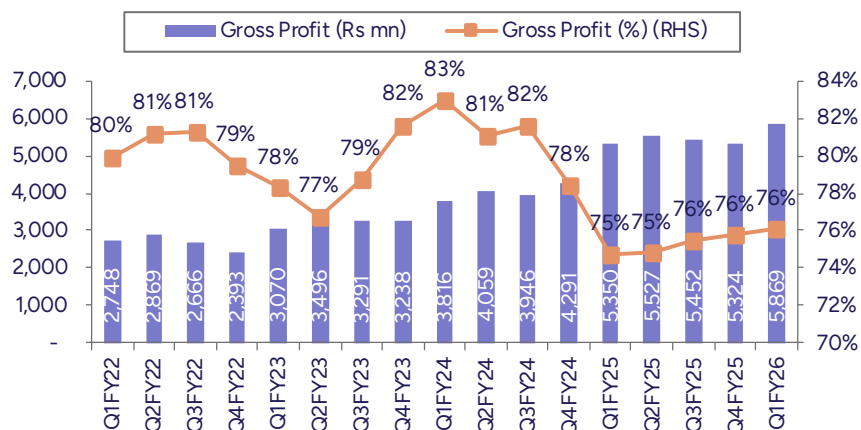
Source: Company, PL

Exhibit 3: Sustained growth momentum from DBF segment



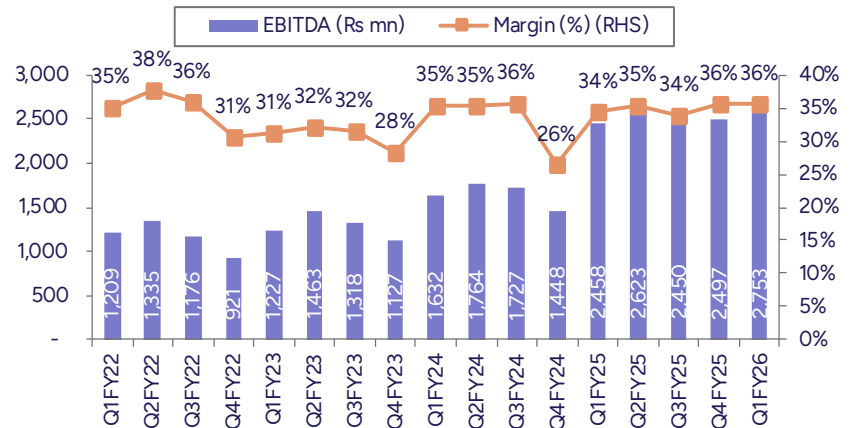
Source: Company, PL

Exhibit 4: Gross margins remain steady QoQ



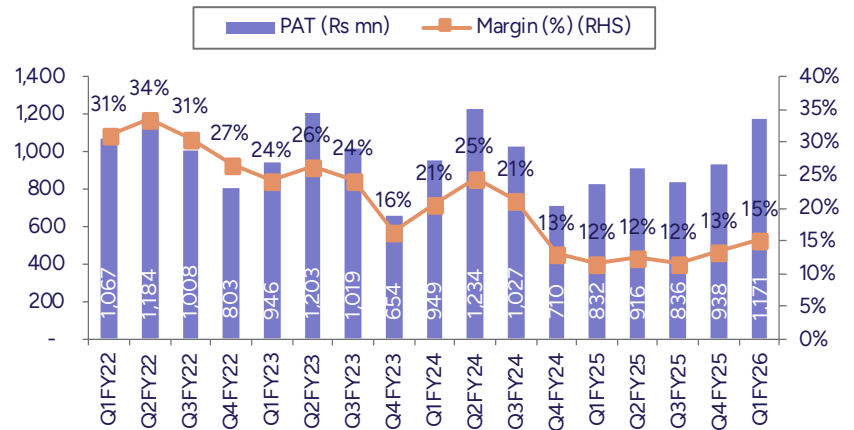
Source: Company, PL

Exhibit 5: Margin trend maintained at current levels



Source: Company, PL

Exhibit 6: PAT growth of +40% 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	4,030	4,023
Trade receivables	4,220	4,586	5,911	6,638
Cash & Bank Balance	14,006	2,228	851	1,975
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 Networth	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	(1,747)	(279)
Direct tax	(1,002)	(979)	(1,538)	(1,988)
Net cash from Op. activities	4,860	10,650	8,318	11,143
Capital expenditures	(6,960)	(13,240)	(1,200)	(1,200)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. 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)	(1,377)	1,123
Free Cash Flow	(2,100)	(2,590)	7,118	9,943

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)	52.3	73.1
DPS	-	7.4	7.5	8.0
Return Ratio(%)				
RoCE	11.8	13.2	16.3	20.2
ROIC	8.7	10.5	12.7	15.6
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	71	66
Valuation(x)				
PER	63.2	70.6	47.0	33.9
P/B	9.5	8.6	7.5	6.3
P/CEPS	43.0	37.0	28.6	23.0
EV/EBITDA	38.4	26.3	22.3	18.7
EV/Sales	12.9	9.3	8.1	6.9
Dividend Yield (%)	-	0.4	0.4	0.4

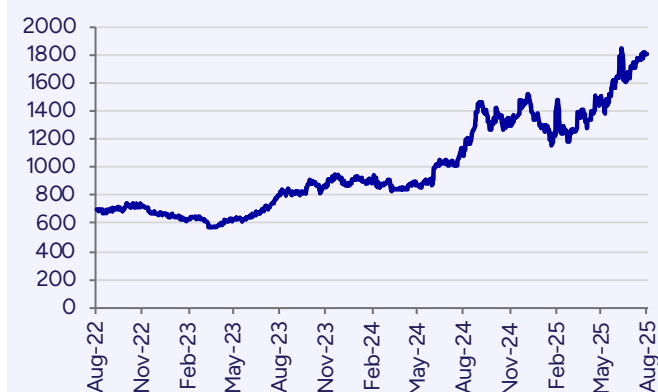
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	7,412	7,275	7,053	7,730
YoY gr. (%)	46.7	44.0	45.0	40.3
Raw Material Expenses	1,863	1,769	1,703	1,846
Gross Profit	5,550	5,506	5,351	5,884
Margin (%)	74.9	75.7	75.9	76.1
EBITDA	2,646	2,503	2,524	2,767
YoY gr. (%)	46.0	38.2	43.8	86.4
Margin (%)	35.7	34.4	35.8	35.8
Depreciation / Depletion	805	812	773	705
EBIT	1,841	1,691	1,751	2,062
Margin (%)	24.8	23.2	24.8	26.7
Net Interest	595	572	543	487
Other Income	46	42	80	27
Profit before Tax	1,292	1,162	1,288	1,602
Margin (%)	17.4	16.0	18.3	20.7
Total Tax	328	292	265	360
Effective tax rate (%)	25.4	25.2	20.6	22.5
Profit after Tax	964	869	1,023	1,242
Minority interest	48	33	85	71
Share Profit from Associates	-	-	-	-
Adjusted PAT	916	836	938	1,171
YoY gr. (%)	(25.8)	(32.2)	(8.7)	65.0
Margin (%)	12.4	11.5	13.3	15.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	916	836	938	1,171
YoY gr. (%)	(25.8)	(32.2)	(8.7)	65.0
Margin (%)	12.4	11.5	13.3	15.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	916	836	938	1,171
Avg. Shares O/s (m)	138	138	138	138
EPS (Rs)	6.6	6.1	6.8	8.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-25	BUY	1,740	1,734
2	20-May-25	BUY	1,740	1,444
3	08-Apr-25	BUY	1,450	1,275
4	05-Feb-25	BUY	1,450	1,230
5	08-Jan-25	BUY	1,420	1,301
6	26-Oct-24	BUY	1,420	1,292
7	07-Oct-24	BUY	1,250	1,351

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,350	7,616
2	Aster DM Healthcare	BUY	700	605
3	Aurobindo Pharma	BUY	1,300	1,079
4	Cipla	BUY	1,730	1,533
5	Divi's Laboratories	Accumulate	6,800	6,889
6	Dr. Reddy's Laboratories	Reduce	1,270	1,247
7	Eris Lifesciences	BUY	1,740	1,734
8	Fortis Healthcare	BUY	785	806
9	HealthCare Global Enterprises	BUY	620	560
10	Indoco Remedies	Hold	325	322
11	Ipca Laboratories	Accumulate	1,525	1,456
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,778
13	Jupiter Life Line Hospitals	BUY	1,720	1,451
14	Krishna Institute of Medical Sciences	BUY	725	695
15	Lupin	BUY	2,400	1,979
16	Max Healthcare Institute	BUY	1,300	1,300
17	Narayana Hrudayalaya	BUY	2,000	1,830
18	Rainbow Children's Medicare	BUY	1,725	1,541
19	Sun Pharmaceutical Industries	BUY	1,875	1,707
20	Sunteck Realty	BUY	650	427
21	Torrent Pharmaceuticals	Accumulate	4,000	3,623
22	Zydus Lifesciences	Accumulate	970	999

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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