

Estimate change	
TP change	
Rating change	

Bloomberg	ERIS IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	192.7 / 2.1
52-Week Range (INR)	1910 / 1097
1, 6, 12 Rel. Per (%)	-3/-19/1
12M Avg Val (INR M)	274

Financials & valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	32.1	37.0	41.5
EBITDA	11.4	13.3	15.0
Adj. PAT	4.7	6.5	7.9
EBIT Margin (%)	26.6	27.3	27.6
Cons. Adj. EPS (INR)	34.0	47.4	57.5
EPS Gr. (%)	32.8	39.2	21.3
BV/Sh. (INR)	235.2	277.1	329.1

Ratios

Net D:E	0.6	0.4	0.1
RoE (%)	15.4	18.5	19.0
RoCE (%)	12.4	14.8	16.3
Payout (%)	16.6	11.6	9.6

Valuations

P/E (x)	41.6	29.9	24.6
EV/EBITDA (x)	18.9	15.8	13.4
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	2.6	4.3	5.4
EV/Sales (x)	6.7	5.6	4.8

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	54.9	54.9	54.9
DII	20.3	19.4	18.1
FII	6.9	7.2	8.4
Others	18.0	18.6	18.7

FII includes depository receipts

CMP: INR1,414
TP: INR1,520 (+7%)
Neutral
Segment-specific measures lead to a miss on earnings
Work-in-progress to build growth in domestic/international markets

- Eris Lifesciences (ERIS) reported lower-than-expected performance with a 4%/8%/11% miss on revenue/EBITDA/PAT for the quarter. ERIS witnessed strong growth in the international business. Domestic formulation (DF) business grew at a slower pace in 3QFY26.
- ERIS has re-evaluated its DF portfolio and decided to curtail products that are either not growing and/or not aligning with its core therapies. This kept growth under check in the DF segment in 3QFY26.
- While margins in the international business were lower during the quarter, this is largely due to the front-loading of opex to cater to future needs.
- ERIS' order book has expanded 10x between 1QFY26 and 3QFY26. In addition to existing sites, ERIS' third injectable site is expected to be commissioned in FY28, adding capacity for its CDMO business.
- We lower our earnings estimate by 5%/7%/6% for FY26/FY27/FY28, factoring in: a) the rationalization of portfolio in the DF segment, and b) increased operational costs in the international business. We value ERIS at 28x 12M forward earnings to arrive at TP of INR1,520.
- We expect a 14%/15%/31% CAGR in sales/EBITDA/PAT over FY26-28, backed by comprehensive offerings in the insulin segment, GLP product launch in India, and a healthy order book in the CDMO segment. That said, the current valuation captures this upside. Reiterate Neutral rating on the stock.

Stronger operating efficiency cushions the product mix effect

- ERIS' 3QFY26 revenue grew 11% YoY to INR8.1b (vs our est: INR8.4b).
- The DF segment grew 10% YoY to INR7b (86% of the sales). The international market sales grew 45% YoY to INR1.1b (14% of sales).
- Gross margin contracted 330bp YoY to 72.3%.
- However, EBITDA margin expanded 50bp YoY to ~34.9% (our est. 36.4%), despite decreased gross margins. Employee costs/other expenses declined 10bp/declined 370bp YoY as a % of sales) for the quarter.
- DF EBITDA margin was stable at 36.5%. International market EBITDA margin was 29.7% vs 28.9% YoY.
- EBITDA increased 12.5% YoY to INR2.8b (vs our estimate: INR3b).
- Adj. PAT increased 34.7% YoY to INR1.1b (vs our estimate: INR1.3b).
- Exceptional item (INR172m) relates to one-time employee expense on account of changes in the labor code.
- For 9MFY26, Revenue/EBITDA/PAT grew 8.4%/10.7%/35.4% YoY.

Highlights from the management commentary

- The discontinuation of certain low-margin products has led to lower YoY growth in the DF segment in 3QFY26.
- ERIS has guided for FY27 revenue/EBITDA of INR5.5b-INR6b/INR1.8b-INR2b from the international business.
- ERIS is currently lagging market growth in oral anti-diabetes therapy but expects to stabilize over the next 2-3 quarters.
- The company has identified three key growth drivers for the next 3-4 quarters: its diabetes franchise, integration of biotech manufacturing, and ramp-up of the international business.
- ERIS has developed Esaxerenone in-house. The clinical data is favorable for reduction in hypertension as well as some benefits on the kidney side.

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26E	Estimate	Var %
	INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Gross Sales	7,197	7,412	7,275	7,053	7,730	7,924	8,075	8,323	28,936	32,051	8,366	-3.5
YoY Change (%)	54.2	46.7	49.6	28.0	7.4	6.9	11.0	18.0	44.0	10.8	15.0	
Total Expenditure	4,697	4,767	4,771	4,529	4,963	5,042	5,258	5,418	18,764	20,681	5,321	
EBITDA	2,500	2,645	2,503	2,524	2,767	2,882	2,816	2,905	10,172	11,370	3,045	-7.5
Margins (%)	34.7	35.7	34.4	35.8	35.8	36.4	34.9	34.9	35.2	35.5	36.4	
Depreciation	759	805	812	773	705	691	703	735	3,149	2,834	772	
Interest	604	595	572	543	487	496	488	508	2,313	1,978	521	
Other Income	16	46	42	80	27	28	0	33	184	89	33	
PBT before EO expense	1,153	1,291	1,162	1,288	1,602	1,724	1,625	1,695	4,894	6,646	1,785	
Extra-Ord expense	0	0	0	-1	-9	-3	172	0	-1	161	0	
PBT	1,153	1,291	1,162	1,289	1,611	1,727	1,452	1,695	4,895	6,485	1,785	
Tax	259	328	292	265	360	382	365	392	1,144	1,499	407	
Rate (%)	22.5	25.4	25.2	20.6	22.3	22.1	25.1	23.1	23.4	23.1	22.8	
MI & Profit/Loss of Asso. Cos.	62	48	33	85	71	143	90	129	228	432	110	
Reported PAT	832	916	836	938	1,180	1,202	997	1,175	3,522	4,554	1,268	
Adj PAT	832	916	836	938	1,173	1,200	1,126	1,175	3,522	4,678	1,268	-11.2
YoY Change (%)	-12.3	-25.8	-18.6	15.0	41.0	31.0	34.7	25.3	-12.4	32.8	51.6	
Margins (%)	11.6	12.4	11.5	13.3	15.2	15.1	13.9	14.1	12.2	14.6	15.2	

Exhibit 1: Top 10 drugs

Secondary sales grew 16.3% YoY in Dec'25 vs 7.6% YoY in Nov'25. Exceptional growth in Hertraz and strong double-digit growth in Insugen/Eritel Ln/Cyplex Mv/Basalog led to an uptick despite a decline in Zomelis-Met/Glimisave-M in Dec'25.

Exceptional performance in Antineoplast and strong growth in Anti-Diabetic/Cardiac/Derma drove expansion in therapies in Dec'25.

Growth was driven by price hikes and new launches on a MAT basis in Dec'25.

Drug	Therapy	MAT Dec'25			Growth (%)	
		Value (INR m)	Growth (%)	Market share (%)	Last 3M	Dec'25
Total		32076	6.1	100.0	10.9	16.3
Renerve Plus	Vitamins/Minerals/Nutrients	1469	3.6	10.5	3.0	3.7
Glimisave Mv	Anti Diabetic	1425	3.1	10.6	4.3	2.9
Insugen	Anti Diabetic	1232	28.2	4.9	21.9	39.3
Basalog	Anti Diabetic	1109	11.4	8.8	8.9	18.4
Glimisave-M	Anti Diabetic	988	-2.1	2.7	-1.7	-0.1
Cyplex Mv	Anti Diabetic	544	21.0	51.8	20.3	21.1
Eritel Ln	Cardiac	525	11.8	7.2	20.4	24.5
Hertraz	Antineoplast/Immunomodulator	480	98.1	8.3	137.8	304.3
Remylin D	Vitamins/Minerals/Nutrients	446	-4.0	9.8	-0.3	0.9
Zomelis-Met	Anti Diabetic	417	-10.5	4.5	-3.3	-2.4

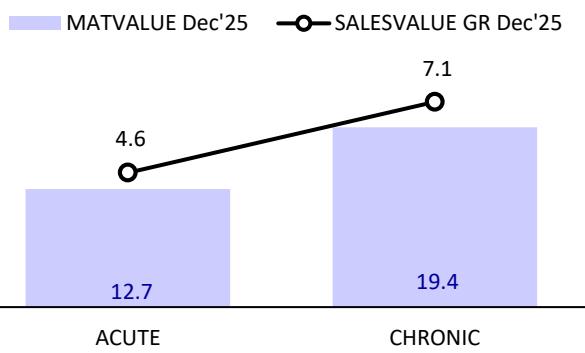
* Three months: Oct-Dec'25

Source: IQVIA, MOFSL

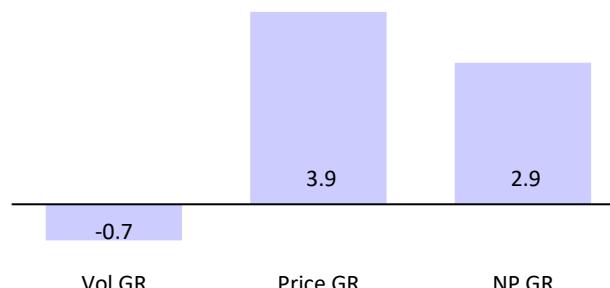
Exhibit 2: Therapy mix (%)

	Share	MAT growth (%)	3M*	Dec'25
Total	100.0	6.1	10.9	16.3
Anti Diabetic	32.9	10.1	12.1	18.1
Cardiac	15.1	6.0	13.8	18.0
Derma	13.4	13.5	14.7	16.5
Vitamins/Minerals/Nutrients	11.9	-0.4	6.8	9.0
Antineoplast/Immunomodulator	6.6	6.0	37.7	64.8
Gynaec.	4.9	5.6	18.2	22.8

Source: IQVIA, MOFSL

Exhibit 3: Acute vs. Chronic (MAT growth)


Source: IQVIA, MOFSL

Exhibit 4: Growth distribution (%) (MAT Dec'25)


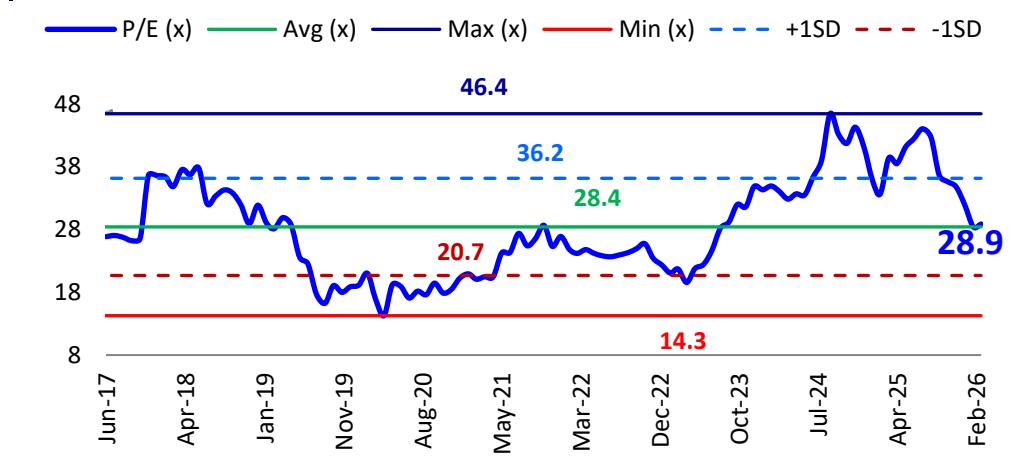
Source: IQVIA, MOFSL



Highlights from the management interaction

- For GLP products, endocrinologists and diabetologists make 70% of the total prescription. ERIS will enter the semaglutide market in India via exclusive partnership with NATCO and is ready for Day 1 launch.
- ERIS' partner (Natco) has received approval for Semaglutide for the Indian market. ERIS is geared up for launch in India.
- The company would be among the few insulin players having fully interchangeable products and domestic backward integration.
- The drag due to operational costs related to new facilities is about INR600m-INR700m on an annualized basis.
- ERIS had an order book of INR10b in the EU-CDMO segment at the end of 3QFY26. The order book is expected to be delivered over the next three years.

Exhibit 5: P/E Chart



Strong DF traction and CDMO scale up to fuel growth

DF – advancing diabetes franchise; set to launch semaglutide

- ERIS reported revenue/EBITDA margin of INR2.1b (+10% YoY) /37.1% for 9MFY26.
- The company initiated portfolio rationalization, discontinuing a set of non-core/tail-end brands (in general injectables and select other categories) that exhibit low growth, limited profitability, and misalignment with core therapies.
- This move is expected to reduce DF revenue by ~2% in FY27 but is likely to enhance absolute operating profits and EBITDA margins.
- Excluding these non-core brands, the core DBF portfolio delivered 12% YoY growth in 9MFY26.
- In the insulin franchise, ERIS achieved its stated objective of 25% market share in the RHI Cartridge segment. However, ERIS nearly doubled overall market share from 9% to 16% since its acquisition, with a clear path to 25% in the overall insulin market (incl RHI Cartridge segment).
- Key launches in FY27 include Aspart & Aspart Mix, while validation batches for Degludec (plain) and Degludec + Liraglutide combination are scheduled for 4QFY26/1QFY27.
- ERIS, in an exclusive partnership with NATCO, is set to launch semaglutide in India, leveraging existing diabetes teams to limit margin impact.
- Notably, ERIS grew 16.3% YoY, according to Dec'25 IMS. Exceptional performance in Antineoplast and strong growth in Anti-Diabetic/Cardiac/Derma drove expansion in therapies in Dec'25.

International business – Focus on CDMO for upside with a steady base business

- ERIS reported revenue/EBITDA margin of INR2.6b (+11% YoY)/31% for 9MFY26.
- CDMO order book stands at INR10b, and the timing of the commercial success will be subject to regulatory approvals.
- The base business outlook is supported by momentum in the corticosteroids segment, aided by ongoing capacity expansion, while recent product approvals in Latin America are expected to drive incremental growth in international markets.
- In addition, new business opportunities are emerging via potential semaglutide contract manufacturing engagement, alongside increasing export traction from the Eris AMD site, both of which could provide meaningful medium-term growth optionality.
- ERIS reiterated guidance for international revenue/EBITDA of INR3.5b-INR3.7b/INR1.1b in FY26.
- We expect overall sales CAGR of 12.7% YoY at INR41.4b over FY25-28.

Valuation and view

- We lower our earnings estimate by 5%/7%/6% for FY26/FY27/FY28, factoring in: a) the rationalization of portfolio in the DF segment, and b) increased operational costs in the international business. We value ERIS at 28x 12M forward earnings to arrive at a TP of INR1,520.
- We expect a 14%/15%/31% CAGR in sales/EBITDA/PAT over FY26-28, backed by comprehensive offerings in the insulin segment, GLP product launch in India, and a healthy order book in the CDMO segment. That said, the current valuation captures this upside. Reiterate Neutral rating on the stock.

Story in charts

Exhibit 6: Expect 12.7% revenue CAGR over FY25-28

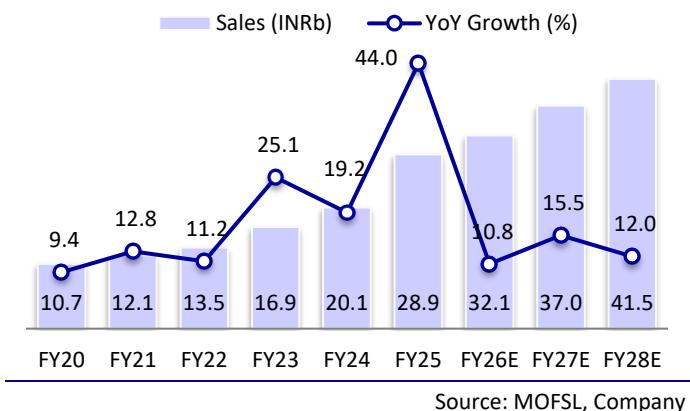


Exhibit 7: Segmental sales/EBITDA snapshot (9MFY26)

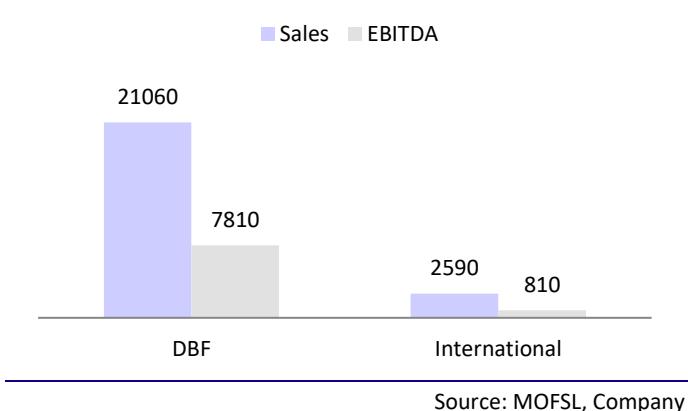


Exhibit 8: Gross margin to reach 74.3% by FY28E

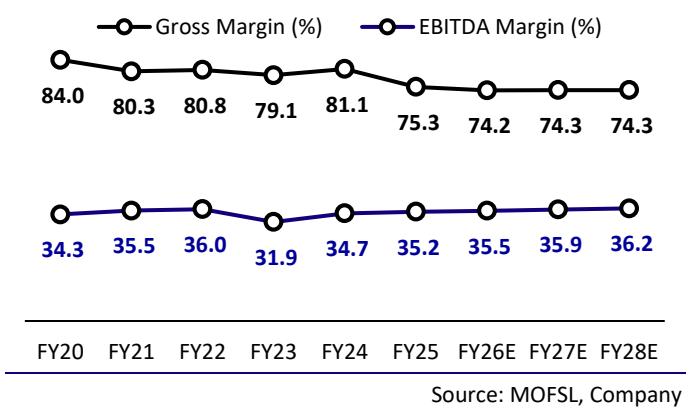


Exhibit 9: EBITDA margin to expand 100bp over FY25-28E

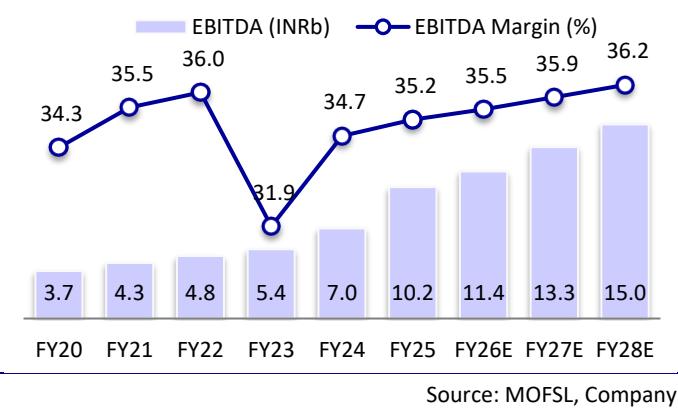


Exhibit 10: PAT to exhibit 31% CAGR over FY25-28E

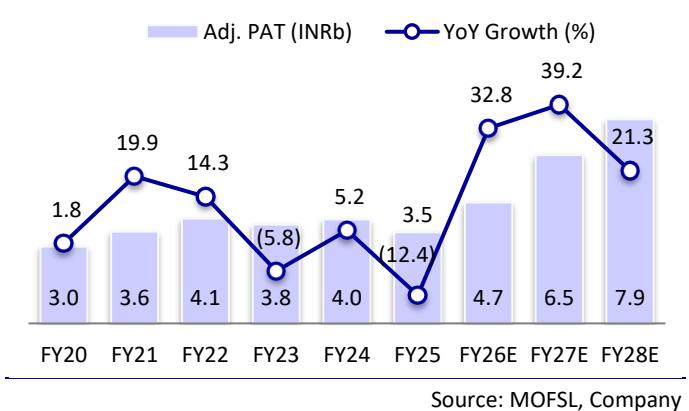
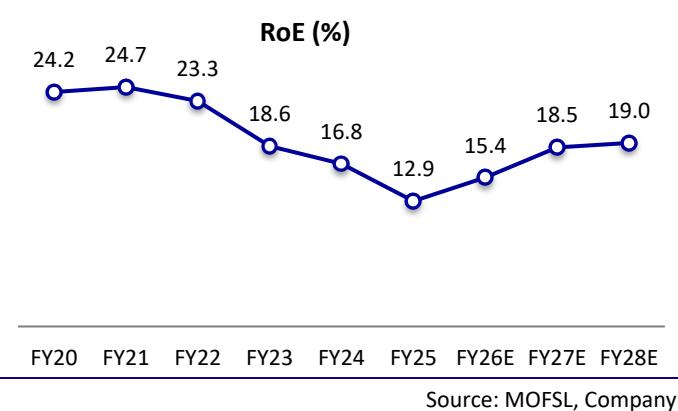


Exhibit 11: RoE to expand to 19% by FY28E



Financial and valuations

Consolidated - Income Statement								(INRm)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Total Income from Operations	13,470	16,851	20,091	28,936	32,055	37,012	41,454	
Change (%)	11.2	25.1	19.2	44.0	10.8	15.5	12.0	
Total Expenditure	8,621	11,484	13,129	18,764	20,684	23,742	26,435	
EBITDA	4,850	5,368	6,962	10,172	11,371	13,270	15,018	
Margin (%)	36.0	31.9	34.7	35.2	35.5	35.9	36.2	
Depreciation	647	1,171	1,830	3,149	2,835	3,181	3,563	
EBIT	4,203	4,197	5,132	7,023	8,536	10,089	11,456	
Int. and Finance Charges	41	262	848	2,313	1,978	1,674	1,234	
Other Income	261	112	238	184	89	148	166	
PBT bef. EO Exp.	4,422	4,046	4,522	4,894	6,647	8,563	10,388	
EO Items	0	0	-214	-1	-161	0	0	
PBT after EO Exp.	4,422	4,046	4,308	4,893	6,486	8,563	10,388	
Total Tax	364	305	342	1,144	1,499	1,798	2,233	
Tax Rate (%)	8.2	7.5	7.9	23.4	23.1	21.0	21.5	
Minority Interest	0	80	-51	228	432	251	251	
Reported PAT	4,058	3,822	3,916	3,521	4,555	6,513	7,903	
Adjusted PAT	4,058	3,822	4,021	3,522	4,678	6,513	7,903	
Change (%)	14.3	-5.8	5.2	-12.4	32.8	39.2	21.3	
Margin (%)	30.1	22.7	20.0	12.2	14.6	17.6	19.1	

Consolidated - Balance Sheet								(INRm)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Equity Share Capital	136	136	136	136	136	136	136	136
Total Reserves	18,947	21,824	25,725	28,407	32,206	37,963	45,110	
Net Worth	19,083	21,960	25,861	28,543	32,342	38,099	45,246	
Minority Interest	-1	247	6,359	4,174	4,174	4,174	4,174	4,174
Total Loans	450	8,300	27,353	24,217	21,717	17,217	11,217	
Deferred Tax Liabilities	-1,970	-163	2,359	2,294	2,294	2,294	2,294	
Capital Employed	17,562	30,344	61,931	59,228	60,527	61,784	62,931	
Gross Block	2,506	4,634	6,726	9,454	11,530	14,336	16,497	
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	7,380	8,966	9,907	
Gross intangible asset	7,439	20,546	32,621	42,589	42,589	42,589	42,589	42,589
Accumulated amortization	873	1,744	3,004	5,262	7,000	8,961	11,304	
Net intangible asset	6,566	18,803	29,617	37,327	35,589	33,628	31,285	
Goodwill on Consolidation	935	3,318	8,612	9,120	9,120	9,120	9,120	
Capital WIP	270	217	197	220	1,944	1,639	1,178	
Total Investments	5,204	367	155	670	670	670	670	
Curr. Assets, Loans&Adv.	6,103	8,189	24,276	13,703	14,957	18,283	22,527	
Inventory	1,179	1,314	1,890	3,348	4,250	4,878	5,432	
Account Receivables	1,610	2,927	4,220	4,586	5,094	5,881	6,587	
Cash and Bank Balance	523	560	942	1,997	1,446	2,711	5,119	
Loans and Advances	2,791	3,387	17,224	3,771	4,167	4,812	5,389	
Curr. Liability & Prov.	2,728	3,590	5,487	8,214	9,134	10,522	11,757	
Account Payables	1,178	1,248	2,683	3,324	3,683	4,228	4,708	
Other Current Liabilities	839	1,207	1,656	3,420	3,848	4,443	4,976	
Provisions	712	1,136	1,148	1,471	1,603	1,851	2,073	
Net Current Assets	3,375	4,599	18,789	5,489	5,824	7,760	10,770	
Appl. of Funds	17,562	30,344	61,931	59,228	60,527	61,784	62,930	

Financial and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EPS	29.5	27.8	29.2	25.6	34.0	47.4	57.5
Cash EPS	34.2	36.3	42.6	48.5	54.6	70.5	83.4
BV/Share	138.8	159.7	188.1	207.6	235.2	277.1	329.1
DPS	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Payout (%)	18.6	19.8	19.3	21.5	16.6	11.6	9.6
Valuation (x)							
P/E	47.9	50.9	48.4	55.2	41.6	29.9	24.6
Cash P/E	41.4	39.0	33.3	29.2	25.9	20.1	17.0
P/BV	10.2	8.9	7.5	6.8	6.0	5.1	4.3
EV/Sales	14.4	12.0	11.0	7.5	6.7	5.6	4.8
EV/EBITDA	40.1	37.7	31.7	21.3	18.9	15.8	13.4
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4
FCF per share	18.8	-40.0	-15.3	66.2	36.6	60.4	76.2
Return Ratios (%)							
RoE	23.3	18.6	16.8	12.9	15.4	18.5	19.0
RoCE	23.2	16.0	11.8	10.4	12.4	14.8	16.3
RoIC	34.3	19.0	10.5	9.2	11.6	14.1	16.0
Working Capital Ratios							
Inventory (Days)	32	28	34	42	48	48	48
Debtor (Days)	44	63	77	58	58	58	58
Creditor (Days)	32	27	49	42	42	42	41
Leverage Ratio (x)							
Net Debt/Equity	-0.3	0.3	1.0	0.8	0.6	0.4	0.1

Consolidated - Cash Flow Statement

(**INRm**)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	4,422	4,046	4,312	4,889	6,647	8,563	10,388
Depreciation	647	1,171	1,826	3,155	2,835	3,181	3,563
Interest & Finance Charges	41	262	848	2,313	1,890	1,526	1,068
Direct Taxes Paid	-833	-772	-1,008	-979	-1,499	-1,798	-2,233
(Inc)/Dec in WC	-299	-1,755	-987	1,260	-885	-673	-602
CF from Operations	3,979	2,952	4,992	10,637	8,987	10,799	12,183
Others	-196	-34	-131	13	-161	0	0
CF from Operating incl EO	3,783	2,917	4,860	10,650	8,826	10,799	12,183
(Inc)/Dec in FA	-1,203	-8,413	-6,960	-1,546	-3,800	-2,500	-1,700
Free Cash Flow	2,580	-5,495	-2,100	9,104	5,026	8,299	10,483
(Pur)/Sale of Investments	-1,881	4,904	-11,656	12,840	0	0	0
Others	-112	-6,313	70	-12,094	89	148	166
CF from Investments	-3,196	-9,821	-18,545	-800	-3,711	-2,352	-1,534
Issue of Shares	0	0	45	72	0	0	0
Inc/(Dec) in Debt	450	7,850	14,628	-3,972	-2,500	-4,500	-6,000
Interest Paid	-39	-234	-773	-1,451	-1,978	-1,674	-1,234
Dividend Paid	-816	-999	0	-10,005	-756	-756	-756
Others	-42	264	167	6,541	-432	-251	-251
CF from Fin. Activity	-447	6,880	14,068	-8,814	-5,667	-7,182	-8,242
Inc/Dec of Cash	140	-23	383	1,036	-552	1,265	2,407
Opening Balance	369	508	560	944	1,998	1,446	2,711
Others	15	75	0	18			
Closing Balance	523	560	943	1,997	1,446	2,711	5,119

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

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

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