12 November 2025

2QFY26 Results Update | Sector: Healthcare

Eris Lifesciences

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	ERIS IN
Equity Shares (m)	136
M.Cap.(INRb)/(USDb)	214.6 / 2.4
52-Week Range (INR)	1910 / 1097
1, 6, 12 Rel. Per (%)	-4/8/7
12M Avg Val (INR M)	288

Financials & valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	32.6	37.7	42.2
EBITDA	11.8	13.9	15.5
Adj. PAT	4.9	7.0	8.4
EBIT Margin (%)	27.0	28.4	28.3
Cons. Adj. EPS (INR)	35.7	50.8	61.1
EPS Gr. (%)	39.3	42.4	20.2
BV/Sh. (INR)	237.7	283.0	338.6
Ratios			
Net D:E	0.6	0.3	0.1
RoE (%)	16.0	19.5	19.7
RoCE (%)	12.9	15.5	16.9
Payout (%)	15.4	10.8	9.0
Valuations			
P/E (x)	44.1	31.0	25.8
EV/EBITDA (x)	20.1	16.6	14.2
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	2.5	4.1	5.1
EV/Sales (x)	7.2	6.1	5.2

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	54.9	54.8	54.9
DII	19.4	18.2	18.7
FII	7.2	8.4	8.0
Others	18.6	18.6	18.5

FII includes depository receipts

CMP: INR1,575 TP: INR1,530 (-3%) Neutral

Steady execution in DF drives earnings

Capacity build-up and CDMO momentum to support medium-term growth

- Eris Lifesciences (ERIS) reported in-line revenue/EBITDA for the quarter. However, there was a slight miss on earnings due to higher interest costs and tax rate for the quarter.
- Eris outperformed the industry in the domestic formulation (DF) segment, driven by steady growth across diabetes, cardiac, and dermatology. The company continued to leverage Biocon's acquired portfolio, which supported overall YoY growth in the DF segment. ERIS has decided not to pursue further work on g-Saxenda, given the delay in regulatory approval.
- ERIS is tracking well on the CDMO segment, having recently secured projects worth INR1.2b-INR1.5b, which are scheduled for execution in FY27. It continues to build a healthy order book to be executed over the next 2-3 years.
- ERIS is also working to bring its sites under compliance (ANVISA approval for injectable units) to improve business prospects in international markets.
- We reduce our earnings estimate by 5%/6%/2% for FY26/FY27/FY28, factoring in: a) delays in the commissioning of the cartridge line at Bhopal, b) the cancellation of certain product launches (g-Saxenda), and c) extended debt repayment timelines due to near-term capex requirement.
- We value ERIS at 30x 12M forward earnings to arrive at a TP of INR1,530. While ERIS is making efforts to build capacities and capabilities to support 13%/15%/34% revenue/EBITDA/PAT CAGR over FY25-28, we believe the earnings upside is adequately factored in current valuations. Reiterate Neutral on the stock.

Better operating efficiency offsets the product mix impact

- ERIS's 2QFY26 revenue grew 7% YoY to INR7.9b (vs our est: INR8.1).
- Gross margin contracted 40bp YoY to 74.5%.
- However, EBITDA margin expanded 70bp YoY to ~36.4% (our est. 36.2%), despite decreased gross margins. Employee cost/other expenses rose 40bp/declined 150bp YoY as a % of sales for the quarter.
- EBITDA increased 9% YoY to INR2.8b (vs our estimate : INR2.9b).
- Adj. PAT increased 31% YoY to INR1.2b (vs our estimate: INR1.3b), driven by lower depreciation/interest and tax rate.
- For 1HFY26, revenue/EBITDA/PAT grew 7.2%/9.8%/35.8% YoY.

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Highlights from the management commentary

- In addition to its ongoing collaboration with Biocon, ERIS has expanded the partnership to include Aspart for the Indian market.
- While vial manufacturing recently commenced at the Bhopal unit, ERIS is currently completing stability testing for the products and, hence, has not yet released them in the market. Cartridge production has been delayed from 4QFY26 to 1QFY27.
- Due to expedited strategic investments, the target for reducing outstanding debt to INR18b has been pushed from 4QFY26 to 3QFY27.
- ERIS will not launch g-Saxenda due to delays in product approval.
- The company has identified three key growth drivers for the next 3-4 quarters: its diabetes franchise/integration of biotech manufacturing /ramp-up of international business.
- In the DF segment, price/volume contributed 2.5%/2.1% growth for the quarter, with the remaining YoY growth driven by new launches.

Consolidated - Quarterly Earning Model **(INR m)**

Y/E March	FY25				FY26E				FY25	FY26E	Estimate	Var %
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	
Gross Sales	**7,197**	**7,412**	**7,275**	**7,053**	**7,730**	**7,924**	**8,366**	**8,605**	**28,936**	**32,624**	**8,079**	-1.9
YoY Change (%)	54.2	46.7	49.6	28.0	7.4	6.9	15.0	22.0	44.0	12.7	9.0	
Total Expenditure	4,697	4,767	4,771	4,529	4,963	5,042	5,371	5,473	18,764	20,848	5,154	
EBITDA	**2,500**	**2,645**	**2,503**	**2,524**	**2,767**	**2,882**	**2,995**	**3,132**	**10,172**	**11,776**	**2,925**	-1.5
Margins (%)	34.7	35.7	34.4	35.8	35.8	36.4	35.8	36.4	35.2	36.1	36.2	
Depreciation	759	805	812	773	705	691	772	794	3,149	2,962	809	
Interest	604	595	572	543	487	496	521	508	2,313	2,011	419	
Other Income	16	46	42	80	27	28	33	34	184	123	51	
PBT before EO expense	**1,153**	**1,291**	**1,162**	**1,288**	**1,602**	**1,724**	**1,735**	**1,865**	**4,894**	**6,925**	**1,747**	-1.4
Extra-Ord expense	0	0	0	-1	-9	-3	0	0	-1	-12	0	
PBT	**1,153**	**1,291**	**1,162**	**1,289**	**1,611**	**1,727**	**1,735**	**1,865**	**4,895**	**6,937**	**1,747**	
Tax	259	328	292	265	360	382	396	431	1,144	1,568	381	
Rate (%)	22.5	25.4	25.2	20.6	22.3	22.1	22.8	23.1	23.4	22.6	21.8	
Minority Interest & P/L of Asso. Cos.	62	48	33	85	71	143	110	129	228	452	95	
Reported PAT	**832**	**916**	**836**	**938**	**1,180**	**1,202**	**1,229**	**1,305**	**3,522**	**4,916**	**1,272**	-5.5
Adj PAT	**832**	**916**	**836**	**938**	**1,173**	**1,200**	**1,229**	**1,305**	**3,522**	**4,907**	**1,272**	-5.6
YoY Change (%)	-12.3	-25.8	-18.6	15.0	41.0	31.0	47.0	39.2	-12.4	39.3	38.8	
Margins (%)	11.6	12.4	11.5	13.3	15.2	15.1	14.7	15.2	12.2	15.0	15.7	

E: MOFSL Estimates

Eris Lifesciences

Secondary sales grew 7.7% YoY in Sep'25 vs. 4.7% in Aug'25. Among the top 10 brands, strong double-digit growth in Cyblex Mv, Eritel Ln, and Insugen was partially offset by a decline in Zomelis-Met/ Glimisave-M and muted performance in Erite Ch/Basalog, resulting in outperformance compared to IPM in Sep'25.

Exhibit 1: Top 10 drugs

Drug	Therapy	MAT Sep'25 Value (INR m)	MAT Sep'25 Growth (%)	MAT Sep'25 Market share (%)	Growth (%) Last 3M	Growth (%) Sep'25
Total		**31241**	**4.2**	**100.0**	**6.6**	**7.7**
Renerve Plus	Vitamins/Minerals/Nutrients	1458	3.5	10.6	4.0	3.5
Glimisave Mv	Anti Diabetic	1410	3.7	10.6	-3.3	2.4
Insugen	Anti Diabetic	1174	27.6	4.6	19.1	11.9
Basalog	Anti Diabetic	1085	12.5	8.8	6.2	1.7
Glimisave-M	Anti Diabetic	992	-3.1	2.8	-5.6	-3.2
Cyblex Mv	Anti Diabetic	519	21.6	52.0	19.3	19.5
Eritel Ln	Cardiac	502	7.6	7.4	12.1	18.7
Remylin D	Vitamins/Minerals/Nutrients	447	-2.8	10.1	-4.6	6.8
Zomelis-Met	Anti Diabetic	420	-11.7	4.6	-10.0	-4.4
Eritel Ch	Cardiac	374	-3.8	6.2	-2.5	0.4

* Three months: Jul–Sep'25 Source: IQVIA, MOFSL

Robust growth in Anti-neoplast, Gynaec, and Derma was partially offset by muted performance in VMN in Sep'25.

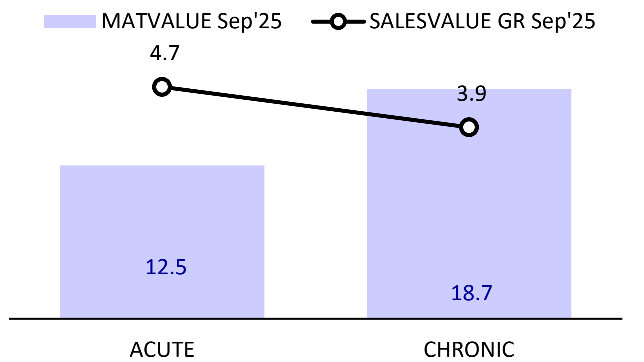
Growth was driven by price hikes and new launches on a MAT basis, offset by a decline in volumes in Sep'25.

Exhibit 2: Therapy mix (%)

	Share	MAT growth (%)	3M*	Sep'25
Total	**100.0**	**4.2**	**6.6**	**7.7**
Anti Diabetic	32.8	9.0	6.2	7.5
Cardiac	15.0	3.3	5.5	8.4
Derma	13.3	15.3	15.2	10.8
Vitamins/Minerals/Nutrients	12.0	-1.9	1.2	3.6
Antineoplast/Immunomodulator	6.2	-7.6	27.1	40.2
Gynaec.	4.8	-0.2	12.2	13.0

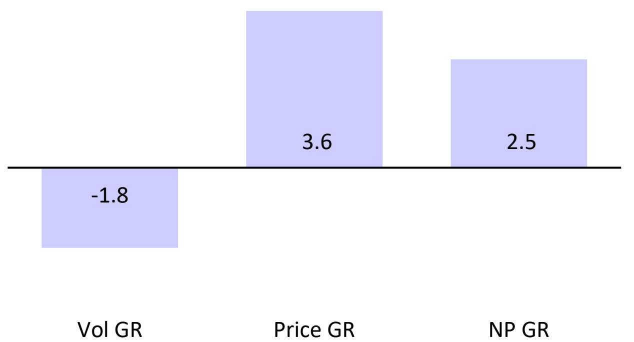
Source: IQVIA, MOFSL

Exhibit 3: Acute vs. Chronic (MAT growth)



Source: IQVIA, MOFSL

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

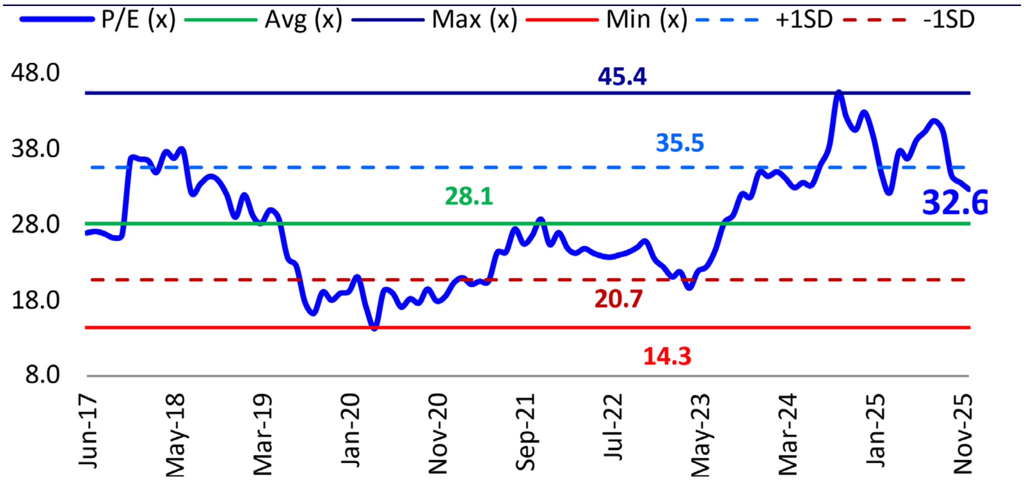


Source: IQVIA, MOFSL

Highlights from the management interaction

- ERIS also expects high-value products to be launched in 2HFY26 in the DF segment.
- EBITDA of the DF business is expected to grow at 15% YoY, with margin projected at over 37% in FY26.
- The Biocon business grew over 10% YoY, with growth seen in overall DF segment for the quarter.
- ERIS expects INR2b business from the RHI cartridge opportunity.
- The CDMO order book stands at INR7b-INR8b, and the timing of the commercial success will be subject to regulatory approvals. ERIS remains confident of tracking INR7b/INR10b revenue from the CDMO opportunity by FY28/FY30.

Exhibit 5: P/E Chart



Sustained domestic momentum/CDMO scale up to power growth

DF – gearing up for launches in diabetes space

- ERIS delivered 11% YoY revenue growth in 1HFY26 vs 10% YoY growth in 2QFY26 in the DF segment. However, it missed its "50% over market" guidance owing to the cancellation of the g-Saxenda launch/delayed price hikes in 1HFY26.
- Stronger momentum in 2HFY26 was supported by the RHI cartridge launch in Dec'25/impact of deferred price hikes. Additionally, margin tailwinds will accrue from Biocon's in-house manufacturing unit, with benefits expected in FY27.
- ERIS guided FY26 revenue/EBITDA growth of 12%/15%YoY, with operating margins at 37% YoY. A potential upside is expected from the RHI cartridge rollout in 2HFY26.
- The Eris-Biocon insulin partnership expanded threefold to include Aspart along with RHI/Glargine. Notably, Aspart's USFDA approval as the first interchangeable biosimilar enhances the company's long-term prospects.
- Apart from the Aspart launch in 2HFY26, Eris is gearing up to introduce Aspart Mix/Degludec/Degludec + Liraglutide combination/Aspart + Degludec combination products in subsequent phases. These launches will further broaden its insulin and GLP-1 portfolio, strengthening its position in the diabetes care segment and enhancing long-term growth visibility.
- ERIS remains on track for its first-wave launch, with steady progress on the synthetic Semaglutide partnership/validation of the form-fill-finish process at the AMD injectable site.
- Notably, ERIS grew 7.7% YoY as per Sep'25 IMS. Robust growth in Anti-neoplast/ Gynaec/Derma was partially offset by muted performance in VMN in Sep'25.

International business – Focus on European CDMO/Broader market approval

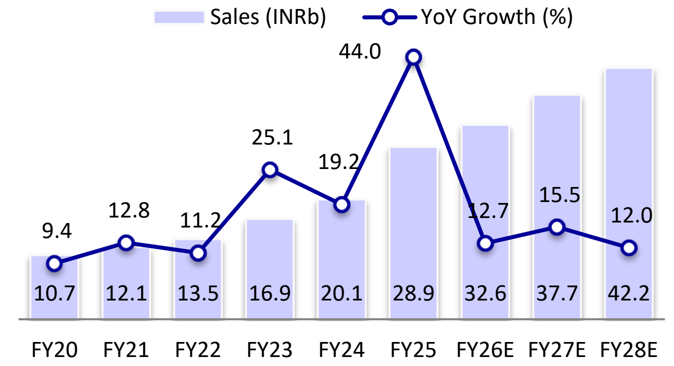
- ERIS reported revenue/EBITDA margin of INR1.58b/33% for 1HFY26. Softer revenue growth of 4% YoY was because the dry powder capacity was tied up for EU-CDMO validation batches.
- CDMO order book stands at INR7b-INR8b, and timing the of the commercial success will be subject to regulatory approvals.
- Regulatory momentum continues with Brazil ANVISA/EU-GMP (renewal) approvals for both injectable units.
- Further, at the AMD unit, ANVISA's approval for the oral liquids line has been secured with oral solids and injectables inspection scheduled for Jan'26.
- ERIS guided for international revenue of INR3.5b-INR3.7b in FY26.
- **We expect overall sales CAGR of 13% YoY at INR42.2b over FY25-28.**

Valuation and view

- We reduce our earnings estimate by 5%/6%/2% for FY26/FY27/FY28, factoring in: a) a delay in the commissioning of the cartridge line at Bhopal, b) the cancellation of certain product launches (g-Saxenda), and c) extended debt repayment timeline given the near-term capex requirement.
- We value ERIS at 30x 12M forward earnings to arrive at a TP of INR1,530. While ERIS is making efforts to build capacities and capabilities to support 13%/15%/34% revenue/EBITDA/PAT CAGR over FY25-28, we believe the earnings upside is adequately factored in current valuations. Reiterate Neutral on the stock.

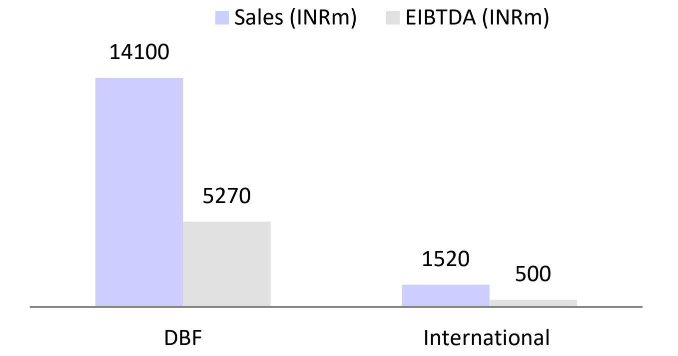
Story in charts

Exhibit 6: Expect 13% revenue CAGR over FY25-28



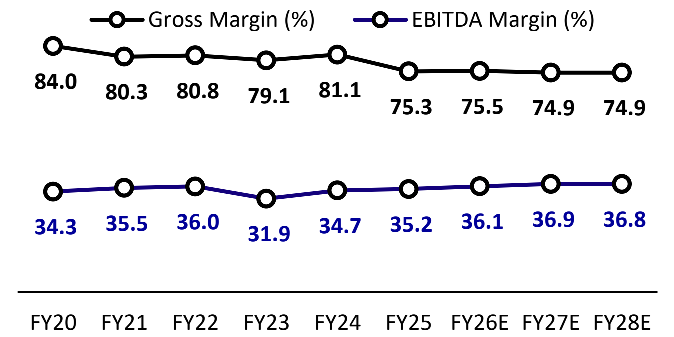
Source: MOFSL, Company

Exhibit 7: Segmental sales/EBITDA snapshot (1HFY26)



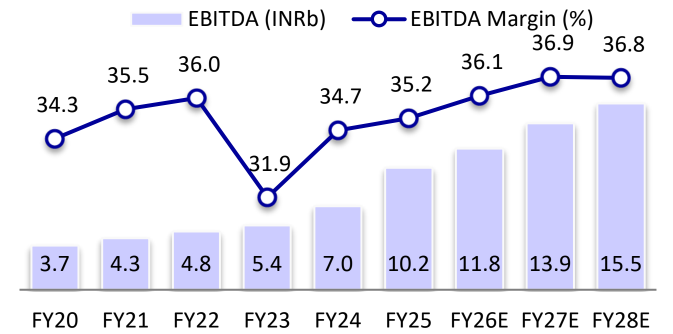
Source: MOFSL, Company

Exhibit 8: Gross margin to reach 75% by FY28E



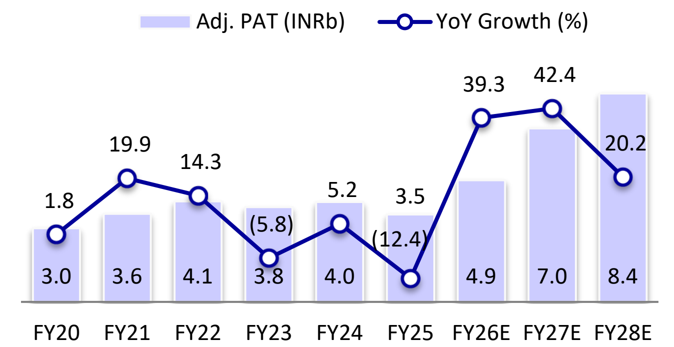
Source: MOFSL, Company

Exhibit 9: EBITDA margin to expand 170bp over FY25-28E



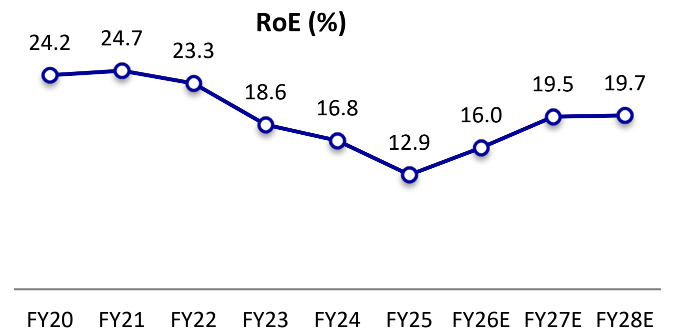
Source: MOFSL, Company

Exhibit 10: PAT to exhibit 34% CAGR over FY25-28E



Source: MOFSL, Company

Exhibit 11: RoE to expand to 20% by FY28E



Source: MOFSL, Company

Financial and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**13,470**	**16,851**	**20,091**	**28,936**	**32,624**	**37,669**	**42,190**
Change (%)	11.2	25.1	19.2	44.0	12.7	15.5	12.0
Total Expenditure	**8,621**	**11,484**	**13,129**	**18,764**	**20,848**	**23,776**	**26,651**
EBITDA	**4,850**	**5,368**	**6,962**	**10,172**	**11,776**	**13,893**	**15,539**
Margin (%)	36.0	31.9	34.7	35.2	36.1	36.9	36.8
Depreciation	647	1,171	1,830	3,149	2,962	3,207	3,592
EBIT	**4,203**	**4,197**	**5,132**	**7,023**	**8,814**	**10,686**	**11,948**
Int. and Finance Charges	41	262	848	2,313	2,011	1,674	1,234
Other Income	261	112	238	184	123	151	169
PBT bef. EO Exp.	**4,422**	**4,046**	**4,522**	**4,894**	**6,925**	**9,163**	**10,883**
EO Items	0	0	-214	-1	12	0	0
PBT after EO Exp.	**4,422**	**4,046**	**4,308**	**4,893**	**6,937**	**9,163**	**10,883**
Total Tax	364	305	342	1,144	1,568	1,924	2,231
Tax Rate (%)	8.2	7.5	7.9	23.4	22.6	21.0	20.5
Minority Interest	0	80	-51	228	452	251	251
Reported PAT	**4,058**	**3,822**	**3,916**	**3,521**	**4,916**	**6,987**	**8,400**
Adjusted PAT	**4,058**	**3,822**	**4,021**	**3,522**	**4,907**	**6,987**	**8,400**
Change (%)	14.3	-5.8	5.2	-12.4	39.3	42.4	20.2
Margin (%)	30.1	22.7	20.0	12.2	15.0	18.5	19.9

(INRm)

Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	136	136	136	136	136	136	136
Total Reserves	18,947	21,824	25,725	28,407	32,544	38,775	46,419
Net Worth	**19,083**	**21,960**	**25,861**	**28,543**	**32,680**	**38,911**	**46,555**
Minority Interest	-1	247	6,359	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**	**60,865**	**62,596**	**64,239**
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
Accumulated amortization	873	1,744	3,004	5,262	7,128	9,115	11,487
Net intangible asset	**6,566**	**18,803**	**29,617**	**37,327**	**35,461**	**33,474**	**31,103**
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**	**15,549**	**19,366**	**24,181**
Inventory	1,179	1,314	1,890	3,348	4,284	4,886	5,476
Account Receivables	1,610	2,927	4,220	4,586	5,184	5,986	6,704
Cash and Bank Balance	523	560	942	1,997	1,840	3,597	6,517
Loans and Advances	2,791	3,387	17,224	3,771	4,241	4,897	5,485
Curr. Liability & Prov.	**2,728**	**3,590**	**5,487**	**8,214**	**9,260**	**10,640**	**11,920**
Account Payables	1,178	1,248	2,683	3,324	3,713	4,234	4,746
Other Current Liabilities	839	1,207	1,656	3,420	3,916	4,522	5,065
Provisions	712	1,136	1,148	1,471	1,631	1,883	2,109
Net Current Assets	**3,375**	**4,599**	**18,789**	**5,489**	**6,289**	**8,726**	**12,261**
Appl. of Funds	**17,562**	**30,344**	**61,931**	**59,228**	**60,865**	**62,596**	**64,239**

(INRm)

Financial and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EPS	**29.5**	**27.8**	**29.2**	**25.6**	**35.7**	**50.8**	**61.1**
Cash EPS	34.2	36.3	42.6	48.5	57.2	74.1	87.2
BV/Share	138.8	159.7	188.1	207.6	237.7	283.0	338.6
DPS	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Payout (%)	18.6	19.8	19.3	21.5	15.4	10.8	9.0
Valuation (x)							
P/E	53.4	56.7	53.9	61.5	44.1	31.0	25.8
Cash P/E	46.0	43.4	37.0	32.5	27.5	21.2	18.1
P/BV	11.3	9.9	8.4	7.6	6.6	5.6	4.7
EV/Sales	16.1	13.3	12.1	8.3	7.2	6.1	5.2
EV/EBITDA	44.6	41.8	34.9	23.5	20.1	16.6	14.2
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3
FCF per share	18.8	-40.0	-15.3	66.2	39.6	63.9	79.9
Return Ratios (%)							
RoE	23.3	18.6	16.8	12.9	16.0	19.5	19.7
RoCE	23.2	16.0	11.8	10.4	12.9	15.5	16.9
RoIC	34.3	19.0	10.5	9.2	12.1	14.9	16.9
Working Capital Ratios							
Inventory (Days)	32	28	34	42	48	47	47
Debtor (Days)	44	63	77	58	58	58	58
Creditor (Days)	32	27	49	42	42	41	41
Leverahe Ratio (x)							
Net Debt/Equity	-0.3	0.3	1.0	0.8	0.6	0.3	0.1

Consolidated - Cash Flow

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	4,422	4,046	4,312	4,889	6,925	9,163	10,883
Depreciation	647	1,171	1,826	3,155	2,962	3,207	3,592
Interest & Finance Charges	41	262	848	2,313	1,888	1,524	1,065
Direct Taxes Paid	-833	-772	-1,008	-979	-1,568	-1,924	-2,231
(Inc)/Dec in WC	-299	-1,755	-987	1,260	-957	-680	-616
CF from Operations	**3,979**	**2,952**	**4,992**	**10,637**	**9,250**	**11,289**	**12,692**
Others	-196	-34	-131	13	-12	0	0
CF from Operating incl EO	**3,783**	**2,917**	**4,860**	**10,650**	**9,239**	**11,289**	**12,692**
(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**	**5,439**	**8,789**	**10,992**
(Pur)/Sale of Investments	-1,881	4,904	-11,656	12,840	0	0	0
Others	-112	-6,313	70	-12,094	123	151	169
CF from Investments	**-3,196**	**-9,821**	**-18,545**	**-800**	**-3,677**	**-2,349**	**-1,531**
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	-2,011	-1,674	-1,234
Dividend Paid	-816	-999	0	-10,005	-756	-756	-756
Others	-42	264	167	6,541	-452	-251	-251
CF from Fin. Activity	**-447**	**6,880**	**14,068**	**-8,814**	**-5,720**	**-7,182**	**-8,242**
Inc/Dec of Cash	**140**	**-23**	**383**	**1,036**	**-158**	**1,757**	**2,919**
Opening Balance	369	508	560	944	1,998	1,840	3,597
Others	15	75	0	18			
Closing Balance	**523**	**560**	**943**	**1,997**	**1,840**	**3,597**	**6,517**

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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