Eris Lifesciences (ERIS IN)

Rating: BUY | CMP: Rs1,575 | TP: Rs1,900

November 13, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,900		1,975	
Sales (Rs. m)	35,819	40,419	36,710	41,454
% Chng.	*(2.4)*	*(2.5)*		
EBITDA (Rs. m)	13,514	15,504	13,631	15,669
% Chng.	*(0.9)*	*(1.1)*		
EPS (Rs.)	52.4	67.0	53.4	66.8
% Chng.	*(1.8)*	*0.4*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	28,936	31,921	35,819	40,419
EBITDA (Rs. m)	10,172	11,591	13,514	15,504
Margin (%)	*35.2*	*36.3*	*37.7*	*38.4*
PAT (Rs. m)	3,485	5,092	7,129	9,112
EPS (Rs.)	25.6	37.4	52.4	67.0
Gr. (%)	*(10.4)*	*46.1*	*40.0*	*27.8*
DPS (Rs.)	7.4	7.5	8.0	8.0
Yield (%)	*0.5*	*0.5*	*0.5*	*0.5*
RoE (%)	*12.8*	*16.7*	*20.0*	*21.4*
RoCE (%)	*13.2*	*16.6*	*20.8*	*24.6*
EV/Sales (x)	8.2	7.3	6.3	5.3
EV/EBITDA (x)	23.2	20.0	16.6	13.9
PE (x)	61.5	42.1	30.0	23.5
P/BV (x)	7.5	6.6	5.5	4.6

Key Data	ERIS.BO | ERIS IN
52-W High / Low	Rs.1,910 / Rs.1,097
Sensex / Nifty	84,467 / 25,876
Market Cap	Rs.215bn/ $ 2,421m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.190.6m

Shareholding Pattern (%)

Promoter's	54.85
Foreign	7.21
Domestic Institution	19.36
Public & Others	18.58
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.3)	12.1	15.0
Relative	(3.6)	9.4	7.1

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Muted revenue growth

Quick Pointers:

- Net debt stands at Rs23bn.
- Swiss Parenterals Unit-3 (general injectables), targeting commercialization in FY28E.

Eris Lifesciences' (ERIS) Q2FY26 EBITDA was broadly in line with our estimate (Rs2.9bn; up 9% YoY). Though H1FY26 revenue growth (up 7% YoY) was muted, we see pick up in coming quarters as 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 FY27 and FY28E EBITDA stands cut by ~2%. We maintain 'BUY' rating with TP of Rs1,900 (valuing at 18x EV/EBITDA on Sept 2027E).

- **DBF growth at 10% YoY:** ERIS reported revenue growth of 7% YoY to Rs7.9bn. Segment wise domestic formulations including Biocon business grew by 10% YoY while Swiss parenteral remained flat YoY. gSaxenda launch dropped owing to delayed approval timelines.
- **In-line EBITDA, margins at 36.4%:** EBITDA came in at Rs2.9bn (up 9% YoY) broadly in line with our est. OPM improved 57bps QoQ and 68bps YoY at 36.2%. Domestic business formulation margins expanded 32bps YoY at 37.6%. Biocon margins improved to 32% in Q2FY26 up from 19% at time of acquisition. Overall GMs declined both QoQ and YoY by 166bps and 41bps to 74%. Other expenses remained flat YoY. Resultant PAT came in at Rs 1.2bn (up 31% YoY) given lower interest charges. EPS stood at Rs 8.7/share.
- **Key concall takeaways: Domestic branded formulation:** Revenue growth was driven by 2% volume and 2.5% price. Deferred price increase in H1 (benefit to reflect in H2). RHI cartridge opportunity to start contributing from Dec'25. EBITDA margins expanded across segments. Biocon margin improved to 32% up 200bps QoQ, in-house manufacturing to lift margins further. Guidance: 12% growth for FY26, EBITDA growth 15% YoY (upside possible from RHI cartridge launch). Domestic EBITDA margin guided at +37%.
- **Insulin:** Market share increased from 10% to 15% in last 18months. Bhopal facility: recently upgraded with Rs 800mn capex; full utilization expected; next phase to double capacity (vials & cartridges) with further capex. Estimated additional Rs 500 mn annual EBITDA potential. Adding gAspart to existing partnership (recently approved interchangeable biosimilar). Biocon to leverage Eri's plant for its RoW insulin expansion.

- **GLP-1:** RHI production line commissioned in Aug'25, cartridge line expected in Q1FY27E. Confident of supply sufficiency for FY26E despite delay in cartridge readiness. Strong traction in institutional segment (hospitals).

- **R&D:** Pipeline progressing well across insulin analogs and synthetic semaglutide. Bhopal facility fully validated, supporting Biocon and in-house insulin programs. Ongoing investments in diabetes pipeline and DS manufacturing to enhance backward integration. Swiss Parenterals Unit-3 (general injectables), targeting commercialization in FY28.

- **Exports:** Expect H2 to be heavier; visibility improving post ANVISA (Brazil) approval; next audit planned Jan'26. First European CDMO order received – exclusive manufacturing for Innovator brand across 6 EU countries, potential Rs 1.25–1.5bn in FY27E revenue, margins at business average. FY27E revenue mix expected: 30% from regulated markets, 50% private market share. International EBITDA margins ~33%.

- **Capex in Q2**: Rs 500Mn, H1 total Rs 1170mn. Upcoming spends ~3.8-4bn mainly towards Bhopal phase-2 insulin expansion Rs 1.5bn, Swiss Unit-3 injectables Rs 1.3bn and rest for GLP-1 & DS manufacturing.

- **Others:** Net debt: Rs 22.8bn. Targets <1.5x by Dec'26. OCF/EBITDA: 47% in Q2, impacted by higher GST receivables and statutory liabilities post distribution structure changes.

Exhibit 1: Q2FY26 Result Overview (Rs mn): EBITDA in line, DBF business up 10% YoY

Y/e March	Q2FY26	Q2FY25	*YoY gr. (%)*	Q2FY26E	*%Var*	Q1FY26	*QoQ gr. (%)*	H1 FY26	H1 FY25	*YoY gr. (%)*
Net Sales	**7,924**	**7,412**	***6.9***	**7,918**	***0.1***	**7,730**	***2.5***	**15,654**	**14,609**	***7.2***
Raw Material	2,024	1,863	*8.7*	1,861	*8.8*	1,846	*9.6*	3,871	3,669	*5.5*
% of Net Sales	*25.5*	*25.1*		*23.5*		*23.9*		*24.7*	*25.1*	
Personnel Cost	1,375	1,256	*9.4*	1,445	*(4.9)*	1,444	*(4.8)*	2,819	2,583	*9.2*
% of Net Sales	*17.3*	*16.9*		*18.2*		*18.7*		*18.0*	*17.7*	
Others	1,643	1,648	*(0.3)*	1,770	*(7.2)*	1,672	*(1.7)*	3,316	3,213	*3.2*
% of Net Sales	*20.7*	*22.2*		*22.4*		*21.6*		*21.2*	*22.0*	
Total Expenditure	5,042	4,767	*5.8*	5,076	*(0.7)*	4,963	*1.6*	10,005	9,464	*5.7*
EBITDA	**2,882**	**2,646**	***8.9***	**2,843**	***1.4***	**2,767**	***4.2***	**5,649**	**5,145**	***9.8***
Margin (%)	*36.4*	*35.7*		*35.9*		*35.8*		*36.1*	*35.2*	
Depreciation	691	805	*(14.2)*	750	*(7.9)*	705	*(2.0)*	1,396	1,564	*(10.8)*
EBIT	**2,191**	**1,841**	***19.0***	**2,093**	***4.7***	**2,062**	***6.3***	**4,253**	**3,581**	***18.8***
Other Income	28	46	*(38.2)*	30	*(6.3)*	27	*4.5*	55	62	*(11.1)*
Interest	496	595	*(16.7)*	450	*10.1*	487	*1.8*	982	1,198	*(18.0)*
PBT	**1,724**	**1,292**	***33.5***	**1,673**	***3.1***	**1,602**	***7.6***	**3,326**	**2,445**	***36.1***
Total Taxes	382	328	*16.6*	385	*(0.7)*	360	*6.1*	742	587	*26.5*
ETR (%)	*22.2*	*25.4*		*23.0*		*22.5*		*22.3*	*24.0*	
Minority Income	143	48		70	*104.0*	71		214	110	
Reported PAT	**1,199**	**916**	***30.8***	**1,218**	***(1.6)***	**1,171**	***2.4***	**2,370**	**1,748**	***35.6***

Source: Company, PL

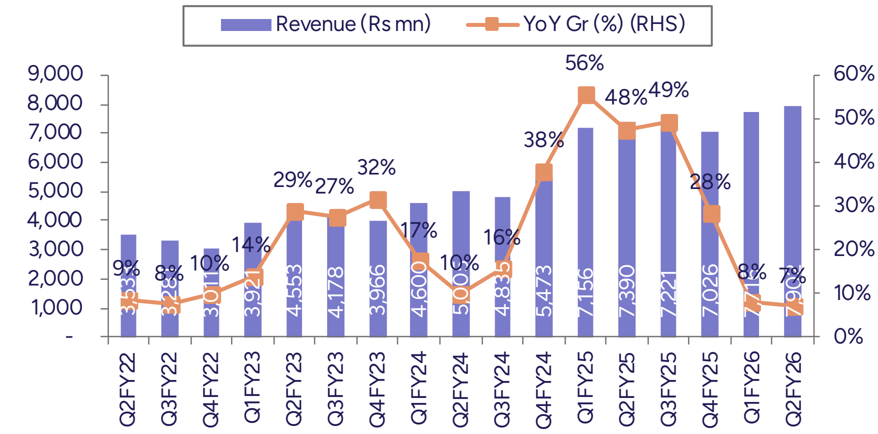
Exhibit 2: Steady growth momentum

Revenues INR mn	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
DBF	6,440	6,350	6,020	7,020	7,080
Swiss Parenteral	820	760	930	680	830
Others	130	111	76	16	**-9**
Total revenues	**7390**	**7221**	**7026**	**7716**	**7902**

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

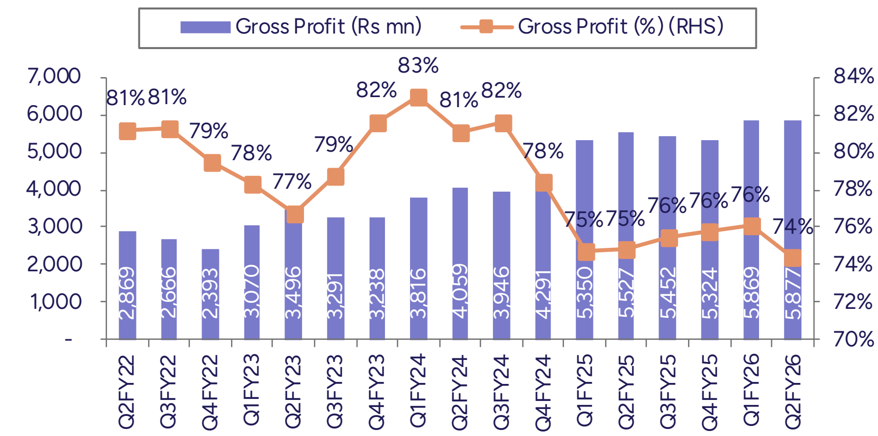
Source: Company, PL

Exhibit 3: Growth delivered across segments



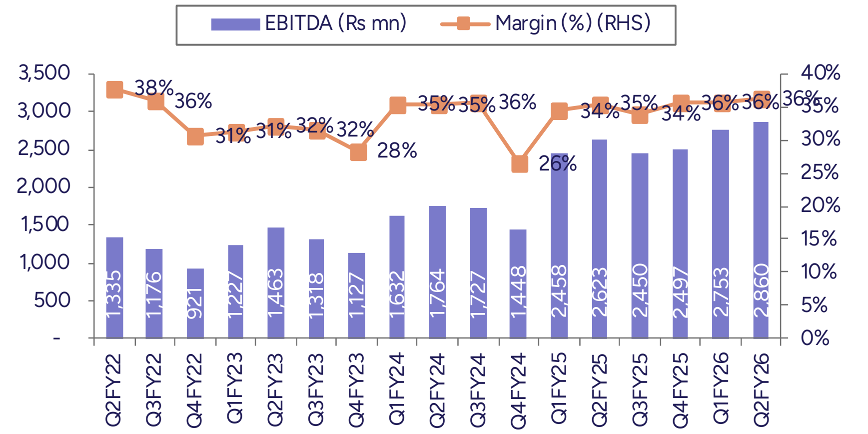
Source: Company, PL

Exhibit 4: GMs decline both YoY and QoQ



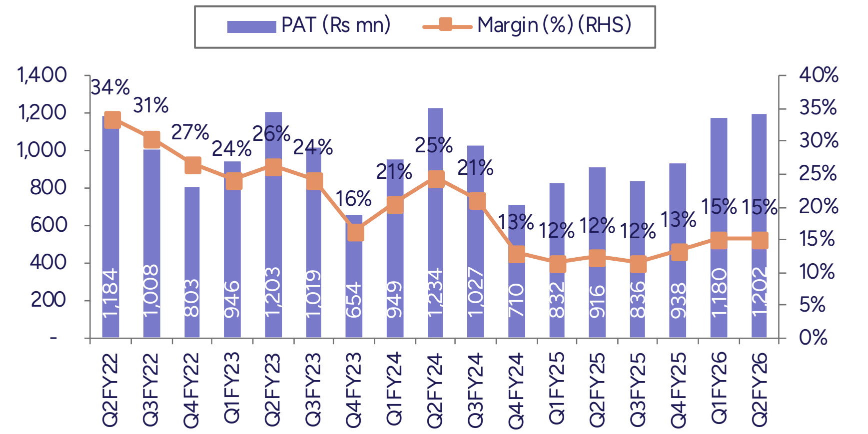
Source: Company, PL

Exhibit 5: Margins improved across businesses



Source: Company, PL

Exhibit 6: Lower interest charges supported PAT



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**28,936**	**31,921**	**35,819**	**40,419**
YoY gr. (%)	*44.0*	*10.3*	*12.2*	*12.8*
Cost of Goods Sold	7,140	7,821	8,489	9,579
Gross Profit	21,797	24,100	27,330	30,840
Margin (%)	*75.3*	*75.5*	*76.3*	*76.3*
Employee Cost	5,051	5,606	6,223	6,908
Other Expenses	6,574	6,902	7,593	8,428
EBITDA	**10,172**	**11,591**	**13,514**	**15,504**
YoY gr. (%)	*50.7*	*14.0*	*16.6*	*14.7*
Margin (%)	*35.2*	*36.3*	*37.7*	*38.4*
Depreciation and Amortization	3,155	2,977	3,043	3,109
EBIT	**7,017**	**8,614**	**10,471**	**12,395**
Margin (%)	*24.3*	*27.0*	*29.2*	*30.7*
Net Interest	2,313	1,822	1,122	422
Other Income	184	120	175	250
Profit Before Tax	**4,888**	**6,913**	**9,525**	**12,224**
Margin (%)	*16.9*	*21.7*	*26.6*	*30.2*
Total Tax	1,142	1,521	2,095	2,811
Effective tax rate (%)	*23.4*	*22.0*	*22.0*	*23.0*
Profit after tax	**3,746**	**5,392**	**7,429**	**9,412**
Minority interest	228	300	300	300
Share Profit from Associate	-	-	-	-
Adjusted PAT	**3,485**	**5,092**	**7,129**	**9,112**
YoY gr. (%)	*(10.4)*	*46.1*	*40.0*	*27.8*
Margin (%)	*12.0*	*16.0*	*19.9*	*22.5*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**3,485**	**5,092**	**7,129**	**9,112**
YoY gr. (%)	*(10.4)*	*46.1*	*40.0*	*27.8*
Margin (%)	*12.0*	*16.0*	*19.9*	*22.5*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,485	5,092	7,129	9,112
Equity Shares O/s (m)	**136**	**136**	**136**	**136**
EPS (Rs)	**25.6**	**37.4**	**52.4**	**67.0**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**52,933**	**54,133**	**55,333**	**56,533**
Tangibles	52,930	54,130	55,330	56,530
Intangibles	3	3	3	3
Acc: Dep / Amortization	**8,985**	**11,962**	**15,005**	**18,114**
Tangibles	8,985	11,962	15,005	18,114
Intangibles	-	-	-	-
Net fixed assets	**43,948**	**42,171**	**40,328**	**38,418**
Tangibles	43,945	42,168	40,325	38,416
Intangibles	3	3	3	3
Capital Work In Progress	-	-	-	-
Goodwill	9,120	9,120	9,120	9,120
Non-Current Investments	105	105	105	105
Net Deferred tax assets	(2,294)	(2,294)	(2,294)	(2,294)
Other Non-Current Assets	857	857	857	857
Current Assets				
Investments	50	50	50	50
Inventories	3,348	3,935	3,925	4,430
Trade receivables	4,586	5,772	6,477	7,309
Cash & Bank Balance	2,228	480	1,097	3,198
Other Current Assets	1,959	1,959	1,959	1,959
Total Assets	**69,149**	**67,396**	**66,865**	**68,393**
Equity				
Equity Share Capital	136	136	136	136
Other Equity	28,407	32,479	38,521	46,545
Total Networth	**28,543**	**32,615**	**38,657**	**46,681**
Non-Current Liabilities				
Long Term borrowings	17,375	17,375	10,375	3,375
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	6,842	842	842	842
Trade payables	3,324	3,498	3,925	4,430
Other current liabilities	3,707	3,708	3,708	3,708
Total Equity & Liabilities	**69,149**	**67,396**	**66,865**	**68,393**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,888	6,913	9,525	12,224
Add. Depreciation	3,155	2,977	3,043	3,109
Add. Interest	2,313	1,822	1,122	422
Less Financial Other Income	184	120	175	250
Add. Other	13	(500)	(520)	(520)
Op. profit before WC changes	10,369	11,211	13,169	15,234
Net Changes-WC	1,260	(1,598)	(268)	(832)
Direct tax	(979)	(1,521)	(2,095)	(2,811)
Net cash from Op. activities	**10,650**	**8,093**	**10,806**	**11,591**
Capital expenditures	(13,240)	(1,200)	(1,200)	(1,200)
Interest / Dividend Income	-	-	-	-
Others	-	80	45	(30)
Net Cash from Invt. activities	**(13,240)**	**(1,120)**	**(1,155)**	**(1,230)**
Issue of share cap. / premium	72	-	-	-
Debt changes	(3,972)	(6,000)	(7,000)	(7,000)
Dividend paid	(1,000)	(1,020)	(1,088)	(1,088)
Interest paid	(1,451)	(1,822)	(1,122)	(422)
Others	(2,838)	121	175	250
Net cash from Fin. activities	**(9,188)**	**(8,721)**	**(9,035)**	**(8,260)**
Net change in cash	**(11,778)**	**(1,748)**	**617**	**2,102**
Free Cash Flow	(2,590)	6,893	9,606	10,391

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	**7,275**	**7,053**	**7,730**	**7,924**
YoY gr. (%)	*44.0*	*45.0*	*40.3*	*10.1*
Raw Material Expenses	1,769	1,703	1,846	2,024
Gross Profit	5,506	5,351	5,884	5,900
Margin (%)	*75.7*	*75.9*	*76.1*	*74.5*
EBITDA	**2,503**	**2,524**	**2,767**	**2,882**
YoY gr. (%)	*38.2*	*43.8*	*86.4*	*15.3*
Margin (%)	*34.4*	*35.8*	*35.8*	*36.4*
Depreciation / Depletion	812	773	705	691
EBIT	**1,691**	**1,751**	**2,062**	**2,191**
Margin (%)	*23.2*	*24.8*	*26.7*	*27.7*
Net Interest	572	543	487	496
Other Income	42	80	27	28
Profit before Tax	**1,162**	**1,288**	**1,602**	**1,724**
Margin (%)	*16.0*	*18.3*	*20.7*	*21.8*
Total Tax	292	265	360	382
Effective tax rate (%)	*25.2*	*20.6*	*22.5*	*22.2*
Profit after Tax	**869**	**1,023**	**1,242**	**1,342**
Minority interest	33	85	71	143
Share Profit from Associates	-	-	-	-
Adjusted PAT	**836**	**938**	**1,171**	**1,199**
YoY gr. (%)	*(32.2)*	*(8.7)*	*65.0*	*44.2*
Margin (%)	*11.5*	*13.3*	*15.1*	*15.1*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**836**	**938**	**1,171**	**1,199**
YoY gr. (%)	*(32.2)*	*(8.7)*	*65.0*	*44.2*
Margin (%)	*11.5*	*13.3*	*15.1*	*15.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**836**	**938**	**1,171**	**1,199**
Avg. Shares O/s (m)	138	138	138	138
EPS (Rs)	**6.1**	**6.8**	**8.6**	**8.7**

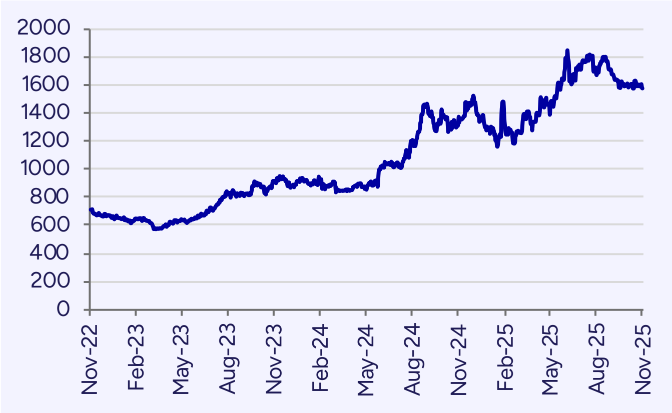
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	25.6	37.4	52.4	67.0
CEPS	48.8	59.3	74.8	89.9
BVPS	209.9	239.8	284.3	343.3
FCF	(19.0)	50.7	70.6	76.4
DPS	7.4	7.5	8.0	8.0
Return Ratio(%)				
RoCE	13.2	16.6	20.8	24.6
ROIC	10.5	12.9	15.9	19.0
RoE	12.8	16.7	20.0	21.4
Balance Sheet				
Net Debt : Equity (x)	0.8	0.5	0.3	0.0
Net Working Capital (Days)	58	71	66	66
Valuation(x)				
PER	61.5	42.1	30.0	23.5
P/B	7.5	6.6	5.5	4.6
P/CEPS	32.3	26.5	21.1	17.5
EV/EBITDA	23.2	20.0	16.6	13.9
EV/Sales	8.2	7.3	6.3	5.3
Dividend Yield (%)	0.5	0.5	0.5	0.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	1,975	1,590
2	06-Aug-25	BUY	1,975	1,808
3	08-Jul-25	BUY	1,740	1,734
4	20-May-25	BUY	1,740	1,444
5	08-Apr-25	BUY	1,450	1,275
6	05-Feb-25	BUY	1,450	1,230
7	08-Jan-25	BUY	1,420	1,301

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,642
3	Aster DM Healthcare	BUY	775	693
4	Aurobindo Pharma	BUY	1,300	1,141
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	7,050	6,657
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,150	969
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,100	1,820
14	Jupiter Life Line Hospitals	BUY	1,800	1,519
15	Krishna Institute of Medical Sciences	BUY	840	701
16	Lupin	BUY	2,400	1,972
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Sunteck Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,200	3,580
23	Zydus Lifesciences	Accumulate	1,020	937

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Param Desai- MBA Finance, Mr. Kushal Shah- CFP, Passed CFA Level I Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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