

February 16, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,800		1,900	
Sales (Rs. m)	35,935	40,435	35,819	40,419
% Chng.	0.3	-		
EBITDA (Rs. m)	13,145	15,048	13,514	15,504
% Chng.	(2.7)	(2.9)		
EPS (Rs.)	48.4	62.0	52.4	67.0
% Chng.	(7.7)	(7.4)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	28,936	31,894	35,935	40,435
EBITDA (Rs. m)	10,172	11,417	13,145	15,048
Margin (%)	35.2	35.8	36.6	37.2
PAT (Rs. m)	3,485	4,781	6,584	8,434
EPS (Rs.)	25.6	35.2	48.4	62.0
Gr. (%)	(10.4)	37.2	37.7	28.1
DPS (Rs.)	7.4	7.5	8.0	8.0
Yield (%)	0.5	0.5	0.6	0.6
RoE (%)	12.8	15.7	18.8	20.3
RoCE (%)	13.2	16.2	19.2	22.5
EV/Sales (x)	7.4	6.6	5.7	4.9
EV/EBITDA (x)	21.1	18.5	15.7	13.2
PE (x)	55.2	40.2	29.2	22.8
P/BV (x)	6.7	6.0	5.1	4.3

Key Data

ERIS.BO | ERIS IN

52-W High / Low	Rs.1,910 / Rs.1,097
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.193bn / \$ 2,126m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.222.4m

Shareholding Pattern (%)

Promoter's	54.85
Foreign	6.85
Domestic Institution	20.31
Public & Others	17.99
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.2)	(15.5)	11.8
Relative	(3.1)	(17.7)	3.0

Param Desai

paramdesai@plindia.com | 91-22-66322259

Kushal Shah

kushalshah@plindia.com | 91-22-66322490

Growth to improve

Quick Pointers:

- Discontinued Rs 600-700mn of non-core tail brands in DBF which could impact revenue by 2% in FY27
- Strong EU CDMO order book of Rs 10bn.

Eris Lifesciences' (ERIS) Q3FY26 EBITDA was 5% below our estimate (Rs2.8bn; up 12.5% YoY). Though 9MFY26 revenue growth (up 8% YoY) was muted, we see pick up from FY27 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 36% in FY26 as commercial manufacturing start from Bhopal facility along with scale up in export business. 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 ~3%. We maintain 'BUY' rating with revised TP of Rs1,800 (valuing at 17x EV/EBITDA on FY28E).

- Steady revenue growth YoY:** ERIS reported revenue growth of 11% YoY to Rs8.1bn. Segment wise domestic formulations including Biocon business grew by 10% YoY while Swiss parenteral delivered strong growth of 46% YoY.
- Margin miss led by weak GMs:** EBITDA came in at Rs2.8bn (up 12.5% YoY) we est Rs 2.97bn. OPM improved 50bps YoY but declined 150bps QoQ at 34.9%. Domestic business formulation margins expanded 32bps YoY at 37.6%. Biocon margins improved to 37% in Q3FY26 up from 19% at time of acquisition. Overall GMs declined both QoQ and YoY by 211bps and 334bps to 72.3%. Other expenses declined 6% YoY. Resultant PAT came in at Rs 998mn (up 19% YoY); below our estimate.

Key concall takeaways:

- Domestic branded formulation:** Insulin and Dermatology therapies continue to significantly outperform the market. OAD portfolio remains impacted by FTC bans on key SKUs; underperformance likely to persist for 2-3 more quarters before stabilizing. Preparing to launch Esaxerenone, a non-steroidal MRA, indicated for resistant hypertension. Discontinued Rs 600-700mn of tail-end brands (mainly general injectables and other non-core categories) due to low profitability and weak strategic fit; expected ~2% revenue impact FY27E. Further company has been winding down trade generic business
- Insulin:** It continues strong traction; RHI cartridge share up to ~26% (vs 8% at acquisition), with ~30% prescription share. RHI + Glargine share at 16% (vs 9% earlier); targeting 25% in 3 years. ~40% price gap vs innovator driving volumes; gradual price hikes possible. gAspart/gAspart Mix launch next year; Degludec

under validation. Bhopal ramp-up ongoing; Rs 600–900Mn annual EBITDA drag to reduce with scale.

- **GLP-1:** Partner with Natco Pharma for India launch. Natco has received approval for generic semaglutide. Launch to leverage existing metabolic/insulin teams; limited incremental hiring. Initial margins lower, but minimal impact on overall EBITDA.
- **Exports:** EU CDMO order book at ~Rs 10bn annualized. Third injectable facility targeted for commissioning in FY28 to support regulated market and CDMO growth.
- **Other highlights:** Q3 capex at ~Rs 800Mn; 9M capex ~Rs 2bn. FY26E guidance maintained at Rs 2-2.5bn, with Rs 7.5bn planned over FY26–28E. Capex front-loaded toward insulin, GLP-1, and injectables, slightly delaying debt reduction. Net debt at Rs 22.7bn; target net debt/EBITDA of 1.5x by end-CY26.

Exhibit 1: Q3FY26 Result Overview (Rs mn): EBITDA miss, DBF business up 10% YoY

Y/e March(Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	%Var	Q2FY26	QoQ gr. (%)	9M FY26	9M FY25	YoY gr. (%)
Net Sales	8,075	7,275	11.0	8,051	0.3	7,924	1.9	23,729	21,884	8.4
Raw Material	2,233	1,769	26.2	2,002	11.6	2,024	10.3	6,104	5,437	12.3
% of Net SAMes	27.7	24.3		24.9		25.5		25.7	24.8	
Personnel Cost	1,381	1,254	10.1	1,379	0.1	1,375	0.5	4,200	3,836	9.5
% of Net SAMes	17.1	17.2		17.1		17.3		17.7	17.5	
Others	1,645	1,749	(6.0)	1,700	(3.3)	1,643	0.1	4,960	4,962	(0.0)
% of Net SAMes	20.4	24.0		21.1		20.7		20.9	22.7	
Total Expenditure	5,258	4,771	10.2	5,081	3.5	5,042	4.3	15,263	14,235	7.2
EBITDA	2,816	2,503	12.5	2,970	(5.2)	2,882	(2.3)	8,465	7,648	10.7
Margin (%)	34.9	34.4		36.9		36.4		35.7	35.0	
Depreciation	703	812	(13.4)	700	0.5	691	1.8	2,099	2,376	(11.7)
EBIT	2,113	1,691	24.9	2,270	(6.9)	2,191	(3.6)	6,366	5,272	20.7
Other Income	0	42	(99.5)	28	(99.3)	28	(99.3)	55	104	(47.0)
Interest	488	572	(14.6)	450	8.5	496	(1.5)	1,471	1,770	(16.9)
PBT	1,625	1,162	39.9	1,848	(12.1)	1,724	(5.8)	4,951	3,606	37.3
Total Taxes	365	292	24.9	416	(12.2)	382	(4.4)	1,107	879	26.0
ETR (%)	22.5	25.2		22.5		22.2		22.4	24.4	
Minority Income	91	33		100	(9.3)	143		305	143	
Reported PAT	1,169	836	39.8	1,332	(12.3)	1,199	(2.5)	3,539	2,584	36.9

Source: Company, PL

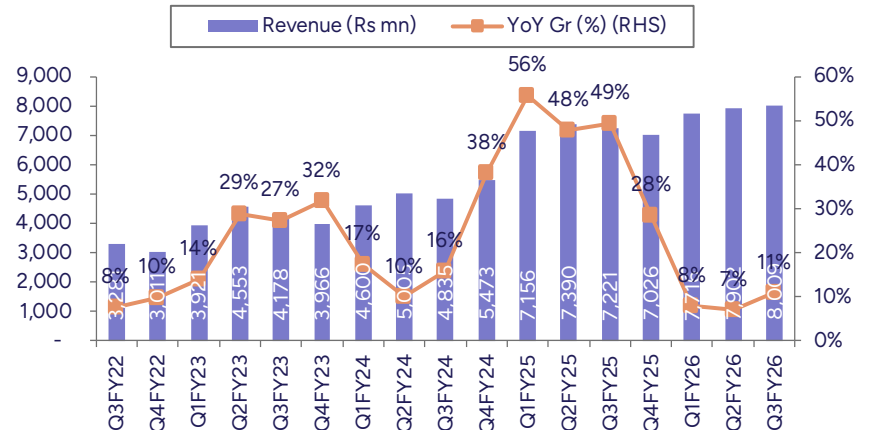
Exhibit 2: Steady growth momentum

Rs in Mn	Q3FY26	Q2FY26	Q3FY25	YoY.gr	QoQ.gr	9M FY26	9M FY25	YoY.gr
DBF	6960	7080	6350	10%	-2%	21060	19110	10%
Swiss Parentals	1110	830	760	46%	34%	2620	2310	13%
Others	-61.1	-8.5	111.2	-155%	619%	-54	347	-116%
Total revenues	8,009	7,902	7,221	11%	1%	23626	21767	9%

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

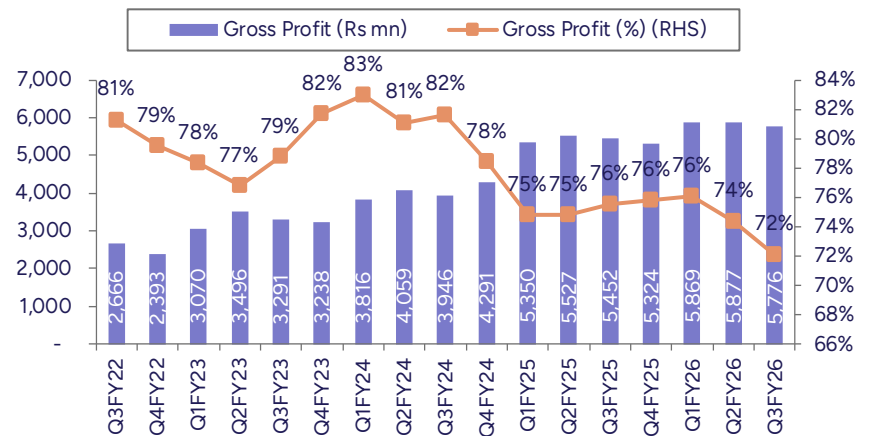
Source: Company, PL

Exhibit 3: Exports aided higher growth YoY



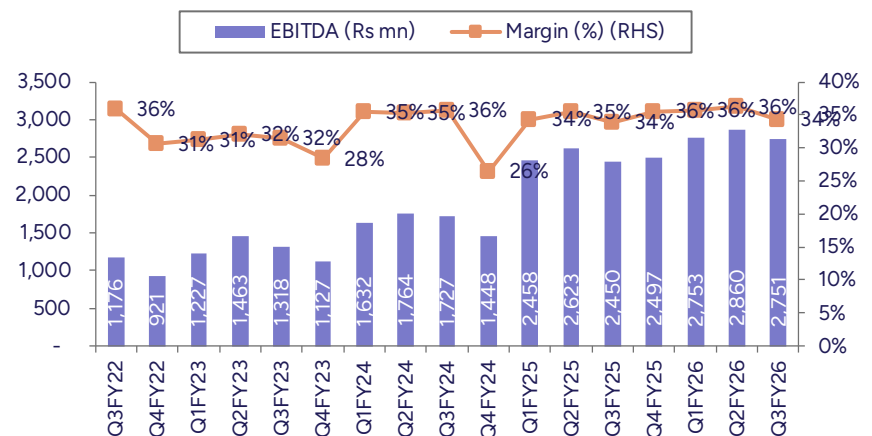
Source: Company, PL

Exhibit 4: Weak GMs both YoY and QoQ



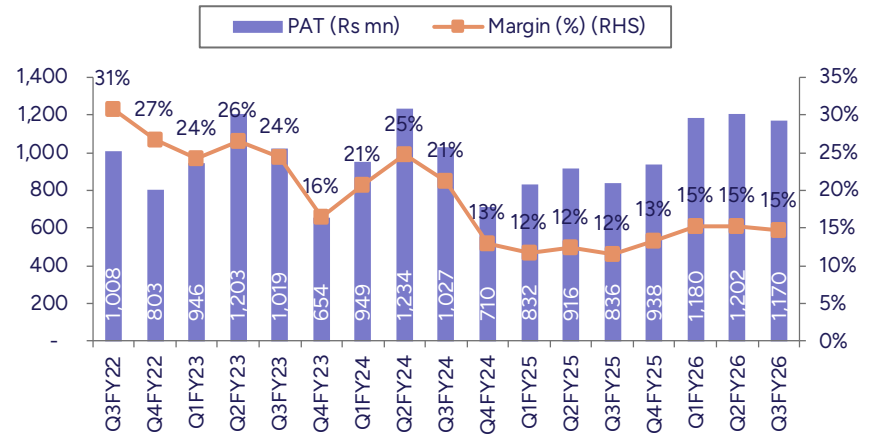
Source: Company, PL

Exhibit 5: Lower GMs impacted EBITDA



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	31,894	35,935	40,435
YoY gr. (%)	44.0	10.2	12.7	12.5
Cost of Goods Sold	7,140	8,165	9,163	10,230
Gross Profit	21,797	23,729	26,771	30,205
Margin (%)	75.3	74.4	74.5	74.7
Employee Cost	5,051	5,606	6,251	6,970
Other Expenses	6,574	6,705	7,376	8,187
EBITDA	10,172	11,417	13,145	15,048
YoY gr. (%)	50.7	12.2	15.1	14.5
Margin (%)	35.2	35.8	36.6	37.2
Depreciation and Amortization	3,155	2,910	3,041	3,173
EBIT	7,017	8,507	10,103	11,875
Margin (%)	24.3	26.7	28.1	29.4
Net Interest	2,313	1,941	1,398	733
Other Income	184	80	120	200
Profit Before Tax	4,888	6,646	8,825	11,342
Margin (%)	16.9	20.8	24.6	28.1
Total Tax	1,142	1,475	1,942	2,609
Effective tax rate (%)	23.4	22.2	22.0	23.0
Profit after tax	3,746	5,171	6,884	8,734
Minority interest	228	390	300	300
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,485	4,781	6,584	8,434
YoY gr. (%)	(10.4)	37.2	37.7	28.1
Margin (%)	12.0	15.0	18.3	20.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,485	4,781	6,584	8,434
YoY gr. (%)	(10.4)	37.2	37.7	28.1
Margin (%)	12.0	15.0	18.3	20.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,485	4,781	6,584	8,434
Equity Shares O/s (m)	136	136	136	136
EPS (Rs)	25.6	35.2	48.4	62.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	52,933	55,433	57,933	60,433
Tangibles	52,930	55,430	57,930	60,430
Intangibles	3	3	3	3
Acc: Dep / Amortization	8,985	11,895	14,936	18,109
Tangibles	8,985	11,895	14,936	18,109
Intangibles	-	-	-	-
Net fixed assets	43,948	43,538	42,996	42,324
Tangibles	43,945	43,535	42,994	42,321
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	3,932	4,233	4,764
Trade receivables	4,586	5,767	6,498	7,312
Cash & Bank Balance	2,228	807	755	922
Other Current Assets	1,959	1,959	1,959	1,959
Total Assets	69,149	69,082	69,521	70,360
Equity				
Equity Share Capital	136	136	136	136
Other Equity	28,407	32,168	37,664	45,010
Total Networth	28,543	32,304	37,800	45,146
Non-Current Liabilities				
Long Term borrowings	17,375	17,375	11,875	4,875
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	6,842	2,842	2,842	2,842
Trade payables	3,324	3,495	3,938	4,431
Other current liabilities	3,707	3,708	3,708	3,708
Total Equity & Liabilities	69,149	69,082	69,521	70,360

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	4,888	6,646	8,825	11,342
Add. Depreciation	3,155	2,910	3,041	3,173
Add. Interest	2,313	1,941	1,398	733
Less Financial Other Income	184	80	120	200
Add. Other	13	(590)	(520)	(520)
Op. profit before WC changes	10,369	10,907	12,745	14,728
Net Changes-WC	1,260	(1,593)	(589)	(851)
Direct tax	(979)	(1,475)	(1,942)	(2,609)
Net cash from Op. activities	10,650	7,839	10,214	11,269
Capital expenditures	(13,240)	(2,500)	(2,500)	(2,500)
Interest / Dividend Income	-	-	-	-
Others	-	120	100	20
Net Cash from Invst. activities	(13,240)	(2,380)	(2,400)	(2,480)
Issue of share cap. / premium	72	-	-	-
Debt changes	(3,972)	(4,000)	(5,500)	(7,000)
Dividend paid	(1,000)	(1,020)	(1,088)	(1,088)
Interest paid	(1,451)	(1,941)	(1,398)	(733)
Others	(2,838)	81	120	200
Net cash from Fin. activities	(9,188)	(6,880)	(7,866)	(8,621)
Net change in cash	(11,778)	(1,421)	(52)	168
Free Cash Flow	(2,590)	5,339	7,714	8,769

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	25.6	35.2	48.4	62.0
CEPS	48.8	56.6	70.8	85.3
BVPS	209.9	237.5	278.0	332.0
FCF	(19.0)	39.3	56.7	64.5
DPS	7.4	7.5	8.0	8.0
Return Ratio(%)				
RoCE	13.2	16.2	19.2	22.5
ROIC	10.5	12.5	14.7	17.1
RoE	12.8	15.7	18.8	20.3
Balance Sheet				
Net Debt : Equity (x)	0.8	0.6	0.4	0.1
Net Working Capital (Days)	58	71	69	69
Valuation(x)				
PER	55.2	40.2	29.2	22.8
P/B	6.7	6.0	5.1	4.3
P/CEPS	29.0	25.0	20.0	16.6
EV/EBITDA	21.1	18.5	15.7	13.2
EV/Sales	7.4	6.6	5.7	4.9
Dividend Yield (%)	0.5	0.5	0.6	0.6

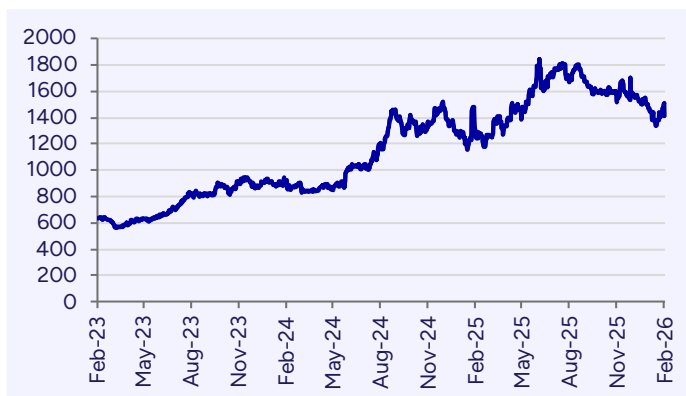
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	7,053	7,730	7,924	8,075
YoY gr. (%)	45.0	40.3	10.1	8.9
Raw Material Expenses	1,703	1,846	2,024	2,233
Gross Profit	5,351	5,884	5,900	5,842
Margin (%)	75.9	76.1	74.5	72.3
EBITDA	2,524	2,767	2,882	2,816
YoY gr. (%)	43.8	86.4	15.3	6.4
Margin (%)	35.8	35.8	36.4	34.9
Depreciation / Depletion	773	705	691	703
EBIT	1,751	2,062	2,191	2,113
Margin (%)	24.8	26.7	27.7	26.2
Net Interest	543	487	496	488
Other Income	80	27	28	-
Profit before Tax	1,288	1,602	1,724	1,625
Margin (%)	18.3	20.7	21.8	20.1
Total Tax	265	360	382	365
Effective tax rate (%)	20.6	22.5	22.2	22.5
Profit after Tax	1,023	1,242	1,342	1,260
Minority interest	85	71	143	91
Share Profit from Associates	-	-	-	-
Adjusted PAT	938	1,171	1,199	1,341
YoY gr. (%)	(8.7)	65.0	44.2	46.4
Margin (%)	13.3	15.1	15.1	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	938	1,171	1,199	1,341
YoY gr. (%)	(8.7)	65.0	44.2	46.4
Margin (%)	13.3	15.1	15.1	16.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	938	1,171	1,199	1,341
Avg. Shares O/s (m)	138	138	138	138
EPS (Rs)	6.8	8.6	8.7	7.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	1,900	1,553
2	13-Nov-25	BUY	1,900	1,575
3	08-Oct-25	BUY	1,975	1,590
4	06-Aug-25	BUY	1,975	1,808
5	08-Jul-25	BUY	1,740	1,734
6	20-May-25	BUY	1,740	1,444
7	08-Apr-25	BUY	1,450	1,275

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,768
2	Apollo Hospitals Enterprise	BUY	9,000	7,507
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1,300	1,124
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	6,850	6,387
8	Dr. Reddy's Laboratories	Reduce	1,300	1,157
9	Eris Lifesciences	BUY	1,900	1,553
10	Fortis Healthcare	BUY	1,120	915
11	Global Health	BUY	1,375	1,108
12	HealthCare Global Enterprises	BUY	850	586
13	Indoco Remedies	Hold	325	225
14	Ipca Laboratories	BUY	1,600	1,514
15	J.B. Chemicals & Pharmaceuticals	BUY	2,300	1,927
16	Jupiter Life Line Hospitals	BUY	1,600	1,251
17	Krishna Institute of Medical Sciences	BUY	810	647
18	Lupin	Accumulate	2,400	2,199
19	Max Healthcare Institute	BUY	1,300	1,040
20	Narayana Hrudayalaya	BUY	2,100	1,901
21	Oberoi Realty	Accumulate	1,820	1,647
22	Prestige Estates Projects	BUY	1,880	1,500
23	Rainbow Children's Medicare	BUY	1,550	1,179
24	Sun Pharmaceutical Industries	BUY	1,900	1,595
25	Sunteck Realty	BUY	550	374
26	Torrent Pharmaceuticals	BUY	4,750	4,078
27	Zydus Lifesciences	Accumulate	1,020	887

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

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