

ERIS LIFESCIENCES LTD

Issue Details	
Issue Opens	16-June-17
Issue Closes	20-June-17
Issue Size (Rs. Crore)	1741.16
Face value (per equity share)	1
Price Band (Rs.)	600- 603
Lot Size (No of Share)	24
No of Shares on Offer (crore)	2.88
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	29-June-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	59.18	55.93
Public (incl institutions and employees)	40.82	44.07
Total	100.0	100.0

Objects of the Issue

The objects of the Offer are:

- To achieve the benefits of listing the Equity Shares on the Stock Exchanges and
- For the sale of up to 28,875,000 Equity Shares by the Selling Shareholders.

Issue Date: 16th June – 20th June 2017

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Lot Size (No. of Share) : 24

Company Background

Incorporated in 2007, Eris Lifescience Ltd is Ahmedabad, Gujarat based pharmaceutical company engaged in research, development, manufacturing and selling of select therapeutic areas within the chronic and acute categories of the Indian Pharmaceutical Market. It own and operate a manufacturing facility in Guwahati, Assam. They also outsource the manufacturing of certain of its products to 20 manufacturers. Eris strong sales team comprised of 1,310 marketing representatives.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-16	FY-15	FY-14	FY-13	FY-12
Total Assets	3,974	3,573	2,706	1,718	1,020
Total Revenue	5,970	5,456	5,088	3,931	2,739
Profit After Tax	1,349	893	709	584	371

Concerns

- Any shortfall in the supply of raw materials or an increase in raw material costs, may adversely affect the pricing and supply of its products.
- Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing, reimbursement and related matters could adversely affect the pricing and demand for our products.

Strengths

- Strong revenue growth in last few years and profits of the company are in increasing trend.
- Enhance its product line and expand its capabilities through strategic acquisition.
- Target and enhance its presence in large and high growth therapeutic areas.

Our View

On the higher price band of Rs.603 and on FY17 EPS of Rs.17.6, P/E ratio works out to 34x. Even based on the last 3 years consolidated EPS of Rs.13.12, P/E Ratio works out to be 46x. Means company is asking the upper band of issue price of Rs.603 for a P/E Ratio between 34x and 46x. Its peers Glaxo Smithkline is trading at a P/E ratio of 61.5(Highest) and Pfizer at 23x(lowest) and industry average P/E ratio is 37x. Hence, the IPO is reasonably priced.

Company revenues grew at 17% CAGR in last 5 years. Its profits are in increasing mode. It earned strong profits of 35% for FY17. Eris LifeSciences IPO price is reasonably priced. Considering all these positive factors, we would recommend investors to invest in this IPO.