

Experts' View



Amit Bakshi
Chairman & MD
Eris Lifesciences Private Limited

Eris Lifesciences Ltd. (Eris) has grown leaps and bounds since its inception in 2007. How would you summarize this journey? What are some of the key milestones of the company in recent years?

Eris is 15 years old and is by far the youngest company to be ranked among India's Top-25 branded formulation companies. Revenues have grown 6x in the last 10 years (FY11 to FY21) and 2x in the last 5 years (FY16 to FY21). Net profits have grown ~ 17x in the last 10 years and 2.6x in the last 5 years. The company has maintained an ROIC in excess of ~ 30% over the last 13 years. 15 years into the business, the company retains its fundamental strengths in terms of a chronic-focused portfolio (90% of sales) with low (7%) NLEM exposure, high prescription ranks with super-specialists (#3 among Diabetologists and #4 among Cardiologists), and strong cash generation (operating cashflow of 81% of EBITDA in FY21). The key milestones in the last 5 years include the public issue in 2017, the acquisition of the domestic branded portfolio of Strides Shasun in 2017, the acquisition of Zomelis brand from Novartis in 2019, the formation of an insulin equity venture with MJ Biopharm in Jan 2022 and the acquisition of 100% stake in Oaknet Healthcare in May 2022.

Eris recently entered into a JV to commercialize insulins in the domestic

markets. Can you comment on the same.

Given our strong position in anti-diabetes, it was a logical next step for us to enter insulins, which was achieved through an equity partnership with Mumbai-based MJ Biopharm. This initiative further underscores our position as a serious stakeholder in managing the diabetes burden of the nation.

Your company has recently acquired Oaknet Healthcare. How would this acquisition benefit the company? What are the expected synergies from this deal?

Our Specialty Franchise has received a significant impetus with the acquisition of Oaknet. Eris is now present in 87% of the ₹ 55,000 crore Chronic Market, with a leading presence in the major Chronic Therapies in the IPM – Cardiology, Oral diabetes care, Insulin, Neuro/CNS and Dermatology. Oaknet enjoys near 100% coverage of approx. 11,000 Dermatologists across India with a 60% penetration. The acquisition brings marquee brands like Cosvate & Cosmelite to the Eris portfolio.

Plan to establish a new manufacturing facility in Gujarat.

We presently have one facility at Guwahati which is likely to max out in the next 2 years. Hence, we are setting up a second manufacturing facility in Gujarat which can manufacture oral solids, sterile injectables and oral liquids. This facility is on track to be commissioned by the end of calendar year 2022.

What are your growth strategies for next 3-5 years?

Our Top-6 therapy areas (Diabetes, Cardiology, VMN, Dermatology, CNS and Women's Health) account for over 90% of our revenues and will remain the core focus areas for us going forward. Our growth over the next 3-5 years will be driven by the following:

1. Scale-up of our power brand portfolio – 9 out of our Top-15 mother brands are ranked among the Top-5 in their respective categories

2. New product pipeline - We have an exciting pipeline of patent expiration opportunities coming up in the cardio-metabolic segment over the next 3-4 years which we are well positioned to leverage
3. Scale-up of Insulin business - We will leverage the market opportunity in human insulin, insulin analogues and GLP1 agonists through our joint venture with MJ Biopharm; in Q4 FY22 we launched Human Insulin with a dedicated division consisting of 140 MRs
4. Scale-up of Oaknet business – Expansion of medical dermatology and cosmetology franchises, cross-selling of women's health franchise
5. Expansion of coverage of specialists and consulting physicians

What are some of the key ESG initiatives taken by your company in recent years? What impact did it have on the society?

Several energy conservation initiatives were implemented at our Guwahati manufacturing facility during FY21, which resulted in a saving of ~ 70,000 units per month, i.e. 8.40 lakh units of electricity during the year.

Our waste management strategy entails at-source waste minimization, segregation and pre-processing before safe disposal by handing over to a PCB-approved agency for co-processing/disposal. Our Guwahati manufacturing facility deploys an effluent treatment plant with Zero Liquid Discharge (ZLD) treatment process. The plant processed an average of ~ 20,000 litres of effluent per day in FY21.

It has always been our endeavour to build a strong engagement with the local community around our manufacturing facility, with the objective of working towards their welfare. We conducted several social welfare activities including special care packages during the pandemic and floods, donations to the Zila Sainik Welfare Office, the Assam Arogya Nidhi Fund, the War Widow Fund, etc.