



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

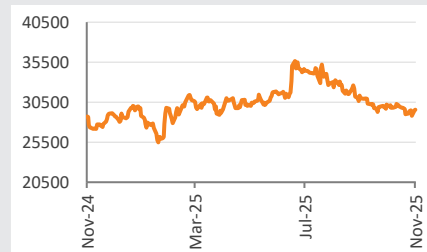
Company details

Market cap:	Rs. 65,762 cr
52-week high/low:	Rs. 35,921 / 25,260
NSE volume: (No of shares)	0.1 lakh
BSE code:	500488
NSE code:	ABBOTINDIA
Free float: (No of shares)	0.5 cr

Shareholding (%)

Promoters	75.0
FII	0.2
DII	9.1
Others	15.7

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-7.1	-3.7	5.7	2.9
Relative to Sensex	-9.9	-10.5	-3.8	-2.6

Source: Mirae Asset Sharekhan Research, Bloomberg

Abbott India Ltd

Steady Q2, launches to trigger growth

Pharmaceuticals	Sharekhan code: ABBOTINDIA			
Reco/View: Buy	↔	CMP: Rs. 29,544	Price Target: Rs. 34,470	↔

Summary

- Q2FY26 numbers were strong, marked by robust profit and margin growth, operational excellence, and ongoing investments.
- Net sales stood at Rs.1,757.15 crores, which is a healthy year-on-year increase of 7.62%.
- The company achieved its highest operating margin in eight quarters at 28.58%. Net profit stood at Rs. 415.27 crores, a 15.8% year-on-year rise, with a PAT margin of 23.63%.
- Given the company's strong parentage, robust financials and strong track record, we maintain our valuation and estimates - near its five-year average one-year fwd P/E at 40.9x on FY27E EPS of Rs. 843 to arrive at a PT of Rs. 34,470.

Abbott India leads across therapies and has over 20 brands with a revenue of Rs 100 crore and above. The company plans to launch 75 products in five years. In recent years, the legacy portfolio with a strong brand recall helps maintain revenue growth while healthy product mix and lower input cost helped margins rise. Abbott's presence in the domestic market ensures that scale-up of new launches can be quick and hence, will not lead to disruption in current margins. The current valuation is reflective of the near to medium-term growth potential for Abbott. We expect this valuation to sustain with new launches swiftly becoming EPS accretive.

Key positives

- Q2 FY26 revenue growth was driven primarily by its pharmaceutical segment, with key contributions from brands in pain management and hepatoprotectives.
- Specifically, the pain-reliever Ibuprofen under the brand name Brufen was highlighted as a strong sales driver.

Key negatives

- Rise in interest costs

H1FY26 snapshot

- Q2FY26 revenue of Rs. 1,757.2 crore was in line with our estimates while EBITDA and PAT beat our estimates by 9% and 12%. This was driven by improved operating leverage, better product mix and cost management.
- For the quarter, EBITDA grew 14.4% y-o-y, with EBITDA margin expanding by 169 basis points y-o-y to 28.6%. Despite new launches, we expect the margins to remain stable over the period FY25-27E.
- Operating cash flow improved to Rs.521.94 crore for H1FY26. Capital expenditure dropped to Rs.16.68 crore, down from Rs. 30.39 crore in H1FY25.
- Total assets decreased slightly to Rs. 5,694.46 crore from March 2025, while cash and cash equivalents stood at Rs. 591.10 crore.
- On the back of higher number of launches in the coming years (75 expected in the next 5 years), as against its historic launch rate, we believe the company is poised to maintain revenue growth rate of 9% CAGR over FY25-27E.
- We will review our estimates post further launches and financial performance in the next quarter.

Our Call

Valuation – Maintain Buy with PT of Rs. 34,470: Stock has rallied ~80% in the last 3 years despite sector headwinds, particularly in the last year. company boasts of strong parentage, steady financials and high brand recall in the Indian market. We expect the company to continue to outperform other MNC peers and retain the current valuations. We value the stock at five-year average valuation of 40.9x on FY27E EPS of 834, to arrive at a PT of Rs. 34,470.

Key Risks

Impact of substitution from cheaper priced generic Aushadi or trade generics, inclusion of the drugs under NLEM can impact overall profitability.

Valuation (Consolidated)

	Rs cr				
Particulars	FY2023	FY2024	FY2025	FY2026E	FY2027E
Net sales	5,348.7	5,848.9	6,409.2	7,018.0	7,663.7
EBITDA	1,205.6	1,453.1	1,694.6	1,919.4	2,176.5
EBITDA Margin (%)	22.5	24.8	26.4	27.4	28.4
PAT	949.4	1,201.2	1,414.4	1,588.9	1,791.9
EPS	446.8	565.3	665.6	747.7	843.2
PE (x)	48.7	47.3	45.9	41.4	36.7
EV/Ebitda (x)	32.7	32.2	13.2	28.7	25.4
ROCE (%)	37.6	41.6	43.8	44.5	45.4
RONW (%)	29.8	32.5	34.5	35.0	35.5

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated)

Particulars	Rs cr				
	Q2FY26	Q2FY25	Y-o-Y (%)	Q1FY26	Q-o-Q (%)
Net revenues	1757.2	1632.7	7.6	1738.4	1.1
Total operating expenditure	1255.0	1193.7	5.1	1292.8	(2.9)
EBITDA	502.2	439.0	14.4	445.6	12.7
Depreciation	18.6	17.5	6.5	19.5	(4.3)
EBIT	483.5	421.5	14.7	426.1	13.5
Other Income	70.0	60.5	15.7	72.8	(4.0)
Interest	7.6	2.5	202.0	5.8	29.7
PBT	545.9	479.4	13.9	493.1	10.7
Tax Expense	130.7	120.8	8.1	127.3	2.7
PAT	415.3	358.6	15.8	365.9	13.5
EPS	195.4	168.8	15.8	172.2	13.5
Margins			BPS		BPS
EBITDA (%)	28.6	26.9	169	25.6	295
PAT Margins (%)	23.6	22.0	167	21.0	259
Tax rate (%)	23.9	25.2	-127	25.8	-188

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector View – Input cost easing with companies focusing on complex product launches

Over the years, Indian pharmaceutical companies have established themselves as a dependable source for global peers. A confluence of other factors, including a focus on specialty/complex products in addition to emerging opportunities in the API space, would be key growth drivers in the long term. The sector is seeing an ease in input costs –of raw material, freight and power, which would help margins rise. With higher focus on complex drugs, we believe the sector is in sweet spot, where it is experiencing healthy product mix and cost rationalisation which increases operational profit of the companies. The sector is mainly a low-debt sector and increasing operational profit followed by experiencing advantage of low tax rate due to its operations in the SEZ sector, hence overall, we stay positive on the sector.

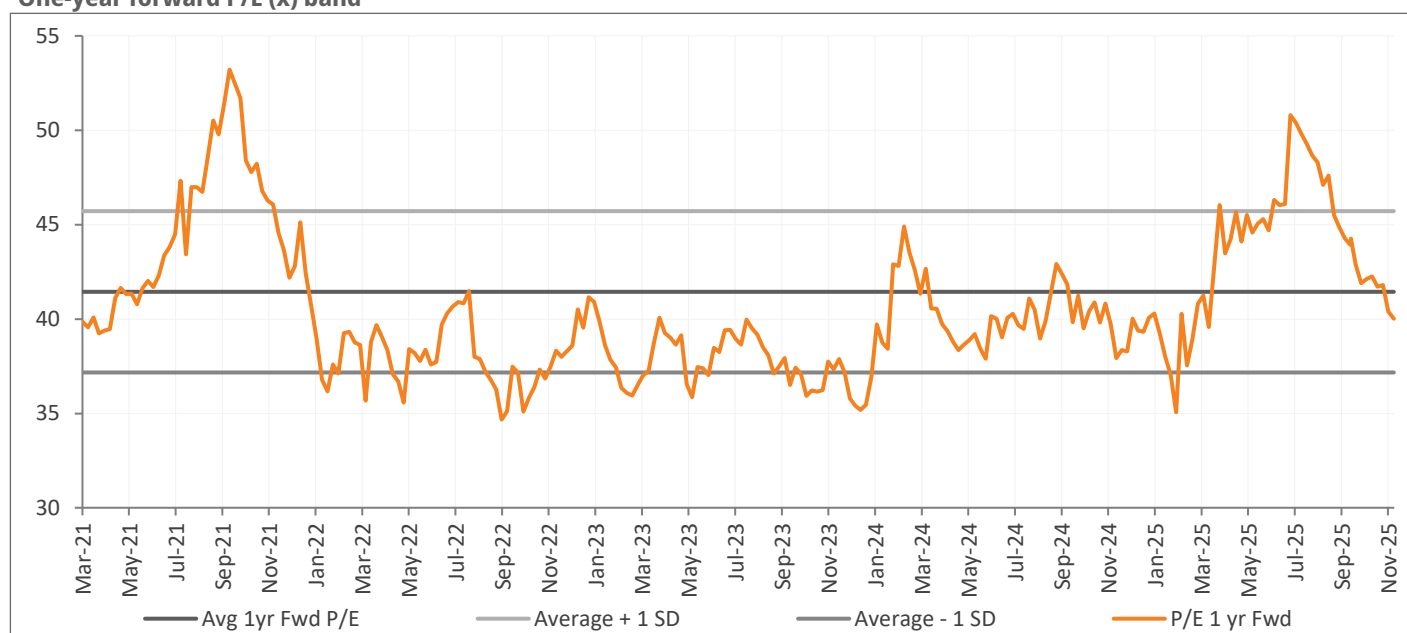
■ Company Outlook – Steady business and strong brand recall

Abbott is among India's top pharma MNCs. The company's power brands in the Indian markets command a leadership position in their respective segments. Pharma MNCs have established key brands that constitute more than half of their revenue (top 10 brands account for over 40% of overall sales). Strong distribution network in metro and tier-I cities and gradual expansion in tier-II and III cities coupled with a sturdy product pipeline would drive topline growth. In addition to sustained pricing and new product growth, volumes are also expected to pick-up, which bodes well for company. Lower exposure to regulated markets augurs well as it points to reduced compliance costs/hurdles.

■ Valuation – Maintain Buy with a revised PT of Rs. 34,470

Stock has rallied ~80% in the last 3 years despite sector headwinds, particularly in the last year. company boasts of strong parentage, steady financials and high brand recall in the Indian market. We expect the company to continue to outperform other MNC peers and retain the current valuations. We value the stock at five-year average valuation of 40.9x on FY27E EPS of 834, to arrive at a PT of Rs. 34,470.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

Abbott India Limited is part of Abbott's global pharmaceutical business in India and provides quality healthcare through a mix of global and local products for people in India. The company offers high-quality trusted medicines in multiple therapeutic categories such as women's health, gastroenterology, cardiology, metabolic disorders, and primary care. Abbott has strong expertise across product development, manufacturing, sales, and customer service and is dedicated to providing high-quality, reliable products with expert clinical support. Abbott's top brands include the likes of Thyronorm, Duphaston, Udiliv, and VertinDuphalac.

Investment theme

Abbott is an MNC pharma company with a focus on Indian markets. The company's power brands in Indian markets command a leadership position in their respective segments. MNC pharma companies such as Abbott have established strong key brands that form over 50-70% of their revenue. With a strong distribution network, primarily in metro and tier-1 cities, and gradual expansion into tier-II and III cities would punch up topline growth. Secondly, Abbott is relatively less exposed to the volatile U.S. pharma market; thus, there is ample visibility for revenue and earnings growth. Moreover, being less exposed to highly regulated markets, the costs of compliance/hurdles are insignificant; and this augurs well for Abbott.

Key Risks

- ♦ Impact of substitution from cheaper priced generic Aushadi or trade generics, inclusion of the drugs under NLEM can impact overall profitability.

Additional Data

Key management personnel

Name	Designation
Kartik Rajendran	Managing Director
Maithilee Mistry	CFO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Abbott Capital India Ltd	50.44
2	ABBOTT HEALTH PRODS LTD	17.62
3	British Colloids Ltd	6.92
4	SBI Funds Management Ltd	2.67
5	Canara Robeco Asset Management Co	1.10
6	Nippon Life India Asset Management	0.84
7	Axis Asset Management Co Ltd/India	0.80
8	PGIM India Asset Management Pvt Lt	0.38
9	Franklin Resources Inc	0.25
10	Edelweiss Asset Management Ltd	0.18

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.