Educational Equity Research Report (as of August 2025)

Abbott India Ltd

Target: N/A	Holding Period: N/A	Educational Report

I Shaurya Sharma am initiating a research report on **Abbott India Ltd**
,Abbott India Limited is a leading Mumbai-based pharmaceutical company specializing in branded generic medicines across multiple therapeutic categories as part of the global Abbott group..

About the business

- The company is a key player in four main areas: branded generic pharmaceuticals (medicines for women's health, heart conditions, etc.), nutritional products (infant and adult supplements), diagnostics (testing equipment), and medical devices (like those for diabetes care)
- Abbott India has a strong and wide-reaching business concentrated mostly in the Indian market. It uses an extensive network of distribution partners to make sure its products reach people in major cities and remote areas across the country

Company Snapshot

Mkt Cap	₹ 63,516 Cr
High/Low	₹ 37,000 / 25,260
Div Yield	1.59%
P/E	43.8X
Face Value	₹ 10.0
ROE	35.7 %

	Mar'21	Mar'22	Mar'23	Mar'24	Mar'25
Sales	**4,310.02**	**4,913.32**	**5,348.73**	**5,848.91**	**6,409.15**
Expenses	3,388.31	3,831.55	4,142.84	4,395.81	4,713.90
Other Income	80.65	83.16	153.89	248.27	274.93
EBITDA Margin	1,002.36	1,164.93	1,359.78	1,701.37	1,970.18
EBITDA Margin	23.26	23.71	25.42	29.09	30.74

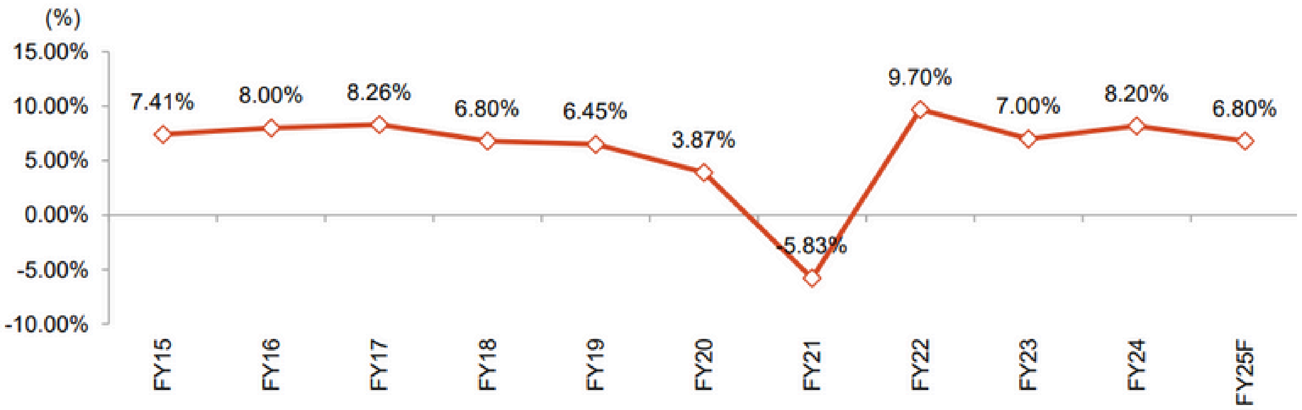
Shareholding Pattern

Promotors	74.99%
FIIs	0.16%
DIIs	9.18%
Public	15.67%%

Global Outlook

- Global growth was 3.3% in 2024, only slightly below the 3.5% of 2023, despite high inflation, geopolitical issues, and trade fragmentation.
- Global inflation dropped significantly from 6.6% in 2023 to 5.7% in 2024, aided by tight monetary policy and fewer supply chain issues.
- The United States led developed economies with 2.8% GDP growth, fueled by strong consumer and government spending.
- Growth was weaker in Europe and Asia. China's recovery was hesitant due to sluggish consumer demand and ongoing property sector stress.
- Investment stagnated, productivity gains stalled, and public debt remained a growing concern globally.
- Central banks in advanced economies began to move away from strictly restrictive policies, making financial conditions more supportive

India's Economic Performance and Outlook

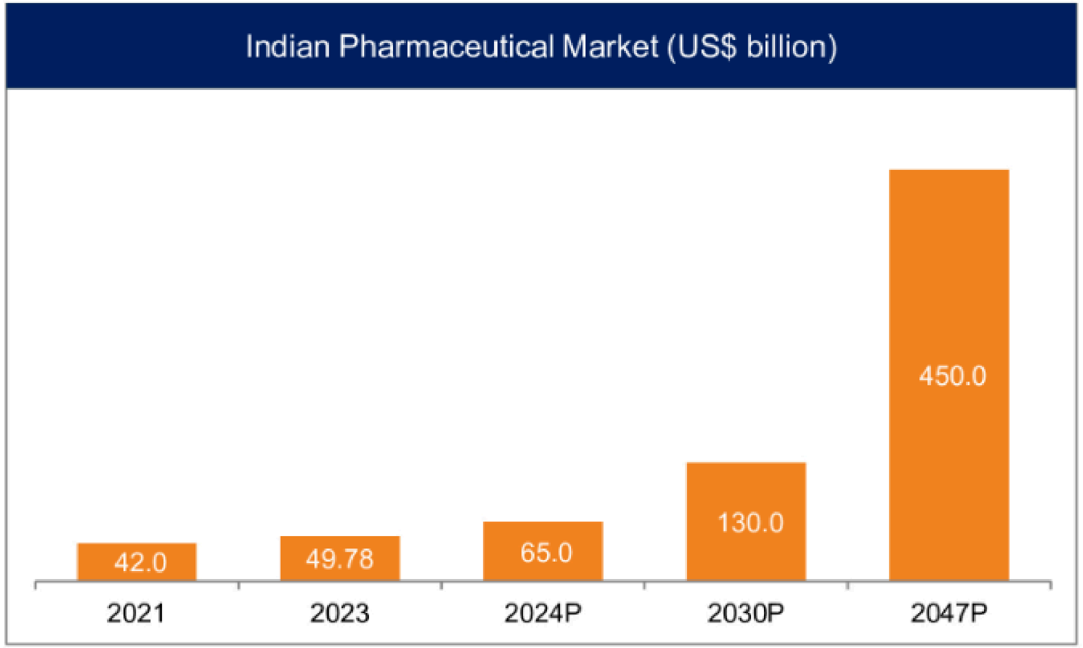


E: Estimate, F: Forecast
Source: RBI, NSO, CRISIL MI&A Research

- India’s real gross domestic product (GDP) growth stood at 8.2% on-year for fiscal 2024, higher than the 7.0% in fiscal 2023.

DOMESTIC

- India is a global leader in generics and vaccines, widely recognized as the "pharmacy of the world" due to its combination of low cost and high quality.
- The industry ranks third globally by production volume and 14th by value, contributing about 1.72% to India's GDP, and has grown at a ~9.4% CAGR over the past nine years
- Broad segment coverage: generics, OTC medicines, bulk drugs (APIs), vaccines, CRAMS (contract research and manufacturing), biosimilars, and biologics.
- Global supply role: supplies over 50% of global vaccine demand, 40% of generic demand in the US, 25% of medicines in the UK, and over 80% of global antiretroviral (HIV/AIDS) drugs.
- Manufacturing depth: the largest number of USFDA-compliant facilities globally; ~500 API producers accounting for ~8% of the global API market.
- Industrial footprint: ~3,000 pharma companies and ~10,500 manufacturing units, supported by a large pool of scientists and engineers.
- India's pharma industry stands 3rd worldwide by volume, underpinned by strong regulatory compliance and cost competitiveness.



***Source:** EY Report, **Note:** P - Projected*

HISTORY

- Abbott India Limited began in 1944 as Boots Pure Drug Company (India) Limited.
- It underwent successive name changes—to The Boots Company (India) Limited (1971), Boots Pharmaceuticals Limited (1991), Knoll Pharmaceuticals Limited (1995)—before adopting its current identity, Abbott India Limited, in 2002 after Abbott Laboratories acquired Knoll's pharma assets.
- The company, headquartered in Mumbai, focuses on high-quality branded generics and specialty medicines across key therapeutic areas. While Abbott's broader India operations date back to 1910, with nutrition, diagnostics, and devices expansions, the listed entity remains the pharmaceutical arm of Abbott Laboratories in India, leveraging local manufacturing, R&D, and clinical development to serve the Indian market

KEY POINTS ABOUT THE COMPANY

- Over 80 Years of Healthcare Leadership Abbott India Limited stands as one of the country's most responsible pharmaceutical companies, with over 80 years of consistent leadership in the Indian healthcare sector.
- The company holds dominant market positions with 8 brands ranked among the Top 100 in the Indian Pharmaceutical Market (IPM) and 16 brands holding leadership positions (ranked 1 or 2) in their respective participated markets.
- Premium Dividend Policy The company maintains an attractive dividend policy, recommending a final dividend of ₹475 per share for FY 2024-25, demonstrating strong cash generation and shareholder commitment.
- Global Healthcare Parent Abbott India is a subsidiary of Abbott Laboratories, a global healthcare leader with 114,000 employees serving people in more than 160 countries

KEY POINTS ABOUT THE COMPANY

- The company operates a state-of-the-art manufacturing facility in Goa, which is certified as Zero Waste to Landfill, demonstrating environmental responsibility alongside operational excellence.
- Abbott India launched 7 new products during FY 2024-25 across various therapeutic areas, including Vonefi, Pneumoshield 14, and Prothiaden Neu, reinforcing its commitment to innovation.
- Abbott in India develops and distributes over 600 products for healthcare professionals that promote health and well-being for Indians in all stages of life
- Abbott India has been recognized as one of India's Best Companies to Work For by Business Today for the 10th consecutive year, reflecting strong workplace culture.
- The company managed 15 clinical studies with 22 publications in scientific journals during the year, demonstrating commitment to evidence-based medicine.
- Responsibility Abbott India has upgraded 170 Primary Health Centres to Health and Wellness Centres across 11 states, supporting India's healthcare infrastructure development.
- . Abbott India serves customers across 28 states and 8 Union Territories in India, plus international markets including Sri Lanka, Nepal, Maldives, and Bhutan. Regulatory Compliance

BUSINESS SEGMENT AND PRODUCT PORTFOLIO

- Abbott India operates across six major therapeutic segments: Gastroenterology, Women's Health, Metabolics, Central Nervous System CNS, Vaccines, and Multi-Specialty

Gastroenterology Portfolio

This is Abbott India's strongest performing segment, achieving robust 15.9% growth in FY 202425.

The portfolio includes:

Digestive Health Brands:

- Digene: Market-leading antacid brand for acidity relief
- Cremaffin and Cremaffin Plus: Trusted laxatives for constipation management
- Duphalac: Premium lactulose-based laxative celebrating 60 years of global legacy
- Ganaton: Prokinetic agent for gastrointestinal motility disorders
- Creon: Pancreatic enzyme replacement therapy

Liver Health Products:

- Udiliv: Leading hepatoprotective medication, ranked #1 in India's hepatoprotective market
- Heptral: S-adenosyl methionine for liver health support

Innovative Launches:

- Vonefi: First-to-market vonoprazan PCAB) for severe acid-related disorders
- Digeraft Tablet: Convenient portable format for acid regurgitation and heartburn

BUSINESS SEGMENT AND PRODUCT PORTFOLIO

- Six Core Therapeutic Areas Abbott India operates across six major therapeutic segments: Gastroenterology, Women's Health, Metabolics, Central Nervous System CNS, Vaccines, and Multi-Specialty

Women's Health Portfolio

Abbott India supports women's health across all life stages with scientifically developed therapies

Core Brands:

- Duphaston: Market leader (#1 brand) in the dydrogesterone segment for hormonal therapy
- Duphaston OD: Once-daily formulation launched in March 2025
- Femoston: Hormone replacement therapy for menopausal women

Strategic Focus: The portfolio aims to bridge critical gaps in women's healthcare,

Metabolics Portfolio

The Metabolics division delivered strong 6.8% growth, primarily driven by Thyronorm

Key Products:

- Thyronorm: Market-leading levothyroxine brand celebrating 25 years in India, with strong scientific engagement and therapy-shaping initiatives

Strategic Focus: The portfolio aims to bridge critical gaps in women's healthcare,

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Central Nervous System CNS Portfolio

The CNS portfolio recorded steady 3.2% growth with focused therapy-shaping initiatives:

Major Brands:

- Vertin: Leading medication for vertigo and balance disorders
- Prothiaden**:** Antidepressant for mood disorders
- Prothiaden Neu: New formulation for neuropathic pain management launched in January 2025

Vaccines Portfolio

Abbott India offers a growing portfolio supporting public health and infectious disease prevention:

Core Vaccines:

- Influvac: Seasonal influenza vaccine
- Pneumoshield 14**:** Pneumococcal conjugate vaccine offering protection against 14 strains
- Enteroshield, Havshield, JE Shield SD: Specialized vaccines for various infectious diseases

Innovation Focus: The company launched Pneumoshield 14 in November 2024, providing broader protection compared to existing PCV10 and PCV13 vaccines

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Multi-Specialty Portfolio

This segment achieved 5.8% growth, addressing diverse health conditions:

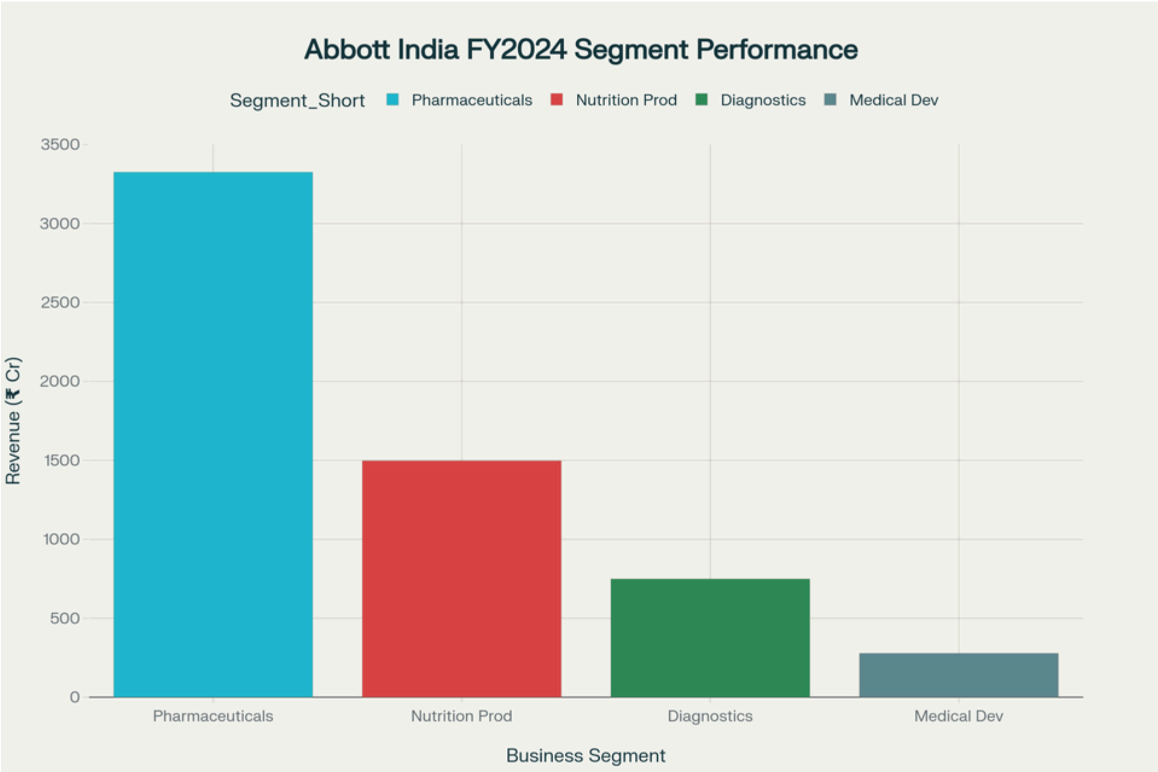
Product Range:

- Zolfresh: Sleep disorder management
- Arachitol Portfolio: Vitamin D deficiency treatment including Arachitol Nano
- Brufen: Pain management and anti-inflammatory therapy
- Duvadilan: Pre-term labor management Citrosoda UTI: Urinary tract infection symptom relief (launched May 2024

BUSINESS SEGMENT PERFOMANCE ANALYSIS

Business Segment	Revenue (₹ Crores)	Contribution (%)	YoY Growth (%)	Key Products/Brands
Pharmaceuticals	3,325	56.80%	9.50%	Udiliv, Thyronorm, Duphaston, Cremaffin Plus, Vertin
Nutrition Products	1,497	25.60%	10.20%	Ensure, PediaSure, Similac, Glucerna
Diagnostics	749	12.80%	8.10%	Laboratory testing, Point-of-care testing, COVID-19 tests
Medical Devices	278	4.80%	12.50%	FreeStyle Libre, Cardiovascular devices, Diabetes care

BUSINESS SEGMENT PERFOMANCE ANALYSIS



- Pharmaceuticals Segment remains the dominant revenue driver, contributing over half of total revenues at ₹3,325 crores. The segment specializes in various therapeutic areas including Gastroenterology, Women's Health, Metabolics, Central Nervous System, Vaccines and Multi-Specialty. Abbott India has 7 brands in the Top 100 of the Indian Pharmaceutical Market (IPM) and 12 brands ranking 1st in their Respective Participated Markets

- Nutrition Products represents the second-largest segment with strong growth momentum at 10.2% YoY. This segment benefits from growing health consciousness among consumers and includes trusted brands like Ensure and PediaSure that have strong market penetration and consumer trust.
- Medical Devices shows the highest growth rate at 12.5% despite being the smallest segment. The segment has been a key focus area with significant investments, particularly in diabetes care products like the FreeStyle Libre glucose monitoring system.
- Diagnostics maintains steady performance with 8.1% growth, though it faced some challenges due to reduced COVID-19 testing demand. However, core diagnostic sales remain healthy with double-digit growth in select categories

INCOME STATEMENT

Narration	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales	**4,310.02**	**4,913.32**	**5,348.73**	**5,848.91**	**6,409.15**
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Depreciation	58.13	66.10	69.97	71.17	71.80
Interest	18.28	19.10	15.99	12.45	11.43
Profit before tax	925.95	1,079.73	1,273.82	1,617.75	1,886.95
Tax	235.26	281.03	324.41	416.53	472.51
Net profit	**690.69**	**798.70**	**949.41**	**1,201.22**	**1,414.44**
EPS	325.80	376.75	447.83	566.61	667.19
Price to earning	45.99	46.99	49.27	47.86	46.04
Price	**14,983.30**	**17,702.85**	**22,064.85**	**27,120.80**	**30,720.55**
Operating Profit	**921.71**	**1,081.77**	**1,205.89**	**1,453.10**	**1,695.25**

- Operating profit trends are very positive (11.47%-20.5% annual increases), demonstrating improved operational leverage and efficiency as sales scale up.
- Expense growth has been consistently lower than sales, with disciplined cost control contributing to margin expansion.
- Interest expenses have declined over the years (down 16-22% annually recently), suggesting lower debt servicing needs or better capital efficiency.

- Sales have grown sharply at annual rates between 8.86% and 14%, indicative of expanding market share and successful product portfolio executions.
- Net profit has surged 15.64% to 26.52% per year, while EPS mirrors this with consistent profitability improvements, highlighting strong bottom-line performance.
- EBITDA margins have improved from 23.26% to 30.74%, underscoring better cost management, product mix, and pricing power in core segments.

RATIO ANALYSIS

Market Cap	₹63,148 Cr	Large-cap company; financially stable and well-established in the pharmaceutical sector.
Current Price	₹29,725	Trading near mid-range of its 52-week high/low (₹37,000/₹25,260). Indicates moderate valuation stability.
Stock P/E	43.5	Quite high compared to industry (~35). Suggests stock is **expensive**, but justified if growth continues.
Book Value	₹1,992	Low book value relative to price; expected for asset-light pharma companies.
Dividend Yield	1.6%	Decent for a growth-oriented stock. Shows consistent shareholder returns.
ROCE (Return on Capital Employed)	46.2%	**Excellent.** Reflects superb operational efficiency and profitability from capital employed.
ROE (Return on Equity)	35.7%	**Very strong.** Indicates high returns on shareholders' funds.
Return on Assets (ROA)	25.5%	**Highly efficient.** The company extracts great profit from its assets.
Debt-to-Equity	0.05	**Very low debt.** Financially secure; minimal leverage risk.
EPS (Earnings Per Share)	₹683	**Strong earnings per share**, supporting valuation stability.

Conclusion

- The institutional assessment for Abbott India Ltd. (ABBOTINDIA) warrants a BUY rating.
- This high-conviction recommendation is fundamentally supported by the company's demonstrable excellence in capital efficiency, its structurally defensive and high-margin product portfolio, and strategic positioning to capture growth in premium segments of the Indian chronic care market.
- While the stock trades at an elevated valuation multiple relative to its peers, this premium is rigorously justified by the company's sustained, best-in-class Return on Capital Employed (ROCE) and reduced execution risk stemming from its global Multinational Company (MNC) parentage.
- The consensus average share price target stands at ₹35,337 , representing an attractive potential upside of 17.93% from the current price levels of approximately ₹29,965. Based on proprietary earnings projections for the forthcoming fiscal year, the target price aligns with the application of a justified premium P/E multiple of approximately 48x to FY26E earnings per share, reflecting the company's superior quality metrics