

BUY**TP: Rs 40,277 | ▲ 51%****ABBOTT INDIA**

| Pharmaceuticals

| 12 February 2026

Rise in employee cost signal gearing for GLP wave in India

- Sales/AEBITDA/APAT was -0.2%/1.6%/1.9% above our estimates after adjusting for one time labour code of Rs 351 mn
- Reported EBITDA margin was at 26.9% and Adjusted EBITDA Margin was at 28.9%. Employee cost increased to 20% ex of labour code
- Continue to ascribe a PE of 44x, due to industry higher return ratios. Rolling forward to Dec'27 EPS, arrive at TP of Rs 40,277. Maintain BUY

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In-line earnings - Abbott India reported in-line set of numbers, where sales grew 6.8% in Q3FY26 to Rs 17.2bn. Raw material (RM) cost grew by 1.8% YoY to Rs 9bn, contributing 53% of the sales in the quarter vs 55.3% in Q3FY25. Thus, gross profit increased by 12.97% to Rs 8.1 bn (2% above our estimates). Employee expenses rose 46% YoY to Rs 2 bn, as it includes a one-time cost of Rs 351 mn attributed towards the new labour code. Ex.- one-time cost, employee cost went up by 20% YoY to Rs 1.6bn. Thus, Adjusted EBITDA grew by 14% YoY to Rs 4.9bn (reported EBITDA of Rs 4.6bn) and EBITDA margin reportedly came at an all-time high of 28.9% (reported EBITDA margin of 26.9%) Consequently, APAT grew by 13.93% YoY to Rs 4.1bn (reported PAT at Rs 3.7bn) and AEPS reported at Rs 193 per share (Reported EPS grew by 7.4% YoY to Rs 177).

Core products' margins continue performing better vs company level –

According to us, core portfolio sales (65% of the total sales) grew by 6.8% YoY to Rs 11.2bn and gross profit by 13.5% to Rs 7.5bn; EBITDA rose by 15% to Rs 4.7bn. Hence, EBITDA margin for core products increased to 41.8%; an increase of 293 bps YoY and 52 bps QoQ respectively. Core sales growth came from brands like Duphaston, Thyronorm, Udiliv, Cremaffin, Duphalac, Digene, Vertin, Creon etc., where Abbott is sustaining its 1st or 2nd position in their respective therapies.

Rise in employee cost indicates aggressive hiring of MRs – During Q3FY26, ex. of new labour code, employee cost increased by 20% YoY to Rs 1.6bn in a non-seasonally wage hike quarter. This is the second consecutive quarter where employee costs have increased, hinting at the aggressive MR hiring ahead of Semaglutide LoE before Mar'26. This could also indicate that the company is hiring MRs to launch Semaglutide through its high margin core product portfolio.

Valuation - We have maintained our FY26E/FY27E/FY28E estimates that drive our sales/EBITDA/PAT CAGR at 8%/16%/14% from FY25-28E; thereby maintaining BUY on the stock. Due to industry-high return ratios, we continue to ascribe a PE of 44x on and roll forward to Dec'27 EPS to arrive at a TP of Rs 40,277 per share.

Key changes

	Target	Rating
Ticker/Price	BOOT IN/Rs 26,660	
Market cap	US\$ 6.8bn	
Free float	50%	
3M ADV	US\$ 2.3mn	
52wk high/low	Rs 37,000/Rs 26,430	
Promoter/FPI/DII	0%/0%/0%	

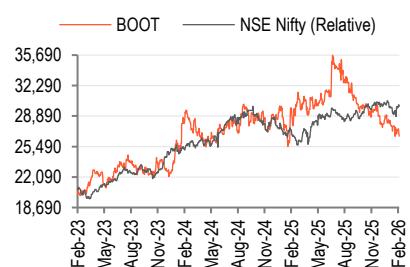
Source: NSE | Price as of 12 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	63,291	69,717	75,373
EBITDA (Rs mn)	16,962	19,862	23,380
Adj. net profit (Rs mn)	14,160	15,335	17,759
Adj. EPS (Rs)	666.4	721.7	835.7
Consensus EPS (Rs)	666.4	744.2	841.0
Adj. ROAE (%)	35.7	34.1	35.0
Adj. P/E (x)	40.0	36.9	31.9
EV/EBITDA (x)	36.3	31.0	26.3
Adj. EPS growth (%)	17.9	8.3	15.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Financial Highlights

Rs mn	Q3FY26	Q3FY25	YoY (%)	Q2FY25	QoQ (%)	Bobcaps Estimates	Variance (%)
Revenue	17,240	16,143	7	16,327	6	17,273	0
Total material cost	9,088	8,927	2	9,018	1	9,256	(2)
Gross margins (%)	47.3	44.7		44.8		46.4	
Personnel Cost	1,961	1,347	46	1,474	33	1,382	42
% of sales	9.3	8.3		9.0		8.0	
Other expense	1,557	1,508	3	1,446	8	1,727	(10)
% of sales	9.0	9.3		8.9		10.0	
EBITDA	4,634	4,361	6	4,390	6	4,908	(6)
EBITDA margins %	28.9	27.0		26.9		28.4	
Other income	697.6	717.5	(3)	604.8	15	750	(7)
Interest	55	23	142	25	119	80	(32)
Depreciation	188	180	4	175	7	190	(1)
Profit before tax	5,090	4,876	4	4,794	6	5,388	(7)
Tax	1,330	1,268	5	1,208	10	1,355	(2)
Tax rate	26.1	26.0		25.2		25.2	
Profit after tax	3,759	3,608	4	3,586	5	4,033	(7)
EPS (Rs)	176.9	169.8	4	169.8	5	189.8	(7)

Source: Company, BOBCAPS Research

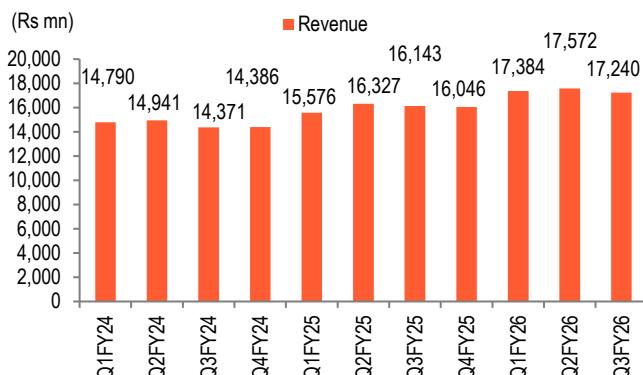
Fig 2 – Abbott India top 20 products sales data

BRAND (Rs mn)	ASV OCT 2025	ASV NOV 2025	ASV DEC 2025	Q3FY2025 Sales
MIXTARD	703.5	702.3	681.4	2087.1
UDILIV	557.2	535.7	546.9	1639.9
THYRONORM	509.7	506.9	514.7	1531.3
RYZODEG	465.4	506.2	500.9	1472.4
VERTIN	339.6	314.1	348.9	1002.6
RYBELSUS	262.6	270.5	259.7	792.7
DUPHALAC	305.6	296.2	305.3	907.2
NOVOMIX	240.4	260.2	241.8	742.4
JANUMET	226.9	243.6	237.2	707.7
STEMETIL	236.0	216.2	226.5	678.6
DUPHASTON	200.3	203.0	193.5	596.7
CREMAFFIN PLUS	240.1	231.1	233.0	704.2
ACITROM	206.6	203.9	203.2	613.7
ACTRAPID	175.0	166.6	174.0	515.6
LIMCEE	203.1	225.5	225.4	654.1
KENACORT	142.6	173.0	161.3	476.8
TRESIBA	151.4	167.2	148.8	467.3
NOVORAPID	148.9	154.3	137.6	440.8
DIGENE	128.8	120.1	121.5	370.5
LMWX	120.4	142.5	140.3	403.3

Source: BOBCAPS Research, Company

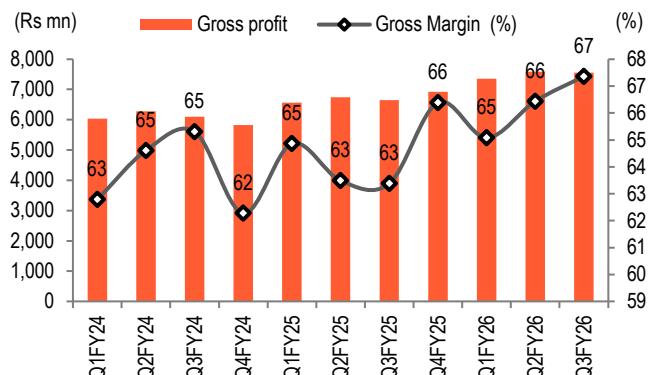
Financials in Charts

Fig 3 – Revenue maintained amidst phasing of Mixtard sales



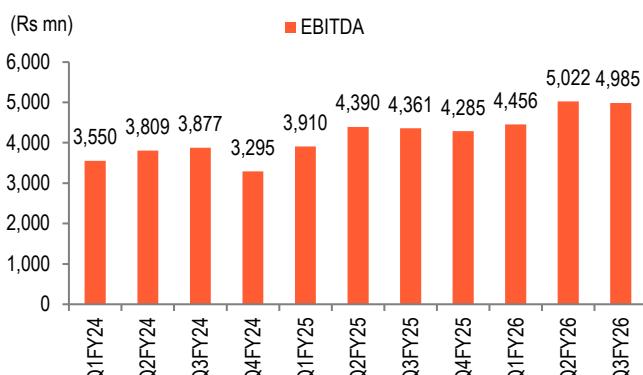
Source: Company, BOBCAPS Research

Fig 4 – Gross Margin increasing due to RM cost rationalisation



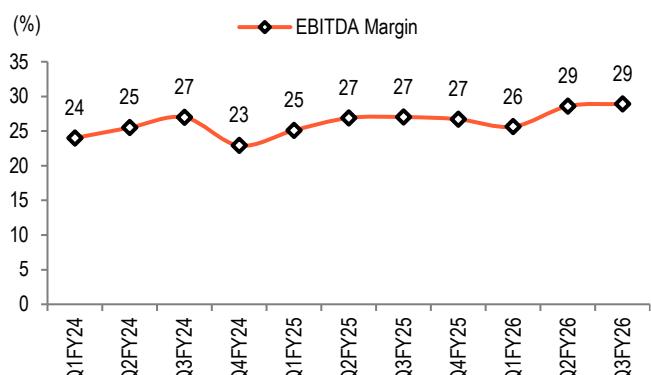
Source: Company, BOBCAPS Research

Fig 5 – EBITDA increasing amidst higher employee spend



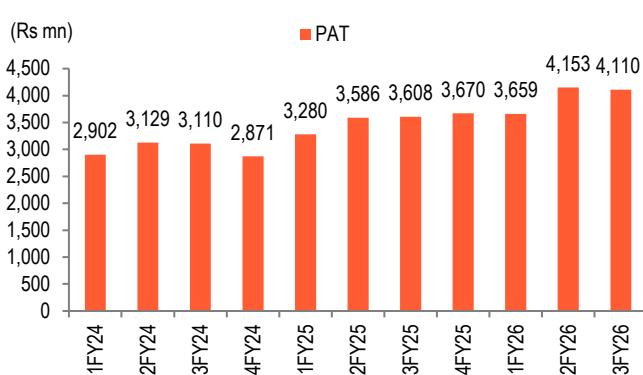
Source: BOBCAPS Research, Company

Fig 6 – EBITDA Margin towards its all time highs



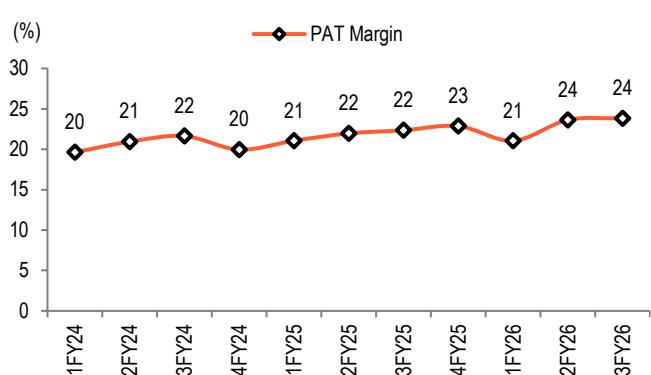
Source: BOBCAPS Research, Company

Fig 7 – Healthy operations led to healthy PAT



Source: BOBCAPS Research, Company

Fig 8 – PAT margin increasing due to healthy operating margins



Source: BOBCAPS Research, Company

Valuation Methodology

On adjusted basis, Abbott reported in-line set of earnings on sales/EBITDA/PAT front. Though sales growth was below the IPM level, primarily due to lower Mixtard sales phasing out, However, margins were at all-time high at 28.9% at an adjusted level and 26.9% on a reported basis amidst higher employee costs.

Going forward, it appears that Abbott is gearing up for the GLP wave as its employee cost has been rising since the last two quarters.

We have maintained our FY26E/FY27E/FY28E estimates that drive our sales/EBITDA/PAT CAGR at 8%/16%/14% fromFY25-28E; thereby maintaining BUY on the stock. Due to industry higher return ratios, we continue to ascribe a PE of 44x on an roll forward to Dec'27 EPS to arrive at a TP of Rs 40,277 per share.

Key Risks

Key downside risks to our estimates:

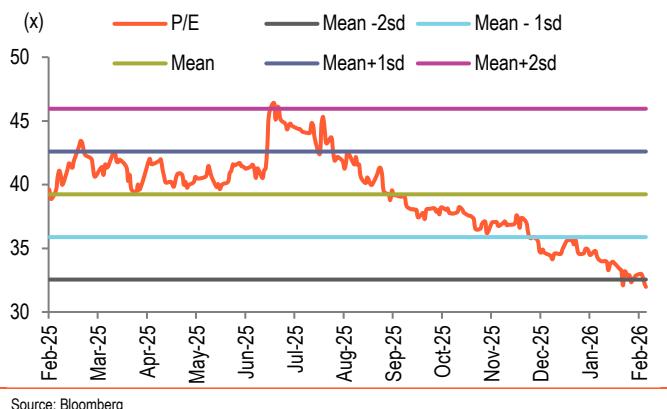
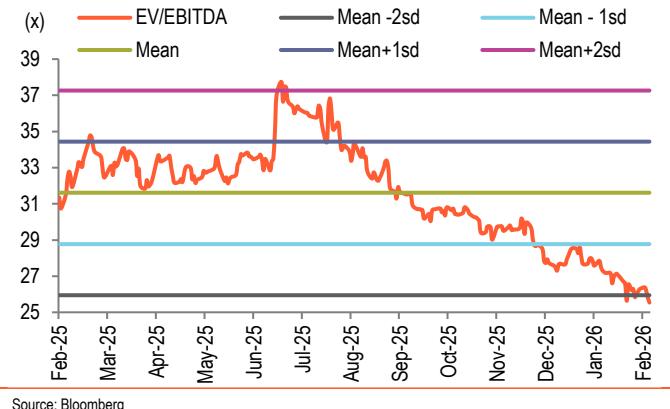
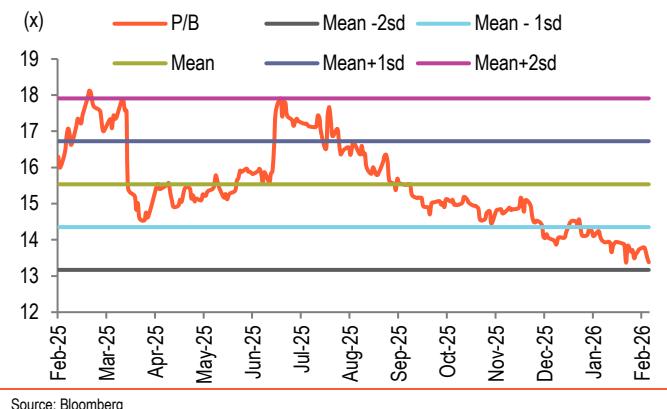
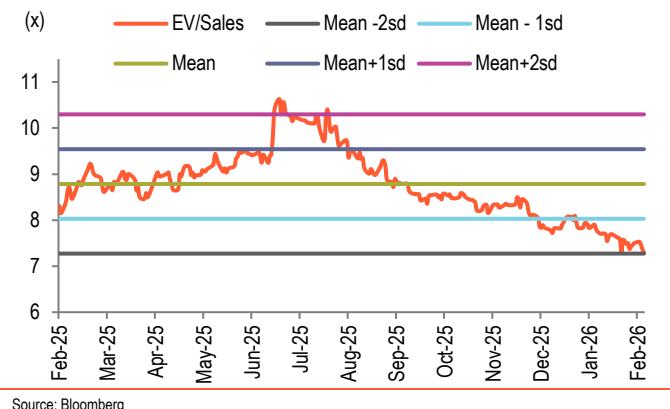
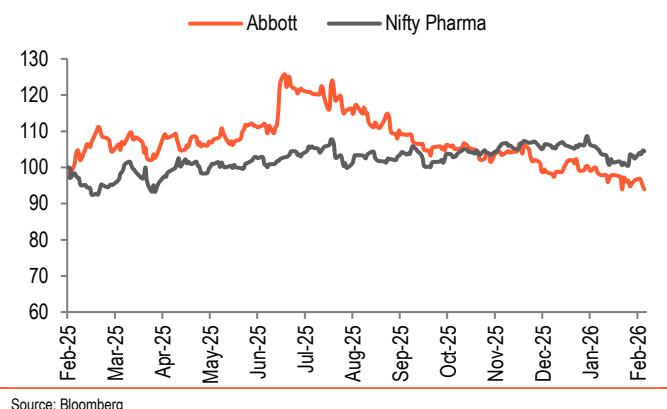
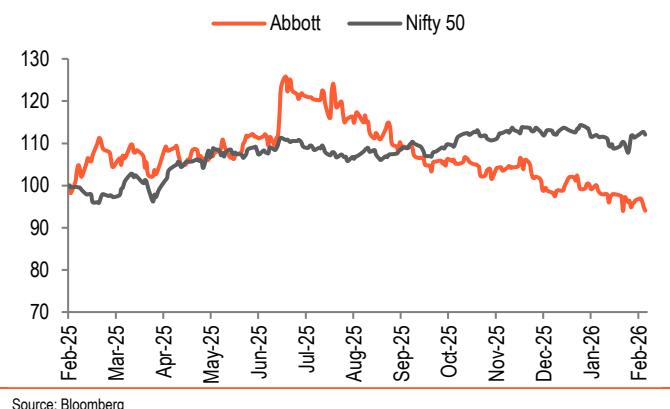
- Currency depreciation to increase the cost of raw materials
- Inclusion of more products on the NLEM list
- Increase in royalty from the parent company

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	70,438	76,162	82,718	69,717	75,373	81,854	1.04	1.04	1.06
EBITDA	19,862	23,380	26,634	19,626	23,123	26,340	1.20	1.11	1.11
EBITDA Margin (%)	28.2	30.7	32.99	28.2	30.7	32.2	(0bps)	(0bps)	(80bps)
PAT	15,335	17,759	20,017	15,337	17,759	20,016	0.0	0.0	0.0
EPS	721.7	835.7	942.0	721.7	835.7	941.9	0.0	0.0	0.0

Source: Company, BOBCAPS Research

Valuation Bands

Fig 10 – 1YF P/E band

Fig 11 – 1YF EV/EBITDA band

Fig 12 – 1YF P/B band

Fig 13 – 1YF EV/Sales band

Fig 14 – Nifty pharma Vs Abbott

Fig 15 – Nifty 50 Vs Abbott


Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	57,798	63,291	69,717	75,373	81,854
EBITDA	14,531	16,962	19,862	23,380	26,634
Depreciation	712	718	1,221	1,431	1,641
EBIT	16,302	18,999	21,214	24,522	27,565
Net interest inc./exp.)	125	114	125	135	145
Other inc./exp.)	2,483	2,756	2,573	2,573	2,573
Exceptional items	0	0	0	0	0
EBT	16,177	18,885	21,089	24,387	27,420
Income taxes	4,165	4,725	5,753	6,628	7,403
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	12,012	14,160	15,335	17,759	20,017
Adjustments	0	0	0	0	0
Adjusted net profit	12,012	14,160	15,335	17,759	20,017

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	10,027	10,579	2,351	11,752	12,896
Other current liabilities	1,453	1,228	869	869	869
Provisions	2,519	2,872	2,121	2,057	1,983
Debt funds	465	389	389	389	389
Other liabilities	0	0	0	0	0
Equity capital	213	213	213	213	213
Reserves & surplus	36,776	42,119	47,361	53,645	60,274
Shareholders' fund	36,989	42,332	47,573	53,857	60,486
Total liab. and equities	51,935	59,173	55,077	70,699	78,397
Cash and cash eq.	21,345	16,279	27,388	41,334	46,763
Accounts receivables	3,191	3,802	3,438	3,511	3,812
Inventories	6,196	8,820	9,425	9,879	10,728
Other current assets	781	696	762	828	890
Investments	0	0	0	0	0
Net fixed assets	2,249	3,360	4,315	4,764	5,168
CWIP	101	181	181	181	181
Intangible assets	0	0	0	0	0
Deferred tax assets, net	159	150	150	150	150
Other assets	402	285	100	110	121
Total assets	51,935	59,173	55,077	70,699	78,397

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	9,857	4,758	23,318	27,446	21,018
Capital expenditures	(483)	(550)	(650)	(750)	(750)
Change in investments	0	0	0	0	0
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(550)	(1,791)	(1,991)	(1,890)	(2,056)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	8	(76)	0	0	0
Interest expenses	(125)	(114)	(125)	(135)	(145)
Dividends paid	(6,906)	(8,713)	(10,094)	(11,475)	(13,388)
Other financing cash flows	(2)	(105)	0	0	0
Cash flow from financing	(7,332)	(7,797)	(10,218)	(11,610)	(13,533)
Chg in cash & cash eq.	1,975	(4,831)	11,109	13,946	5,430
Closing cash & cash eq.	21,346	16,514	27,388	41,334	46,763

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	565.3	666.4	721.7	835.7	942.0
Adjusted EPS	565.3	666.4	721.7	835.7	942.0
Dividend per share	325.0	410.0	475.0	540.0	630.0
Book value per share	1,740.7	1,992.1	2,238.7	2,534.5	2,846.4

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	10.7	9.7	8.8	8.2	7.5
EV/EBITDA	42.4	36.3	31.0	26.3	23.1
Adjusted P/E	47.2	40.0	36.9	31.9	28.3
P/BV	15.3	13.4	11.9	10.5	9.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.3	75.0	72.7	72.8	73.0
Interest burden (PBT/EBIT)	99.2	99.4	99.4	99.5	99.5
EBIT margin (EBIT/Revenue)	28.2	30.0	30.4	32.5	33.7
Asset turnover (Rev./Avg TA)	118.6	113.9	122.0	119.9	109.8
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.3	1.2	1.3
Adjusted ROAE	34.9	35.7	34.1	35.0	35.0

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	9.6	9.5	10.2	8.1	8.6
EBITDA	20.5	16.7	17.1	17.7	13.9
Adjusted EPS	26.5	17.9	8.3	15.8	12.7
Profitability & Return ratios (%)					
EBITDA margin	25.1	26.8	28.5	31.0	32.5
EBIT margin	28.2	30.0	30.4	32.5	33.7
Adjusted profit margin	20.8	22.4	22.0	23.6	24.5
Adjusted ROAE	34.9	35.7	34.1	35.0	35.0
ROCE	44.7	45.0	44.3	45.9	46.1
Working capital days (days)					
Receivables	20	22	18	17	17
Inventory	39	51	49	48	48
Payables	83	82	17	81	84
Ratios (x)					
Gross asset turnover	18.3	17.1	16.0	14.7	14.0
Current ratio	2.4	3.4	8.3	3.9	4.1
Net interest coverage ratio	130.9	166.2	170.3	182.2	189.7
Adjusted debt/equity	(0.6)	(0.4)	(0.6)	(0.8)	(0.8)

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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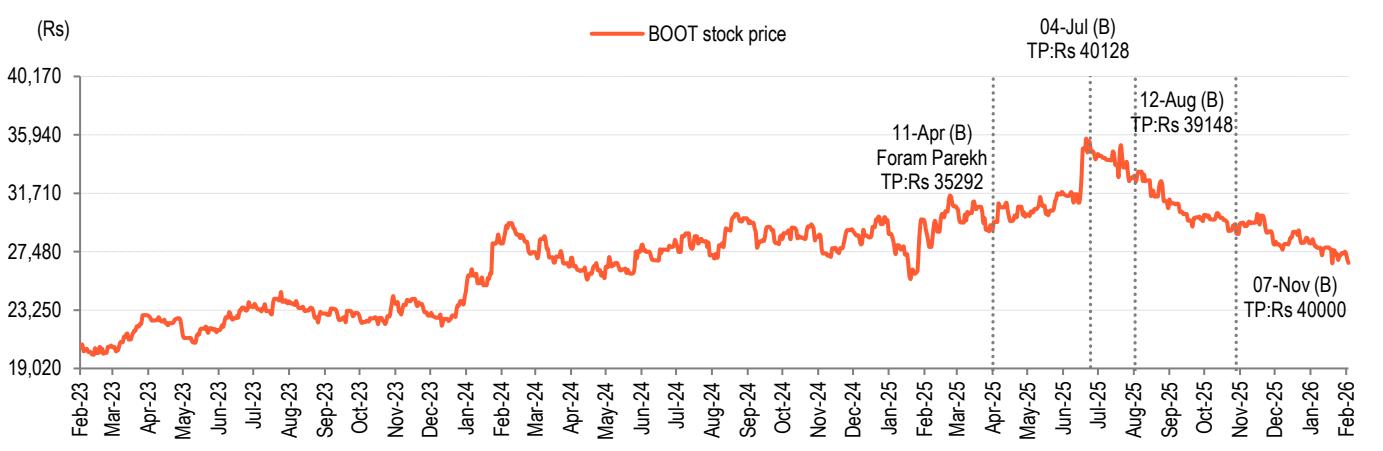
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ABBOTT INDIA (BOOT IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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