

RESEARCH**BOB ECONOMICS RESEARCH | PRICE PICTURE**

Inflation is likely to align with RBI's projection in Q1

ABBOTT INDIA | TARGET: Rs 40,128 | +16% | BUY

Ascribing valuation in line with its peer GSK

SUMMARY**INDIA ECONOMICS: PRICE PICTURE**

BoB Essential Commodities Index (BoB ECI) has been in deflation territory in Jun'25 as well, declining by -1.8%, on YoY basis. The major support had come from vegetable and pulses, buoyed by better production. However, the usual seasonal build up in TOP (Tomato, Onion and Potato) prices are visible with the sharpest upward correction witnessed for Tomato. The TOP trajectory requires close monitoring as June and July have the usual seasonal trend of reversal in prices for these items as one harvesting period is at its end.

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ABBOTT INDIA

- Novo's oral semaglutide Rybelsus is growing at a robust 173% CAGR over a 3Y period to Rs 4bn, as on MAT MAY'25
- Abbott's in-licensed Insulin sales as on MAT MAY'25 — Mixtard Rs 7.6bn, Ryzodeg Rs 6bn, Novomix Rs 3.6bn, Actrapid Rs 2.3bn
- Due to sustenance of healthy return ratio and margin increment, we ascribe a higher PE of 48x (earlier 43x) on FY27 EPS of Rs 836

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PRICE PICTURE

04 July 2025

Inflation is likely to align with RBI's projection in Q1

BoB Essential Commodities Index (BoB ECI) has been in deflation territory in Jun'25 as well, declining by -1.8%, on YoY basis. The major support had come from vegetable and pulses, buoyed by better production. However, the usual seasonal build up in TOP (Tomato, Onion and Potato) prices are visible with the sharpest upward correction witnessed for Tomato. The TOP trajectory requires close monitoring as June and July have the usual seasonal trend of reversal in prices for these items as one harvesting period is at its end.

Dipanwita Mazumdar
Economist

However, the outlook for inflation remains comforting for now, as it has the handholding of a favourable statistical base. This is likely to continue in Jul'25 as well. We expect to settle CPI to settle at 2.6% in Jun'25. Thus, giving a breather for RBI in terms of focusing on growth.

To get an idea about the calculation of the index, refer to our [previous edition](#) of BoB ECI.

Price picture using BoB Essential Commodity Index:

- BoB ECI entered remained in the deflation territory in Jun'25 as well, attributable to an elevated base. On YoY basis, it declined by -1.8% in Jun'25 compared to -0.6% in May'25. 11 out of 20 commodities in the index witnessed deflation with the sharpest pace being observable for TOP vegetables (Tomato, Onion and Potato). For Onion and Potato, the retail prices fell at a sharper pace by -26.1% and 20.3% respectively, in Jun'25 compared to -15% and -16.3% seen in May'25, respectively. For tomato however, the decline is at a slightly slower pace by -24% in Jun'25 compared to -28.5% in May'25. The TOP retail price trajectory is in deflation for the third month in a row. Among pulses as well, most of the sub-components are witnessing successive periods of deflation. Maximum decline is visible for Tur/Arhar which has fallen by -23.8% in Jun'25 compared to -18.9% in May'25. It has recorded the 4th consecutive month of double-digit pace of decline. The other categories of pulses which noted considerable decline are Urad (-8.5% in Jun'25 compared to -6.5% in May'25), Masoor (-6.7% compared to -6%) and Moong (-6.6% compared to -5.6%). This is supported by better production. In fact, in the ongoing Kharif season, sown area of pulses has improved significantly. The retail price of cereals has also shown moderation with rice falling at a steeper pace in Jun'25 by -5.1%. For miscellaneous items such as gur and salt pack, prices were largely contained. For Edible oils, prices are still higher, albeit a favourable international price.



BUY

TP: Rs 40,128 | ▲ 16%

ABBOTT INDIA

| Pharmaceuticals

| 04 July 2025

Ascribing valuation in line with its peer GSK

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Foram Parekh

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Novo Nordisk to market Wegovy independently: Novo Nordisk recently launched the global block buster drug Wegovy in Indian market. Wegovy is a weekly pen-based injectable launched in 5 strengths (0.25 mg, 0.5mg, 1mg, 1.75 mg, 2.4mg), ranging from Rs 4-6k per dose per week. It is launched in competition with Eli Lilly's Mounjaro that is launched in 2 strengths (2.5mg/5mg). Novo Nordisk's management has decided to market Wegovy independently without relying on partner to capitalise on the growing demand, until the market opens in March'26.

Penfill insulin phase-out to uplift margins: Abbott India (BOOT IN) distributes Novo's insulin portfolio in the Indian market. Novo Nordisk has decided to replace pen-based insulin with pen-based injectables to cater to the growing demand for GLP products. Novo Nordisk has also decided to distribute Wegovy on its launch. We estimate Novo's pen-based insulin portfolio sales worth Rs 15bn in FY25 with a single-digit margin. Phasing out of Mixtard and lack of Wegovy's distribution to aid in Abbott's core margin (~38-39%); which will likely reflect in the company level EBITDA margin. We expect Abbott's EBITDA margin to increase to ~32% in FY26E and ~34% in FY27E.

Industry-high productivity: Abbott's core portfolio productivity is the highest in the industry — at Rs 12.5mn per MR from 3,250 MRs. We expect further ramp-up in productivity through new product expansion, tapping more indicators, penetrating through newer geographies and price hikes. We expect core portfolio's productivity to increase to Rs 14.5mn by FY27E from 3500 MRs.

Our view: We believe BOOT is immune from the US tariff woes. In-licensed pen-based insulin portfolio going off the market and Novo Nordisk distributing Wegovy on its own — are the key events for BOOT that would aid in reporting the highest-ever EBITDA margin of above 30%. Abbott launches 8-10 new products every year, which results in incurring no major capex. Thus, the ROCE of 45% would be sustainable (highest in the industry). Due to the sustenance of healthy return ratio and margin increment, we ascribe a higher PE of 48x (earlier 43x) in line with its peer GSK on FY27 EPS of Rs 836, to arrive at TP of Rs 40,128 (earlier Rs 35,292).

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	BOOT IN/Rs 34,735
Market cap	US\$ 9.4bn
Free float	50%
3M ADV	US\$ 3.8mn
52wk high/low	Rs 37,000/Rs 25,325
Promoter/FPI/DII	0%/0%/0%

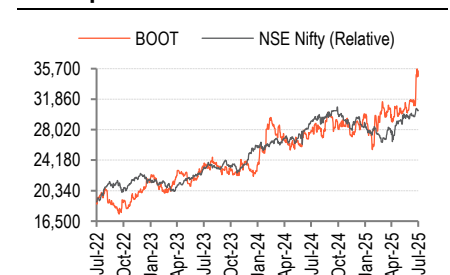
Source: NSE | Price as of 4 Jul 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	63,211	60,779	66,804
EBITDA (Rs mn)	16,946	19,463	22,961
Adj. net profit (Rs mn)	14,144	15,245	17,765
Adj. EPS (Rs)	665.6	717.4	836.0
Consensus EPS (Rs)	665.6	717.4	836.0
Adj. ROAE (%)	35.7	33.9	35.1
Adj. P/E (x)	52.2	48.4	41.5
EV/EBITDA (x)	47.3	41.2	34.9
Adj. EPS growth (%)	17.8	7.8	16.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



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BUY – Expected return >+15%

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

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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