

## New Products to drive growth

We recently organised a Management Meet of Abbott India (AIL) for our clients and came out with a positive note. We maintain Hold rating for AIL due to rich valuations. We maintain TP of Rs7,250 (earlier TP Rs7,250) based on 24x March'20 EPS of Rs302.2. AIL is committed to variety of services and has a value added model. We expect margins to improve post the launch of new products and with the company's thrust to the high-margin vaccine segment. Abbott in India has presence in 80-90% of the therapy areas. AIL's top 10 brands contribute 72% of its revenues.

- **Top 10 brands contribute 72% of revenues:** AIL's top 10 brands contribute 72% of its revenues. Eleven of its eighteen major brands grew faster than the market growth rate of 7.0% and are likely to drive future growth. The company's major product Thyronorm has 52%MS in the domestic market. AIL also distributes Novo Nordisk's anti-diabetic products in the domestic market and receives a distribution margin from them. Six out of seven distributed products of Novo Nordisk grew faster than the market. We believe that the company's presence in the high-margin vaccine segment, price revision of non-NLEM products and the launch of new products will drive future growth.
- **Major products growing well:** AIL's top 10 brands known as Gems grew faster than the market. The next 10 brands are known as Hidden Gems. AIL is giving thrust to the hidden Gems to convert into Gems. The Hidden Gem brands include Ganaton, Duvadilan and Arachitol. AIL markets Influvac-influenza vaccine from the parent company in India. The vaccine business generates over Rs1.1bn of revenues. AIL has plans to launch over 100 products over the next 5 years. Out of these 60-70% would be line extensions. There is a limited portfolio of global brands for AIL.
- **Strong marketing network:** AIL has presence in Metro and Tier 1 cities only. The company's 90-95% of MRs are stationed in Metro and Tier 1 cities. The company generates 80-85% of its revenues from Metro and tier 1 cities. AIL has witnessed consolidation at the stockist level after GST implementation. The company has added 300 MRs in FY18 to the field force of ~3,000 people. AIL has plans to add ~150 MRs in FY19. AIL has strategic alliance with Bharat Biotech to market its four vaccines under Abbott brand names in the domestic market. The company's 25-27% of the portfolio is under price control. AIL has identified 11 brands as OTC products and awaiting Government regulations for OTC products.
- **Recommendation and key risks:** We maintain Hold for AIL with TP to Rs7,250 based on 24x March'20E EPS of Rs302.2. We expect AIL to perform well due to its strong brands, new product launches and thrust to the high-margin vaccine segment. Key negative risk to our assumptions are a slowdown in the domestic market and key positive risk includes faster growth of its major brands.

Target Price	Rs7,250	Key Data			
CMP*	Rs,7,162	Bloomberg Code	BOOT IN		
Upside	1.2%	Curr Shares O/S (mn)	21.3		
Previous Target	Rs7,250	Diluted Shares O/S(mn)	21.3		
Previous Rating	Buy	Mkt Cap (Rsbn/USDbn)	152.2/2.1		
<b>Price Performance (%)*</b>		52 Wk H / L (Rs)	8834.1/4098.1		
	<b>1M 6M 1Yr</b>	5 Year H / L (Rs)	8834.1/1305		
BOO TIN	(16.7)	24.6	73.0	Daily Vol. (3M NSE Avg.)	12560
Nifty	(8.7)	0.4	4.2		

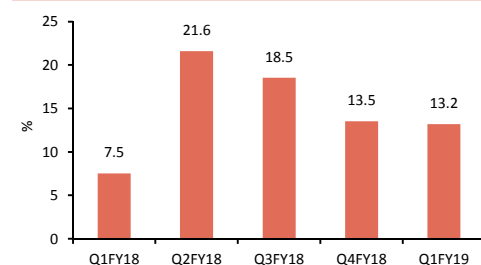
\*as on 9<sup>th</sup> October 2018; Source: Bloomberg, Centrum Research

### Shareholding pattern (%)

	June-18	Mar-18	Dec-17	Sept-17
Promoter	75.0	75.0	75.0	75.0
FIs	2.9	2.8	2.8	2.7
DIs	6.3	6.6	6.5	6.5
Others	15.8	15.6	15.7	15.8

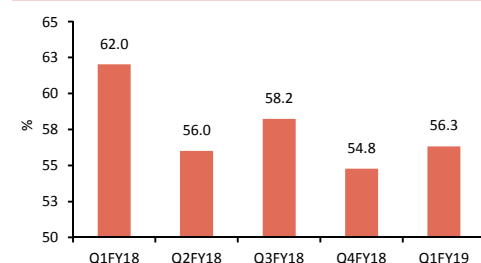
Source: BSE, \*as on 9<sup>th</sup> October 2018

### Trend in EBITDA margin (%)



Source: Company, Centrum Research

### Trend in material cost (%)



Source: Centrum Research

Ranjit Kapadia, Ranjit.kapadia@centrum.co.in; 91 22 4215 9645

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Net profit	YoY (%)	DEPS (Rs)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	26,457	15.6	3,644	13.8	2,553	11.5	120.1	23.9	24.3	59.6	25.6
FY17	29,388	11.1	3,974	13.5	2,767	8.4	130.2	21.4	21.7	55.0	22.0
FY18	33,071	12.5	5,245	15.9	4,012	45.0	188.8	26.1	26.4	37.9	16.4
FY19E	39,194	18.5	6,852	17.5	5,012	24.9	235.9	26.8	27.2	30.4	20.1
FY20E	45,451	16.0	8,576	18.9	6,421	28.1	302.2	28.3	28.6	23.7	15.8

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited

Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet

## Management Meet Update

---

We recently organised a Management Meet of Abbott India (AIL) for our clients. The key takeaways for the meeting are as follows:

### Company

AIL is committed to variety of services and has a value added model. The company feels that healthcare is underserved in India. Abbott in India has presence in 80-90% of the therapy areas.

### Parent company

The parent company considers India as a single business unit. The parent company also has a 100% subsidiary in India namely Abbott Healthcare Private Limited (AHPL). The parent company split into two separate companies in 2012. These were: Abbott, US for established products and AbbVie for research based products.

### Major products

About 70% of AIL products are sourced from third party manufacturers. Few brands are marketed by both AIL and AHPL based on the therapy. There is no duplication of services.

AIL's top 10 brands named GEMS contribute ~72% of the revenues. The gems brands continue to grow faster than the market. The next 10 brands are known as HIDDEN GEMS. AIL is giving thrust to the Hidden Gems to convert them to Gems. The Hidden Gem brands include: Ganaton, Duvadilan and Arachitol.

AIL's Thyronorm has 55%MS whereas the competing brand Eltroxin of Glaxo SmithKline Pharma has 23%MS.

AIL markets Influvac-influenza vaccine of the parent company in India. Influvac is imported from Netherlands. The vaccine business generates over Rs1.1bn revenues per annum.

### New product launches

AIL has plans to launch over 100 products over the next 5 years. Out of 10 new products, 6-7 would be line extensions.

There is a limited portfolio of global brands for AIL.

### Marketing & distribution

AIL has presence in Metro and tier 1 cities only. The company's 90-95% MRs are stationed in Metro and Tier 1 cities. AIL generates 80-85% of its business from Metro and Tier 1 cities. The company has witnessed consolidation at the stockist level after GST implementation. AIL added 300 MRs in FY18 to the field force of ~3,000 people. The company has plans to add 150 MRs in FY19.

### Strategic Alliance-Novo Nordisk

AIL has partnership with Novo Nordisk (NN) for the distribution of NN insulin range of products in India. The strategic partnership is for over 25 years and was renewed in December'17 for five years up to December'22. NN portfolio is growing at 10-12% per annum and is under price control. AIL receives ~5% margin for distribution.

### Strategic Alliance-Bharat Biotech

AIL markets four vaccines of Bharat Biotech (BBL), Hyderabad under its own brand name. The BBL agreement is up to 2020. AIL ranks fourth in the vaccine segment in India.

### Price control

AIL was impacted by NLEM in 2015. The company's margins got eroded in 2016 due to NLEM. AIL's 25-27% of the portfolio is under price control. Overall, the company has 4.5-5.5% of value growth per annum.

For Thyronorm, eight strengths are in NLEM and four strengths are out of price control. Majority of company's new launches are outside price control.

### OTC

AIL's Digene currently qualifies as OTC brand. The company has identified 11 brands at OTC brands and is awaiting for the Government regulations for the OTC products.

## Major brands exhibited good growth

As per AIOCD AWACS August'18 monthly data, AIL grew 8.3% YoY, compared to the industry growth rate of 7.0%. The company's 18 products appear in the list of top 500 domestic products. Eleven of these grew faster than the market growth rate of 7.0%. We expect these eleven brands to drive future growth. AIL's major brand Thyronorm has reported over 20% growth despite being under price control. There was significant recovery as the whole sellers and retailer resorted to re-stocking after the successful implementation of GST.

The details are as follows:

### Exhibit 1: Performance of major brands

Products (Rs mn)	Ther. Category	July'18		August'18	
		Rs mn	Gr. Rate %	Rs mn	Gr. Rate %
<b>Pharma industry</b>		<b>1,10,246</b>	<b>22.8</b>	<b>1,17,671</b>	<b>7.0</b>
<b>Abbott Group</b>		<b>7,105</b>	<b>18.0</b>	<b>7,686</b>	<b>8.3</b>
Duphaston	gynaecological	259	25.0	267	27.1
Thyronorm	thyroid hormone	307	20.9	311	20.2
Udiliv	cirrhosis of liver	212	32.8	219	15.2
Vertin	antiemetic	136	12.0	139	5.9
Duphalac	laxative	137	10.6	149	10.2
Similac	neutraceutical	97	18.4	102	16.3
Digene	antacid	99	3.0	106	(4.6)
Paediasure	neutraceutical	71	23.8	76	11.8
Cremaffin	laxative	92	10.4	97	12.4
Cremaffin plus	laxative	95	22.5	100	19.6
Eptoin	antiepileptic	87	7.0	91	1.0
Ensure	neutraceutical	59	(0.7)	63	(7.8)
Pediasure complete	neutraceutical	38	17.5	39	2.0
Creon	digestive	53	7.5	53	0.6
Prothiaden	antidepressant	62	19.0	62	5.1
Zolfresh	sedative	56	19.5	57	9.5
Isomil	neutraceutical	35	30.6	35	20.2
Betonin AST	vitamins, minerals	51	29.5	56	11.7
<b>Top brands</b>		<b>1,946</b>		<b>2,022</b>	

Source: AIOCD AWACS monthly data-July-August'18

### Distribution of Novo Nordisk products

AIL distributed Novo Nordisk (NN) range of anti-diabetic products in India and gets distribution margin of ~5%. Six out of seven NN distributed products grew faster than the market growth of 7.0%. We expect these six products to drive future growth. NN's Ryzodeg grew by over 82%.

### Exhibit 2: Performance of Novo Nordisk brands

Products (Rs mn)	Ther. Category	July'18		August'18	
		Rs mn	Gr. Rate %	Rs mn	Gr. Rate %
<b>Pharma industry</b>		<b>1,10,246</b>	<b>22.8</b>	<b>1,17,671</b>	<b>7.0</b>
<b>Company</b>		<b>7,105</b>	<b>18.0</b>	<b>7,686</b>	<b>8.3</b>
Human Mixtard	antidiabetic	570	9.4	601	14.5
Novomix 30	antidiabetic	334	15.0	360	18.9
Human Actrapid	antidiabetic	137	19.2	145	14.8
Novo Rapid Penfill	antidiabetic	154	17.2	172	16.9
Ryzodeg	antidiabetic	148	61.8	168	82.5
Tresiba	antidiabetic	91	48.6	93	26.9
Victoza	antidiabetic	51	14.4	52	6.7
<b>Total</b>		<b>1,485</b>		<b>1,539</b>	

Source: AIOCD AWACS monthly data-July-August'18

## Valuation & key risks

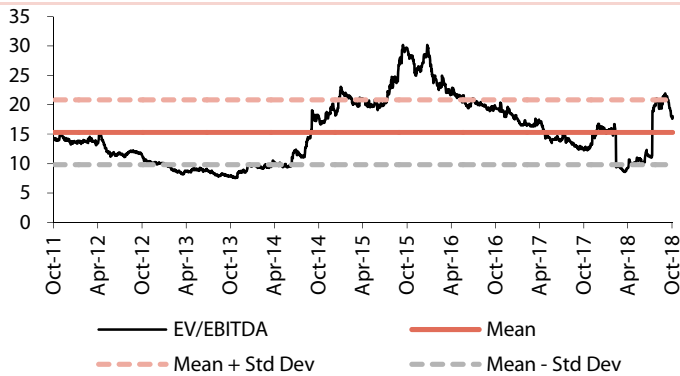
We maintain Hold rating for AIL with TP to Rs7,250 (earlier Rs7,250) based on 24x March'20E EPS of Rs302.2. AIL share price has moved up rapidly over the recent past resulting in rich valuations. We expect AIL to perform well due to its strong brands, new product and line extension launches and thrust to the high-margin vaccine segment. We expect Duphaston, Thyronorm, Cremaffin, Cremaffin Plus, Udiliv, Duphalac, Zolfresh, and Betonin AST to report higher than the market growth. Among the seven distributed products of Novo Nordisk, Ryzodeg has reported strong growth of 83% and is likely to drive future growth. Key negative risks to our assumptions are a slowdown in the domestic market and key positive risk includes faster growth of its major brands.

### Exhibit 3: Sensitivity Analysis

Sensitivity to key variables – FY19E	% change	% impact on EBITDA	% impact on EPS
Sales	1	5.7	7.8
Material cost	1	(3.2)	(4.4)

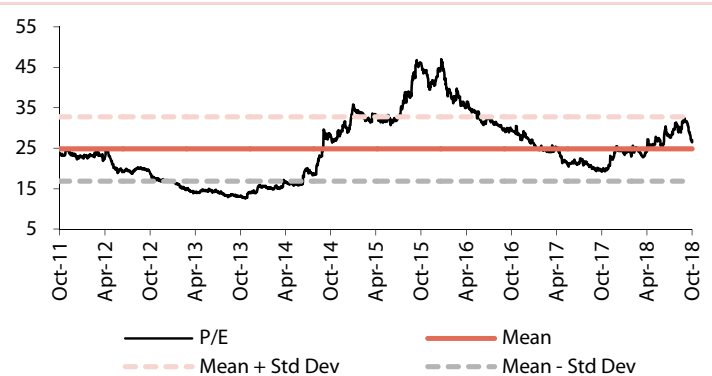
Source: Company, Centrum Research Estimates

### Exhibit 4: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 5: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 6: Comparative Valuations

Company	Mkt Cap (Rs mn)	CAGR FY18-FY20E (%)			EBITDA Margin (%)			PE (x)			EV/EBITDA (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Abbott India	1,52,193	17.2	27.9	26.5	15.9	17.5	18.9	37.9	30.4	23.7	16.4	20.1	15.8	26.1	26.8	28.3	1.5	1.0	1.2
Glaxo SK Pharma	2,28,182	17.1	34.7	41.9	17.5	21.0	23.1	62.6	44.0	34.0	38.7	30.6	23.8	16.4	24.5	29.5	1.7	1.8	2.2
Pfizer	1,17,715	20.6	25.9	26.6	25.3	27.1	28.1	24.1	23.0	19.1	17.4	17.2	14.3	14.1	17.8	18.7	0.8	1.0	1.2
Sanofi India*	1,37,904	14.1	19.3	24.8	21.6	24.3	25.8	30.1	29.1	23.4	16.9	18.5	14.8	16.7	22.0	24.1	2.0	1.6	1.8

Source: Company, Centrum Research Estimates, Prices as on 9<sup>th</sup> October 2018 \*December ending

## Quarterly financials, Operating Metrics and Key Performance Indicators

### Exhibit 7: Quarterly Financials

PARTICULARS Rs mn	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
<b>P &amp; L</b>								
Total revenues	7,294	7,557	7,154	7,063	9,310	8,815	7,884	8,449
Material cost	4,297	4,406	4,223	4,380	5,215	5,134	4,318	4,759
Personnel cost	869	878	848	966	984	911	1,077	1,147
Other expenses	1,069	1,041	1,454	1,185	1,099	1,137	1,422	1,429
Total expenses	6,235	6,325	6,525	6,531	7,298	7,182	6,817	7,335
EBIDTA	1,059	1,232	629	532	2,012	1,633	1,067	1,114
Other income	144	139	155	243	151	190	586	218
PBDIT	1,203	1,371	784	775	2,163	1,823	1,653	1,332
Interest	-	-	20	5	6	5	22	6
Depreciation	41	44	38	40	40	42	40	40
Profit before tax	1,162	1,327	726	730	2,117	1,776	1,591	1,286
Tax provision	412	471	305	248	742	622	590	462
PAT before EO items	750	856	421	482	1,375	1,154	1,001	824
<b>Growth (%)</b>								
Revenues	12.4	12.9	3.7	(4.3)	27.6	16.6	10.2	19.6
EBIDTA	22.4	24.3	(25.4)	(49.6)	90.0	32.5	69.6	109.4
Net Profit	22.7	26.3	(28.6)	(34.9)	83.3	34.8	137.8	71.0
<b>Margin (%)</b>								
EBIDTA	14.5	16.3	8.8	7.5	21.6	18.5	13.5	13.2
Profit before tax	15.9	17.6	10.1	10.3	22.7	20.1	20.2	15.2
Net margin	10.3	11.3	5.9	6.8	14.8	13.1	12.7	9.8

Source: Company, Centrum Research

### Exhibit 8: Key performance indicators

Key performance indicator	FY16	FY17	FY18	FY19E	FY20E
Revenue growth %	15.6	11.1	12.5	18.5	16.0
Material cost (%)	56.4	58.3	57.6	55.9	54.9

Source: Centrum Research Estimates

## Financials -standalone

### Exhibit 9: Income Statement

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>Revenues</b>	<b>26,457</b>	<b>29,388</b>	<b>33,071</b>	<b>39,194</b>	<b>45,451</b>
Material cost	14,920	17,121	19,047	21,897	24,970
% of revenues	56.4	58.3	57.6	55.9	54.9
Employee cost	3,411	3,453	3,937	5,210	5,920
% of revenues	12.9	11.7	11.9	13.3	13.0
Other Expenses	4,482	4,840	4,842	5,235	5,985
% of revenues	16.9	16.5	14.6	13.4	13.2
<b>EBIDTA</b>	<b>3,644</b>	<b>3,974</b>	<b>5,245</b>	<b>6,852</b>	<b>8,576</b>
EBIDTA margin (%)	13.8	13.5	15.9	17.5	18.9
Depreciation & Amortisation	144	164	162	165	180
EBIT	3,500	3,810	5,083	6,687	8,396
Interest Expenses	25	20	38	45	55
PBT from operations	3,475	3,790	5,045	6,642	8,341
Other income	505	576	1,170	1,160	1,420
PBT	3,980	4,366	6,215	7,802	9,761
Tax provision	1,427	1,599	2,203	2,790	3,340
Effective tax rate (%)	35.9	36.6	35.4	35.8	34.2
Net profit	2,553	2,767	4,012	5,012	6,421
Minority interest	-	-	-	-	-
Reported net profit	2,553	2,767	4,012	5,012	6,421
<b>Adj. Net profit</b>	<b>2,553</b>	<b>2,767</b>	<b>4,012</b>	<b>5,012</b>	<b>6,421</b>

Source: Company, Centrum Research Estimates

### Exhibit 10: Key Ratios

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
<b>Growth Ratios (%)</b>					
Revenues	15.6	11.1	12.5	18.5	16.0
EBIDTA	16.7	9.1	32.0	30.6	25.2
Adj. Net Profit	11.5	8.4	45.0	24.9	28.1
<b>Margin Ratios (%)</b>					
EBIDTA margin	13.8	13.5	15.9	17.5	18.9
PBT from operations margin	13.1	12.9	15.3	16.9	18.4
Adj. PAT margin	9.6	9.4	12.1	12.8	14.1
<b>Return Ratios (%)</b>					
RoCE	24.3	21.7	26.4	27.2	28.6
RoE	23.9	21.4	26.1	26.8	28.3
RoIC	70.7	76.5	70.5	71.6	78.4
<b>Turnover ratios (days)</b>					
Gross Block Turnover (x)	11.1	10.9	11.7	13.3	14.3
Debtors	20	22	29	27	28
Creditors	32	59	61	59	43
Inventory	51	62	65	64	62
Cash Conversion Cycle	39	25	33	32	46
<b>Solvency Ratio</b>					
Debt-Equity	0.0	0.0	0.0	0.0	0.0
Net Debt-Equity	(0.7)	(0.8)	(0.6)	(0.7)	(0.7)
Current Ratio	3.6	2.8	3.0	3.3	4.1
Interest Coverage Ratio	0.0	0.0	0.0	0.0	0.0
Gross Debt/EBIDTA	0.0	0.0	0.0	0.0	0.0
<b>Per Share (Rs)</b>					
FDEPS (adjusted)	120.1	130.2	188.8	235.9	302.2
CEPS	126.9	137.9	196.4	243.6	310.6
Book Value	562.6	652.7	796.6	960.5	1178.7
Dividend	35.0	40.0	55.0	60.0	70.0
Dividend Payout (%)	34.9	36.6	35.1	30.5	27.8
<b>Valuations (x) (Avg Mkt Cap)</b>					
PER	59.6	55.0	37.9	30.4	23.7
P/BV	12.7	11.0	9.0	7.5	6.1
EV/EBIDTA	25.6	22.0	16.4	20.1	15.8
Dividend Yield (%)	0.9	1.0	1.5	1.0	1.2
5-yr Avg AOCF/EV yield(%)	1.6	2.5	2.4	2.1	2.4

Source: Company, Centrum Research Estimates

### Exhibit 11: Balance Sheet

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Share capital	213	213	213	213	213
Reserves & surplus	11,743	13,658	16,715	20,199	24,836
Total shareholders Funds	11,956	13,870	16,928	20,411	25,048
Total Debt	-	-	-	-	-
Minority interest	-	-	-	-	-
Deferred tax Liab.	(83)	(124)	(146)	(165)	(180)
<b>Total Liabilities</b>	<b>11,873</b>	<b>13,746</b>	<b>16,782</b>	<b>20,246</b>	<b>24,869</b>
Gross Block	2,572	2,800	2,857	3,059	3,314
Less: Acc. Depreciation	1,458	1,641	1,826	2,036	2,276
Net Block	1,114	1,159	1,031	1,023	1,038
Capital WIP	-	-	-	-	-
<b>Net Fixed Assets</b>	<b>1,114</b>	<b>1,159</b>	<b>1,031</b>	<b>1,023</b>	<b>1,038</b>
Investments	-	-	-	-	-
Inventories	3,701	5,006	5,853	6,870	7,700
Debtors	1,450	1,762	2,634	2,855	3,470
Loans & Advances	503	704	3,220	1,300	1,650
Cash & Bank Balance	8,394	10,909	10,314	14,708	16,311
Other assets	920	1,024	1,570	1,950	2,470
<b>Total Current Assets</b>	<b>14,968</b>	<b>19,405</b>	<b>23,591</b>	<b>27,683</b>	<b>31,601</b>
Trade payable	2,301	4,747	5,500	6,300	5,400
Other current Liabilities	922	846	732	620	650
Provisions	986	1,225	1,608	1,540	1,720
<b>Net Current Assets</b>	<b>10,759</b>	<b>12,588</b>	<b>15,751</b>	<b>19,223</b>	<b>23,831</b>
<b>Total Assets</b>	<b>11,873</b>	<b>13,746</b>	<b>16,782</b>	<b>20,246</b>	<b>24,869</b>

Source: Company, Centrum Research Estimates

### Exhibit 12: Cash Flow

Y/E March (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
CF before WC changes	2,253	3,413	231	5,917	3,403
Working Capital Changes	261	164	162	165	180
<b>CF from Operations</b>	<b>2,514</b>	<b>3,577</b>	<b>393</b>	<b>6,082</b>	<b>3,583</b>
Adj OCF (OCF-Interest)	2,504	3,557	355	6,037	3,583
Change in fixed assets	(254)	(209)	(34)	(157)	(195)
Adj. FCF (AOCF-Capex)	2,250	3,348	321	5,880	3,388
<b>CF from Investing</b>	<b>(800)</b>	<b>(209)</b>	<b>(34)</b>	<b>(157)</b>	<b>(195)</b>
<b>CF from Financing</b>	<b>(803)</b>	<b>(1,012)</b>	<b>(1,408)</b>	<b>(1,530)</b>	<b>(1,785)</b>
<b>Net change in Cash</b>	<b>912</b>	<b>2,356</b>	<b>(1,048)</b>	<b>4,395</b>	<b>1,603</b>

Source: Company, Centrum Research Estimates

## Appendix A

### Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or differed herein in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Ranjit Kapadia, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

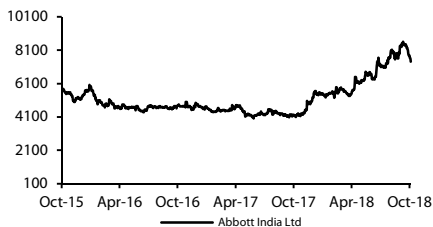
While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, 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 or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

### Abbott India chart



Source: Bloomberg, Centrum Research

### Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL, SEBI registered Portfolio Manager and an AMFI registered Mutual Fund Distributor.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	Ranjit Kapadia is registered with SEBI as Research Analyst (SEBI Registration No. INH000001352)

	Abbott India	Glaxo SK Pharma	Pfizer	Sanofi India	
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No	Yes	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No	No	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No	No	No	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No	No	No	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No	No	No	No

### Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

### Member (NSE and BSE)

#### Regn No.:

CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239  
 CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233  
 DERIVATIVES SEBI REGN. NO.: NSE: INF231454233  
 (TRADING & CLEARING MEMBER)  
 CURRENCY DERIVATIVES: MCX-SX INE261454230  
 CURRENCY DERIVATIVES: NSE (TM & SCM) – NSE 231454233

#### Depository Participant (DP)

CDSL DP ID: 120 – 12200  
 SEBI REGD NO.: CDSL : IN-DP-CDSL-661-2012

#### PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst  
 SEBI Registration No. INH000001352

Mutual Fund Distributor  
 AMFI REGN No. ARN- 147569

**Website:** www.centrum.co.in  
**Investor Grievance Email ID:** investor.grievances@centrum.co.in

#### Compliance Officer Details:

Ashok D Kadambi  
 (022) 4215 9937; Email ID: compliance@centrum.co.in

### Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000 Fax: +91 22 4215 9344