

Gladiator Stocks

New recommendations				Time Frame: 6 Months		
Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
10-Dec-20	Abbott India	ABBIND	15300-15500	17,920.00	13,910.00	16.00

Open recommendations				Time Frame: 6 Months		
Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
9-Dec-20	Godfrey Phillips	985.00	1,140.00	840.00	1,023.00	4%
4-Dec-20	Lupin	921.00	1,065.00	845.00	945.00	3%
4-Dec-20	Alkem Laboratories	2,856.00	3,310.00	2,610.00	2,902.00	2%
11-Nov-20	VST Tillers Tractors	1,892.00	2,190.00	1,720.00	1,880.00	-1%

All the recommendations are in Cash segment

December 10, 2020

Open Recommendations

Momentum Picks

Scrip	Action
Kajaria Ceramic	Buy
Duration: 14 Days	

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Research Analysts

Dharmesh Shah

dharmesh.shah@icicisecurities.com

Pabitra Mukherjee

pabitra.mukherjee@icicisecurities.com

Nitin Kunte, CMT

nitin.kunte@icicisecurities.com

Vinayak Parmar

vinayak.parmar@icicisecurities.com

Ninad Tamhanekar, CMT

ninad.tamhanekar@icicisecurities.com

Abbott India (ABBIND): Higher base formation at lower band of rising channel, 52 weeks EMA offers fresh entry opportunity with favourable risk reward...

Rec. Price

15300.0-15500.0

Target

17920.00

Stop loss

13910.00

Upside

16%

Weekly Chart

Slower retracement signals a higher base formation above the lower band of the rising channel and 52 weeks EMA, thus offering fresh entry opportunity with favourable risk reward set up

8820

20% correction in seven months

7160

Price & time parity as similar magnitude of correction in equal time (20% in seven months)

18679

12501

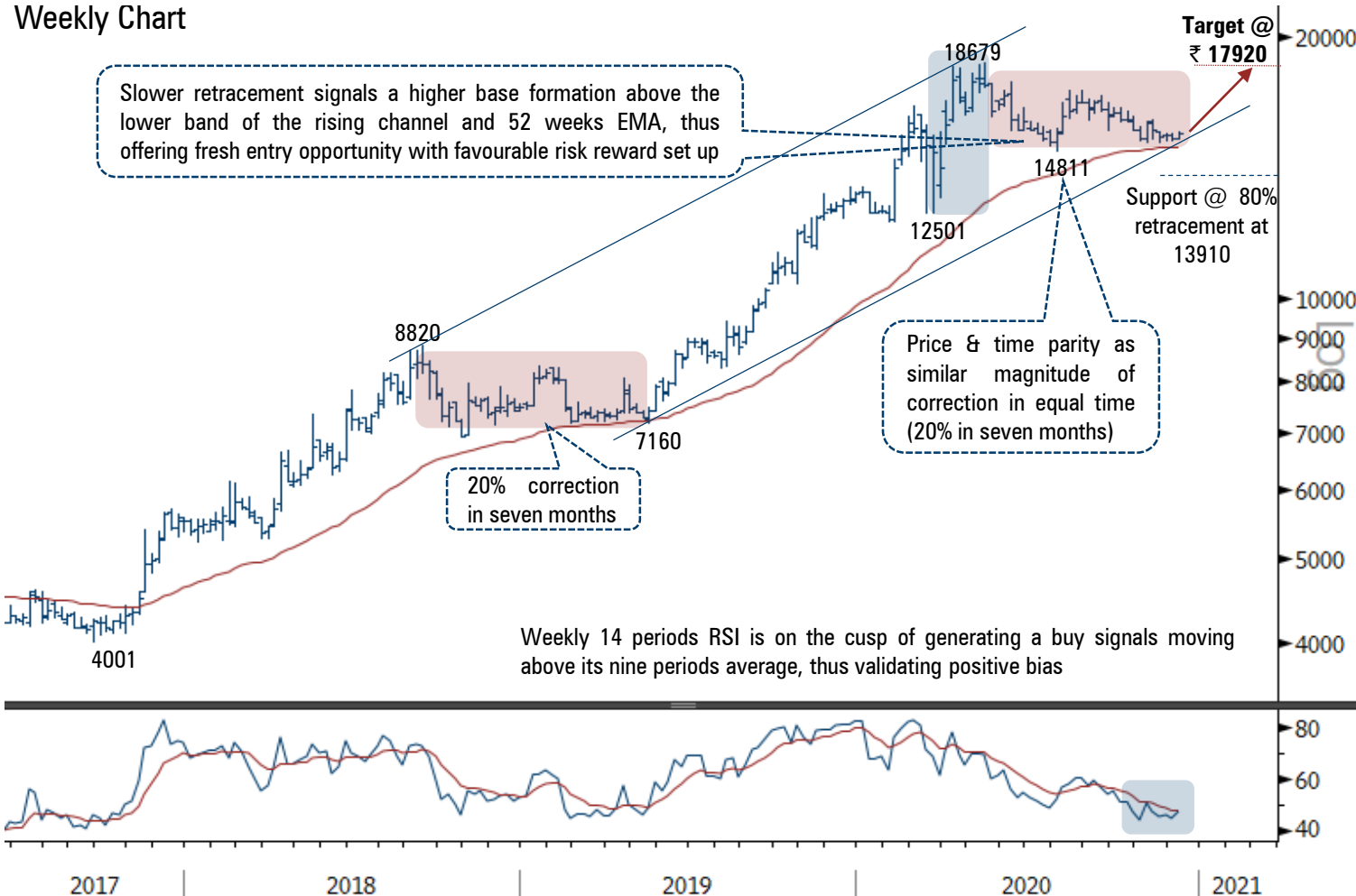
14811

Support @ 80% retracement at 13910

Target @ ₹ 17920

Weekly 14 periods RSI is on the cusp of generating a buy signals moving above its nine periods average, thus validating positive bias

4001



BOOT IN Equity (Abbott India Ltd) gladiator bar chart Weekly 11DEC2018-10DEC202 Copyright© 2020 Bloomberg Finance L.P. 10-Dec-2020 12:52:27

Source: Bloomberg, ICICI Direct Research

December 10, 2020

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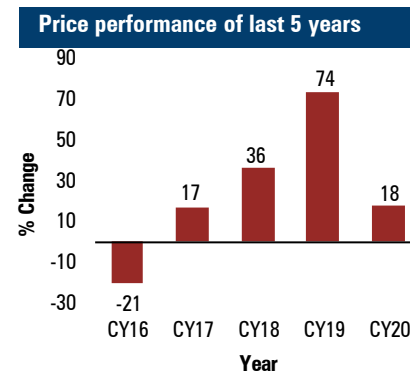
- The stock, after a sharp up move in April-May, witnessed a breather in the last seven months. It is currently seen forming a higher base at the lower band of the rising channel in place since May 2019 and the rising 52 weeks EMA (currently at 14950), which has acted as a strong support for the stock since CY18. Thus, it offers a fresh entry opportunity with favourable risk reward set-up
- Time wise, it has already taken 30 weeks to retrace just 61.8% of the previous nine week's rally (₹ 12501 to 18679). A slower retracement signals a robust price structure
- Among oscillators, the weekly 14 period's RSI is on the cusp of a bullish crossover, thus validating positive bias
- We expect the current breather to have approached maturity as it has witnessed price and time parity with the previous major decline of 20% in seven months during October 2018 and May 2019 (₹ 8820- 7160). Hence, we expect the stock to resume the fresh leg of up move and head towards ₹ 17920 in coming months as it is 80% retracement of the recent fall (₹ 18679-14811)

- Abbott India is one of the fastest growing listed MNC pharma companies. It has outperformed the industry on a consistent basis in women's health, GI, metabolic, pain, CNS and vaccines
- The company's top five brands including (Duphaston- gynaecological, Thyronorm – thyroid, Udiliv, Vertin, Duphalac–GI) together registered a revenue CAGR of 14.4% during September 2015-20 (MAT basis). This has led their combined contribution in total revenues to grow from 40% to ~43% over September 2015-20. Thus, it is evident that revenue growth has been driven by top brands (power brands). Apart from this, continuous new launches and line extension in existing and new segments is also driving growth. We expect future launches of new products from key divisions, along with brand extensions and access to innovative molecules from global parent to drive growth
- Abbott India is a debt-free company and has seen its core RoEs improving from 72% in FY14 to 216% in FY20. EBITDA margins have recovered from the lows of 11.8% in FY14 (due to inclusion of one its top brand (Thyronorm) under price control) to 18.5% in FY20. The core margins of the company could have been even better after excluding marketing margins (related to Novo Nordisk diabetic portfolio). Apart from this, the recent tax amendments have had the effect of reducing its tax rate from 36% in FY19 to 25-26% from FY20 onwards. Continued new product launches, volume led growth in Abbott India's top brands and intermittent price hikes in its portfolio provide comfort on overall financials
- Covid-19 related disturbances notwithstanding, companies from the pharma MNC staple like Abbott continue to generate investor's interest with robust and sustainable business model backed by stable growth, debt-free balance sheet, favourable market dynamics with doctor prescription stickiness and lower perceived risk factors. We continue to believe in Abbott's strong growth track record in power brands and capability in new launches on a fairly consistent basis (100+ launches in the last 10 years)

Stock Data	
Particular	Amount
Market Capitalisation	₹32860 crore
Debt (FY 20)	₹0 crore
Cash (FY 20)	₹2197 crore
EV	₹30663 crore
52 week H/L (₹)	18569/12218
Equity capital	₹21.3 crore
Face value	₹10

Financial Highlights					
₹crore	FY20	FY21E	FY22E	FY23E	
Revenue	4093	4308	4921	5511	
EBITDA	756.4	928.8	1069.1	1240.8	
EBITDA%	18.5	21.6	21.7	22.5	
Net Profit	592.9	720.5	871.6	1012.7	

Key Metrics					
	FY20	FY21E	FY22E	FY23E	
EPS (₹)	279.0	339.1	410.2	476.6	
PE (x)	55.4	45.6	37.7	32.4	
ROE (%)	24.4	28.7	28.0	26.6	
ROCE (%)	30.7	36.4	35.7	34.3	



Summary Performance - Recommendations till date

Total Recommendations	596	Open	4
Closed Recommendations	592	Yield on Positive recommendations	17.0%
Positive Recommendations	440	Yield on Negative recommendations	-8.0%
Closed at cost	17		
Strike Rate	77%		

Momentum Picks open recommendations

Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
1-Dec-20	Kajaria Ceramic	Buy	650-662	720.00	618.00	14 Days

All recommendations are in cash market

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Price history of past three years

Abbott India



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
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	100%				



Pankaj Pandey

Head – Research
ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

pankaj.pandey@icicisecurities.com

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