




ABB India Limited

BUY

Sector: Capital Goods

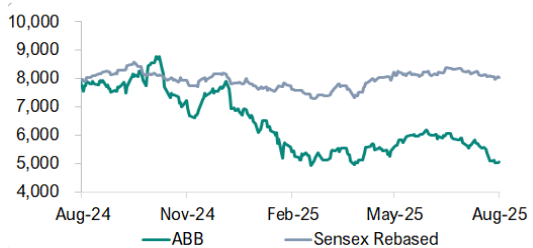
28th August, 2025

Key Changes	Target 	Rating 	Earnings 	Target	Rs. 5,801
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	ABB:IN	80,081	ABB	500002	12 Months
CMP					Rs. 5,001
Return					+16%

Data as of: 28-August-2025 17:00 hrs

Company Data			
Market Cap (Rs.cr)	105,976		
52 Week High — Low (Rs.)	8,941 - 4,590		
Enterprise Value (Rs. cr)	101,120		
Outstanding Shares (cr)	21.2		
Free Float (%)	24.7		
Dividend Yield (%)	0.9		
6m average volume (lacs)	4.2		
Beta	1.5		
Face value (Rs.)	2.0		
Shareholding (%)	Q4CY24	Q1CY25	Q2CY25
Promoters	75.0	75.0	75.0
FII's	11.9	10.3	9.3
MFs/Institutions	5.7	7.0	7.7
Public	6.6	6.8	7.0
Others	0.9	0.9	1.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-9.2%	-7.2%	-33.9%
Absolute Sensex	-2.7%	5.3%	0.7%
Relative Return	-6.5%	-12.5%	-34.6%

***over or under performance to benchmark index**



Y.E March (cr)	CY24A	CY25E	CY26E
Sales	12,188	14,038	15,878
Growth (%)	16.7	15.2	13.1
EBITDA	2,434	2,566	2,979
EBITDA Margin (%)	20.0	18.3	18.8
PAT Adjusted	1,875	2,443	2,858
Growth (%)	50.2	30.3	17.0
Adjusted EPS	88.5	115.3	134.9
Growth (%)	50.2	30.3	17.0
P/E	78.1	44.0	37.6
P/B	20.7	11.7	9.3
EV/EBITDA	57.9	39.4	33.5
ROE (%)	26.5	26.6	24.6
D/E	0.0	0.0	0.0

Margin Pressures- A key monitorable ahead...

ABB India Ltd manufactures heavy engineering and industrial equipment and executes engineering, procurement and construction (EPC) projects. It operates through the segments of robotics and motion, electrification products and industrial automation.

- Revenue from operations (through sales of products and services) for Q2CY25 rose 12% YoY to Rs. 3,145cr, with the electrification products segment contributing 43.8%.
- Revenue from electrification products increased 22.9% YoY to Rs. 1,379cr on the back of growth driven by a focus on building segment and data centres.
- Motion segment rose 1.1% YoY to Rs. 1,088cr, while process automation's revenue fell 22.2% YoY to Rs. 492cr.
- EBITDA declined 21.6% YoY to Rs. 450cr in Q2CY25 despite a growth in the topline, primarily due to elevated cost of sales and increased operating expenses.
- Consequently, EBITDA margin contracted 610bps to 14.2% in Q2CY25 from 20.3% in Q2CY24.
- As a result of higher expenses, profit after tax (PAT) fell 20.7% YoY to Rs. 352cr in Q2CY25, despite a 19.3% YoY decline in tax expenses.

Outlook & Valuation

ABB financial performance in Q2CY25 was subdued yet resilient, characterised by a healthy growth in revenue and a record-high backlog in the order book. The introduction of new products that are well-suited for the market is expected to bring in more growth, enabling ABB to gain market share and expand into new segments. Additionally, the company views easing inflation and sustained government expenditure as tailwinds. However, the company faces challenges with price realisation, particularly in the motion division, due to intense competition. Uncertainty surrounds private capital expenditure, as businesses are exercising caution when it comes to spending as they want clarity on the trajectory of domestic and export markets. Considering these factors, **we maintain our rating on the stock to BUY, with a revised target price of Rs. 5,801, based on 43x CY26E adjusted EPS.**

Quarterly Financials Consolidated

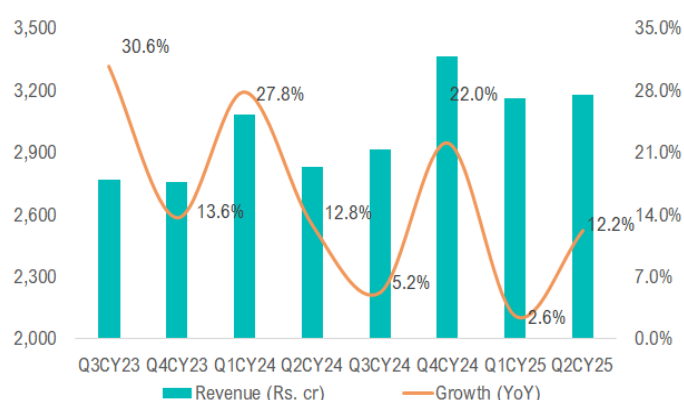
Rs.cr	Q2CY25	Q2CY24	YoY (%)	Q1CY25	QoQ (%)	H1CY25	H1CY24	YoY (%)
Sales	3,175	2,831	12.2	3,160	0.5	6,335	5,911	7.2
EBITDA	450	573	-21.6	616	-27.0	1,066	1,170	-8.9
Margin (%)	14.2	20.3	-610bps	19.5	-530bps	16.8	19.8	-300bps
EBIT	414	542	-23.7	582	-28.9	996	1,108	-10.0
PBT	474	594	-20.2	636	-25.5	1,110	1,211	-8.3
Rep. PAT	352	443	-20.7	475	-25.9	826	903	-8.5
Adj PAT	352	443	-20.5	474	-25.7	826	902	-8.4
Adj. EPS (Rs)	16.6	20.9	-20.6	22.4	-25.9	39.0	42.6	-8.5



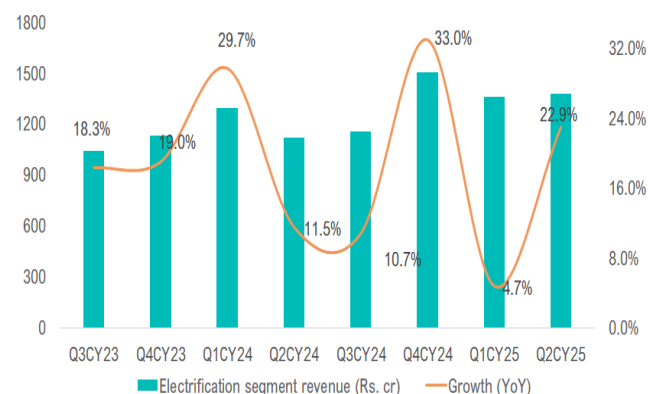
Key concall highlights

- In Q1, material costs were impacted by foreign exchange rates as the euro and Swiss franc (CHF) appreciated over 10%, affecting hedging and import costs. Higher import content, needed to comply with the government's Quality Control Order, also affected material costs, particularly impacting the motion and electrification businesses.
- ABB has recorded its highest backlog of Rs. 10,664cr, which is roughly split 50-50 between large orders and product orders. This backlog will be delivered over 18-24 months.
- The company is consistently expanding to Tier II and III towns, where it is experiencing strong demand. It is particularly gaining market share in Tier III and IV towns.
- ABB expects minimal impact from the tariffs imposed by the US as only a minor portion of its 10% export revenue is from that country. Besides, around 90% of its revenue comes from the local market, making it a domestically focused organisation.
- Base orders maintain their upward trajectory, with a 5% YoY increase, despite a decline in large orders when compared with the previous quarters. The demand for base orders remains strong in distribution channels, whereas large system orders are more volatile and reliant on government/private capital expenditure.

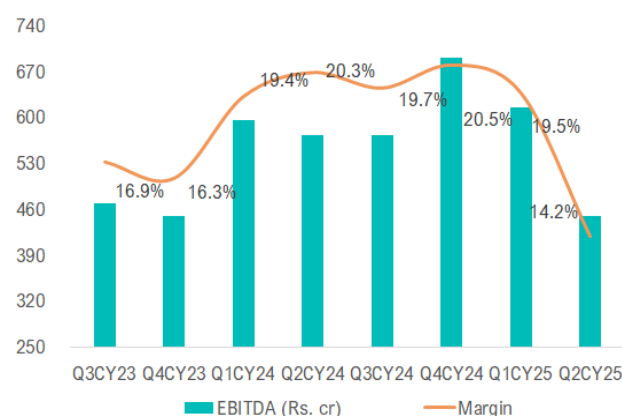
Revenue



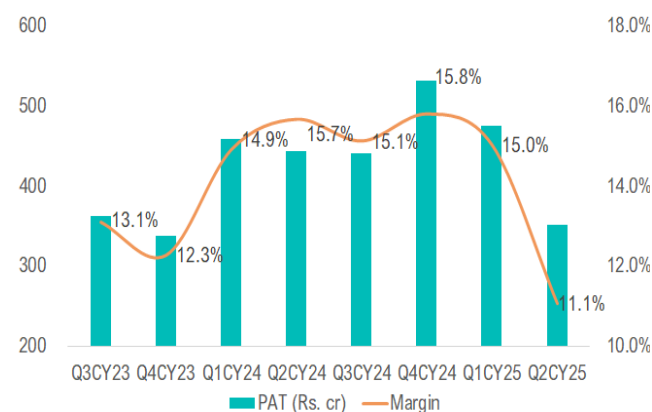
Electrification segment revenue



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	CY25E	CY26E	CY25E	CY26E	CY25E	CY26E
Revenue	13,990	15,906	14,038	15,878	0.3	-0.2
EBITDA	2,473	2,920	2,566	2,979	3.8	2.0
Margins (%)	17.7	18.4	18.3	18.8	60bps	40bps
Adj. PAT	2,067	2,419	2,443	2,858	18.2	18.1
EPS	97.6	114.2	115.3	134.9	18.2	18.1



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	CY22A	CY23A	CY24A	CY25E	CY26E
Sales	8,568	10,447	12,188	14,038	15,878
% change	23.6	21.9	16.7	15.2	13.1
EBITDA	1,067	1,610	2,434	2,566	2,979
% change	61.7	50.9	51.2	5.4	16.1
Depreciation	105	120	129	138	151
EBIT	962	1,490	2,305	2,427	2,829
Interest	13	13	16	20	23
Other Income	414	182	224	868	1,026
PBT	1,363	1,659	2,513	3,276	3,831
% change	88.2	21.7	51.5	30.3	17.0
Tax	337	411	639	832	974
Tax Rate (%)	24.7	24.8	25.4	25.4	25.4
Reported PAT	1,016	1,242	1,872	2,444	2,858
PAT att. to common shareholders	1,016	1,242	1,872	2,444	2,858
Adj.*	9	6	3	-	-
Adj. PAT	1,026	1,248	1,875	2,443	2,858
% change	92.6	21.7	50.2	30.3	17.0
No. of shares (cr)	21.2	21.2	21.2	21.2	21.2
Adj EPS (Rs.)	48.4	58.9	88.5	115.3	134.9
% change	92.6	21.7	50.2	30.3	17.0
DPS (Rs.)	5.5	29.3	33.5	40.4	44.5

Cashflow

Y.E March	CY22A	CY23A	CY24A	CY25E	CY26E
Net inc. + Depn.	1,121	1,362	2,001	2,582	3,009
Non-cash adj.	-114	122	-90	-467	-393
Other adjustments	-	-	-	-	-
Changes in W.C	-265	-133	-579	-900	-736
C.F. Operation	742	1,352	1,332	1,215	1,879
Capital exp.	-148	-183	-214	-281	-318
Change in inv.	1,175	-3,446	-633	-	-
Other invest.CF	799	277	343	721	759
C.F - Investment	1,826	-3,352	-503	440	441
Issue of equity	-	-	-	-	-
Issue/repay debt	-	-	-	29	3
Dividends paid	-110	-233	-726	-710	-855
Other finance.CF	-30	-36	-44	-53	-56
C.F - Finance	-140	-269	-770	-734	-908
Chg. in cash	2,428	-2,270	58	921	1,413
Closing Cash	3,149	4,816	5,508	6,430	7,843

Balance Sheet

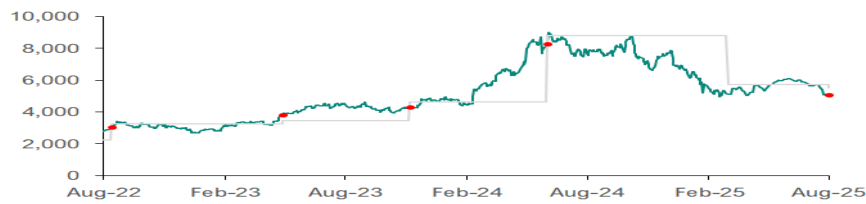
Y.E March (Rs. Cr)	CY22A	CY23A	CY24A	CY25E	CY26E
Cash	3,149	4,816	5,508	6,430	7,843
Accts. Receivable	2,093	2,544	2,984	3,510	4,065
Inventories	1,421	1,561	1,778	2,476	2,962
Other Cur. Assets	1,236	626	493	603	625
Investments	-	2	2	2	2
Gross Fixed As-sets	1,340	1,539	1,688	1,969	2,287
Net Fixed Assets	881	975	1,044	1,187	1,354
CWIP	69	60	95	114	125
Intangible Assets	18	18	17	17	17
Def. Tax -Net	90	103	98	94	89
Other Assets	361	296	372	372	368
Total Assets	9,318	11,001	12,391	14,804	17,449
Current Liabilities	4,350	5,014	5,274	5,529	5,773
Provisions	-	6	5	5	5
Debt Funds	28	37	37	67	71
Other Liabilities	-	-	-	-	-
Equity Capital	42	42	42	42	42
Res. & Surplus	4,897	5,902	7,033	9,161	11,558
Shareholder Funds	4,939	5,945	7,075	9,203	11,600
Minority Interest	-	-	-	-	-
Total Liabilities	9,318	11,001	12,391	14,804	17,449
BVPS	233	281	334	434	547

Ratio

Y.E March	CY22A	CY23A	CY24A	CY25E	CY26E
Profitab. & Return					
EBITDA margin (%)	12.4	15.4	20.0	18.3	18.8
EBIT margin (%)	11.2	14.3	18.9	17.3	17.8
Net profit mgn.(%)	11.9	11.9	15.4	17.4	18.0
ROE (%)	20.6	20.9	26.5	26.6	24.6
ROCE (%)	19.4	24.9	32.4	26.2	24.2
W.C & Liquidity					
Receivables (days)	89.2	88.9	89.4	91.3	93.4
Inventory (days)	97.8	90.0	96.2	113.2	118.6
Payables (days)	181.5	179.3	173.0	161.0	153.3
Current ratio (x)	1.8	1.9	2.0	2.4	2.7
Quick ratio (x)	1.2	1.5	1.6	1.8	2.1
Turnover & Leverage					
Gross asset T.O (x)	6.8	7.3	7.6	7.7	7.5
Total asset T.O (x)	1.0	1.0	1.0	1.0	1.0
Int. covge. ratio (x)	73.4	117.7	140.1	123.2	123.5
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	5.2	9.0	11.6	7.2	6.3
EV/EBITDA (x)	41.5	58.6	57.9	39.4	33.5
P/E (x)	46.2	79.4	78.1	44.0	37.6
P/BV (x)	9.6	16.7	20.7	11.7	9.3



Recommendation Summary - (last 3 years)



Dates	Rating	Target
03-Aug-21	HOLD	1,840
16-Feb-22	HOLD	2,230
24-Aug-22	ACCUMULATE	3,230
10-May-23	REDUCE	3,440
17-Nov-23	HOLD	4,640
12-Jun-24	HOLD	8,820
12-Mar-25	BUY	5,710
28-Aug-25	BUY	5,801

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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