

A Consolidation phase- before ABB changes gears...

ABB India displayed a record quarter in Q4CY24 & robust backlog of ~₹93,800 Mn entering into CY25. The quarter has seen a growth of 22%/58%/54% in topline/EBITDA/PAT on a YoY basis, while sequentially, the results showed strong execution across segments. ABB's new order inflows have grown at ~21.9% CAGR from CY21-CY24, while the backlog has seen a ~20% CAGR growth from Dec-22 to Dec-24. After a period of consistent compounding in order inflows and backlog, some near-term consolidation is expected, especially in segments like Motion and Process Automation where the order inflows have clearly slowed down. Management views the slowdown as transient; expects a moderation phase before the next leg of growth begins.

Key takeaways from the concall

Order Book & Execution

- 65-70% of the backlog to be recognized in FY25; balance to be realized in FY26.
- Management views the slowdown as transient; expects a moderation phase before the next leg of growth begins.

Financial Outlook/Guidance

- PAT Margins:** 12-15% are achievable going forward.
- Cash Position:**
 - Dividend payout plans intact.
 - Organic expansion announcements soon.
 - Inorganic acquisition pipeline ready.
 - Balance Cash to meet increasing working capital needs.

Business Segments & Demand Trends

- Exports:** Contribution depends on the parent group's strategic decisions.

Financial Summary

Y/E Mar (Rs mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
Net sales	69,340	85,675	1,04,465	1,21,883	1,31,516	1,53,434
EBIDTA	5,567	9,619	14,898	23,052	23,690	27,872
Margins (%)	8.0	11.2	14.3	18.9	18.0	18.2
Adjusted net profit	5,197	10,162	12,421	18,746	19,695	22,993
EPS (Rs)	24.5	47.9	58.6	88.4	92.9	108.5
P/E (x)	210	107	88	58	55	47
EV/EBITDA (x)	195	110	73	47	44	37
RoCE (%)	13.70%	19.39%	24.94%	32.45%	29.00%	29.84%
RoE (%)	12.85%	20.57%	20.89%	26.49%	24.27%	24.83%

Source: Company, Dalal & Broacha Research

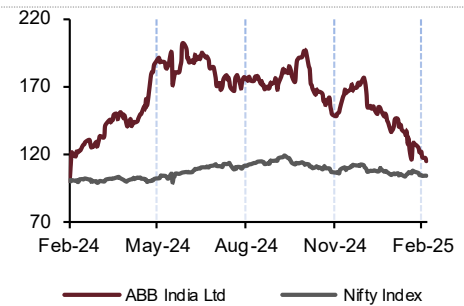
Rating	TP (Rs)	Up/Dn (%)
BUY	6,544	27

Market Data

Current price	Rs	5,142
Market Cap (Rs.Bn)	(Rs Bn)	1,090
Market Cap (US\$ Mn)	(US\$ Mn)	12,542
Face Value	Rs	2
52 Weeks High/Low	Rs	9200 / 4449.15
Average Daily Volume	('000)	260
BSE Code		532636
Bloomberg		ABB.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	75.00	75.00
Public	25.00	25.00
Total	100	100

Source: BSE

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- **Orderbook Exposure:**
 - Direct government exposure negligible.
 - 35-40% of orders linked to public capex (indirect exposure).
 - 60% of orders driven by private capex.

Sectoral Outlook:

- a. Headwinds in metals sector.
- b. Emerging growth segment: Warehousing technologies.
- c. Uptick in project pipeline observed.

Segment-Wise Growth Drivers (Next Few Years)

- d. **Electrification:** Demand from renewables & data centers.
- e. **Motion & Process Automation:** Growth in bio-ethanol production & green hydrogen projects; Increasing demand in HVAC for data centers & transport traction converters.
- f. **Robotics & Machine Automation:** Strong demand from EV (ICE & EV auto), electronics, pharma, and F&B industries.

Key Sectors Driving order flows:

- **Data centers, Renewables, Electronics are the high growth segments for ABB-** (*currently comprising 19% of the full revenue*)- is growing north of 11% within ABB's orderbook & topline
- **Railways/Metro, Automotive, Water & wastewater, warehousing & logistics, Buildings & Infra, Rubber & Plastics, Oil & Gas, Chemicals, Pharma & Healthcare** (*currently comprising 44% of of ABB's revenues*) are currently growing between 7-11% for ABB Ltd.
- **Textiles, Cement, metals & mining, Pulp & Paper**(*currently comprising 37% of the full business*) are segments growing slowly currently but have historically been strong & continue to contribute significantly to ABB's orderbook

Financial Metrics

- Revenue at ₹33,650 Mn vs ₹27,575 Mn (+22% YoY) vs ₹28,309 Mn (+16% QoQ)
- EBITDA at ₹6,573 Mn vs ₹5,402 Mn (+22% YoY) vs ₹4172 Mn (+22% QoQ)
- EBITDA Margin at 19.5% vs 18.6% (YoY) vs 15.1% (QoQ)
- PBT at ₹7,050 Mn vs ₹5,973 Mn (+18% YoY) vs ₹5,938 Mn (+1% QoQ)
- EPS at ₹25.10 vs ₹20.79 (YoY) vs ₹16.28 (QoQ)
- Order inflows at ₹26,950 Mn vs ₹30,147 Mn (-14% YoY) vs ₹33,420 Mn (-19% QoQ)

Segmental

Electrification: (45% of Income)

- **Orders inflows** saw a 1% decline YoY to ₹1,024 Mn due to a high base from the previous year, despite steady traction in buildings, renewables, and power distribution segments.
- Record **order backlog** grew by 52% YoY to ₹2,973 Mn.
- **Revenues** grew by 33% YoY to ₹1,503 Mn, driven by strong execution across all divisions and contributions from exports.
- **PBIT margins** at 23.6% vs 19.0% YoY vs 20.8% QoQ, supported by a better revenue mix, price realization, and capacity utilization.

Motion (33% of Income)

- **New Orders** down by 30% YoY, mainly due to a large traction equipment order in Railways last year, though base orders still saw YoY growth.
- Record **order backlog** in the Motion segment grew by 8% YoY to ₹3,791 Mn, as certain orders are project-based.
- **Revenues** improved by 22% YoY to ₹1,119 Mn.
- Significant improvement in **PBIT margins** at 20.9% vs 17.7% YoY vs 23.1% QoQ, driven by better price realizations for drives and operational efficiencies.

Process Automation (19% of Income)

- **New Orders** decreased by 18% YoY, due to high base of last year due to large order from an energy major.
- **Order backlog** declined by 17% YoY to ₹2,397 Mn.
- **Revenues** remained flat YoY at ₹628 Mn, as last year included high-value orders from the energy sector.
- Improvement in **PBIT margins** at 19.4% vs 12.8% YoY vs 19.2% QoQ, supported by higher service contributions in the revenue mix.

Robotics (4% of Income)

- **Orders received** increased by 161% YoY to ₹149 Mn, driven by strong inflows from the electronics sector.
- **Order backlog** increased by 48% YoY to ₹277 Mn.
- **Revenues** grew by 30% YoY to ₹140 Mn, supported by the execution of major orders in the automotive and electronics segments.
- **PBIT margins** at 10.4% vs 11.8% (YoY) & 14.7% QoQ.

Breakup by Mode of Offering:

- **74% of revenue in CY24 came from short cycle Products as against 76% in CY23:** in the nature of fast moving industrial goods with a shorter turnaround time
- **12% of Revenues in the nature of services as against 11% in CY23:** higher share of services will help ABB to drive their margins forward
- **14% by nature of projects as against 11% in CY23-** these are orders with a longer gestation period & provide a certain level of consistency in revenues over time.

Geographical Breakup:

- **Domestic share in revenue - 90% vs 90% (YoY) - indicating majority of growth coming from India Business.**
- **Share of Exports in revenue 10% vs 10%(YoY)-** on absolute levels exports have increased , however due to high growth in India - relatively share of exports has gone down. Export orders have gone up by 33% on a YoY basis in Q4

Valuation & Outlook

Looking at the emphasis placed by Government on infra & capex push in the previous 2 budgets as well as the recent Union Budget of 2025-26- wherein effective capex(inclusive of grants) went up by 17% on a YoY basis. The Capital goods sector looks structurally strong after years of volatility. Themes like **Datacenters** (expected to grow at **25% CAGR**), **waste water management** (growing at **10% CAGR**), **electronics** & ancilliary component manufacturing (growing at **30% CAGR** due to the PLI incentive scheme) are picking up at rapid pace. The Indian economy is further bolstered by expedite growth in **Railways & metro segment (growing at >15% CAGR)** & growth in **building construction & infra**.

ABB India's product profile, reputation, brand presence & technology places it in a sweet spot to seize this growth story & generate sizeable profits, high free cashflow generation & superior RoCE in the forthcoming years

However, there remains slight amount of skepticism with respect to stagnation in government capex & muted growth in private capex in the recent couple of quarters. The effect of which is clearly seen in ABB's Q4 new order inflows - which were at a 7-quarter low & for the first time ended up below 3000 Crs mark. Order backlog also saw a sequential decline of 6% which raises caution in terms of future growth. At CMP of Rs 5142 it trades at 58xTTM EPS of Rs.88.4 and 55x CY25E EPS of Rs.92.9 & 47x CY26e EPS of Rs 108.5 .We anticipate ABB India's growth to consolidation for a few quarters before it changes gears, hence we have moderated our PE multiple from 70x to 65x.

We have cut our Revenue/EBITDA/PAT estimates by 11%/17%/16% for CY25 & by 14%/21%/20% for CY26 respectively & have assigned a target price of Rs 6,544 valuing the stock at 65x Dec-26e EPS of Rs 108.5. Considering the sharp fall in the stock price recently, as per our calculations ABB India has a 27% upside from current levels & hence we have ascribed a BUY rating.

Quarterly Financials

ABB India Ltd					
Particulars (Rs Mns)	Q4CY23	Q3CY24	Q4CY24	YoY growth	QoQ Growth
Revenue from Operations	27,575	29,122	33,649	22%	16%
Other Income	776	929	866	12%	-7%
Total Mfg cost	16,461	15,817	18,807	14%	19%
Subcontracting expenses	766	669	1,025	34%	53%
Employee Benefits Expense	1,813	2,031	1,947	7%	-4%
Other Expenses	4,364	5,203	5,297	21%	2%
Total Expenses	23403	23719	27076	16%	14%
EBITDA (Excluding Other Income)	4172	5402	6573	58%	22%
Depreciation and Amortisation Expenses	329	328	337	2%	3%
EBIT / PBIT	4619	6003	7103	54%	18%
Finance Costs	82	30	51	-37%	71%
EBT/ PBT (excluding exceptional items)	4537	5973	7051	55%	18%
Exceptional Items *	-	-	-		-
PBT Including exceptional items	4537	5973	7051	55%	18%
Tax Expense	1,085	1,568	1,732	60%	10%
PAT from Continuing Operations after Tax	3452	4405	5319	54%	21%
Earning Per Share (EPS)	16.28	20.78	25.09	54%	21%
	0.1252	0.1513	0.1581		
Orderbook(%)					
Order Inflows	31,470	33,420	26,950	-14%	-19%
Order Backlog	84,040	99,950	93,800	12%	-6%
Margins (%) (In bps)					
Gross Margins	40.3%	45.7%	44.1%	381	-158
EBITDA Margins (Excl Other Income)	15.1%	18.6%	19.5%	441	98
PBT Margins before exceptional items	16.0%	19.9%	20.4%	443	55
PAT Margins	12.2%	14.7%	15.4%	324	75
As a % to sales					
Mfg Cost as a % to sales	59.7%	54.3%	55.9%	-381	158
EE & Subcon Cost as a % to sales	9.3%	9.3%	8.8%	-52	-44
Other exps as a % to sales	15.8%	17.9%	15.7%	-8	-212
Segmental Revenue (incl. Intersegment)					
Electrification	11,302	11,540	15,028	33%	30%
Motion	9,146	10,795	11,193	22%	4%
Process Automation	6,307	5,963	6,278	0%	5%
Robotics & Discrete Automation & Others	1,077	1,113	1,397	30%	26%
Segmental Results (PBIT)					
Electrification	2,148	2,397	3,548	65%	48%
Motion	1,619	2,496	2,340	45%	-6%
Process Automation	810	1,146	1,221	51%	7%
Robotics & Discrete Automation	127	163	145	15%	-11%
Segmental Results (PBIT Margins)					
Electrification	19.0%	20.8%	23.6%	461	284
Motion	17.7%	23.1%	20.9%	320	-222
Process Automation	12.8%	19.2%	19.4%	660	22
Robotics & Discrete Automation	11.8%	14.7%	10.4%	-136	-426

Source: Dalal & Broacha Research

Financials

P&L (Rs mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
Net Sales	69,340	85,675	1,04,465	1,21,883	1,31,516	1,53,434
Total Operating Expenses	44,154	53,012	63,286	67,486	73,254	85,923
Subcontracting Charges	2,110	2,415	2,740	3,417	4,077	4,603
Employee Cost	5,882	6,353	7,152	8,219	9,452	10,870
Other Expenses	11,627	14,277	16,391	19,709	21,043	24,166
Operating Profit	5,567	9,619	14,898	23,052	23,690	27,872
Depreciation	1,027	1,047	1,199	1,289	1,388	1,759
PBIT	4,540	8,572	13,699	21,763	22,302	26,113
Other income	1,596	1,795	3,017	3,534	4,209	4,910
Interest	107	131	127	165	250	366
PBT (Before exceptional)	6,029	10,235	16,589	25,133	26,261	30,657
Exceptional	1,213	3,393	-	-	-	-
PBT (post exceptional)	7,243	13,628	16,589	25,133	26,261	30,657
Provision for tax	1,918	3,372	4,107	6,387	6,565	7,664
PAT (From continuing operations)	5,325	10,256	12,482	18,746	19,695	22,993
PAT (From Discontinuing operations)	(128)	(94)	(61)	-	-	-
MI	-	-	-	-	-	-
Reported PAT	5,197	10,162	12,421	18,746	19,695	22,993
Adjusted Profit	5,197	10,162	12,421	18,746	19,695	22,993

Balance Sheet (Rs mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
Equity capital	424	424	424	424	424	424
Reserves	40,028	48,970	59,022	70,330	80,732	92,175
Net worth	40,452	49,394	59,446	70,754	81,155	92,599
Non Current Liabilities	238	285	424	420	594	846
Current Liabilities	39,543	43,503	50,142	52,740	58,648	68,586
discontinued operations/ assets	495	-	-	-	-	-
TOTAL LIABILITIES	80,727	93,182	1,10,012	1,23,913	1,40,398	1,62,032
Non Current Assets	14,374	14,196	14,537	16,272	19,455	22,136
Fixed Assets	8,793	9,538	10,393	11,420	14,272	16,284
Goodwill	146	146	146	146	146	146
Non Current Investments	-	-	16	-	16	16
Non-current assets tax (net)	2,674	1,912	1,369	1,836	1,983	2,316
Deferred Tax Asset	939	898	1,027	985	1,000	1,000
Other Financial Assets	87	75	73	80	90	100
Other Non Current Assets	1,736	1,626	1,514	1,804	1,948	2,275
Current Assets	65,752	78,986	95,475	1,07,626	1,20,943	1,39,896
Current investments	-	4,932	-	-	-	-
Inventories	10,091	14,207	15,608	17,780	19,817	23,120
Trade Receivables	18,838	20,930	25,443	29,837	32,429	37,833
Cash and Bank Balances	7,181	31,469	8,769	9,356	53,440	62,803
Bank Balances other than cash & cash eq	19,696	22	39,393	45,722	10,000	10,000
Short Term Loans and Advances	185	49	54	63	-	-
Other Financial Assets	6,690	2,931	1,733	958	1,034	1,207
Other current assets tax (net)	3,070	4,447	4,476	3,911	4,223	4,932
Other Assets(associated with discontinued operations/ assets held for sale)	602	-	-	-	-	-
TOTAL ASSETS	80,727	93,182	1,10,016	1,23,898	1,40,398	1,62,032

Cash Flow St. (Rs. mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
PBT (including						
Discontinued Operations)	7,072	13,503	16,507	25,133	26,261	30,657
Add: Dep. & Amort.	1,027	1,047	1,199	1,289	1,388	1,759
Add: Interest Expenses	107	131	127	165	250	366
Operating profit before working capital change	8,206	14,681	17,833	26,586	27,898	32,782
(Inc)/Dec in						
Working capital adjustment	(1,166)	547	(1,191)	(5,677)	(578)	(2,702)
Gross cash generated from operations	7,040	15,228	16,642	20,910	27,320	30,080
Direct taxes paid	(1,790)	(3,278)	(4,046)	(6,387)	(6,565)	(7,664)
Others	1,268	(4,524)	915	(1,200)	846	2,168
CF from Oper. activities	6,488	7,426	13,512	13,323	21,601	24,584
CF from Inv. activities	(20,079)	18,262	(33,522)	(5,033)	31,545	(3,771)
CF from Fin. activities	(1,268)	(1,402)	(2,695)	(7,704)	(9,061)	(11,451)
Cash generated/(utilised)	(14,859)	24,287	(22,705)	586	44,084	9,363
Cash at start of the year	22,040	7,181	31,469	8,769	9,356	53,440
Cash at end of the year	7,181	31,469	8,769	9,356	53,440	62,803
Balance sheet	7,181	31,469	8,764	9,354	53,440	62,803

Ratios	CY21	CY22	CY23	CY24	CY25E	CY26E
OPM	8.03%	11.23%	14.26%	18.91%	18.01%	18.17%
NPM	7.33%	11.62%	11.56%	14.95%	14.51%	14.52%
Tax Rate	26.48%	24.74%	24.76%	25.41%	25.00%	25.00%
Growth Ratios (%)						
Net Sales	19.12%	23.56%	21.93%	16.67%	7.90%	16.67%
Operating Profit	105.29%	72.78%	54.88%	54.74%	2.77%	17.65%
PBT	145.51%	69.76%	62.08%	51.50%	4.49%	16.74%
PAT	137.07%	95.54%	22.22%	50.93%	5.06%	16.74%
Per Share (Rs.)						
Net Earnings (EPS)	24.51	47.94	58.59	88.42	92.90	108.46
Cash Earnings (CPS)	29.36	52.87	64.24	94.51	99.45	116.75
Payout ratio	21%	11%	59%	50%	54%	46%
Dividend	5.15	5.27	34.80	44.16	50.50	50.00
Book Value per share (BVPS)	190.81	232.99	280.41	333.75	382.81	436.79
Free Cash Flow	6,022	6,781	12,660	12,291	18,748	22,573
Valuation Ratios						
P/E(x)	209.75	107.27	87.77	58.15	55.35	47.41
P/B(x)	26.95	22.07	18.34	15.41	13.43	11.77
EV/EBIDTA(x)	194.56	110.08	72.60	46.89	43.78	36.89
Div. Yield(%)	0.10	0.10	0.68	0.86	0.98	0.97
FCFF Yield(%)	0.55	0.62	1.16	1.13	1.72	2.07
Return Ratios (%)						
ROE	12.85%	20.57%	20.89%	26.49%	24.27%	24.83%
ROCE	13.70%	19.39%	24.94%	32.45%	29.00%	29.84%

Source: Dalal & Broacha Research

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