

Q3CY25 Result Update | Capital Goods

Equity Research Desk

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Base order growth drives steady revenue execution; margins reflect cost headwinds

ABB India delivered another quarter of consistent operational performance in Q3CY25, with revenues up 14% YoY, led by strong base order momentum (+13% YoY) across segments. Order inflows remained stable sequentially (+6% QoQ), even as large orders stayed muted amid sluggish private capex sentiment. Profitability improved sequentially (PBT margin at 16.4% vs 14.9% QoQ) but remained below last year's high base (20.5%), owing to higher material costs, QCO-driven import dependence, and forex volatility. The order backlog stood at ₹9,895 Cr (-1% YoY), providing strong visibility for the coming quarters. The company maintained a healthy cash position of ₹4,991 Cr, despite higher inventory stocking to ensure serviceability under QCO norms.

Key takeaways from the concall

- **Broad-based demand:** Base orders continue to lead growth across 23 customer segments, notably data centers, renewables, and electronics. Expected to stagnate between 3000-3500 cr mark before the next capex cycle picks up.
- **QCO/BIS impact:** Continued cost overhang due to certification delays and limited local lab capacity; imported compliant materials inflated cost base.
- **Material cost headwinds:** Higher raw material cost (62.3% of revenue) driven by mix shift and import reliance.
- **Capex cycle:** Private capex showing signs of pick up in core sectors of cement, steel & power, while public investments in railways, infra, and renewables continue to support steady execution.
- **Segment focus:** Renewables, rail/metro, data centers, and core industries (cement, steel, oil & gas) remain key opportunity areas.

Financial Summary

Y/E Mar (Rs mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
Net sales	69,340	85,675	104,465	121,883	132,401	154,148
EBIDTA	5,567	9,619	14,898	23,052	20,206	25,124
Margins (%)	8.0	11.2	14.3	18.9	15.3	16.3
Adjusted net profit	5,197	10,162	12,421	18,746	17,167	21,184
EPS (Rs)	24.5	47.9	58.6	88.4	81.0	99.9
P/E (x)	204	104	85	56	62	50
EV/EBITDA (x)	189	107	71	46	50	40
RoCE (%)	13.70%	19.39%	24.94%	32.45%	25.58%	28.31%
RoE (%)	12.85%	20.57%	20.89%	26.49%	21.83%	24.00%

Source: Company

Rating	TP (Rs)	Up/Dn (%)
BUY	6,495	31

Market Data

Current price	Rs	4,967
Market Cap (Rs.Bn)	(Rs Bn)	1,053
Market Cap (US\$ Mn)	(US\$ Mn)	11,867
Face Value	Rs	2
52 Weeks High/Low	Rs	7960 / 4590.05
Average Daily Volume	('000)	214
BSE Code		500002
Bloomberg		ABB.IN
Source: Bloomberg		

One Year Performance


Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	75	75
Public	25	25
Total	100	100

Source: BSE

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Key Financial Metrics

- **Base order growth strong:** +13% YoY, reinforcing resilience of the short-cycle product and service business.
- **Revenue growth:** +14% YoY at ₹3,311 Cr, led by Electrification and Motion.
- **Profitability:** Sequential improvement to 16.4% PBT margin; YoY decline due to material cost impact (62.3% vs 56.6% YoY) and forex losses.
- **Cash balance:** Robust at ₹4,991 Cr, with high collections despite inventory buildup.
- **Order backlog:** ₹9,895 Cr, with balanced mix — 30% large orders, 70% base and short-cycle.

Quarterly Segmental Highlights:

Electrification:

- **Orders:** ₹1,284 Cr (-27% YoY), adjusting for the absence of a large data center order last year; base order momentum remains healthy.
- **Revenues:** ₹1,378 Cr (+19% YoY), supported by robust demand in building & infrastructure and higher export sales in distribution solutions.
- **Profitability:** Sequential PBIT up 350 bps to ~19.6%; pressures from QCO compliance, forex, and material costs persist.
- **Backlog:** ₹3,359 Cr (-2% YoY).

Motion

- **Orders:** ₹1,288 Cr (+23% YoY) driven by traction and system drives; renewables contributed meaningfully.
- **Revenues:** ₹1,175 Cr (+9% YoY); steady execution and strong delivery discipline.
- **Profitability:** PBIT at ~15.5% (vs 16.4% QoQ); impacted by forex, pricing pressure, and revenue mix shift.
- **Backlog:** ₹4,138 Cr (+6% YoY).

Process Automation

- **Orders:** ₹481 Cr (-4% YoY) as large project decisions were deferred; small retrofit orders supported base performance.
- **Revenues:** ₹601 Cr (+1% YoY); steady traction in process industries and analytics.
- **Profitability:** Stable at 17.5%; aided by higher service contribution (~30%) and better mix management.
- **Backlog:** ₹2,129 Cr (-13% YoY).

Robotics :

- **Orders:** ₹203 Cr (+171% YoY), led by strong demand from automotive (EV) and electronics sectors.
- **Revenues:** ₹181 Cr (+63% YoY), marking sustained momentum post Q2.
- **Profitability:** PBIT improved to 8%; forex losses and high trading content moderated margins.
- **Backlog:** ₹357 Cr (+34% YoY).

Segment-wise Future Commentary

Electrification(EL):

ABB expects sustained traction in base orders from buildings, renewables, and data center infrastructure, driven by continued demand for smart power, protection, and distribution solutions. Execution from the robust backlog will continue to support revenues in the near term. However, QCO-related import dependence and forex-linked cost pressures are likely to remain key margin headwinds through CY26. The company is focused on product localization, engineering standardization, and premium segment expansion, which should help normalize profitability as the compliance environment stabilizes.

Motion(MO):

Order momentum in traction, renewables, and metals remains strong, and the current elevated backlog (~₹4,100 Cr) provides solid execution visibility. However, management flagged that high backlog conversion timelines (12-18 months) could result in a slower pace of quarterly revenue recognition in the near term. Demand outlook across railways, cement, and industrial drives remains steady, supported by the new IE5 ultra-premium efficiency LV motor range. Profitability should gradually recover from CY26 as the mix shifts towards higher-margin engineered systems and service revenues.

Process Automation (PA):

Growth recovery in large projects may remain slow, as private capex decisions and greenfield expansions continue to be deferred. ABB is focused on brownfield modernization, digital control retrofits, and measurement analytics, which are yielding steady order intake from energy, oil & gas, and mining segments. The high service mix (~30%) will continue to cushion profitability despite a soft top line, while the business pipeline remains well-aligned with the broader industrial automation cycle recovery expected from late CY26.

Robotics & Discrete Automation (RA):

The business continues to witness strong traction in automotive (EV), electronics, and warehousing automation, and is expected to maintain double-digit growth in base orders. However, ABB's global parent has decided to carve out the Robotics business into a separate subsidiary, with SoftBank as the new global partner. The Indian robotics operations will be transitioned into a distinct legal entity, subject to local board and regulatory approvals. Post-separation, ABB India is expected to continue as a strategic supplier, technology partner, and local service provider to the new entity. Over the medium term, localization, AI-integrated robotics, and digital twin adoption are likely to drive sustained growth, even as near-term financials normalize due to reorganization-related adjustments.

Breakup by Mode of Offering:

- 80% of revenue in Q3CY25 came from **short-cycle Products** (vs 76% in Q3CY24), indicating continued strength in Fast moving industrial goods.
- 13% of revenues were from **Services** (vs 12% YoY).
- 7% from **Projects** (vs 12% YoY).

Geographical Breakup:

- **Domestic share in revenue - 89% vs 88% (YoY)** – indicating majority of growth coming from India Business.
- **Share of Exports in revenue 11% vs 12%(YoY)**

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**), **renewables**, **electronics** & ancillary 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 a slight degree of skepticism regarding stagnation in government capex, coupled with continued concerns about muted private capex over the past couple of quarters. Due to the same we have been seeing slowness in Process Automation segment & coupled with the fact that the company also plans to hive off their high growing Robotics segment due to parent company's plans.

Nevertheless — Electrification & Motion Division remain the key pillars of growth for ABB which continue to see strong base order momentum. Due to the forex volatility & QCO compliance, we believe EBITDA margins to remain under pressure, cutting our EBITDA margins in Cy25 & Cy26 by 150 bps each respectively.

We believe this healthy bounce back sequentially in the order inflows & strong base order momentum also expected to sustain for the next 2 quarters effectively mitigates any near-term de-growth in revenues, thereby limiting downside from current levels. At the CMP of ₹ 4995, the stock trades at 62x CY25E EPS of ₹81, and 50x CY26E EPS of ₹100.

ABB's expansion in product portfolio and localization initiatives, coupled with the government's strong commitment to budgeted infrastructure spends, and a secular capex uptick in emerging areas like Data Centers and Renewables, have helped the company deliver a 20%+ CAGR from CY21-CY24.

However, to return to such elevated growth levels, a revival in core sector demand and a pickup in private sector order inflows will be essential. In our estimates, we have factored in a 12.5%/5%/6% CAGR in Revenue/EBITDA/PAT for CY24-26, and assign a target price of ₹6,495, valuing the stock at 65x Dec-26E EPS of ₹100, implying 30% upside.

We continue to like the stock from a 2-3 year perspective and therefore maintain a BUY rating.

Quarterly Financials

ABB India Ltd					
Particulars (Rs Mns)	Q3CY24	Q2CY25	Q3CY25	YoY growth	QoQ Growth
Revenue from Operations	29,122	31,754	33,107	14%	4%
Other Income	929	998	840	-10%	-16%
Total Mfg cost	15,817	18,464	19,619	24%	6%
Subcontracting expenses	669	1,150	1,004	50%	-13%
Employee Benefits Expense	2,031	2,160	2,223	9%	3%
Other Expenses	5,203	5,840	5,258	1%	-10%
Total Expenses	23,719	27,614	28,103	18%	2%
EBITDA (Excluding Other Income)	5,402	4,141	5,004	-7%	21%
Depreciation and Amortisation Expenses	328	355	366	11%	3%
EBIT / PBIT	6,003	4,783	5,478	-9%	15%
Finance Costs	30	42	56	88%	35%
EBT/ PBT (excluding exceptional items)	5,973	4,741	5,421	-9%	14%
Exceptional Items*	-	-	-	-	-
PBT Including exceptional items	5,973	4,741	5,421	-9%	14%
Tax Expense	1,568	1,220	1,332	-15%	9%
PAT from Continuing Operations after Tax	4,405	3,521	4,089	-7%	16%
Earning Per Share (EPS)	20.78	16.61	19.29	-7%	16%
Orderbook					
Order Inflows	33,420	30,360	32,330	-3%	6%
Order Backlog	99,950	1,00,640	98,950	-1%	-2%
Margins (%) (In bps)					
Gross Margins	45.7%	41.9%	40.7%	-495	-111
EBITDA Margins (Excl Other Income)	18.6%	13.0%	15.1%	-344	207
PBT Margins before exceptional items	19.9%	14.5%	16.0%	-391	149
PAT Margins	14.7%	10.7%	12.0%	-261	129
As a % to sales					
Mfg Cost as a % to sales	54.3%	58.1%	59.3%	495	111
EE & Subcon Cost as a % to sales	9.3%	10.4%	9.7%	47	-68
Other exps as a % to sales	17.9%	18.4%	15.9%	-199	-251
Segmental Revenue (incl. Intersegment)					
Electrification	11,540	13,786	13,783	19%	0%
Motion	10,795	10,881	11,746	9%	8%
Process Automation	5,963	4,921	6,013	1%	22%
Robotics & Discrete Automation & Others	1,113	2,361	1,811	63%	-23%
Segmental Results (PBIT Margins)					
Electrification	20.8%	16.1%	19.6%	-113	359
Motion	23.1%	16.4%	15.5%	-766	-97
Process Automation	19.2%	17.2%	17.5%	-169	33
Robotics & Discrete Automation	14.7%	6.5%	8.0%	-662	150

Source: Dalal & Broacha Research

Financials

P&L (Rs mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
Net Sales	69,340	85,675	104,465	121,883	132,401	154,148
Total Operating Expenses	44,154	53,012	63,286	67,486	77,785	89,252
Subcontracting Charges	2,110	2,415	2,740	3,417	3,972	4,624
Employee Cost	5,882	6,353	7,152	8,219	9,452	10,870
Other Expenses	11,627	14,277	16,391	19,709	20,986	24,278
Operating Profit	5,567	9,619	14,898	23,052	20,206	25,124
Depreciation	1,027	1,047	1,199	1,289	1,303	1,477
PBIT	4,540	8,572	13,699	21,763	18,902	23,646
Other income	1,596	1,795	3,017	3,534	4,237	4,933
Interest	107	131	127	165	250	334
PBT (Before exceptional)	6,029	10,235	16,589	25,133	22,889	28,245
Exceptional	1,213	3,393	-	-	-	-
PBT (post exceptional)	7,243	13,628	16,589	25,133	22,889	28,245
Provision for tax	1,918	3,372	4,107	6,387	5,722	7,061
PAT (From continuing operations)	5,325	10,256	12,482	18,746	17,167	21,184
PAT (From Discontinuing operations)	(128)	(94)	(61)	-	-	-
MI	-	-	-	-	-	-
Reported PAT	5,197	10,162	12,421	18,746	17,167	21,184
Adjusted Profit	5,197	10,162	12,421	18,746	17,167	21,184

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	78,203	87,838
Net worth	40,452	49,394	59,446	70,754	78,627	88,261
Non Current Liabilities	238	285	424	420	401	520
Current Liabilities discontinued operations/ assets	39,543	43,503	50,142	52,740	58,879	68,629
	495	-	-	-	-	-
TOTAL LIABILITIES	80,727	93,182	110,012	123,913	137,907	157,410
Non Current Assets	14,374	14,196	14,537	16,288	18,481	20,826
Fixed Assets	8,793	9,538	10,393	11,420	13,272	14,952
Goodwill	146	146	146	146	146	146
Non Current Investments	-	-	16	16	16	16
Non-current assets tax (net)	2,674	1,912	1,369	1,836	1,996	2,326
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	1,961	2,286
Current Assets	65,752	78,986	95,475	107,626	119,426	136,584
Current investments	-	4,932	-	-	-	-
Inventories	10,091	14,207	15,608	17,780	19,951	23,228
Trade Receivables	18,838	20,930	25,443	29,837	32,647	38,009
Cash and Bank Balances	7,181	31,469	8,769	9,356	51,536	59,179
Bank Balances other than cash & cash equi	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	1,041	1,213
Other current assets tax (net)	3,070	4,447	4,476	3,911	4,251	4,955
Other Assets(associated with discontinued operations/ assets held for sale)	602	-	-	-	-	-
TOTAL ASSETS	80,727	93,182	110,012	123,914	137,907	157,410

Cash Flow St. (Rs. mn)	CY21	CY22	CY23	CY24	CY25E	CY26E
PBT (including Discontinued Operations)	7,072	13,503	16,507	25,133	22,889	28,245
Add: Dep. & Amort.	1,027	1,047	1,199	1,289	1,303	1,477
Add: Interest Expenses	107	131	127	165	250	334
Operating profit before working capital change	8,206	14,681	17,833	26,586	24,442	30,056
(Inc)/Dec in						
Working capital adjustment	(1,166)	547	(1,191)	(5,677)	(687)	(2,681)
Gross cash generated from operations	7,040	15,228	16,642	20,910	23,755	27,375
Direct taxes paid	(1,790)	(3,278)	(4,046)	(6,387)	(5,722)	(7,061)
Others	1,268	(4,524)	915	(1,200)	933	2,151
CF from Oper. activities	6,488	7,426	13,512	13,323	18,967	22,465
CF from Inv. activities	(20,079)	18,262	(33,522)	(5,033)	32,630	(3,157)
CF from Fin. activities	(1,268)	(1,402)	(2,695)	(7,704)	(9,417)	(11,665)
Cash generated/(utilised)	(14,859)	24,287	(22,705)	586	42,180	7,643
Cash at start of the year	22,040	7,181	31,469	8,769	9,356	51,536
Cash at end of the year	7,181	31,469	8,769	9,356	51,536	59,179
Balance sheet	7,181	31,469	8,764	9,354	51,536	59,179
Diff on account of exchange rate	0	0	4.90	2.49	0.04	-

Ratios	CY21	CY22	CY23	CY24	CY25E	CY26E
OPM	8.03%	11.23%	14.26%	18.91%	15.26%	16.30%
NPM	7.33%	11.62%	11.56%	14.95%	12.56%	13.32%
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%	8.63%	16.43%
Operating Profit	105.29%	72.78%	54.88%	54.74%	-12.35%	24.34%
PBT	145.51%	69.76%	62.08%	51.50%	-8.93%	23.40%
PAT	137.07%	95.54%	22.22%	50.93%	-8.42%	23.40%
Per Share (Rs.)						
Net Earnings (EPS)	24.51	47.94	58.59	88.42	80.98	99.92
Cash Earnings (CPS)	29.36	52.87	64.24	94.51	87.12	106.89
Payout ratio	21%	11%	59%	50%	62%	50%
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	370.88	416.33
Free Cash Flow	6,022	6,781	12,660	12,291	17,115	20,786
Valuation Ratios						
P/E(x)	203.76	104.20	85.26	56.49	61.68	49.99
P/B(x)	26.18	21.44	17.81	14.97	13.47	12.00
EV/EBIDTA(x)	188.96	106.84	70.51	45.54	49.88	39.81
Div. Yield(%)	0.10	0.11	0.70	0.88	1.01	1.00
FCFF Yield(%)	0.57	0.64	1.20	1.16	1.62	1.96
Return Ratios (%)						
ROE	12.85%	20.57%	20.89%	26.49%	21.83%	24.00%
ROCE	13.70%	19.39%	24.94%	32.45%	25.58%	28.31%

Source: Dalal& Broacha Research

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