

India

ADD (no change)

Consensus ratings*: Buy 14 Hold 8 Sell 5

Current price:	Rs5,142
Target price:	Rs7,627
Previous target:	Rs9,000
Up/downside:	48.3%
InCred Research / Consensus:	-1.1%
Reuters:	ABB.NS
Bloomberg:	ABB IN
Market cap:	US\$12,532m
	Rs1,089,644m
Average daily turnover:	US\$28.7m
	Rs2491.5m
Current shares o/s:	211.9m
Free float:	7.5%

*Source: Bloomberg

Key changes in this note

► For CY25F-26F, we maintain our estimates and retain our ADD rating on the stock with a lower target price of Rs7,627, valuing it at 65x CY26F (from 80x Sep26F) EPS.

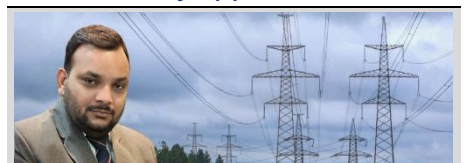


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(21.2)	(22.4)	13.7
Relative (%)	(20.5)	(21.0)	8.4

Major shareholders	% held
Promoters	75.0
FII's	11.9
DII's	5.7

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ABB India Ltd

Maintains robust growth; order inflow dips

- 4Q EBITDA rose 58% YoY to Rs6.6bn, 13% above our estimate & 15% above Bloomberg consensus, with the highest-ever margin of 19.5%, up 440bp YoY.
- ABB India still focuses on energy transition & infrastructure to strengthen its energy-efficiency portfolio and capitalize on emerging opportunities.
- We maintain our estimates & retain our ADD rating on the stock with a lower target price of Rs7,627, valuing it at 65x CY26F (from 80x Sep 2026F) EPS.

Margin expansion on track

ABB India reported a healthy performance in 4QCY24, with an improvement in margin (up 440bp YoY) to 19.5% (historical high) led by pricing and higher localization, while revenue grew by 22% YoY to Rs33.6bn, 6% above our/Bloomberg or BB consensus estimates. The operating leverage is likely to benefit in the coming quarters, with limited scope for margin expansion. We believe that ABB India will benefit from its pricing advantage, the product mix improving towards higher-margin segments, and a wide product portfolio. EBITDA jumped 58% YoY to Rs6.6bn, 13% above our estimate and 15% above BB consensus estimate. PAT grew by 54% YoY to Rs5.3bn, 11% above our estimate and 12% above BB consensus estimate.

Subdued order inflow

ABB India's order inflow declined by 14% YoY to ~Rs27bn due to a high base but it remains optimistic, citing a strong project pipeline. The order backlog stood at ~Rs94bn, with 65-70% expected to be executed next year. The growth was driven by strong performance in electrification, motion, and robotics segments, with robotics seeing significant traction in automobiles and electronics space. While the motion segment's order growth remained flat, a recovery is expected due to private capex. ABB India's revenue is primarily driven by private sector demand across sectors like infrastructure, transportation, & data centres. Premiumization continued, expanding the gross margin by 350bp+, a trend which is expected to sustain.

Outlook and valuation

Building on its positive momentum, ABB India continues to focus on energy transition and infrastructure segments to strengthen its energy-efficiency portfolio and capitalize on emerging opportunities. The company continues its leadership in the automation industry, driven by strong operating performance, healthy order execution, strategic pricing, and efficient capacity utilization. ABB India posted strong margin expansion in CY24 (up 465bp at 18.9%), which is likely to continue led by supply chain optimization and pricing power. The demand for power distribution solutions, particularly in data centre, transportation, mobility, and EV segments, and a positive trend in margin due to high-quality orders will lead to further expansion. For CY25F-26F, we maintain our estimates and retain ADD rating on ABB India with a lower target price of Rs7,627 (Rs9,000 earlier), valuing it at 65x CY26F (from 80x Sep 2026F) EPS. Downside risks: Delay in order execution and lower margin.

Financial Summary	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Revenue (Rsm)	85,675	104,465	121,883	148,099	174,020
Operating EBITDA (Rsm)	9,619	14,898	23,052	25,648	30,766
Net Profit (Rsm)	10,256	12,482	18,746	20,678	24,864
Core EPS (Rs)	32.4	58.9	88.5	97.6	117.3
Core EPS Growth	66.9%	81.9%	50.2%	10.3%	20.2%
FD Core P/E (x)	106.24	87.30	58.12	52.69	43.82
DPS (Rs)	5.2	11.0	34.3	19.5	23.5
Dividend Yield	0.10%	0.21%	0.67%	0.38%	0.46%
EV/EBITDA (x)	110.01	69.91	44.88	40.11	33.15
P/FCFE (x)	42.43	(54.46)	131.52	266.33	218.48
Net Gearing	(63.8%)	(81.0%)	(77.8%)	(69.7%)	(65.0%)
P/BV (x)	22.06	18.33	15.40	12.48	10.17
ROE	17.1%	28.3%	36.6%	33.6%	33.2%
% Change In Core EPS Estimates				(0.08%)	(0.10%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QCY24 conference-call highlights

- **Overview:** ABB India reported robust 4QCY24 results, with revenue growth at 17% YoY while PAT expanded by 54%. The company's portfolio expansion and localization efforts have been key drivers of growth, particularly in emerging segments like data centres, which have become a significant contributor to revenue.
- **Order inflow:** The order inflow declined by 14% YoY to ~Rs27bn on a high base. The company remains optimistic about future growth, citing a strong pipeline of projects and investments. The order backlog stood at ~Rs94bn, with 65-70% expected to be executed in the next one year.
- **Growth segments:** The growth was driven by strong performance across core segments, including electrification, motion, and robotics. The electrification division saw growth in power distribution, while the robotics division witnessed significant growth in automotive and electronics sectors. The motion segment, although it witnessed flat order growth, is expected to pick up as private capex resumes.
- **Private sector to drive the growth:** ABB India's revenue is primarily driven by private sector investments, with a minimal direct exposure to government or utility customers. The company serves a diverse range of industries, including infrastructure, process industries, transportation, and new-age sectors like data centres and real estate.
- **Premiumization:** The premiumization continued as customers increasingly demand high-quality products. This trend has positively impacted on the company's gross margin, which expanded by 350bp+ over the past one year. The company expects this trend to continue, supported by its focus on delivering premium products and services
- **Exports:** As regards exports, which currently account for 10% of its revenue, the company outlined a plan to increase this share over the next three-to-five years. India's competitive advantages, including productivity and labour arbitrage, positions the company well to serve global markets. However, the company emphasized that exports would be driven by global divisional managers' decisions.
- **Cash utilization:** ABB India also laid out its cash utilization strategy, with plans to use its strong cash balance for organic expansion, exploring inorganic opportunities, and supporting working capital needs. A significant portion of the cash will be distributed as dividend to shareholders, with a 51% YoY increase in the final dividend.
- **ESG:** The company emphasized sustainability, with a significant reduction in GHG emissions by 86% since 2019. ABB India has also adopted renewable energy sources, with 40% of its suppliers enrolled in ESG awareness programs.
- **Outlook:** Overall, ABB India remains optimistic about its growth trajectory, driven by strong demand for its premium products, sustainability initiatives, and strategic investments in organic as well as inorganic growth opportunities. The company said it is well-positioned to capitalize on India's economic expansion and infrastructure development over the next 25 years.

Figure 1: Results snapshot

(Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Net revenue	33,649	27,575	22.0%	29,122	15.5%	1,21,883	1,04,466	16.7%
Expenses	-27,076	-23,403	15.7%	-23,719	14.2%	-98,831	-89,567	10.3%
Raw material costs	-19,831	-17,227	15.1%	-16,485	20.3%	-70,903	-66,025	7.4%
Employee costs	-1,947	-1,813	7.4%	-2,031	-4.1%	-8,219	-7,152	14.9%
Other expenses	-5,297	-4,363	21.4%	-5,203	1.8%	-19,709	-16,391	20.2%
EBITDA	6,573	4,172	57.6%	5,402	21.7%	23,052	14,898	54.7%
Other income	866	776	11.6%	929	-6.7%	3,534	3,017	17.1%
Interest	-51	-82	-37.1%	-30	71.0%	-165	-127	29.9%
Depreciation	-337	-329	2.4%	-328	2.7%	-1,289	-1,199	7.5%
PBT	7,051	4,537	55.4%	5,973	18.1%	25,133	16,589	51.5%
Tax	-1,732	-1,085	59.6%	-1,568	10.5%	-6,387	-4,107	55.5%
Adjusted PAT	5,319	3,452	54.1%	4,405	20.8%	18,746	12,482	50.2%
Reported PAT	5,319	3,452	54.1%	4,405	20.8%	18,746	12,482	50.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Margin and cost analysis

Cost Analysis	4QCY24	4QCY23	YoY	3QCY24	QoQ	CY24	CY23	YoY
Raw material costs	58.9%	62.5%	-354bp	56.6%	233bp	58.2%	63.2%	-503bp
Employee costs	5.8%	6.6%	-79bp	7.0%	-119bp	6.7%	6.8%	-10bp
Other expenditure	15.7%	15.8%	-8bp	17.9%	-212bp	16.2%	15.7%	48bp
EBITDA Margin	19.5%	15.1%	440bp	18.6%	98bp	18.9%	14.3%	465bp
Net margin	15.8%	12.5%	329bp	15.1%	68bp	15.4%	11.9%	343bp
Tax rate	24.6%	23.9%	65bp	26.3%	-169bp	25.4%	24.8%	65bp
Gross margin	41.06%	37.53%	354bp	43.39%	-233bp	41.83%	36.80%	503bp

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Order details

(Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Order Inflow	26,950	31,470	-14.4%	33,420	-19.4%	1,30,790	1,23,200	6.2%
Order book	93,800	84,040	11.6%	99,950	-6.2%	93,800	84,040	11.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Segment-wise revenue and EBIT performance

Revenue (Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Robotics & Discrete Automation	1,397	1,077	29.7%	1,113	25.5%	4,444	4,161	6.8%
Motion	11,193	9,146	22.4%	10,795	3.7%	42,874	37,851	13.3%
Electrification	15,028	11,302	33.0%	11,540	30.2%	50,744	41,772	21.5%
Process Automation	6,277	6,307	-0.5%	5,963	5.3%	25,830	22,361	15.5%
Others	60	29	107.3%	47	28.4%	176	125	40.7%
Total	33,955	27,861	21.9%	29,457	15.3%	1,24,068	1,06,270	16.7%
Unallocated	0	0		0				
Less: Inter-segment	306	286	7.0%	335	-8.8%	2,185	1,804	21.1%
Net sales	33,649	27,575	22.0%	29,122	15.5%	1,21,883	1,04,465	16.7%
EBIT (Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Robotics & Discrete Automation	145	127	14.7%	163	-11.0%	600	530	13.3%
Motion	2,340	1,619	44.5%	2,496	-6.3%	9,489	6,014	57.8%
Electrification products	3,548	2,148	65.2%	2,397	48.0%	11,618	7,746	50.0%
Process Automation	1,221	810	50.7%	1,145	6.6%	4,570	2,749	66.2%
Total	7,254	4,704	54.2%	6,202	17.0%	26,276	17,039	54.2%
(Add)/ Less - Interest	51	82	-37.1%	30	71.0%	165	127	29.9%
Other unallocated expenditure	152	85	79.2%	199	-23.6%	979	323	203.2%
PBT	7,005	4,450	57.4%	5,973	17.3%	25,133	16,589	51.5%
EBIT margin (%)	4QCY24	4QCY23	YoY	3QCY24	QoQ	CY24	CY23	YoY
Robotics & Discrete Automation	10.4%	11.8%	-136bp	14.7%	-426bp	13.5%	12.7%	77bp
Motion	20.9%	17.7%	320bp	23.1%	-222bp	22.1%	15.9%	624bp
Electrification products	23.6%	19.0%	461bp	20.8%	284bp	22.9%	18.5%	435bp
Process Automation	19.4%	12.8%	660bp	19.2%	24bp	17.7%	12.3%	540bp

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Segment-wise order inflow and order book

Order Inflow (Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Robotics & Discrete Automation	1,490	570	161.4%	750	98.7%	5,330	3,900	36.7%
Motion	9,750	14,000	-30.4%	10,480	-7.0%	45,330	51,590	-12.1%
Electrification	10,240	10,370	-1.3%	17,660	-42.0%	60,130	45,040	33.5%
Process Automation	5,730	6,950	-17.6%	4,990	14.8%	21,460	24,710	-13.2%
Order Backlog (Rs m)	4QCY24	4QCY23	YoY (%)	3QCY24	QoQ (%)	CY24	CY23	YoY (%)
Robotics & Discrete Automation	2,770	1,870	48.1%	2,660	4.1%	2,770	1,870	48.1%
Motion	37,910	35,060	8.1%	39,090	-3.0%	37,910	35,060	8.1%
Electrification	29,730	19,590	51.8%	34,260	-13.2%	29,730	19,590	51.8%
Process Automation	23,970	28,800	-16.8%	24,560	-2.4%	23,970	28,800	-16.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

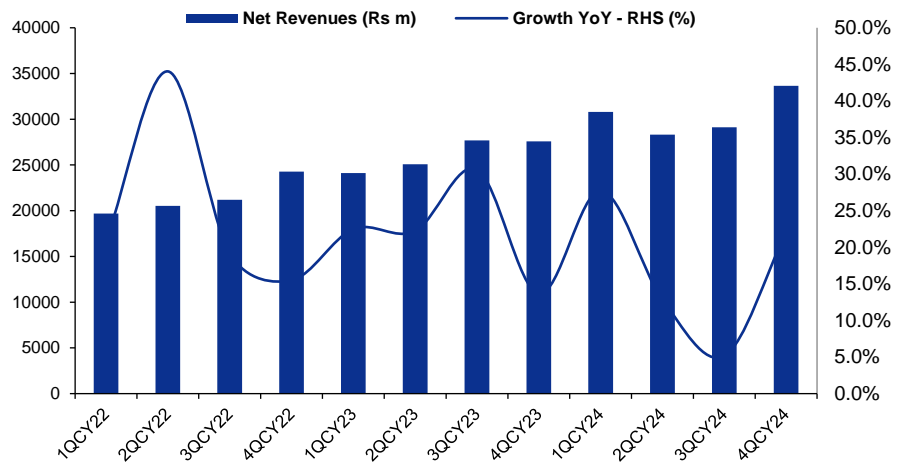
Figure 6: Actuals versus estimates

Vs. InCred	4QCY24	4QCY24F	Diff (%)
Revenue	33,649	31,860	5.6%
EBITDA	6,573	5,820	12.9%
EBITDA Margin (%)	19.5%	18.3%	127bp
PAT	5,319	4,789	11.1%

Vs. Consensus	4QCY24	4QCY24C	Diff (%)
Revenue	33,649	31,773	5.9%
EBITDA	6,573	5,715	15.0%
EBITDA Margin (%)	19.5%	18.0%	155bp
PAT	5,319	4,749	12.0%

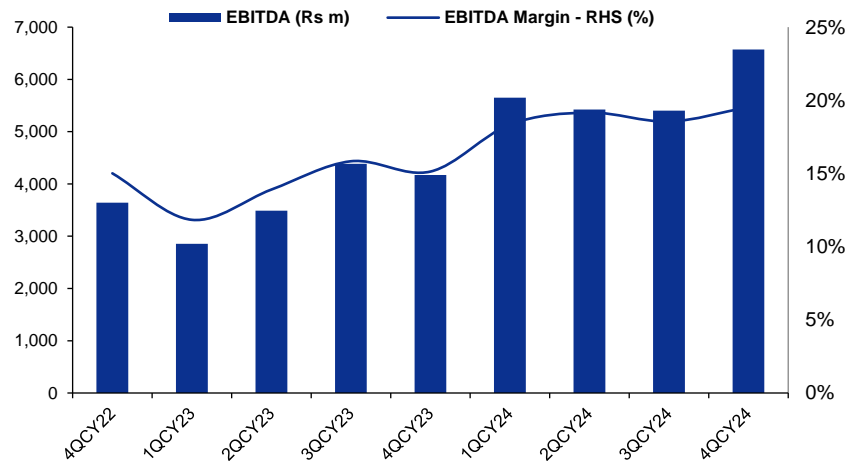
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Revenue grew by 22% YoY



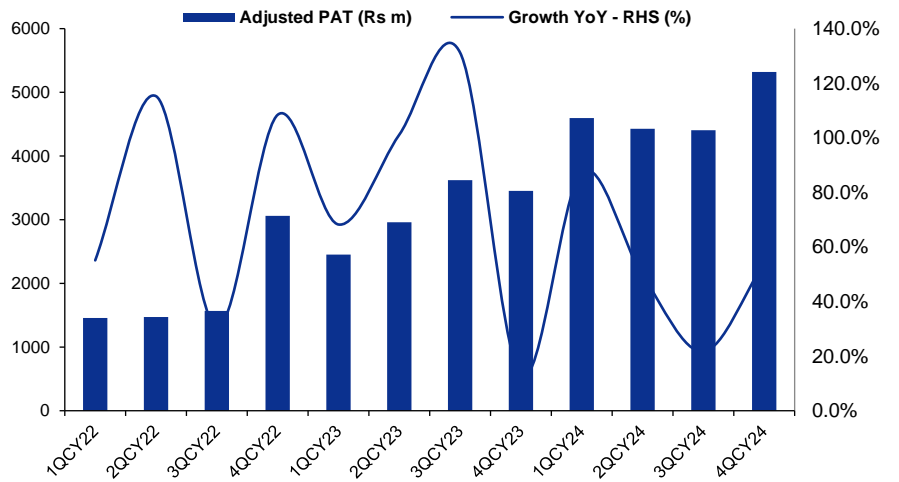
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: EBITDA jumps 58% YoY with the margin at 19.5%



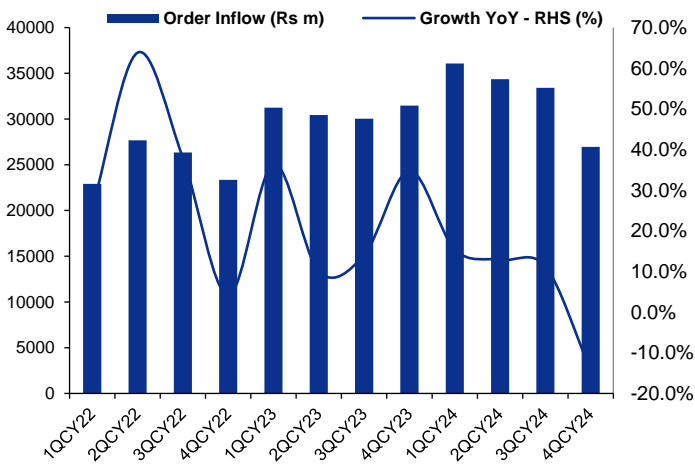
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: PAT grows by 54% YoY



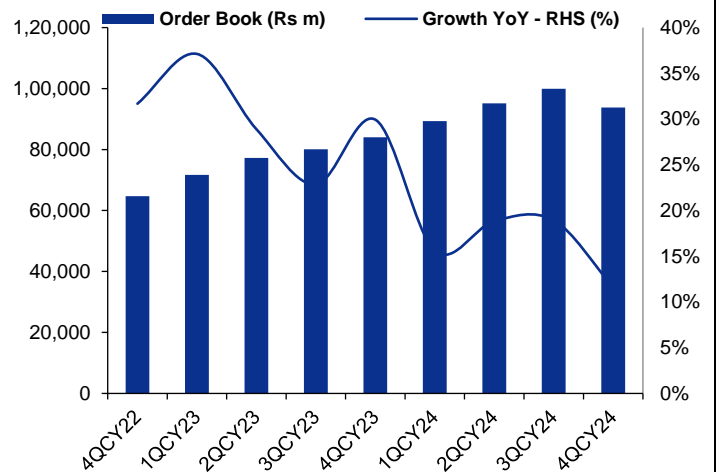
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Order inflow declines by 14% YoY



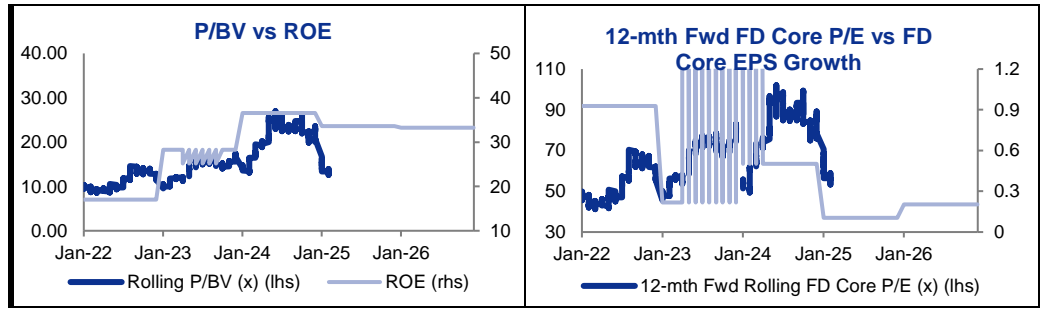
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Order book remains healthy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Total Net Revenues	85,675	104,465	121,883	148,099	174,020
Gross Profit	29,234	38,173	50,980	62,202	73,437
Operating EBITDA	9,619	14,898	23,052	25,648	30,766
Depreciation And Amortisation	(1,047)	(1,199)	(1,289)	(1,400)	(1,628)
Operating EBIT	8,572	13,699	21,763	24,248	29,138
Financial Income/(Expense)	(131)	(127)	(165)	(128)	(118)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,795	3,017	3,534	3,636	4,354
Profit Before Tax (pre-EI)	10,235	16,589	25,133	27,755	33,375
Exceptional Items					
Pre-tax Profit	10,235	16,589	25,133	27,755	33,375
Taxation	(3,372)	(4,107)	(6,387)	(7,078)	(8,511)
Exceptional Income - post-tax	3,393				
Profit After Tax	10,256	12,482	18,746	20,678	24,864
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	10,256	12,482	18,746	20,678	24,864
Recurring Net Profit	6,864	12,482	18,746	20,678	24,864
Fully Diluted Recurring Net Profit	6,864	12,482	18,746	20,678	24,864

Cash Flow

(Rs mn)	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
EBITDA	9,619	14,898	23,052	25,648	30,766
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(194)	1,696	(3,690)	(14,892)	(17,054)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	462	589	582	592	870
Net Interest (Paid)/Received					
Tax Paid	(2,467)	(3,667)	(6,626)	(7,078)	(8,511)
Cashflow From Operations	7,419	13,515	13,318	4,271	6,071
Capex	(1,479)	(1,831)	(2,137)	(3,042)	(3,536)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	19,741	(31,691)	(2,896)	2,862	2,452
Cash Flow From Investing	18,262	(33,522)	(5,033)	(179)	(1,084)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,102)	(2,331)	(7,265)	(4,136)	(4,973)
Preferred Dividends					
Other Financing Cashflow	(300)	(364)	(439)	44	(14)
Cash Flow From Financing	(1,402)	(2,695)	(7,704)	(4,091)	(4,987)
Total Cash Generated	24,280	(22,701)	581		
Free Cashflow To Equity	25,682	(20,007)	8,285	4,091	4,987
Free Cashflow To Firm	25,682	(20,007)	8,285	4,091	4,987

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Total Cash And Equivalents	31,491	48,162	55,078	60,852	69,669
Total Debtors	20,930	25,443	29,837	40,575	50,061
Inventories	14,207	15,608	17,780	25,157	32,420
Total Other Current Assets	7,427	6,263	4,931	12,173	15,257
Total Current Assets	74,055	95,475	107,626	138,756	167,406
Fixed Assets	9,538	10,393	11,420	13,062	14,971
Total Investments	4,932	16	16	15	17
Intangible Assets					
Total Other Non-Current Assets	4,512	3,983	4,706	4,887	5,917
Total Non-current Assets	18,982	14,391	16,141	17,964	20,905
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	26,368	31,091	31,980	42,604	50,061
Other Current Liabilities	13,304	14,599	15,611	20,288	23,838
Total Current Liabilities	39,672	45,690	47,591	62,891	73,899
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	285	424	420	592	696
Total Non-current Liabilities	285	424	420	592	696
Total Provisions	3,832	4,452	5,148	6,086	6,675
Total Liabilities	43,788	50,566	53,159	69,570	81,270
Shareholders Equity	49,394	59,446	70,754	87,296	107,187
Minority Interests					
Total Equity	49,394	59,446	70,754	87,296	107,187

Key Ratios					
	Dec-22A	Dec-23A	Dec-24A	Dec-25F	Dec-26F
Revenue Growth	23.6%	21.9%	16.7%	21.5%	17.5%
Operating EBITDA Growth	72.8%	54.9%	54.7%	11.3%	20.0%
Operating EBITDA Margin	11.2%	14.3%	18.9%	17.3%	17.7%
Net Cash Per Share (Rs)	148.61	227.29	259.93	287.17	328.78
BVPS (Rs)	233.10	280.54	333.90	411.97	505.84
Gross Interest Cover	65.38	108.20	132.30	188.88	246.72
Effective Tax Rate	32.9%	24.8%	25.4%	25.5%	25.5%
Net Dividend Payout Ratio					
Accounts Receivables Days	80.52	78.47	70.05	73.21	74.45
Inventory Days	75.94	66.69	67.41	74.89	84.60
Accounts Payables Days	145.87	137.94	126.61	132.19	138.67
ROIC (%)	37.3%	64.4%	77.2%	55.0%	48.7%
ROCE (%)	21.3%	31.0%	42.5%	39.4%	38.9%
Return On Average Assets	8.3%	14.4%	19.5%	18.4%	18.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.