

November 7, 2025

Q3CY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	CY26E	CY27E	CY26E	CY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	5,540		5,584	
Sales (Rs. m)	1,43,616	1,62,187	1,44,550	1,62,870
% Chng.	(0.6)	(0.4)		
EBITDA (Rs. m)	22,648	26,274	23,778	27,036
% Chng.	(4.8)	(2.8)		
EPS (Rs.)	88.2	102.5	93.1	105.3
% Chng.	(5.2)	(2.6)		

Key Financials - Standalone

Y/e Dec	CY24	CY25E	CY26E	CY27E
Sales (Rs. m)	1,21,883	1,31,078	1,43,616	1,62,187
EBITDA (Rs. m)	23,052	20,252	22,648	26,274
Margin (%)	18.9	15.5	15.8	16.2
PAT (Rs. m)	18,746	16,676	18,696	21,721
EPS (Rs.)	88.5	78.7	88.2	102.5
Gr. (%)	50.2	(11.0)	12.1	16.2
DPS (Rs.)	35.4	31.5	35.3	41.0
Yield (%)	0.7	0.6	0.7	0.8
RoE (%)	28.8	22.2	21.9	22.0
RoCE (%)	33.2	24.9	24.5	24.8
EV/Sales (x)	8.3	7.6	6.9	6.0
EV/EBITDA (x)	43.7	49.4	43.8	37.3
PE (x)	56.7	63.7	56.9	48.9
P/BV (x)	15.0	13.3	11.6	10.1

Key Data

ABB.BO | ABB IN

52-W High / Low	Rs.7,960 / Rs.4,590
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.1,063bn / \$ 11,989m
Shares Outstanding	212m
3M Avg. Daily Value	Rs.1337.98m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	8.29
Domestic Institution	8.31
Public & Others	8.40
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.9)	(7.1)	(28.3)
Relative	(5.4)	(9.8)	(31.5)

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Margin drag persists amid QCO & competition

Quick Pointers:

- Management expects the Quality Control Order (QCO) impact on profitability to remain for at least next 3-4 more quarters.
- Base order inflow increased 12.5% YoY to Rs30.6bn, while large orders declined by 72.1% YoY Rs1.7bn.

We cut our EPS estimates for CY26/CY27E by -5.2%/-2.6% and factoring in QCO related higher raw material imports pressurizing margins and loss of ABB's pricing power amid heightened competition. ABB India (ABB) reported 13.7% YoY revenue growth, while EBITDA margin contracted by 344bps YoY to 15.1%. Large order bookings continued to face delays amid prolonged decision-making cycles, while Chinese competition remained intense primarily across Electrification and Motion segments. Margins were further impacted by higher imported raw material costs due to QCO compliance, with normalization expected over the next 3-4 quarters. The company continues to witness traction from data centers, electronics, and rising investments in process industries. However, the post-Covid pricing advantage has nearly eroded, intensifying competitive pressures on profitability. Following the global parent's divestment of the Robotics business, ABB India is evaluating strategic options for its domestic assets, with a decision expected in the next 2-3 quarters, though a separate listing appears unlikely.

In the near term, ABB faces headwinds from delays in large orders, QCO-related raw material challenges and heightened competition. Despite these challenges, ABB stands to benefit in the long run given: 1) rising demand for energy-efficient and premium-quality products, 2) a resilient business model, 3) focused growth in high-potential segments such as data centers, rail & metro, renewables, and electronics, and 4) a strong domestic order pipeline. The stock currently trades at a P/E of 56.9x/48.9x on CY26/27E. We roll forward to Sep'27E and maintain our 'Accumulate' rating valuing the stock at a PE of 56x Sep'27E (60x CY26E earlier) arriving at a revised TP of Rs5,540 (Rs5600 earlier).

Healthy execution in core segments was offset by softness in Process Automation:

Revenue grew by 13.7% YoY to Rs33.1bn (PLe: Rs31.2bn) led by healthy execution of base orders backlog. Robotics revenue increased by 62.7% YoY to ~Rs1.8bn, Motion revenue increased by 8.8% YoY to Rs11.7bn and Electrification revenue also increased by 19.4% YoY to Rs13.8bn while Process automation revenue remained flattish YoY at Rs6.0bn. EBITDA declined by 7.4% YoY to Rs5.0bn (PLe: Rs4.2bn) with EBITDA margin contracted by 344bps YoY to 15.1% (PLe: 13.4%) largely due to lower gross margin reflecting QCO impact. PAT declined by 7.2% YoY to Rs4.1bn (PLe: Rs3.6bn) due to weaker operating performance despite lower effective tax rate of 24.6% (vs 26.3% in Q2FY25).

Healthy Order book stands at Rs99.0bn (0.8x TTM revenue): Order inflows for Q3CY25 decreased by 3.3% YoY to Rs32.3bn due to the impact of large order timing while base order grew by 12.5% YoY. Base/Large order intake mix stood at 95%/5% (vs 81%/19% in Q3CY24). Order book stands healthy at Rs99.0bn (0.8x TTM revenue) with segmental mix of 4%/42%/34%/21% for Robotics/Motion /Electrification/Process Automation.

Exhibit 1: Gross margins contracted by 568bps YoY to 37.7% on account of higher imported raw materials due to QCO

Y/e Dec (Rs mn)	Q3CY25	Q3CY24	YoY gr.	Q3CY25E	% Var.	Q2CY25	QoQ gr.	9MCY25	9MCY24	YoY gr.
Revenue	33,107	29,122	13.7%	31,224	6.0%	31,754	4.3%	96,457	88,234	9.3%
Gross Profit	12,484	12,636	-1.2%	11,740	6.3%	12,141	2.8%	37,801	37,162	1.7%
Margin (%)	37.7	43.4	(568)	37.6	10.9	38.2	(52)	39.2	42.1	(293)
Employee Cost	2,223	2,031	9.4%	2,186	1.7%	2,160	2.9%	6,834	6,272	9.0%
as % of sales	6.7	7.0	(26)	7.0	(28.7)	6.8	(9)	7.1	7.1	(2)
Other expenditure	5,258	5,203	1.0%	5,371	-2.1%	5,840	-10.0%	15,999	14,411	11.0%
as % of sales	15.9	17.9	(199)	17.2	(131.9)	18.4	(251)	16.6	16.3	25
EBITDA	5,004	5,402	-7.4%	4,184	19.6%	4,141	20.8%	14,968	16,479	-9.2%
Margin (%)	15.1	18.6	(344)	13.4	171.4	13.0	207	15.5	18.7	(316)
Depreciation	366	328	11.5%	360	1.6%	355	3.0%	1,059	952	11.2%
EBIT	4,638	5,074	-8.6%	3,824	21.3%	3,786	22.5%	13,909	15,527	-10.4%
Margin (%)	14.0	17.4	(341)	12.2	176.2	11.9	209	14.4	17.6	(318)
Other Income	840	929	-9.6%	1,000	-16.1%	998	-15.8%	2,760	2,668	3.5%
Interest	56	30	88.0%	30	88.0%	42	34.6%	145	113	28.4%
PBT (ex. Extra-ordinaries)	5,421	5,973	-9.2%	4,794	13.1%	4,741	14.3%	16,524	18,081	-8.6%
Margin (%)	16.4	20.5	(414)	15.4	102.1	14.9	144	17.1	20.5	(336)
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
PBT	5,421	5,973	-9.2%	4,794	13.1%	4,741	14.3%	16,524	18,081	-8.6%
Total Tax	1,332	1,568	-15.0%	1,213	-	1,220	9.2%	4,173	4,654	-10.3%
Effective Tax Rate (%)	24.6	26.3	(168)	25.3	(72.4)	25.7	(116)	25.3	25.7	(49)
Reported PAT	4,089	4,405	-7.2%	3,581	14.2%	3,521	16.1%	12,351	13,427	-8.0%
Adj. PAT	4,089	4,405	-7.2%	3,581	14.2%	3,521	16.1%	12,351	13,427	-8.0%
Margin (%)	12.4	15.1	(278)	11.5	88.1	11.1	126	12.8	15.2	(241)
Adj. EPS	19.3	20.8	-7.2%	16.9	14.2%	16.6	16.1%	58.3	63.4	-8.0%

Source: Company, PL

Exhibit 2: QCO related higher imported raw materials, forex impact and unfavorable revenue mix drags down the EBIT margins

Segment Revenue (Rs mn)	Q3CY25	Q3CY24	YoY gr.	Q3CY25E	% Var.	Q2CY25	QoQ gr.	9MCY25	9MCY24	YoY gr.
Robotics & Discrete Automation	1,811	1,113	62.7%	1,390	30.3%	2,361	-23.3%	5,668	3,047	86.0%
Motion	11,746	10,795	8.8%	10,993	6.8%	10,881	7.9%	33,586	31,681	6.0%
Electrification	13,783	11,540	19.4%	13,964	-1.3%	13,786	0.0%	41,145	35,716	15.2%
Industrial Automation	6,013	5,963	0.8%	5,152	16.7%	4,921	22.2%	16,799	19,553	-14.1%
Others	13	47	-73.1%	45	-72.2%	38	-67.2%	102	116	-12.3%
Less : Inter segment revenues (continuing)	258	335	-23.1%	520	-50.4%	232	11.2%	841	1,879	-55.2%
Total	33,107	29,122	13.7%	31,024	6.7%	31,754	4.3%	96,457	88,234	9.3%
EBIT										
Robotics & Discrete Automation	146	163	-10.8%	111.2	30.9%	154	-5.6%	498	454	9.6%
Motion	1,816	2,496	-27.2%	1,868.8	-2.8%	1,788	1.6%	6,002	7,149	-16.0%
Electrification	2,708	2,397	13.0%	2,234.2	21.2%	2,214	22.3%	8,277	8,069	2.6%
Industrial Automation	1,054	1,145	-8.0%	850.1	24.0%	847	24.5%	2,863	3,349	-14.5%
EBIT Margin (%)										
Robotics & Discrete Automation	8.0%	14.7%	(662)	8.0%	3.9	6.5%	150	8.8%	14.9%	(613)
Motion	15.5%	23.1%	(766)	17.0%	(153.7)	16.4%	(97)	17.9%	22.6%	(469)
Electrification	19.6%	20.8%	(113)	16.0%	364.7	16.1%	359	20.1%	22.6%	(248)
Industrial Automation	17.5%	19.2%	(168)	16.5%	103.0	17.2%	33	17.0%	17.1%	(9)

Source: Company, PL

Conference Call Highlights

- **Electrification:** Lower order intake in Electrification was primarily due to absence of a large order which was present in base quarter worth ~Rs5.6bn. Meanwhile, better execution led to degrowth in the order book YoY. Revenue growth was driven by growth across all business divisions and higher export revenues for Distribution solutions. Profitability was lower due to higher reliance on imports to comply with QCO guidelines, material cost impact, and forex volatility. ABB also used to get a pricing premium of ~1-1.5% post covid which has now dried up creating a level playing field in terms of pricing.
- **Motion:** The company received a large renewable power-related system drives order worth ~Rs1.5bn during the quarter, supported by healthy traction and system drive execution leading to higher revenues. However, profitability declined due to adverse forex movements, unfavorable material costs, pricing pressure, and a change in revenue mix. The company continues to face intense competition in the motion business, limiting pricing flexibility, while QCO and forex factors together impacted margins by 1–1.5%. During the quarter, it also introduced IE5 ultra-premium motors based on advanced induction motor technology and holds a strong pipeline of large system orders scheduled for execution over the next 12–18 months.
- **Process Automation:** The company operates primarily in core sectors such as metals, mining, oil and gas, and pharmaceuticals, making its business more cyclical. With no large orders in hand and a reliance on smaller projects, revenue growth remains stagnant, further impacted by delays in customer decision making. While demand from energy majors continues, revenue growth in process industries and measurement & analytics was offset by weakness in the energy division. Profitability declined due to an unfavorable product mix, though there was no impact from QCO and forex exposure remains hedged. Services contribute ~30% of the segment revenue, helping sustain profitability despite market challenges.
- **Robotics:** The segment reported strong order intake from the electronics and automotive sectors, driving revenue growth supported by higher service and electronics sales. Profitability, however, was affected by forex losses and higher material costs. Following the sale of Robotics division by ABB Global, the future of the Indian assets is expected to be decided over the next two to three quarters, with the board evaluating the Indian assets to determine the path forward. A separate listing now appears unlikely, and the business is expected to be valued independently.
- **The nature of QCO:** The Government of India is promoting indigenization by mandating higher localization standards, requiring products to undergo quality testing by the BIS. While it was previously optional, and now has become mandatory, leading to delays due to limited laboratory capacity. During the testing phase, ABB must continue meeting customer requirements, leaving it with no option but to import raw materials. These imports are more expensive and exposed to foreign exchange fluctuations, impacting profit margins.

Financials

Income Statement (Rs m)

Y/e Dec	CY24	CY25E	CY26E	CY27E
Net Revenues	1,21,883	1,31,078	1,43,616	1,62,187
YoY gr. (%)	16.7	7.5	9.6	12.9
Cost of Goods Sold	67,486	77,139	84,375	94,960
Gross Profit	54,397	53,939	59,242	67,226
Margin (%)	44.6	41.2	41.3	41.5
Employee Cost	8,219	8,979	9,737	10,785
Other Expenses	10,482	11,207	11,920	13,299
EBITDA	23,052	20,252	22,648	26,274
YoY gr. (%)	54.7	(12.1)	11.8	16.0
Margin (%)	18.9	15.5	15.8	16.2
Depreciation and Amortization	1,289	1,427	1,560	1,728
EBIT	21,763	18,825	21,088	24,546
Margin (%)	17.9	14.4	14.7	15.1
Net Interest	165	170	187	211
Other Income	3,534	3,670	4,093	4,703
Profit Before Tax	25,133	22,324	24,995	29,039
Margin (%)	20.6	17.0	17.4	17.9
Total Tax	6,387	5,648	6,299	7,318
Effective tax rate (%)	25.4	25.3	25.2	25.2
Profit after tax	18,746	16,676	18,696	21,721
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	18,746	16,676	18,696	21,721
YoY gr. (%)	50.2	(11.0)	12.1	16.2
Margin (%)	15.4	12.7	13.0	13.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	18,746	16,676	18,696	21,721
YoY gr. (%)	50.2	(11.0)	12.1	16.2
Margin (%)	15.4	12.7	13.0	13.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	18,746	16,676	18,696	21,721
Equity Shares O/s (m)	212	212	212	212
EPS (Rs)	88.5	78.7	88.2	102.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Dec	CY24	CY25E	CY26E	CY27E
Non-Current Assets				
Gross Block	16,882	20,483	23,583	26,732
Tangibles	16,882	20,483	23,583	26,732
Intangibles	-	-	-	-
Acc: Dep / Amortization	6,438	7,865	9,425	11,153
Tangibles	6,438	7,865	9,425	11,153
Intangibles	-	-	-	-
Net fixed assets	10,444	12,618	14,159	15,579
Tangibles	10,444	12,618	14,159	15,579
Intangibles	-	-	-	-
Capital Work In Progress	1,122	1,223	1,323	1,472
Goodwill	-	-	-	-
Non-Current Investments	96	92	101	114
Net Deferred tax assets	985	985	985	985
Other Non-Current Assets	3,640	4,457	5,170	6,163
Current Assets				
Investments	-	-	-	-
Inventories	17,780	19,751	21,247	23,550
Trade receivables	29,837	31,961	35,019	39,547
Cash & Bank Balance	55,078	62,141	71,465	83,849
Other Current Assets	3,911	4,588	5,027	5,677
Total Assets	1,22,928	1,38,011	1,54,803	1,77,410
Equity				
Equity Share Capital	424	424	424	424
Other Equity	70,330	79,224	91,038	1,05,280
Total Network	70,754	79,648	91,461	1,05,704
Non-Current Liabilities				
Long Term borrowings	282	282	282	282
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	237	237	237	237
Trade payables	31,980	36,630	38,953	43,990
Other current liabilities	20,660	22,199	24,854	28,182
Total Equity & Liabilities	1,22,928	1,38,011	1,54,803	1,77,410

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Dec	CY24	CY25E	CY26E	CY27E
PBT	25,093	22,324	24,995	29,039
Add. Depreciation	1,289	1,427	1,560	1,728
Add. Interest	165	170	187	211
Less Financial Other Income	3,534	3,670	4,093	4,703
Add. Other	(2,913)	-	-	-
Op. profit before WC changes	23,634	23,922	26,741	30,978
Net Changes-WC	(3,690)	428	(849)	(289)
Direct tax	(6,626)	(5,648)	(6,299)	(7,318)
Net cash from Op. activities	13,318	18,702	19,594	23,371
Capital expenditures	(2,137)	(3,702)	(3,201)	(3,297)
Interest / Dividend Income	3,433	-	-	-
Others	(6,329)	16	-	-
Net Cash from Invst. activities	(5,033)	(3,686)	(3,201)	(3,297)
Issue of share cap. / premium	-	-	-	-
Debt changes	(274)	-	-	-
Dividend paid	(7,265)	(7,782)	(6,882)	(7,478)
Interest paid	(165)	(170)	(187)	(211)
Others	-	-	-	-
Net cash from Fin. activities	(7,704)	(7,953)	(7,069)	(7,689)
Net change in cash	581	7,063	9,324	12,385
Free Cash Flow	11,179	15,000	16,393	20,074

Source: Company Data, PL Research

Key Financial Metrics

Y/e Dec	CY24	CY25E	CY26E	CY27E
Per Share(Rs)				
EPS	88.5	78.7	88.2	102.5
CEPS	94.6	85.4	95.6	110.7
BVPS	333.9	375.9	431.6	498.8
FCF	52.8	70.8	77.4	94.7
DPS	35.4	31.5	35.3	41.0
Return Ratio(%)				
RoCE	33.2	24.9	24.5	24.8
ROIC	154.2	103.6	108.0	120.4
RoE	28.8	22.2	21.9	22.0
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.8)	(0.8)	(0.8)
Net Working Capital (Days)	47	42	44	43
Valuation(x)				
PER	56.7	63.7	56.9	48.9
P/B	15.0	13.3	11.6	10.1
P/CEPS	53.1	58.7	52.5	45.3
EV/EBITDA	43.7	49.4	43.8	37.3
EV/Sales	8.3	7.6	6.9	6.0
Dividend Yield (%)	0.7	0.6	0.7	0.8

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Dec	Q4CY24	Q1CY25	Q2CY25	Q3CY25
Net Revenue	33,649	31,596	31,754	33,107
YoY gr. (%)	22.0	2.6	12.2	13.7
Raw Material Expenses	18,807	17,467	18,464	19,619
Gross Profit	14,843	14,129	13,290	13,488
Margin (%)	44.1	44.7	41.9	40.7
EBITDA	6,573	5,823	4,141	5,004
YoY gr. (%)	57.6	3.0	(23.7)	(7.4)
Margin (%)	19.5	18.4	13.0	15.1
Depreciation / Depletion	337	338	355	366
EBIT	6,236	5,485	3,786	4,638
Margin (%)	18.5	17.4	11.9	14.0
Net Interest	51	47	42	56
Other Income	866	923	998	840
Profit before Tax	7,051	6,361	4,741	5,421
Margin (%)	21.0	20.1	14.9	16.4
Total Tax	1,732	1,620	1,220	1,332
Effective tax rate (%)	24.6	25.5	25.7	24.6
Profit after Tax	5,319	4,741	3,521	4,089
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,319	4,741	3,521	4,089
YoY gr. (%)	54.1	3.2	(20.5)	(7.2)
Margin (%)	15.8	15.0	11.1	12.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,319	4,741	3,521	4,089
YoY gr. (%)	54.1	3.2	(20.5)	(7.2)
Margin (%)	15.8	15.0	11.1	12.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,319	4,741	3,521	4,089
Avg. Shares O/s (m)	212	212	212	212
EPS (Rs)	25.1	22.4	16.6	19.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Accumulate	5,584	5,224
2	05-Aug-25	Accumulate	5,600	5,093
3	09-Jul-25	BUY	6,851	5,840
4	13-May-25	BUY	6,851	5,587
5	09-Apr-25	BUY	6,955	5,064
6	19-Feb-25	BUY	6,955	5,142
7	09-Jan-25	Accumulate	8,133	6,657

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,584	5,224
2	Apar Industries	Hold	9,744	9,252
3	BEML	Hold	1,982	1,987
4	Bharat Electronics	Hold	407	426
5	BHEL	Hold	250	246
6	Carborundum Universal	Hold	894	901
7	Cummins India	Hold	3,895	3,957
8	Elgi Equipments	Accumulate	559	494
9	Engineers India	BUY	245	202
10	GE Vernova T&D India	Accumulate	3,531	3,171
11	Grindwell Norton	Hold	1,744	1,676
12	Harsha Engineers International	Hold	407	388
13	Hindustan Aeronautics	BUY	5,500	4,838
14	Ingersoll-Rand (India)	BUY	4,335	4,101
15	Kalpataru Projects International	BUY	1,494	1,256
16	KEC International	Accumulate	911	861
17	Kirloskar Pneumatic Company	BUY	1,620	1,150
18	Larsen & Toubro	BUY	4,766	3,958
19	Praj Industries	Hold	353	335
20	Siemens	Accumulate	3,431	3,246
21	Siemens Energy India	Hold	3,360	3,282
22	Thermax	Hold	3,633	3,185
23	Triveni Turbine	BUY	650	524
24	Voltamp Transformers	BUY	10,285	7,190

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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