HOLD (Maintain)

CMP: **INR 6,895** Target Price: **INR 7,200 (INR 7,550)** ▲ 4%

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17 November 2026

India | Equity Research | Results Update

ABB India

Capital Goods

Orders hold the pace; margins still out of step

ABB India's (ABB) recent journey has been a tale of two curves. CY24 was the apex point for profitability, with a record EBITDA margin of 18.9%. And, ever since, QCO compliance costs, commodity inflation, higher logistics cost and INR depreciation have pulled the margin down – to 15.8% in CY25 and 13.5% in 9MCY26. Meanwhile, orders have gone from strength to strength – 9MCY26 inflow of INR 134bn has already surpassed full-CY25 (INR 129bn), led by ~72% growth in electrification order inflow (OI). Q3CY26 stayed tuned to a similar story: strong OI (+56% YoY), a backlog of INR 129bn (+36% YoY) and revenue growth of 19% YoY, but operational EBITA margin shrank to 12.9% (-50bps YoY). Gains from higher scale and recent price hikes are softening the impact, but we believe material margin recovery could also require external pieces falling in place. We continue to monitor the margin trajectory. Maintain **HOLD**.

Growth holds up, margin headwinds persist

ABB's healthy revenue growth of 19% YoY failed to translate into healthy earnings growth. Operational EBITA/PAT grew 15%/10.5% YoY. Commodity inflation, INR depreciation and revenue mix impacted the margins. Gross margin declined to 37.1% (-140bps YoY). Reported EBITDA margin rebounded to 14.8% (12.6% in Q2CY26), but operational EBITA margin was flat QoQ and declined 50bps YoY.

OI holds its stride

OI momentum has been strong in CY26 with 9M OI growing at 43%. Electrification (2.2x YoY) was at the heart of ABB's strong 56% OI growth to INR 47.3bn in Q3. Base orders grew 43% YoY. Growth was broad-based, aided by healthy demand in data centres, F&B, Cement, oil and gas, buildings/infra and renewables. Its OB grew 36% YoY to INR 129bn, translating to a healthy book-to-bill of 0.9x.

Order outlook remains bright

ABB highlighted healthy order outlook stemming from broad-based demand. Encouragingly, demand beyond data centres is holding up well, with distribution solutions (ex-data centres) growing in high double-digits.

Margin recovery, likely a slow burn

ABB's margins have been under pressure for the last six quarters due to the QCO compliance impact, commodity inflation and INR's depreciation. Although gains from increasing scale and calibrated price hikes are partly absorbing the impact, we believe material margin recovery could require external factors turning favourable. Margin trajectory remains key.

Maintain HOLD

Maintain **HOLD**; TP revised to INR 7,200 (INR 7,550 earlier).

Financial Summary

Y/E Dec-31 (INR mn)	CY25A	CY26E	CY27E	CY28E
Net Revenue	1,25,038	1,45,467	1,61,101	1,77,916
EBITDA	19,738	20,395	25,788	29,333
EBITDA Margin (%)	15.8	14.0	16.0	16.5
Net Profit	16,183	16,496	20,776	23,523
EPS (INR)	76.3	77.8	98.0	111.0
EPS % Chg YoY	(13.7)	1.9	25.9	13.2
P/E (x)	90.3	88.6	70.4	62.1
EV/EBITDA (x)	72.8	70.4	55.0	47.7
RoCE (%)	21.9	19.3	20.3	19.1
RoE (%)	21.7	19.2	20.1	18.9

Mohit Kumar
kumar.mohit@icicisecurities.com
+91 22 6807 7419

Mahesh Patil
mahesh.patil@icicisecurities.com

Abhinav Nalawade
abhinav.nalawade@icicisecurities.com

Shubham Borade
shubham.borade@icicisecurities.com

Market Data

Market Cap (INR)	1,461bn
Market Cap (USD)	15,564mn
Bloomberg Code	ABB IN
Reuters Code	ABB.BO
52-week Range (INR)	7,832 /4,584
Free Float (%)	25.0
ADTV-3M (mn) (USD)	17.1

Price Performance (%)	3m	6m	12m
Absolute	(9.9)	9.3	40.9
Relative to Sensex	(15.1)	0.2	43.8

ESG Score	2025	2026	Change
ESG score	74.2	72.2	(2.0)
Environment	62.2	59.2	(3.0)
Social	77.5	76.1	(1.4)
Governance	83.0	81.6	(1.4)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	CY26E	CY27E	CY28E
Revenue	2.2	1.3	0.5
EBITDA	7.2	(1.2)	(3.3)
EPS	4.3	(2.4)	(4.9)

Previous Reports

02-08-2026: Q2CY26 results review

10-05-2026: Q1CY26 results review

Exhibit 1: Quarterly result highlights

INR mn	Q3CY26	Q3CY25	YoY (%)	Q2CY26	QoQ (%)
Revenue	37,381	31,301	19.4	35,589	5.0
EBITDA	5,520	4,857	13.7	4,470	23.5
Margin	14.8	15.5	-75bps	12.6	220bps
Depreciation	443	364	21.6	392	12.8
Finance Cost	54	56	(2.7)	17	217.0
Other Income	784	840	(6.7)	927	(15.5)
PBT	5,806	5,276	10.0	4,988	16.4
Tax	1,408	1,296	8.7	1,287	9.4
tax rate	24.3	24.6	-31bps	25.8	-155bps
Adjusted PAT	4,398	3,981	10.5	3,701	18.8
Margin (%)	11.8	12.7	-95bps	10.4	137bps
EPS	20.8	18.8	10.5	17.5	18.8

Source: I-Sec research, Company data

Exhibit 2: Segmental highlights

INR mn	Q3CY26	Q3CY25	YoY (%)	Q2CY26	QoQ (%)
Revenue					
Motion	13,355	11,746	13.7	12,688	5.3
Electrification	19,268	13,783	39.8	18,044	6.8
Automation	5,052	6,013	(16.0)	5,241	(3.6)
EBIT					
Motion	1,736	1,816	(4.4)	1,522	14.1
Electrification	3,491	2,708	28.9	2,673	30.6
Automation	715	1,054	(32)	767	(7)
EBIT Margin					
Motion	13.0	15.5	-246bps	12.0	100bps
Electrification	18.1	19.6	-153bps	14.8	331bps
Automation	14.2	17.5	-337bps	14.6	-47bps

Source: I-Sec research, Company data

Exhibit 3: Segmental OI and OB highlights

INR mn	Q3CY26	Q3CY25	YoY (%)	Q2CY26	QoQ (%)
Order Intake					
Motion	14,770	12,880	14.7	13,870	6.5
Electrification	27,800	12,840	116.5	24,240	14.7
Automation	4,990	4,810	3.7	5,830	(14.4)
Order Book					
Motion	49,640	41,380	20.0	48,890	1.5
Electrification	57,840	33,590	72.2	48,630	18.9
Automation	22,450	21,290	5.4	22,240	0.9

Source: I-Sec research, Company data

Outlook and valuation

We believe ABB India (ABB) may be one of the major beneficiaries of increasing investments in automation, digitisation, productivity and efficiency. The government's strong capex push in areas of renewables, water and waste water, manufacturing, infrastructure, warehouse and logistics, electrical vehicles, transport infrastructure, etc., augurs well for ABB's growth led by its highly diversified product portfolio. Given its strong distribution network, wide product range and access to parent's technology, we expect it to receive a reasonable number of orders from the industries it caters to.

The company has been able to – 1) build a healthy OB from diverse-user industries; 2) expand gross margin by maintaining product pricing despite a decline in raw material costs and improving utilisation; and 3) expand product portfolio and localise manufacturing of key products.

However, the company's profitability has taken a hit in last four quarters due to material cost inflation, INR depreciation, QCO requirement, etc. Nonetheless, ABB's OB remains healthy at INR 129bn, translating to book-to-bill ratio of 0.9x. Near-term order outlook remains healthy with strong capex expected in data centres, and renewables.

We maintain **HOLD**, with a revised TP of **INR 7,200** (INR 7,550 earlier) valuing the stock at 65x CY28E EPS. We have also revised our estimates basis 9MCY26 performance while also assuming slower margin growth over the next two years than envisaged earlier.

Upside risks: 1) Better-than-estimated trajectory of margin improvement; and 2) higher-than-expected order inflow and execution.

Downside risks: 1) Lower-than-expected operating margin; and 2) lower-than-expected order inflow and execution.

Exhibit 4: Earnings revision (INR mn)

INR mn	CY26E			CY27E			CY28E		
	Earlier	Revised	YoY (%)	Earlier	Revised	YoY (%)	Earlier	Revised	YoY (%)
Revenue	1,42,363	1,45,467	2.2	1,59,109	1,61,101	1.3	1,76,971	1,77,916	0.5
EBIDTA	19,020	20,395	7.2	26,092	25,788	-1.2	30,319	29,333	-3.3
PAT	15,817	16,496	4.3	21,294	20,776	-2.4	24,727	23,523	-4.9

Source: I-Sec research

Exhibit 5: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	75.0	75.0	75.0
Institutional investors	17.5	17.6	17.4
MFs and others	5.4	5.9	6.2
FIs/Banks	0.0	0.1	0.1
Insurance	3.9	3.9	3.5
FIIs	8.2	7.7	7.6
Others	7.5	7.4	7.6

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending Dec-31)

	CY25A	CY26E	CY27E	CY28E
Net Sales	**1,25,038**	**1,45,467**	**1,61,101**	**1,77,916**
Operating Expenses	30,023	38,082	39,135	42,367
EBITDA	**19,738**	**20,395**	**25,788**	**29,333**
EBITDA Margin (%)	15.8	14.0	16.0	16.5
Depreciation & Amortization	1,448	1,697	1,906	2,107
EBIT	18,290	18,699	23,882	27,226
Interest expenditure	197	168	226	249
Other Non-operating Income	3,524	3,522	4,119	4,471
Recurring PBT	**21,617**	**22,053**	**27,775**	**31,448**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	5,434	5,557	6,999	7,925
PAT	16,183	16,496	20,776	23,523
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**16,183**	**16,496**	**20,776**	**23,523**
Net Income (Adjusted)	**16,183**	**16,496**	**20,776**	**23,523**

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending Dec-31)

	CY25A	CY26E	CY27E	CY28E
Total Current Assets	1,24,076	1,39,959	1,64,885	1,93,414
of which cash & cash eqv.	58,349	59,044	76,004	95,965
Total Current Liabilities & Provisions	57,566	59,027	65,043	71,713
Net Current Assets	**66,510**	**80,932**	**99,842**	**1,21,702**
Investments	-	-	-	-
Net Fixed Assets	10,379	11,182	11,776	12,168
ROU Assets	-	-	-	-
Capital Work-in-Progress	906	906	906	906
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	**77,795**	**93,019**	**1,12,524**	**1,34,776**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**(565)**	**(565)**	**(565)**	**(565)**
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	424	424	424	424
Reserves & Surplus	77,936	93,160	1,12,664	1,34,916
Total Net Worth	**78,360**	**93,584**	**1,13,088**	**1,35,340**
Minority Interest	-	-	-	-
Total Liabilities	**77,795**	**93,019**	**1,12,524**	**1,34,776**

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending Dec-31)

	CY25A	CY26E	CY27E	CY28E
Operating Cashflow	**16,840**	**11,243**	**20,958**	**23,982**
Working Capital Changes	(988)	(7,117)	(1,950)	(1,898)
Capital Commitments	(2,748)	(2,040)	(2,500)	(2,500)
Free Cashflow	**19,587**	**13,283**	**23,458**	**26,482**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	(2,748)	(2,040)	(2,500)	(2,500)
Issue of Share Capital	(237)	0	0	0
Interest Cost	(197)	(168)	(226)	(249)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(8,340)	(1,271)	(1,271)	(1,271)
Others	(2,047)	(7,069)	0	0
Cash flow from Financing Activities	(10,821)	(8,508)	(1,498)	(1,520)
Chg. in Cash & Bank balance	**3,271**	**695**	**16,960**	**19,961**
Closing cash & balance	58,349	59,044	76,004	95,965

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending Dec-31)

	CY25A	CY26E	CY27E	CY28E
Per Share Data (INR)				
Reported EPS	76.3	77.8	98.0	111.0
Adjusted EPS (Diluted)	76.3	77.8	98.0	111.0
Cash EPS	83.2	85.8	107.0	120.9
Dividend per share (DPS)	4.8	4.8	5.0	5.5
Book Value per share (BV)	369.6	441.4	533.4	638.4
Dividend Payout (%)	6.3	6.2	5.1	5.0
Growth (%)				
Net Sales	2.6	16.3	10.7	10.4
EBITDA	(13.9)	3.3	26.4	13.7
EPS (INR)	(13.7)	1.9	25.9	13.2
Valuation Ratios (x)				
P/E	90.3	88.6	70.4	62.1
P/CEPS	82.9	80.3	64.4	57.0
P/BV	18.7	15.6	12.9	10.8
EV / EBITDA	72.8	70.4	55.0	47.7
P / Sales	12.0	10.3	9.3	8.4
Dividend Yield (%)	0.1	0.1	0.1	0.1
Operating Ratios				
Gross Profit Margins (%)	39.8	40.2	40.3	40.3
EBITDA Margins (%)	15.8	14.0	16.0	16.5
Effective Tax Rate (%)	25.1	25.2	25.2	25.2
Net Profit Margins (%)	12.9	11.3	12.9	13.2
NWC / Total Assets (%)	0.1	0.2	0.2	0.2
Net Debt / Equity (x)	(0.7)	(0.6)	(0.7)	(0.7)
Net Debt / EBITDA (x)	(3.0)	(2.9)	(2.9)	(3.3)
Profitability Ratios				
RoCE (%)	21.9	19.3	20.3	19.1
RoE (%)	21.7	19.2	20.1	18.9
RoIC (%)	21.9	19.3	20.3	19.1
Fixed Asset Turnover (x)	12.1	13.5	14.0	14.9
Inventory Turnover Days	61	65	64	64
Receivables Days	94	102	100	100
Payables Days	115	114	111	111

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122