

Robust demand outlook tempered by commodity pressure and margin headwinds ...

About the stock: ABB is a technology leader in electrification and automation, enabling a more sustainable and resource-efficient future. By connecting its engineering and digitalization expertise, ABB helps industries run at high performance, while becoming more efficient, productive and sustainable so they outperform.

- It operates in mainly three key segments including motion (36%), electrification (45%), industrial/process automation (19%).
- Well placed to gain from the overall energy market transformation from electrification to automation & digitisation

Q1CY26 performance: ABB India Limited reported Q1CY26 performance with revenue from operations rising 0.7% YoY to ₹3,184 crore, while operational EBITDA declined 30% YoY to ₹408 crore with EBITDA margin contracting sharply to 12.8% (vs 18.4% YoY) due to adverse project mix, lower-margin order execution and elevated logistics/input costs. PAT declined 28% YoY to ₹342 crore. Segment-wise, Electrification revenue grew 15% YoY to ₹1,564 crore with PBIT margin of 15.2%, while Motion revenue increased 6% YoY to ₹1,160 crore with margin at 12.7%. Process Automation revenue declined 15% YoY to ₹500 crore, though margins remained relatively resilient at 14.2%. Order inflows remained strong at ₹4,280 crore (+25% YoY), driven by data centres, renewables and metro projects, taking the order backlog to a record ₹11,094 crore (+17% YoY), providing strong revenue visibility

Investment Rationale:

- **Strong Order Momentum & Healthy Backlog Provide Revenue Visibility:** ABB India reported a robust 25% YoY order inflow growth during Q1CY26, led by strong traction in data centers, railways, renewables and building infrastructure. Management highlighted that demand remains resilient across most key end-user industries with a strong opportunity pipeline and continued private capex momentum. Order backlog stood at a healthy ~₹ 11,000 crore, providing strong execution and revenue visibility over the next several quarters. Additionally, the Electrification segment recorded 36% YoY order growth, while Motion business delivered 22% YoY growth, reflecting broad-based strength across core businesses.
- **Data Center & Electrification Opportunity Emerging as Key Long-Term Growth Driver:** Management highlighted that data center demand from both hyperscalers and colocation players remains extremely strong, with data center-related orders currently contributing nearly 12-16% of total order backlog. ABB India is benefiting through its diversified offerings across medium-voltage switchgear, low-voltage distribution, UPS systems, drives, motors, substations and automation solutions. The company also indicated that discussions for large-scale projects extending till CY2028 are already underway. To capitalize on rising opportunities, ABB announced ~USD 75 million (~₹625 crore) capex investment toward manufacturing and R&D expansion focused on localized products for domestic and export markets. Management remains optimistic on long-term growth driven by India's electrification, AI-led data center investments, renewables, BESS and industrial automation themes.

Rating and Target Price

- We like ABB for its diverse presence across key sectors of core industries and product range it has to capitalise the tailwinds in the capex growth of the economy. We rate the stock as **Hold** and assign a fair value of **₹6720 per share (65x CY27E EPS)**

Key Financial Summary

(Rs in crore)	CY22	CY23	CY24	CY25	CAGR (%) CY22-CY25	CY26E	CY27E	CAGR (%) CY25-CY27E
Revenues	8,568	10,447	12,188	13,203	15.5	14,670	17,174	14.1
EBITDA	962	1,490	2,305	2,043	28.5	2,148	2,821	17.5
EBITDA (%)	11.2	14.3	18.9	15.5		14.6	16.4	
Adj Net Profit	761	1,242	1,872	1,669	30	1,706	2,190	14.6
NPM (%)	8.9	11.9	15.4	12.6		11.6	12.8	
EPS (Rs.)	48.0	58.6	88.3	78.8		80.5	103.4	
P/E (x)	178.5	109.4	72.6	81.4		79.6	62.0	
EV/EBITDA (x)	137.4	87.9	56.5	63.6		60.6	45.7	
RoCE (%)	20.7	26.2	32.8	27.3		26.9	29.7	
RoE (%)	15.4	20.9	26.5	21.3		19.7	22.2	



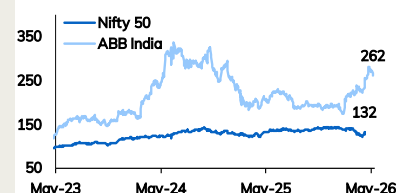
Market data

Particular	Rs. (in crore)
Market Capitalisation	1,48,601
CY25 Gross Debt	9.5
CY25 Cash	5,834.9
Enterprise Value	1,42,775.6
52 week H/L (Rs.)	7825/4638
Equity capital	42.4
Face value (Rs.)	2

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	75.0	75.0	75.0	75.0
FII	9.3	8.3	7.6	8.2
DII	7.7	8.3	9.2	9.3
Public	8.1	8.4	8.2	7.5

Price chart



Key risks

- (i) slowdown in order inflow growth
- (ii) lower than expected profit margins

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Key result and earning call highlights

- ABB India reported a healthy start to CY2026 with strong order momentum across electrification, railways, renewables and data center segments. Consolidated order inflow increased 25% YoY to ₹4,280 crore, while revenue grew 6% YoY to ₹3,184 crore. However, profitability moderated due to adverse revenue mix, higher commodity prices and forex volatility, leading to EBITDA decline of 30% YoY to ₹408 crore and PAT decline of 28% YoY to ₹342 crore. Order backlog remained robust at ₹11,094 crore (+17% YoY), providing healthy execution visibility, while cash balance stood strong at ₹6,042 crore.
- Order inflows remained strong at ₹4,280 crore (+25% YoY), driven by data centres, renewables and metro projects, taking the order backlog to a record ₹11,094 crore (+17% YoY), providing strong revenue visibility.
- **Segmental highlights:**
 - **Electrification** segment delivered a strong performance with orders rising 36% YoY to ₹2,401 crore driven by healthy demand from data centers, energy, metals and building sectors. Revenue increased 15% YoY to ₹1,564 crore supported by strong backlog execution and export growth. Segment PBIT stood at ₹237 crore with margin at 15.2%, impacted by higher copper and silver prices along with rupee depreciation. Order backlog for the segment increased 25% YoY to ₹4,211 crore.
 - **Motion** segment continued to witness healthy traction with orders growing 22% YoY to ₹1,525 crore aided by strong demand for drive products, IEC LV motors and railway applications. Revenue grew 6% YoY to ₹1,160 crore, although growth was partly offset by lower traction business execution compared to the high base of last year. Segment PBIT came at ₹148 crore with margin at 12.7%, impacted by higher commodity costs and unfavourable revenue mix. Order backlog remained healthy at ₹4,742 crore, up 20% YoY.
 - **Automation** segment reported subdued performance during the quarter with orders declining 11% YoY to ₹402 crore due to weaker demand from process industries, while revenues fell 15% YoY to ₹500 crore. Measurement analytics business continued to perform steadily, partially offsetting weakness in process and energy industries. Segment PBIT stood at ₹71 crore with margin at 14.2%, impacted by lower operating leverage due to weaker execution. Order backlog for the segment stood at ₹2,147 crore, down 5% YoY.
- Company announced ~USD 75 million investment plans toward manufacturing and R&D expansion. The capex will focus on expanding capacities in electrification, motion products and localized offerings aimed at both domestic and export markets.
- Material costs increased nearly 300 bps YoY, with management attributing the rise to commodity inflation, forex volatility and pricing competition. ABB has already undertaken two rounds of price hikes to mitigate inflationary pressures, though benefits typically flow with a lag.
- Management remains highly optimistic on the data center opportunity, highlighting strong demand from both hyperscalers and colocation players. The company indicated data center orders currently contribute roughly 12-16% of total order backlog and discussions for large multi-year projects extending till CY2028 are already underway.

Financial Summary

Exhibit 1: Profit and loss statement					
	₹ crore				
(Year-end December)	CY23	CY24	CY25	CY26E	CY27E
Net Sales	10,367	12,088	13,066	14,540	17,029
Operating income	80	101	137	130	145
Revenue	10,447	12,188	13,203	14,670	17,174
% Growth	28.3	16.7	8.3	11.1	17.1
Other income	301.7	353.4	352.4	310.0	310.0
Total	10,777	12,558	13,564	14,980	17,484
% Growth	32.2	16.5	8.0	10.4	16.7
Total Raw Material Costs	6,329	6,749	7,625	8,404	9,792
Employee Expenses	715	822	975	1,192	1,226
other expenses	1,639	1,971	2,131	2,326	2,776
Total Operating Expenditu	8,957	9,883	11,160	12,522	14,353
Operating Profit (EBITDA)	1,490	2,305	2,043	2,148	2,821
% Growth	109.1	54.7	(11.4)	5.1	31.3
Interest	13	16	21	22	22
PBDT	1,779	2,642	2,375	2,436	3,109
Depreciation	120	129	146	161	189
PBT before Exceptional Itc	1,659	2,513	2,229	2,275	2,920
Total Tax	411	639	561	569	730
PAT before MI	1,248	1,875	1,669	1,706	2,190
Minority Interest	-	-	-	-	-
PAT	1,242	1,872	1,669	1,706	2,190
% Growth	314.2	50.7	(10.8)	2.2	28.4
EPS	58.6	88.3	78.8	80.5	103.4

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement					
	₹ crore				
(Year-end December)	CY23	CY24	CY25	CY26E	CY27E
Profit after Tax	1,242	1,872	1,669	1,706	2,190
Depreciation	120	129	146	161	189
Interest	13	16	21	22	22
Cash Flow before WC changes	1,375	2,017	1,835	1,889	2,401
Changes in inventory	(140)	(217)	(275)	(117)	(370)
Changes in debtors	(451)	(439)	(193)	1	(542)
Changes in loans & Advances	(1)	(0)	(0)	(28)	(6)
Changes in other current assets	(3)	57	14	(342)	(123)
Net Increase in Current Assets	(475)	(523)	(660)	(486)	(1,041)
Changes in creditors	472	89	258	162	617
Changes in provisions	62	70	24	(33)	86
Net Inc in Current Liabilities	656	256	454	(368)	837
Net CF from Operating activities	1,555	1,750	1,629	1,035	2,197
Changes in deferred tax assets	(13)	4	42	-	-
(Purchase)/Sale of Fixed Assets	(191)	(229)	(269)	(175)	(175)
Net CF from Investing activities	(132)	(302)	(373)	(175)	(175)
Dividend and Dividend Tax	(233)	(730)	(834)	(954)	(954)
Net CF from Financing Activities	(249)	(757)	(928)	(918)	(984)
Net Cash flow	1,173	692	327	(58)	1,038
Opening Cash/Cash Equivalent	3,642	4,816	5,508	5,835	5,777
Closing Cash/ Cash Equivalent	4,816	5,508	5,835	5,777	6,815

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet					
	₹ crore				
(Year-end December)	CY23	CY24	CY25	CY26E	CY27E
Equity Capital	42.4	42.4	42.4	42.4	42.4
Reserve and Surplus	5,902	7,033	7,794	8,604	9,832
Total Shareholders fun	5,945	7,076	7,836	8,646	9,875
Minority Interest	-	-	-	-	-
Total Debt	8	9	9	9	9
Total Liabilities	6,007	7,141	7,935	8,745	9,973
Gross Block	1,435	1,582	1,829	2,056	2,231
Acc: Depreciation	497	579	725	886	1,075
Net Block	938	1,003	1,104	1,169	1,155
Capital WIP	60	95	116	65	65
Total Fixed Assets	998	1,098	1,221	1,234	1,220
Non Current Assets	454	530	667	667	667
Inventory	1,561	1,778	2,053	2,170	2,541
Debtors	2,544	2,984	3,176	3,175	3,717
Loans and Advances	6	6	6	35	41
Other Current Assets	448	391	377	719	842
Cash	4,816	5,508	5,835	5,777	6,815
Total Current Assets	9,548	10,763	11,750	12,178	14,257
Current Liabilities	3,109	3,198	3,456	3,617	4,235
Provisions	445	515	539	506	593
Net Current Assets	4,553	5,512	6,046	6,842	8,085
Total Assets	6,007	7,141	7,935	8,745	9,973

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios					
(Year-end December)	CY23	CY24	CY25	CY26E	CY27E
Per Share Data					
EPS	58.6	88.3	78.8	80.5	103.4
Cash per Share	227.3	259.9	275.3	272.6	321.6
BV	280.5	333.9	369.8	408.0	466.0
Dividend per share	11.0	34.5	39.4	45.0	45.0
Dividend payout ratio	19%	39%	50%	56%	44%
Operating Ratios					
EBITDA Margin	14.3	18.9	15.5	14.6	16.4
PAT Margin	11.9	15.4	12.6	11.6	12.8
Return Ratios					
RoE	20.9	26.5	21.3	19.7	22.2
RoCE	26.2	32.8	27.3	26.9	29.7
RoIC	91.4	103.7	82.9	73.3	86.7
Valuation Ratios					
EV / EBITDA	87.9	56.5	63.6	60.6	45.7
P/E	109.4	72.6	81.4	79.6	62.0
EV / Net Sales	12.5	10.7	9.8	8.9	7.5
Sales / Equity	1.8	1.7	1.7	1.7	1.7
Market Cap / Sales	13.0	11.1	10.3	9.3	7.9
Price to Book Value	22.8	19.2	17.3	15.7	13.8
Turnover Ratios					
Asset turnover	9.1	7.7	6.5	5.1	5.6
Debtors Turnover Rati	4.5	4.4	4.3	4.6	5.0
Creditors Turnover Rat	3.6	3.9	4.0	4.1	4.4
Solvency Ratios					
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.1	1.3	1.3	1.3	1.4
Quick Ratio	0.7	0.8	0.8	0.9	0.9

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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