ABB India (ABB)

CMP: ₹6935 | Target ₹ 8275 (19%) | Target Period: 12 months | BUY

November 17, 2026

Record order inflows drive healthy growth; margin recovery remains key...

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%).

Q3CY26 performance: ABB India reported Q3CY26 revenue of ₹3,738 crore, up 19.4% YoY and 5.0% QoQ. EBITDA grew 13.7% YoY to ₹552 crore, while EBITDA margin contracted 75 bps YoY to 14.8%. Gross margin declined 79 bps YoY to 40.9%, as COGS increased 21.0% YoY to ₹2,211 crore, outpacing revenue growth. PAT increased 10.5% YoY to ₹440 crore.

Investment Rationale:

- **Record order backlog and accelerating Electrification demand provide strong revenue visibility:** ABB India is well positioned to benefit from sustained investments in power infrastructure, energy transition, data centres and industrial capex. Order inflows grew 56% YoY to approximately ₹4,733 crore in Q3CY26, with base orders increasing 43%, indicating that growth is broad-based and not solely dependent on large data-centre orders. The order backlog rose 36% YoY to approximately ₹13,000 crore, providing healthy revenue visibility over the coming quarters. Around 40% of the backlog comprises large orders executed over multiple quarters, while the balance is generally executable over 4–5 quarters. Electrification remains the key growth driver, supported by demand from data centres, renewables, utilities and building infrastructure, while Motion benefits from opportunities in railways, metals and mining.
- **Data-centre opportunity and margin recovery to drive earnings growth:** ABB India is well positioned to benefit from rising investments in data-centre infrastructure, with data centres currently contributing 15–20% of its order backlog. The opportunity is strategically attractive given the higher technology content and relatively better margins associated with these orders, while demand across renewables, utilities and building infrastructure provides additional growth drivers. The company's planned capacity investments in Electrification and Motion should support incremental demand and strengthen its execution capabilities. On profitability, elevated material costs and forex volatility remain near-term headwinds; however, operating leverage, fixed-cost absorption and calibrated price increases are expected to support a gradual recovery. Management indicated the potential for operational margins to reach 13–15% over the next 5–6 quarters, subject to stability in commodity prices, forex and geopolitical conditions.

Rating and Target Price: We expect revenues and PAT to grow at CAGR of 16% and 12% over CY25-CY28E. We recommend **BUY** on **ABB India** with a target price of **₹8275 per share (based on 75x CY28E EPS).**

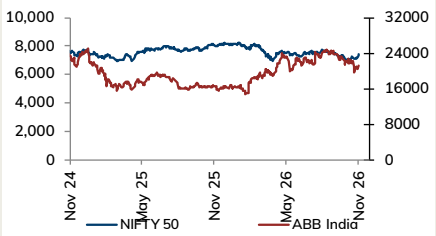
Particulars

	Rs. (in crore)
Market Capitalisation	147,870
CY25 Gross Debt	9.5
CY25 Cash	5,834.9
Enterprise Value	142,044.6
52-week H/L (Rs.)	7924/4638
Equity capital	42.4
Face value (Rs.)	2

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	75.0	75.0	75.0	75.0
FII	7.6	8.2	7.7	7.6
DII	9.2	9.3	9.9	9.8
Public	8.2	7.5	7.4	7.6

Price Chart



Key risks

(i) slowdown in order inflow growth

(ii)) lower than expected profit margins

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Rs in crore)	CY23	CY24	CY25	CAGR (%) CY22-CY25	CY26E	CY27E	CY28E	CAGR (%) CY25-CY28E
Revenues	10,447	12,188	13,203	12.4	14,758	17,125	20,671	16.1
EBITDA	1,490	2,305	2,043	17.1	2,010	2,398	3,010	13.8
EBITDA (%)	14.3	18.9	15.5		13.6	14.0	14.6	
Adj Net Profit	1,242	1,872	1,669	15.9	1,626	1,928	2,338	11.9
NPM (%)	11.9	15.4	12.6		11.0	11.3	11.3	
EPS (Rs.)	58.6	88.3	78.8		76.7	91.0	110.3	
P/E (x)	118.3	78.5	88.1		90.4	76.2	62.9	
EV/EBITDA (x)	95.4	61.4	69.1		70.5	58.9	46.7	
RoCE (%)	26.2	32.8	27.3		25.9	27.3	31.8	
RoE (%)	20.9	26.5	21.3		19.0	20.2	21.4	

Source: Company, ICICI Direct Research

Q3CY26 Earnings call highlights

- **Financial Performance**:
  - ABB India reported Q3CY26 revenue of ₹3,738 crore, up 19.4% YoY and 5.0% QoQ. EBITDA grew 13.7% YoY to ₹552 crore, while EBITDA margin contracted 75 bps YoY to 14.8%. Gross margin declined 79 bps YoY to 40.9%, as COGS increased 21.0% YoY to ₹2,211 crore, outpacing revenue growth. PAT increased 10.5% YoY to ₹440 crore.
  - Segment-wise, Electrification revenue grew 39.8% YoY to ₹1,927 crore, with EBIT margin at 18.1% (vs. 19.7%); Motion revenue increased 13.7% to ₹1,336 crore, with EBIT margin at 13.0% (vs. 15.5%), while Automation revenue declined 16.0% to ₹505 crore, with EBIT margin moderating to 14.2% (vs. 17.5%). Orders grew 56% YoY to a quarterly record of ₹4,733 crore, taking the order backlog up 36% YoY to ₹12,927 crore.
- **Order Book & Demand Environment:**
  - Order inflows increased 56% YoY to approximately ₹4,733 crore, with base orders growing 43%. Management highlighted that the growth was broad-based, with data centres contributing to large orders, while base orders also recorded strong traction.
  - Order backlog increased 36% YoY to approximately ₹13,000 crore, providing healthy revenue visibility.
  - Around 40% of the backlog comprises large orders that are executed over multiple quarters, while the balance is generally executable over the next 4–5 quarters.
- **Electrification:**
  - Electrification witnessed strong order momentum, with order growth of over 117%, driven by data centres, energy and chemicals, renewables, electrical utilities and building infrastructure.
  - Segment order backlog stood at approximately ₹5,784 crore, providing strong revenue visibility.
  - **Data centres** currently account for around 15–20% of the company's order backlog, with the exposure largely domestic. Management indicated that data-centre orders are reasonably more profitable than established segments, given the higher technology content and value-added solutions.
- **Motion:**
  - Segment backlog stood at approximately ₹5,000 crore, providing medium-term revenue visibility.
  - Segment revenue stood at around ₹1,335 crore, with profitability margin at approximately 13%.
  - Growth was supported by a combination of volume and price increases. However, management indicated that price adjustments have been somewhat erratic, particularly given the movement in input costs.
- **Automation:**
  - Order inflows from oil & gas, metals & mining and cement continued, although customer decision-making and capex approvals for long-gestation projects remain delayed.
  - Management highlighted improving project activity in offshore oil & gas, midstream pipelines and terminals. Downstream projects, however, remain relatively sluggish.

- Despite subdued growth, the segment has maintained its profitability trajectory, supported by its installed base and service business.

- **Pricing & Margins:**
  - Material cost stood at 62.9% of revenue, approximately 150 bps higher YoY. Higher metal and commodity prices, along with forex volatility, continued to impact profitability.
  - There is an inherent lag between increases in input costs and the corresponding price revisions, as companies initially absorb higher costs to fulfil existing customer commitments before passing them on.
  - Assuming commodity prices, forex and geopolitical conditions remain stable, management expects operational margins to be in the range of 13–15% over the next 5–6 quarters, supported by backlog execution and operating leverage.

- **Capacity Expansion:**
  - ABB has announced a total investment programme of US$75 million, of which approximately US$60 million pertains to the listed Indian entity. The investment is largely directed towards capacity expansion in Motion and Electrification, with a smaller allocation to Automation.
  - The company continues to incur baseline capex of approximately ₹300 crore annually for maintenance, capacity building and market development.
  - The announced expansion programme involves construction of new manufacturing facilities, with an estimated completion and commissioning timeline extending from late CY27 into CY28, given the 8–10-quarter construction cycle.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end December)	CY25	CY26E	CY27E	CY28E
Net Sales	13,066	14,623	16,956	20,467
Operating income	137	135	170	205
Revenue	13,203	14,758	17,125	20,671
% Growth	8.3	11.8	16.0	20.7
Other income	352.4	365.7	380.6	381
Total	13,564	15,124	17,506	21,052
% Growth	8.0	11.5	15.7	20.3
Total Raw Material Costs	7,625	8,714	9,877	11,807
Employee Expenses	975	1,025	1,255	1,515
other expenses	2,131	2,490	3,002	3,623
Total Operating Expenditure	11,160	12,749	14,727	17,662
Operating Profit (EBITDA)	2,043	2,010	2,398	3,010
% Growth	(11.4)	(1.6)	19.3	25.5
Interest	21	14	11	11
PBDT	2,375	1,819	2,102	2,569
Depreciation	146	180	163	220
PBT before Exceptional Items	2,229	2,182	2,605	3,159
Total Tax	561	556	677	821
PAT before MI	1,669	1,626	1,928	2,338
Minority Interest	-	-	-	-
PAT	1,669	1,626	1,928	2,338
% Growth	(10.8)	(2.6)	18.6	21.3
EPS	78.8	76.7	91.0	110

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end December)	CY25	CY26E	CY27E	CY28E
Profit after Tax	1,669	1,626	1,928	2,338
Depreciation	146	180	163	220
Interest	21	14	11	11
Cash Flow before WC changes	1,835	1,819	2,102	2,569
Changes in inventory	(275)	(130)	(350)	(525)
Changes in debtors	(193)	(261)	(551)	(826)
Changes in loans & Advances	(0)	(29)	(6)	(8)
Changes in other current assets	14	(346)	(116)	(174)
Net Increase in Current Assets	(660)	(766)	(1,023)	(1,533)
Changes in creditors	258	183	584	874
Changes in provisions	24	(30)	82	122
Net Inc in Current Liabilities	454	(338)	791	1,185
Net CF from Operating activities	1,629	715	1,869	2,221
Changes in deferred tax assets	42	-	-	-
(Purchase)/Sale of Fixed Assets	(269)	(300)	(600)	(500)
Net CF from Investing activities	(373)	(300)	(600)	(500)
Dividend and Dividend Tax	(834)	(954)	(954)	(954)
Net CF from Financing Activities	(928)	(910)	(973)	(973)
Net Cash flow	327	(494)	297	748
Opening Cash/Cash Equivalent	5,508	5,835	5,341	5,637
Closing Cash/ Cash Equivalent	5,835	5,341	5,637	6,385

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end December)	CY25	CY26E	CY27E	CY28E
Equity Capital	42.4	42.4	42.4	42.4
Reserve and Surplus	7,794	8,524	9,490	10,865
Total Shareholders' funds	7,836	8,566	9,532	10,908
Total Debt	9	9	9	9
Total Liabilities	**7,935**	**8,665**	**9,631**	**11,006**
Gross Block	1,829	2,181	2,781	3,281
Acc: Depreciation	725	905	1,068	1,288
Net Block	1,104	1,276	1,713	1,993
Capital WIP	116	65	65	65
Total Fixed Assets	1,221	1,341	1,778	2,058
Non-Current Assets	667	667	667	667
Inventory	2,053	2,183	2,534	3,058
Debtors	3,176	3,437	3,988	4,814
Loans and Advances	6	35	41	49
Other Current Assets	377	723	839	1,013
Cash	5,835	5,341	5,637	6,385
Total Current Assets	11,750	12,021	13,341	15,621
Current Liabilities	3,456	3,639	4,223	5,097
Provisions	539	509	591	714
Net Current Assets	6,046	6,656	7,185	8,280
Total Assets	**7,935**	**8,665**	**9,631**	**11,006**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end December)	CY25	CY26E	CY27E	CY28E
Per Share Data				
EPS	78.8	76.7	91.0	110.3
Cash per Share	275.3	252.0	266.0	301.3
BV	369.8	404.2	449.8	514.7
Dividend per share	39.4	45.0	45.0	45.0
Operating Ratios				
EBITDA Margin	15.5	13.6	14.0	14.6
PAT Margin	12.6	11.0	11.3	11.3
Return Ratios				
RoE	21.3	19.0	20.2	21.4
RoCE	27.3	25.9	27.3	31.8
RoIC	82.9	59.6	57.8	67.5
Valuation Ratios				
EV / EBITDA	69.1	70.5	58.9	46.7
P/E	88.1	90.4	76.2	62.9
EV / Net Sales	10.7	9.6	8.3	6.8
Market Cap / Sales	11.1	10.0	8.6	7.1
Turnover Ratios				
Asset turnover	6.5	4.5	4.4	4.6
Debtors Turnover Ratio	4.3	4.5	4.6	4.7
Creditors Turnover Ratio	4.0	4.2	4.4	4.4
Solvency Ratios				
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.3	1.4	1.4	1.4
Quick Ratio	0.8	0.9	0.9	0.9

Source: Company, ICICI Direct Research

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