Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

ABB (ABB)

Current Market Price	Fair Value (FV)
Rs.5918	Rs.5750

Date: 24 February 2026

Previous Rating: - ADD **Current Rating:** REDUCE **Change:** Downgrade

Ratings Rationale

- ABB reported a small 2% beat on our moderated revenue estimate, up 6% yoy.
- Adjusted EBITDA margin at 17.2% was 230 bps lower yoy, largely due to weak gross margin with the lingering impact of QCO imports.
- Operating at the lower end of the guided PAT margin range.
- ABB expects slow improvement in margin as it battles high-cost inventory & RM headwinds.
- Order inflows grew 52% yoy over a low base on the back of a strong base business with additional support from the timing of large orders.
- Exports can be an upside risk to our estimates, albeit with a low probability
- Raise estimates and increase FV to Rs5,750; downgrade to REDUCE.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, P/E: Price to Earnings, RM: Raw Material, QCO: Quality Control Orders)

Valuation

With a one-year forward P/E of 63X, the stock appears to be baking in all the optimism for the start of a private capex cycle

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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