

November 7, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	4,172		3,895	
Sales (Rs. m)	1,35,891	1,52,350	1,33,906	1,51,315
% Chng.	1.5	0.7		
EBITDA (Rs. m)	27,898	31,277	26,955	30,611
% Chng.	3.5	2.2		
EPS (Rs.)	91.3	102.8	90.6	101.8
% Chng.	0.8	0.9		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	1,03,394	1,19,808	1,35,891	1,52,350
EBITDA (Rs. m)	20,680	24,944	27,898	31,277
Margin (%)	20.0	20.8	20.5	20.5
PAT (Rs. m)	19,058	22,876	25,299	28,486
EPS (Rs.)	68.8	82.5	91.3	102.8
Gr. (%)	14.7	20.0	10.6	12.6
DPS (Rs.)	51.5	55.3	61.1	68.9
Yield (%)	1.2	1.3	1.4	1.6
RoE (%)	28.9	29.7	28.5	28.6
RoCE (%)	28.3	29.7	28.9	29.0
EV/Sales (x)	11.2	9.6	8.4	7.5
EV/EBITDA (x)	55.9	46.1	41.1	36.4
PE (x)	62.4	52.0	47.0	41.8
P/BV (x)	17.0	14.2	12.7	11.3

Key Data

CUMM.BO | KKC IN

52-W High / Low	Rs.4,495 / Rs.2,580
Sensex / Nifty	83,216 / 25,492
Market Cap	Rs.1,190bn/ \$ 13,418m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.1990.68m

Shareholding Pattern (%)

Promoter's	51.00
Foreign	18.35
Domestic Institution	21.73
Public & Others	8.92
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	8.2	50.9	20.7
Relative	6.5	46.5	15.4

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Domestic outlook intact while cautious on exports

Quick Pointers:

- Domestic powergen revenue grew ~50% YoY to Rs13.4bn driven by strong execution of data center orders and robust growth in core Powergen.
- Exports grew by ~24% YoY to Rs5.5bn however management cited softness ahead due to inventory correction in market

Cummins India (KKC) delivered a strong quarterly performance with revenue growing 27.2% YoY and EBITDA margin expanding by 261bps YoY to 21.9%. Management guided for double-digit FY26 growth, supported by continued strength in Powergen, while exports are expected to remain muted amid inventory correction. Powergen growth was led by strong execution of data centre orders (40% of Powergen sales) and steady traction across infrastructure, manufacturing, airports, and healthcare propelling core power gen segments (+20% YoY). Industrial performance was impacted by extended monsoons and softer mining demand, partly offset by strength in railways. Export demand remained firm in Europe and the Middle East, though near-term softness persists. Competition in the LHP has intensified, meanwhile KKC maintains leadership in HHP and remains well positioned for sustained growth, aided by strategic investments and expanding opportunities in hyperscale data centers. The stock is trading at a P/E of 47.0x/41.8x FY27/28E. We roll forward to Sep'27E and maintain our 'Hold' rating valuing the stock at a PE of 43x Sep'27E (43x Mar'27E earlier) with revised TP of Rs4,172 (TP of Rs3,895 earlier)

Long term view: We expect Cummins' outlook to remain intact given 1) strong domestic demand in Powergen across sectors with CPCB 4+ products witnessing traction, 2) maintain margin profile and 3) ample room for growth in the Distribution business.

Strong volume growth led to margin expansion: Standalone revenue increased by 27.5% YoY to Rs31.2bn (PLe: Rs28.6bn) led by robust execution. Gross margin expanded by 75bps YoY to 36.5% (PLe: 36.5%). EBITDA increased by 44.4% YoY to Rs6.9bn (PLe: Rs5.8bn) with EBITDA margin expanded by 261bps YoY to 21.9% driven by better operating leverage and gross margin expansion. PBT(ex. Extra ordinaries) increased by 41.2% YoY to Rs8.4bn (PLe: Rs6.9bn) aided by higher other income (+21.9% YoY to Rs2bn). Adj.PAT increased by 41.5% YoY to Rs6.4bn (PLe: Rs5.2bn) driven by increase in other income and marginal decrease in effective rate to 24%.

Strong domestic growth aided by powergen : Domestic sales grew by 28.3% YoY to Rs25.8bn driven by Powergen (+50% YoY) and Distribution (+21% YoY) while Industrial segment declined by -5% YoY. In Q2FY26 Domestic powergen revenue mix stood at 66%/7%/19%/7% for HHP/HHD/MHP/LHP. Exports increased by ~24.0% YoY, to Rs5.5bn. Export mix stood at 40%/51%/9% for LHP/HHP/Spares in Q2FY26.

Exhibit 1: EBITDA margins increased by 261bps YoY to Rs6.9bn backed by strong volume growth that drove operating leverage

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q2FY26E	% Var.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Sales	31,216	24,484	27.5%	28,121	11.0%	28,587	9.2%	59,803	47,104	27.0%
Other operating income	487	439	10.9%	472	3.2%	481	1.2%	968	861	12.5%
Total Revenue	31,703	24,923	27.2%	28,593	10.9%	29,068	9.1%	60,771	47,965	26.7%
Gross Profit	11,579	8,917	29.9%	10,437	11.0%	10,752	7.7%	22,331	17,619	26.7%
Margin (%)	36.5	35.8	75	36.5	2.5	37.0	(46)	36.7	36.7	1
Employee Cost	1,986	1,923	3.3%	2,116	-6.1%	1,994	-0.4%	3,980	3,740	6.4%
as % of sales	6.3	7.7	(145)	7.4	(113.6)	6.9	(60)	6.5	7.8	(125)
Other expenditure	2,646	2,183	21.2%	2,516	5.1%	2,523	4.9%	5,168	4,395	17.6%
as % of sales	8.3	8.8	(42)	8.8	(45.5)	8.7	(33)	8.5	9.2	(66)
EBITDA	6,948	4,810	44.4%	5,804	19.7%	6,235	11.4%	13,183	9,484	39.0%
Margin (%)	21.9	19.3	261	20.3	161.6	21.4	47	21.7	19.8	192
Depreciation	492	452	8.8%	500	-1.6%	479	2.6%	971	891	9.0%
EBIT	6,456	4,358	48.1%	5,304	21.7%	5,756	12.2%	12,212	8,593	42.1%
Margin (%)	20.4	17.5	288	18.6	181.3	19.8	56	20.1	17.9	218
Other Income	1,964	1,611	21.9%	1,600	22.7%	1,529	28.4%	3,493	2,933	19.1%
Interest	26	26	-0.4%	25	2.0%	27	-3.8%	52	73	-29.0%
PBT (ex. Extra-ordinaries)	8,394	5,944	41.2%	6,879	22.0%	7,258	15.7%	15,652	11,453	36.7%
Margin (%)	26.5	23.8	263	24.1	241.9	25.0	151	25.8	23.9	188
Extraordinary Items	-	-	-	-	-	442	-	442	-	-
PBT	8,394	5,944	41.2%	6,879	22.0%	7,700	9.0%	16,094	11,453	40.5%
Total Tax	2,017	1,438	40.3%	1,685	19.7%	1,807	11.7%	3,824	2,749	39.1%
Effective Tax Rate (%)	24.0	24.2	(16)	24.5	(46.7)	23.5	57	23.8	24.0	(24)
Reported PAT	6,377	4,506	41.5%	5,194	22.8%	5,893	8.2%	12,270	8,704	41.0%
Adj. PAT	6,377	4,506	41.5%	5,194	22.8%	5,555	14.8%	11,932	8,704	37.1%
Margin (%)	20.1	18.1	203	18.2	195.0	19.1	101	19.6	18.1	149
Adj. EPS	23.0	16.3	41.5%	18.7	22.8%	20.0	14.8%	43.0	31.4	37.1%

Source: Company, PL

Exhibit 2: Domestic sales increased by 28.3% YoY was aided by robust growth in Powergen sales of 49.6% YoY

Revenue Mix (Rs mn)	Q2FY26	Q2FY25	YoY gr.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
By Geography								
Domestic	25,770	20,080	28.3%	23,360	10.3%	49,130	38,810	26.6%
Exports	5,450	4,400	23.9%	5,230	4.2%	10,680	8,290	28.8%
Domestic breakup								
Power Generation	13,400	8,960	49.6%	10,560	26.9%	23,960	16,990	41.0%
Distribution	7,960	6,580	21.0%	7,770	2.4%	15,730	13,090	20.2%
Industrial	3,870	4,060	-4.7%	4,180	-7.4%	8,050	7,780	3.5%
Export breakup								
Low HP	2,190	1,980	10.6%	2,250	-2.7%	4,440	3,530	25.8%
High HP	2,790	2,000	39.5%	2,520	10.7%	5,310	4,020	32.1%
Spares	470	420	11.9%	460	2.2%	930	740	25.7%

Source: PL

Conference Call Highlights

- **Guidance:** With strong quarterly performance the management guided for double-digit growth in revenue for FY26
- **Domestic Powergen revenue increased ~50% YoY to Rs13.4bn** driven strong execution of data centre order (~40% of Powergen sales in Q2FY26) and 20% YoY growth in core powergen (exc. Data centre). Company saw broad based growth across powergen range products led by better performance in LHP despite continued competition. The segment continues to gain traction in mission-critical sectors such as roads, airports, data centers, hospitals, and the pharmaceutical industry as well as from E-commerce. Management highlighted that volumes are back to pre-CPCB IV+ levels while pricing has stabilized following adjustments made post the CPCB IV+.
- **Industrial revenue declined by 5% YoY to Rs3.9bn** primarily impacted by an extended monsoon affecting the construction segment (-17% YoY to Rs1.2bn) and a slowdown in mining activities along with delayed tendering from Coal India (-47% YoY to Rs170mn). This was partially offset by healthy execution in the railways segment, particularly Power Car and Diesel Electric Tower Car orders, which grew 14% YoY to Rs1.2bn. Management highlighted that the government's increasing focus on the marine sector in recent months could create significant growth opportunities going forward.
- **Distribution revenue increased by 21% YoY to ~Rs8bn**, driven by improved market penetration across Powergen, Railways, and aftermarket solutions. Management highlighted that with the continued expansion in economic activity and stronger market acceptance of its products, the Distribution segment is expected to maintain a similar growth trajectory going forward.
- **Exports increased by 24% YoY to Rs5.5bn** driven by strong growth in HHP exports to Europe (+40% YoY to ~Rs2.8bn) and LHP exports to Europe and Middle east (+11% YoY to ~Rs2.2bn). Key export markets such as Africa, the US, Latin America, Europe, and the Middle East continued to act as major growth drivers. However, management indicated a degree of sluggishness in new order inflows and expects some softness in the near term due to ongoing inventory correction in the market.
- **Data center** where KKC largely caters to the **2000–3000 MW**, facing competition from MNCs and Chinese players. KKC is enhancing capacity to reduce lead times and focusing on domestic opportunities, particularly hyperscale data centers. While global markets like the US, China, and Europe are growing rapidly, management noted that India's data center growth remains relatively slower.
- **Competition** in the Powergen business continues to intensify, but KKPC retains a strong value proposition in the market. While competitors with established domestic and global brands offer competitive pricing, competition is particularly high in the LHP and MHP segments. However, the HHP segment has relatively fewer players, giving KKPC a distinct competitive advantage.



Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	1,03,394	1,19,808	1,35,891	1,52,350
YoY gr. (%)	15.4	15.9	13.4	12.1
Cost of Goods Sold	65,916	76,317	86,699	97,047
Gross Profit	37,478	43,490	49,193	55,303
Margin (%)	36.2	36.3	36.2	36.3
Employee Cost	7,740	8,387	9,648	10,969
Other Expenses	9,058	10,160	11,646	4,494
EBITDA	20,680	24,944	27,898	31,277
YoY gr. (%)	17.4	20.6	11.8	12.1
Margin (%)	20.0	20.8	20.5	20.5
Depreciation and Amortization	1,829	1,973	2,144	2,324
EBIT	18,851	22,971	25,754	28,954
Margin (%)	18.2	19.2	19.0	19.0
Net Interest	151	59	59	59
Other Income	6,261	7,188	7,814	8,836
Profit Before Tax	24,961	30,100	33,508	37,730
Margin (%)	24.1	25.1	24.7	24.8
Total Tax	5,904	7,224	8,210	9,244
Effective tax rate (%)	23.7	24.0	24.5	24.5
Profit after tax	19,058	22,876	25,299	28,486
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	19,058	22,876	25,299	28,486
YoY gr. (%)	14.7	20.0	10.6	12.6
Margin (%)	18.4	19.1	18.6	18.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	19,058	22,876	25,299	28,486
YoY gr. (%)	14.8	20.0	10.6	12.6
Margin (%)	18.4	19.1	18.6	18.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	19,058	22,876	25,299	28,486
Equity Shares O/s (m)	277	277	277	277
EPS (Rs)	68.8	82.5	91.3	102.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	22,893	25,193	27,493	29,793
Tangibles	22,893	25,193	27,493	29,793
Intangibles	-	-	-	-
Acc: Dep / Amortization	9,970	11,943	14,087	16,411
Tangibles	9,970	11,943	14,087	16,411
Intangibles	-	-	-	-
Net fixed assets	12,923	13,250	13,406	13,382
Tangibles	12,923	13,250	13,406	13,382
Intangibles	-	-	-	-
Capital Work In Progress	2,211	2,211	2,211	2,211
Goodwill	-	-	-	-
Non-Current Investments	9,749	11,622	12,702	13,854
Net Deferred tax assets	(913)	(913)	(913)	(913)
Other Non-Current Assets	1,468	1,737	1,970	2,209
Current Assets				
Investments	9,321	11,321	13,321	15,321
Inventories	10,222	13,130	15,637	17,531
Trade receivables	22,925	26,169	29,682	33,342
Cash & Bank Balance	25,103	28,942	29,997	35,518
Other Current Assets	1,469	1,677	1,902	2,133
Total Assets	96,057	1,10,837	1,21,711	1,36,490
Equity				
Equity Share Capital	554	554	554	554
Other Equity	69,626	83,216	93,188	1,04,724
Total Networth	70,180	83,770	93,742	1,05,278
Non-Current Liabilities				
Long Term borrowings	204	204	204	204
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	92	92	92	92
Trade payables	15,682	16,740	18,615	20,870
Other current liabilities	8,985	9,118	8,145	9,133
Total Equity & Liabilities	96,057	1,10,837	1,21,711	1,36,490

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	24,961	30,100	33,508	37,730
Add. Depreciation	1,829	1,973	2,144	2,324
Add. Interest	151	59	59	59
Less Financial Other Income	6,261	7,188	7,814	8,836
Add. Other	(3,783)	-	-	-
Op. profit before WC changes	23,158	32,132	35,712	40,114
Net Changes-WC	(657)	(5,585)	(5,705)	(2,912)
Direct tax	(5,614)	(7,224)	(8,210)	(9,244)
Net cash from Op. activities	16,888	19,323	21,797	27,957
Capital expenditures	664	(6,138)	(5,356)	(5,427)
Interest / Dividend Income	3,491	-	-	-
Others	-	-	-	-
Net Cash from Inv. activities	4,156	(6,138)	(5,356)	(5,427)
Issue of share cap. / premium	-	-	-	-
Debt changes	(1,000)	-	-	-
Dividend paid	(10,534)	(9,286)	(15,327)	(16,950)
Interest paid	(51)	(59)	(59)	(59)
Others	(74)	-	-	-
Net cash from Fin. activities	(11,659)	(9,346)	(15,386)	(17,010)
Net change in cash	9,384	3,839	1,055	5,521
Free Cash Flow	14,512	17,023	19,497	25,657

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	68.8	82.5	91.3	102.8
CEPS	75.3	89.6	99.0	111.1
BVPS	253.2	302.2	338.2	379.8
FCF	52.4	61.4	70.3	92.6
DPS	51.5	55.3	61.1	68.9
Return Ratio(%)				
RoCE	28.3	29.7	28.9	29.0
ROIC	44.7	47.2	42.5	44.6
RoE	28.9	29.7	28.5	28.6
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)
Net Working Capital (Days)	62	69	72	72
Valuation(x)				
PER	62.4	52.0	47.0	41.8
P/B	17.0	14.2	12.7	11.3
P/CEPS	57.0	47.9	43.4	38.6
EV/EBITDA	55.9	46.1	41.1	36.4
EV/Sales	11.2	9.6	8.4	7.5
Dividend Yield (%)	1.2	1.3	1.4	1.6

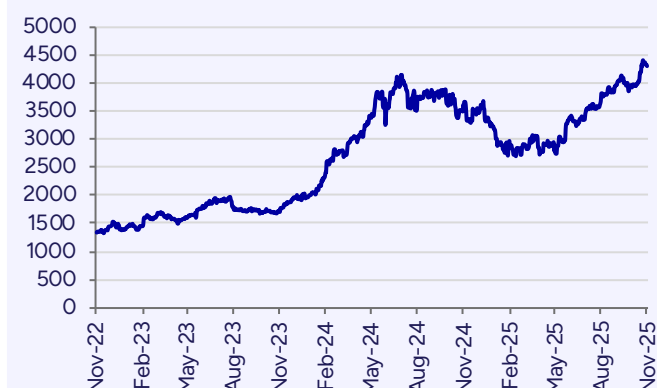
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	30,860	24,569	29,068	31,703
YoY gr. (%)	21.8	6.1	26.2	27.2
Raw Material Expenses	20,132	15,438	18,316	20,123
Gross Profit	10,729	9,131	10,752	11,579
Margin (%)	34.8	37.2	37.0	36.5
EBITDA	6,000	5,197	6,235	6,948
YoY gr. (%)	11.5	(4.5)	33.4	44.4
Margin (%)	19.4	21.2	21.4	21.9
Depreciation / Depletion	481	457	479	492
EBIT	5,519	4,739	5,756	6,456
Margin (%)	17.9	19.3	19.8	20.4
Net Interest	27	52	27	26
Other Income	1,209	2,119	1,529	1,964
Profit before Tax	6,702	6,807	7,700	8,394
Margin (%)	21.7	27.7	26.5	26.5
Total Tax	1,562	1,593	1,807	2,017
Effective tax rate (%)	23.3	23.4	23.5	24.0
Profit after Tax	5,140	5,214	5,893	6,377
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,140	5,214	5,555	6,377
YoY gr. (%)	12.7	(7.2)	32.3	41.5
Margin (%)	16.7	21.2	19.1	20.1
Extra Ord. Income / (Exp)	-	-	338	-
Reported PAT	5,140	5,214	5,893	6,377
YoY gr. (%)	13.0	(7.2)	40.4	41.5
Margin (%)	16.7	21.2	20.3	20.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,140	5,214	5,893	6,377
Avg. Shares O/s (m)	277	277	277	277
EPS (Rs)	18.5	18.8	20.0	23.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	3,895	3,957
2	08-Aug-25	Hold	3,895	3,807
3	09-Jul-25	BUY	3,647	3,478
4	29-May-25	BUY	3,646	3,169
5	09-Apr-25	BUY	3,309	2,746
6	10-Feb-25	BUY	3,723	2,870
7	09-Jan-25	Accumulate	4,139	3,164
8	08-Nov-24	Accumulate	4,138	3,655

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

ANALYST CERTIFICATION

(Indian Clients)

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