

Cummins India (KKC IN)

Q4FY26 Result Update

June 1, 2026

Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Reduce		Hold	
Target Price	5,133		4,182	
Sales (INR mn)	138,906	160,665	134,247	151,967
% Chng.	3.5	5.7		
EBITDA (INR mn)	30,115	34,832	27,964	31,503
% Chng.	7.7	10.6		
EPS (INR)	98.4	114.0	91.1	103.3
% Chng.	8.0	10.4		

Key Data

CUMM.BO | KKC IN

BSE Code	500480
NSE Code	CUMMINSIND
52-W High / Low	INR 6,142 / INR 2,980
Face Value	2
Sensex / Nifty	74,776 / 23,548
Market Cap	INR 1,630 bn / \$ 17,160 mn
Shares Outstanding	277.2 mn
3M Avg. Daily Value	INR 3,593.15 mn

Shareholding Pattern (%)

Promoters	51
FII's	20.77
Mutual Funds	13.70
Domestic Institutions	5.85
Public & Others	8.68
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	11.2	20.1	31.3	85.6
Relative	15.3	30.5	50.5	102.6

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	103,394	121,432	138,906	160,665
EBITDA (INR mn)	20,680	25,949	30,115	34,832
Margin (%)	20.0	21.4	21.7	21.7
PAT (INR mn)	19,058	23,561	27,287	31,621
EV (INR mn)	1,596,086	1,591,353	1,578,658	1,570,786
Total Debt (INR mn)	297	365	365	365
C&C Eq. (INR mn)	2,350	5,000	15,695	21,567
EPS (INR)	68.8	85.0	98.4	114.1
Gr. (%)	14.7	23.6	15.8	15.9
DPS (INR)	52.0	52.0	66.0	76.4
Yield (%)	0.9	0.9	1.1	1.3
RoE (%)	28.9	31.6	31.0	30.5
RoCE (%)	28.3	32.0	31.6	31.2
EV/Sales (x)	15.4	13.1	11.4	9.8
EV/EBITDA (x)	77.2	61.3	52.4	45.1
PE (x)	85.5	69.2	59.7	51.6
P/BV (x)	23.2	20.6	16.8	14.8

Strong domestic demand aided by data center

Quick Pointers

- Management expects moderate growth for FY27, supported by healthy domestic demand amid softness in export
- Data centres accounted for ~30-35% of domestic Powergen revenue in FY26 and ~35% in Q4FY26

We revised our EPS estimates by +8%/10.4% for FY27E/FY28E factoring in healthy domestic powergen demand, increasing contribution from data centers and distribution business, and sustained margin resilience. Cummins India (KKC) reported a strong quarter, with revenue growing 22.6% YoY to Rs30.1bn driven by robust demand across domestic power generation and distribution businesses with EBITDA margin remained broadly stable at 21.3% (+17bps YoY) supported by operating leverage and favourable business mix. Data centres continue to be a key growth driver, contributing ~30–35% of domestic power generation revenue, with enquiry momentum from both hyperscalers and co-location players. Importantly, power generation (ex-data centre) demand also remained healthy, supported by manufacturing, solar cell facilities, pharma, commercial real estate, luxury housing and quick-commerce infrastructure, reflecting broad-based strength across end markets. Management highlighted healthy order momentum in railways and mining, while the distribution business continues to benefit from a growing installed base, increasing penetration of CPCB IV+ service offerings and predictive maintenance solutions. While exports demand particularly in Europe and Asia-Pacific markets, expected to remain moderate however outlook remain healthy driven by rising data-centre investments, healthy domestic industrial demand and continued focus on localization, manufacturing modernization and service-led growth. The stock is currently trading at a P/E of 59.7x/51.6x of FY27/28E. We roll forward to Mar'28E and downgrade our rating from 'Hold' to 'Reduce' given rally in stock price valuing the stock at a PE of 45x Mar'28E (43x Sep'27E earlier) with revised TP of Rs5,133 (Rs4,182 earlier).

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

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	27,028	30,112	11.0	24,569	23.0
EBITDA (INR mn)	5,737	6,422	12.0	5,197	24.0
Margin (%)	21.2	21.3	10 bps	21.2	10 bps
PAT (INR mn)	5,572	6,255	12.0	5,214	20.0

Source: Company, PL

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Margin expansion aided by operating leverage: Standalone revenue increased by 22.6% YoY to Rs30.1bn (PLe: Rs27bn). Gross margin contracted by 113bps YoY to 36.0% (PLe: 36.6%). EBITDA increased by 23.6% YoY to Rs6.4bn (PLe: Rs5.7bn) while EBITDA margin remained flattish (+17bps) YoY to 21.3% (PLe: 21.2%) driven by better operating leverage and partly offset by lower gross margin. PBT (ex-Extra-ordinaries) increased by 20.5% YoY to Rs8.2bn (PLe: Rs7.3bn) aided by higher other income (+9.3% YoY to Rs2.3bn). Adj PAT increased by 19.9% YoY to Rs6.3bn (PLe: Rs5.6bn) driven by a better operating performance and further aided by a flattish tax rate. Company has reversed the impact of Rs323mn on account of new labour code which have been accounted under extraordinary gains.

Strong Powergen momentum while exports remain subdued: Domestic sales decreased by 29.9% YoY to Rs25.1bn due to growth in Powergen (+48% YoY) and distribution business (+21% YoY) sales, while the Industrial business sales remained flat at Rs3.8bn (+1% YoY). Domestic Powergen revenue mix stood at 74%/8%/14%/4% for HHP/HHD/MHP/LHP. Exports decreased by ~6% YoY, to Rs4.5bn. Export mix stood at 28%/48%/24% for LHP/HHP/Spares.

Exhibit 1 : Revenue increased by 22.7% YoY to Rs29.6bn while EBITDA margin remain flattish YoY

(INR mn)	Q4FY26	Q4FY25	YoY gr.	Q4FY26E	% Var.	Q3FY26	QoQ gr.	FY26	FY25	YoY gr.
Sales	29,632	24,144	22.7%	26,619	11.3%	30,062	-1.4%	1,19,497	1,01,662	17.5%
Other operating income	480	425	12.8%	409	17.3%	487	-1.4%	1,935	1,732	11.7%
Total Revenue	30,112	24,569	22.6%	27,028	11.4%	30,549	-1.4%	1,21,432	1,03,394	17.4%
Gross Profit	10,852	9,131	18.8%	9,894	9.7%	11,564	-6.2%	44,747	37,478	19.4%
Margin (%)	36.0	37.2	(113)	36.6	(56.7)	37.9	(182)	36.8	36.2	60
Employee Cost	1,964	1,668	17.7%	1,828	7.4%	2,003	-2.0%	7,947	7,740	2.7%
as % of sales	6.5	6.8	(27)	6.8	(24.1)	6.6	(4)	6.5	7.5	(94)
Other expenditure	2,467	2,267	8.8%	2,329	5.9%	2,716	-9.2%	10,351	9,058	14.3%
as % of sales	8.2	9.2	(103)	8.6	(42.6)	8.9	(70)	8.5	8.8	(24)
EBITDA	6,422	5,197	23.6%	5,737	11.9%	6,845	-6.2%	26,449	20,680	27.9%
Margin (%)	21.3	21.2	17	21.2	10.0	22.4	(108)	21.8	20.0	178
Depreciation	511	457	11.7%	498	2.5%	504	1.4%	1,986	1,829	8.6%
EBIT	5,911	4,739	24.7%	5,239	12.8%	6,341	-6.8%	24,464	18,851	29.8%
Margin (%)	19.6	19.3	34	19.4	24.7	20.8	(113)	20.1	18.2	191
Other Income	2,315	2,119	9.3%	2,093	10.6%	1,397	65.7%	7,205	6,261	15.1%
Interest	24	52	-52.8%	19	29.0%	48	-49.2%	124	151	-17.9%
PBT (ex. Extra-ordinaries)	8,202	6,807	20.5%	7,313	12.2%	7,691	6.6%	31,544	24,961	26.4%
Margin (%)	27.2	27.7	(47)	27.1	18.2	25.2	206	26.0	24.1	184
Extraordinary Items	323	-	-	-	-	(1,765)	-	(1,001)	-	-
PBT	8,525	6,807	25.2%	7,313	16.6%	5,925	43.9%	30,544	24,961	22.4%
Total Tax	2,024	1,593	27.0%	1,740	16.3%	1,394	45.2%	7,242	5,904	22.7%
Effective Tax Rate (%)	23.7	23.4	33	23.8	(6.1)	23.5	21	23.7	23.7	6
Reported PAT	6,501	5,214	24.7%	5,572	16.7%	4,531	43.5%	23,302	19,058	22.3%
Adj. PAT	6,254	5,214	19.9%	5,572	12.2%	5,882	6.3%	24,065	19,058	26.3%
Margin (%)	20.8	21.2	(45)	20.6	15.2	19.3	151	19.8	18.4	139
Adj. EPS	22.6	18.8	19.9%	20.1	12.2%	21.2	6.3%	86.8	68.8	26.3%

Source: Company, PL

Exhibit 2 : Domestic sales increased by ~30% YoY while Exports sales decreased by ~6% YoY

Revenue Mix (Rs mn)	Q4FY26	Q4FY25	YoY gr.	Q3FY26	QoQ gr.	FY26	FY25	YoY gr.
By Geography								
Domestic	25,130	19,350	29.9%	25,350	-0.9%	99,610	83,950	18.7%
Exports	4,500	4,790	-6.1%	4,710	-4.5%	19,890	17,710	12.3%
Domestic breakup								
Power Generation	12,940	8,740	48.1%	10,690	21.0%	47,590	38,440	23.8%
Distribution	7,660	6,310	21.4%	9,390	-18.4%	32,780	26,870	22.0%
Industrial	3,810	3,790	0.5%	4,660	-18.2%	16,520	16,680	-1.0%
Export breakup								
Low HP	1,270	2,150	-40.9%	1,860	-31.7%	7,570	7,840	-3.4%
High HP	2,170	2,180	-0.5%	2,320	-6.5%	9,800	8,220	19.2%
Spares	1,060	460	130.4%	530	100.0%	2,520	1,660	51.8%

Source: Company, PL

Conference Call Highlights:

Guidance & Outlook: Management highlighted **stable domestic demand** with **moderate growth** expected across segments in **FY27** despite macro uncertainty. Demand remains healthy across power generation, railways and manufacturing segments, while construction demand remains stable. Export visibility continues to remain uncertain amid **geopolitical disruptions**, while commodity inflation, forex volatility and supply-chain constraints remain key near-term headwinds.

Data Center Opportunity (~30–35% of Powergen revenue): Management highlighted strong momentum in the data-center segment, which contributed ~30–35% of domestic Powergen revenue in FY26 and ~35% in Q4FY26. Inquiry activity has strengthened materially since Oct'25, driven by both hyperscalers and colocation players. Cummins continues to differentiate through localized products, integrated power solutions and aftermarket support focused on ensuring 99.99% uptime. Orders are typically received 6–12 months ahead of site readiness, while Cummins Inc.'s planned USD450mn investment to add 20GW of global capacity is expected to improve supply availability and reduce lead times over time.

Power Generation : Powergen (ex-data center) business also witnessed healthy double-digit growth during the year, supported by robust demand across railways, real estate, solar-cell manufacturing, quick-commerce infrastructure and pharma sectors. Management noted that inquiries and order inflows across these segments continue to remain healthy, though it remains watchful of inflation, commodity price increases and supply-chain constraints that could impact near-term demand. Higher commodity prices and inflation could make demand for lower-range products (CPCB IV+) more elastic, potentially reducing order velocity. Demand for high horsepower projects is largely inelastic to commodity price changes because these are long-term, project-based plans.

Industrial: Railways and Mining are expected to be key growth drivers in FY27, supported by a healthy order book, strong tender activity and sustained demand visibility. Railways delivered a strong Q4FY26 performance, with robust order inflows across both Industrial and Distribution businesses. Mining demand is showing early recovery after a subdued period, with tender activity picking up over the past six months and order books gradually improving. Construction demand remains moderate, with road infrastructure activity continuing but at a slower pace compared to elevated levels seen a few years ago. The Compressor segment is entering a cyclical downcycle after a strong growth phase over the past few years, which may limit near-term growth.

Exports (17% of total revenue): Export markets in Europe and Asia continue to witness moderate growth, while Middle East demand remains uncertain amid ongoing geopolitical tensions. Management highlighted that supply-chain disruptions, labour shortages and logistics delays continue to impact movement of goods and near-term export visibility.

Commodity Inflation & Supply Chain: Commodity inflation remains a key challenge, as price increases are difficult to pass through on previously booked orders. Lead times for imported high-horsepower engines such as QSK78 and QSK95 remain elevated due to strong global data center demand, while QSK60 platforms are largely localized. Management highlighted that localization levels across CPCB IV+ and data center products remain high, limiting margin impact from imported content.

BESS & Energy Storage: Management remains positive on the long-term battery energy storage system (BESS) opportunity, which is increasingly becoming part of integrated customer power solutions. While the current opportunity pipeline remains nascent, management expects BESS to emerge as a meaningful long-term growth driver as adoption scales up.

Capex & Capacity Expansion: Cummins has invested over **Rs10bn** over the last five years toward plant modernization and capacity expansion initiatives. Management highlighted that overall capacity utilization currently stands at **~70%**, with continued investments underway to improve manufacturing efficiency and increase output over time. Ongoing investments remain focused on supporting future demand growth across data centers, power generation and industrial segments.

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	103,394	121,432	138,906	160,665
YoY gr. (%)	15.4	17.4	14.4	15.7
Cost of Goods Sold	65,916	76,685	88,067	101,701
Gross Profit	37,478	44,747	50,840	58,964
Margin (%)	36.2	36.8	37.0	37.0
Employee Cost	7,740	7,947	8,890	10,363
Other Expenses	9,058	10,851	11,835	4,740
EBITDA	20,680	25,949	30,115	34,832
YoY gr. (%)	17.4	25.5	16.1	15.7
Margin (%)	20.0	21.4	21.7	21.7
Depreciation and Amortization	1,829	1,986	2,208	2,405
EBIT	18,851	23,964	27,906	32,428
Margin (%)	18.2	19.7	20.1	20.2
Net Interest	151	124	59	59
Other Income	6,261	7,205	8,057	9,238
Profit Before Tax	24,961	30,044	35,904	41,607
Margin (%)	24.1	24.7	25.8	25.9
Total Tax	5,904	7,242	8,617	9,986
Effective Tax Rate (%)	23.7	24.1	24.0	24.0
Profit After Tax	19,058	22,802	27,287	31,621
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	19,058	23,561	27,287	31,621
YoY gr. (%)	14.7	23.6	15.8	15.9
Margin (%)	18.4	19.4	19.6	19.7
Extra Ord. Income / (Exp)	-	(759)	-	-
Reported PAT	19,058	22,802	27,287	31,621
YoY gr. (%)	14.8	19.6	19.7	15.9
Margin (%)	18.4	18.8	19.6	19.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	19,058	22,802	27,287	31,621
Equity Shares O/s (mn)	277	277	277	277
EPS (INR)	68.8	85.0	98.4	114.1

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	22,893	25,633	28,133	30,633
Tangibles	22,893	25,633	28,133	30,633
Intangibles	-	-	-	-
Acc: Dep / Amortization	9,970	11,956	14,164	16,569
Tangibles	9,970	11,956	14,164	16,569
Intangibles	-	-	-	-
Net Fixed Assets	12,923	13,678	13,969	14,064
Tangibles	12,923	13,678	13,969	14,064
Intangibles	-	-	-	-
Capital Work In Progress	2,211	2,066	2,066	2,066
Goodwill	-	-	-	-
Non-Current Investments	9,749	9,528	9,116	11,283
Net Deferred Tax Assets	(913)	(965)	(965)	(965)
Other Non-Current Assets	1,468	900	2,014	2,330
Current Assets				
Investments	9,321	15,484	17,484	19,484
Inventories	10,222	11,685	15,984	18,488
Trade Receivables	22,925	27,543	30,340	35,128
Cash & Bank Balance	25,103	23,741	34,436	40,308
Other Current Assets	1,469	1,982	2,361	2,410
Total Assets	96,057	107,273	128,674	146,605
Equity				
Equity Share Capital	554	554	554	554
Other Equity	69,626	78,424	96,424	109,763
Total Network	70,180	78,978	96,979	110,317
Non-Current Liabilities				
Long Term Borrowings	204	200	200	200
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	92	164	164	164
Trade Payables	15,682	16,500	19,028	22,009
Other Current Liabilities	8,985	10,464	11,337	12,948
Total Equity & Liabilities	96,057	107,273	128,674	146,605

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	24,961	30,544	35,904	41,607
Add. Depreciation	1,829	1,986	2,208	2,405
Add. Interest	151	124	59	59
Less Financial Other Income	6,261	7,205	8,057	9,238
Add. Other	(3,783)	(4,154)	-	-
Op. Profit before WC Changes	23,158	28,500	38,171	44,071
Net Changes-WC	(657)	(4,895)	(5,452)	(3,237)
Direct Tax	(5,614)	(6,262)	(8,617)	(9,986)
Net Cash from Op. Activities	16,888	17,343	24,102	30,848
Capital Expenditures	664	(7,944)	(4,062)	(6,634)
Interest / Dividend Income	3,491	4,053	-	-
Others	-	-	-	-
Net Cash from Inv. Activities	4,156	(3,891)	(4,062)	(6,634)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	(1,000)	-	-	-
Dividend Paid	(10,534)	(14,830)	(9,286)	(18,282)
Interest Paid	(51)	(29)	(59)	(59)
Others	(74)	(91)	-	-
Net Cash from Fin. Activities	(11,659)	(14,951)	(9,346)	(18,341)
Net Change in Cash	9,384	(1,499)	10,695	5,872
Free Cash Flow	14,512	14,826	21,602	28,348

Source: Company, PL

Quarterly Financials (INR mn)

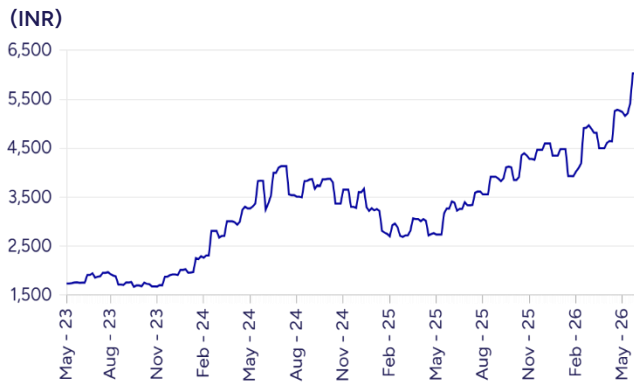
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	29,068	31,703	30,549	30,112
YoY gr. (%)	26.2	27.2	(1.0)	22.6
Raw Material Expenses	18,316	20,123	18,985	19,260
Gross Profit	10,752	11,579	11,564	10,852
Margin (%)	37.0	36.5	37.9	36.0
EBITDA	6,235	6,948	6,845	6,422
YoY gr. (%)	33.4	44.4	14.1	23.6
Margin (%)	21.4	21.9	22.4	21.3
Depreciation / Depletion	479	492	504	511
EBIT	5,756	6,456	6,341	5,911
Margin (%)	19.8	20.4	20.8	19.6
Net Interest	27	26	48	24
Other Income	1,529	1,964	1,397	2,315
Profit before Tax	7,700	8,394	5,925	8,525
Margin (%)	26.5	26.5	19.4	28.3
Total Tax	1,807	2,017	1,394	2,024
Effective Tax Rate (%)	23.5	24.0	23.5	23.7
Profit After Tax	5,893	6,377	4,531	6,501
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,555	6,377	5,881	6,255
YoY gr. (%)	32.3	41.5	14.4	20.0
Margin (%)	19.1	20.1	19.3	20.8
Extra Ord. Income / (Exp)	338	-	(1,350)	247
Reported PAT	5,893	6,377	4,531	6,501
YoY gr. (%)	40.4	41.5	(11.8)	24.7
Margin (%)	20.3	20.1	14.8	21.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,893	6,377	4,531	6,501
Avg. Shares O/s (mn)	277	277	277	277
EPS (INR)	20.0	23.0	21.2	22.6

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	68.8	85.0	98.4	114.1
CEPS	75.3	92.2	106.4	122.7
BVPS	253.2	284.9	349.9	398.0
FCF	52.4	53.5	77.9	102.3
DPS	52.0	52.0	66.0	76.4
Return Ratio (%)				
RoCE	28.3	32.0	31.6	31.2
ROIC	44.7	51.0	58.2	55.7
RoE	28.9	31.6	31.0	30.5
Balance Sheet				
Net Debt : Equity (x)	-	-	-	-
Net Working Capital (Days)	62	68	72	72
Valuation (x)				
PER	85.5	69.1	59.7	51.5
P/B	23.2	20.6	16.8	14.7
P/CEPS	78.0	63.8	55.2	47.9
EV/EBITDA	77.1	61.3	52.4	45.0
EV/Sales	15.4	13.1	11.3	9.7
Dividend Yield (%)	0.8	0.8	1.1	1.2
FCFF Yield (%)	0.8	0.9	1.3	1.7
PEG Ratio	5.8	2.9	3.7	3.2

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	Hold	4182	4907
2	06-Feb-26	Hold	4182	4391
3	07-Jan-26	Hold	4172	4148
4	07-Nov-25	Hold	4172	4292
5	07-Oct-25	Hold	3895	3957
6	08-Aug-25	Hold	3895	3807
7	09-Jul-25	BUY	3647	3478
8	29-May-25	BUY	3646	3169
9	09-Apr-25	BUY	3309	2746
10	10-Feb-25	BUY	3723	2870

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ABB India	HOLD	6523	7013
2	Apar Industries	Hold	13309	13426
3	BEML	Accumulate	1922	1603
4	Bharat Electronics	Accumulate	453	413
5	BHEL	REDUCE	321	377
6	Carborundum Universal	REDUCE	986	1102
7	Cummins India	Hold	4182	4907
8	Elgi Equipments	Accumulate	603	500
9	Engineers India	Buy	271	216
10	GE Vernova T&D India	Accumulate	4650	4385
11	Grindwell Norton	Accumulate	1887	1680
12	Harsha Engineers International	Hold	461	439
13	Hindustan Aeronautics	BUY	5423	4386
14	Hitachi Energy India	REDUCE	30768	35995
15	Ingersoll-Rand (India)	Buy	4589	3798
16	Kalpataru Projects International	BUY	1466	1258
17	KEC International	Accumulate	558	499
18	Kirloskar Pneumatic Company	BUY	1715	1448
19	Larsen & Toubro	BUY	4632	4055
20	Praj Industries	Accumulate	340	337
21	Siemens	Hold	3750	3879
22	Siemens Energy India	Accumulate	3274	3086
23	Thermax	REDUCE	3969	4678
24	Triveni Turbine	HOLD	638	638
25	Voltamp Transformers	Accumulate	10503	10002

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

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