

## Cummins India (KKC) – BUY

### Result Update

Current Market Price (CMP)

**Rs.3,268**

Fair Value (FV)

**Rs.3,900**

### Rationale:

- KKC reported a 4% beat in EBITDA in Q4FY25, with gross margin uptick more than compensating for modest growth on a high revenue base.
- Margin expansion from stable pricing, improving costing and operating leverage.
- We see a strong case for KKC achieving double-digit revenue growth in FY26.
- We increase our EBITDA estimates by 2%, as we increase margin estimates by 100 bps.
- We roll forward to 40X Jun'27E EPS to arrive at FV of Rs3,900 (from Rs3700); BUY stays.

(EBITDA: Earnings before interest, depreciation, amortization and tax, EPS: Earnings per share, CPCB: Central Pollution Control Board, HHP: High horse power, PBT: Profit before tax)

### Q4FY25 Earnings update:

#### **Positives:**

- Full-year revenues/EBITDA/PBT grew 15%/17%/16%.
- Being able to hold on to pricing levels in CPCB IV+ products.
- Continues to improve competitive positioning within the HHP powergen segment.

#### **Negatives:**

- The company is seeing incremental competition in data centre market.
- Exports (flat qoq, up 43% yoy) are still lacking broad-based strength.

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For detailed report dated 29<sup>th</sup> May 2025. Note: CMP & valuation may differ due to difference in dates.



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