Dated: 31 July 2025

# Cummins India (KKC) – BUY

## Company Update

| Current Market Price (CMP) | Fair Value (FV) |
|---|---|
| **Rs.3,556** | **Rs.4,000** |

## Rationale:

- FY25 was an active year in driving new business plays in distribution & exports.
- Distribution: New avenues adding to strength of on-highway and emission control.
- Exports: New markets and penetration drive growth; macro yet to turn supportive.
- Powergen: Potentially driving price correction, reflecting improved positioning.
- We trim estimates on margin, marginally increase FV to Rs4,000 on roll-forward.
- BESS opportunity is the key upside risk beyond the FV of Rs4,000. BUY stays.

## Company update:

### Positives:

- Powergen business gained market share and forged cost competitiveness.
- Well-positioned to retain a large part of the outperformance seen in CPCB IV regime.
- Cummins India has meaningful scope of growing its distribution business over time.

### Negatives:

- We lower margin estimates by 50 bps and assume a flat margin print over FY25-28.
- We bake in risks to the high base of pricing in powergen in a 2% cut in EPS estimates.

(EPS: Earnings per share, CPCB: Central Pollution Control Board, BESS: Battery energy storage system)

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For detailed report dated 20 July 2025. Note: CMP & valuation may differ due to difference in dates