

# Ratings Monitor

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

## Cummins India (KKC)

Current Market Price	Fair Value (FV)
Rs.5881	Rs.5600

**Date:** 1 June 2026

**Previous Rating:** - **ADD**

**Current Rating:** **REDUCE**

**Change:** **Downgrade**

### Ratings Rationale

- Q4 results were 6%/9%/10% on ahead of our expectations of revenue/EBITDA/PBT.
- These were led by a scale-up in DC contribution to sales (>13% of consolidated sales).
- There was slippage in market share in non-HHP powergen (11% of consolidated sales).
- Gross margin deteriorated by 100 bps yoy.
- Commodity price saw a qoq uptick in Q4.
- Company expects moderate growth across segments in FY27.
- We tweak our earnings estimates by (-)3% to 1% for FY27/28E.
- We increase FV to Rs5,600 on higher DC estimates and 45x multiple.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, PBT: Profit Before Tax, DC: Data Centre, TAM: Total Addressable Market, P/E: Price to Earnings, GW: Giga Watt, HHP: High Horse Power)

### Valuation

Downgrade to REDUCE from ADD on expensive 60x one-year forward P/E multiple

## RATING SCALE (PRIVATE CLIENT GROUP)

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### 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.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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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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