kotak Securities

Dated: 10 Nov 2025

Cummins India (KKC)- ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.4292	**Rs.4600**

Rationale:

- Cummins India continues to leverage market growth and defy competition.
- The sharp beat on Q2FY26 results was largely driven by lumpy datacenter sales, with most other businesses growing at a strong and faster-than-expected pace.
- Gross margins have improved 75 bps yoy, defying the boughtout effects of CPCB IV and rising competitive intensity.
- Remains our preferred pick in the capital goods coverage, given its diversified exposure across growth markets & strong positioning across key segments.
- We increase our estimates by 2-5% and roll forward to FV of Rs4,600 (from Rs4,400).

Positives:

- Reported a solid 27%/44%/42% yoy growth in revenues/EBITDA/PAT.
- EBITDA margin at 21.7% improved ~260 bps yoy; margin reflecting ability to defy competitive pressures.
- Powergen reported a solid yoy growth in execution.
- ~10% of the revenue growth linked to lumpy data center execution.
- Management guided for double-digit revenue growth yoy in FY26.
- We assume 14-16% CAGR in revenue/EBITDA/PAT over FY25-28.

Negatives:

- Industrials saw weakness on the back of extended monsoons.
- Exports seeing some sluggishness in orders.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit After Tax, CPCB: Central Pollution Control Board, CAGR: Compound Annual Growth Rate)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

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.
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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.

FUNDAMENTAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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