



## CUMMINS INDIA LTD.

Sector

Mar 09, 2026

Buy at CMP: Rs 4824 | Target: Rs 5094 (6%) | SL: Rs 4560

Automobile & Ancillaries

Cummins India comprises four business units: Engine, Power Systems, Components, and Distribution. The company is engaged in manufacturing, trading, and selling engines and related activities.

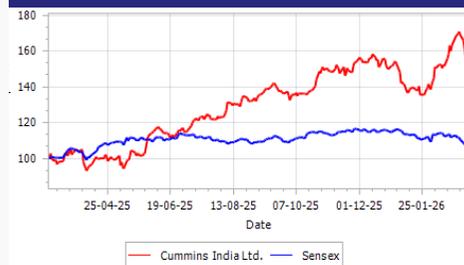
### Script Details

|                                |            |
|--------------------------------|------------|
| BSE Group                      | A          |
| BSE Code                       | 500480     |
| NSE Code                       | CUMMINSIND |
| Bloomberg Code                 | KKC IN     |
| Market Cap (INR Cr.)           | 1,32,849   |
| Free Float (%)                 | 49.0%      |
| 52wk Low/High                  | 4987/2595  |
| Beta (1yr Nifty 50)            | 1.10       |
| Face Value (INR)/ D. Yield (%) | 2/1.1      |
| Total paid Up Shares (Mn.)     | 277.2      |

### Share Holding Pattern (%)

| FII's | DII's | Public |
|-------|-------|--------|
| 45.0% | 20.8% | 34.2%  |

### Share Price Relative Performance



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### Investment Rationale

- ◆ **CPCB IV+ Adoption Expands Cummins' Service Moat:** After a period of transition, volumes for the technologically advanced CPCB IV+ emission norm products have returned to pre-transition (CPCB II) levels. This indicates the market has fully absorbed the higher pricing associated with these more complex engines. The transition to CPCB IV+ products has significantly increased the complexity of engines, which now feature advanced electronics, after-treatment systems, and sensors. This complexity creates a wider moat for authorized service, as third-party or "unorganized" players lack the technical expertise to maintain these assets, thereby driving customers toward Cummins' official distribution network.
- ◆ **Data Center Capex Boosts Power Generation Sales Mix:** Data center sales typically contribute between 15% and 20% of overall Power Generation revenue. However, this can spike significantly during periods of high project execution; for instance, in Q2 FY2025-26, data centers accounted for 40% of Power Generation sales. The data center vertical has emerged as a major growth engine, contributing between 15% and 40% of Power Generation sales, depending on project execution cycles. With new government tax incentives and hyperscaler (e.g., Microsoft, Google, Amazon) expansion, the pipeline for high-horsepower (HHP) gensets (2,500 kVA and above) remains strong for the next 3 to 4 years.
- ◆ **Distribution Segment Provides Stable, High-Margin Growth:** The Distribution Business Unit (DBU) represents a powerful, high-margin revenue stream that acts as a stabilizer against the lumpiness of project-based sales. This segment consistently delivers double-digit growth (ranging from 14% to 26% in recent quarters) by servicing the growing installed base of Cummins engines in the field. The Distribution business is a significant contributor to the company's gross margin expansion, which recently reached a historic high of approximately 38%.
- ◆ **Valuations:** We model a Revenue/PAT CAGR of 15%/16% and estimate CUMMINSIND to clock PAT of Rs 3,340 Cr by FY28E. CUMMINSIND is trading at forward P/E(x) of 39.8x and we value at 42(x) FY28E and Recommend BUY on CUMMINSIND with TP Price of Rs. 5,194 (6%).

| Year  | Revenue | EBITDA | PAT   | PE Ratio (x) | EV/EBITDA (x) |
|-------|---------|--------|-------|--------------|---------------|
| FY23  | 8,294   | 1,375  | 1,384 | 96.0         | 99.1          |
| FY24  | 9,098   | 1,901  | 1,829 | 72.6         | 71.7          |
| FY25  | 10,982  | 2,230  | 2,141 | 62.0         | 61.1          |
| FY26E | 12,629  | 2,778  | 2,526 | 52.6         | 49.0          |
| FY27E | 14,524  | 3,195  | 2,905 | 45.7         | 42.7          |
| FY28E | 16,702  | 3,674  | 3,340 | 39.8         | 37.1          |

Source: Company Data, Ace Equity, GEPL Research

## TECHNICAL VIEW

### Observation

- Cummins India has exhibited robust structural strength on the weekly scale, highlighted by a bullish polarity shift, where the prior resistance of the July 2024 swing high has turned into a support zone in February 2026. From this level, the stock has resumed its upward trajectory, indicating sustained buying interest.
- The stock continues to trade comfortably above its 12-, 26-, and 50-week EMAs, reflecting strong trend alignment and a well-established bullish structure across medium- to long-term timeframes.
- On the daily scale, the stock has witnessed a bullish mean reversion from the 26-day EMA, suggesting renewed strength and continuation of the prevailing uptrend.
- On the momentum front, the MACD indicator has exhibited a bullish crossover, signaling an improvement in momentum and reinforcing the sustainability of the ongoing trend.
- Given this robust alignment across multiple timeframes, the stock looks poised to advance toward an upside target of 5194, while a closing-basis stop loss at 4560 is advised to manage risk effectively.



 TradingView

Source: Tradingview.in, GEPL Research

### Inference & Expectations

- Considering these factors, it can be inferred that CUMMINSIND stock is set to continue up-trend.
- Going ahead we expect the prices to move higher till 5,194 level.
- The stop loss must be at 4,560 level, strictly on the closing basis.

| Name               | Designation              | Email                   | Contact           |
|--------------------|--------------------------|-------------------------|-------------------|
| Mr. Vidnyan Sawant | AVP – Technical Research | Vidnyan@geplcapital.com | +91 (22) 48934000 |

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**Reg./Corp. Office:** D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

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