



STOCK UPDATE

Company Update

SECTOR

Capital Goods

COMPANY DETAILS

Market cap:	Rs. 1,33,195 cr
52-week high/low:	Rs. 4,987/2,594
NSE volume: (No of shares)	9.5 lakh
BSE code:	500480
NSE code:	CUMMINSIND
Free float: (No of shares)	13.6 cr

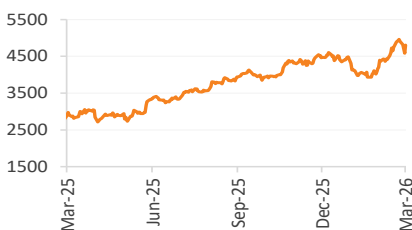
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	51.0
FII	19.4
DII	20.7
Others	8.9

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	15.4	7.8	21.1	62.0
Relative to Sensex	19.8	14.0	22.1	53.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 4,805**

Price Target: **Rs. 5,550**

Quick Snapshot

- Cummins is seeing demand revive in the powergen segment from across the sectors such as real estate, manufacturing, hospitals, datacenters, etc.
- Demand is picking up in high-HP products as prices stabilise, with incremental demand arising from datacenters, hospitals, hotels, etc.
- Cummins is emerging as a clear leader owing to early product launches, strong customer adoption and aftermarket support.
- We expect a 18%/19% CAGR in revenue/PAT (FY25-28E). Given a rise in domestic demand on explosive growth through data center business and gradual improvement in exports business, we maintain a Buy rating with a PT of Rs 5,550.

Data centers fuelling growth: Rising enquiries from marquee hyperscaler clients represent massive revenue opportunities. Cummins secured orders (its first AMC) from a large hyperscale data center in Pune in FY25, demonstrating its ability to win marquee clients. Moreover, on co-locators, the management said that they provide consistent, year-round demand, providing revenue visibility and stability. With India's data center capacity projected to double to 2 GW by 2026 and potentially 8 GW by 2030 (representing over \$30 billion in capital expenditure), Cummins is positioned at the epicenter of this multi-year mega-trend. It is already experiencing a staggering growth of 40% in its powergen business in Q2FY26. Management anticipates a sustained double-digit domestic revenue growth in the powergen business over medium term with the data center division expected to be a key beneficiary of increased enquiries from hyperscale operators. Domestic demand is expected to remain healthy, driven by commercial reality, residential reality, infrastructure & manufacturing sectors.

Industrial and distribution segments to support growth: These segments remain muted due to prolonged rains, sluggish railway projects and delayed mining orders. Meanwhile, the marine and the defence segments will drive growth. The Railways business remains tender-led, leading to quarterly fluctuations, but the management remains optimistic about the medium term, backed by anticipated government capex and upcoming project awards. Distribution is linearly attached to the growth of installed generator base on the ground. On-ground asset base has increased and demand was strongly supported by sectors such as powergen, railways, defence and mining.

Exports growth underway: Amid the global uncertainties management is confident of incremental exports and boarder-based growth across geographies. Exports offer both scale and margin benefits, with data center demand being a key structural tailwind. Cummins is working closely with its trade partners to drive growth in the respective end markets. It is cautiously optimistic about export demand recovery instead of economic & geopolitical events that have affected the market. Exports continue to benefit from global demand, particularly in data centers and the LHP segment across multiple regions.

Our Call

Valuation -Maintain Buy with a PT of Rs. 5,550: With management guiding for double-digit growth through FY27 and data centers alone offering 3-4 years of visibility, this is a structural growth story with secular tailwinds across every major end-market. We maintain our Buy on the stock with a revised PT of Rs 5,550, ascribing a multiple of 47x on FY28 earnings estimates.

Key Risks

- Potential supply-side issues can impact business outlook and earnings growth.
- Global demand weakness due to geopolitical uncertainties and economic headwinds pose downside export risks.

Valuation (Standalone)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net sales (Rs. crore)	8,959	10,339	12,124	14,251	17,029
OPM (%)	19.7	20.0	21.2	21.5	21.8
Net profit (Rs. crore)	1,662	1,906	2,297	2,707	3,245
EPS (Rs.)	60.0	68.8	82.9	97.7	117.1
EPS growth (%)	45.3	14.6	20.5	17.9	19.9
PER (x)	80.0	69.8	57.9	49.1	41.0
P/B (x)	21.6	19.0	15.1	12.1	9.7
EV/EBIDTA (x)	74.1	62.7	49.9	41.3	33.4
RoE (%)	28.8	28.9	29.1	27.4	26.3
RoCE (%)	35.7	37.3	38.5	36.3	34.9

Source: Company; Mirae Asset Sharekhan estimates

Additional Data**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	ICICI Prudential Asset Management	3.43
2	Vanguard Group Inc/The	2.27
3	HDFC Asset Management Co Ltd	1.98
4	Blackrock inc	1.79
5	Axis asset management	1.25
6	SBI Pension Funds Pvt Ltd	1.20
7	Mirae Asset Financial Group	1.12
8	SBI Funds Management Ltd	1.13
9	Franklin RFsources	1.02
10	HDFC Life Insurance Co	0.94

Source: Bloomberg

Key management personnel

Name	Designation
Shveta Arya	Managing Director
Ajay Patil	Chief Financial Officer

Source: Bloomberg

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