

August 8, 2025

## Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

|                     | Current      |          | Previous     |          |
|---------------------|--------------|----------|--------------|----------|
|                     | FY26E        | FY27E    | FY26E        | FY27E    |
| <b>Rating</b>       | <b>HOLD</b>  |          | <b>BUY</b>   |          |
| <b>Target Price</b> | <b>3,895</b> |          | <b>3,647</b> |          |
| Sales (Rs. m)       | 1,17,287     | 1,33,906 | 1,16,624     | 1,32,710 |
| % Chng.             | 0.6          | 0.9      |              |          |
| EBITDA (Rs. m)      | 23,598       | 26,955   | 22,882       | 25,985   |
| % Chng.             | 3.1          | 3.7      |              |          |
| EPS (Rs.)           | 78.4         | 90.6     | 75.9         | 86.8     |
| % Chng.             | 3.3          | 4.3      |              |          |

### Key Financials - Standalone

| Y/e Mar        | FY24   | FY25     | FY26E    | FY27E    |
|----------------|--------|----------|----------|----------|
| Sales (Rs. m)  | 89,586 | 1,03,394 | 1,17,287 | 1,33,906 |
| EBITDA (Rs. m) | 17,614 | 20,680   | 23,598   | 26,955   |
| Margin (%)     | 19.7   | 20.0     | 20.1     | 20.1     |
| PAT (Rs. m)    | 16,619 | 19,058   | 21,738   | 25,108   |
| EPS (Rs.)      | 60.0   | 68.8     | 78.4     | 90.6     |
| Gr. (%)        | 45.7   | 14.7     | 14.1     | 15.5     |
| DPS (Rs.)      | 38.0   | 51.5     | 52.5     | 60.7     |
| Yield (%)      | 1.0    | 1.4      | 1.4      | 1.6      |
| RoE (%)        | 28.8   | 28.9     | 28.5     | 28.6     |
| RoCE (%)       | 26.7   | 28.3     | 28.2     | 28.2     |
| EV/Sales (x)   | 11.5   | 9.9      | 8.7      | 7.6      |
| EV/EBITDA (x)  | 58.5   | 49.4     | 43.0     | 37.5     |
| PE (x)         | 63.5   | 55.4     | 48.5     | 42.0     |
| P/BV (x)       | 17.1   | 15.0     | 12.8     | 11.3     |

### Key Data

CUMM.BO | KKC IN

|                     |                        |
|---------------------|------------------------|
| 52-W High / Low     | Rs.3,929 / Rs.2,580    |
| Sensex / Nifty      | 79,858 / 24,363        |
| Market Cap          | Rs.1,055bn/ \$ 12,038m |
| Shares Outstanding  | 277m                   |
| 3M Avg. Daily Value | Rs.2107.99m            |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 51.00 |
| Foreign                 | 17.50 |
| Domestic Institution    | 22.53 |
| Public & Others         | 8.97  |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M   | 6M   | 12M |
|----------|------|------|-----|
| Absolute | 9.5  | 32.6 | 2.1 |
| Relative | 14.7 | 29.2 | 0.9 |

**Amit Anwani**

amitanwani@plindia.com | 91-22-66322250

**Prathmesh Salunkhe**

prathmeshsalunkhe@plindia.com | 91-22-66322324

**Hitesh Agarwal**

hiteshagarwal@plindia.com | 91-22-66322535

## Strong Q1; demand outlook optimistic

### Quick Pointers:

- Q1FY26 domestic/export mix stood at 82%/18% (vs 83%/17% in Q1FY25).
- Domestic powergen revenue grew ~32% YoY to Rs10.6bn with revenue mix stood at 60%/11%/21%/8% for HHP/HHD/MHP/LHP.

**Cummins India (KKC) delivered a strong quarterly performance with revenue growing 26.2% YoY and EBITDA margin expanding by 117 bps YoY to 21.4%. Management guided for double-digit revenue growth in FY26 on the back of strong demand across segments. In Powergen, CPCB IV+ compliant products accounted for ~60% of domestic sales, with overall volumes reaching CPCB II levels and pricing stabilizing despite competitive pressure. Key end markets including infrastructure, airports, healthcare, and manufacturing continue to drive Powergen growth. The Industrial segment maintained steady momentum, supported by strong execution and growing aftermarket services across Railways, Construction, Mining, and Compressors. New product launches and deeper market penetration further bolstered the Distribution segment. On the export front, Latin America and Europe remained primary growth drivers, although management remains cautiously optimistic amid global uncertainties. We revise our FY26/27 EPS estimates by 3.3%/4.3% factoring in strong execution and demand in domestic and export markets. We downgrade our rating from 'Buy' to 'Hold' given a recent rally in stock and valuing a stock at a PE of 43x Mar'27E (42x Mar'27E earlier) with revised TP of Rs3,895 (Rs3,646 earlier). The stock is trading at a P/E of 48.5x/42.0x FY26/27E.**

**Long term view:** We expect Cummins' outlook to remain intact given 1) strong domestic demand in Powergen across sectors with CPCB 4+ products witnessing traction, 2) maintain margin profile and 3) ample room for growth in the Distribution business.

**Profitability driven by better operating leverage:** Standalone revenue increased by 26.4% YoY to Rs28.6bn (PL: Rs24.9bn), led by strong growth in domestic (24.7% YoY to Rs23.4bn) and increase in export sales 34.4% YoY at Rs5.2bn. Gross margin contracted by 77bps YoY to 37.0% (PL: 36.2%). EBITDA increased by 33.4% YoY to Rs6.2bn (PL: Rs4.9bn) with EBITDA margin expanded by 117bps YoY to 21.4% (PL: 19.4%) driven by better operating leverage. PBT (ex. Extra ordinaries) increased by 31.7% YoY to Rs7.3bn (PL: Rs5.8bn) aided by lower interest cost (-44.3% YoY to Rs27mn). Adj.PAT increased by 32.2% YoY to Rs5.6bn (PL: Rs4.4bn) driven by increase in other income (+15.6% YoY to Rs1.5bn) and marginal decrease in effective rate.

**Strong domestic growth aided by powergen :** Domestic sales grew by 24.7% YoY to Rs23.4bn driven by Powergen (+32% YoY), Industrial (+12 YoY) and Distribution (+19% YoY). In Q1FY26 Domestic powergen revenue mix stood at 60%/11%/21%/8% for HHP/HHD/MHP/LHP. Exports increased by 34.4% YoY, to Rs5.2bn. Export mix stood at 43%/48%/9% for LHP/HHP/Spares in Q1FY26. LHP exports increased by ~45% YoY to Rs2.3bn, while HHP exports increased by ~25% YoY to Rs2.5bn and spares increased by 44% YoY to Rs460mn.

**Exhibit 1: Revenue increased by 26.4% YoY to Rs28.6bn led by strong growth in domestic 24.7% YoY to Rs23.4bn**

| Y/e March (Rs mn)                 | Q1FY26        | Q1FY25        | YoY gr.      | Q1FY26E       | % Var.       | Q4FY25        | QoQ gr.      | FY26E           | FY25            | YoY gr.      |
|-----------------------------------|---------------|---------------|--------------|---------------|--------------|---------------|--------------|-----------------|-----------------|--------------|
| <b>Sales</b>                      | <b>28,587</b> | <b>22,620</b> | <b>26.4%</b> | <b>24,917</b> | <b>14.7%</b> | <b>24,144</b> | <b>18.4%</b> | <b>1,15,440</b> | <b>1,01,662</b> | <b>13.6%</b> |
| Other operating income            | 481           | 422           | 14.1%        | 435           | 10.6%        | 425           | 13.1%        | 1,847           | 1,732           | 6.6%         |
| <b>Total Revenue</b>              | <b>29,068</b> | <b>23,042</b> | <b>26.2%</b> | <b>25,352</b> | <b>14.7%</b> | <b>24,569</b> | <b>18.3%</b> | <b>1,17,287</b> | <b>1,03,394</b> | <b>13.4%</b> |
| Gross Profit                      | 10,752        | 8,701         | 23.6%        | 9,178         | 17.2%        | 9,131         | 17.7%        | 42,575          | 37,478          | 13.6%        |
| Margin (%)                        | 37.0          | 37.8          | (77)         | 36.2          | 78.9         | 37.2          | (18)         | 36.3            | 36.2            | 5            |
| Employee Cost                     | 1,994         | 1,816         | 9.8%         | 1,977         | 0.9%         | 1,668         | 19.6%        | 8,797           | 7,740           | 13.7%        |
| as % of sales                     | 6.9           | 7.9           | (102)        | 7.8           | (93.9)       | 6.8           | 7            | 7.5             | 7.5             | 1            |
| Other expenditure                 | 2,523         | 2,212         | 14.1%        | 2,282         | 10.6%        | 2,267         | 11.3%        | 10,181          | 9,058           | 12.4%        |
| as % of sales                     | 8.7           | 9.6           | (92)         | 9.0           | (32.2)       | 9.2           | (55)         | 8.7             | 8.8             | (8)          |
| <b>EBITDA</b>                     | <b>6,235</b>  | <b>4,673</b>  | <b>33.4%</b> | <b>4,918</b>  | <b>26.8%</b> | <b>5,197</b>  | <b>20.0%</b> | <b>23,598</b>   | <b>20,680</b>   | <b>14.1%</b> |
| Margin (%)                        | 21.4          | 20.3          | 117          | 19.4          | 205.0        | 21.2          | 30           | 20.1            | 20.0            | 12           |
| Depreciation                      | 479           | 439           | 9.2%         | 470           | 2.0%         | 457           | 4.8%         | 1,973           | 1,829           | 7.9%         |
| <b>EBIT</b>                       | <b>5,756</b>  | <b>4,235</b>  | <b>35.9%</b> | <b>4,448</b>  | <b>29.4%</b> | <b>4,739</b>  | <b>21.4%</b> | <b>21,625</b>   | <b>18,851</b>   | <b>14.7%</b> |
| Margin (%)                        | 19.8          | 18.4          | 142          | 17.5          | 225.5        | 19.3          | 51           | 18.4            | 18.2            | 21           |
| Other Income                      | 1,529         | 1,322         | 15.6%        | 1,400         | 9.2%         | 2,119         | -27.9%       | 7,037           | 6,261           | 12.4%        |
| Interest                          | 27            | 48            | -44.3%       | 30            | -11.7%       | 52            | -48.5%       | 59              | 151             | -60.8%       |
| <b>PBT (ex. Extra-ordinaries)</b> | <b>7,258</b>  | <b>5,509</b>  | <b>31.7%</b> | <b>5,818</b>  | <b>24.7%</b> | <b>6,807</b>  | <b>6.6%</b>  | <b>28,603</b>   | <b>24,961</b>   | <b>14.6%</b> |
| Margin (%)                        | 25.0          | 23.9          | 106          | 22.9          | 201.9        | 27.7          | (274)        | 24.4            | 24.1            | 25           |
| Extraordinary Items               | 442           | -             | -            | -             | -            | -             | -            | -               | -               | -            |
| <b>PBT</b>                        | <b>7,700</b>  | <b>5,509</b>  | <b>39.8%</b> | <b>5,818</b>  | <b>32.3%</b> | <b>6,807</b>  | <b>13.1%</b> | <b>28,603</b>   | <b>24,961</b>   | <b>14.6%</b> |
| Total Tax                         | 1,807         | 1,311         | 37.8%        | 1,408         | 28.3%        | 1,593         | 13.4%        | 6,865           | 5,904           | 16.3%        |
| Effective Tax Rate (%)            | 23.5          | 23.8          | (33)         | 24.2          | (73.4)       | 23.4          | 6            | 24.0            | 23.7            | 35           |
| <b>Reported PAT</b>               | <b>5,893</b>  | <b>4,198</b>  | <b>40.4%</b> | <b>4,410</b>  | <b>33.6%</b> | <b>5,214</b>  | <b>13.0%</b> | <b>21,738</b>   | <b>19,058</b>   | <b>14.1%</b> |
| <b>Adj. PAT</b>                   | <b>5,555</b>  | <b>4,198</b>  | <b>32.3%</b> | <b>4,410</b>  | <b>26.0%</b> | <b>5,214</b>  | <b>6.5%</b>  | <b>21,738</b>   | <b>19,058</b>   | <b>14.1%</b> |
| Margin (%)                        | 19.1          | 18.2          | 89           | 17.4          | 171.3        | 21.2          | (211)        | 18.5            | 18.4            | 10           |
| <b>Adj. EPS</b>                   | <b>20.0</b>   | <b>15.1</b>   | <b>32.3%</b> | <b>15.9</b>   | <b>26.0%</b> | <b>18.8</b>   | <b>6.5%</b>  | <b>78.4</b>     | <b>68.8</b>     | <b>14.1%</b> |

Source: Company, PL

**Exhibit 2: Export increased by 34.4% YoY was aided by robust growth in Low HP of 45.2% YoY**

| Revenue Mix (Rs mn)     | Q1FY26 | Q1FY25 | YoY gr. | Q4FY25 | QoQ gr. | FY26E  | FY25   | YoY gr. |
|-------------------------|--------|--------|---------|--------|---------|--------|--------|---------|
| <b>By Geography</b>     |        |        |         |        |         |        |        |         |
| Domestic                | 23,360 | 18,730 | 24.7%   | 19,350 | 20.7%   | 95,932 | 83,950 | 14.3%   |
| Exports                 | 5,230  | 3,890  | 34.4%   | 4,790  | 9.2%    | 19,509 | 17,710 | 10.2%   |
| <b>Domestic breakup</b> |        |        |         |        |         |        |        |         |
| Power Generation        | 10,560 | 8,030  | 31.5%   | 8,740  | 20.8%   | 44,206 | 38,440 | 15.0%   |
| Distribution            | 7,770  | 6,510  | 19.4%   | 6,310  | 23.1%   | 31,680 | 26,870 | 17.9%   |
| Industrial              | 4,180  | 3,720  | 12.4%   | 3,790  | 10.3%   | 20,046 | 16,680 | 20.2%   |
| <b>Export breakup</b>   |        |        |         |        |         |        |        |         |
| Low HP                  | 2,250  | 1,550  | 45.2%   | 2,150  | 4.7%    | 8,624  | 7,840  | 10.0%   |
| High HP                 | 2,520  | 2,020  | 24.8%   | 2,180  | 15.6%   | 9,042  | 8,220  | 10.0%   |
| Spares                  | 460    | 320    | 43.8%   | 460    | 0.0%    | 1,843  | 1,660  | 11.0%   |

Source: PL

## Conference Call Highlights

- **Guidance:** Despite a strong performance in Q1, the management has reaffirmed its guidance of double-digit growth for FY26, citing ongoing global uncertainties as a reason for maintaining a cautious outlook
- **Powergen revenue increased by ~32% YoY to Rs10.6bn** driven by strong execution and broad-based growth across both domestic and export markets. The segment continues to gain traction in mission-critical sectors such as roads, airports, data centers, hospitals, and the pharmaceutical industry. Additionally, the quarter saw increased demand from the quick commerce segment. While the company faces competition from both domestic and international players, strong brand acceptance continues to support KKC in sustaining its market position. The CPCB IV+ products contributed approximately 60% to domestic Market volumes have recovered to levels previously seen under CPCB II, and pricing has been largely stabilized.
- **Industrial revenue grew by ~12% YoY to Rs4.2bn.** Growth was supported by increasing orders for diesel-electric tower cars and power cars, contributing to steady performance in the Railways segment. The Construction segment also witnessed stable growth, although some projects were impacted by the early onset of the monsoon. Meanwhile, the Compressors segment continued its positive momentum, driven by consistent demand. Management highlighted that strong execution capabilities and robust aftermarket services are expected to be key drivers of future growth in this segment.
- **Distribution revenue increased 19% YoY to ~Rs7.8bn.** driven by improved market penetration across Powergen, Railways, and aftermarket solutions. The launch of new products has also begun contributing meaningfully to the segment's performance. Management indicated that future growth is expected to remain balanced between Powergen and Industrial segments. While the contribution from Powergen CPCB IV+ will be significant, it is not expected to offset the growing contributions from industrial sub-segments such as Railways and Mining.
- **Exports Increased by ~34% YoY to Rs5.2bn.** Latin America and Europe continued to remain the primary growth driver for the company's exports. However, given the global uncertainties management remains cautiously optimistic about the outlook for exports. LHP exports (+45% YoY to Rs2.3bn) and HHP exports (+25% YoY to Rs2.5bn) along with growth in spares (+44% to Rs840mn) contributed to the jump in exports in Q1FY26
- **Battery Energy Storage Sysytem** - The product was launched in Q1 FY26, with the order book still developing as the company engages with customers to tailor value-driven solutions. Management sees no risk of cannibalization, as gensets serve backup needs while BESS complements the broader energy mix. Both offerings are positioned to meet different customer requirements.

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY24          | FY25            | FY26E           | FY27E           |
|-------------------------------|---------------|-----------------|-----------------|-----------------|
| <b>Net Revenues</b>           | <b>89,586</b> | <b>1,03,394</b> | <b>1,17,287</b> | <b>1,33,906</b> |
| YoY gr. (%)                   | 15.7          | 15.4            | 13.4            | 14.2            |
| Cost of Goods Sold            | 57,701        | 65,916          | 74,712          | 85,164          |
| Gross Profit                  | 31,886        | 37,478          | 42,575          | 48,742          |
| Margin (%)                    | 35.6          | 36.2            | 36.3            | 36.4            |
| Employee Cost                 | 7,793         | 7,740           | 8,797           | 10,311          |
| Other Expenses                | 6,479         | 9,058           | 10,181          | 11,476          |
| <b>EBITDA</b>                 | <b>17,614</b> | <b>20,680</b>   | <b>23,598</b>   | <b>26,955</b>   |
| YoY gr. (%)                   | 41.7          | 17.4            | 14.1            | 14.2            |
| Margin (%)                    | 19.7          | 20.0            | 20.1            | 20.1            |
| Depreciation and Amortization | 1,576         | 1,829           | 1,973           | 2,114           |
| <b>EBIT</b>                   | <b>16,037</b> | <b>18,851</b>   | <b>21,625</b>   | <b>24,841</b>   |
| Margin (%)                    | 17.9          | 18.2            | 18.4            | 18.6            |
| Net Interest                  | 268           | 151             | 59              | 59              |
| Other Income                  | 5,678         | 6,261           | 7,037           | 8,168           |
| <b>Profit Before Tax</b>      | <b>21,431</b> | <b>24,961</b>   | <b>28,603</b>   | <b>32,950</b>   |
| Margin (%)                    | 23.9          | 24.1            | 24.4            | 24.6            |
| Total Tax                     | 4,824         | 5,904           | 6,865           | 7,842           |
| Effective tax rate (%)        | 22.5          | 23.7            | 24.0            | 23.8            |
| <b>Profit after tax</b>       | <b>16,606</b> | <b>19,058</b>   | <b>21,738</b>   | <b>25,108</b>   |
| Minority interest             | -             | -               | -               | -               |
| Share Profit from Associate   | -             | -               | -               | -               |
| <b>Adjusted PAT</b>           | <b>16,619</b> | <b>19,058</b>   | <b>21,738</b>   | <b>25,108</b>   |
| YoY gr. (%)                   | 45.7          | 14.7            | 14.1            | 15.5            |
| Margin (%)                    | 18.6          | 18.4            | 18.5            | 18.8            |
| Extra Ord. Income / (Exp)     | (13)          | -               | -               | -               |
| <b>Reported PAT</b>           | <b>16,606</b> | <b>19,058</b>   | <b>21,738</b>   | <b>25,108</b>   |
| YoY gr. (%)                   | 47.0          | 14.8            | 14.1            | 15.5            |
| Margin (%)                    | 18.5          | 18.4            | 18.5            | 18.8            |
| Other Comprehensive Income    | -             | -               | -               | -               |
| Total Comprehensive Income    | 16,606        | 19,058          | 21,738          | 25,108          |
| <b>Equity Shares O/s (m)</b>  | <b>277</b>    | <b>277</b>      | <b>277</b>      | <b>277</b>      |
| <b>EPS (Rs)</b>               | <b>60.0</b>   | <b>68.8</b>     | <b>78.4</b>     | <b>90.6</b>     |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY24          | FY25          | FY26E           | FY27E           |
|---------------------------------------|---------------|---------------|-----------------|-----------------|
| <b>Non-Current Assets</b>             |               |               |                 |                 |
| <b>Gross Block</b>                    | <b>21,485</b> | <b>22,893</b> | <b>25,193</b>   | <b>27,493</b>   |
| Tangibles                             | 21,485        | 22,893        | 25,193          | 27,493          |
| Intangibles                           | -             | -             | -               | -               |
| <b>Acc: Dep / Amortization</b>        | <b>9,604</b>  | <b>9,970</b>  | <b>11,943</b>   | <b>14,057</b>   |
| Tangibles                             | 9,604         | 9,970         | 11,943          | 14,057          |
| Intangibles                           | -             | -             | -               | -               |
| <b>Net fixed assets</b>               | <b>11,881</b> | <b>12,923</b> | <b>13,250</b>   | <b>13,436</b>   |
| Tangibles                             | 11,881        | 12,923        | 13,250          | 13,436          |
| Intangibles                           | -             | -             | -               | -               |
| Capital Work In Progress              | 2,265         | 2,211         | 2,211           | 2,211           |
| Goodwill                              | -             | -             | -               | -               |
| Non-Current Investments               | 10,279        | 9,749         | 11,139          | 12,322          |
| Net Deferred tax assets               | (941)         | (913)         | (913)           | (913)           |
| Other Non-Current Assets              | 1,518         | 1,468         | 1,701           | 1,942           |
| <b>Current Assets</b>                 |               |               |                 |                 |
| Investments                           | 11,782        | 9,321         | 11,321          | 13,321          |
| Inventories                           | 9,369         | 10,222        | 12,853          | 15,408          |
| Trade receivables                     | 20,776        | 22,925        | 25,618          | 29,248          |
| Cash & Bank Balance                   | 15,047        | 25,103        | 28,700          | 30,162          |
| Other Current Assets                  | 1,697         | 1,469         | 1,642           | 1,875           |
| <b>Total Assets</b>                   | <b>84,985</b> | <b>96,057</b> | <b>1,09,198</b> | <b>1,20,795</b> |
| <b>Equity</b>                         |               |               |                 |                 |
| Equity Share Capital                  | 554           | 554           | 554             | 554             |
| Other Equity                          | 61,077        | 69,626        | 82,078          | 92,621          |
| <b>Total Networth</b>                 | <b>61,631</b> | <b>70,180</b> | <b>82,633</b>   | <b>93,176</b>   |
| <b>Non-Current Liabilities</b>        |               |               |                 |                 |
| Long Term borrowings                  | 144           | 204           | 204             | 204             |
| Provisions                            | -             | -             | -               | -               |
| Other non current liabilities         | -             | -             | -               | -               |
| <b>Current Liabilities</b>            |               |               |                 |                 |
| ST Debt / Current of LT Debt          | 1,061         | 92            | 92              | 92              |
| Trade payables                        | 14,024        | 15,682        | 16,388          | 18,343          |
| Other current liabilities             | 7,184         | 8,985         | 8,968           | 8,067           |
| <b>Total Equity &amp; Liabilities</b> | <b>84,985</b> | <b>96,057</b> | <b>1,09,198</b> | <b>1,20,795</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                                | FY24            | FY25            | FY26E          | FY27E           |
|--|-----------------|-----------------|----------------|-----------------|
| PBT                                    | 21,431          | 24,961          | 28,603         | 32,950          |
| Add. Depreciation                      | 1,576           | 1,829           | 1,973          | 2,114           |
| Add. Interest                          | 268             | 151             | 59             | 59              |
| Less Financial Other Income            | 5,678           | 6,261           | 7,037          | 8,168           |
| Add. Other                             | (3,657)         | (3,783)         | -              | -               |
| Op. profit before WC changes           | 19,617          | 23,158          | 30,635         | 35,123          |
| Net Changes-WC                         | (1,845)         | (657)           | (5,169)        | (5,738)         |
| Direct tax                             | (4,972)         | (5,614)         | (6,865)        | (7,842)         |
| <b>Net cash from Op. activities</b>    | <b>12,801</b>   | <b>16,888</b>   | <b>18,602</b>  | <b>21,544</b>   |
| Capital expenditures                   | (3,631)         | 664             | (5,660)        | (5,457)         |
| Interest / Dividend Income             | 3,106           | 3,491           | -              | -               |
| Others                                 | (2,148)         | -               | -              | -               |
| <b>Net Cash from Invst. activities</b> | <b>(2,673)</b>  | <b>4,156</b>    | <b>(5,660)</b> | <b>(5,457)</b>  |
| Issue of share cap. / premium          | -               | -               | -              | -               |
| Debt changes                           | (2,500)         | (1,000)         | -              | -               |
| Dividend paid                          | (8,593)         | (10,534)        | (9,286)        | (14,565)        |
| Interest paid                          | (173)           | (51)            | (59)           | (59)            |
| Others                                 | (60)            | (74)            | -              | -               |
| <b>Net cash from Fin. activities</b>   | <b>(11,326)</b> | <b>(11,659)</b> | <b>(9,346)</b> | <b>(14,624)</b> |
| <b>Net change in cash</b>              | <b>(1,198)</b>  | <b>9,384</b>    | <b>3,597</b>   | <b>1,462</b>    |
| Free Cash Flow                         | 9,950           | 14,512          | 16,302         | 19,244          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY24  | FY25  | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| <b>Per Share(Rs)</b>       |       |       |       |       |
| EPS                        | 60.0  | 68.8  | 78.4  | 90.6  |
| CEPS                       | 65.6  | 75.3  | 85.5  | 98.2  |
| BVPS                       | 222.3 | 253.2 | 298.1 | 336.1 |
| FCF                        | 35.9  | 52.4  | 58.8  | 69.4  |
| DPS                        | 38.0  | 51.5  | 52.5  | 60.7  |
| <b>Return Ratio(%)</b>     |       |       |       |       |
| RoCE                       | 26.7  | 28.3  | 28.2  | 28.2  |
| ROIC                       | 37.3  | 44.7  | 44.8  | 42.3  |
| RoE                        | 28.8  | 28.9  | 28.5  | 28.6  |
| <b>Balance Sheet</b>       |       |       |       |       |
| Net Debt : Equity (x)      | (0.4) | (0.5) | (0.5) | (0.5) |
| Net Working Capital (Days) | 66    | 62    | 69    | 72    |
| <b>Valuation(x)</b>        |       |       |       |       |
| PER                        | 63.5  | 55.4  | 48.5  | 42.0  |
| P/B                        | 17.1  | 15.0  | 12.8  | 11.3  |
| P/CEPS                     | 58.0  | 50.5  | 44.5  | 38.8  |
| EV/EBITDA                  | 58.5  | 49.4  | 43.0  | 37.5  |
| EV/Sales                   | 11.5  | 9.9   | 8.7   | 7.6   |
| Dividend Yield (%)         | 1.0   | 1.4   | 1.4   | 1.6   |

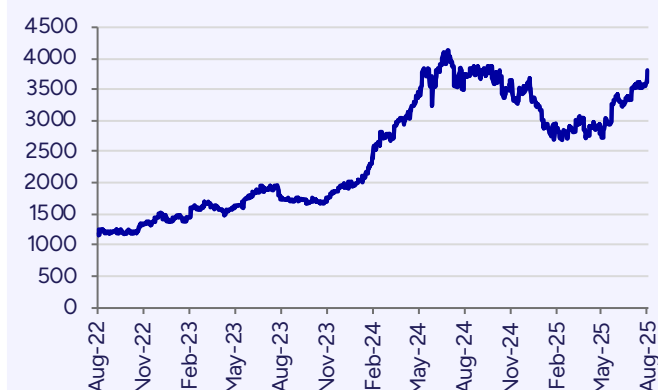
Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

| Y/e Mar                           | Q2FY25        | Q3FY25        | Q4FY25        | Q1FY26        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>24,923</b> | <b>30,860</b> | <b>24,569</b> | <b>29,068</b> |
| YoY gr. (%)                       | 31.2          | 21.8          | 6.1           | 26.2          |
| Raw Material Expenses             | 16,006        | 20,132        | 15,438        | 18,316        |
| Gross Profit                      | 8,917         | 10,729        | 9,131         | 10,752        |
| Margin (%)                        | 35.8          | 34.8          | 37.2          | 37.0          |
| <b>EBITDA</b>                     | <b>4,810</b>  | <b>6,000</b>  | <b>5,197</b>  | <b>6,235</b>  |
| YoY gr. (%)                       | 42.1          | 11.5          | (4.5)         | 33.4          |
| Margin (%)                        | 19.3          | 19.4          | 21.2          | 21.4          |
| Depreciation / Depletion          | 452           | 481           | 457           | 479           |
| <b>EBIT</b>                       | <b>4,358</b>  | <b>5,519</b>  | <b>4,739</b>  | <b>5,756</b>  |
| Margin (%)                        | 17.5          | 17.9          | 19.3          | 19.8          |
| Net Interest                      | 26            | 27            | 52            | 27            |
| Other Income                      | 1,611         | 1,209         | 2,119         | 1,529         |
| <b>Profit before Tax</b>          | <b>5,944</b>  | <b>6,702</b>  | <b>6,807</b>  | <b>7,700</b>  |
| Margin (%)                        | 23.8          | 21.7          | 27.7          | 26.5          |
| Total Tax                         | 1,438         | 1,562         | 1,593         | 1,807         |
| Effective tax rate (%)            | 24.2          | 23.3          | 23.4          | 23.5          |
| <b>Profit after Tax</b>           | <b>4,506</b>  | <b>5,140</b>  | <b>5,214</b>  | <b>5,893</b>  |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>4,506</b>  | <b>5,140</b>  | <b>5,214</b>  | <b>5,555</b>  |
| YoY gr. (%)                       | 37.2          | 12.7          | (7.2)         | 32.3          |
| Margin (%)                        | 18.1          | 16.7          | 21.2          | 19.1          |
| Extra Ord. Income / (Exp)         | -             | -             | -             | 338           |
| <b>Reported PAT</b>               | <b>4,506</b>  | <b>5,140</b>  | <b>5,214</b>  | <b>5,893</b>  |
| YoY gr. (%)                       | 37.2          | 13.0          | (7.2)         | 40.4          |
| Margin (%)                        | 18.1          | 16.7          | 21.2          | 20.3          |
| Other Comprehensive Income        | -             | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>4,506</b>  | <b>5,140</b>  | <b>5,214</b>  | <b>5,893</b>  |
| Avg. Shares O/s (m)               | 277           | 277           | 277           | 277           |
| <b>EPS (Rs)</b>                   | <b>16.3</b>   | <b>18.5</b>   | <b>18.8</b>   | <b>20.0</b>   |

Source: Company Data, PL Research

Price Chart



Recommendation History

| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 09-Jul-25 | BUY        | 3,647    | 3,478             |
| 2   | 29-May-25 | BUY        | 3,646    | 3,169             |
| 3   | 09-Apr-25 | BUY        | 3,309    | 2,746             |
| 4   | 10-Feb-25 | BUY        | 3,723    | 2,870             |
| 5   | 09-Jan-25 | Accumulate | 4,139    | 3,164             |
| 6   | 08-Nov-24 | Accumulate | 4,138    | 3,655             |
| 7   | 07-Oct-24 | Accumulate | 4,081    | 3,624             |

Analyst Coverage Universe

| Sr. No. | Company Name                     | Rating     | TP (Rs) | Share Price (Rs) |
|---------|----------------------------------|------------|---------|------------------|
| 1       | ABB India                        | Accumulate | 5,600   | 5,093            |
| 2       | Apar Industries                  | Hold       | 9,540   | 9,682            |
| 3       | BEML                             | Hold       | 4,142   | 4,522            |
| 4       | Bharat Electronics               | Hold       | 374     | 387              |
| 5       | BHEL                             | Hold       | 215     | 228              |
| 6       | Carborundum Universal            | Hold       | 1,028   | 994              |
| 7       | Cummins India                    | BUY        | 3,647   | 3,478            |
| 8       | Elgi Equipments                  | Accumulate | 559     | 535              |
| 9       | Engineers India                  | Accumulate | 250     | 242              |
| 10      | GE Vernova T&D India             | Accumulate | 2,706   | 2,473            |
| 11      | Grindwell Norton                 | Hold       | 1,739   | 1,635            |
| 12      | Harsha Engineers International   | Hold       | 402     | 423              |
| 13      | Hindustan Aeronautics            | Accumulate | 5,500   | 5,003            |
| 14      | Ingersoll-Rand (India)           | BUY        | 4,522   | 4,045            |
| 15      | Kalpataru Projects International | Accumulate | 1,268   | 1,190            |
| 16      | KEC International                | Accumulate | 911     | 860              |
| 17      | Kirloskar Pneumatic Company      | BUY        | 1,636   | 1,316            |
| 18      | Larsen & Toubro                  | BUY        | 4,144   | 3,496            |
| 19      | Praj Industries                  | BUY        | 545     | 497              |
| 20      | Siemens                          | Accumulate | 3,497   | 3,291            |
| 21      | Thermax                          | Hold       | 3,633   | 3,779            |
| 22      | Triveni Turbine                  | BUY        | 650     | 533              |
| 23      | Voltamp Transformers             | BUY        | 10,285  | 8,892            |

PL's Recommendation Nomenclature (Absolute Performance)

|                   |                                   |
|-------------------|-----------------------------------|
| Buy               | : > 15%                           |
| Accumulate        | : 5% to 15%                       |
| Hold              | : +5% to -5%                      |
| Reduce            | : -5% to -15%                     |
| Sell              | : < -15%                          |
| Not Rated (NR)    | : No specific call on the stock   |
| Under Review (UR) | : Rating likely to change shortly |

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## **Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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