Cummins India Limited

NSE: CUMMINSIND | BSE: 500480 | Sector: Capital Goods / Power Generation | Report: 2026-03-04

ACCUMULATE · CAPITAL GOODS · MNC SUBSIDIARY — CUMMINS INC. USA · DATA CENTRE PLAY

CMP (MAR 2026)

₹4,700

52W: ₹2,580 – ₹4,975 | Mkt Cap: ~₹1,30,268 Cr

Entry Zone: ₹4,000–4,400 | Stop: ₹3,300 | T2: ₹6,200

FY25 REVENUE	FY25 PAT	ROE / ROCE	P/E FY26E / FY27E
₹10,391 Cr	**₹2,000 Cr**	**28% / 36%**	**59x / 50x**
+16% YoY | 5Y CAGR 19%	PAT Margin ~19% | 5Y CAGR 22%	Class-leading capital efficiency	MNC premium | DC re-rating story

PART A — FUNDAMENTAL ANALYSIS

Company Overview · Strategy · TAM · Operations · Financials · Governance · Risks · Catalysts

A1 — COMPANY OVERVIEW & VALUE CHAIN POSITION

Cummins India Limited is India's premier manufacturer of diesel and natural gas engines, generator sets, filtration systems, and exhaust components. Established in 1962, CUMMINSIND is the listed Indian subsidiary of **Cummins Inc. USA** (~51% promoter stake), a Fortune 500 global powerhouse with revenues exceeding $35 billion.

The company manufactures engines ranging from **2.8L to 100L** displacement and gensets from **7.5 kVA to 3,750 kVA**, catering to power generation, industrial, distribution, and export markets.

India acts as a strategic **global manufacturing hub** for Cummins Inc., with exports to Southeast Asia, Middle East, Africa, and developed markets — a direct beneficiary of the China+1 supply chain diversification trend.

MNC Subsidiary · Cummins Inc. USA ~51% · Zero Debt · India Export Hub

BUSINESS SEGMENTS & REVENUE MIX

SEGMENT	FY25 REVENUE	SHARE	KEY DRIVERS
Power Generation	~₹5,400 Cr	~52%	Data Centres, Real Estate, Infra
Distribution	~₹2,700 Cr	~26%	Parts, Filters, Alternators, Service
Industrial	~₹1,200 Cr	~12%	Mining, Marine, Rail, Agriculture
Exports	₹1,771 Cr	~17%	SE Asia, ME, Global Cummins supply

FY25 domestic revenue: ₹8,395 Cr (+18% YoY) | Export: ₹1,771 Cr (+6% YoY)

A2 — CAPABILITIES & STRATEGIC POSITIONING

MANUFACTURING EXCELLENCE

- **Phaltan Complex:** Largest integrated engine manufacturing plant in India; 400+ acres, ISO 9001:2015 certified
- **Pune Kothrud:** R&D Centre — technology localization, emission compliance (BS-VI, CPCB-IV+)
- **Megasite Expansion:** Capacity addition underway for high-HP and gas engines
- **In-house capabilities:** Engine design, casting, machining, testing — vertical integration advantage

TECHNOLOGY MOAT

- **Parent IP access:** Access to Cummins Inc.'s global R&D investments (>$700M annually)
- **BS-VI emission transition:** Early mover, commanding pricing premium over competitors
- **Gas/Alternative fuels:** CNG, LNG, H2-ready engine development; future-proofing
- **Digital Services:** Remote monitoring, predictive maintenance (CODA platform)
- **Brand premium:** Trust-based repeat purchases; 60+ year legacy in India

COMPETITIVE ADVANTAGES

- **#1 in DG sets:** Market leader in 125 kVA+ segment; dominant data centre supplier
- **Extensive service network:** 1,000+ service touchpoints; dealer network across India
- **Export advantage:** India cost base + parent's global customer base = export growth
- **Distribution flywheel:** Installed base of engines → recurring aftermarket revenue
- **Dividend payout ~63%:** Shareholder-friendly; strong FCF generation

A3 — OPPORTUNITY & TOTAL ADDRESSABLE MARKET

SECULAR GROWTH VECTORS

OPPORTUNITY	SIZE	CUMMINS ROLE	TIMELINE
🏭 **Data Centres**	$10B+ by FY27	Primary power backup & UPS gensets; ₹3–8 Cr/MW	FY25–FY30

INDIA POWER GENERATION TAM

India's data centre capacity is expected to grow from 900 MW (2023) to **5,000+ MW by 2028** (450%+ expansion). Every MW of DC capacity requires ~1 MW of diesel generator backup, creating a direct, durable demand vector for Cummins India's gensets.

Additionally, India's urban real estate pipeline (under-construction units >10 million) requires **mandatory DG sets** under fire safety codes. The

🏗 **Infrastructure (NMP)**	₹111 L Cr CAPEX	Construction equipment, road/rail/ports backup power	FY25–FY30
🏢 **Real Estate Surge**	₹8 L Cr pipeline	Commercial + residential DG sets (mandatory backup)	FY25–FY28
🏭 **PLI Manufacturing**	₹26,000 Cr outlay	Factory backup power; semiconductor fabs require 100% uptime	FY26–FY30
⚡ **Export (China+1)**	$2B+ potential	India as Cummins Inc.'s global engine supply hub	Ongoing

manufacturing capex cycle (PLI, semiconductor fabs, defense production) further amplifies demand.

The company's domestic revenue base could double to **₹17,000+ Cr by FY30** driven by these secular forces, supported by CAGR growth in the 15-18% range.

Data Centres: ~25% of Power Gen revenue by FY27 | High-HP engines gaining share

A4 — OPERATIONS & RECENT PERFORMANCE

Q3 FY26 (DEC 2025) — KEY NUMBERS

METRIC	Q3 FY26	YOY
Revenue	₹3,006 Cr	Flat (~0%)
Gross Margin	~38%	20-Qtr High
PAT	₹486 Cr	-13% YoY
PAT Margin	~16.2%	Q2 was higher

Q3 PAT decline was due to data centre order lumpiness — DC revenue was recognized in **Q2 FY26**, leaving Q3 with no DC contribution. Q2 FY26 was exceptional (+28% revenue growth).

Q3 FY26 SEGMENT INSIGHTS

- **Power Generation (ex-DC):** +double-digit YoY driven by real estate, manufacturing, infra
- **Distribution:** +26% YoY — strong aftermarket demand & parts
- **Industrial:** Steady; mining & marine traction
- **Exports:** Under pressure due to geopolitical uncertainty; management cautious on FY27 exports
- **Data Centre:** No revenue in Q3 (booked in Q2); next large order cycle expected H1 FY27

9M FY26 FINANCIALS

METRIC	9M FY26	GROWTH
Revenue	~₹8,800 Cr	+12% YoY
PAT	~₹1,650 Cr	+8% YoY
TTM Revenue	~₹11,600 Cr	+12%

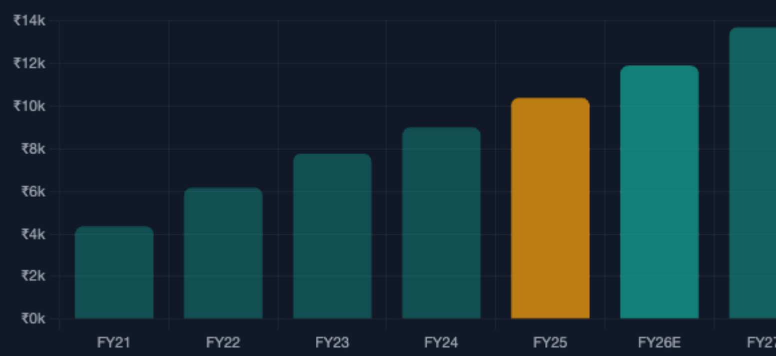
Full year FY26 guidance: **Double-digit revenue growth.** Management confident on data centre pipeline for H2 FY26 and FY27. Gross margins near multi-year highs reflect strong pricing power and mix improvement.

A5 — FINANCIAL PERFORMANCE (TRAILING + FORWARD)

ANNUAL FINANCIALS (₹ CRORE)

YEAR	REVENUE	YOY	PAT	PAT%	EBITDA%	EPS (₹)
FY21	₹4,360	—	₹635	14.6%	20%	₹22.9
FY22	₹6,171	+42%	₹934	15.1%	22%	₹33.7
FY23	₹7,772	+26%	₹1,228	15.8%	24%	₹44.3
FY24	₹9,000	+16%	₹1,721	19.1%	26%	₹62.1
FY25	**₹10,391**	**+16%**	**₹2,000**	**19.3%**	**28%**	**₹72.2**
FY26E	₹11,900	+14.5%	₹2,200	18.5%	28.5%	₹79.4
FY27E	₹13,700	+15%	₹2,600	19%	29%	₹93.8

REVENUE & PROFITABILITY CHART



PAT & EBITDA MARGIN TREND

KEY RATIOS SNAPSHOT

RATIO	FY23	FY24	FY25	FY26E
Revenue Growth	+26%	+16%	+16%	+14.5%
PAT Growth	+31%	+40%	+16%	+10%
EBITDA Margin	24%	26%	28%	28.5%
ROE	26%	27%	28%	29%
ROCE	33%	35%	36%	37%
Div Payout	60%	62%	63%	63%
P/E (CMP ₹4,700)	—	—	64.7x	59.2x

A6 — REGULATORY & GEOPOLITICAL CONTEXT

REGULATORY TAILWINDS

- **CPCB-IV+ emission norms:** Implemented for gensets (2024); favors Cummins' BS-VI-ready technology; older competitors face non-compliance
- **India DC policy:** Government offering tax incentives for data centre investments; 5-year tax holiday for approved DC projects — turbocharging DC buildout
- **PLI Schemes:** Manufacturing capex in electronics, semiconductor, defence, solar = direct backup power demand
- **Fire Safety Codes:** Mandatory DG sets in buildings >1,500 sqm = structural demand floor
- **Railways Modernisation:** Dedicated Freight Corridors, metro rail expansions → industrial engine demand

GEOPOLITICAL RISKS & OPPORTUNITIES

- **Export Risk:** US tariff uncertainty impacts global trade flows; could reduce export volumes to some markets — management flagged caution on FY27 exports
- **China+1 Opportunity:** Cummins Inc. diversifying global manufacturing away from China → India gains additional production mandates (marine, industrial engines)
- **Middle East:** Robust demand for Cummins gensets in Gulf Cooperation Council countries; India-UAE CEPA reducing tariffs
- **Currency:** INR depreciation benefits export revenues; hedging costs managed at parent-subsidiary level
- **Energy Transition:** Gas and H2-compatible engines in development; transition to cleaner fuels could extend product relevance

A7 — CONCALL & MANAGEMENT COMMENTARY INSIGHTS

Q3 FY26 EARNINGS CALL HIGHLIGHTS

- **"Domestic resilience offsets data center lumpiness"** — Management acknowledged the Q3 PAT dip was entirely due to DC order timing, not underlying demand weakness
- **Data Centre pipeline:** Significant DC orders expected to be booked in H1 FY27; "tax incentives will fuel DC growth over next 3-4 years"
- **Gross margins at 20-quarter high (~38%):** Driven by product mix shift toward higher-HP premium gensets and aftermarket services
- **Distribution grew 26% YoY:** Aftermarket services growing faster than equipment — improving revenue quality and margins
- **FY26 double-digit guidance reiterated:** Management confident on full-year achievement despite Q3 miss
- **Exports cautious for FY27:** Geopolitical headwinds acknowledged; domestic demand to compensate

STRATEGIC THEMES FROM RECENT COMMUNICATIONS

- **Services & Digital:** CODA (connected diagnostics platform) scaling; aftermarket as % of revenue expected to rise from 26% to 30%+ — margin accretive
- **Gas Engine opportunity:** Industrial gas engines gaining traction in refineries, city gas distribution; positioning for energy transition
- **Capacity expansion:** Phaltan megasite expansion to support high-HP engine growth; management investing for growth, not just dividends
- **Pricing power:** CPCB-IV+ compliance advantage enabling premium pricing vs. local/Chinese competitors
- **High-HP segment:** Growing contribution from >750 kVA gensets for hyperscale DC customers; average ticket size rising

A8 — BALANCE SHEET QUALITY & FRAUD FILTER

BALANCE SHEET SNAPSHOT (FY25)

METRIC	VALUE	ASSESSMENT
Debt (Gross)	₹0 Cr	ZERO DEBT ✅
Cash & Equivalents	~₹2,500 Cr	Net Cash ✅
Promoter Pledge	NIL	CLEAN ✅
Working Capital Days	~60 days	Managed ✅
Book Value/Share	₹285	P/BV ~16.5x
Dividend Payout	~63%	Shareholder-friendly ✅
OCF/PAT Ratio	~1.05x	Healthy ✅
Goodwill	Minimal	Low risk ✅

FRAUD FILTER CHECKLIST

- ✅ OCF consistently ≥ PAT — no earnings inflation
- ✅ Zero debt — no leveraged balance sheet risk
- ✅ Zero promoter pledge — no distress signals
- ✅ MNC parent governance (Cummins Inc. NYSE: CMI) — global audit standards
- ✅ Revenue recognition: project-based but no aggressive percentage-of-completion accounting
- ✅ Related party transactions: standard intra-Cummins group, arm's length, fully disclosed
- ✅ Inventory/Receivables growth in line with revenue — no accumulation red flags
- ✅ Big-4 audited (Deloitte); consistently clean audit reports
- ✅ ROCE 36.3% — exceptional capital efficiency; no capital misallocation
- ⚠️ Q3 FY26 PAT -13% YoY: entirely due to data centre order timing (non-structural); confirmed by management

Fraud Filter Result: CLEAN ✅ — One of the highest-quality financial profiles in India's Capital Goods sector

A9 — P&L DEEP DIVE & OPERATING LEVERAGE

QUARTERLY REVENUE TREND (₹ CRORE)

OPERATING LEVERAGE STORY

QUARTER	REVENUE	PAT	PAT%	YOY REV
Q1 FY25	₹2,403 Cr	₹438 Cr	18.2%	+12%
Q2 FY25	₹2,612 Cr	₹529 Cr	20.3%	+20%
Q3 FY25	₹2,960 Cr	₹559 Cr	18.9%	+18%
Q4 FY25	₹2,416 Cr	₹474 Cr	19.6%	+13%
Q1 FY26E	₹2,700 Cr	₹490 Cr	18.1%	+12%
Q2 FY26	**~₹3,350 Cr**	**~₹670 Cr**	**20%**	**+28%**
Q3 FY26	₹3,006 Cr	₹486 Cr	16.2%	Flat

Cummins India exhibits exceptional operating leverage. As revenue grows, **EBITDA margins have expanded from ~20% (FY21) to ~28% (FY25)**, and are forecasted to reach ~29% by FY27.

Key margin drivers:

- **Product mix shift** toward high-HP premium gensets (higher ASP, better margin)
- **Aftermarket/Distribution growth** at ~50% gross margin vs. ~30% for equipment
- **CPCB-IV+ premium pricing** vs. non-compliant competitors
- **Fixed cost leverage** as revenue scales from ₹4,360 Cr (FY21) → ₹14,000 Cr+ (FY27E)

The gross margin of **38% in Q3 FY26 was a 20-quarter high**, demonstrating the structural margin improvement trajectory.

A10 — VALUATIONS & TARGET PRICE FRAMEWORK

VALUATION MATRIX (CMP ₹4,700)

METRIC	FY25 (ACTUAL)	FY26E	FY27E
Revenue (₹ Cr)	₹10,391	₹11,900	₹13,700
PAT (₹ Cr)	₹2,000	₹2,200	₹2,600
EPS (₹)	₹72.2	₹79.4	₹93.8
P/E at CMP	65.1x	**59.2x**	**50.1x**
EV/EBITDA	~37x	~33x	~28x
Mkt Cap / Sales	12.5x	10.9x	9.5x

At 55x FY27E → Target ₹5,160 | At 60x FY27E → Target ₹5,628 | At 65x FY27E → Target ₹6,097

PEER COMPARISON

COMPANY	P/E FY26E	REV CAGR 3Y	ROE	RATING
Cummins India	**59x**	**22%**	**28%**	ACCUM
ABB India	65x	19%	24%	—
Siemens India	68x	16%	18%	—
Thermax	45x	18%	17%	—
KEC International	32x	20%	14%	—

Cummins India's **ROE of 28%** and **ROCE of 36%** are significantly superior to peers, justifying premium P/E multiples. Analyst consensus: BUY with targets ranging ₹4,780–₹5,500.

A11 — MANAGEMENT QUALITY ASSESSMENT

MANAGEMENT SCORECARD

Capital Allocation (Zero debt, strong FCF)	★★★★★ 5.0/5
Governance & Transparency (MNC-grade, Big-4 audit)	★★★★★ 5.0/5
Execution Track Record (5Y PAT CAGR 22%)	★★★★★ 5.0/5
Shareholder Returns (63% dividend payout)	★★★★½ 4.5/5
Communication Clarity (concall quality, guidance accuracy)	★★★★ 4.0/5
Strategic Vision (DC pivot, gas engines, export hub)	★★★★ 4.0/5

Overall: 4.6/5 — Institutional-grade management; MNC parent oversight provides additional governance layer

PROMOTER & OWNERSHIP STRUCTURE

HOLDER	STAKE	COMMENT
Cummins Inc. USA (Promoter)	~51.0%	Stable; aligns with India growth strategy
Foreign Institutional Investors	~26%	High quality; GIC, Norges, TIAA-CREF
Domestic Mutual Funds	~12%	Wide MF ownership = high liquidity
Promoter Pledge	NIL	Zero pledge ✅
Retail / Others	~11%	Widely distributed

CFO: Ashley Lopes (experienced finance professional). Relationship with Cummins Inc. USA enables technology transfers, global client introductions, and export mandates. Parent's NYSE listing = global governance standards applied to Indian subsidiary.

A12 — RISK MATRIX

HIGH RISKS

- **Valuation Risk:** 59x FY26E P/E leaves no margin for error; any earnings miss triggers sharp de-rating (2018 episode: -40% in 6 months)
- **Data Centre Lumpiness:** Large DC orders (₹200–500 Cr each) create lumpy quarterly revenue — hard to predict timing; Q3 FY26 demonstrated this

MEDIUM RISKS

- **Competition:** Kirloskar Electric, KOEL, Greaves Cotton in lower-HP segment; Chinese manufacturers entering mid-HP segment
- **Commodity Costs:** Steel and copper inflation; partially offset by pricing power but margin pressure possible

LOW RISKS

- **Balance Sheet:** Zero debt, ₹2,500 Cr cash — virtually no financial distress risk
- **Market Position:** #1 in >125 kVA segment with 40%+ market share — structural position difficult to dislodge
- **Regulatory:** CPCB-IV+ norms create compliance moat for Cummins vs. smaller/Chinese players

- **Export Slowdown:** Geopolitical tariff wars could reduce export revenues meaningfully; exports were ~17% of revenue

- **Energy Transition:** Long-term structural headwind as grid reliability improves and renewable penetration increases (reduces DG backup need)
- **Parent Capital Allocation:** Dividend payout decisions ultimately influenced by Cummins Inc.'s global treasury strategy

- **Management:** MNC-grade governance; no fraud/accounting risk profile

A13 — CATALYST TIMELINE

TIMELINE	CATALYST	POTENTIAL IMPACT
Q4 FY26 (Mar–May 2026)	Full-year results — confirmation of double-digit growth guidance; data centre revenues in Q4	HIGH — could re-rate to ₹5,200+
H1 FY27 (Apr–Sep 2026)	Large data centre order wins from hyperscalers (Amazon, Google, Microsoft DC India buildout)	HIGH — DC orders are key stock catalysts
FY27 Budget (Feb 2026+)	India's Union Budget 2026-27 infrastructure spending expansion; PLI scheme extensions	MEDIUM-HIGH
Ongoing	Exports: New Cummins Inc. supply mandates from India plant (China+1 rebalancing)	MEDIUM — incremental positive
FY27E	Gas engine market opening — city gas distribution, CNG backup for hospitals/malls	MEDIUM — new revenue stream
2026–2028	EBITDA margin expansion to 30%+ as aftermarket grows to 35%+ of revenue	HIGH — margin re-rating catalyst
Risk Watch	US tariff escalation → export volume pressure; monitor quarterly guidance updates	NEGATIVE if materializes

PART B — TECHNICAL ANALYSIS

Stage Analysis · Momentum · Key Levels · Trend · R:R · Entry/Exit Framework

B0 — STAGE ANALYSIS (WEINSTEIN METHOD)

STAGE CLASSIFICATION

Stage 1 Stage 2 Stage 3 Stage 4

Current: **Stage 2 — Extended Uptrend / Late-Stage Consolidation**

CUMMINSIND moved from Stage 1 base (~₹2,200–2,580 zone) in mid-2024 to a powerful Stage 2 breakout that reached ₹4,975 (+93% peak-to-peak). The stock is now in **late Stage 2 consolidation** — healthy base building near ATH with volume contraction. Not yet Stage 3 (no topping formation), but not cheap.

- **52W Low: ₹2,580** — the Stage 1/2 breakout point
- **ATH: ₹4,975** — Stage 2 high; CMP 5% below ATH
- **CMP: ₹4,700** — consolidating in ₹4,400–4,975 range
- **30-week MA:** Rising (~₹3,800–4,000); well below CMP — trend intact

TECHNICAL SIGNALS

SIGNAL	STATUS
Stage 2 Uptrend	ACTIVE ✅
30W MA Slope	Positive ✅
Price vs 30W MA	Above (~18%) ✅
RS vs CNX500	Mild Outperform
Volume on Rallies	Adequate
Volume on Pullbacks	Light (healthy) ✅
ATH Distance	5% below ATH ⚠️
Setup Type	Near-ATH Consolidation
Risk of Stage 3	Low but Watch ⚠️

B1 — MOMENTUM, VOLUME & PRICE ACTION

WEEKLY CHART

- **Primary trend:** Stage 2 uptrend; higher highs and higher lows from ₹2,580 to ₹4,975
- **Recent action:** Pulling back from ATH; forming potential higher-low base in ₹4,400–4,700 zone
- **MACD Weekly:** Positive; histogram narrowing (mild momentum loss — consolidation, not reversal)

DAILY CHART

- **RSI Daily:** ~45–50; neutral — not extended either way; pullback providing entry opportunity
- **MACD Daily:** Mild bearish crossover post-Q3 FY26 result; typical quarterly result digestion
- **Support levels:** ₹4,400 (recent low), ₹4,000–4,200 (major zone), ₹3,600 (30W MA area)

RS VS CNX500

- **12M RS:** Mild outperformance vs CNX500 (+82% vs CNX500 +24%)
- **3M RS:** Mild underperformance due to Q3 FY26 PAT miss (-5% vs index)
- **Sector leadership:** Capital Goods remains in Stage 2 leadership; CUMMINSIND a key holding in most sectoral portfolios

- **RSI Weekly:** ~55–60; approaching oversold from a mid-range level; not overbought
- **Volume:** Light on pullback from ₹4,975 — institutional distribution not evident; healthy correction
- **Watch:** RS needs to stabilize and re-accelerate on breakout above ₹5,000 for full conviction re-entry

B2 — KEY PRICE LEVELS

LEVEL	PRICE	TYPE	SIGNIFICANCE
Hard Stop / Invalidation	₹3,300	Stop Loss	Below 30W MA; Stage 2 trend invalidated; structural damage
Support Zone 1	₹4,000–4,200	Strong Support	Previous resistance breakout area; optimal accumulation zone
Support Zone 2	₹4,400–4,500	Recent Support	Post-ATH pullback floor; current base-building area
CMP / Entry Zone	₹4,400–4,700	Accumulate Zone	Near-ATH consolidation; R:R improves significantly below ₹4,400
Resistance / Breakout Level	₹4,975–5,000	ATH / Breakout	New ATH breakout target; prior resistance becomes support
Target 1	₹5,200	Analyst Consensus	Nomura/HSIE target; based on 55x FY27E EPS
Target 2	₹6,000–6,200	Bull Case	60–65x FY27E EPS; data centre re-rating materializes
Extended Target	₹7,000+	2027E Target	55x FY28E EPS if PAT CAGR sustains at 18%+

B3 — TREND & RELATIVE STRENGTH VS CNX500

TREND FRAMEWORK

TIMEFRAME	TREND	COMMENT
Monthly	UPTREND ✅	All-time highs recently; long-term Stage 2
Weekly	UPTREND (mild pause)	Near ATH, consolidating
Daily	MILD PULLBACK	Post-Q3 FY26 PAT miss; normal digestion

The stock moved from ₹2,580 to ₹4,975 in 12 months (+93%). A typical Stage 2 healthy pullback of 10–20% from ATH creates excellent entry at ₹4,000–4,500. The trend structure remains intact as long as price stays above ₹3,300 (hard stop).

RS ANALYSIS

PERIOD	CUMMINSIND	CNX500	RS SCORE
12 Months	+82%	+24%	+58pp OUTPERFORM ✅
6 Months	+12%	+8%	+4pp mild outperform
3 Months	-5%	-2%	-3pp underperform
1 Month	-3%	-1%	-2pp (Q3 FY26 miss)

Short-term RS weakness is a buying opportunity — fundamentally driven by one-off Q3 FY26 data centre order timing, not structural change. Q4 FY26 results should re-establish RS leadership.

B4 — RISK:REWARD ANALYSIS

SCENARIO 1 — ACCUMULATE ON PULLBACK (RECOMMENDED)

ENTRY ZONE: ₹4,000 – ₹4,400

Entry Price (mid)	₹4,200
Stop Loss	₹3,300 (-21.4%)
Target 1 (Analyst consensus)	₹5,200 (+23.8%)
Target 2 (Bull case FY27)	₹6,200 (+47.6%)
R:R (to T1)	1 : 1.1
R:R (to T2)	1 : 2.2 ✅

SCENARIO 2 — BREAKOUT ENTRY (HIGH CONVICTION)

ENTRY: BREAKOUT ABOVE ₹5,000 ON VOLUME

Entry Price	₹5,100
Stop Loss	₹4,400 (-13.7%)
Target 1	₹6,200 (+21.6%)
Target 2	₹7,000 (+37.3%)
R:R (to T1)	1 : 1.6
R:R (to T2)	1 : 2.7 ✅

B5 — ENTRY/EXIT FRAMEWORK & MILESTONE PLAN

ENTRY STRATEGY

ENTRY TYPE	TRIGGER	ACTION
Pullback Entry (Best)	₹4,000–4,400 zone	50% position size; stop ₹3,300
Add-on (Confirmation)	Q4 FY26 strong results + DC order	Add 30%; raise stop to ₹4,000

EXIT / MILESTONE PLAN

MILESTONE	ACTION
T1 ₹5,200 (Analyst Target)	Book 30% of position; trail stop to ₹4,600
T2 ₹6,200 (FY27 Bull Case)	Book another 40%; hold residual with raised stop
T3 ₹7,000+ (FY28 Option)	Let residual 30% ride; stop at ₹5,500

Breakout Entry	Close above ₹5,000 on weekly chart	20% position; stop ₹4,400
Avoid (Current)	CMP ₹4,700 without clear pullback	Wait for zone or breakout confirmation

Stop Hit ₹3,300	Exit entire position; no averaging down
Stage 3 Signs	Exit 50% on weekly close below 30W MA

INVESTMENT VERDICT ACCUMULATE

FUNDAMENTAL VIEW

World-class business with exceptional fundamentals. Cummins India is a rare combination of MNC-grade governance, category leadership, pristine balance sheet (zero debt, ₹2,500 Cr cash), and structural growth drivers. The data centre buildout in India is a 5-year secular tailwind directly benefiting Cummins' premium genset business. EBITDA margins expanding toward 29%, ROE at 28%, and PAT CAGR of 22% over 5 years make this a benchmark quality franchise.

VALUATION & PRICE VIEW

Expensive but potentially justified. At 59x FY26E P/E, the stock is not cheap, but premium quality at premium valuations is the Indian MNC tradition (ABB India, Siemens India trade at 65–70x). Q3 FY26 PAT miss created a tactical opportunity. The stock is 5% below ATH with the structural story intact. **ACCUMULATE in the ₹4,000–4,400 zone** for superior R:R; avoid chasing CMP ₹4,700.

TECHNICAL VIEW

Stage 2 near-ATH consolidation. Stock went +93% in 12 months and is now consolidating in ₹4,400–4,975 range. Healthy, low-volume pullback creating re-entry. Stage 2 trend intact as long as ₹3,300 holds. **Breakout above ₹5,000** on volume is the higher-conviction entry for momentum traders; long-term investors should accumulate on any weakness toward ₹4,000–4,400.

RATING	ENTRY ZONE	STOP LOSS	TARGET 1 / 2	R:R (ZONE)
ACCUMULATE	₹4,000–4,400	₹3,300	₹5,200 / ₹6,200	1 : 2.2