



Ref: STEX/SECT/2025

November 10, 2025

BSE Limited, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400001 BSE Scrip Code: 500480	National Stock Exchange of India Limited Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai 400 051 NSE Symbol: CUMMINSIND
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Subject: Transcript of Q2 and H1 FY 2025-26 Results Conference Call

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Para A of Schedule III and Regulation 46(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our stock exchange intimation dated October 28, 2025, regarding Q2 and H1 FY 2025-26 Results Conference Call, please find enclosed herewith transcript of the said call held on November 07, 2025.

Kindly take this intimation on your record.

Thanking you,

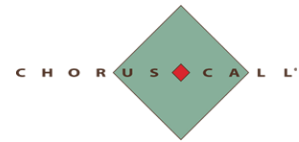
Yours faithfully,
For Cummins India Limited

Vinaya A. Joshi
Company Secretary & Compliance Officer
Membership No.: A25096
(This letter is digitally signed)

Encl.: As above.



“Cummins India Limited
Q2 FY 2025-'26 Earnings Conference Call”
November 07, 2025



**MANAGEMENT: Ms. SHVETA ARYA – MANAGING DIRECTOR –
CUMMINS INDIA LIMITED.
Ms. SOMA GHOSH – CHIEF FINANCIAL OFFICER –
CUMMINS INDIA LIMITED**



Moderator:

Good morning, ladies and gentlemen. Welcome to Cummins India Limited Q2 FY 2025-'26 Earnings Conference Call. We hope you all are keeping safe and healthy. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the commentary concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Shveta Arya, Managing Director, Cummins India Limited. Thank you, and over to you, Ms. Arya.

Shveta Arya:

Thank you. Thank you so much. Good morning, ladies and gentlemen. I hope all of you are doing well and staying safe and healthy. Welcome to the Cummins India Limited quarter 2 2025-'26 earnings conference call. I am Shveta Arya, Managing Director of Cummins India Limited. Joining me on the call today is Soma Ghosh, Chief Financial Officer of Cummins India Limited. Thank you for joining us today. I would like to share the financial results for this quarter now.

For the quarter ended September 30, 2025, with respect to the same quarter last year, our sales in this quarter are INR3,122 crores, which are higher by 28% compared to INR2,448 crores recorded in the same quarter last year. Domestic sales at INR2,577 crores are higher by 28%. Exports at INR545 crores are higher by 24%. Profit before tax before exceptional items is at INR839 crores, higher by 41%.

For this quarter ended September 30, 2025, as we compare it to the previous quarter, our sales at INR3,122 crores are higher by 9% compared to INR2,859 crores recorded in the last quarter. Domestic sales at INR2,577 crores are higher by 10%. Exports at INR545 crores are higher by 4%. Profit before tax before exceptional items is at INR839 crores, which is higher by 16%.

The segment-wise sales breakup for the quarter ended September 30, 2025, in the domestic business, power generation domestic sales are at INR1,340 crores, which is a 49% increase over last year and 27% increase over the last quarter. Distribution business sales at INR796 crores, which is 21% increase over the same quarter last year and 2% increase over last quarter. Industrial business sales at INR387 crores is a 5% decrease over the same quarter last year and a 7% decrease over last quarter.

Coming to exports. High horsepower exports are at INR279 crores, which is a 40% increase over same quarter last year and a 9% increase over last quarter. Low horsepower exports are at INR219 crores, which is an 11% increase over same quarter last year and 3% decrease over last quarter. Regarding the sales outlook for the full year 2025-'26, we expect to have double-digit revenue growth over the previous fiscal year. I now open the session for questions. Thank you.

Moderator:

Thank you very much, ma'am. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Umesh Raut from Nomura.

Umesh Raut:

My first question is pertaining to the comment made by parent in yesterday's earnings call, where they said that September quarter was a record in terms of order intake for Cummins globally, especially in power generation business. So how do you see order intake for India business in



power generation during the quarter gone by and especially inquiries as well in the ongoing quarter?

Shveta Arya:

Thanks for the question, Umesh. So from a parent perspective, yes, they have record intake of power gen orders. That is related to data center market very specifically in the U.S. and also in Europe. But one of the fastest-growing data center markets in the world is U.S. where some large orders have been taken in by the parent.

From an India perspective, our market from a power gen perspective, our order intake is more diversified. It continues quarter-on-quarter. There is no specific change as I see it in the coming quarters. We have good backup power gen demand in the market across different segments, and that continues.

Umesh Raut:

Got it. And in terms of any pricing action pertaining to power generation segment and the volume trajectory as compared to CPCB IV+ era. So how do you see outlook now and volumes kind of shaping up, especially in medium HP and low HP segment? And at the same time, if you can share the contribution, especially in power generation in terms of growth, which was very strong during the quarter from mission-critical applications like data center or, say, hospitals and say, from building and factories.

Shveta Arya:

Yes. So let me answer the volumes that you asked for low horsepower and medium horsepower. Across the range in the power gen market, the volumes are now back to pre CPCB IV+ era. The annual volumes that we used to see in the market in CPCB II, we are almost back to the same volumes now across the segments.

Pricing has settled down. Of course, there are competitive pressures in the market. So pricing is an ongoing moving thing, which we continue to evaluate. It has largely adjusted after CPCB IV launch, and we are where we are at this point in time. Now there are segment-wise tweaks that continue happening, which is part of the regular business.

From a power gen growth perspective, let me help you a little with that. So power gen overall across the board, be it low horsepower, medium range, heavy duty, what we call high horsepower, we saw growth across the range. We definitely saw better growth in the low horsepower market.

Also, in this particular quarter, we had a very, very good execution on the data center demand. So specifically for this quarter, because of our projects business, execution in the data center space happening really well, there is a high growth in that particular segment. I hope that helps.

Umesh Raut:

Understood. My last question is pertaining to Industrial segment where we have seen a decline on a year-on-year basis. So was it any -- pertaining to any particular segment or the impact of extended monsoon that we had in domestic market?

Shveta Arya:

Yes. One of the impacts is the extended monsoon, which has ended up impacting the construction segment. The largest impact came from the construction segment, where we saw degrowth in this quarter as compared to the same quarter last year as well as the sequential



quarter. Also, mining, we did not see as many tenders opening from Coal India, and that has impacted. So those were the 2 biggest contributors.

Moderator: The next question is from the line of Chintan Parikh from HDFC Securities.

Partikshit: This is Partikshit here, Shveta. Congratulations on a great number. So my question is this 49% growth in power gen business, if you can help us quantify ex of data center, the coal power gen business would have, what was the growth like-to-like?

Shveta Arya: Okay. So other than the data centers, how much was the growth is the question, right? So in this particular quarter, if I were to share with you the power gen growth number that you're seeing, approximately 40% of the power gen sales in this particular quarter came from data centers.

And like I said, this came -- a large amount of it came from the data center project execution, which is a lumpy business, in this particular quarter, due to various site clearances happening, our own execution happening really well regards that. So 40% of the overall power gen revenue in this quarter came from the data centers. The remaining was across different segments.

Partikshit: If I say Y-o-Y, so what was the contribution of data center in last quarter? So if I have to get to the growth number of the core power gen, I need that data.

Shveta Arya: That may not be the right number to compare because this project's demand is a lumpy demand. And last year, it was quite spread out in different quarters. In this particular quarter, we saw a lot of execution happening, so that doesn't happen always in the normal course of business. And you asked a question that other -- sorry, go ahead.

Partikshit: I was asking more on a normalized ex of data center. The data center is again project business, you rightly said. So on the coal power gen side, so what is the growth we are looking at? I mean what is the growth?

Shveta Arya: On the coal power gen side, if I exclude data centers, then we have grown 20% as compared to the same quarter last year.

Partikshit: So adjusted for data center, 20% power gen growth. And what I hear was also on the ground when I was talking to the channel partners, what I understood was that because there was a tariff imposed -- additional tariff imposed at some exporters, there was a slowdown. And also they told me that there were some challenges on supply chain in some nodes. So is it correct? And if those were the challenges, the numbers would have been much better if we were able to deliver?

Shveta Arya: Not really. Those are not the challenges. The tariff generally imposes challenges around the world, where what we see is in different markets, the customers that we sell to holding on to their own expansions and their own capital investments, but that is true for a large number of markets because of tariff uncertainty. But I don't think that cost us any specific issues in this particular quarter.

Partikshit: Okay. My second question was on the exports. Now we have seen almost all-time high export, if I put it, maybe 3-year high export. So I know you've been alluding that you've been putting a



lot of efforts on developing the end markets and increasing the share. So particularly of interest if this trend, do you expect this trend to continue? Or do you think now we are somewhere like -- I mean, growth from here on will be maybe challenging, it's kind of peaking out. So any commentary on the export end markets and growth expectations there?

Shveta Arya:

So let me help break the exports a little bit. So exports happened both in the high horsepower and low horsepower range. And we saw good numbers, orders as well as we were able to execute in this quarter from both high horsepower and low horsepower from specifically markets like Europe for high horsepower and Europe and Middle East for low horsepower.

Yes, there's been a lot of focus that we've put in on our channel development and right product placement and pricing. I would say that we are seeing a little bit of softening of the order intake from exports at this point in time. Largely, we do see it in this coming -- in the quarter, which is the last quarter of the year because of a lot of inventory correction in our channel space. We don't know if that is the only contributing factor as of now. So there is a little bit of softening that we are seeing as of today on the export front.

Partikshit:

Question, I mean, we have launched this BES solution. So if you can help us understand, it's been some time now. So have we won any new orders? And also along with the BES and this new product, which is aeroderivatives that some of the players have launched on the -- especially on the data center side. So put together, these 2 things, I mean, do have -- these have long-term threat to our power gen business in the data center side?

Shveta Arya:

So the BES solution, there's a lot of interest from the market. As we speak, there are many live inquiries that our team is responding to. It's a new product. It takes time for people to understand to also see how that fits in, in their overall power backup scenario. So a lot of inquiries, not -- I can't share that we have a good order board yet. A lot of inquiries and discussions going on with customers.

Partikshit:

And on aeroderivatives, any comment whether they can pose a competitive challenge to the power gen business more on the longer term? I mean, 35-megawatt, 200-megawatt kind of turbines, gas turbines business, if it is?

Shveta Arya:

See, turbines resolves a very different problem for the market, and they operate at a very different range. Data center business for us operates in the 2,000 to 3,000 megawatt range. So turbines solve a very different business -- a very different problem for the players. We don't see competition from that space emerging just yet.

Moderator:

We'll take the next question from the line of Renu Baid from IIFL Capital.

Renu Baid:

Great performance this quarter. First question would be in the domestic power gen business, while the growth has been very strong, and we have seen pretty good tailwinds coming in from realty, residential, commercial segment. So broadly going into the next calendar year, in your view, what could be the key upside triggers for growth in this space? And where do you see challenge to the volume numbers coming through in CY '26 or fiscal '27 for Cummins?



Shveta Arya:

Thanks for the question, Renu. I won't be able to give you too much around this. Let me just tell you that the backup power market in India, just like you said, segments like realty, commercial realty or the construction that's happening where also our backup power is used. I have spoken about quick commerce. Mission-critical remains our focus area. So all of those places, we continue to see growing for the India market. We also continue to see the data center market slowly, steadily picking up.

India is not the fastest-growing data center market in the world yet. U.S., China, Europe are growing faster in the data center space than us. So that is actually an opportunity. I won't be able to say if it will fructify in the next year, it definitely gives an opportunity to players in the market if that comes at the growth rate at which other markets in the world are growing, which definitely our country has the potential for.

Renu Baid:

Right. And do you see export opportunities on the DC side opening up for Cummins India? Or largely, they would be through the CTI entity, which does the large engine blocks for DC.

Shveta Arya:

So data centers are very, very heavy engines and gensets which get commissioned at data center. And largely, our strategy is to produce very close to the market. It is very difficult to logistically ship all of that out from a country which is miles away. So the strategy has to be closer to the customer. And these are, like I said, very heavy engines, very heavy gensets. So since the U.S. market is the fastest-growing market, some of this production for us is in the U.S.

Renu Baid:

Got it. Second is the Industrial segment has seen both Y-o-Y, Q-o-Q moderation. So if you can share some comments, a, on the subsegment numbers this quarter? And in terms of commentary, which was the bucket, whether it was construction, compressors, railways that slowed, how is the growth outlook looking there?

Shveta Arya:

Yes, sure. So let me tell you -- let me first break up the numbers for you for the Industrial segment for this quarter. Construction was at INR121 crores. Rail was at INR120 crores, mining at INR17 crores, compressor at INR56 crores and then the others. Now what happened for us is due to extended monsoons, construction did not pick up as much as we had anticipated it would. There was a little bit of slowness on that side. So that was one of the biggest contributors.

Rail did well we did. We did -- we had good orders, and we were able to execute them well despite all the challenges that sometimes rail order execution entails. So rail was a good story. Mining was not enough orders coming in. You might have seen that Coal India production itself slowed down in this quarter, but also not enough tenders coming in, in the mining space, specifically from Coal India. So those are the 3 big ones I would point out.

Renu Baid:

And lastly, if I can ask, while you mentioned pricing for CPCB IV range has broadly settled in the market, commodity costs are also heading north. And overall demand environment in the economy seems to be fine for Cummins India based on its end markets.

What would be your view on the gross margins over the next 12, 15 months? We think we should be able to retain the 35%, 36% range gross margins or there could be some compressions going ahead, probably even expansion also if the mix is favorable.



Shveta Arya:

The endeavour always is to maintain or expand the margins. That is what we commit to our stakeholders. There are quite a few challenges. I would say competitive intensity in the power gen side is becoming -- every month, every quarter, it increases. So there's a lot of movement that's happening there. We've been able to hold on largely to our value proposition in the market, but that could be a challenge. Also, please remember, as you see this quarter, the volumes were really high for us due to really good execution and some data center execution as well.

So there's a lot of leverage gain there. Cost reduction efforts is a continuous effort, which we continue today, and we will continue tomorrow also. That gives us some gain. Leverage gain we get through the volumes and the product mix also changes. So the overall margins are a factor of all of these. It depends if these kind of volumes we get. From our point of view, the cost measures will continue, the cost control will continue. So those are the factors, I would say, which will play out going forward.

Renu Baid:

Again, congratulations for strong performance.

Shveta Arya:

Thanks, Renu.

Moderator:

The next question is from the line of Balasubramanian from Arihant Capital.

Balasubramanian:

This power gen growth is mostly very broad-based, which subset -- which specific subsegments like data centers, e-commerce and manufacturing have the highest growth visibility over the next 2 to 3 years? Is there any early signs of demand saturation in any of these core areas?

And secondly, on the data center side, we have seen our competitors also winning a lot of orders due to shorter delivery times. And what specific operational changes like in terms of supply chain, inventories, production planning you are implementing to reduce lead times and capture more share in those segments?

Shveta Arya:

Thanks for the question, Bala. So from a power gen segment's perspective, like you said, it is very broad-based. And going forward, we do not anticipate any change. We do not see any specific -- as of now, any specific segments coming up, but it really depends on the economic growth of the country and the focus and where the government investment and the private investment is coming in. So we really cannot predict that.

From a demand saturation perspective, given the economic growth of the country, we are still projected to grow at a higher than 6% GDP. And as the GDP growth continues plus the government infrastructure investment continues, we see the backup power demand continue and also the industrial business demand continue because they are dependent on the government infrastructure spending, the economic growth in the country. So that's how we see those continue.

And from a data center perspective, yes, there is competition. We are continuously working on reducing our lead times, improving our capacity. It's definitely growing at a faster pace than what we had anticipated. So there's continuous endeavour to improve our capacity and lead times. There's a lot of work that has been happening over the last year and will continue to happen in the coming years.



Balasubramanian: Okay, madam. Madam, you've mentioned rail is doing good as of now. And beyond load converter, what is the pipeline of new products in the railway segment? And what kind of contributions we may expect next 3 to 5 years? What are the key dependency in terms of government capex or new tender wins, to get like some color on that.

Shveta Arya: So from a railway segment perspective, our growth is actually coming from our traditional products. What we sell in the power car, the diesel electric tower car segments, a very small percentage comes from the hotel load converter, which has now been approved for serial production. So it just got approved last quarter, and those sales will start coming in.

We do anticipate in this space, the demand for our products in the power car and diesel electric tower cars to continue as is, and there is work going on newer products like the hotel load converter, which I will share in due course of time as we are ready to talk about those products.

Balasubramanian: Okay. My last question is, I think in the aftermarket side, some consolidation is happening due to technical complexity and what kind of incremental aftermarket margin do we expect from CPCB IV+ products compared to previous generations. And how are you ensuring your service network is equipped to capture this kind of value?

Shveta Arya: From a service network perspective, our service network has been equipped before the launch of CPCB IV+ product to handle this technologically complex product. We've been working on that even before 1st of July 2023. And the aftermarket revenues will come from various segments, not just CPCB IV+ power gen, but CPCB II because if you think about it, a large number of the asset base on the ground, which is maintained by our aftermarket is CPCB II.

So to justify that there will be an increment there just because of CPCB IV+ will not be right. It comes from railways. It comes from mining. It comes from marine, from defense, from construction, from CPCB II power gen, from CPCB IV+ power gen and data center. So there is no specific contribution that one can attribute that because of CPCB IV+ the distribution business can get this much higher revenue or margins.

Moderator: The next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: I have a couple of them. First is when I hear your commentary on data centers, given that 40% of your power gen contribution has come from there, why do you call it a one-off chunky order? Like why do you not see this level of growth sustaining, particularly in light of the kind of commentary we are seeing from different data center companies in terms of their plans for India. So just wanted to first get your thoughts on sustainability of this kind of numbers or growing for the data centers business.

Shveta Arya: Thanks for the question, Pulkit. So data centers in India have been growing via what we call colo players, which have been putting up infrastructure, selling it to other global operators. And we have been growing via what we call hyperscalers, which are of the likes of Microsoft, Amazon and Google. So when I mention about some of these big data center orders that we get, which are executed like projects at our end, these are the big hyperscaler orders, which are not very well spread out across the year.



The orders that we get from our local colo players are largely very well spread out, but some of these big data center orders are not. And that's why that is lumpy business. It depends on site clearances that our hyperscalers are able to get. And then as soon as they get site clearances, our execution capability because these are very, very complex execution projects. So both of those.

And in this particular quarter, these 2 things did come together very well. It is not necessary that it does every quarter. Now as you say that many companies and many players -- data center players are talking about setting up data centers in India. You're right. We are hearing more, and we are talking to these players more. Till today -- as I was mentioning, India data center market still has not been growing at the speed at which some other data markets around the world are growing.

We get to see this in our own network globally. The way U.S. or Europe have been growing or even China has been growing. That growth rate we have not seen in the market. You are right, some new announcements do show us that it could go in that direction, but announcement to execution could be anywhere between a 1 to 2-year timeline. So it remains to be seen how some of these announcements fructify into real execution on the ground, how soon they get site clearances and how soon are they able to move these projects forward.

Pulkit Patni: Sure, ma'am. No, that's very clear. My second question would be, if we assume that some of those data centers actually do come through, is there any capability building that you would need to do here in India or we can actually import some of those and be suppliers? How do you see the India business preparedness for that level of data center installation in India based on, again, the recent news flow for some of the large developers?

Shveta Arya: Pulkit, I think we are prepared to execute those orders today. It does not matter where we build some of those products because our supply chain is very agile from that perspective. And we are actually capable to execute some of those orders if those fructify even today.

Moderator: The next question is from the line of Aditya Mongia from Kotak Securities.

Aditya Mongia: So Shveta, the question that I had was more as in the second time you would have talked about in as many calls about higher competitive intensity in the high horsepower segment. I wanted to get a better color from you as to -- in this segment that we have done very well inside, what are your competitors now doing differently that makes us a little bit more concerned on how this segment kind of pans out for us over time?

Shveta Arya: Thanks for the question, Aditya. I may not be able to say what our competition is doing differently. We just see a lot of competitive intensity across the board. We have many players in the low horsepower range. We have many players in the medium horsepower range, and we continue seeing them operating in the market and with the ready product range of CPCB IV+.

We see them in the higher horsepower market, although the number of players is slightly smaller in the higher horsepower range, but we see competition there. So I can't say what they are doing differently. I can definitely say that we encounter more and more of our competition in every deal that we go and look for.



- Aditya Mongia:** Understood. And is this just limited to the high horsepower segment or even, let's say, in the heavy-duty segment, wherein you may still have good market share? Is this starting to become a more broad-based problem for you? I'm just trying to get a sense whether it's a few nodes here and there or more broad-based at a portfolio level higher up?
- Shveta Arya:** This is very broad-based, very, very high competition, specifically in the low horsepower and the medium-range segment but very broad-based.
- Aditya Mongia:** Sure. Would you see this becoming a hurdle as we think of expanding our margins 100 basis points every year? Just trying to see whether it's more price based or not yet over here as well.
- Shveta Arya:** Aditya, price gets adjusted in the market based on customer segment movement and other things like that. But our margins are a blend of power gen, industrial and then exports and then aftermarket. So we do have a good blend and good levers to play with across the board. And it's not just one. It's not just price dependent.
- Aditya Mongia:** Just a final question, I'll just get back in the queue. Somewhere in the annual report, you talk about global OEMs being, let's say, from a distribution perspective, certain kind of export opportunities or let's say, the initiation of global OEMs being thought through. Could you give us a little bit more color whether there is something substantial that can happen from an export perspective in aftermarket -- in distribution segment, sorry?
- Shveta Arya:** From a distribution perspective, Aditya, distribution for us across the world is very localized. Distribution business exists to serve the assets on the ground in the market. That is the primary business objective. So largely, it is to serve what we have in India. We do not really look at this business for heavy export opportunities.
- Moderator:** The next question is from the line of Shirom Kapur from Jefferies.
- Shirom Kapur:** Could you -- just on a bookkeeping question, could you give the split in power gen business across HHP MHP, LHP in case I missed that earlier?
- Shveta Arya:** Sure. From a power gen business perspective, in this quarter, the low horsepower was about INR100 crores. The medium range was about INR250 crores. The heavy duty, again, about INR100 crores. And then the remaining was the high horsepower and projects business.
- Moderator:** We'll take the next question from the line of Mahesh Bendre from LIC Mutual Fund.
- Mahesh Bendre:** Our exports have grown significantly, 24%. So despite of tariff issue, still we are exporting in a good number. So what is the arrangement with the parent in this case? Who is sharing the tariff burden?
- Shveta Arya:** Mahesh, our exports go to many, many countries. Our exports go to largely Africa, Middle East, Europe, Asia Pacific, Latin America, Africa. The U.S. exports are there, but they are not very significant contributor. And only the U.S. exports are impacted by tariffs, not the others. So that question would not be applicable because our growth really has come from the markets that I mentioned earlier, like Europe, Middle East, Latin America.



- Mahesh Bendre:** Sure. And last question from my end is, in first half of the year, we have grown by 27%. Now you have talked about double-digit growth for this year. I mean, it seems to be the, I mean, obvious case. But do you think similar kind of number performance will be possible going forward -- I mean on a higher base?
- Shveta Arya:** So I did mention this particular quarter, there was a lot of data center project execution, which we do not see in the next half of the year to that extent. So there will be business with data center, but not to this extent. This was a little lumpy projects business, great execution in this quarter, which will not come through.
- I do see exports a little bit of softness in the coming quarter, largely because of inventory correction in the end markets. And there is demand in the market and our supply is constantly catching up with that. So if we play that out well, then we could continue on the growth trajectory, but these are the kind of factors which could impact our growth going forward.
- Mahesh Bendre:** Yes. Last question from my end. Ma'am, if we get the order for data center right now, so how many months it takes to deliver for hyper?
- Shveta Arya:** That is a very difficult question to answer because different data centers buy different nodes of our engines and they buy gensets. And there are different lead times. It also depends on when the order comes in for us with how much certainty because we have to really manage the order book in such a way that we manage lead times for all our customers well. So it's not as if you put in an order today and we can give you a direct answer. There's an average answer there, and it differs by nodes.
- Moderator:** The next question is from the line of Priyankar Biswas from JM Financial.
- Priyankar Biswas:** My first question is can you give me a broad sense, like since you said that the pricing has stabilized after like CPCB IV so what would be the average increase in realizations, let's say, today versus, let's say, at the tag end of CPCB II, if we can get some directionality?
- Shveta Arya:** No, that is a very difficult question to answer. I wouldn't be able to give you that data point.
- Priyankar Biswas:** Okay. Like now the other question is, since you mentioned that 40% was the DC revenue in power gen in this particular quarter. If I ask what it would be in the first half of -- like in 1H FY '26, some broad sense?
- Shveta Arya:** Sorry, in the first half of FY '26, is that the question?
- Priyankar Biswas:** Yes, yes, yes.
- Shveta Arya:** Overall data center, I could tell you it would happen closer to -- between 25% to 30%.
- Priyankar Biswas:** Okay. And then also, I remember that when we had launched this CPCB IV engines, at that time, a 2-year comprehensive warranty and 5-year critical parts warranties were being given. So are we still providing that at this stage? And if so, how should we look at, let's say, our warranty expenses moving forward?



Shveta Arya:

So we do provide for all our products 2 years comprehensive warranty. That goes without saying any product that is sold comes with a 2-year warranty. And then the customer has a choice to buy a 5-year extended warranty if they like. So there are many customers who go for that. How should you see warranty expense moving forward?

That is not related to how we cover the products. That is related to how well our products are performing on the ground. So if the product is performing well, then the warranty expenses stay under control. And that is how I look at it. Our CPCB IV+ product launch has been very good, very good acceptance from the customers, and we have our warranty expenses under control.

Priyankar Biswas:

And ma'am, just if I can squeeze one more in. Since at some other participants' questions, competition was discussed across HHP, MHP and LHP. Can you just give a color, I'm not asking for exact data points of maybe a range possibly of your market shares in LHP, MHP and HHP? And what would have been the changes, let's say -- in the last, let's say, 1 year? Some color on it?

Shveta Arya:

We do not get any syndicated research in that space, so it will be very difficult for me to share any ranges with you for the market share.

Priyankar Biswas:

But would it be fair to say that you would have largely maintained your market share? Or if you would have increased, that color, if you can give.

Shveta Arya:

If there was a syndicated research, which would tell me that this is exactly the volume of power gen sold in the market, if there was any registration for gensets, I could have said that to you. But in the lack of that data, it will be very difficult to say.

Moderator:

The next question is from the line of Atul Tiwari from JPMorgan.

Atul Tiwari:

Ma'am, with regard to competition that you mentioned across segments, So obviously, you have industry-leading brand and technology and so on. So what is the basis of competition for some of the smaller players? Is it price only? Or do they bring something to the table, which because of your positioning in the market you are not able to?

Shveta Arya:

So I may not be able to comment so much on competition. Suffice to say that competition in the market does have brands. They have good brands. They may have domestic brands or global brands. They have brands and they have price also that they can play with. And they have all come up with CPCB IV+ products too. So they have a product range. They play with price. They have their brand. They have established channels. So yes. So they have done all of this for sure.

Atul Tiwari:

And so obviously -- ma'am your ROCEs and cash flows and margins are at historical highs, and congratulations on that performance. But do you feel that if your competition is willing to work with lower margins and ROEs, then over a period of time, it will pull down your ROCEs, and margins as well? Is that a calculation in how you approach the business?

Shveta Arya:

So we deal with this kind of competition, not just in India around the world. Our value proposition is around our technology, our innovation and reliability. We -- just as an example, a backup genset is used as an insurance that it will work on the day when you need it to work even



if it is for 10 minutes in a whole year. It has to work on that particular day. And that is the promise that we give through our brand, through our technology, through our reliability, and that is the value proposition for the customer.

So we always endeavour to provide that to the customer versus worrying about how competition would play. Of course, we analyze how competition plays in the market. That is not to say that we don't analyze, but we always endeavour to provide better value proposition based on what our customers need. If we can provide that with our technology and focus on reliability, then that creates a value differentiation in the customer's mind.

Moderator: The next question is from the line of Mohit Pandey from Citigroup.

Mohit Pandey: My question is on the distribution segment. Do you believe this 20%, 21%-odd growth looks sustainable? And if you can also share comments on, are we seeing increased competitive intensity from third-party providers and distribution?

Shveta Arya: So from a distribution perspective, since we maintain our assets on the ground, given the fact that for the last few years, our assets on the ground have increased because we have done good sales of our engines and gensets, that increases the number of assets under maintenance for DBU. So they focus on covering those assets. They focus on penetration.

They focus on providing the right kind of parts available to the customers across the range. This is all our industrial customers and our power gen customers. So yes, I do see if the economic activity in the country continues to grow in this fashion and our customers continue to utilize the assets the way we expect them to, then, yes, I anticipate that distribution will continue to focus on how they grow and they will continue to grow.

In terms of third parties, yes, there are quite a few will-fit operators and also other third parties in the India market who have been operating for a long period of time. They continue to operate. Do I see any higher intensity of those? No. They were existent. They are existent and they continue to play.

Mohit Pandey: Understood, ma'am. And secondly, on Industrial. So the demand that was impacted this quarter due to monsoons, so that is lost demand or some of that can spill over? And secondly, if you can share color on new product launch pipeline in Industrial beyond railways, that would be useful ma'am.

Shveta Arya: So in the industrial space, as I spoke about construction and I also spoke about mining. Largely, this demand over a period of time from a construction perspective does come back, but it depends on how the construction activity picks up in the market. For that, we need higher velocity of construction happening in the country, which we all know we've seen is not at the same pace as it was in the last year or the year before that. It continues, not at the same intensity. So we wait to see how that changes in the coming quarters. If that changes, yes, that demand can get a boost.

On the mining side, we've not seen for 2 years Coal India tenders moving and coming in at the pace at which we had anticipated for new assets that they want to buy. A lot of maintenance-related demand has been coming in, but new tenders for new higher capacity equipment that



they buy has not come in. So if that comes in, yes, we will be able to cater to that demand, but we've been waiting for 2 years now. So we will have to see. And then sorry, your last question was on railways. So railways -- sorry, please go ahead.

Mohit Pandey:

Launch pipeline beyond railways. I think railways you mentioned earlier. Yes.

Shveta Arya:

The others are smaller segments. There's a lot of activity on the marine side, but it's a smaller contributor. I can tell you that the government's focus on the marine segment in the last few months and going forward, we see much higher than ever before that we have seen in the last decade or so.

So there are -- there is quite a bit of activity from the government marine procurement side that we hope can come through. I cannot say because it is tender business, but we do see a lot of interest and a lot of conversations. Commercial marine has been growing in the country. We hope that continues, but like I said, these are very small contributors to the overall revenue.

Moderator:

The next question is from the line of Amit Anwani from PL Capital.

Amit Anwani:

First question on the exports. You did highlight it that we are expecting softer exports because of the inventory correction. Directionally, just wanted to understand medium to long term in exports as to -- if you see past 7, 8 years of numbers, between INR1,700 crores to, I think, one of year was there with INR2,000 crores exports revenue.

So directionally from here on wanted to understand, are we in any time looking at growing exports to double digit? And as you highlighted, data center is a pretty huge opportunity, but being closer to the customer is something which is a constraint. So any other market ex of India where you might be intending for data centers? And if at all, you're looking for double-digit exports growth, will there be any nodes or geographies which you might be -- a bit mid- to long-term outlook would help in exports?

Shveta Arya:

Exports has been a tough play. We have endeavoured to grow in that space, and that will continue. Could I share with you that for the next 5 years, we will be able to get double-digit growth? No, because these are not the end markets that we understand as well as the India market. We do provide our expertise to our channel partners, and we do work with them for product placement.

But as those economies go through their own individual challenges, there are challenges in Europe from a longer-term growth perspective. There are challenges in pockets in Latin America, where credit is not available. There are challenges in Africa, Middle East due to the onslaught of Chinese players over there.

So these are inherent challenges in these markets. Very difficult for us to predict how will these markets move forward in their own economic growth and solving their challenges and thereby what will be our demand. Like I said, we work with our channel partners, but we don't understand those markets as well as we understand India. So difficult for me to give you that number. And from a data center perspective, I'm sorry, could you repeat your question there?



- Amit Anwani:** So I was saying you did highlight it that in data centers, we need to be closer to the customer. And obviously, there are opportunities in U.S. and Europe. So I was just thinking, is there any opportunity for Cummins India to supply in data centers, which is constrained, as you highlighted. So I was just thinking, is there any other neighboring markets or any other sense where we can really tap the export or data centers in any way?
- Shveta Arya:** So we see other markets are not growing at that pace in the data center space. The markets actually growing are U.S. U.S. is the one which is fueling all the growth around the world at this point in time and China as well and then Europe. So smaller markets around the world in the data center space are not growing as much.
- If there are opportunities, of course, we will be able to look at those and cater to them as need be. Our opportunity arises from the India market getting on to the kind of growth numbers that we have seen in U.S., Europe and China. If that happens, then we will really see a boost in the data center space, but that will be domestic. That we think we are more optimistic about.
- Amit Anwani:** Right. And you did highlight the inventory correction and exports market. Would you -- are you indicating that, on a full year basis, the export could be flattish to single digit this year?
- Shveta Arya:** May not be able to say. All I can share with you that in the past years, we've always seen inventory correction in our channel. We do see a little bit of sluggishness in the order buildup as of now. We will have to see how it turns out at the end of the year.
- Amit Anwani:** Understood. Lastly, on the guidance. So since we are already more than 20% for H1, what is the volumes growth? And could you also highlight whether the company will also be seeing the double-digit plus volumes growth sustainably for the next couple of more years?
- Shveta Arya:** Volume growth, double digit is a very difficult answer to give because in the power gen market, which is where largely the volumes come from, the nodes keep shifting as well. If our players move -- our customers move to higher nodes, there could be lower volumes, but then that would still be a good business for us. So it's very difficult to answer the volume question from a longer period of time. And just for this year, we are maintaining double-digit growth guidance, and that's the best that I can share at this stage.
- Amit Anwani:** Right. And finally, on the LHP, you did talk about the competition and getting intensified. Are we expecting more intensity and that further impacting the price normalization or any impact going forward on prices for -- especially for the lower nodes?
- Shveta Arya:** We are expecting intensity because there are a lot of players who in India and outside India look at the India market and see that as a good growth engine for them. So we consistently keep hearing of more and more players wanting to engage in the power gen market here in India. So yes, we expect even higher competitive intensity also in the low horsepower range. Price, difficult to say how that will play out.
- Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Mohit from -- I'm sorry, Mohit has left the queue. We'll take the next question, which will be the last question for today, which is from the line of Ashish from MLP.



Ashish: Shveta, one thing I wanted to understand is how is the competition in the data center market, especially the colo data center and the hyperscalers.

Shveta Arya: There are a few players who play in the data center market because these are very, very complex project executions and stringent demands. That being said, we do have players who work with both the colo and hyperscalers in the Indian market, largely competition, which is the big MNCs that play in this market because then they can fulfill the demand, the technology that is needed, the commissioning requirements, stringent requirements that have to be fulfilled. So there is competition, largely comes through MNCs.

Ashish: And is the competition increasing or it's more or less the same player, 2, 3 players who are there, it remains within them?

Shveta Arya: Remains within them, more intensity from some of our Chinese players for sure, but largely remains same.

Moderator: Ladies and gentlemen, as that was the last question for today, I now hand the conference again over to Ms. Shveta Arya for her closing comments. Thank you, and over to you, Ms. Arya.

Shveta Arya: Thank you. Thank you so much, all of you, for all your questions, your participation and engagement today. At Cummins India, we believe that the broader domestic economic outlook is stable for the country. Our GDP estimate for financial year '26 is around 6.8%. The CPI remains stable compared to the last quarter.

However, we do note that there are ongoing geopolitical uncertainties around us. There are questions around tariff, which may result in short-term fluctuations. We continue to be watchful and maintain a stable outlook about the near to medium-term future. With this, I would like to close the call. Thank you so much, everyone. Thank you.

Moderator: Thank you members of the management. On behalf of Cummins India Limited and the leadership team, we would like to thank you for joining us today and making it an engaging session. We are now concluding the conference, and you may disconnect your lines. Thank you.