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BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001  BSE Scrip Code: <b>500480</b>	National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051  NSE Symbol: <b>CUMMINSIND</b>
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**Subject: Transcript of Q3 FY 2025-26 Results Conference Call**

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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 (“SEBI Listing Regulations”) and with reference to our stock exchange intimation dated January 27, 2026, regarding Q3 FY 2025-26 Results Conference Call, please find enclosed herewith transcript of the said call held on February 05, 2026.

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

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“Cummins India Limited  
Q3 FY 2025-'26 Earnings Conference Call”

February 05, 2026



**MANAGEMENT: SHVETA ARYA, MANAGING DIRECTOR, CUMMINS  
INDIA LIMITED.**

**SOMA GHOSH, CHIEF FINANCIAL OFFICER, CUMMINS  
INDIA LIMITED**



**Moderator:** Good morning, ladies and gentlemen. Welcome to Cummins India Limited's Q3 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. Good morning, ladies and gentlemen. I'm Shveta Arya, Managing Director of Cummins India Limited. I hope you all are doing well. Soma Ghosh, CFO of Cummins India Limited, joins me on the call. Thank you all for joining us today. Now I would like to share the financial results of quarter 3 financial year '25-'26 through this call.

For the quarter ended December 31, 2025, with respect to the same quarter last year, our sales at INR3,006 crores are broadly stable, though marginally lower by 1% compared to the same quarter last year. Domestic sales at INR2,535 crores are slightly lower by 2%. Exports at INR471 crores are higher by 2%.

Profit before tax before exceptional items at INR719 crores is higher by 7%. Profit before tax after exceptional items at INR593 crores is lesser by 12%. For the quarter ended December 31, 2025, with respect to the last quarter, our sales at INR3,006 crores are marginally lower by 4% compared to INR3,122 crores recorded in the last quarter.

Domestic sales at INR2,535 crores are lower by 2%. Exports at INR471 crores are lower by 14%. Profit before tax before exceptional items at INR719 crores is lower by 14% and profit before tax after exceptional items at INR593 crores is lower by 29%. Segment-wise breakups for the same quarter, which ended December 31, 2025. For the domestic business, Power Gen domestic sales are at INR1,069 crores.

There's a 16% decrease over last year and a 20% decrease over last quarter. Distribution business sales are at INR939 crores, 26% increase over last year and 18% increase over last quarter. Industrial business sales for the domestic business at INR464 crores is a 9% decrease over last year and 20% increase over last quarter. From an exports point of view, high horsepower exports are at INR232 crores.

There's a 15% increase over last year and 17% decrease over last quarter. Low horsepower exports are at INR186 crores, which is a 14% decrease over same quarter last year and 15% decrease over last quarter. Regarding the sales outlook for the financial year '26, we expect to have double-digit revenue growth over the previous fiscal year, which is supported by demand across all our key segments. With that, I now open the session for questions. Thank you so much.

**Moderator:** The first question is from the line of Shirom Kapur from Jefferies.



- Shirom Kapur:** I just want to see if you could help us with the volume growth in the past quarter as well as 9 months FY '26. We want to get a sense on how much of the top line is driven by volumes versus pricing? That's my first question.
- Shveta Arya:** Shirom, thanks for the question. So, our revenue is a mix of Power Gen across many nodes and then Industrial business and Distribution. So, it's a mixed bag. There is volume growth in certain spaces in power generation. There is also pricing impact. And Distribution business, of course, has a lot of volume growth as well as pricing. So, it's a mix. It's both volume and pricing. It will be difficult for us to separate that out segment by segment for you and share that.
- Shirom Kapur:** Okay, sure. So, could you also share anything on your market share movement? Have you gained or lost market share in the past quarter, in the past 9 months? If you could help us with that?
- Shveta Arya:** We do not have any syndicated research numbers available for this quarter, which can tell us what the market share would be. So unfortunately, I will not be able to give that information.
- Shirom Kapur:** Sure. Just last question. You shared FY '26, you're expecting double-digit growth. Would you have any color on FY '27? Should we continue to expect double-digit growth next year as well?
- Shveta Arya:** Given that the Indian economy is doing well, GDP projections are still in the range of 7% or thereabouts for the next financial year. The budget is seemingly positive for investments in the infrastructure segment. For the domestic growth, I can say that for financial year '27, we will target double-digit growth.
- Exports is another matter altogether where there are a lot of moving pieces, geopolitical conditions not stable, a lot of economic activity impacted due to different tariff-related equations playing out at this point in time. So, exports, difficult to say. Domestic, we are more positive and can definitely say that we will target double-digit growth.
- Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities.
- Parikshit Kandpal:** Congratulations on a good quarter. So, Shveta, in this quarter, we have seen a decline in the Power Gen revenues, 16%, INR1,069 crores, and even last year if I see, it's INR1,271 crores. So, there is a data center element in both these quarters. So just to understand more color on the core growth, excluding data centers, if you can help us quantify what was the contribution of data center in this quarter and last quarter? And what was the core growth in the Power Gen business?
- Shveta Arya:** Yes. Thanks for the question, Parikshit. So, I had mentioned in my commentary for the last quarter that we had extremely good data center execution, and that business is lumpy business. That because we had done the execution last quarter, that did not come in the quarter 3 of financial year FY '25-'26.
- That is the only difference. Other than that, our core Power Gen business has grown at a steady rate, just as it has been growing in the past few quarters. There's no change in that. The only difference is data center execution, which happened in the quarter before, not in this one.



- Parikshit Kandpal:** But last quarter if I see, INR1,271 crores of revenue in Q3 FY '25, so that in the last call you had said that in Q3 FY '25 call that there was an impact of data center. So, if I have to understand that this quarter there is no data center, so then like-to-like, what is the growth on Power Gen. So, in Q3, it was about 20%. Last call, you had mentioned, excluding data center. So just want to understand the health of the Power Gen business, what will be the growth? If you can quantify, that would be helpful.
- Shveta Arya:** It is steady growth. It's not exactly 20%, but it is good growth very close to double digits.
- Parikshit Kandpal:** Okay. Now if I look at the budget, so government has given taxation investments in India. And even in this year, we have seen good orders coming in. So just wanted to understand from you, how is the data center pipeline building out?
- Moderator:** Excuse me sir. I'm sorry to interrupt you. Sir, your voice is breaking. Can you please use your handset?
- Parikshit Kandpal:** Is it better now?
- Shveta Arya:** Yes, sir. Please repeat your question.
- Parikshit Kandpal:** So, I was asking you that government has given a huge tax incentive in the budget on data center investments in India. And we have also seen that we have been getting direct orders and OEM orders, which we do through the OEMs. So how is the data center pipeline building out in the next 1 or 2 years? So, any color on that will be helpful.
- Shveta Arya:** Yes. Data center pipeline is building out very well. As you rightly said, the tax incentives have been announced recently. We are yet to see the impact of that. But nevertheless, a lot of movement in the data center market in India, some announcements. So, for the next 3 to 4 years, we do anticipate positive movement in the data center segment in India.
- Parikshit Kandpal:** And what has been the contribution in 9 months on the numbers on the data center side? And also lastly, on the gross margins, we have seen very strong gross margins. But again, there has been a big uptick in other expenses. If you can explain the difference between the two. So those will be my last questions.
- Shveta Arya:** So, on the data center contribution, data center contribution overall for our business stays around 25% of the Power Gen revenue. That's on an average because it's a lumpy business. I would not say anything quarter-on-quarter. And then on the other expenses. On the other expenses, we have a onetime true-up in our expenses. Some quarters before, I had spoken about a true-down. So that was a benefit to us. And this time, there's a true-up. So overall, for the year, if you'll see, this will even out.
- Parikshit Kandpal:** Is it onetime? Or is it recurring? So how does one read it?
- Shveta Arya:** This is onetime for this quarter.
- Parikshit Kandpal:** And how much is the quantification of that amount in value just to arrive at the core margins or the core EBITDA margins if you have to arrive at?



- Shveta Arya:** Roughly INR50 crores.
- Moderator:** The next question is from the line of Mohit Kumar from ICICI Securities.
- Mohit Kumar:** My first question is, how do you think about the impact of EU FDA on your business? Do you have any color to share?
- Shveta Arya:** Mohit, EU FDA, we do have some business where we directly export to the EU region. So, we are evaluating the impact. Right now, not able to share, hypothetically looks positive. But yes, we do have business there, and it will have a positive impact.
- Mohit Kumar:** Is the impact on the cost side or from the business opportunity side? Can you please help us?
- Shveta Arya:** Evaluating that, Mohit, not yet in a space to share that. We are evaluating whether it could have impact on getting higher business.
- Mohit Kumar:** Understood. And just one qualitative question. How do you think about, can you just give some color on the inquiry pipeline from data center compared to what you're seeing right now, were you seeing at the beginning of the fiscal?
- Shveta Arya:** So, data center space in India, we have hyperscalers and co-located players. Hyperscalers are the likes of Microsoft, Google, Amazon, which do big announcements, big sites. And then we have co-located players here in India. If I were to compare now versus start of the fiscal, there are some more new announcements coming in from the hyperscalers.
- So, there's more activity on that end. On the co-located players, the co-lo players, it's been steady. There was good inquiries at the start of the fiscal, continues to be so throughout the fiscal. So that's how I would talk about inquiries.
- Moderator:** The next question is from the line of Rahul Gajare from Macquarie Capital.
- Rahul Gajare:** Two questions. One, on the exports, given that the third quarter we had seen weak exports, can you break this up geographically to understand which particular geographies are really impacting the overall exports? And the second question is, given that a lot of parent capacity is kind of used up to sort of data center market in the American region, I want to understand if you are getting demand or inquiries for data center from other geographies?
- Shveta Arya:** Thanks for the question, Rahul. So, on the exports side, I have been saying this for the last few quarters that there's no particular trend from any market. But if you were to just ask me about the last quarter, we saw revenues increasing for Asia Pac and Europe and the other markets did not really grow as much. So that is from an exports point of view. The demand for data centers from other geographies. Demand for data centers today is growing hugely in 2 markets, the United States and China. And in both those places, Cummins is serving those markets locally.
- Rahul Gajare:** Okay. The reason I had asked that was Gulf region has seen a lot of cancellation or delays in orders. So, I just wanted to understand. And you did indicate that other markets will include Gulf or Middle Eastern market. Apparently, that market is also talking about significant capacity addition on the data center. So, no inquiry from that market at all?



- Shveta Arya:** Rahul, your voice is breaking.
- Moderator:** Yes. Sir, your voice is not clear. May I request you to use your handset, please?
- Rahul Gajare:** Yes. I hope this is better. So, I just wanted to follow up on the earlier question where you did indicate that barring Asia Pacific and European market, the revenue was impacted. So, is it possible you can quantify the Gulf region or the Middle Eastern market, how badly that was impacted? And while U.S. and China are the key data center market, a lot of Gulf states are talking about data center being planned in that region. So, I want to know, are you getting any inquiries from the Gulf region for data center specifically?
- Shveta Arya:** So, I'll answer the data center from the Gulf region first. There are talks, but there are no specific inquiries just yet from the Gulf region. So not enough activity on the data center space yet on the ground. And from an export's perspective, you asked me how low is the Gulf region? This is very regular. In some quarters, we get orders from the Middle East, in some quarters, we don't. So, there's no trend here. I would rather not talk about how low it is.
- Moderator:** The next question is from the line of Balasubramanian from Arihant Capital.
- Balasubramanian:** On the exports side, I think, which are the regions showing resilience and which are facing most significant headwinds? And how our company's export product mix are changing right now in terms of low HP and high HP engines and complete gensets. I just want to understand in terms of tariff perspective also, how this product mix is changing and which are the products we are seeing high level of inquiries, and which are the products the customers are delaying it?
- Shveta Arya:** So, from an export's perspective, the markets which grew for us in the last quarter were Asia Pacific and Europe. The other markets, not so much, but this keeps changing quarter-on-quarter. There is no specific trend over here from a region perspective. From a product mix perspective on high horsepower and low horsepower, high horsepower grew a little better for us than the low horsepower in this quarter. But again, that also keeps changing. It depends on the end market demand.
- Tariffs largely impact U.S., and that also there was a recent announcement which brought the tariff percentage down. We are evaluating how that will impact us. But our exports are to various different regions around the world, Asia Pacific, Latin America, Europe, Middle East. So those are not the places where tariffs have impacted us at all. So, I think that, for the U.S, we still evaluate, because it is a very recent announcement.
- Balasubramanian:** Actually, madam, I'm trying to understand like our product life cycle of our existing platform and upcoming next-generation technologies? And how is our R&D is focused on incremental improvements? And how this life cycle stage changing for existing platform and next-generation platform? I'm trying to understand the regulatory changes in terms of emission norms like beyond CPCB IV+, and how reengineering or capital investments is happening in the next 3 to 5 years?
- Shveta Arya:** You're talking about the Power Gen market, I am assuming.



- Balasubramanian:** Yes, yes.
- Shveta Arya:** Yes. So, in Power Gen, we just underwent a huge emission norm change of CPCB IV+. So, for the time being, all the way up to 800-kilowatt hour, already the entire product range has changed, not just for us, but for the entire market. So at least for the next few years, below 800-kilowatt hour in the Power Gen market, we do not see any other emission norm coming in. Above 800-kilowatt hour, there is nothing on the horizon just yet.
- So, I would say that from an emission norms perspective, for now, since we've just gone through a big emission norm change, for a few years, we don't see any changes. And from a product life cycle perspective, our belief around the world is that diesel power backup is one of the most reliable backup powers that is available for our customers in the spaces in which they operate and the applications which our backup power is used for.
- So that remains to be a prime backup possibility for our customers for the time being, while, of course, we spend R&D efforts in evaluating whether battery energy storage systems could be something that our customers would include in their backup power mix or other such things, and we are working with our customers and our R&D team as well as our sales and marketing teams are working with our customers. For now, for a few years, we do see the backup power space to be provided by the diesel gensets.
- Balasubramanian:** Okay, madam. Madam, my last question, I think in the budget, we have seen good announcements for data centers as well as infrastructure as well as manufacturing side. I'm trying to understand like how we are going to benefit, especially your data centers, health care, infrastructure, real estate and manufacturing?
- The demand is being driven by more new projects or replacement or upgrade cycles? So, if you could give some clarity that domestic sales is directly or indirectly linked to central and state government infrastructure spending. So how do you look at the government capex story?
- Shveta Arya:** We are very positive about the government capex story. We do appreciate the announcements made in the recent budget, on the capex that the government has announced. We are watching the segments in which they have announced the capex flow. We are waiting to see how that gets converted into projects that could lead for demand for our products. It takes a little bit of time. Definitely, we are positive about the government's announcement on the capex.
- Balasubramanian:** If you mention about data center, that would be really helpful, madam.
- Shveta Arya:** Yes. So, from a data center perspective, the tax break that has been announced, it is positive. We are waiting to see how different data center players evaluate this and what announcements come from them. This is very decent. So, as you can appreciate, we are waiting to see how this translates into real orders. Definitely, the news is positive.
- Moderator:** We'll take the next question from the line of Sandesh Shetty from HSBC.
- Sandesh Shetty:** Ma'am, if you can share the breakup of domestic and Industrial business by segment and Low Horsepower, Mid Horsepower, that would be helpful? And I have one more question.



- Shveta Arya:** Yes. So the domestic business into Power Gen and High Horsepower, right? So, from a Power Gen business perspective, in the Low Horsepower, in the quarter 3, we had INR67 crores of sales; in the medium range, INR229 crores; and in what we call the heavy-duty range, INR112 crores; and then in the high horsepower, INR594 crores. And I hope that helps you.
- Sandesh Shetty:** Yes, ma'am. And ma'am in Industrial, compressor, construction, that breakup that you give every quarter?
- Shveta Arya:** Sure. In the Industrial business, construction, INR129 crores; rail, INR104 crores; marine, we had very good execution in this quarter of INR92 crores; and the rest is mining and compressor business.
- Sandesh Shetty:** Okay. And ma'am, my second question is with regards to improvement in the gross margin. There has been very good improvement, both sequentially and annually. If you can explain that? And also, the INR50 crore onetime impact, what exactly is this related to?
- Shveta Arya:** Okay. So, the gross margins, there's been a lot of effort that we have been putting to improve our gross margins over the years, working with our suppliers on our material costs, and that is what you are seeing in the numbers. There are also some onetime supplier benefits taken over there. Then there is the sales mix, which is not controlled by us. It is defined by the market demand. So, there is impact of sales mix as well, which is not repeatable every time.
- So those are the 3 factors impacting gross margins. Now for the one-timer that you asked, this is a true-up of the management cost charges. Like I said, in some quarters earlier, I had mentioned a true-down. So, we had gained benefit at that point in time. This time, it's a true-up. Over the year, it will even out.
- Sandesh Shetty:** Okay. And ma'am, one last question. On the industrial business, the weakness is continuing from second quarter, while earlier quarter was impacted by rain. What explains weakness in this quarter?
- Shveta Arya:** Industrial business, largely construction activity is down. So, construction activity in the quarter 3, there were 2 reasons. One, the road construction is not at the pace at which it was the same quarter year before. That is one. And then there was delayed monsoons in October. So, excavator sales did not pick up as much as they should have. So, these were the reasons for the construction segment being a little lower, and that is actually the largest contributor. Everything else is more tender-driven, so keeps changing quarter to quarter.
- Moderator:** The next question is from the line of Umesh Raut from Nomura.
- Umesh Raut:** My first question is again on gross margin. If I look at quarterly gross margin, it is now almost 20-quarter high of closer to 38%. And given that we see inflationary pressures in key commodities like copper, aluminum, I agree that your exposure is more towards iron. But still, how you are coping up with this inflationary pressures? Are customers kind of taking on, in a position to take incremental cost hikes after CPCB IV+ cost hike? And was there any also effect of liquidation of lower inventory, which was in the channel?



**Shveta Arya:**

Okay. Thanks for the question, Umesh. Umesh, on the gross margin, you're right, it is definitely at historic highs. And I did explain there is product mix playing there. There is our own effort to improve material cost, and also some onetime supplier benefits. So, the onetime supplier benefits, the mix, that is not repeatable. Our improvement actions to improve the material cost, they will continue. So yes, this is historic high.

How are we managing the commodity, like you rightly said, iron, steel, more stable. Copper, our associate company does get impacted. The alternator business does get hugely impacted by copper, and copper has been inching upwards. Recent numbers are around INR1,320 per kg. So, we are yet to see how the market will accept these.

Ideally, everyone passes these down to the market with some delay. So, it is a challenging situation. We're trying to see how best we can manage to pass these on, and also not inflate the cost for the end customer to a huge extent. So, it's a difficult challenge at this point in time for our associate company.

**Umesh Raut:**

So just a follow-up on this. Any pricing action that you have taken across nodes in domestic market?

**Shveta Arya:**

No, we haven't.

**Umesh Raut:**

Got it. I think my second question is pertaining to distribution market, where our sales is now almost all-time high on a quarterly basis. It is at 31% of total sales. So that also contributed to gross margin expansion. But I think what is leading to this particular change? Because I believe still CPCB IV+, which is having relatively higher electronic content, could have not contributed materially, and that scope still remains for us in future. But still, what is changing for us in terms of trajectory for Distribution business since last few quarters?

**Shveta Arya:**

So, for the last few quarters, Distribution business has been focusing a lot on a few things. One, our asset base, of course, has been increasing over the last 2 years. So, distribution business gets more opportunity to service our customers. They have been working to get as many customers in the fold as possible. That gives peace of mind to our customers, helps us deliver brand promise of reliability and, of course, generates revenue for the Distribution business.

So, it works both for our customers, for our brand and for our business. So that is really the strategy. And they have been going and trying to work with customers in all segments, be it power gen, railways, defense, mining, and that is how you see this growth. This is very broad-based growth, but very deeply entrenched in our philosophy of delivering reliability to our customers.

**Umesh Raut:**

And just a follow-up on this. I mean, in the last earnings con call, you mentioned that GST rate cuts was definitely kind of early to assess in terms of changes towards aftermarket business. But I believe, I think, is that leading to market share gain for branded players in aftermarket business, and that is also helping us in terms of reporting better growth? And subsequently, any comments on CPCB IV+ electronic content, which can lead to higher growth in distribution?



**Shveta Arya:**

GST impact in the aftermarket business, no. We haven't seen any significant impact that I can share with you. On CPCB IV+, we are waiting to see all the gensets to come out of the warranty sales. Once they come out, then yes, not from an electronic content perspective, but from the perspective that CPCB IV+ gensets are technologically far more advanced than what CPCB II were. All engines are electronic.

There is after-treatment system that goes along with all engines. And the entire genset is a technologically advanced product with a lot of telematics and sensors along with it. So, maintaining that and providing peace of mind to the customer is something we focus on. And definitely, yes, it could lead to better distribution business growth as we encircle customers in the Power Gen space.

**Moderator:**

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

**Pulkit Patni:**

My first question is in continuation of the previous participant. In one of the previous conversations, I remember you had flagged that in the initial period of CPCB IV+, you obviously expect to get more of the services revenue, because the so-called unorganized channel is not prepared to be able to service those engines?

But over time, as they learn, some of this market share could start going away. Have we reached that stage? Or how do you see basically the services business growth from here on, given that we've already doubled that number over the last 8 to 9 quarters? That's question number one, Shveta?

**Shveta Arya:**

Thanks, Pulkit. Thanks for the question, and I'm definitely very grateful to you for remembering some of this. CPCB IV+ completely is not out of warranty yet. 1st July '23 is when you would remember both CPCB II and CPCB IV+ were allowed to operate. 1st July 2024 is when we fully shifted to CPCB IV, 2 years of warranty. So, we are still in the warranty phase for a large set of CPCB IV+. So that phase that I spoke about has yet not fully come. It will likely come '27 onwards. So, I hope that helps answer that question.

**Pulkit Patni:**

That is very clear. Secondly, in your presentation, there's a statement which says the consumer price index remains stable compared to last quarter, which shows rapid momentum. Are you referring to commodity prices here? And in that case, how should we look at margins going forward, Shveta?

**Shveta Arya:**

So, this was an overarching statement, Pulkit. I would say don't read too much into it. I think if you had to ask our opinion, we are watchful of commodities at this point in time, largely copper, while iron and steel have remained stable. So, I would say don't read too much into that CPI statement. Commodities, yes, that is something to be watchful of for sure.

**Moderator:**

We'll take the next question from the line of Devesh Kasliwal: from Antique Stockbroking.

**Devesh Kasliwal:**

Just wanted to understand on the battery energy storage systems that we have launched, the 10-foot and 20-foot containers. What is the addressable market in the long or medium term, the next 4, 5 years for us? And how are the customers taking on the product and the inquiries on that side?



**Shveta Arya:**

Thanks, Devesh. So, from an addressable market perspective, I think anywhere that you need power is a possible addressable market, because one can use battery energy storage system for different reasons. One can use it to move towards cleaner power. One can use it to fulfill backup power needs. One can use it to fulfill excess power needs. One can use it to store excess power in case they are generating power through solar, wind and other means in their premises.

So, all of these possibilities, the market anywhere there's economic activity and there's use of power and backup power is the addressable market. So, it's a huge addressable market. Now how are we seeing this? We have been generating a lot of inquiries on the products that we launched, and we started generating it right when we launched. Sales in this space are still very, very slow, because most customers are evaluating how does a battery energy storage system fit into their overall energy solution.

And this is, I'm talking about large customers, small customers, everyone. It could be a residential realty customer, it could be a bank, it could be a large manufacturing location, because everybody has different energy sources today. There is a lot of interest. There is a lot of inquiries.

What we are seeing is people are evaluating how a BESS fits into their scheme of things today. How do they want to lay out their capex to add a battery energy storage system into that mix? And is this actually comparable to what they have been buying till now. So, customers are evaluating that, a lot of inquiries, very slow sales.

**Devesh Kasliwal:**

Okay. And just a follow-up on that. So, let's say, in 5 years, what type of a revenue share are we targeting on this. Very nascent stage right now. Even a ballpark figure will do. And given like we have a range of around 200 kilowatt hours to 2 megawatt hours, so do you have any number that you can quantify the addressable market currently, that we are servicing to in the space?

**Shveta Arya:**

Right now, Devesh, your modeling will be as good as mine.

**Devesh Kasliwal:**

And on the second part, as in how much revenue are we targeting from this? Will it be a substantial portion?

**Shveta Arya:**

We need to see sales come in. We need to see conversions happening. We need to see customers accepting. That is when we will put the revenue target to it.

**Moderator:**

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

**Amit Anwani:**

First question on data center. You did highlight it on an average 25% contribution in domestic Power Gen. That roughly translates to INR1,100 crores, INR1,200 crores. Just wanted to understand what was kind of market share, what was the opportunity? And is it like 50% or higher? And second, the kind of growth we might have done in past 1 year in data centers? And what is the expectation of growth for the next 1 or 2 years?

**Shveta Arya:**

Thanks, Amit. Amit, on the data center market share, we unfortunately don't have any syndicated market research we can share, the market share numbers with us. So, I will not be able to share anything on market share. What I can share with you from a data center perspective is that all



kinds of data center players in the Indian market, be it hyperscalers or co-lo players, they all see the brand advantage of Cummins and the reliability and aftermarket service that we provide. Due to that, yes, we have been growing in the market, for sure.

There is more activity now in the market with some new hyperscalers joining in and some new announcements that you might have seen. So, our expectation is that India will start moving on a faster growth path from a data center perspective, because we were not comparable to U.S. and China till now. We are still not comparable. Our hope is that with some new announcements that have come.

The tax break that has been announced and the advantages that India as a location can provide, we will start seeing some of this in the next few years. Definitely, we work with all the customers, all the data center customers who are present in India, global as well as local, and they all recognize the product advantage as well as the brand promise of reliability.

**Amit Anwani:** Yes. And just from the understanding perspective, so typically, let's say, for the hyperscaler or co-location, what's the addressable market in terms of gensets, will it be HHP, heavy-duty, which is growing, and how many numbers or in terms of value per megawatt of load, what is the genset requirement for hyperscaler and co-location?

**Shveta Arya:** All of them buy high horsepower gensets, 2,500 kVA and above, be it a co-located player or a hyperscaler, the market is 2,500 kVA and above.

**Amit Anwani:** Right. So, is it like, just for understanding, 1 megawatt would be requiring like how many of gensets there in terms of HHPs? Some understanding on that?

**Shveta Arya:** No, that can be very different depending on how the data centers design their entire location. That can vary.

**Amit Anwani:** Understood. And lastly, on the outlook for ex of data center and Power Gen domestic, if you could provide, including commercial real estate and all other sectors which have done well in the past. So, what is the outlook ex of data center for domestic Power Gen and how each of the segment is doing? That would be helpful.

**Shveta Arya:** Yes. Other than data center segments, which are doing well, have been doing well in the past, and we expect them to continue doing well given how the budget announcement looks like. So, manufacturing and infra have been doing well for us and continue to show good inquiries. And going forward, given the announcements, we believe these will continue. A lot of movement in residential and commercial realty in the last few quarters continues to show us very good momentum and good inquiries. So those are the segments we expect to continue growing for us.

**Amit Anwani:** Lastly, the 25% data center, are we targeting this increase 30%, 35% or higher number in coming years?

**Shveta Arya:** We are expecting broad-based growth in Power Gen. So, while data centers will grow, given the economic activity and the infra spend, if that continues to happen and if this budget outlay really



kicks in quickly, then we will continue to see growth in, as I mentioned, residential and commercial realty and infra and manufacturing.

So, if those grow, it is difficult to say if the contribution of data centers will outstrip this growth. And data centers, remember, when announcements come in, from that to actual sale and installation could be a 2 to 3-year time frame.

**Moderator:** The next question is from the line of Renu Baid from IIFL Capital.

**Renu Pugalia:** Shveta, my first question, if you can help us understand a bit more on the export part of the portfolio. Regionally, how are we seeing the demand outlook across key markets? And now that the U.S. tariff clarity is there, how has been the on-ground traction with respect to the new launches we have done in the U.S. for CPCB IV+ equivalent products? And in your view, when do we start to see some commercial business volumes trickle down from the U.S. market?

**Shveta Arya:** Renu, hope you are doing well. Exports demand, demand has been very, very choppy across all the markets. And I have not seen any clear trend from anywhere for the last few quarters. Some quarters, some market, we get some demand due to some movements in that market, and some quarters, we see some other market. So, there is no clear trend. Everybody around the world is talking data centers today.

So, while you ask me about U.S. tariffs and their impact on the CPCB IV+ launches, U.S. market is highly focused on serving data center hyperscaler players. At this point in time, the entire economic activity in the U.S. is focused on AI and data center space. So, we are pushing a lot, now that the tariffs are announced and far better. So, we are pushing a lot for the CPCB product pickup. I will have to tell you that everybody around the world is only talking data centers.

**Renu Pugalia:** Got it. And any color, while the December quarter typically tends to be global inventory destocking, beyond that, how are we looking at the export outlook for the current calendar year?

**Shveta Arya:** Yes. The destocking did happen. It's become very normal now for us. We anticipate that. We had anticipated it. Demand is a little slow in pickup just yet.

**Renu Pugalia:** Got it. Secondly, when we look at the industrial segment, broadly, railways seem to be a bit soft this quarter. So, from an end market perspective, how has been the new product development and ordering from railways, which is relatively soft? And also, if you can share some broad-based comments on some of the end markets in Industrial. And our Industrial revenues have been a bit on the sideline. So, when do we expect a meaningful pickup in that?

**Shveta Arya:** Yes. So, from a railway perspective, I would suggest not to read too much in this quarter, because railway demand, we were getting a lot of the demand over the last few quarters. And before this quarter, we did very good execution in rail. So that can impact quarter 3. It is a tender-based business. It can be like this. Overall, our outlook on rail is very positive. And the new capex announcements in the budget also show outlay towards railways.

Hopefully, that will get converted towards some projects where we get orders, but positive on rail. Do not read too much into one quarter. From an Industrial business perspective, yes,



construction and mining are the ones which have been slow. Construction, I explained, there was this delayed monsoon in October, excavator pickup was not there, and then road construction was down. It's at half the rate of what it was in the previous year, right? But then now the new incentive scheme has also been announced.

So, we are waiting to see how construction plays out. We think it will be better, going forward. Mining, the last 6 months, for 2 years, mining tenders were not coming in at the velocity at which we have seen in the past. But in the last 6 months, mining activity is better. It has still not converted into the kind of tenders where we participate. Still haven't seen those tenders come up.

So, mining and construction were leading to this kind of numbers that you see, which construction, definitely positive outlook; railway, definitely positive outlook; mining, we will see, we are watchful. Let's see if the tenders come in and then we will be able to say how that will pan out.

The segment that has been doing well for us in the last few quarters is marine, because there, government is focusing, bringing in investments, and we have been working on many new products. Each marine order is ideally a new product, because it is customized for that order. So, I won't be able to, it's not like a product launch, but it is customized for that order. But that we have been able to capitalize on the investment coming in and our execution has been really good.

**Renu Pugalia:**

Lastly, while the broad bucket of commodities have moved northwards, ferrous and pig iron has remained quite benign, and probably that also would have contributed partially to our gross margins. How have you seen the competitive intensity changing over the last quarter or so? Do the other domestic players continue to remain aggressive on pricing, or we have seen those pressures ease out on a relative scale?

**Shveta Arya:**

No, competitive pressures seem to be the same. Very, very aggressive pricing and positioning by our competitors. So extremely aggressive, especially in the power generation space.

**Moderator:**

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

**Aditya Mongia:**

Sir, a few questions from my side. Firstly, on this competitive intensity, it's been going around for some time. Should we kind of assume that the effect of the same are broadly inside the gross margins, the company is reporting? Or do you think that this could impact gross margin in the future as well?

**Shveta Arya:**

For now, the impact of the aggressive competitive intensity is baked in into our gross margins, definitely, because we look at this segment by segment and then we adjust accordingly. And that is what we will do going forward. As of now, I don't see a humongous impact of this competitive intensity on the gross margin. As I shared, the gross margins, the mix impact, and if there was some onetime supplier benefit, those are the things more likely to impact gross margins.

**Aditya Mongia:**

Understood. The second question that I had, was you talked about the Distribution business more from the perspective of endeavors of the company. But if I have to kind of see through the end



markets and how they are growing for you, for the market as a whole, which markets within Distribution are kind of firing more for you and the sustainability of that growth rate?

**Shveta Arya:**

So, segments that are growing for us, railways, definitely, from an aftermarket perspective, and then defense as well as power gen. So, everything else is contributing because we provide services to all our customers in the industrial and power gen space. But if you specifically ask me, railways, power gen and defense have been growing. And as asset base increases on the mining side, we will hopefully see more growth on that side as well.

**Aditya Mongia:**

That's helpful. The third question that I had was on the comment that you made on BESS, that for the next couple of years, unlikely that the prime product, which is DG sets will be impacted by BESS. Is there an underlying thinking that beyond the next couple of years, there could be some displacement of demand in favor of DG sets and genset sales can get cannibalized starting next 2, 3 years?

**Shveta Arya:**

Aditya, we believe that in the power generation and backup power space, I'm combining those 2, because now in the market people do combine various energy sources to provide the requirements, grid, solar, maybe wind, maybe genset and battery. So, people combine them and see them together as a prime and backup power space. Our belief is that BEV will become a part of this solution. When that will happen, unlikely to, I'm not able to predict a time frame for that, because it depends on various factors.

But it will become a part of the overall energy solution that our customers look for is our belief. Will it displace a diesel genset is difficult to say, because if you look at a diesel genset as providing you reliability, then nothing else works. There is nothing like a diesel genset. Till the time you keep providing diesel, it will run. Even if, for example, some customer is in a flood-like situation for 10 to 12 hours.

At that point in time, grid fails, solar fails, and even battery will fail, you will not be able to charge. At that point in time, it's only a diesel genset. Until the time you provide it diesel, it continues to work. So, our firm belief is that diesel genset will remain a part of the mix of energy solutions of our customers, and they will start adopting battery energy storage systems as a part of that mix at the right point in time when the economics work for them.

**Aditya Mongia:**

Understood. Just a last clarification on gross margins, against the 38% sprint that was there in the third quarter, which is up 300 basis points on a Y-o-Y basis, how much of this would be linked to the one-off elements that we talked about, which was partly product mix and the supplier support that came in? And maybe a related question over here. In that mix, is exports helping you out from a currency perspective and that kind of, is also a benefit that goes away from January?

**Shveta Arya:**

Currency benefit, not so much. Mix is largely dependent on our own product mix. When we say mix, it's a product mix. There are certain products which earn us better margins. There are certain products which don't, it is a mix of domestic and exports. It could be exports; it could be domestic as well. So, mix, that is what we call mix. It's a product mix. And then the onetime benefit, not substantial. It is there. It is some basis points, but it is not so much.



- Moderator:** The next question is from the line of Kunal Sheth: from B&K 360 ONE.
- Kunal Sheth:** So, 2 questions. First one is on data centers. Who would you typically be competing in the data center market?
- Shveta Arya:** Kunal, we would be competing in the data center space with players who have products available in the above 2,500 kVA range. You can think of international players in that space.
- Kunal Sheth:** So, would that be largely Caterpillar and Perkins and say, someone like MCL?
- Shveta Arya:** For sure.
- Kunal Sheth:** Okay. And while I understand that there is no proper data set as far as market share is concerned. But would it be right to assume you would still be very, very dominant, upward of 70%, 75% market share there?
- Shveta Arya:** I would not be able to say that, Kunal. What I can say is that we do get invited by all customers when they have inquiries, but I will not be able to say what you just said.
- Kunal Sheth:** Sure, sure. I understand. And second question is on exports, Shveta. So, while I understand there is too much geopolitical uncertainty. And as you mentioned that the trends in exports are very, very uncertain everywhere. But given that a lot of things are changing, over the next 1 or 2 years, would you still believe that exports would be faster growing business than domestic or domestic will always dominate the exports growth as far as Cummins India is concerned?
- Shveta Arya:** We have more confidence on the domestic market, because we have seen, as our government has been announcing infrastructure spend, that spend does get converted into actual projects on the ground, and we do see tenders coming up and orders coming in largely. So, we do have more confidence on the domestic market. We understand the market, the players, the segments, the needs better. We don't understand exports market to that extent. So, our confidence is more on the domestic market.
- Moderator:** Ladies and gentlemen, we'll take that as the last question for today. I would now like to hand the conference over to Ms. Shveta Arya for closing comments. Thank you, and over to you, ma'am.
- Shveta Arya:** Thank you. Thank you so much, everyone, for your active participation and engagement in the call today. Cummins India remains confident in the stability of domestic economic environment. India's FY '26 GDP estimate has been revised upwards to 7.4%, while CPI has remained broadly stable.
- Amidst evolving global conditions that may result in short-term volatility, we continue to monitor these developments closely, and we maintain a stable outlook for the medium to long term. With this, I would like to close this call. Thank you so much, everyone. Have a good day.
- Moderator:** Thank you, members of the management. On behalf of Cummins India Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.