Ref: STEX/SECT/2026

November 20, 2026

| | |
|---|---|
| BSE Limited,<br>P.J. Towers,<br>Dalal Street, Fort,<br>Mumbai – 400 001<br><br>BSE Scrip Code: **500480** | National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor,<br>Plot No. C/1, G Block, Bandra – Kurla Complex,<br>Bandra (East), Mumbai – 400 051<br><br>NSE Symbol: **CUMMINSIND** |

**Sub: Transcript of Q2 and H1 FY 2026-27 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 ("SEBI Listing Regulations") and with reference to our stock exchange intimation dated October 28, 2026, regarding Q2 and H1 FY 2026-27 Results Conference Call, please find enclosed herewith transcript of the said conference call held on November 16, 2026.

Kindly take this intimation on your record.

Thanking you.

Yours faithfully,
For Cummins India Limited

Vinaya Abhijit Joshi
Digitally signed by Vinaya Abhijit Joshi
Date: 2026.11.20 13:02:52 +05'30'

Vinaya A. Joshi
Company Secretary & Compliance Officer
Membership No.: A25096

Encl.: As above

Cummins India Limited
Registered Office
Cummins India Office Campus
Tower A, 5th Floor, Survey No. 21, Balewadi
Pune 411 045 Maharashtra, India
Phone +91 20 67067000 Fax +91 20 67067015
cumminsindia.com
cil.investors@cummins.com CIN: L29112PN1962PLC012276

# “Cummins India Limited
# Q2 FY27 Earnings Conference Call”
# November 16, 2026

**MANAGEMENT: MR. GBILE ADEWUNMI – MANAGING DIRECTOR – CUMMINS INDIA LIMITED.**
**MS. SOMA GHOSH – CHIEF FINANCIAL OFFICER – CUMMINS INDIA LIMITED**



Cummins Internal Use Only

**Moderator:** Good morning, ladies and gentlemen, and welcome to Cummins India Limited Q2 FY27 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 presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gbile Adewunmi, Managing Director, Cummins India Limited. Thank you, and over to you, sir.

**Gbile Adewunmi:** Thank you. Good morning, ladies and gentlemen. I am Gbile Adewunmi, Managing Director of Cummins India Limited, and together with me is Soma Ghosh, our Chief Financial Officer. Having assumed responsibility as Managing Director on November 1st, I had the opportunity to engage with the board on November 4th.

As the Diwali holiday period began immediately thereafter, we had to schedule the earnings call following the festive break. I hope you and your families had a joyful Diwali and thank you for joining us today. With that context, I will start with a few highlights from the second quarter of the financial year 2027. Demand continues to be robust in all the segments across our key end markets, and we have sustained order execution supporting year-over-year revenue growth.

We recently launched the QSK60-powered G34 and G37 genset solutions at the bauma CONEXPO INDIA 2026 and showcased our CPCB IV+ compliant 125 kVA generator set, along with a host of aftermarket solutions, highlighting our focus on cleaner power solutions aligned with India's evolving regulatory requirements. Amidst all of this, the prolonged geopolitical uncertainty and evolving supply chain challenges have continued to create inflationary pressures on commodity and input costs, affecting our profitability.

As indicated earlier, we are responding through phased pricing actions combined with operational efficiencies and cost control measures, which we believe will mitigate these pressures over time. Now I would like to share the financial results for Q2 financial year 2027 through this call.

For the quarter ended September 30th, 2026, with respect to the same quarter last year, our sales at INR3,247 crores are higher by 4% compared to INR3,122 crores in the same quarter last year. Domestic sales at INR2,692 crores are higher by 5%. Exports at INR555 crores are higher by 2%. Profit before tax at INR601 crores is lower by 28.4%.

For the quarter ended September 30th, 2026, with respect to the previous quarter, our sales at INR3,247 crores are lower by 4% compared to INR3,375 crores recorded in the previous quarter. Domestic sales at INR2,692 crores are lower by 6%. Exports at INR555 crores are higher by 6%. Profit before tax at INR601 crores is lower by 16.6%. Segment-wise breakups for the quarter ended September 30th, 2026. Domestic sales.

Power generation domestic sales are at INR1,308 crores, a 2% decrease over last year and an 8% decrease over last quarter. Distribution business sales are at INR900 crores, a 13% increase



Cummins Public

over last year and a 2% increase over last quarter. Industrial domestic business sales are at INR406 crores, a 5% increase over last year and an 11% decrease over last quarter. For exports, high horsepower exports are at INR268 crores, a 4% decrease over last year and a 10% decrease over last quarter. LHP exports are INR226 crores, a 3% increase over last year and a 25% increase over last quarter. With that, we now open the session for questions. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Hi, Gbile. Congratulations on assuming the leadership role in India. My first question is, since the second quarter where we are seeing the raw material pressure hitting our gross margins and profitability, what are the pricing actions we have taken over the last few months to mitigate this. In the distant future, whether this is the bottoming out of the EBITDA margin in this quarter, and from here on, will you see sustained increases towards more like historical margins. How much, what is the way we are from historical margins. That is my first question.

**Gbile Adewunmi:** Thank you, Parikshit. We continue to review our pricing regularly and take actions to ensure that we can, to try to mitigate the cost. As you said, we are seeing significant material cost inflation. The geopolitical issues have not helped. As you can see, that is not just a problem in India, it is a problem across the world. Our focus is on three things. It is on pricing and getting better price realization, so continue to take actions and see how the market adjusts to that.

Second is working with our suppliers to figure out how we can mitigate these costs. Then the third piece is just operational efficiencies. In terms of your second question, I can't provide any forward-looking statements in terms of where margins will go, but what I want to assure you is the team is working very hard to continue to improve our margins.

**Parikshit Kandpal:** My second question is on QSK60 data center engine. What we are hearing is that this is done under CPL and as a global allocation for India and other geographies. Do we have sufficient capacities to service Indian demand, given what we've been hearing on the ground that the lead times for delivery of this engine has increased by a few months? Do you think there is a case where demand is outpacing supply and you'll start losing market share to the competition? How are you mitigating this allocation for the Indian demand?

**Gbile Adewunmi:** We're seeing really robust demand across the world for this product. For data center demand is not just unique to India. From a Cummins perspective, we continue to work aggressively on increasing our capacity, but it's not just the capacity of the manufacturing plants. A lot of the capacity that's required is also with our suppliers, so we're working closely with our suppliers to be able to ramp up.

The thing is, we've got to do this in a sustainable manner so that we, from a long-term perspective, we have the right utilization across all our facilities. Yes, demand is moving, is much more robust given the AI boom than anybody would have expected. We're working very hard to ramp up with our suppliers.



Cummins Public

This is the same for everybody around the world, and we'll continue to work with our customers to do that. Nothing specific that is unique to India, but from a Cummins perspective and a Cummins India Limited perspective, we're focused on getting the right demand for our customers. What I'll also say is that we have, on the data center perspective, we have really good collaboration with our customers and looking at when projects will be executed so that we can ensure that we have the right products for them to support their execution.

**Parikshit Kandpal:** Okay. This is the last question. Since you come from the global leadership, you have been allocated to India and CCP, so what will be your top three, four priorities? So how do you think, is there any changes you think required in the business? So, what will be your way forward as a leader to drive the Indian business growth?

**Gbile Adewunmi:** Okay. I am excited to be leading Cummins India Limited, and I would say initial focus of my priorities are, one, just talent and leadership. Always believe at Cummins that sustainable performance starts with the right leadership and the right culture, and so working with a great team that is already on ground to do that.

The second is stronger partnerships across, whether it is with our suppliers, customers, investors, community partners, just ensuring that I understand those and can continue to strengthen those partnerships. And that, in my view, leads to what I know many of you on the call care about, which is sustained profitable growth. So, if we have the first two, then we are in a position to ensure that we are creating long-term value for our customers and take advantage of the strong growth that the India market provides.

**Parikshit Kandpal:** Okay. Thank you and wish you the best.

**Gbile Adewunmi:** Thank you, Parikshit.

**Moderator:** Thank you. Next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Good morning, and thanks for your opportunity. My first question is, sir, there has been decline in gross margin by 400 basis points. How much would you attribute it to inflationary pressures, and how much would you attribute to product mix or, let's say, lack of data center sales in this particular quarter?

**Gbile Adewunmi:** Yes. Good question, Mohit. I would say most of it is inflationary pressures. There's only a relatively small portion of it, right, relative to the drop in margins that is the mix. And product mix, given the variety of products that we sell, the variety of end markets that we sell into, some of those are lumpy, as you said, data centers, others that are lumpy. But for this particular quarter, most of the deterioration was on inflationary commodity costs.

**Mohit Kumar:** Understood. My second question is, can you talk about the inquiry pipeline, especially for the data center? How is it looking, and has the inquiry pipeline improved in the last six months?

**Gbile Adewunmi:** Sorry, when you say improved, what do you mean?



Cummins Public

**Mohit Kumar:** In the sense, let's say your inquiry pipeline was, let's say, 100 MW at the beginning of fiscal, and in the last six months, you've seen the building of the pipeline.

**Gbile Adewunmi:** Okay, got it, I just want to make sure, improved. So, we continue to have a robust pipeline. The data center boom hasn't slowed down meaningfully, so we're happy where the pipeline is, and we're happy with the work that we're doing with our customers to be able to meet their requests.

**Mohit Kumar:** Understood. My last question is, given the strong demand for data centers, like a genset in this country, are you looking to expand the production of QSK60 or, at some point of time, indigenize the production of QSK95 engines in this country?

**Gbile Adewunmi:** It is a good question. The approach that we take is really a disciplined approach to our overall network. We want to make sure that we are not just creating value and solving the problems today, but we are solving long term. We are regularly assessing our network. We are looking at what we are doing in terms of where the demand is and where our supply is, and if there are things that we will do differently, we will let you know. But it is something that is constantly on our minds, and we are trying to figure out how we best satisfy our customers across the globe. No major changes at this point, but we continue to assess that.

**Mohit Kumar:** Understood. Thank you, and all the best. Thank you.

**Gbile Adewunmi:** Thank you.

**Moderator:** Thank you. Next question is from the line of Mohit Pandey from Citi. Please go ahead.

**Mohit Pandey:** Yes. Good morning, sir, and thank you for the opportunity. First question is around price hikes. You seem to suggest demand environment is quite robust. In that context, what kind of price hikes have been taken already, and what are the factors at play for future price hikes in the near term?

**Gbile Adewunmi:** Yes. I cannot be specific about pricing as you would expect, but we continue to review our pricing and work very closely with our customers. One of the things that we have mentioned in the past is we are executing orders today that we have had in the pipeline for a while, and any price changes that we will make, they will take some lag for us to start realizing those prices.

When you have a cost increase that happens right away, versus the pricing that happens a little later, there is going to be some mismatch and some lag there. We continue to be focused on driving the right pricing, but really more than pricing, the way we think about it is long-term value for our customers.

We want to make sure that at the end of the day, we are providing solutions that meet the total cost of ownership, and it is a combination of managing our costs, managing our pricing, and also our operational execution effectiveness. That is how I would respond, Mohit.

**Mohit Pandey:** Understood, sir. Sir, a follow-up to that is, can you qualitatively indicate of the current orders at hand, how much of them pertain to the time before the first price hikes were taken last quarter? Is it like 30%, 40% of the orders at hand still, or is it a lower number? Yes.



Cummins Public

**Gbile Adewunmi:** No, I don't have that breakdown. I can't give you that estimate. I'll just say we continue to have a robust order intake, and we're excited about that. What that means, though, is that there will always be a lag versus the pricing that we have.

**Mohit Pandey:** Understood, sir. Sir, you did mention two other points apart from pricing with regards to cost mitigation. That was around working with the suppliers and also around operating efficiencies. If you could give more color around these, because I understand historically also, we have prided ourselves on operating efficiencies. Is there a sizable element of efficiencies still left? How should we think about that? Yes.

**Gbile Adewunmi:** No. No, good question. I would say it's an area we continue to push. No matter how much you find, you always feel like there's more to go there. So, nothing specific to say, only that that's an area of focus for the management team. In terms of suppliers, maybe one dynamic I will add to that is we have very strong partnerships with our suppliers. At this time, though, all the suppliers are also ramping up and investing.

So, it's a fine balance between investing for the demand as well as pushing on reducing cost and efficiency. So, we're working with our suppliers to be able to ride that fine line where we want them to have the adequate capacity, but we also are trying to manage costs. This is where the partnership with our suppliers really matters, and we feel like we do a good job there.

**Mohit Pandey:** Understood. The last question, were there any one-offs in this quarter in any of the line items? Other expenses are up QOQ while sales are not up. Any one-offs there? Yes. One-off costs.

**Gbile Adewunmi:** Maybe, Soma, that is something you can help me with. Nothing specific that I would say that is meaningful to our quarter-over-quarter or sustain. I would not describe it anything as specific one-offs at this time.

**Soma Ghosh:** Yes. Thank you so much.

**Gbile Adewunmi:** Soma, is there anything you would add to that? Yes.

**Soma Ghosh:** Yes. Thanks, Gbile. I think, Mohit, we have had one major one-off on the corporate cost allocations, the management cross charges that come. Primarily, they come because of the support that is increasing due to business growth in India, and that is the data centers for us. So, there has been a true-up there.

**Mohit Pandey:** Okay. Is it possible to quantify this one-off, ma'am? It would be under other expenses or in the raw material cost?

**Soma Ghosh:** No, it is only in the other expenses.

**Mohit Pandey:** Okay. Thank you so much and wish you all the best.

**Soma Ghosh:** Thanks.

**Moderator:** Thank you.



Cummins Public

**Gbile Adewunmi:** Thank you.

**Moderator:** Next question is from the line of Amit Anwani from PL Capital. Please go ahead.

**Amit Anwani:** Thank you for the opportunity. So, first question on the domestic power gen system. If you could highlight how was the growth across categories, and we saw this quarter even in the power gen system, which is performing very well because of the data center contribution. Is it purely the data center lag in this quarter? And if you could highlight how much was the contribution from data center and how was the growth without data center in this business, and any particular reasons for the muted performance in power gen this quarter?

**Gbile Adewunmi:** Yes. So, I would say our data center continues to be about between 30% and 40% of our power gen sales. And then maybe I'll ask Soma to provide the specific breakdown for the domestic sales for this quarter.

**Soma Ghosh:** Standpoint.

**Gbile Adewunmi:** Yes.

**Soma Ghosh:** Thanks, Gbile. From a LHP standpoint, we did INR98 crores this quarter. From a mid-range standpoint, INR236 crores. Heavy duty, INR142 crores, and the remaining is all the data center business, including the high horsepower.

**Amit Anwani:** Right. How was the kind of performance on the non-data center business?

**Gbile Adewunmi:** Go ahead, Soma.

**Soma Ghosh:** Yes. From a non-D.C. business, we already spoke about 30%-40% of our power gen business attributing to the data center growth. In fact, this quarter, we did actually better from a non-D.C. growth in terms of realty, manufacturing, residential, and normal realty projects did pretty well in comparison this quarter.

**Amit Anwani:** Right. My second question on data center. Sorry, on the exports. If we see the six months to six months exports, still this marginal decline. Just directionally, if you could give some sense which geographies are contributing, which geographies are still a challenge, and can we expect some growth by the end of this year in exports business for FY27?

**Gbile Adewunmi:** I will ask Soma Ghosh to share the specific numbers in a few minutes, Amit Anwani. I would say from an export perspective, this is business where it is mostly generated from pull from other regions and segments, so it depends on what is going on with them. We cannot provide any forward-looking statements, but it is fair to say that all the disruption and stuff that is going on around the world definitely does make it a little more difficult from an export business standpoint in each particular, in a quarter that when you look at it from one quarter to the next. However, I think overall, though, we still expect a solid export performance going forward.

**Amit Anwani:** Thank you. Thank you so much.



Cummins Public

**Gbile Adewunmi:** Soma, do you want to share the details for exports?

**Soma Ghosh:** Yes, I will briefly share the percentages on. In terms of Europe, we had 29%. In terms of LAU, we did 28%. Asia-Pacific, 22%, and Middle East, 15%.

**Amit Anwani:** That's helpful. Thanks.

**Soma Ghosh:** Thank you.

**Moderator:** Thank you very much. Next question is from the line of Jason Soans from IDBI Capital. Please go ahead.

**Jason Soans:** Yes, thank you so much for taking my question. I just wanted to know, there is a lot of talk about, of course, you did speak about robust growth prospects of data center. Now, there is some talk all over the world in terms of a slowdown in the data centers in terms of power shortages and what has happened in the U.S. elections and things like that. Now, in the near term, demand may be robust, but when you look going ahead, how do you see this panning out?

Do you expect any moderation in the demand to come in? You can talk about Indian geography as well as overseas. Just some color on that would be helpful. My second question just pertains to, are we looking at finalizing some large hyperscaler orders in H2 of this year?

**Gbile Adewunmi:** Hey, Jason. I think we always have a pretty strong order book. We cannot talk specifically about any particular customers, but we are excited about the orders that we have in hand and the inquiries and the orders that continue to come in. From that perspective, we are pretty happy. From a global perspective, I think it is way too early to be able to see what happens in terms of everything or to see the impact of everything that has happened in the last couple of weeks from an AI and data center perspective.

As you mentioned, in the short to medium term, the order books are fixed and projects are being executed. In the medium to long term, there may be, there may not be any impact. It is really difficult to say. I think what I would say is the environment remains dynamic.

We are really engaged with all our customers around the world and ensuring that we understand what their needs are, and then we are focused on delivering solutions, right, that support their needs. So, that is what I will say, Jason.

**Jason Soans:** Sure. Thanks for that. Just to touch upon the industrial side, I wanted to understand that, I mean, first of all, wanted just a breakup for the industrial sub-segments in terms of construction, rail, mining, et cetera. Just wanted to know, we have single-digit growth there. Just wanted to know from a management perspective, what can we do to basically fasten the growth there? Are there any measures we are taking to grow that segment of the business?

**Gbile Adewunmi:** Soma will provide the numbers in a little bit. But in terms of the industrial market, we are pretty excited about what we are doing across the board, right? So, whether it is the compressor, the rail, mining, marine, we continue to pursue opportunities in that space. Many of those



Cummins Public

opportunities are government infrastructure or government funding related, so they are tender based.

As those tenders come in, we are well-positioned to be able to win or at least to compete for those tenders. So, I would say from a management perspective, this remains an area of focus for us. India is a fast-growing economy, and as a result of that, the government infrastructure projects provide an opportunity for us.

We have the products, we have got a good understanding of the customers, and then we also have, in the industrial markets, a lot of times the service and support network is really critical to long-term success, right? To be able to add value, because customers want to make sure that you can take care of whatever equipment or solutions you sell them. So, our distribution business allows us to do that. So, we are well-positioned, we are excited about the growth opportunities, and we are focused on going after them. So, Soma, I will turn it over to you to provide the breakdown.

**Soma Ghosh:** Sure. Thanks, Gbile. So, we had 131 crores in construction, rail 117 crores, compressor 54 crores, mining 49, marine 27, and the rest is defense, oil and gas, and parts.

**Jason Soans:** Sure. Thank you so much for answering my questions.

**Soma Ghosh:** Thank you.

**Moderator:** Thank you.

**Gbile Adewunmi:** Thank you, Jason.

**Moderator:** Next question. Next question is from the line of Rahul Gajare from Macquarie Capital. Please go ahead.

**Rahul Gajare:** Yes. Thanks for the opportunity. I have got two questions. One, I do understand that the cost of diesel gensets for customers has seen a material increase. We do understand that a significant part of this is actually coming from the price increase taken by alternator players. While engines have seen a very small, maybe single-digit price hike. Given that the underlying demand is so strong, I mean, why have you been so cautious on taking more price hike, when you clearly see that it is required? Is it competition, market share? Your thoughts on what is stopping you from taking more price hikes? I will appreciate that. Thanks.

**Gbile Adewunmi:** Hey, thanks, Rahul. I would not make any assumptions on the breakup because we do not provide that between the different components on cost and pricing, because we sell a single solution to our customers. I think a couple of things, right? We want to ensure that we can provide value to our customers in the long term.

So, yes, we have the cost increase, and we are working very hard to mitigate those. We are working through pricing and actions. We are not saying we are shying away from those. By the end of the day, we want to ensure that we can deliver solutions to our customers in the long term



Cummins Public

that are aligned with their total cost of ownership, as well as the opportunities that we have in front of us.

Whether it is technology, the partnerships, the execution, our services support, all of those things factor into how we think about our product positioning and our pricing. We are excited about where we are today. We recognize that the costs are coming in and inflation is faster than or higher than anyone would want, but we are working very closely, and we are engaging with our customers to be able to support.

The other thing, like we have said, is that orders that we take today, when we think about pricing realization, any price changes that we make, it is going to take some time for that to reflect because we have orders in hand that we are executing at contracted prices.

**Rahul Gajare:** Okay. And how much time is the Given that you have a backlog, how much time for you all to deliver QSK60 and imported gensets today, if the customers are walking in today?

**Gbile Adewunmi:** We don't share specifically time

**Rahul Gajare:** No worries.

**Gbile Adewunmi:** What I can tell you is that we work very closely with the customers, right? It just depends on project execution. And our goal is always to ensure that our customers can execute their projects on time. So, that's kind of what we do, but we can't share lead time with you, unfortunately.

**Rahul Gajare:** Sure. My second question is specific on the power gen. You did indicate that data center makes up about 30%-40% of power gen. If you were to assume data center contribution at 30%, power gen ex-data center, we would see a mid-teen kind of growth. But if you were to take that at 40%, the situation drastically changes to negative growth in ex-data center. I think a better color on this, how power gen is doing ex-data center would be very important. Thank you.

**Gbile Adewunmi:** Yes. I think data center ex-power gen ex-data center is growing pretty well. We've given you a range because every quarter it changes, right? Like we said, we serve a wide variety of markets. We have a variety of products, so it just depends on what's going on in that particular quarter. Quarter over quarter is really not the right way to think about this, but we have really good growth in our G-Drive business, and we're happy with that.

**Rahul Gajare:** Sure. This is very helpful. Thank you very much, and all the very best.

**Gbile Adewunmi:** Yes. Thank you.

**Moderator:** Thank you. Next question is from the line of Aditya Mongia from Kotak Institutional Equities. Please go ahead.

**Aditya Mongia:** Yes. Good morning, everyone, and thank you for the opportunity. My first question was just a subjective assessment as to in which segments is it becoming difficult to pass on the price increases? For instance, is this a power gen-specific problem, and maybe within that is even data centers seeing this issue? Or is this more broad-based beyond power gen as well, and maybe on



Cummins Public

the exports and the industrial side as well, there are issues that one is seeing. Just trying to get a sense of where the customer pushback is a lot more.

**Gbile Adewunmi:** I wouldn't call it issues. I think it's just the reality of the markets that we play in. So, on the power gen side, we have orders in hand that we're executing, and so the pricing, any price changes we'll make will impact new orders that we get. On the industrial side, a lot of it is tender-type business, and so when you win the tender, you're also winning those tenders at executed prices, agreed prices. Unless there's some price change mechanism, which they're few and far between, that is difficult to implement right away. So, I wouldn't call it issues. I think it's the nature of our business. So, there are no particular segments where we say we struggle. It's just the nature of the business, and we're working through it.

**Aditya Mongia:** Sure. Maybe just a related question. As in every such cycle, wherein cost prices, cost goes up and it has to be passed on, makes us also aware of how competition has shaped up over time and whether the product gap between us and competition has reduced, and whether there is a need for taking the pricing premium that Cummins enjoys because of its reliability, design, low-cost base, that much lower. Has the company seen this kind of product gap kind of lessen, and is there a need for the company to be taking any cuts versus a pricing premium of 10%-15% that it enjoys in the power gen segment?

**Gbile Adewunmi:** There's a lot of assertions that you're making there on the numbers, which I will not speak to. But what I would say in terms of from a product perspective, it's a good question. So how do we think about the evolution of our product portfolio relative to the market? The way we think about it is really based on our customer needs. So, our approach is we're working closely with our customers. We're looking at solutions that are aligned to their total cost of ownership.

We're not just starting that today. We're not just reacting to what's happening in the short term. We're constantly engaging, thinking about not just today, but also the future. I think we have a robust process for looking at products and releasing products, and we're good with that. I think our customer engagement remains robust, and we'll continue to take that approach.

**Aditya Mongia:** Thanks. Maybe the last question from my side. This is more from the perspective of exports, but maybe broader than that. The company has talked about substitutes to power gen or diesel gensets, not being perfect substitutes in natural gas gensets and in their solution in other forms. Just on the recent developments that have happened on the fuel cell part, is there an internal discussion whether there could be a bigger threat that would happen to the diesel genset product? Maybe starting with the U.S., wherein there is a supply of natural gas and other forms of fuel for fuel cells but then becoming more broad-based. Any thoughts on that part?

**Gbile Adewunmi:** I would think, we expect from a company overall global perspective, that natural gas will play an increasing role. But honestly, that is only in places where natural gas is readily available. So, what we think about when we think about any new technologies, there are three things that need to be true. One, the infrastructure has to be available. Two, the technology has to be right. And three, the cost has to be right. So, everyone is trying to figure that out, given energy security concerns, given cost concerns, given availability of fuel concerns.



Cummins Public

They're trying to figure out what the right solution is in their market. So, for us, we think that diesel gensets particularly will continue to be a major part of solutions in many places, and in particular in India, will still be the primary solution. If there is a different fuel that is available, then we will look at different products. But right now, in India, we see diesel gensets as being the primary product for backup power.

**Aditya Mongia:** Can you just clarify one thing before I log off? As in just one clarification to what you have said, as in not a future question.

**Gbile Adewunmi:** Yes, go ahead.

**Aditya Mongia:** Thank you. As in, you have refrained from giving a guidance on gross margins bottoming out. Just wanted to clarify whether that is coming out of there being a sense that you do not want to guide for the future, or do you think there could be variables at play which can make the gross margins volatile even from current levels here?

**Gbile Adewunmi:** The way I would frame it is, there is a lot of uncertainty in the world today, right? The geopolitical issues have not gone away. Inflation, despite the attempts of many to try to tame it, has not slowed down. You are also in an environment where we are rapidly growing, so suppliers are trying to add capacity. We are trying to grow at the same time. There is a lot of things at play, right? The uncertainty of the global environment is real, and what we are doing is just working very hard to be able to manage through that.

**Aditya Mongia:** Thank you. That will be all from my side, and thanks for taking all my questions.

**Gbile Adewunmi:** Thanks, Aditya.

**Moderator:** Thank you. Next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

**Ankur Periwal:** Yes. Hi, sir. Thanks for the opportunity. First question on our medium-term growth strategy, more on the capital allocation side. Considering that we are sitting at a INR38 billion-INR40 billion cash, and given your comments on very strong demand outlook, plus our earlier initiative of expanding into BESS as well, how should one look at the capital allocation going ahead in terms of capex, growth outlook, etcetera?

**Gbile Adewunmi:** From a capex perspective, I would say not major changes, right, in our philosophy. We continue to invest in sustenance, we continue to invest in growth, in our facilities, in safety. I would say nothing major from that perspective, Ankur.

**Ankur Periwal:** Okay, sure. On the industrial side, last year we were largely flattish, given that construction was lower. Even in the first half, we are somewhere in the mid-single digit sort of a growth there. Is there any segment specific which is seeing a slightly softer demand, or it is more competition, or it is general growth trend being at this level?

**Gbile Adewunmi:** I think I can maybe shed a little bit of color. I would say on the rail side for this particular quarter, we were a little softer because we've got the coach factories have a lot more inventory. On the



Cummins Public

marine side, this is a projects business, right? It's a little lumpy. This quarter, we're a little slower on execution of certain projects.

Then, I would say on the compressor side, there's a lot of demand, but we had some supply chain constraints which made it difficult. What I just always caution is, let's not just look at stuff quarter-over-quarter. In any particular quarter, the dynamics might be different, but if we look over long term, we see we're excited about the opportunities in the industrial markets.

**Ankur Periwal:** Sure, sir. And just one data which I missed out. The project revenue for this quarter, what will that number be?

**Gbile Adewunmi:** Project revenue? What projects are we talking about?

**Ankur Periwal:** As a part of the power gen business segment, we did give a breakup of the LHP, MHP side. I missed the number on the services and other projects revenue.

**Gbile Adewunmi:** Yes. What we will say is overall data center is 30%-40%. We don't break down the projects specifically.

**Ankur Periwal:** Okay, sure. No worries. Last year, same quarter last year, this number was again around 30% share.

**Gbile Adewunmi:** Yes, I think it's just going to be around that, right? It will fluctuate quarter-to-quarter given some of the projects, execution, and delivery, but it's always, at least for now, it's in the range of the 30%-40%. That's a good range to have.

**Ankur Periwal:** Sure, sir. That's it from my side. Thank you and all the best.

**Gbile Adewunmi:** Thank you.

**Moderator:** Thank you. Next question is from the line of Sandesh Shetty from HSBC. Please go ahead.

**Sandesh Shetty:** Thank you, sir, for the opportunity. My first question is, what is the time duration between order to delivery on a company level, and has it changed over time? If you can give some colour on that.

**Gbile Adewunmi:** I would say it depends on the project. This is really driven by the customer and the site readiness, Sandesh. It's not really driven by us. Each project will be somewhat unique. I wouldn't say there are any meaningful changes, but each project, it just depends on the project. Our goal is to work with our customers to ensure that they can meet their project timelines.

**Sandesh Shetty:** Okay. On the export side, if you can give some outlook, some color on if you're seeing any green shoots, any challenges on the exports side of the business.

**Gbile Adewunmi:** I cannot really give you anything forward-looking at this point, Sandesh. I think where we have geopolitical issues all around, and that level of uncertainty means that kind of quarter-to-quarter, we will see what happens. But right now, there is nothing more I can share. But for the most



Cummins Public

part, they have remained stable, right? So, if you look at the long-term trend of exports, it has been largely stable.

**Sandesh Shetty:** Okay. Thank you, and all the best.

**Gbile Adewunmi:** Thanks, Sandesh.

**Moderator:** Thank you. Next question is from the line of Aritra Banerjee from Nomura. Please go ahead.

**Aritra Banerjee:** Yes. Thank you for the opportunity. So, sir, I just wanted to understand one thing. So, we have taken, I think, positive pricing actions in the past few quarters, and I understand there is a lag between the pricing action and that being translated into our revenue. So, would you say those pricing actions have started translating into our revenues in 2Q? Or if not, then by when do you think that will start having some sort of effect on the revenue going forward from Q3, Q4? If you could provide some colour on that.

**Gbile Adewunmi:** Yes. So, Aritra, we have been taking pricing actions, and they are starting. When on new orders, you start to realize the value there, but those new orders don't get executed for a while. We have strong order books, which is good for us, but it also means that pricing lags a little longer. The other thing that you get hit instantly with, or at least somewhat instantly with, is the cost, and the costs have been much more significant.

So even when you change pricing, we are just seeing higher-than-expected cost increase come. So, the uncertainty, again, I don't really want to sound like a broken record, I apologize if I do, but there is just so much uncertainty in the supply base with commodity costs, and it is going to take a while for pricing to start showing up. And it also depends on how much increase we continue to see in terms of the ability to catch up.

**Aritra Banerjee:** No, sir. Sure. Thank you for the response.

**Moderator:** Thank you. Next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

**Pathanjali Srinivasan:** Hi. Thank you for the opportunity. Congrats, Billy, for coming here. I would like to know why, with respect to the current quarter, our growth is only 4%, and is there any deferment of any orders or anything of that sort, which is why this quarter was a bit lower in terms of growth?

**Gbile Adewunmi:** Thank you, Pathanjali. I would say a couple of things. One, we kind of just, from a data center perspective, there was a difference in mix in some of our, what do you call it, on what we delivered. This is also, again, based on project execution. We also mentioned the same in rail, given inventory, and then in marine, also slow execution. Then on the compressor side, we also had some supply shortages that made it difficult for us to deliver to the demand. So, it is a combination of things across the board, not any one particular thing, I would say.

**Pathanjali Srinivasan:** If my understanding is right, broadly, this-

**Moderator:** Pathanjali, sorry to interrupt. Your audio is not clear. Can you speak through the handset, please?



Cummins Public

**Pathanjali Srinivasan:** Yes, I'm speaking through a handset. Am I audible now?

**Moderator:** Little better. Go ahead.

**Pathanjali Srinivasan:** Hello? Yes. No, so I wanted to know, when you mentioned that there's a bit of a challenge with inventory or something, so is this a bit of a delay in only the execution, which should happen better in the second half? Is that the right way to understand it?

**Gbile Adewunmi:** Yes, I think over time, that's a problem. So, it's not a fundamental change in demand, it's just more of a timing issue. So yes, over time, it should resolve.

**Pathanjali Srinivasan:** Got it. Thank you.

**Gbile Adewunmi:** Thank you.

**Moderator:** Thank you very much. Next follow-up question is from the line of Jason Soans from IDBI Capital Markets. Please go ahead.

**Jason Soans:** Yes, thanks for taking my question again. I just wanted to know some color on what traction BESS as a solution is getting. Just some color on that.

**Gbile Adewunmi:** Jason, just to make sure I am clear, you are asking about BESS, correct?

**Jason Soans:** Yes, that is right.

**Gbile Adewunmi:** Yes. We are continuing to see good inquiries in the BESS space, right? We started making inroads with customers in anything from shopping malls, hospitality, educational institutions. We are not there in any numbers at this point, but we are making good progress. We are happy with the product, and we are happy with the team's engagement with our customers.

**Jason Soans:** Yes. Okay, sure. From a strategic perspective, I just wanted to understand, of course, we have our high horsepower portfolio, which is the main portfolio which we have. And we have a little lesser the MHP and the LHP side of the portfolio as well. Just wanted to understand from a perspective, so LHP, MHP will be more probably volume-led, and HHP is more like a customized and a more specialized portfolio?

Just wanted to understand, in terms of both these segments, how are we seeing competitive intensity, and whatever you can share in terms of what we are doing to basically enhance growth in both the sides, the LHP, MHP side as well, which will be more volume-led, and the HHP side, where you'll have the stronger players trying to gain market share there. Just wanted some colour on that and how you're trying to basically protect your turf there?

**Gbile Adewunmi:** Yes. So, Jason, our approach is pretty similar across the board, right? We think that the capabilities that we have at Cummins allow us to be successful in both of those segments. So, it always starts with deep customer engagement and understanding what their needs are. We've got great technologies; we've got innovative products. We believe we're really good partners.



Cummins Public

And then execution in delivering the product, making sure that it gets there and installed and commissioned, and then the services support. So, regardless of the type of customer that we're dealing with, our framework or approach is similar. And then the capabilities we have across the various parts of the business, in our product, in our distribution businesses, also help us win. And so, that's our fundamental approach.

**Jason Soans:** Okay. Thank you so much. Thank you, sir.

**Moderator:** Thank you very much. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Gbile Adewunmi for closing comments.

**Gbile Adewunmi:** Thank you all for your active participation and engagement in the call today. Looking ahead, we expect demand across our key end markets to remain resilient. Persistent geopolitical uncertainty, plus commodity and inflationary pressures, are expected to continue in the near term. We are remaining focused on appropriate pricing actions, driving cost discipline, operational efficiency, supply chain resilience, and delivering for our customers. With this, I close this call. Thank you.

**Moderator:** Thank you very much. On behalf of Cummins India Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.



Cummins Public