# Cummins India



**Operator:** Good morning, ladies and gentlemen, and welcome to the Cummins India Ltd. Q2 FY27 earnings conference call. We hope you are all keeping safe and healthy. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Bile Adeunmi, Managing Director, Cummins India Ltd. Thank you, and over to you, sir.

**Bile Adeunmi – Managing Director:** Thank you. Good morning, ladies and gentlemen. I am Bile Adeunmi, Managing Director, Cummins India Ltd., and together with me is Soma Ghosh, Chief Financial Officer. Having assumed responsibility as Managing Director on November 1, I had the opportunity to engage with the board on November 4. 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 FY27. Demand continues to be robust in all segments across our key end markets, and we have sustained execution, supporting year-over-year revenue growth. We recently launched the QSK60-powered G34 and G37 genset solutions at 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 clean 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 FY27 through this call. For the quarter ended September 30, 2026, compared with the same quarter last year, our sales at 3,247 crore are higher by 4% compared with 3,122 crore in the same quarter last year. Domestic sales at 2,692 crore are higher by 5%. Exports at 555 crore are higher by 2%. Profit before tax at 601 crore is lower by 28.4%.

For the quarter ended September 30, 2026, compared with the previous quarter, our sales at 3,247 crore are lower by 4% compared with 3,375 crore reported in the previous quarter. Domestic sales at 2,692 crore are lower by 6%. Exports at 555 crore are higher by 6%. Profit before tax at 601 crore is lower by 16.6%.

The segment-wise breakup for the quarter ended September 30, 2026 is as follows. Our generation domestic sales are at 1,308 crore, a 2% decrease over last year and an 8% decrease over last quarter. Distribution business sales are at 900 crore, a 13% increase over last year and a 2% increase over last quarter. Industrial domestic business sales are at 406 crore, a 5% increase over last year and an 11% decrease over last quarter. For exports, HHP exports are at 268 crore, a 4% decrease over last year and a 10% decrease over last quarter. LHP exports are at 226 crore, a 3% increase over last year and a 25% increase over last quarter. With that, we now open the session for

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questions. Thank you.

**Operator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal – HDFC Securities:** Hi, Bile. Congratulations on assuming the leadership role in India. My first question is regarding the second quarter, where we have seen raw material pressure affecting our gross margins and profitability. What pricing actions have you taken over the last few months to mitigate this? In the distant future, is this the bottoming out of the EBITDA margin in this quarter, and from here on will we see sustained increases toward a more historical margin? How many quarters away are we from that historical margin? That is my first question.

**Bile Adeunmi – Managing Director:** [pause] Thank you, Parikshit. We continue to review our pricing regularly and take actions to try to mitigate the costs, as you said. We are seeing significant material-cost inflation. The geopolitical issues have not helped, and as you can see, this is not just a problem in India; it is a problem across the world.

Our focus is on three things. The first is pricing and achieving better price realization, so we will continue to take actions and see how the market adjusts to that. The second is working with our suppliers to determine how we can mitigate these costs. The third is operational efficiencies.

In terms of your second question, I cannot provide any forward-looking statements regarding where margins will go, but what I can assure you is that the team is working very hard to continue to drive improvement and improve our margins.

**Parikshit Kandpal – HDFC Securities:** My second question is on the QSK60 data center. From what we are hearing, this is done under {? CTL ?} and has a global allocation for India and other geographies. Do we have sufficient capacity to service Indian demand, given our lead engineering on the ground and the fact that the lead times for delivery of this engine have increased over the past few months? Do you think there is a case where demand is outpacing supply and we will start losing market share to the competition? How are you mitigating this allocation for Indian demand?

**Bile Adeunmi – Managing Director:** We are seeing robust demand across the world for all of our products. For data centers, demand is not unique to India. From a Cummins perspective, we continue to work aggressively on increasing our capacity, but it is not just the capacity of the manufacturing plant. A lot of the required capacity is also with our suppliers. We are working closely with our suppliers to be able to ramp up.

The important thing is that we have to do this in a sustainable manner so that, from a long-term perspective, we have the right utilization across all our facilities. Demand is much more robust, given the AI boom, than anybody would have expected. We are working very hard to ramp up our supply.

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This is the same for everybody around the world, and we will continue to work with our customers. There is nothing specific that is unique to India, but from a Cummins perspective and a Cummins India Ltd. perspective, we are focused on meeting the demand of our customers.

What I will also say is that, from a data center perspective, we have very good collaboration with our customers and are 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 – HDFC Securities:** My last question is: since you come from global leadership and have been allocated to the India entity, what would be your top three or four priorities? How do you see it? Is there any change you would—

**Parikshit Kandpal – HDFC Securities:** —and what would be your way forward as a leader to drive the engine and business growth?

**Ashwath:** [pause] I am excited to be leading Cummins India Ltd. I would say that the initial focus of my priorities is, first, talent and leadership. I have always believed at Cummins that sustainable performance starts with the right leadership and the right culture. I will work with the great team that is already on the ground to achieve that.

The second is strong partnerships, whether with our suppliers, customers, investors, or community partners. It is important to ensure that I understand those relationships and can continue to strengthen those partnerships. In my view, that leads to what I know many of you on the call care about, which is sustained profitable growth.

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 taking advantage of the strong growth that the Indian market provides.

**Parikshit Kandpal – HDFC Securities:** Okay. Thank you, and I wish you the best.

**Ashwath:** Thank you, {? Harshit ?}.

**Operator:** Thank you. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar – ICICI Securities:** Good morning, and thank you for the opportunity. My first question is regarding the 200 bps decline in gross margin. How much should we attribute to inflationary pressure, and how much should we attribute to product mix, or what I would call the lack of data center sales in this particular quarter?

**Ashwath:** [pause] Good question, Mohit. I would say most of it is inflationary pressure, and only a relatively small portion of the decline in margins is related to the mix and product mix. Given the variety of products that we sell and the variety of end markets that we sell into, some of those sales are lumpy. As you said, data centers have lumpier sales than some of the other markets.

For this particular quarter, most of the deterioration was due to inflationary commodity costs.

**Mohit Kumar – ICICI Securities:** Understood. My second question is, can you talk about the inquiry pipeline, especially for data centers? How is it looking, and has the inquiry pipeline improved in the

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last 6 months?

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

**Mohit Kumar – ICICI Securities:** In the sense that, let us say, your inquiry pipeline was 100, 100, 100 megawatts at the beginning of the fiscal year, and in the last 6 months you have seen the pipeline building.

**Ashwath:** [pause] Okay, I understand. I just wanted to make sure what you meant by improved. We continue to have a robust pipeline. The data center boom has not slowed down in any meaningful way. We are happy with where the pipeline is, and we are happy with the work that we are doing with our customers to be able to meet their requests.

**Mohit Kumar – ICICI Securities:** My last question is: given the strong demand for data centers and the related densification in this country, are you looking to expand the production of QSK60 or, at some point, indigenize the production of QSK95 nodes in this country?

**Ashwath:** [pause] That is a good question. Our approach is really a disciplined approach to our overall network. We want to make sure that we are not just creating value and solving problems today, but that we are solving them for the 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. If there are things that we will do differently, we will let you know. This is something that is constantly on our minds, and we are trying to determine how we can best satisfy our customers across the globe.

There are no major changes at this point, but we continue to assess that.

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

**Ashwath:** Thank you.

**Operator:** Thank you. The next question is from the line of Mohit Pandey from Citi. Please go ahead.

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

**Ashwath:** [pause] I cannot be specific about the price hikes, 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 that we are executing orders today that have been in the pipeline for a while. Therefore, any price changes that we make will take some time for us to start realizing those prices.

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

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

**Mohit Pandey – Citi:** Understood, sir. As a follow-up to that, can you qualitatively indicate, of the current orders on hand, how many pertain to the period before the first price hikes were taken last quarter? Is it still 30% or 40% of the orders on hand, or is it a lower number?

**Ashwath:** [pause] No, I do not have that breakdown, and I cannot give you that estimate. I will just say that we continue to have a robust order-intake line, and we are excited about that. However, that also means that there will always be a lag versus the pricing that we have.

**Mohit Pandey – Citi:** Understood, sir. You did mention two other points apart from pricing regarding cost mitigation: working with suppliers and operating efficiencies. Could you provide more detail on these? I understand that historically we have also prided ourselves on operating efficiencies. Is there still a sizable element of efficiencies left? How should we think about that?

**Ashwath:** [pause] Good question. I would say that it is an area we continue to push on. No matter how much you find, you always feel that there is more to do in that area. I have nothing specific to say, other than that it is an area of focus for the management team.

In terms of suppliers, one dynamic I will add is that we have very strong partnerships with our suppliers. At this time, however, all the suppliers are also ramping up and investing. There is a fine balance between investing for the demand and pushing to reduce costs and improve efficiencies.

We are working with our suppliers to be able to manage that fine line. We want them to have adequate capacity, but we are also trying to manage costs well. This is where the partnership with our suppliers really matters, and we think we do a good job there.

**Mohit Pandey – Citi:** Understood, sir. My last question is whether there was any one-off in this quarter in any of the line items. Other expenses are up quarter-over-quarter while sales are not up. Was there any one-off cost?

**Ashwath:** [pause] Shveta, perhaps you can help me with this. I would not say there was anything specific or meaningful in that quarter-over-quarter change in {? sales ?}. I would not describe anything as a specific one-off at this time. Shveta, is there anything you would add to that?

**Shveta:** [pause] Yes, thanks, Ashwath. I think we had one major one-off in the corporate cost allocations, the management cross-charges that arise primarily because of the support that is increasing due to business growth in India, which for us is the data center business. There have been a few such charges.

**Mohit Pandey – Citi:** Is it possible to quantify this one-off? Would it be under other expenses or in the gross raw material cost?

**Shveta:** No, it is only in other expenses.

**Mohit Pandey – Citi:** Okay, okay. Thank you very much, and I wish you all the best.

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**Shveta:** Thank you.

**Ashwath:** Thank you.

**Operator:** Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

**Amit Anwani – PL Capital:** Thank you for the opportunity. My first question is on the domestic power generation system. Could you highlight the growth across categories? We saw that this quarter, even in the power generation system, which has been performing very well because of the data center contribution, performance was muted. Was it purely the data center that led this quarter? Could you highlight how much the data center contribution was, how the growth was without data centers in this business, and any particular reasons for the muted performance in power generation this quarter?

**Benny:** I would say that data centers continue to account for approximately 30–40% of our power generation sales. I will ask Soma to provide the specific breakdown for domestic sales for this quarter.

**Soma:** Thanks, Benny. From an LHP standpoint, we did 98 crore this quarter. From the genset standpoint, 236 crore. Heavy-duty was 142 crore, and the remainder was all data center business, including hyperscale.

**Amit Anwani – PL Capital:** How was the performance in the non-data center business?

**Soma:** From a non—go ahead, Benny.

**Benny:** From the non-data center business, we have already spoken about 30–40% of our power generation business being attributable to data centers. In fact, this quarter we did better in terms of non-data center growth. Realty, manufacturing, residential, and normal realty projects performed quite well in comparison this quarter.

**Amit Anwani – PL Capital:** My second question on data centers is—sorry, on exports. If we look at exports over the last 6 months, there has been a marginal decline. Directionally, could you give us some sense of which geographies are contributing, which geographies remain a challenge, and whether we can expect some growth by the end of this year in the exports business for FY25?

**Benny:** I will ask Soma to share the specific numbers in a few minutes. From an export perspective, this is a business generated by demand from other regions and segments, so it depends on what is happening with them.

We cannot provide any forward-looking statements, but it is fair to say that all the disruption and other developments taking place around the world definitely make it somewhat more difficult for the export business in each particular quarter when viewed from one quarter to the next.

However, overall, we should expect solid export performance going forward.

**Amit Anwani – PL Capital:** Thank you. Thank you very much.

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

**Soma:** Yes, I will briefly share the percentages. In terms of Europe, we had 29%. In terms of {? Laos ?}, we did 28%. Asia-Pacific was 22%, and the Middle East was 15%.

**Amit Anwani – PL Capital:** That is helpful. Thanks.

**Soma:** Thank you.

**Benny:** Thank you.

**Operator:** Thank you very much. The next question is from the line of Jason Soans from IDBI Capital Markets. Please go ahead.

**Jason Soans – IDBI Capital Markets:** Thank you very much for taking my question. There is a lot of discussion about the robust order book for data centers. There is also some discussion around the world regarding a slowdown in data centers, power shortages, what happened in the US elections, and other factors. In the near term, demand may be robust, but looking ahead, how do you see this developing? Do you expect any moderation in demand in the Indian geography as well as overseas? Some color on that would be helpful.

My second question is whether we are looking at finalizing any large hyperscale orders in H2 of this year.

**Benny:** [pause] Jason, we always have a fairly 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 orders that continue to come in. From that perspective, we are quite happy.

From a global perspective, I think it is much too early to determine what will happen or to assess 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 or may not be any impact; it is really difficult to say.

The environment remains dynamic. We remain engaged with all our customers around the world to ensure that we understand their needs, and we are focused on delivering solutions that support those needs. That is what I would say, Jason.

**Jason Soans – IDBI Capital Markets:** Thank you. On the industrial side, I wanted to understand the breakup for the industrial sub-segments in terms of construction, rail, mining, and so on. We have seen single-digit growth there. From a management perspective, what can we do to accelerate growth there? Are there any measures we are taking to grow that segment of the business?

**Benny:** Soma will provide the numbers in a little while. In terms of the industrial market, we are quite excited about what we are doing across the board. Whether it is compressors, rail, mining, or marine, we continue to pursue opportunities in that space.

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Many of those opportunities are related to government infrastructure and government funding. They are tender-based, and as those tenders come in, we are well positioned to win or continue to compete for them.

From a management perspective, this remains an area of focus for us. India is a fast-growing economy, and as a result, government infrastructure projects provide opportunities for us. We have the products, a good understanding of the customers, and, in the industrial markets, the service and support network is often critical to long-term success.

We need to be able to add value because customers want to ensure that we can take care of whatever equipment or solutions we sell them. Our distribution business allows us to do that. We are well positioned, we are excited about the growth opportunities, and we are focused on pursuing them. Soma, I will turn it over to you to provide the breakdown.

**Soma:** Sure, thanks, Benny. We had 131 crore in construction, 117 crore in rail, 54 crore in compressors, 49 crore in mining, and 27 crore in marine. The remainder was from oil and gas and pumps.

**Jason Soans – IDBI Capital Markets:** Thank you very much for answering my question.

**Soma:** Thank you.

**Benny:** Thank you, Jason.

**Operator:** Thank you. The next question is from the line of Rahul Kajaria from Macquarie Capital. Please go ahead.

**Rahul Kajaria – Macquarie Capital:** I have two questions. First, I understand that the cost of diesel gensets for customers has seen a material increase. We also understand that a significant part of this is coming from the price increase taken by {? actuators' ?} players, while engines have seen a very small, perhaps single-digit, price hike.

Given that the underlying demand is so strong, why have you been so cautious about taking additional price hikes when it is clearly required? Is it competition or market share? I would appreciate your thoughts on what is stopping you from taking further price hikes.

**Benny:** [pause] Thanks, Rahul. I would not make any assumptions about the breakup because we do not provide that between the different components of cost and pricing. We sell a single solution to our customers.

There are a couple of things. We want to ensure that we can provide value to our customers in the long term. While we have cost increases and are working very hard to mitigate them, we are also working through pricing actions. We are not saying that we are shying away from those actions.

At the end of the day, we want to ensure that we can deliver solutions to our customers in the long term that are aligned with their total cost of ownership as well as the opportunities in front of us.

Whether it is technology, partnerships, execution, or service and support, all of these factors influence how we think about our product positioning and pricing.

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We are excited about where we are today. We recognize that costs are increasing and that inflation is faster or higher than anyone would want, but we are working very closely and engaging with our customers to provide support.

The other point we have made is that orders we take today are executed over time. When we think about pricing realization, any price changes we make will take some time to be reflected because we have orders on hand that we are executing at contracted pricing.

**Rahul Kajaria – Macquarie Capital:** Okay. How much time is the—

**Rahul Kajaria – Macquarie Capital:** —given that you have a backlog, how much time will it take to deliver QSK60 and imported gensets today if customers are placing orders today?

**Management:** [pause] We do not share specific timelines, but what I can tell you is that we work very closely with our customers. It depends on project execution, and our goal is always to ensure that our customers can execute their projects on time. That is what we do, but unfortunately, we cannot share any timeline with you.

**Rahul Kajaria – Macquarie Capital:** My second question is specifically on power generation. You indicated that data centers make up about 30–40% of power generation. If we assume a data center contribution of 30%, power generation excluding data centers would show mid-teen growth. However, if we take it at 40%, the situation changes drastically to negative growth in power generation excluding data centers.

A better explanation of how power generation is performing excluding data centers would therefore be very important. Thank you.

**Management:** I think power generation excluding data centers is growing quite well. We are giving you a range because it changes every quarter. As we said, we serve a wide variety of markets and have a variety of products, so it depends on what is happening in that particular quarter.

Quarter-over-quarter is not really the right way to think about this, but we have very good growth in our G-Drive business, and we are happy with that.

**Rahul Kajaria – Macquarie Capital:** That is very helpful. Thank you very much, and all the very best.

**Management:** Thank you.

**Operator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Institutional Equities. Please go ahead.

**Aditya Mongia – Kotak Institutional Equities:** Good morning, everyone, and thank you for the opportunity. My first question is a subjective assessment of which segments are finding it difficult to pass on price increases. Is this a power generation-specific problem, and within that, is it also an issue for data centers? Or is it broader than power generation, with issues also on the exports and industrial sides? I am trying to understand where customer pushback is greater.

**Management:** [pause] I would not call them issues. I think it is simply the reality of the markets in which we operate.

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On the power generation side, we have orders on hand that we are executing, so any price changes we make will affect new orders that we receive.

On the industrial side, much of the business is tender-based. When you win a tender, you win it at an executed, fixed price. Unless there is a price-change mechanism, which is uncommon, it is difficult to implement a price change immediately.

I would not call them issues. I think it is the nature of our business. There are no particular segments where we would say we are struggling; it is simply the nature of the business, and we are working through it.

**Aditya Mongia – Kotak Institutional Equities:** As a related question, in every such cycle, when costs increase and have to be passed on, we become more aware of how competition has developed over time. Has the product gap between us and the competition reduced? Is there any need to reduce the pricing premium that Cummins enjoys because of its brand, design, and low-cost base?

Has the company seen this type of product gap lessen, and is there a need for the company to reduce the pricing premium of 10-15% that it enjoys in the power generation segment?

**Management:** You are making a number of assertions about the numbers, which I will not address. However, from a product perspective, it is a good question: how do we think about the evolution of our product portfolio relative to the market?

The way we think about it is based on our customers' needs. We work closely with our customers and look at solutions that are aligned with their total cost of ownership.

We are not starting this today or simply reacting to what is happening in the short term. We are constantly engaging and thinking not only about today but also about the future.

We have a robust process for evaluating and releasing products, and we are comfortable with it. Our customer engagement remains robust, and we will continue to take that approach.

**Aditya Mongia – Kotak Institutional Equities:** My last question is from the perspective of exports, but perhaps it is broader than that. The company has discussed substitutes for power generation or diesel gensets, which are not perfect substitutes, such as natural gas gensets, battery solutions, and other forms.

Regarding the recent developments in fuel cells, is there an internal discussion about whether they could pose a greater threat to the diesel genset product? We are starting with the US, where there is a supply of natural gas and other forms of fuel for fuel cells, but could this become more broad-based? Any thoughts on that?

**Management:** [pause] From an overall global company perspective, we expect natural gas to play an increasing role, but that will apply only in places where natural gas is readily available.

When we consider any new technologies, three things need to be true. First, the infrastructure has to be available. Second, the technology has to be right. Third, the cost has to be right.

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Given energy security concerns, cost concerns, and fuel-availability concerns, everyone is trying to determine the right solution for their market.

For us, diesel gensets, in particular, will continue to be a major part of solutions in many places. In India, in particular, diesel will remain the primary solution. If a different fuel becomes available, we will look at different products, but right now in India we see diesel gensets as the primary product for backup power.

**Aditya Mongia – Kotak Institutional Equities:** May I clarify one thing before I log off? This is just a clarification of what you said, not a separate question.

**Management:** Yes, go ahead.

**Aditya Mongia – Kotak Institutional Equities:** Thank you. You have refrained from giving guidance on gross margins and on whether they are bottoming out. I wanted to clarify whether this is because you do not want to provide guidance for the future, or whether you think there could be variables that would make gross margins volatile even from current levels.

**Management:** [pause] The way I would frame it is that there is a lot of uncertainty in the world today. The geopolitical issues have not gone away, and despite the efforts of many to tame inflation, it has not slowed down.

We are also in an environment where we are growing rapidly, suppliers are trying to add capacity, and we are trying to grow at the same time. There are many factors at play. The uncertainty in the global environment is real, and we are working very hard to manage through it.

**Aditya Mongia – Kotak Institutional Equities:** Thank you. That is all from my side, and thank you for taking all my questions.

**Management:** Thanks, Aditya.

**Operator:** Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

**Ankur Periwal – Axis Capital:** Thank you for the opportunity. My first question is on our medium-term growth strategy, particularly capital allocation. Considering that we are sitting on INR 38-40 billion in cash, given your comments on the very strong demand outlook, and considering our earlier initiative to expand into BESS, how should one view capital allocation going forward in terms of capex, growth outlook, and so on?

**Management:** [pause] From a capex perspective, I would say there are no major changes in our philosophy. We continue to invest in sustaining our operations, growth in our facilities, and safety. I would say there is nothing major from that perspective, Ankur.

**Ankur Periwal – Axis Capital:** On the industrial side, last year we were largely flat because construction was slower. In the first half as well, we are seeing mid-single-digit growth. Is there any segment-specific area that is seeing slightly softer demand, or is it more a matter of competition or the general growth trend being at this level?

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**Management:** I think I can shed a little—

**Management:** —on the rail side, for this particular quarter, we were a little softer because the coal factories have a lot more inventory.

On the marine side, this is a project business, so it is somewhat lumpy. This quarter, we were a little slower in executing certain projects.

On the compressor side, there is a lot of demand, but we had some supply chain constraints that made it difficult.

What I would always caution is that we should not look only at quarter-over-quarter performance. In any particular quarter, the dynamics might be different, but if we look over the long term, we are excited about the opportunities in the industrial market.

**Jason Soans – IDBI Capital Markets:** I wanted to ask about one data point that I missed. What was the project revenue for this quarter?

**Management:** Project revenue? Which projects are you referring to?

**Jason Soans – IDBI Capital Markets:** As part of the power generation business segment, you gave a breakup of the low-horsepower and mid-horsepower sides. I missed the number for services and other project revenue.

**Management:** We do not provide that breakdown. What we will say is that data centers account for 30-40% overall. We do not break down the projects specifically.

**Jason Soans – IDBI Capital Markets:** Last year, in the same quarter, this number was also around a 30% share.

**Management:** It should remain around that level. It will fluctuate quarter-to-quarter, given the execution and delivery of some of the projects, but for now it is always in the 30-40% range. That is a good range to have.

**Jason Soans – IDBI Capital Markets:** That is all from my side. Thank you, and all the best.

**Management:** Thank you.

**Operator:** Thank you. The next question is from Sandesh Shetty from HSBC. Please go ahead.

**Sandesh Shetty – HSBC:** Thank you, sir, for the opportunity. My first question is, what is the duration between order and delivery at the company level? Has it changed over time? Could you provide some color on that?

**Management:** I would say it depends on the project. This is really driven by the customer and site readiness, Sandesh. It is not really driven by us. Each project will be somewhat unique.

I would not say there are any major changes, but each project depends on the project-specific circumstances. Our goal is to work with our customers to ensure that they can meet their project

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timelines.

**Sandesh Shetty – HSBC:** On the export side, could you provide some outlook or color on whether you are seeing any green shoots or any challenges in the export business?

**Management:** I cannot provide anything forward-looking at this point, Sandesh. Given the geopolitical issues around the world, the level of uncertainty means that, quarter-to-quarter, we will have to see what happens.

There is nothing more I can share at this stage. For the most part, exports have been stable. I would say that, if you look at the long-term trend, exports have been largely stable.

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

**Management:** Thanks, Sandesh.

**Operator:** Thank you. The next question is from Aritra Banerjee from Nomura. Please go ahead.

**Aritra Banerjee – Nomura:** Thank you for the opportunity. I wanted to understand one thing. We have taken positive pricing actions in the past few quarters, and I understand there is a lag between the pricing action and its reflection in revenue. Would you say that those pricing actions have started reflecting in our revenues in Q2? If not, when do you think they will start having an effect on revenues, from Q3 or Q4 onward? Could you provide some color on that?

**Management:** Aritra, we have been taking pricing actions. When new orders are booked, you start to realize the value from those orders, but the new orders are not executed immediately.

We have strong order books, which is good for us, but it also means that pricing lags a little longer. The other factor is that costs affect us immediately, or at least somewhat immediately, and the costs have been much more significant.

Even when we change pricing, we continue to see higher-than-expected cost increases. The uncertainty is significant. I do not want to sound like a broken record, and I apologize if I do, but there is so much uncertainty in the supply base and in commodity costs.

It will take a while for pricing to start showing up, and it also depends on how much further increases we continue to see and on our ability to catch up.

**Aritra Banerjee – Nomura:** Thank you for the response.

**Operator:** Thank you. The next question is from Patanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

**Patanjali Srinivasan – Sundaram Mutual Fund:** Thank you for the opportunity, and congratulations on a good set of numbers. I would like to know why our growth for the current quarter is only 4%. Was there any deferment of orders or anything of that sort that caused this quarter's growth to be somewhat lower?

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**Management:** Thank you, Patanjali. I would say there are a couple of factors. First, from a data center mix perspective, there was a difference in the mix of what we delivered. This was also based on project execution.

We mentioned the same point regarding rail, given the inventory, and regarding marine, where execution was slower. On the compressor side, we also had some supply shortages that made it difficult for us to deliver against demand.

It was a combination of factors across the board, rather than any one particular factor.

**Patanjali Srinivasan – Sundaram Mutual Fund:** If my understanding is correct, broadly these—

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

**Patanjali Srinivasan – Sundaram Mutual Fund:** I am speaking through a handset. Am I audible now?

**Operator:** Slightly better.

**Patanjali Srinivasan – Sundaram Mutual Fund:** Hello? I wanted to know, when you mentioned that there is a challenge with inventory or something similar, is this simply a delay in execution that should improve in the second half? Is that the right way to understand it?

**Management:** Yes, I think that is the issue over time. It is not a fundamental change in demand; it is more of a timing issue. So yes, over time it should resolve.

**Patanjali Srinivasan – Sundaram Mutual Fund:** Understood. Thank you.

**Management:** Thank you.

**Operator:** Thank you very much. The next follow-up question is from Jason Soans from IDBI Capital Markets. Please go ahead.

**Jason Soans – IDBI Capital Markets:** Thank you for taking my question again. I wanted to ask for some color on the traction that {? Best ?} as a solution is receiving.

**Management:** Jason, just to make sure I heard you correctly, are you asking about {? Best ?}?

**Jason Soans – IDBI Capital Markets:** Yes, that is right.

**Management:** We continue to see good inquiries in the {? Best ?} space. We are starting to make inroads with customers in areas such as shopping malls, hospitality, and educational institutions.

We are not at the stage of reporting numbers at this point, but we are making good progress. We are happy with the product and with the team's engagement with our customers.

**Jason Soans – IDBI Capital Markets:** From a strategic perspective, we have our HHP portfolio, which is arguably our main portfolio, and a relatively smaller MHP and LHP portfolio. My understanding is that LHP and MHP would be more volume-led, while HHP is more customized and specialized.

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How are we seeing competitive intensity in both these segments? What can you share about what we are doing to enhance growth on both sides—the more volume-led LHP and MHP side, and the HHP side, where stronger players are trying to gain market share?

I would appreciate some color on how we are trying to protect our position.

**Management:** Jason, our approach is quite similar across the board, and we believe that the capabilities we have at Cummins allow us to be successful in both segments.

It always starts with deep customer engagement and understanding their needs. We have the technologies and innovative products, and we believe we are good partners.

Execution in delivering the products, ensuring that they arrive, are installed and commissioned, and then providing service and support are also important.

Regardless of the type of customer we are dealing with, our framework and approach are similar.

**Billy Adeyemi:** The changes we have made across the various parts of the business, in our products and in our distribution businesses, also help us win. That is our fundamental approach.

**Jason Soans – IDBI Capital Markets:** Okay, thank you very much. Thank you.

**Billy Adeyemi:** Thank you very much.

**Operator:** Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Billy Adeyemi for closing comments.

**Billy Adeyemi:** 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, along with commodity and inflationary pressures, is expected to continue in the near term. We remain focused on appropriate pricing actions, cost discipline, operational efficiency, supply chain resilience, and delivering for our customers.

With this, I close the call. Thank you.

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

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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