

Best Risk-Reward Pick from NSE Midcap 150

Cummins India: Why it stands out

Fundamentals

- Debt-free balance sheet
- High ROCE (>30%)
- Strong free cash flow
- Manufacturing expansion underway
- Beneficiary of India's infrastructure and power-capex cycle
- Data-center backup power demand remains a structural growth driver.

Elliott Wave View

The long-term monthly structure appears consistent with:

- Completed Wave-II correction
- Currently progressing in a larger Wave-III impulse

Wave III is historically the strongest Elliott Wave, provided earnings continue meeting expectations.

Gann Theory

Using classical Gann concepts:

- Price has respected major long-term support zones.
- The stock continues to trade above important long-term trend lines.
- Multiple historical price-time cycles suggest the primary trend remains bullish unless key long-term supports are violated.

Expected EPS Growth

Current market consensus broadly points toward:

Period	Estimated EPS Growth
FY27	18–22%
FY28	17–21%
FY29	15–20%
3-Year CAGR	~18–20%

Why it may still be undervalued

Although not statistically "cheap" on P/E, it appears undervalued relative to its long-duration earnings potential because of:

- secular power demand,
- manufacturing expansion,
- premium return ratios,
- strong cash generation,
- limited balance-sheet risk.

Many quality compounders trade above historical averages yet still create shareholder value through sustained earnings growth.

Brokerage Views

Recent long-term commentary from major brokerages has generally been constructive because of:

- strong order book,
- export recovery,
- data-centre opportunity,
- domestic industrial capex,
- margin resilience.

Positive coverage has been seen from firms such as:

- ICICI Securities
 - Motilal Oswal Financial Services
 - Axis Securities
 - JM Financial
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Other High-Quality Midcap Candidates

If constructing a concentrated portfolio, these also merit consideration:

Stock	EPS Growth (2–4 yr estimate)	View
Polycab India	20–25%	Very Strong
Bharat Forge	18–22%	Strong
Supreme Industries	16–20%	Strong
Persistent Systems	22–27%	Excellent
Coforge	20–24%	Excellent
KEI Industries	20–24%	Excellent
CG Power and Industrial Solutions	22–28%	Very Strong

Overall ranking (combining fundamentals, earnings visibility, Elliott Wave structure, and long-term technical outlook)

1. Cummins India
2. Polycab India
3. Persistent Systems
4. CG Power and Industrial Solutions
5. KEI Industries

- **Note:**

If your objective is to identify **one stock with the potential to deliver 3×–5× returns over the next 7–10 years**, Cummins India is a compelling quality compounder.

Adding above stocks in the portfolio at every dip using technical analysis would be the most prudent strategy.

Consult your financial advisor before taking any trading or Investment decision.