



Cummins India Limited 53rd Annual General Meeting

August 1, 2014



Cummins Inc.

Engine Business



Distribution Business



Power Generation Business



Components Group



Emission Solutions



Filtration



Turbo Technologies



Fuel Systems



Electronics

1919 - Commenced in Columbus, Indiana

48,000 employees

R&D: Over \$700 m

Cummins Business Services



Operations in 190 Countries

More than 90 plants

600 distributor locations
6,500 dealer locations

Making people's lives better by unleashing the Power of Cummins



Cummins Business Model

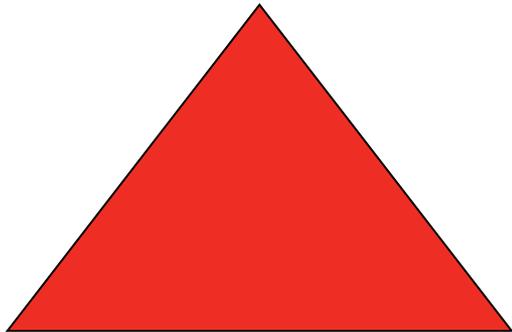
- Guiding Principles - Vision, Mission, Core Values
- Corporate & BU Objectives, Strategies, Initiatives, Projects -- (Goal Trees)
- Cummins Operating System (COS):
 - Ten Common Practices
 - Functional Excellence Framework (Ten Function Leaders, FE Statements, Measures, Processes, Tools, People Development)
 - Common Business Processes (Strategy, Performance Management/People Development, New Product Development)



Why We Are Here – Guiding Principles

Vision:

“Making people’s lives better by unleashing the Power of Cummins”



Personality:

- Decisive
- Driven To Win
- Agile
- Passionate
- Caring

Core Values:

- Integrity
- Innovation
- Delivering Superior Results
- Corporate Responsibility
- Diversity
- Global Involvement

Mission:

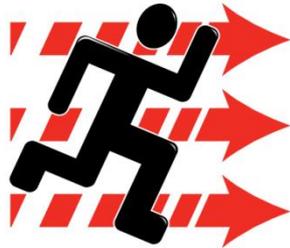
- Motivating people to act like owners working together
- Exceeding customer expectations by always being first to market with the best products
- Partnering with our customers to make sure they succeed
- Demanding that everything we do leads to a cleaner, healthier, safer environment
- Creating wealth for all stakeholders



COS 10 Practices



Put the customer first, and provide real value



Synchronize flows (material, physical and information)



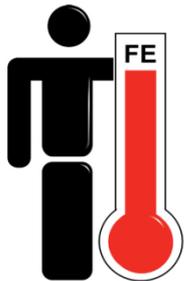
Design quality in every step of the process



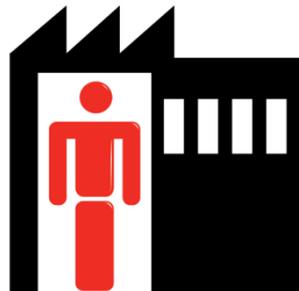
Involve people and promote teamwork



Ensure equipment and tools are available and capable



Create functional excellence



Establish the right environment



Treat preferred suppliers as partners



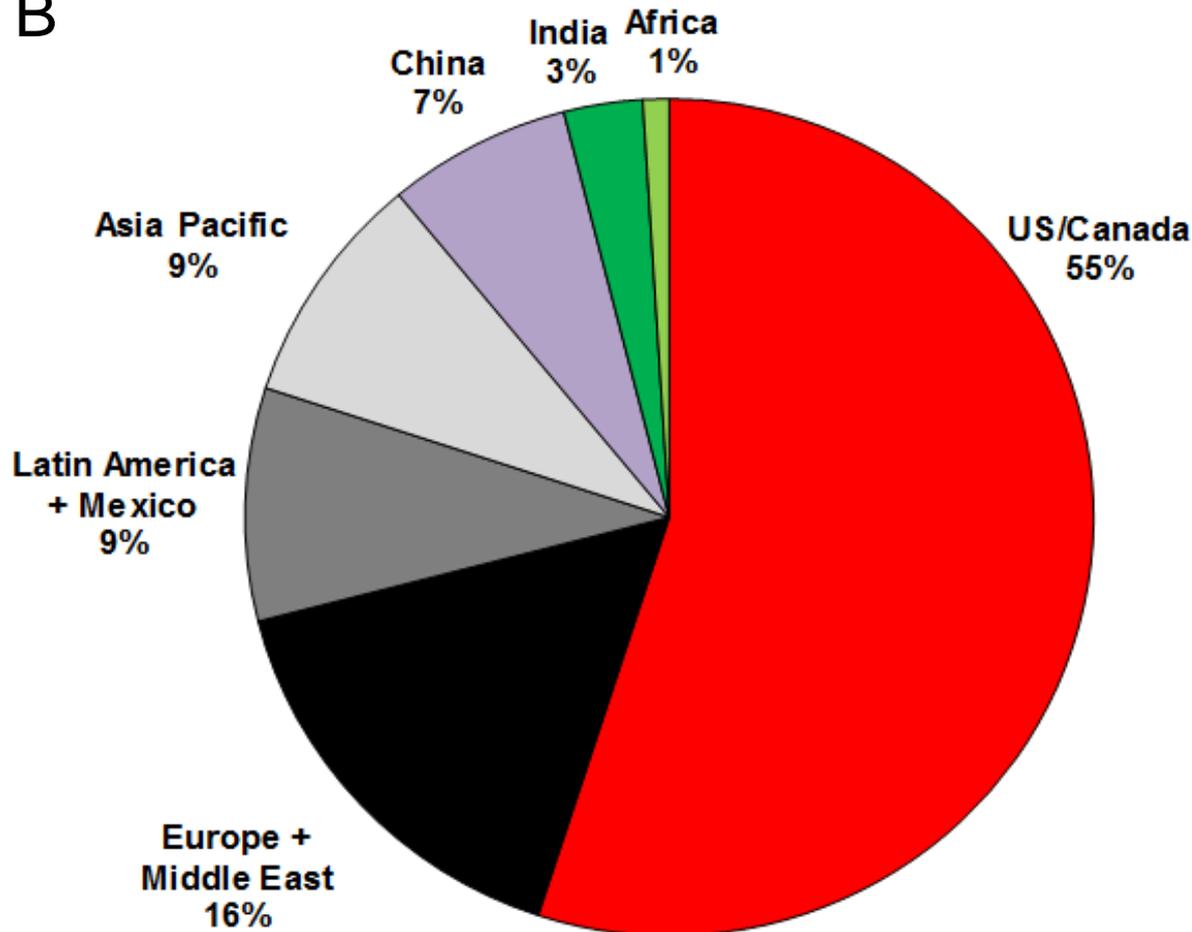
Follow common problem solving techniques



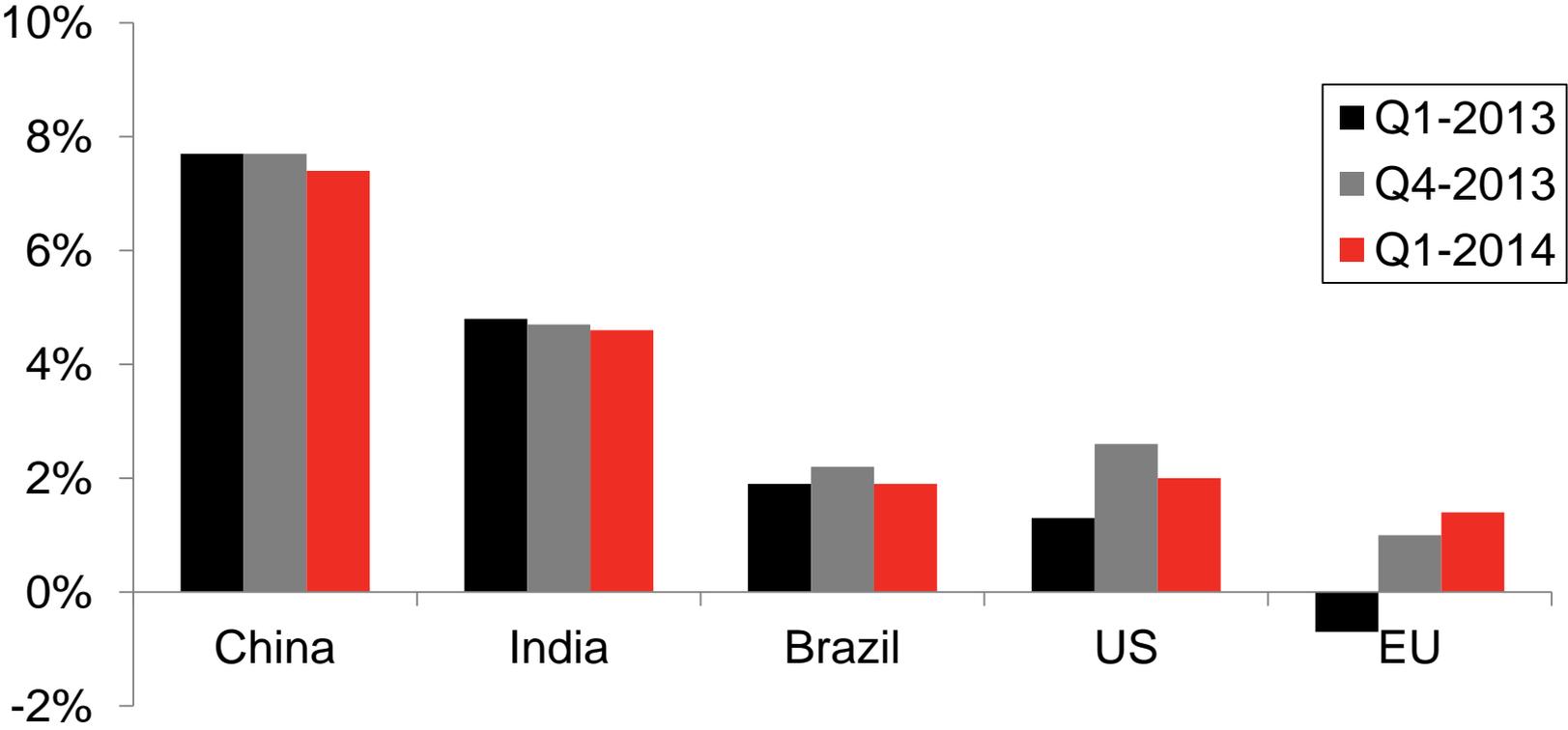
Use Six Sigma as the primary process improvement method

Cummins Inc. - 2013 Revenue by Region

Total CMI Revenue:
\$17.3 B



2013-2014 GDP Decline Bottomed Out



Cummins in India

- In India since 1962
- 8 companies (including 3 JVs and 1 Service JV)
- Over 9,000 employees
- INR 98B combined sales

Engine Value Packages (32-3500 HP)

Auto, Construction, Mining, Compressors, Pumps, Marine, Rail, Oil & Gas, Defense

Power Generation

Gensets (7.5-3000 kVA), Energy Management, Captive Power Plants, Alternators

Components & Consumables

Filtration, Turbochargers, Emission Solutions, Lubricants

Services

Engines, Gensets, R&D, Sourcing, Finance, HR

Valvoline Cummins
Cummins SVAM
NCR

Cummins Turbo Technologies
Dewas / Pithampur

Valvoline Cummins
Mumbai/ Ambernath

Cummins India Ltd.
Fleetguard Filters
Cummins Research & Technology India
Cummins Generator Technologies
India Office Campus
Pune

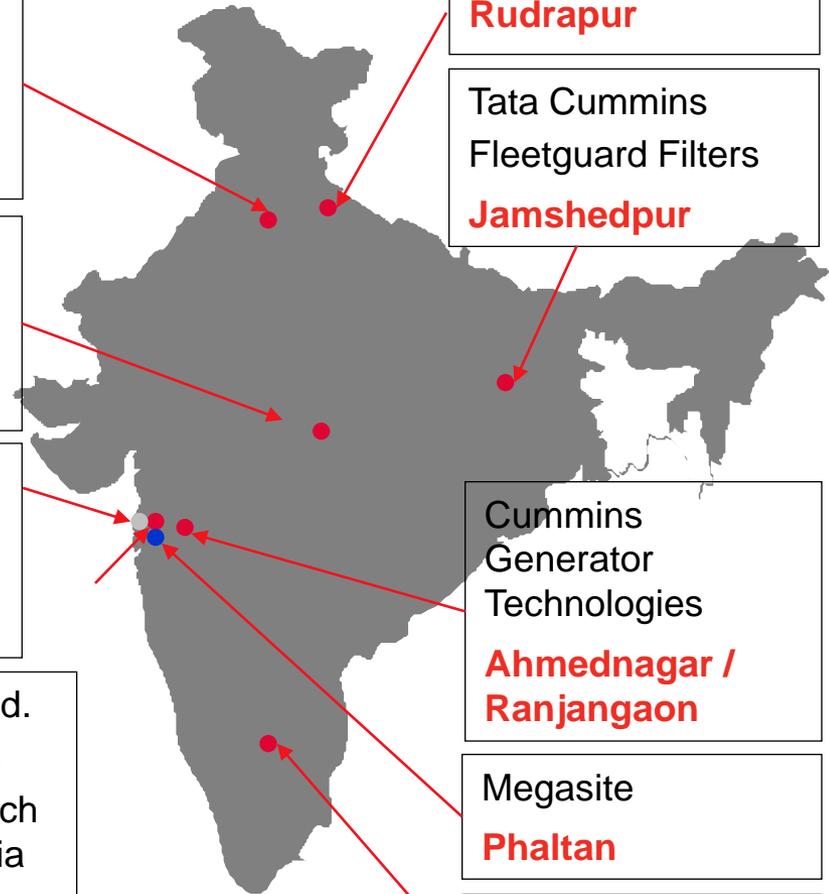
Cummins Turbo Technologies
Fleetguard Filters
Rudrapur

Tata Cummins
Fleetguard Filters
Jamshedpur

Cummins Generator Technologies
Ahmednagar / Ranjangaon

Megasite
Phaltan

Fleetguard Filters
Hosur



India Organization Snapshot

Cummins in India

Entities :

1. Cummins India Ltd.
2. Cummins Research & Technology India Ltd.
3. Cummins Generator Technologies India Ltd.
4. Cummins Technologies India Ltd.
5. Tata Cummins Ltd.
6. Fleetguard Filters Pvt. Ltd.
7. Valvoline Cummins Ltd.
8. Cummins Svam Sales & Service Limited

Business Units :

- Engine
 - Automotive
 - Industrial
 - Parts & ReCon
- Power Generation
 - Generators
 - Alternators
- Component
 - Filtration
 - Emission Solutions
 - Turbo
 - Fuel Systems
 - Electronics
- Distribution (1 PDC/ 5 Zonal Offices / 21 Area Offices / 212 Dealer sites, 1 Service JV)
 - Lubricants

Shared Services: CBS/Tech Centre/IPO/Internal Audit

Strategic Leadership Team



Anant Talaulicar

President – Components Group and
Managing Director – India ABO



Mahesh Narang
Chief Operating
Officer



Rajiv Batra
Finance &
Strategy



Sudha Dhar
Chief
Information
Officer



**Ashish
Aggarwal**
Government
Relations



**Nagarajan
Balanaga**
Human
Resources



TBD
Legal &
Secretarial



**Qureish
Shipchandler**
Internal
Audit



Vikas Thapa
Starting August
2015



Operating Leadership Team



Mahesh Narang
Chief Operating Officer – India ABO



Sandeep Sinha
Industrial Engine
Business



Bhavana Bindra
Auto Business



Amit Kumar
Power
Generation



Vipul Tandon
Distribution
Business



Milind Madani
New & ReCon
Parts India



Ashwath Ram
Tata Cummins
Operations



Anjali Pandey
Cummins Turbo
Technologies



Paul Sowerby
CTCI / CRTI /
Eng



Kuldeep Kaur
Emissions
Compliance



Manish Gulati
Cummins Fuel
Systems



Aditi Sharma
Quality Champion



G.K Sharma
Cummins Emission
Solutions



TBD
CBS Leader



Manoj Solanki
Purchasing



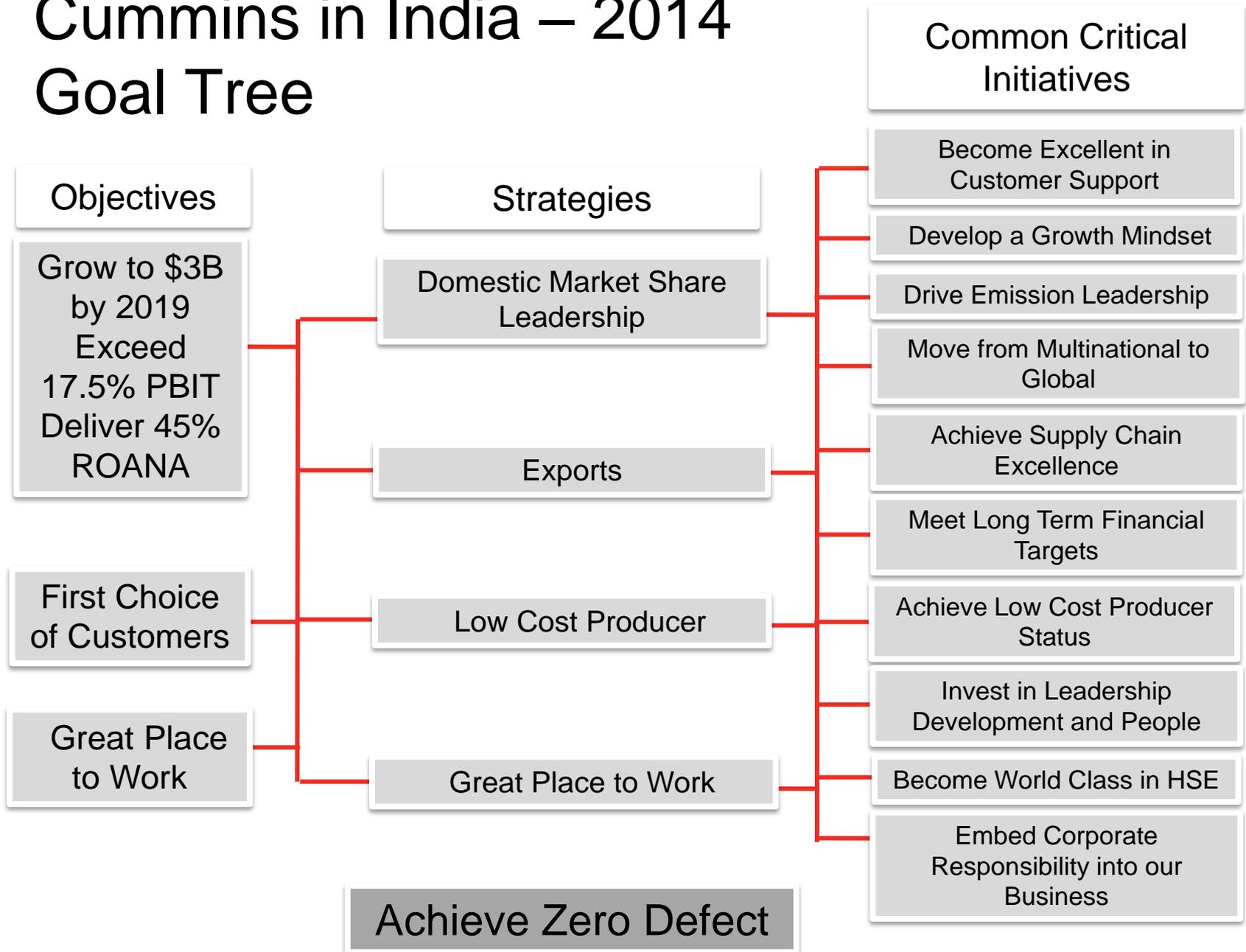
Sandeep Kalia
Valvoline Cummins



Niranjn Kirloskar
Fleetguard Filters



Cummins in India – 2014 Goal Tree



Cummins India Limited – Year 2013-14

- Sales and profits
 - Net Sales : INR 3,899 crores
 - Operating Profit (before exceptional items) : INR 644 crores (16.5% of sales)
- Strong balance sheet, strong cash reserves, no debt
- Investments for growth
 - New Projects at the Cummins Megasite in Phaltan
 - India Technical Center in Pune
 - India Office Building in Pune



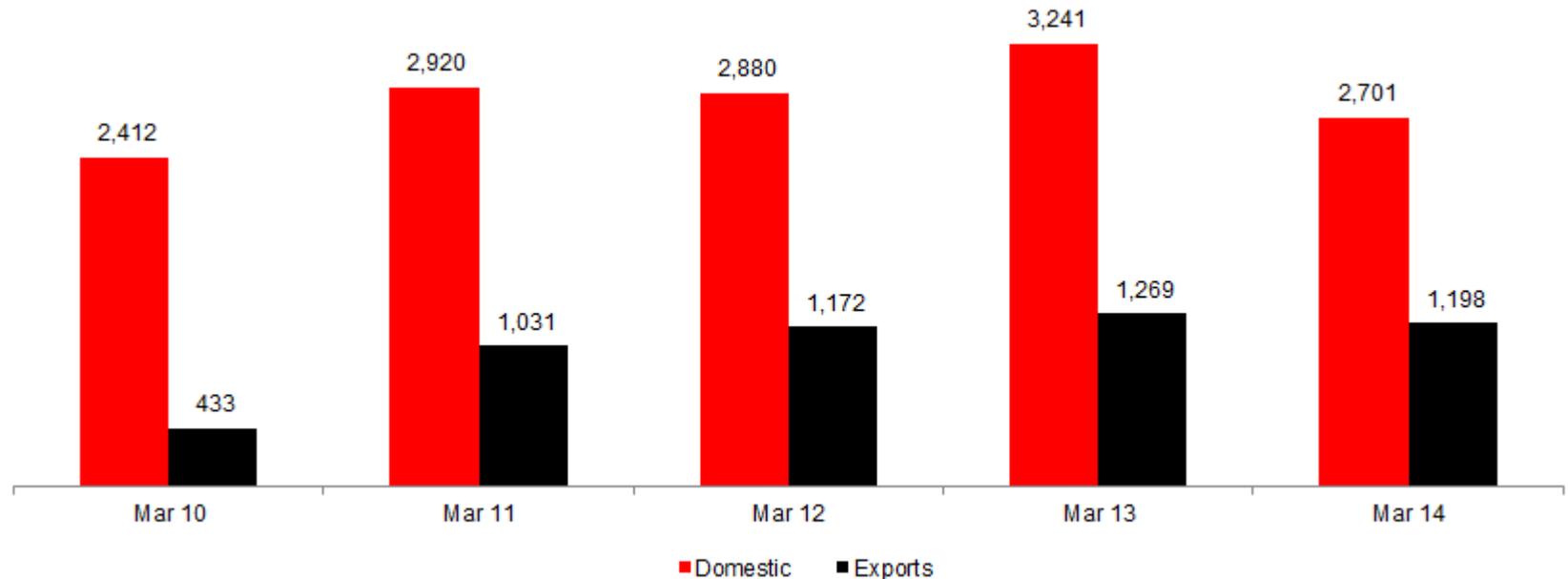
Cummins India Limited - Financial Performance 2013-14

Rs. Crores	2013-14	2012-13	% L/Y
Net Sales	3,899	4,509	-14%
Operating Income	78	80	-4%
%	2.0%	1.8%	0.2%
Raw Material Cost	2,424	2,887	-16%
%	62.2%	64.0%	1.9%
Employee Cost	340	339	0%
%	8.7%	7.5%	-1.2%
Depreciation	53	47	12%
%	1.4%	1.0%	-0.3%
Other Expenses	516	528	-2%
%	13.2%	11.7%	-1.5%
Operating Profit	644	788	-18%
%	16.5%	17.5%	-1.0%
Other Income	178	207	-14%
%	4.6%	4.6%	0.0%
PBIT	822	994	-17%
%	21.1%	22.1%	-1.0%
Exceptional Inc	-	62	-100%
Interest	4	5	-9%
PBT	818	1,051	-22%
%	21.0%	23.3%	-2.3%
PAT	600	764	-21%

Cummins India Limited - Sales: Domestic & Exports

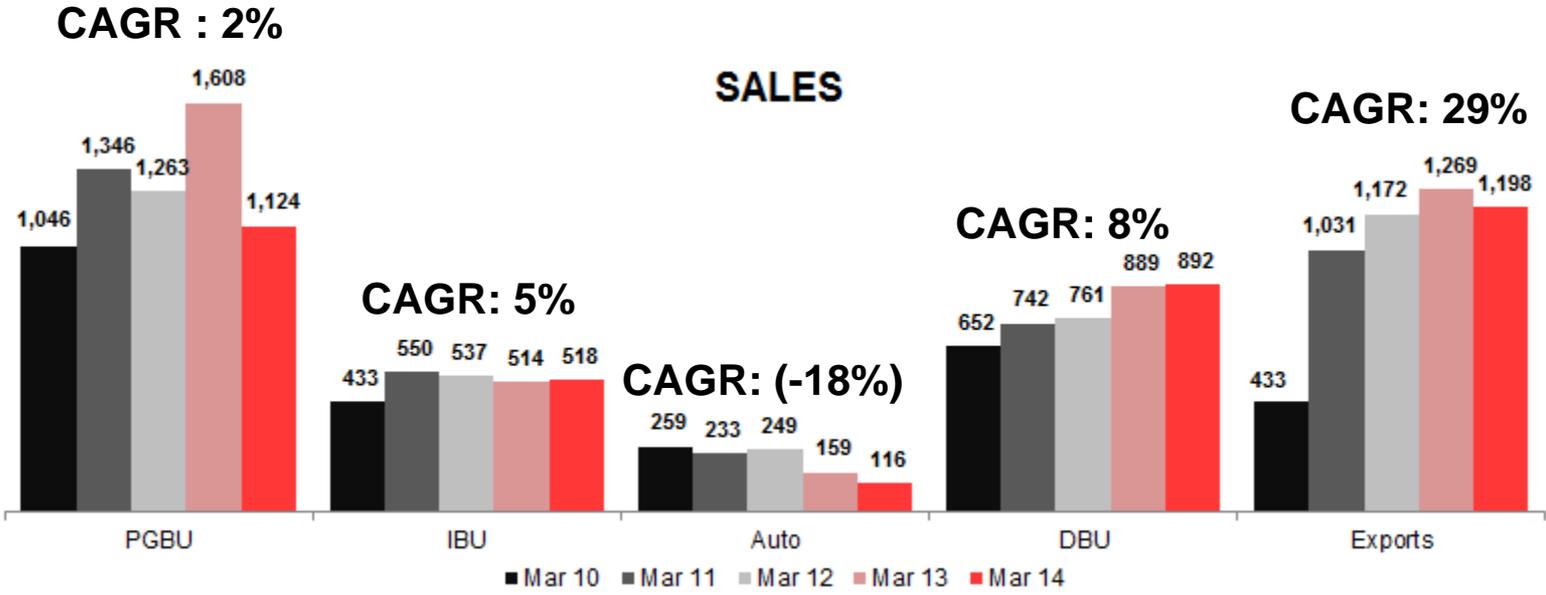
Rs Crores

**Sales Growth:
Domestic: 3% & Exports: 29% CAGR**

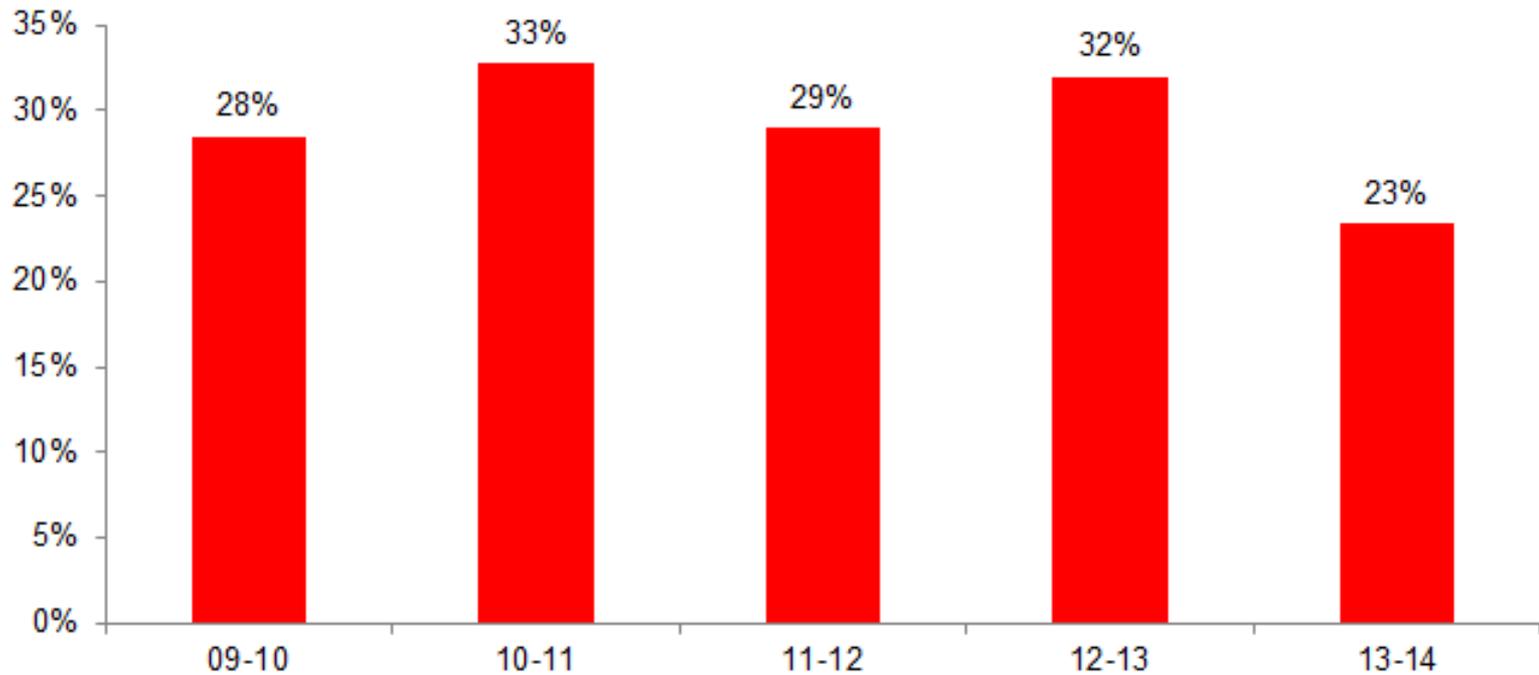


Cummins India Limited - Sales : By Business Units

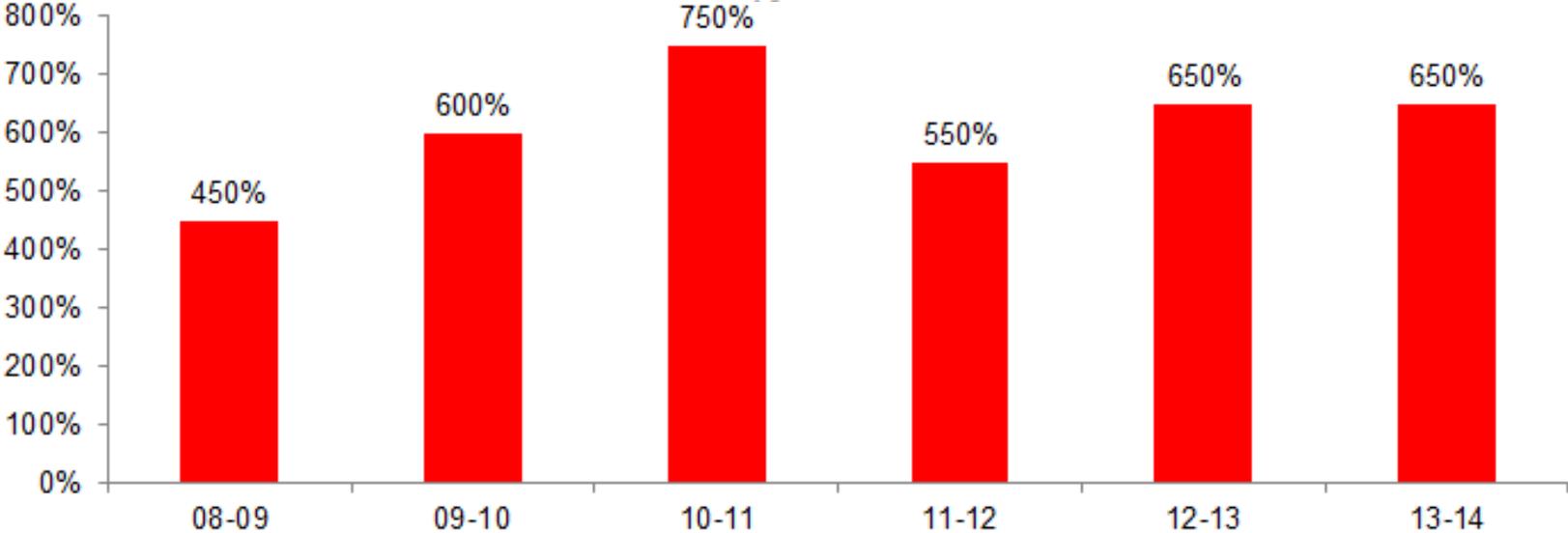
Rs Crores



Cummins India Limited - Strong ROE Performance



Dividend Trend

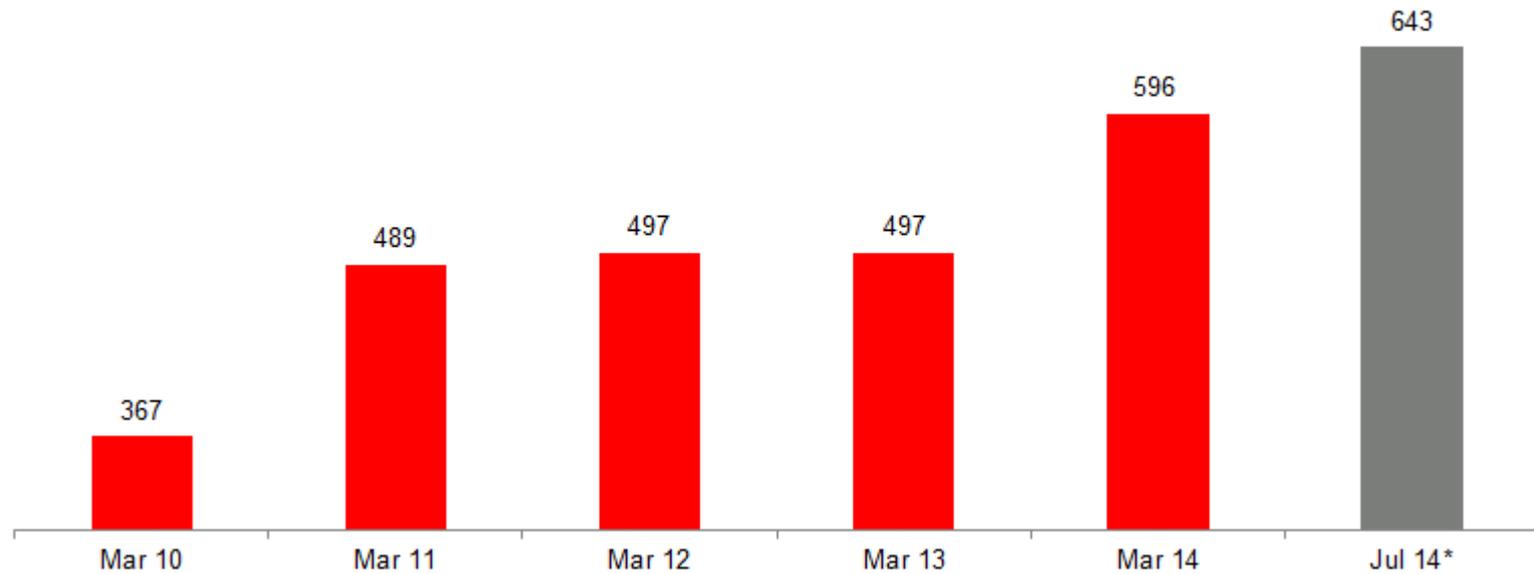


FY 13-14

- 250% Interim Dividend
- 400% Proposed Final Dividend



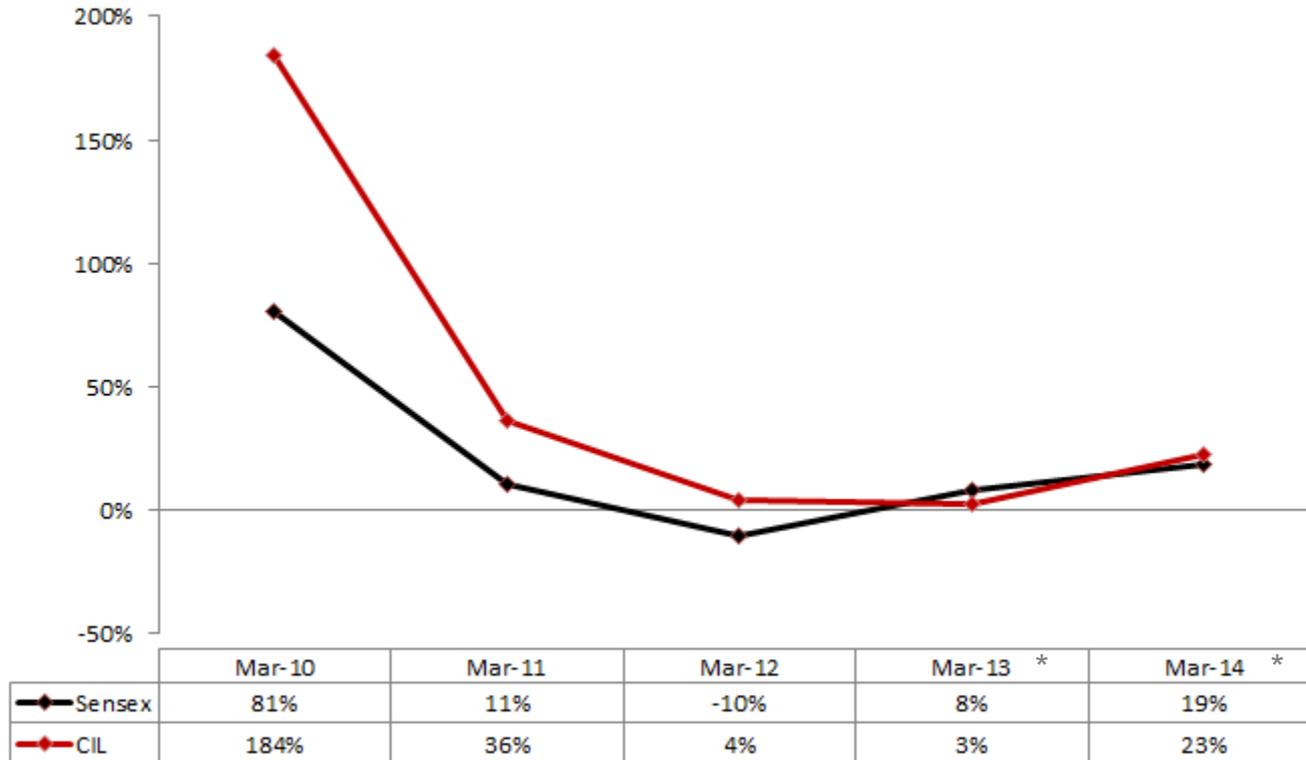
Cummins India Limited - Share Price Appreciation



* As on 14th July 2014 on BSE Sensex



Cummins India Limited - Shareholder Return (Last 5 Years)



* Shareholder return computed as a % change in the share price (adjusted for bonus) and dividend payout

Source : BSE India website



Cummins India Limited – Strongly Positioned

▪ **Strong balance sheet**

- Debt to capital  **Zero Debt**
- Cash & Equivalents  **Rs. 582 Cr**

▪ **Grew our business**

- Sales growth (5 Yrs CAGR)  **8%**

▪ **Returned value to shareholders**

- Return on equity (5 Yrs)  **38%**
- Share appreciation (5 Yrs)  **35%**
- 650% Dividend (2013-14)  **Rs. 360 Cr**

Dependable Products

- Launched projects at the Megasite
 - HHP Rebuild Center
 - India Parts Distribution Center
 - Phaltan Midrange Upfit Center
 - Exports unit for generator sets and G-drives

- Upcoming Projects
 - Two world-class Training Centers
 - Global Technical Center
 - Expanded Warehouse to support India Parts Distribution Center
 - Common Facilities : Health Center, Creche, Gymnasium

- New Products
 - QSK60-M
 - ISLe 8.9 liter engine
 - Generator set engines complying with CPCB II norms



Dependable Services

- Driving Customer Support Excellence (CSE)
 - Online and instructor led training modules
 - Customer Focused Six Sigma Projects : 89
 - Common Dealer Operating System
 - Maintenance and repair contracts

Net Promoter Score has increased to 65% in 2013-14 from 63% in 2012-13



Great Place To Work



Employee Engagement Model



Dependable People

- Building the Right Environment
 - World-class facilities
 - Leadership Development
 - Five critical skills
 - Leadership Conversation sessions
 - Partnerships for Sponsored Education (Kelley School of Business, S.P. Jain, IIM-A, ARAI-VIT)
 - Six Sigma : 1,123 trained belts
 - Health & Safety
 - Health and Wellness Program : 7,000 employees and their dependents
 - Hammer-less operations and machine guarding



Dependable People

- Building the Right Environment
 - Growth Opportunities
 - Global internal Moves Policy & iRecruit
 - Fresh hires : 183
 - Rotations across functions and businesses : 387
 - Diversity : Gender/Regional Representation and Inclusion
 - Women constitute 28% of professional employees, and 18% at the Megasite
 - An Internal Complaints Committee established to deal with sexual harassment
 - Team Based Work System on Shop Floor
 - Employee Participation in Corporate Responsibility : Record 100% participation
 - Recognition Program : CMD Awards, in its 8th year



Dependable People

- Strengthening Our Communities :
 - Sustainable projects
 - Cummins Scholarship Program : 125 up from 100 last year
 - Cummins College of Engineering for Women : Skill Development Program
 - Catch them Young : 75 cities and more than 2L students
 - Zero Garbage Project in Baner - Balewadi
 - Scaling up our focus on Corporate Responsibility
 - Increased leadership involvement
 - Dedicated high quality resources
 - High impact, strategic and sustainable projects



Recognition

- Environment & Safety :
 - Environment Award for Green Building Project : For the newly opened Power Generation plant, situated in the Special Economic Zone (SEZ) of the Megasite
 - Chairman Environment Award for Water Conservation, the Safety Milestone Bronze and Gold Award, and the Cummins Ergonomics Cup : For the Engine plant in Kothrud
 - Second successive year : Six projects won the 2013 Environmental Challenge from a total of 15 awards given worldwide by Cummins Inc.
- Corporate Responsibility :
 - Second time : B.G Deshmukh Award by the Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA)



Financial Performance Q1 14-15 vs Q1 13-14

Rs. Crores	Q1 14-15	Q1 13-14	% L/Y
Net Sales	1,033	1,029	0%
Operating Income	12	21	-40%
%	1.2%	2.0%	-0.8%
Raw Material Cost	633	654	-3%
%	61.3%	63.6%	2.3%
Employee Cost	90	83	9%
%	8.7%	8.1%	-0.7%
Depreciation	19	12	58%
%	1.8%	1.1%	-0.7%
Other Expenses	142	136	4%
%	13.7%	13.3%	-0.5%
Operating Profit	161	164	-2%
%	15.6%	15.9%	-0.3%
Other Income	107	67	60%
%	10.3%	6.5%	3.8%
PBIT	268	231	16%
%	25.9%	22.4%	3.5%
Interest	1	1	2%
PBT	267	229	16%
%	25.8%	22.3%	3.5%
PAT	212	166	28%



Financial Performance Q1 14-15 vs Q4 13-14

Rs. Crores	Q1 14-15	Q4 13-14	% L/Q
Net Sales	1,033	956	8%
Operating Income	12	16	-20%
%	1.2%	1.6%	-0.4%
Raw Material Cost	633	596	6%
%	61.3%	62.3%	1.0%
Employee Cost	90	82	11%
%	8.7%	8.5%	-0.2%
Depreciation	19	15	28%
%	1.8%	1.5%	-0.3%
Other Expenses	142	124	15%
%	13.7%	12.9%	-0.8%
Operating Profit	161	156	3%
%	15.6%	16.4%	-0.7%
Other Income	107	31	239%
%	10.3%	3.3%	7.0%
PBIT	268	188	43%
%	25.9%	19.6%	6.3%
Interest	1	1	18%
PBT	267	187	43%
%	25.8%	19.5%	6.3%
PAT	212	142	49%



Macro Trends and Our Capabilities Will Drive Profitable Growth

Macro Trends

**Growing Middle Class
& GDP**

**Environmental
Regulations**

**Infrastructure
Development**

**Energy –
Price/Availability**

Globalization

Key Capabilities

**Technology
Leadership**

Local Manufacturing

Strong Partnerships

**Diverse Talent &
Leadership**

**Strong Customer
Support Network**

Outlook and Conclusion

- Well positioned to leverage the economic revival
- We remain steadfast on :
 - Guiding Principles (Vision, Mission, Values, Personality)
 - Objectives, strategies, initiatives
 - Cummins Business Model / Cummins Operating System
 - Inclusiveness based performance ethic
 - Brand Promise of Dependability
- Grateful for your unstinting support

