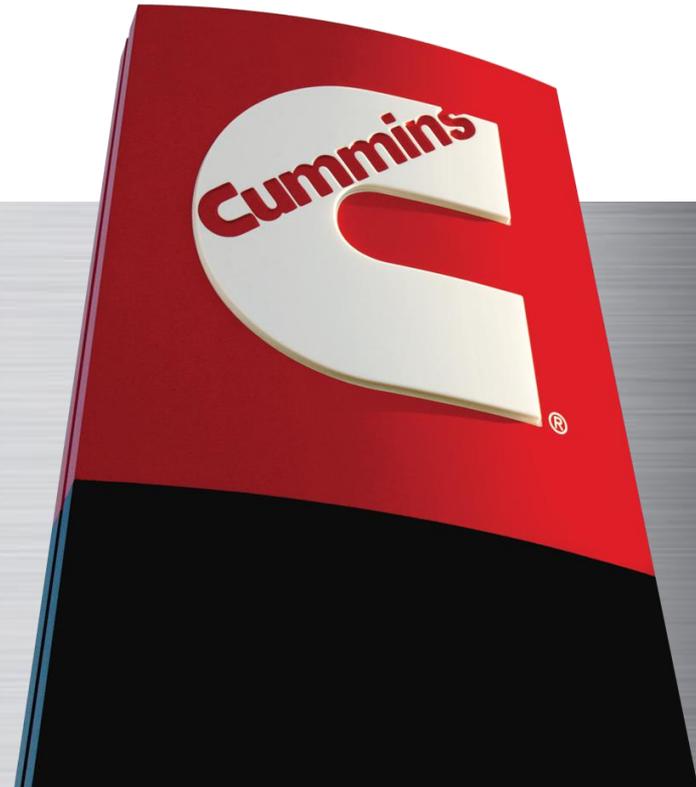


Cummins India Limited 54th Annual General Meeting

Anant J. Talaulicar

August 6, 2015



Cummins Inc.



Engine Business



Distribution Business



Power Generation Business



Components Group



1919 - Commenced in
Columbus, Indiana

54,600 employees

Capex and R&D: \$1.5B

Cummins
Business
Services



Operations in 190 Countries

90 manufacturing locations

600 distributor locations
7,200 dealer locations

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

Cummins Business Model



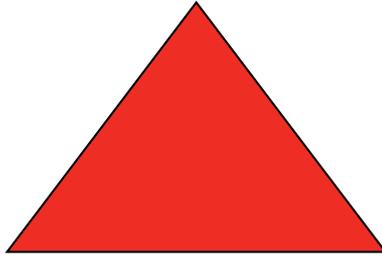
- Guiding Principles - Vision, Mission, Core Values
- Cummins Operating System (COS):
 - Ten Common Practices
 - Functional Excellence Framework (FE Statements, Measures, Processes, Tools, People Development)
 - Common Business Processes (Strategy, Performance Management/People Development, New Product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



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
- Diversity
- Global Involvement
- Corporate Responsibility

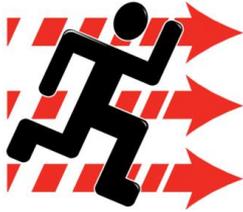
Mission:

- 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)



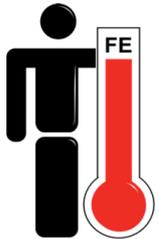
Design quality in every step of the process



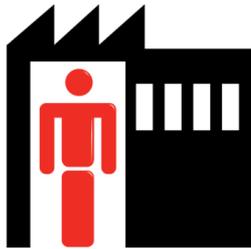
Involve people and promote teamwork



Ensure equipment and tools are available and capable



Create functional excellence



Establish the right environment



Treat preferred suppliers as partners

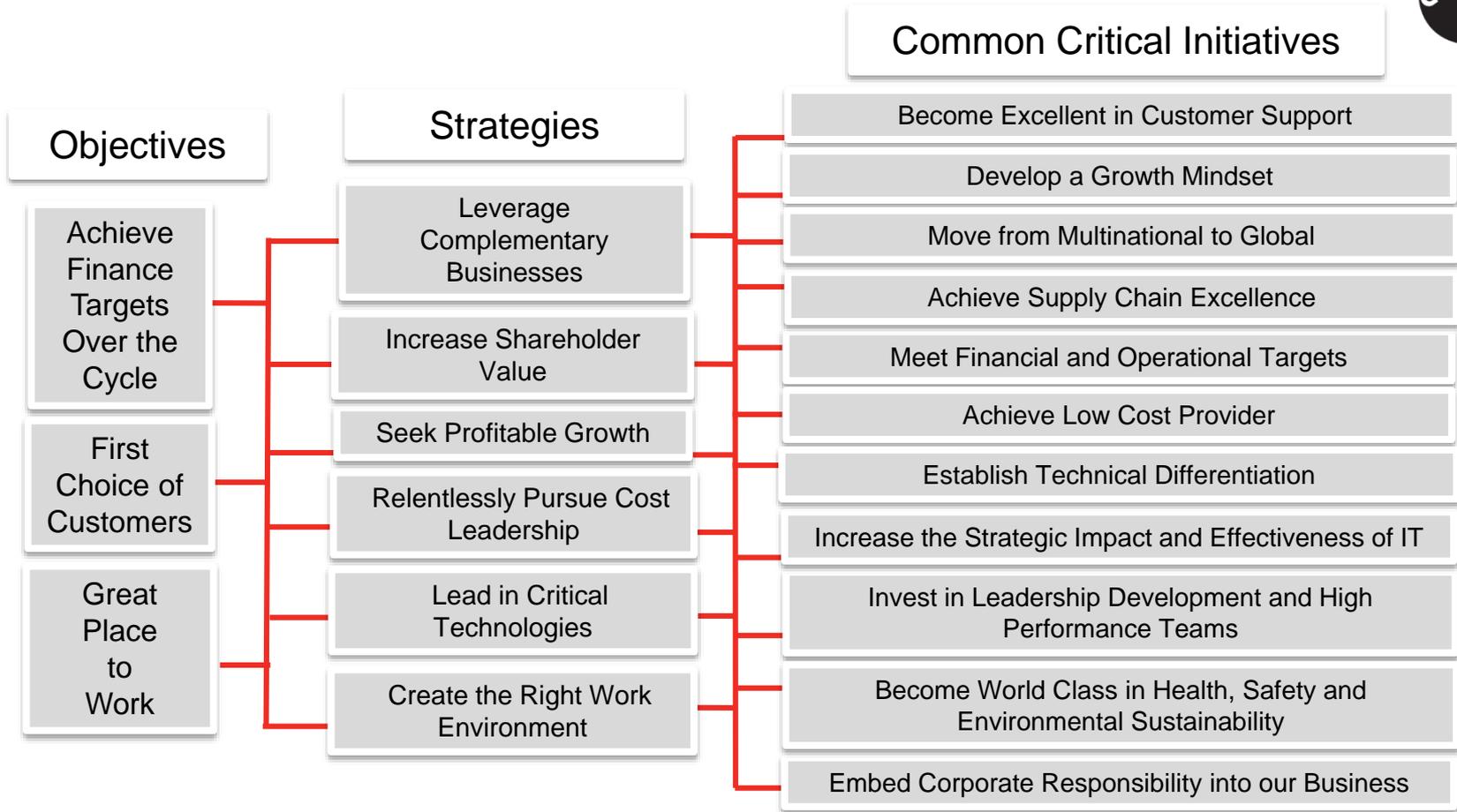


Follow common problem solving techniques



Use Six Sigma as the primary process improvement method

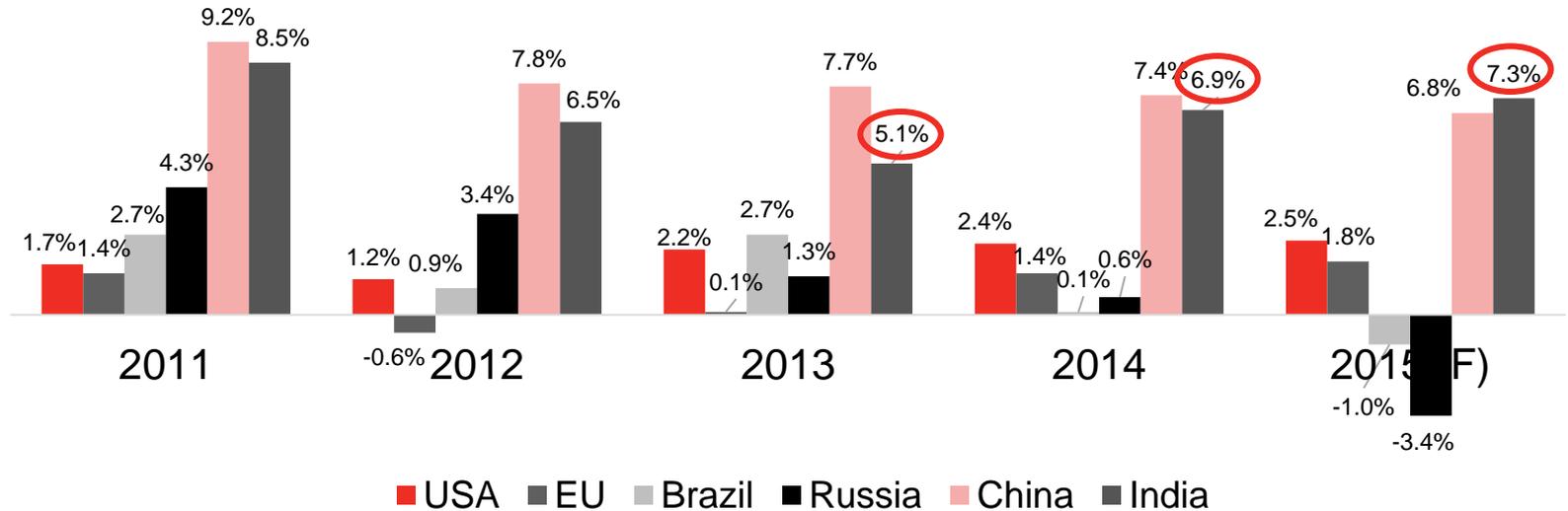
Cummins Inc.- Goal Tree 2015



External Environment – Challenging



GDP Growth Rates – Key Economies

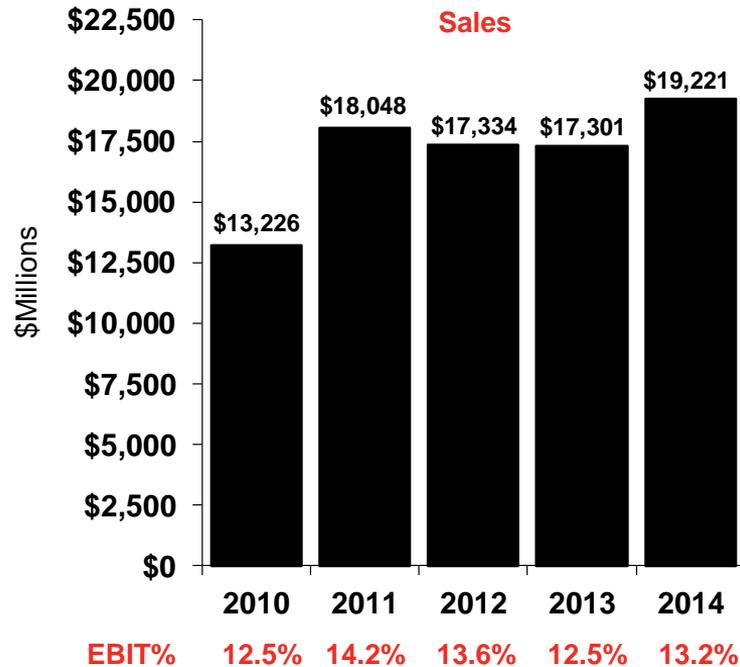


Source: IMF projections, April 2015

 India GDP as per new method of calculation



Financial Performance – Last 5 Years



¹ 2011 EBIT excludes the gains from the divestiture of two businesses and flood insurance recovery. 2012 EBIT excludes \$6 million pre-tax additional gain from the divestiture of two businesses in 2011 and \$52 million in restructuring charges. 2014 EBIT excludes \$32 million in one-time charges within PGBU.

Cummins in India



- In India since 1962
- 8 companies (including 3 JVs and 1 Service JV)
- Over 9,000 employees
- INR 93B combined sales

Engine Value Packages (32-3500 HP)

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

Power Generation

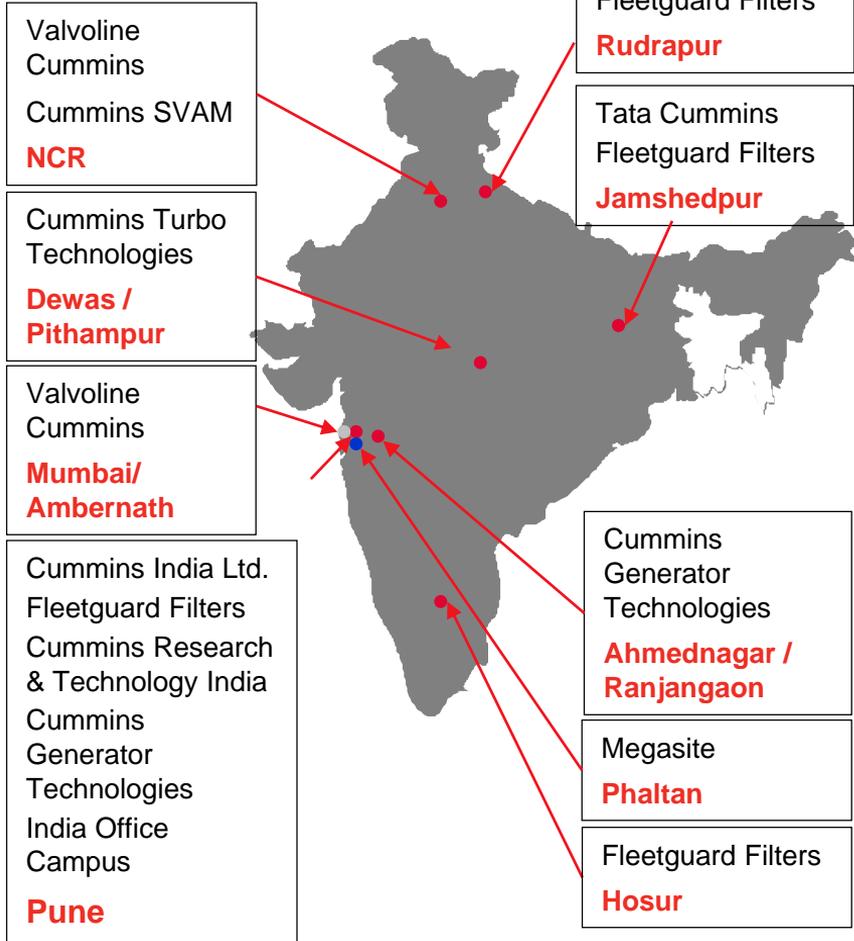
Gensets (7.5-3000 kVA), Energy Management, Captive Power Plants, Alternators

Components & Consumables

Filtration, Turbochargers, Emission Solutions, Lubricants

Services

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



India Organization Snapshot



Cummins in India

Entities :

1. Cummins India Ltd.
2. Cummins Research & Technology India Pvt. Ltd.
3. Cummins Generator Technologies India Pvt. Ltd.
4. Cummins Technologies India Pvt. Ltd.
5. Tata Cummins Pvt. Ltd.
6. Fleetguard Filters Pvt. Ltd.
7. Valvoline Cummins Pvt. Ltd.
8. Cummins Svam Sales & Service Pvt. 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 / CTCI / GAC / IPO / Internal Audit

Strategic Leadership Team



Anant Talaulicar

Chairman and Managing Director – India ABO



Sandeep Sinha
Chief Operating
Officer



Rajiv Batra
Finance &
Facilities



Sudha Dhar
Chief
Information
Officer



**Ashish
Aggarwal**
Government
Relations



**Alpana
Gupta**
Strategy &
Chief of Staff



Vikas Thapa
Human
Resources



**Qureish
Shipchandler**
Internal
Audit



**Venkat
Ramana**
Legal &
Secretarial

Operating Leadership Team



Sandeep Sinha

Chief Operating Officer – India ABO



Ashwath Ram

Industrial Engine Business & Tata Cummins Operations



Bhavana Bindra

Automotive Business



Amit Kumar

Power Generation Business



Vipul Tandon

Distribution Business



Milind Madani

New & ReCon Parts



Anjali Pandey

Cummins Turbo Technologies



Paul Sowerby

CTCI / CRTI / Eng



Manish Gulati

Cummins Fuel Systems



Aditi Sharma

Quality Champion



G.K Sharma

Cummins Emission Solutions



Hardik Shah

Supply Chain



Jayeeta Lakhani

Product Planning & Compliance



Shamli Chapalge

Corp Comm & Branding



Babu Nagarajan

Cummins Business Services



Manoj Solanki

Purchasing



Sandeep Kalia

Valvoline Cummins



Niranjn Kirloskar

Fleetguard Filters



Cummins India Limited – Year 2014-15

- Sales and profits
 - Net Sales : INR 4,321 crores
 - PBT : INR 937 crores (21.7% PBT)

- Strong balance sheet

- Dividend at 700% (last year : 650%)

- Investments for growth
 - New Products
 - Global Technical Center
 - Training Center at Megasite

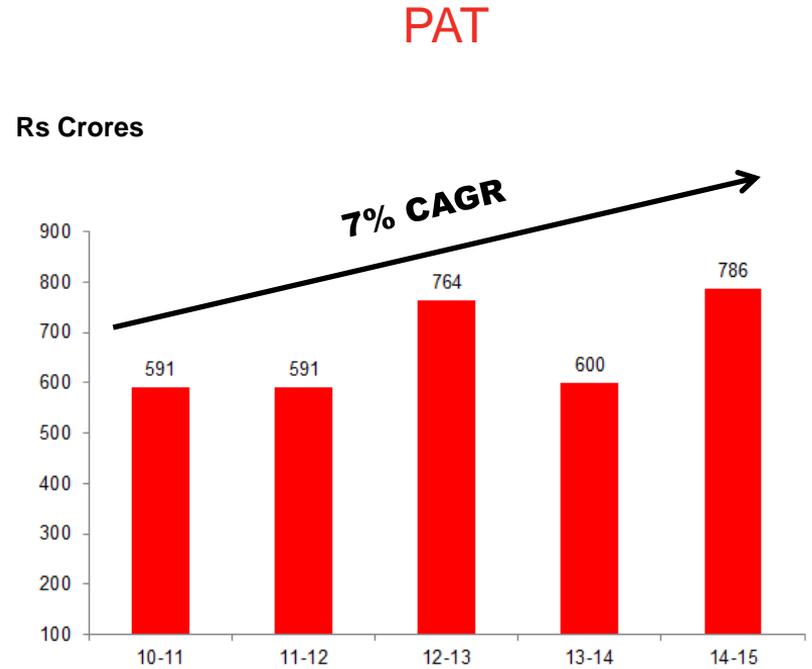
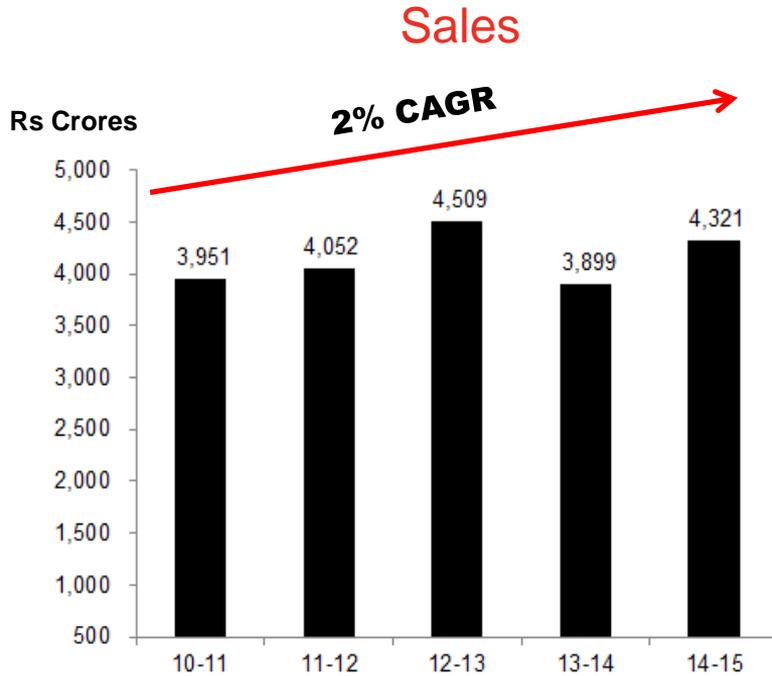
Cummins India Limited - Financial Performance 2014-15



Rs. Crores	2014-15	2013-14	% L/Y
Net Sales	4,321	3,899	11%
Operating Income	85	78	9%
%	2.0%	2.0%	0.0%
Raw Material Cost	2,725	2,424	12%
%	63.1%	62.2%	-0.9%
Employee Cost	394	340	16%
%	9.1%	8.7%	-0.4%
Depreciation	80	53	51%
%	1.8%	1.4%	-0.5%
Other Expenses	552	516	7%
%	12.8%	13.2%	0.5%
Operating Profit	655	644	2%
%	15.2%	16.5%	-1.4%
Other Income	287	178	61%
%	6.6%	4.6%	2.1%
PBIT	942	822	15%
%	21.8%	21.1%	0.7%
Interest	5	4	8%
PBT	937	817	15%
%	21.7%	21.0%	0.7%
PAT	786	600	31.0%

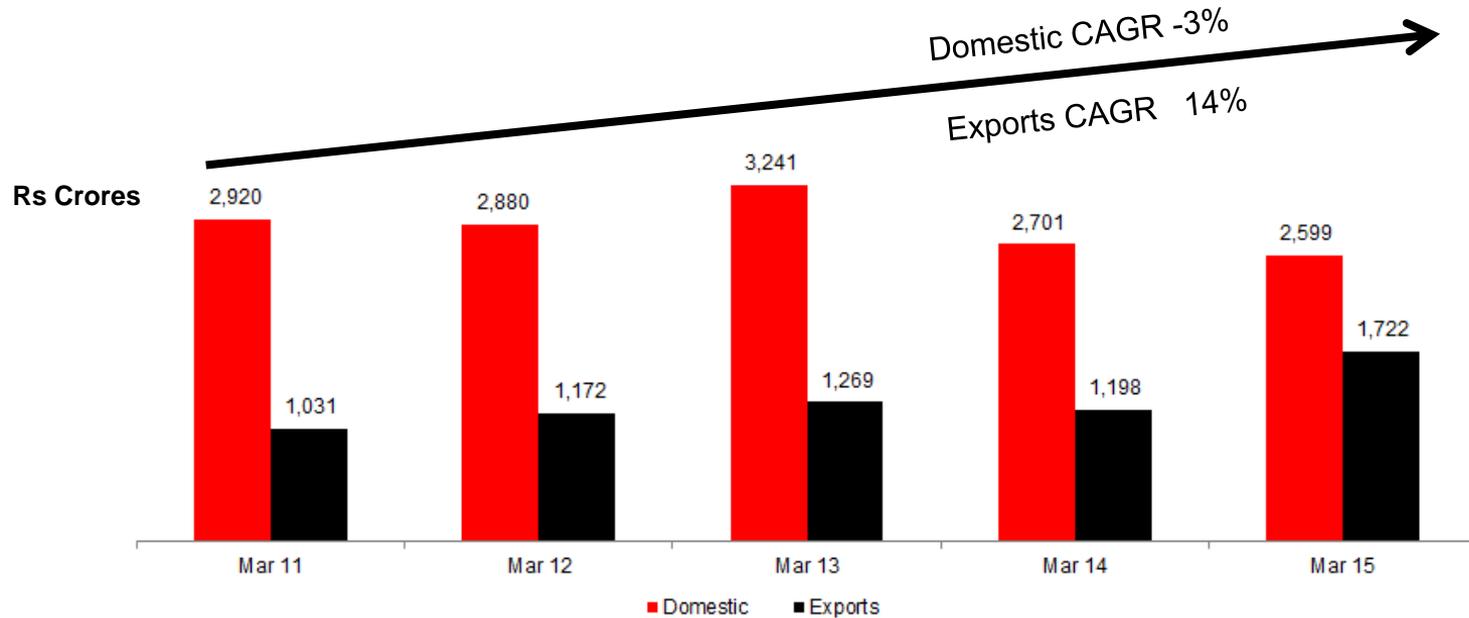
* Other Income includes gain on sale of KPIT shares of ₹ 83 crores

Cummins India Limited - Sales and Profit After Tax (PAT) – Last 5 years

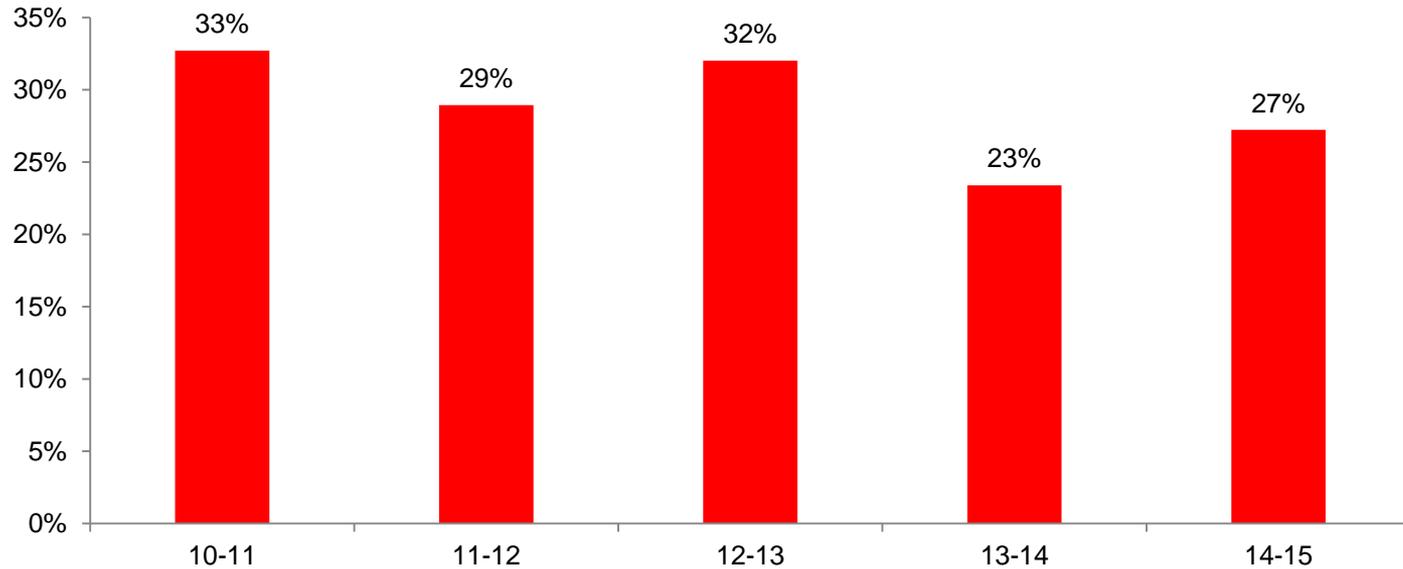


* Profits of FY 12-13 & 14-15 includes gain on sale of KPIT shares of ₹ 62 Crores & ₹ 83 Crores respectively

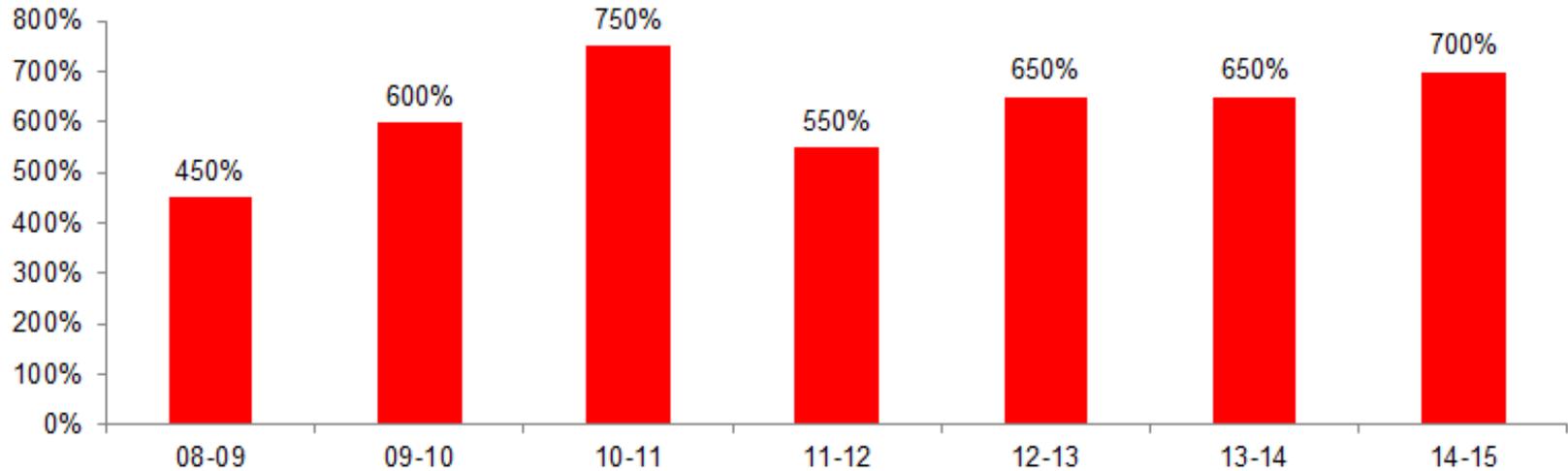
Cummins India Limited - Sales: Domestic & Exports



Cummins India Limited - Strong ROE Performance



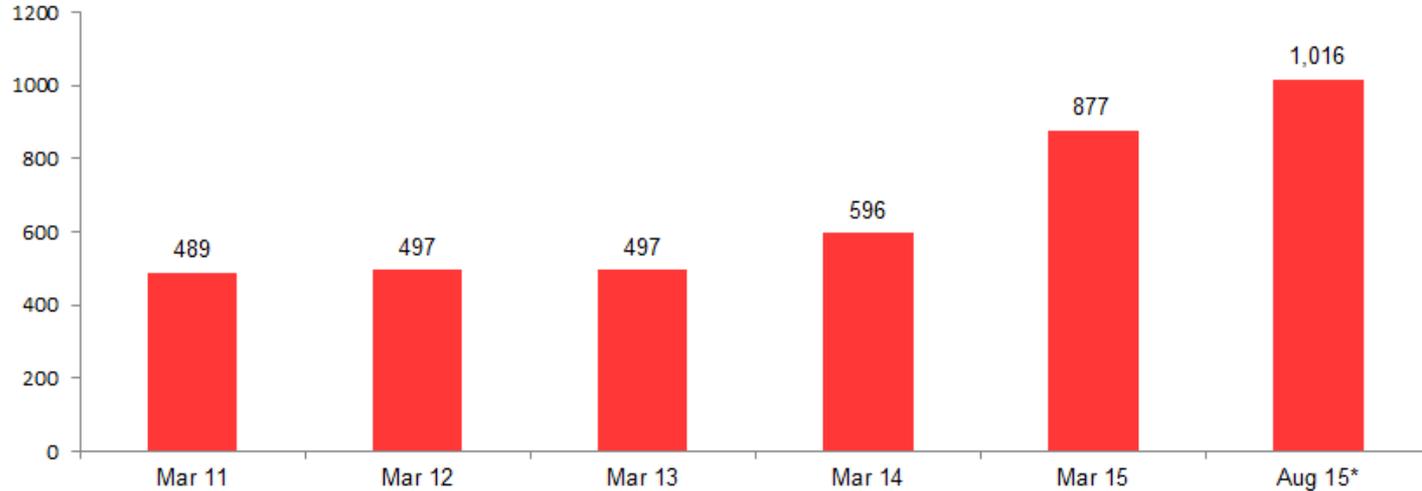
Dividend Trend



FY 14-15

- 250% Interim Dividend
- 450% Proposed Final Dividend

Cummins India Limited - Share Price Appreciation

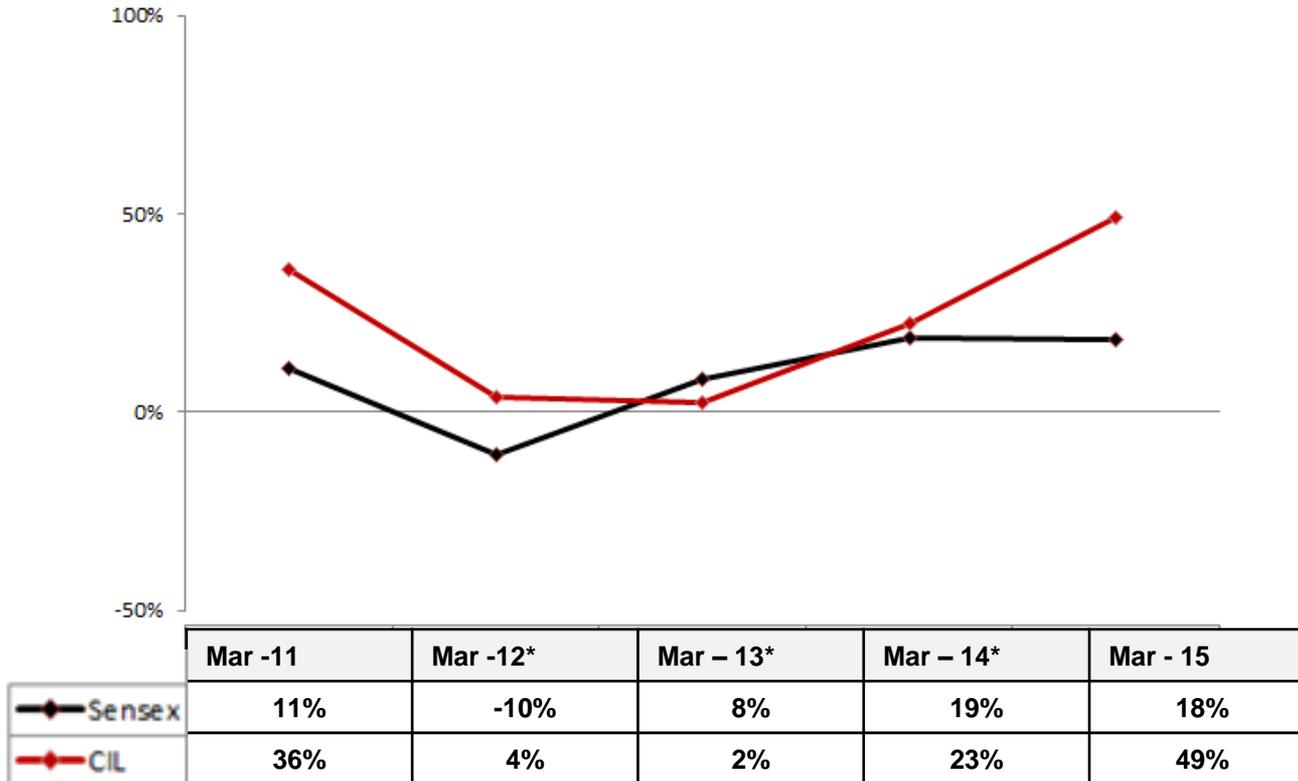


* As on 3rd August 2015 on BSE Sensex

Share prices upto Mar'11 have been adjusted to bonus issue



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. 545 Cr**

■ **Grew the business despite economic slowdown**

- Sales growth (5 Yrs CAGR)  **2%**

■ **Returned value to shareholders**

- Return on equity (5 Yrs)  **22%**
- Share appreciation (5 Yrs)  **19%**
- 700% Dividend (2014-15)  **Rs. 388 Cr**

Dependable Products & Technologies



■ New Products

- Indigenized 'fit-for-market' series of the QSK50 generator for the 1750 kVA to 1975 kVA segment
- 42 prime power and 15 stand-by ratings across 17 engine platforms complying with CPCB II norms
- Q60 engine for a commercial marine main propulsion application
- Dual fuel engine for DEMU (Diesel Electrical Multiple Unit)

■ New Technologies

- Global Analytics Center (GAC) : knowledge processing hub for supporting business functions/ processes across different regions
- CTCI : largest research and development center for all of Cummins worldwide



Dependable Services

- Driving Customer Support Excellence (CSE)
 - Customer Focused Six Sigma Projects : 112
 - Common Dealer Operating System
 - Augmented service engineer capacity across India

Net Promoter Score has increased to 70% in 2014-15 from 65% in 2013-14



Dependable Processes

- Six Sigma : 706 projects completed, generating savings of INR 147 crores
- AMaZe (Accelerated Move towards Zero-defects): Strengthening quality in five areas; Design Quality, Supplier Quality, Plant Quality, Product Quality & Reliability, and Service Quality.
- ACE (Accelerated Cost Efficiency): 204 projects completed under ACE IV generating savings of approximately INR 70 crores.
- TRIMS : Reduction in Total Cost of Ownership for indirect materials and services, generated savings of INR 7.2 crores
- Synchronized Business Planning (SBP) and Foundation of Planning and Control (FPC)

Great Place To Work



Employee Engagement Model





Fostering the Right Environment

“Cummins is committed to fostering a physically and psychologically safe, integrity based, respectful, inclusive, high performance culture that breaks down hierarchies and organizational boundaries, and engaging the full talents of our diverse employees to delight all our stakeholders (employees, customers, partners, shareholders, suppliers, communities) consistently.”



Dependable People

■ Building the Right Environment

– Leadership Development

- Five critical skills
- Leadership Conversation sessions
- Partnerships for Sponsored Education (Kelley School of Business, S.P. Jain, IIM-A, ARAI-VIT). Added MTech program with specialization in Electronics
- Six Sigma : 1,142 trained belts

– Health & Safety

- Health and Wellness Program : Health Care Centers across our locations, Case and Disease Management, Anaemia Eradication Program, Life Insurance Cover, Employee Assistance Program (EAP), Health Risk Assessment and Biometrics at highly negotiated rates for families of our employees
- Behavior Based Safety, contractor safety and two-wheeler safety



Dependable People

■ Building the Right Environment

- Updated Ethics training module - Right Environment Every Time (REET)
- Fully functional and effective Ethics Committee
- An Internal Complaints Committee
- Growth Opportunities
 - Technical Salary grade structure and global payroll solution, 'OnePay'
 - Fresh hires : 177
 - Rotations across functions and businesses : 381
- Diversity
 - Women constitute 28% of professional employees
- Team Based Work System on Shop Floor
- Employee Participation in Corporate Responsibility : Record 100% participation
- Recognition Program : CMD Awards, in its 10th year



Corporate Responsibility – Increased Commitment

Higher Education

Women Education and Employability

Education Assistance to Socially and Economically Weaker Sections

Vocational Education

Energy And Environment

Renewable Energy

Indoor Air Pollution

Outdoor Pollution (Air and Water)

Solid Waste Management

Water Neutrality

Aforestation

Local Infrastructure and Social Justice

Rural Development Projects

NGO Development

PwD (People with Disabilities)

Women Entrepreneur Development in socially weaker sections

Welfare to Veterans

active employee



Dependable People



- Strengthening Our Communities :
 - Sustainable projects
 - Cummins Scholarship Program : 125
 - Cummins College of Engineering for Women
 - Catch them Young : 80 cities and more than 4L students
 - Seven more villages selected to replicate the success and learnings from Nandal Model Village transformation project. Work has already commenced in five villages
 - Preserving the green canopy on the hills at Chaturshrungi, Warje, Hanuman Tekdi and Baner
 - Khadakwasla dam de-silting project

Milestones & Recognition



- Environment & Safety :
 - Achieved 15 percent reduction in greenhouse gases, 20 percent reduction in water consumption and 43 percent reduction in total waste disposal
 - All the plants comply with the Occupational Health and Safety Assessment Series (OHSAS) 18001 Standard and Environment Management System (EMS) 14001
- Corporate Responsibility :
 - Of the 100 firms selected by the Economic Times for Ranking India's top companies on CSR, Cummins was ranked 29th.
 - Runners-Up Trophy for 'Excellence in Corporate Social Responsibility', at the 3rd Manufacturing Today Conference and Awards 2014
 - 'Water Neutrality' received the 'Best Project Award' under Lakshya's CSR initiative – Sparsha at the 5th Edition of the Annual Corporate confluence of National Institute of Industrial Engineering (NITIE)
 - From a total of 20 awards given worldwide by Cummins Inc., seven projects won the 2014 Environmental Challenge.

Financial Performance Q1 15-16 vs Q1 14-15



Rs. Crores	Q1 15-16	Q1 14-15	% L/Y
Net Sales	1,282	1,033	24%
Operating Income	32	12	156%
%	2.5%	1.2%	1.3%
Raw Material Cost	834	633	32%
%	65.0%	61.3%	-3.7%
Employee Cost	103	90	14%
%	8.0%	8.7%	0.7%
Depreciation	20	19	9%
%	1.6%	1.8%	0.2%
Other Expenses	159	142	12%
%	12.4%	13.8%	1.4%
Operating Profit	198	161	23%
%	15.4%	15.5%	-0.1%
Other Income	60	107	-44%
%	4.7%	10.3%	-5.7%
PBIT	258	267	-4%
%	20.1%	25.9%	-5.8%
Interest	0	1	-57%
PBT	257	267	-3%
%	20.1%	25.8%	-5.8%
PAT	211	212	-1%

Financial Performance Q1 15-16 vs Q4 14-15



Rs. Crores	Q1 15-16	Q4 14-15	% L/Q
Net Sales	1,282	1,114	15%
Operating Income	32	19	66%
%	2.5%	1.7%	0.8%
Raw Material Cost	834	716	17%
%	65.0%	64.2%	-0.8%
Employee Cost	103	100	3%
%	8.0%	9.0%	0.9%
Depreciation	20	19	7%
%	1.6%	1.7%	0.1%
Other Expenses	159	143	12%
%	12.4%	12.8%	0.4%
Operating Profit	198	156	27%
%	15.4%	14.0%	1.4%
Other Income	60	66	-9%
%	4.7%	5.9%	-1.2%
PBIT	258	222	16%
%	20.1%	19.9%	0.2%
Interest	0	0	-11%
PBT	257	222	16%
%	20.1%	19.9%	0.2%
PAT	211	190	11%



Cummins India Limited – Sales by Business Unit

INR Cr	Q1 15-16	Q1 14-15	L/Y	Q4 14-15	L/Q
Domestic					
PGBU	342	288	19%	277	23%
IBU	125	102	22%	126	-1%
Auto	17	26	-32%	22	-22%
DBU	247	218	13%	217	14%
Others	19	9	121%	14	36%
Total Domestic *	751	642	17%	657	14%
Exports	532	390	36%	458	16%
Total	1,282	1,033	24%	1,114	15%

* Total sales are net of intercompany eliminations.



Macro Trends and Our Capabilities Will Drive Profitable Growth

Macro Trends

Growing Middle Class
Consumption

Environmental Regulations

Infrastructure Development

Energy Conservation

Globalization

Key Capabilities

Technology Leadership

Local Manufacturing

Strong Partnerships

Diverse Talent &
Leadership

Strong Customer
Support Network

Part of Global Company



Outlook and Conclusion

- Well positioned to leverage the economic revival

- We remain steadfast on :
 - Guiding Principles (Vision, Mission, Values, Personality)
 - Cummins Operating System
 - Objectives, strategies, initiatives
 - Inclusiveness based performance ethic
 - Brand Promise of Dependability

- Grateful for your unstinting support