

CUMMINS INDIA LIMITED
60th Annual General Meeting
[CIN: L29112PN1962PLC012276]
August 12, 2021
3:30 PM [IST] to 4.54 PM [IST]

Corporate Participants:

Steven Chapman
Chairman

Ashwath Ram
Managing Director

Rajeev Bakshi
Independent Director

Nasser Munjee
Independent Director

Prakash Telang
Independent Director

Rama Bijapurkar
Independent Director

P.S. Dasgupta
Independent Director

Donald Jackson
Non – Executive Director

Lorraine Meyer
Non – Executive Director

Norbert Nusterer
Non – Executive Director joined the meeting from Hawaii, USA, however, due to technical issues could not continue throughout the meeting.

Ajay Patil
Chief Financial Officer

Vinaya Joshi
Company Secretary

Other Participants to the Meeting:

Authorized Representative of Statutory Auditors
Authorized Representative of Secretarial Auditor
Authorised Representative of Cost Auditor
Internal Auditor
Scrutiniser

Other key Executives and Senior Management
Shareholders

Welcome Address by Chairman

Steven Chapman

Good Afternoon Members, Directors, Ladies and Gentlemen,

The time right now is 3.30 PM, IST. I am Steven Chapman, Chairman of the Company and I express my pleasure to welcome all to the 60th Annual General Meeting of Cummins India Limited. The meeting is being held through video conferencing in accordance with the provisions of Companies Act, 2013, circulars issued by the Ministry of Corporate Affairs and Securities Exchange Board of India.

We greatly appreciate and value your interest in the Company and want you to know that we are very pleased to have you with us today.

At this juncture, I would like to put on record that I am attending this meeting from Beijing, China through video conference. In the event of unforeseen technical issue, if I get disconnected from this meeting, I request Mr. Ashwath Ram, Managing Director of the Company to continue the meeting till I join back the meeting.

2020 was a year that we will never forget. We experienced a pandemic, a healthcare crisis, and the economic fallout of COVID-19. Even today, through the second wave of the pandemic, many companies continue to experience economic and operational uncertainties. We at Cummins, always believed that our ability to innovate is one of our greatest strengths and that we are only as strong as the communities we serve. I would like to share that even during the several lockdown phases, Cummins tried to follow through its commitment of making people's lives better. Our customers and business partners relied on us to help them power their customers' success. Continued support was extended to customers who were providing essential services. It is especially during such times that we feel so proud of living our mission.

We augmented our community relief efforts to support the COVID-19 impacted and frontline warriors. We successfully navigated through the current challenges and tackled them head-on with resilience and determination. Cummins over the years have survived many crises and taken away valuable lessons from them each time. So, amid these difficult times, we continue to focus on powering a more prosperous world, be it financial stability or sustainability for our stakeholders.

The Company Secretary has confirmed that requisite quorum is present through video conference to conduct this meeting. Members' participation through video conference is being reckoned for the purpose of quorum as per the circulars issued by Ministry of Corporate Affairs and Section 103 of the Companies Act, 2013. With the required quorum being present, I call the meeting to order.

Representations under Section 113 of the Companies Act, 2013 has been received by the Company including from the Holding Company.

Now, I would like to introduce my fellow Board Members starting **Ashwath**

Mr. Ashwath Ram is on the Board since August 2019 and is also the Managing Director of the Company. Prior to this role, he has led the Engine Business Unit for Cummins where his key focus areas of the business included strategy, sales, profitability, operations and supply chain. He is attending this meeting through VC from Cummins India Office Campus, Pune.

Mr. Nasser Munjee is on the Board as Independent Director and is also the Chairperson of Audit Committee of the Board. He is a renowned economist and expert in the field of finance and infrastructure investment. He is attending this meeting through VC from Dubai.

Mr. P. S. Dasgupta is on the Board as Independent Director and is also the Chairperson of Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Board. He is an Advocate by profession and has rich experience and expertise in Mergers and Acquisitions, Reorganization & Restructuring and Corporate Laws. He is attending the meeting through VC from Dubai.

Mr. Prakash Telang is on the Board as Independent Director and is also the Chairperson of Nomination and Remuneration Committee of the Board. He possesses expertise in Automobile and manufacturing industry. He is attending this meeting through VC from Pune, India.

Mr. Rajeev Bakshi is on the Board as Independent Director and is also the Chairperson of Risk Management Committee of the Board. He has rich experience in Marketing and Supply Chain Management. He is attending this meeting through VC from Delhi, India.

Ms. Rama Bijapurkar is on the Board as Independent Director of the Company. She is a thought leader on market strategy and India's consumer economy. Ms. Rama Bijapurkar is also on the Boards of several of India's blue chip companies as well as Governing Councils of academic and public service institutions. She is attending the meeting through VC from Ahmedabad, India.

Mr. Norbert Nusterer is Non-Executive Director of the Company. He is the Vice President of Cummins Inc., USA and President of the Power Systems business. His expertise is in Supply Chain Management, Turnaround Management and Business Process Transformation.

Mr. Donald Jackson is Non-Executive Director of the Company. Mr. Donald Jackson is Vice President & Treasurer for Cummins Inc and is responsible for the Corporate Treasury function. He is attending this meeting through VC from Columbus, Indiana, USA.

Ms. Lorraine Meyer is Non-Executive Director of the Company. She is responsible for Talent Management at the Global Enterprise Level at Cummins Group. She is attending this meeting through VC from Madison, Wisconsin, USA.

Mr. Ajay Patil is Chief Financial Officer of our Company. He has multi- industry work experience in the field of Finance spanning for more than 26 years across countries. He is attending the meeting through VC from Cummins India Office Campus, Pune.

Ms. Vinaya Joshi is the Company Secretary and Compliance Officer of the Company. She has 12 plus years of experience in the field of corporate laws and allied legal matters. She is attending this meeting through VC from Cummins India Office Campus, Pune.

Steven Chapman

Thank you everyone.

Members are informed that we also have representative of Statutory, Cost & Secretarial Auditor's joining this meeting. Internal Auditor of the Company has also joined this meeting

I once again welcome all of you to the 60th Annual General Meeting of the Company. We are now moving ahead with the proceedings of the meeting.

I request to play our Theme Video - 'For a World that's always on'

[For a World that's always on -plays]

Thank you.

I now request Vinaya Joshi, Company Secretary of the Company, to give general instructions to all the Members regarding proceedings of the meeting.

Vinaya Joshi

Thank you, Steven. Good afternoon everyone.

Members may note this AGM is being held through video conferencing in accordance with the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI.

The video conference facility is made available for the members on a first-come-first-serve basis barring few exceptions as provided in the MCA Circular.

We have about 74 members participating today in this 60th AGM.

As this AGM is being held through video conferencing, the provisions for appointment of proxies by the members is not applicable. Hence, the Proxy Register of Members is not available for inspection.

The Statutory registers as required under the relevant provisions are made available electronically for inspection by the Members during this AGM on the video conference screens. Members seeking to inspect such documents post AGM can send their requests to email id - Cil.Investors@cummins.com.

In accordance with the MCA circulars, the Annual Report for the Financial Year 2020-21 along with the notice of AGM has been sent on July 16, 2021 via email to those shareholders, whose email address was registered with the Company / Registrar and Transfer Agent and the depository participants.

The Annual Report along with the notice of AGM is also available on the website of the Company and that of BSE and NSE Limited.

The Company has received requests from Members to register them as speakers at the meeting. Accordingly, the floor will be open for those Members to ask questions or express their views.

It may be noted that the Company reserves the right to limit the number of members asking questions and the questions will be answered in the AGM depending on the availability of time at the AGM. The moderator will facilitate the session once the Chairman opens the floor for questions and answers.

The Members may pose their questions/ views/ suggestions in the “Ask Your Question” window provided on their video conference screens during the meeting. These questions will be addressed through appropriate modes by the Company, in due course.

The Company had provided remote e-voting facility to Members to cast their votes electronically, on all resolutions mentioned in the notice. Members who have not yet cast their votes electronically and who are participating in this meeting can cast their votes during the meeting through e-voting facility provided by NSDL (e-voting service provider). Member can click on “Vote” tab on the video conference screen to cast their vote anytime during the AGM.

Members may also note that an additional and dedicated voting session of 15 minutes would also be provided after closing speech by the Chairman.

Members are requested to refer to the instructions provided in the AGM notice and appearing on video-conferencing page for an uninterrupted participation in the meeting. In case of any assistance, Members may connect to the helpline number(s) provided in the AGM notice.

Recorded transcript of this AGM will be maintained and will remain in the safe custody of the Company.

Steven Chapman

Thanks, Vinaya.

I would also like to inform that all efforts feasible under the circumstances have indeed been made by the Company to enable Members to participate and vote on the resolutions being considered in the meeting.

I thank all the Members, Colleagues on the Board and Auditors for joining this meeting through video conferencing.

Steven Chapman

I now request Ashwath Ram, Managing Director of the Company to take you through a brief presentation on our Company and its performance during the Financial Year under review.

MD's Presentation

Ashwath Ram

Thank you, Steven.

Good Afternoon. I am really excited to welcome all of you to the 60th Annual General Meeting of Cummins India Limited.

Today, I am going to speak about the five(5) key areas. First, I will cover an overview of Cummins India, what we have been doing followed by an idea about Cummins Inc. as a Company, its key highlights and financial performance. Third, the impact of COVID-19 and our response to it. Fourth, I will talk about Cummins India Limited's key highlights and financial performance and fifth, I will give you an overview into our future and growth strategy.

As Steven mentioned, Cummins is a 100-year-old company and the reason we have been a successful company for all these years is because of Our Story: Why We Exist, ie. our Mission of *Making people's lives better by powering a more prosperous world*. Our Vision of *Innovating for our customers to power their success*. The reason Cummins has been successful all these years is because we are been a value driven company and these values have evolved over the last 100 years. The one we think are most important for all of our people are those of *Integrity, Diversity and Inclusion, Caring, Excellence and Teamwork*. We are trying to create a *Leadership Culture* which is inspiring and encouraging all employees to achieve their full potential. Our *Brand Promise* is that of powering our customers through innovation and dependability and our *Strategy* is of delivering value to all stakeholders.

Cummins India Limited has been in existence for now for close to 60 years and we are amongst India's largest exporters of engineering products. We

manufacture huge variety of products especially engines which run on diesel, natural gas and multiple fuels and we are in the path of bringing in even more technologies in electrification and many other areas. We provide innovative solutions across industrial power generation businesses and support the aftermarket. Countrywide, we have a network of over 200 strong dealers, 450 service points catering to over 2.2 million customers, 3,300 employees across India about 23% gender diversity are what consist of our workforce and we are consistently striving to improve our gender diversity and inclusion. Our community projects are managed through the Cummins India Foundation and we have touched over 4,50,000 lives already. We have amazing world class facilities and infrastructure and I would invite all of you to come and see our facilities and you would be proud of what we have created in India. We have a strong aftermarket presence and we service over 6,27,000 engines in the field. This creates a very strong base for us to propel us for our next few years of growth.

Our parent company, Cummins Inc. is a 100 years old company. We are doing extremely well globally. We are building prosperous communities. In the last year, we have had record grants to the communities about \$22 million worth including more than \$2.5 million pandemic relief work. We have launched *Cummins Water Works* which is a programmed to improve the quality and availability of water in communities around the world and India is going to be the major part there as well. *Cummins Powers Women* is a program we manage which have positively impacted 17 million women and girls since the launch in 2018 and we are doing lot of that work in India as well. We continue to invest significantly in technology and in the future. We received record of 312 patents, more than \$900 million were spent on research development and engineering for a third consecutive year. We are rebounding pretty strongly after a historical decline caused by the pandemic. We have launched many new products across business segments, and we are extremely well capitalized on the back of the market slowly recovering.

From a financial perspective of Cummins Inc., for the second quarter of 2021, which is the calendar year quarter, the revenue was 6.1 billion up, 59% from the previous year. The EBITDA of \$974 million was 15.9% of sales as compared to \$549 million and 14.3% of sales in the previous year.

COVID-19 certainly has impacted all of us significantly. Many of us, including myself have now been working out of home for over 500 days. The impact has been severe. Severe health impact around the world, nationwide lockdown, global travel restrictions, factory shutdowns, quite significant by temporary decline in customer demand and huge supply chain disruptions that we are recovering from even now.

We have three priorities as we went into COVID- for staying strong, agile and resilient. The first of course was the health and safety of all our employees and the community that we are in, that was the number one criterion for us. The second was that we will continue to serve our customers to provide critical services to the economy, whether it be hospitals, mines, factories etc. Just about anything which requires our critical service, we set out to support them. We thought about the future. We said that our company should continue into the future strongly. We remain committed to being best in class as far as technology is concerned to serve our customers and other stakeholders and we wanted to ensure that the core of the company remain strong.

As far as Cummins India is concerned, we went on a massive vaccination drive run by the company. 19000+ employees and dependents have already received vaccination till date across our plants and the similar amount will receive vaccination in next few months to make sure the entire chain of our employees, their families, and the community where we work is protected. Three rounds of the vaccination drive have been conducted so far and we continue to expand on that. 300+ on the ground volunteers are supporting this effort and they have done an amazing job in making sure that everyone is taken care of. We are committed to living our core value of 'Caring'.

The Community efforts have resulted in significant impact as far as the community is concerned. So, we have donated lifesaving equipment's, we have donated masks and other PPE equipment's. We have disinfected different areas, different small cities and villages and we have also funded that, we have approved many grant appeals for protective equipment's and are working very closely with the district collectors in the regions where our plants are located and in the major cities where our off season factories are located to make sure that we are supporting the communities and these areas and the impact is showing already but we are not stopping here, we are going to continue to keep these efforts ramped up throughout the cycle.

Cummins India for the FY 2020-21 highlights are as follows. We continue to focus on delivering huge amount of value to stakeholders. New-generation, electronic 4- and 6-cylinder engines for Construction Equipment Vehicles (CEV) applications were launched. Many new products were launched, such as Compact 50 kVA genset for special purpose Defense applications. We launched new electronic controllers for our engines, for a range of 82.5-125 kVA engines, B3.3 and QSB7 and many new products were developed for the export markets. We continue on the path of leading as far as products is concerned because that's what differentiates us from the competition. We are living our promise of dependability 4.5 lakh service calls were registered and with 98% resolution rate, most of them within 24 hours. We launched a programme called 'Cummins Aashwasan' by which we are guaranteeing 24/7 time to our customers. We are strengthening work in the community, 1,50,000+ lives were touched through the COVID-19 relief support programme. Cummins Power's Women, we held the 2nd leadership and advocacy accelerator program, which was conducted virtually, and we were able to help a large community of women activists to make the great difference in communities that they are working in.

As far as the financial performance for the Financial Year 2020-21 is concerned, we ended up with the revenues of Rs. 4256 Crores. Our Profit before Interest and Tax was Rs. 824 Crores. We generated Rs.788 Crores of cash from operations and we declared a dividend of 750%.

We are coming out of a tough economic cycle. 2019 was our best year financially and since then we have faced the last 18 months of crisis through COVID-19 as well as cyclical turn down in some of our businesses. We remain really optimistic that things are beginning to turn around. Despite that we were able to deliver 3.8% PBIT expansion as a result of a huge amount of cost reduction & productivity enhancements that we were able to do in the business.

As you can see, the last three years, we have seen decline in business as far as growth is concerned and this is been our primary focus. We focused on how we

can grow the business, how we can come out of this COVID cycle in a really strong manner and we remain focused & confident that the base is really strong. We've been able to keep the core strong and generate profits even during these tough times and we will be able to reverse these cycles in the future. We continue a strong dividend distribution trend. This year, we are distributing 75%.

There are some large macroeconomic trends which are helping Cummins India grow in a strong manner in the future. The first is the focus on infrastructure growth. In the last 18 months, you would have seen that the infrastructure spending in our country had come to a slowdown and since Cummins has a major part to play in infrastructure, it directly impacted our business. But the new commitments from the Government and we can see the first shoots of that in the form of highways being built, ports being constructed, rail being set up is that infrastructure spending for the next three to five years is going to significantly expand and this is going to help our business as is the bounce back from the low demand during the COVID cycle. The second megatrend that we are seeing is that there is a huge jump in digitalization and automation and what we're seeing here is that there is a move to more electronic products to more data analytics to internet of things and Cummins already made significant investments in these areas. So, this is another good megatrend which is helping us through our business. Finally, the most significant change which is happening which is the change in the environment. Countries such as the United States have resigned the Paris Accord. Environmental norms are getting tighter around the world. Everyone is more aware that they want cleaner fuels they want cleaner products and every time emissions have become tighter or the focus has been on the environment, Cummins continues to win because we have the leading technologies to drive climate change and make a difference. With these strong macroeconomic trends behind us to support us, I'm going to now talk about our growth strategy.

We think we're going to get profitable growth in six (6) core areas. The first area is that of OEM penetration. There is a global trend that more and more OEM's are consolidating and that is helping Cummins increased penetration with OEM's in our Engine Business, Power Systems as well as in the Supply Chain. Cummins is also moving beyond engines and as we expand our portfolio, as we bring in more products beyond the core engine, this helps Cummins increase its share as well as bringing more revenue into our fold. Electrification is a major area; we are focusing on and we think countries like India are going to completely electric and deserve major new growth area for us in the future. Lots of alternate and renewable energy sources are being introduced. This is a 15 or 20 years cycle and Cummins is a leading player in this around the world and we feel we can have early advantage in this trend and grow in this space. Finally, in the aftermarket, where our entitlement is significantly more than the market share, we have today. With renewed focus from that space in addition, we can grow significantly over there. We are also committing to focus on 100 basis point year on year margin improvements and we plan to add more value in the product that we are selling variable our cost, improving our material cost efficient and optimizing our footprint to improve productivity. We believe, we have the right talent in place, we have an amazing supply chain and we have the best technology in the market. We're creating a Growth mindset. We are massively leading in Diversity and Inclusion and we have amazing focus on cost management. With all of this and a very strong foundation of Quality and Governance, we believe that we are rightly based to grow very strongly for the next five years.

The Future Opportunities are immense. There is consolidation happening in the Supply Chain and OEM's around the world. India is becoming a larger export hub. We have already made investments in capacity and we are leveraging that in the supply chain. The move towards clean diesel, place towards our strength because Cummins is the leading technology provider as far as diesel is concerned. We have started to get great penetration in the aftermarket which is helping our business and the move towards alternate fuel and renewable plays into Cummins strength.

I remain really optimistic that we are well positioned to capitalize on the opportunities and emerge stronger. We have great global expertise that we can harness. We have a 60-year-old legacy of innovation and dependability in India. We've already made all the right investments and continue to make more. We have a great balance sheet and strong financial position. Our core is really strong, and we have all the fundamentals in place and we have a stable Leadership Team which makes us ready to take advantage of all these opportunities and keep growing.

Thank you.

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[Product Launch video -plays followed by unveiling of Product launch and its introduction]

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Steven Chapman

Thank you Ashwath and thank you for the product introduction.

As the Notice convening the meeting is already circulated to all the Members, I take the same as read.

The Statutory Auditors, S R B C & CO LLP and the Secretarial Auditors, Pramod Shah and Associates have expressed unqualified opinion in their respective Audit Reports for Financial Year 2020-21. There were no qualifications, observation or adverse comments on financial statements or matters which have financial bearing on the Company.

The Statutory Auditor's Report on standalone and Consolidated Financial Statements are available on Page no. 91 and 162 of the Annual Report. Secretarial Audit Report is enclosed as Annexure 10 on Page no. 77 of the Annual Report. With your permission I take the Auditors report also as read.

The Audited accounts for the year ended March 31, 2021 are part of the Annual Report and has already been sent to you.

Before we further proceed, I would like to bring to your notice that the Company has provided remote e-voting facility to cast vote electronically on all resolutions mentioned in the AGM Notice in accordance with the Companies Act, 2013. The remote e-Voting facility was kept open for a period of 3 days from Monday,

August 09, 2021 (9.00 a.m. IST) and ending on Wednesday, August 11, 2021 (5.00 p.m. IST).

Members may please note that there will no voting by way of show of hands.

We will now take up the resolutions as mentioned in the Notice.

We shall begin with the question – answer session after all resolutions are tabled.

Item No. 1 -

To receive, consider and adopt the audited standalone financial statements of the Company for the Financial Year ended March 31, 2021, the reports of the Board of Directors and Auditors thereon.

Item No. 2 -

To receive, consider and adopt the audited consolidated financial statements of the Company for the Financial Year ended March 31, 2021 and the report of the Auditors thereon.

Item No. 3 -

To declare final dividend on equity shares for the Financial Year ended on March 31, 2021 and to confirm the payment of interim dividend for Financial Year 2020-21.

Item No. 4 -

To appoint a Director in place of Mr. Donald Jackson, who retires by rotation and being eligible, offers himself for re-appointment.

Item No. 5 -

To appoint Auditors to hold office for the conclusion of this 60th Annual General Meeting till the conclusion of the companies 65th Annual General Meeting.

Item No. 6 -

To appoint Mr. Steven Chapman as a Director.

Item No. 7 -

To ratify remuneration payable to the Cost Auditor, M/s. C S Adawadkar & Co, for the Financial Year 2021-22.

Item No. 8 -

To consider the material related party transaction with Cummins Limited, UK.

Item No. 9 -

To consider the material related party transaction with Tata Cummins Private Limited.

The text of resolution pertaining to item no. 5 to 9 along with the explanatory statement under section 102 of the Companies Act, 2013 is provided in the notice, circulated to the Members.

The Board has appointed Mr. Pramodkumar Ladda (Company Secretary in Practice), as the Scrutinizer to supervise the e-voting process and scrutinize the votes cast through remote e-voting and e-voting facility provided at the Meeting. The results of the e-Voting will be declared on receipt of the Scrutinizer's report and placed on Company's website and the same will be sent to stock exchanges.

We shall now open the floor for questions from Speakers who have pre-registered themselves for asking questions at the Meeting.

Before proceeding with the questions, I would like to ask Ms. Vinaya Joshi to brief the Members on Question and Answers Session.

Vinaya Joshi

Please take a note of below points while asking questions:

1. Kindly turn on your video and unmute your audio to ask question when you are projected on video conference screen.
2. Mention your name, folio number and location from where you are participating.
3. Each Member will have approximately 2.5 to ask question(s) or express views/ suggestions.
4. The questions will be responded after all the Speakers have raised their questions.
5. Speakers are requested to keep their questions brief and specific.
6. Considering the availability of time, the Company may limit the number of members asking questions.
7. Once you have asked your questions, you may turn off your video and continue to watch the proceedings of the meeting.

The moderator will facilitate the question-answer session. I now request the moderator to take-up the questions of Members in queue.

Moderator

I would now like to invite our first speaker shareholder Mr. Anuj Sharma. Mr. Anuj, you have been placed in the meeting, request you to unmute yourself and ask your question.

Mr. Anuj Sharma

Thank you, Chairman and the Team Management for the presentation and great performance. My question is, we saw a strong buoyancy in US market as well as India. What is causing strong buoyancy (in Power Systems Segment) in a reasonably penetrated market and power balanced market like US? Does the above fact have any reflections on Indian powergen business, I mean that the demand in India could be a long-term opportunity, unlike what many are

perceiving as a pent-up opportunity? What is our thought process of the company in terms of aligning all Cummins Indian businesses under one organizational structure? We have seen many companies prospering with a single structure with clear focus and synergies. Why do we believe that the current structure is better for Cummins Inc.? We are seeing strong commodity traction. Most of our exports markets benefit from strong commodity pricing. Are we seeing an improvement outlook in our exports market due to the same? We hear Indian equipment manufacturers trying to take advantage of the policy framework and set-up export base. We hear about a number of Companies which could become a large customer base for us, given that lot of export based countries would appreciate our engines, so your thought process as to is this a big opportunity and what could the challenges in this opportunity? With newer emission norms, we believed that there would be fewer competitors to Cummins as Cummins is technologically much superior and hence, we could see better margins for Cummins. However, the margins didn't improve correspondingly despite lower competition. What was the reason for the same and what is the outlook? The second last question is, we saw a strong performance in Valvoline Cummins. What was the reason for a strong performance and how sustainable is the same? And the last question is, how much of the improvement was due to growth in the market and how much due to initiatives by Valvoline Cummins? What is the outlook over next 3 / 5 years in Valvoline Cummins?

Moderator

Our next speaker is Mr. Ajay Kumar Gupta. Mr. Ajay, you have been placed in the meeting. I request you to unmute yourself and ask your question. We are facing technical issue, so we will move to the next speaker shareholder.

Moderator

Our next speaker is Mr. Vinod Motilal Agarwal. Mr. Agarwal, you have been placed in the meeting. I request you to unmute yourself and ask your question.

Mr. Vinod Agarwal

Hello Sir, this is the 101st year of the operation of Cummins and is a very good thing. And you have made a revenue of approx. Rs. 4700 Crores last year, but my observation from the Annual Report is that the current investment of Rs.326 Crores in mutual funds, cash and cash equivalent of Rs. 121 Crores in bank balance, other bank balance is Rs. 843 Crores and other financial assets of Rs. 138 Crores that works Rs.1429 Crores in liquid funds. When are we going to do to utilize these funds? Is the Company planning for buy back or acquisitions and why are these funds kept in liquid format? Another observation is that the promoter holding is 51% and normally foreign companies have more than 70% parent holding, are we likely to increase our foreign holding? Thank you and wish all the very best to Company for future growth. Also, I would like to visit the company plants visit post COVID -19 relaxation. Thank you very much.

Moderator

Our next speaker is Mr. Ajay. Mr. Ajay, you have been placed in the meeting. I request you to unmute yourself and ask your question.

I think we are still facing the technical issue. Chairman Sir, we are done with the speaker shareholder's questions. Now over to you Sir.

Chairman

Thank you, I must say fantastic questions. Thank you to all of you for your questions and suggestions. Before we begin with Q&A sessions that Ashwath will lead, I would request for the video on our CSR initiatives focused on our COVID-19 support initiatives and our vaccination drive.

[CIL's COVID-19 Video and Vaccination drive video-plays]

Thank you.

Managing Director

Thank you for the questions and I will try to answer as many as I can during this time and if I cannot answer any of them, folks from the Company will get back on the areas I would not answer.

I will first go with Mr. Vinod Agarwal's questions. His first question was, why are we carrying so much of cash on our books? The answer is two-fold, one of course is because when there are bad times like the Pandemic that we are facing now, that we are hit with one wave and the factories were shut down for nearly a month and half, the demand was really low, we have cash available to be able to do the things we want to do and continue our business unimpacted. So similarly, we hope that the third wave doesn't hit our Country and our Company, but we don't know. So, we always feel happier and safer when we have cash to do what we able to do. The second of course is that as we are venturing into newer and better technologies, there are lots of investments that we are thinking we will need to do especially in the areas of new technologies and electrification in upgradation of existing mechanical diesel platforms completely to full scope electronic platforms and keep introducing new products in natural gas and other platforms. All of that is going to require quite a cash and we are also looking at inorganic opportunities available to help supplement some other technologies that we have been working on, so it's a combination of all of those factors which is why we like having cash on the Balance Sheet.

As far as the next question was about why does Cummins Inc. just own 51% and are you thinking of increasing it beyond that and go till 70% or greater? The answer to that is the Company is always looking for opportunities and right now, we have better uses of cash available for growth opportunities but if the right opportunity presents itself, certainly the Company is always looking.

The next set of questions were asked by Mr. Anuj Sharma. Mr. Sharma, you seem to have studied our company and everything that we do in lot of detail, you have 9 questions and I will try to answer most of them.

The first one was about seeing growth and buoyancy in power generation in even in developed markets like North America and the answer is yes. The phenomenon that we have observed over multiple years is that even in developed nations as

individuals, companies and organizations get used to a stable level of electricity that first is the demand for power goes up, second is even when there are brief disruptions those become unbearable and so people plan for redundancy and backup power for pretty much of all kinds of applications. And with the move to 5G and those kinds of telecom technologies, we are seeing that remote power generations, the demand for those kinds of platform is increasing and certainly that does have a tie in to India and certainly there is core infrastructure demand of power generation in India and plus as we get used to more stable grid power supply the demand for diesel and other alternate fuel power generation set is likely to increase significantly which is a great growth of opportunities for Cummins India.

What is our thought on aligning our business under one organization structure? So the structure in India evolved over last 60 years and for different strategic reasons, multiple entities were set up and certainly the company is always looking at opportunities to simplify and try to see what is the best kind of structure which makes it easy to govern, makes it easy for customers and stakeholders to understand. So the answer is we are constantly in a quest for a better structure and the movement we align amongst all of us on what is that best kind of structure to make sense to everyone, certainly we will work to make that happen.

The fourth question was the impact of commodities and are we seeing improvement in exports markets because of that, certainly, because of commodity prices in oil and etc improving. The demand is likely to start increasing in many of the oil producing countries especially in the middle east and some parts of Africa and Venezuela and those kinds of countries. We are also starting to see that the demand starting to bounce back after COVID so it's a combination of not necessary just by the commodities getting stronger, sometimes has a negative impact on our cost go up and you are not able to pass on prices back to customers at the rate at which those go up, it's a lagging indicator but certainly export markets are looking more positive in near to medium timeframe.

Global OEM's are setting manufacturing in India and exporting to other parts of the world and certainly since Cummins works with most of the large OEM's in India and around the world this is an advantage for India. We are already seen many such opportunities in the construction space and we are likely to see such opportunities in the compressive space as well, so your assumption is correct that use of India as an equipment manufacturing destination by global OEM's will benefit Cummins and that is happening.

What could be the challenges in export as far as opportunities are concerned? The challenges in exports are likely to be many. Many countries around the world are also putting a barrier so like India we have Aatmanirbhar Bharat and we want to make more in India, so does every other country. And some of these global trade barriers could impact exports, could cause people to believe that you cannot buy entire products from countries like India, you have to buy components and make some products in local countries, so those are the kinds of variable that worry us from a global export perspective from a medium and long term.

As next question -in the last emission cycle you did not see improvement in margin even though we have always stated that when emissions become tighter margins improve. The main reason for that is in the last cycle, the change in emission was not as significant. So when we went from CTCB 1 TO CTCB 2, all OEM's were able to make the CTCB 2 product with mechanical products, so the base technology did not change and so we did not see improvements in margin as a matter of fact it got more competitive and margins came under pressure. But the next cycle as we move from CTCB 2 to CTCB 4, involves technology change significantly. You will need electronic engines and you will need after treatment. Both of those are technologies are where Cummins has good position and thus, we expect margins to improve.

The eighth question was we saw strong performance in Valvoline Cummins, what was the reason? Is it sustainable? The strong performance in Valvoline Cummins in the previous year was driven a lot by the commodity prices of oil so they were able to get oil base at a very low price and that certainly helped them have a better margin and grow significantly. Whether that is sustainable? It depends on the prices of oil. So, the margin that may not be sustainable, but they certainly have a growth opportunity as they grow their presence within India. So, I still remain quite bullish that you will see Valvoline Cummins also continue to grow in the future.

Thank you very much.

If anyone else did not sign up and would want us to answer their questions, please direct it to the Company Secretary and we would be glad to respond to those questions.

Thank you.

Steven Chapman

Thank you Ashwath.

As per Companies (Management & Administration) Rules, 2014, results have to be declared by the Chairman or any other person authorized by Chairman in writing. Therefore, I am authorising Ms. Vinaya Joshi, Company Secretary to declare the results of e-voting and upload the results on the Company's website along with the report of the scrutinizer at the earliest. The same will be also be available at the registered office of the Company.

The resolutions against the items no. 1 to 9 set forth in the Notice shall be deemed to be passed today subject to receipt of requisite number of votes.

I thank you all once again for attending the Meeting. The proceedings of the meeting have now been concluded. The voting through e-voting shall continue for next fifteen minutes. Accordingly, the meeting shall stand concluded post voting ends. Thank you very much, take care and stay safe. Thank you.
