



Cummins India Limited 51st Annual General Meeting

August 2, 2012



Cummins Inc.

Engine Business



Distribution Business



Power Generation Business



Power Generation



Generator Technologies

Components Group



Emission Solutions



Filtration



Turbo Technologies



Fuel Systems



Integrated Electronics

HQ in Columbus,
Indiana since 1919

44,000 employees

R&D: \$329 million

Cummins
Business
Services



Operations in 190 Countries

50 manufacturing locations

500 distributor locations
5,200 dealer locations

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



Cummins Business Model

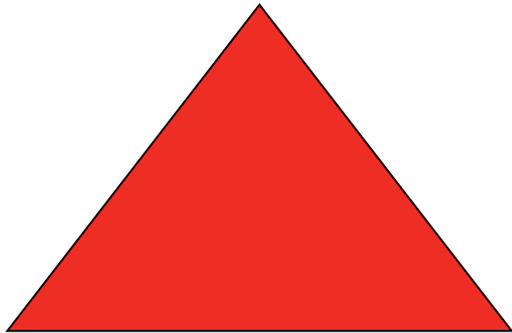
- Guiding Principles - Vision, Mission, Core Values
- Corporate & BU Objectives, Strategies, Initiatives, Projects -- (Goal Trees)
- Cummins Operating System (COS):
 - Ten Common Practices
 - Functional Excellence Framework (FE Statements, Measures, Processes, Tools, People Development)
 - Common Business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

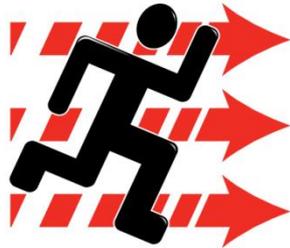
- Motivating people to act like owners working together
- Exceeding customer expectations by always being first to market with the best products
- Partnering with our customers to make sure they succeed
- Demanding that everything we do leads to a cleaner, healthier, safer environment
- Creating wealth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



COS 10 Practices



Put the customer first, and provide real value



Synchronize flows (material, physical and information)



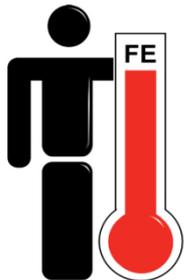
Design quality in every step of the process



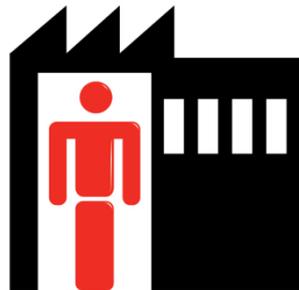
Involve people and promote teamwork



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



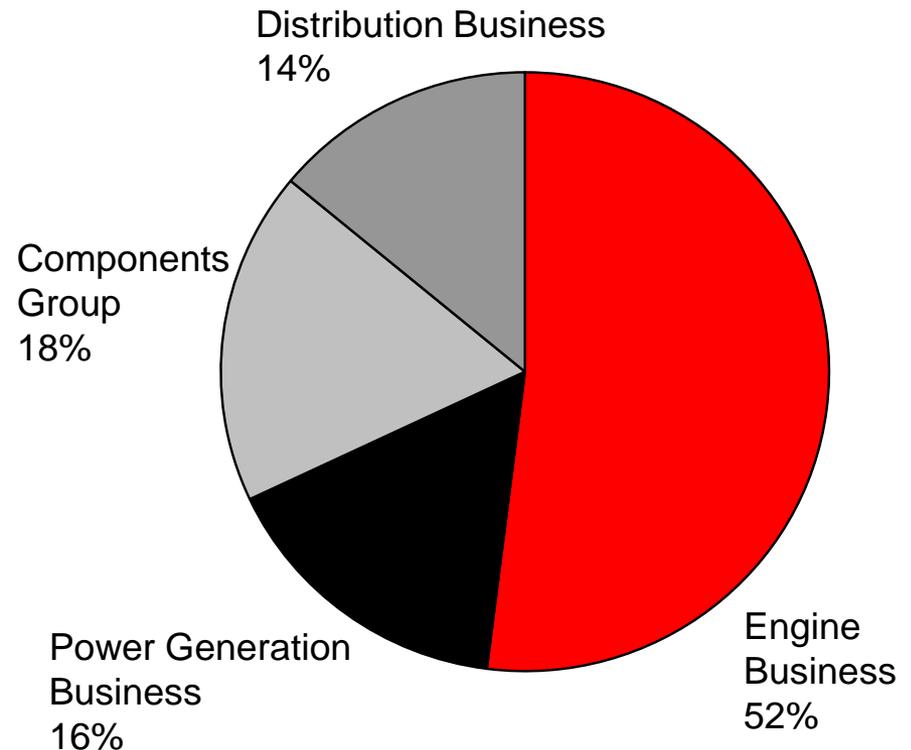
Use Six Sigma as the primary process improvement method

Cummins Inc.

- Macro growth trends playing to Cummins' strength
- Vision/Mission/Values
- Demonstrated technology leadership
- Global footprint

2011 Data Sales: \$18.0 billion
EBIT : \$2.6 billion
EBIT margin: 14.2%

2011 Revenue by Segment



Cummins in India

- In India since 1962
- 9 companies (4 JVs, 1 Service JV)
- 14,500 employees
- \$2.3B combined sales

Engine Value Packages (60-2700 HP)

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

Power Generation

Gensets (15-2000 kVA), Energy
Management, Captive Power
Plants, Alternators

Components & Consumables

Filtration, Turbochargers,
Emission Solutions, Fuel
Systems

Services

Engines, Gensets, IT/ITES,
R&D, Sourcing, Finance, HR

Valvoline
Cummins
Cummins SVAM
New Delhi

Cummins Turbo
Technologies
Dewas

CIL –Generators
CES
Daman

Cummins India Ltd.
KPIT Cummins
Cummins Business
Services
Intl. Purchasing Office
Fleetguard Filters
Cummins Research &
Technology India
Cummins Generator
Technologies
Pune

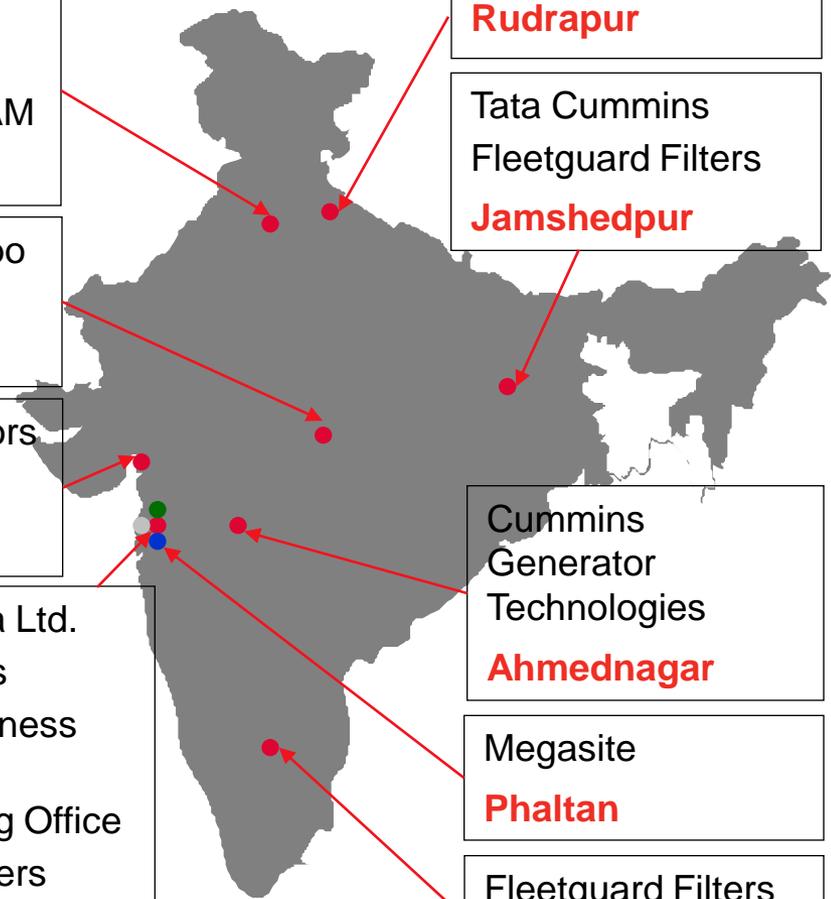
Cummins Turbo
Technologies
Fleetguard Filters
Rudrapur

Tata Cummins
Fleetguard Filters
Jamshedpur

Cummins
Generator
Technologies
Ahmednagar

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. KPIT Cummins Infosystems Ltd.
9. Cummins Svam Sales & Service Limited

Business Units :

- Engine Business
 - Automotive
 - Industrial
 - ReCon
- Power Generation Business
 - Generators
 - Alternators
- Component Business
 - Filtration
 - Emission Solutions
 - Turbo
 - Fuel Systems
- Distribution Business (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,
Facilities



Sudha Dhar
Chief
Information
Officer



**Ashish
Aggarwal**
Government
Relations



**Nagarajan
Balanaga**
Human
Resources



**Sameer
Chugh**
Legal &
Secretarial



**Qureish
Shipchandler**
Internal
Audit

Operating Leadership Team



Mahesh Narang
Chief Operating Officer – India ABO



Mahesh Narang
Industrial Engine
Business



Amit Kumar
Power
Generation



**Bhavana
Bindra**
Auto Business



Vipul Tandon
Distribution
Business



Sandeep Sinha
New & ReCon
Parts



Ashwath Ram
Tata Cummins
Operations



Arun Ramachandran
Cummins Turbo
Technologies



Anjali Pandey
Emission
Solutions



Senthil Kumaran
Fuel Systems



Paul Sowerby
CRTI & Eng



Aditi Sharma
Quality



R.S. Raman
CGT



J. Nilakantan
CBS



Bijoy Bose
Purchasing



Sadashiv Pandit
Fleetguard Filters



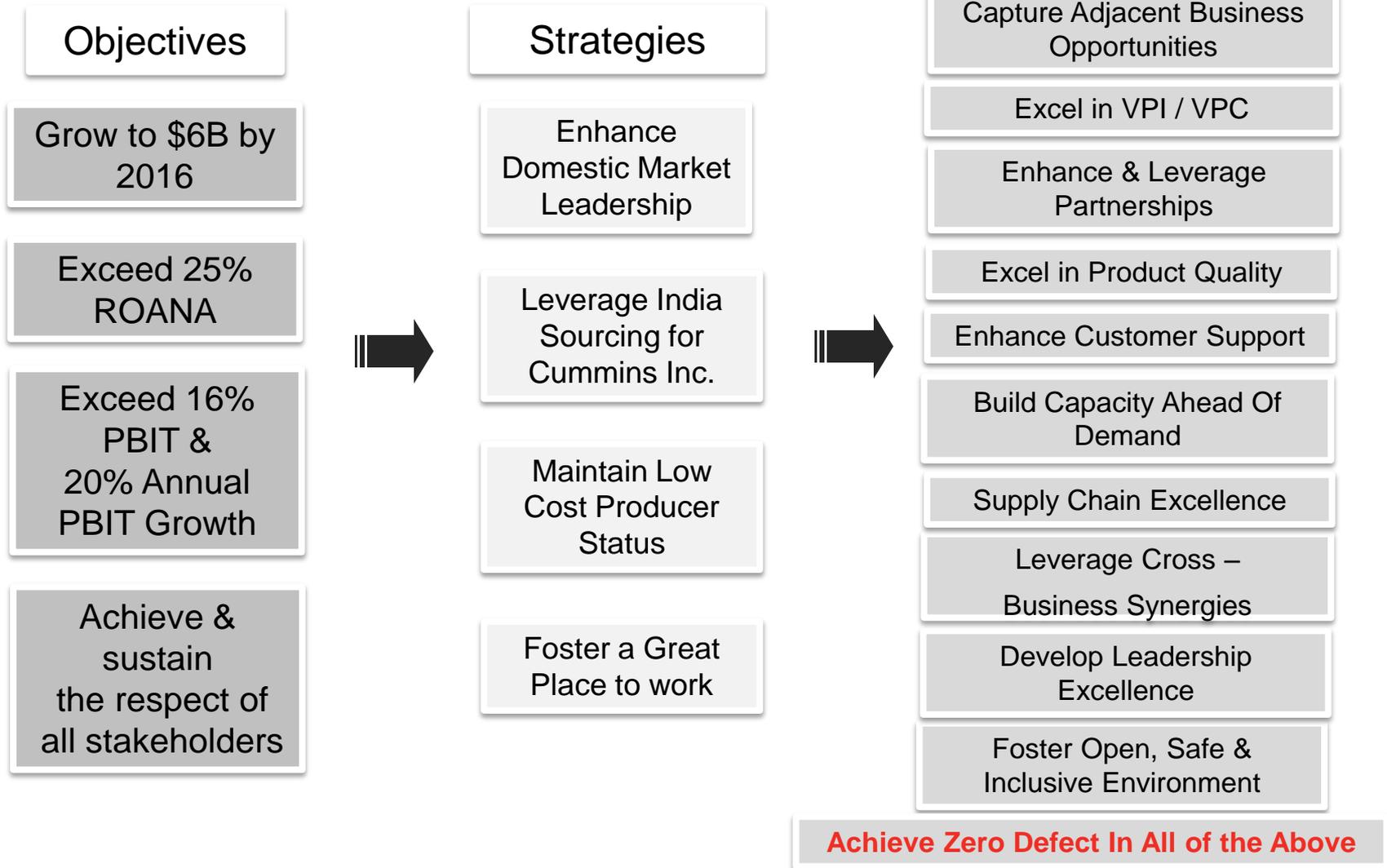
Ravi Pandit
KPIT Cummins



Naveen Gupta
Valvoline Cummins



Cummins in India - Goal Tree



Cummins India Limited - Overview

- 50 years of successful operation
- Over last decade:
 - Transformation & acceleration in profitable growth
- Prepared for market volatility
- Poised for continued accelerated, profitable growth



Cummins India Limited – Year 2011-12

- Best Year Ever
- Record sales and profits
 - Net Sales : INR 4,052.2 crores
 - PBT : INR 824.6 crores (20.4% PBT)
- Strong balance sheet
- Bonus shares declared at the 50th AGM
- Increased dividend
- Increased investments for growth
 - New Projects at the Cummins Megasite in Phaltan
 - India Technical Center in Pune



Cummins India Limited - Financial Performance 2011-12

| Rs. Crores | 2011-12 | 2010-11 | % L/Y |
|-------------------------|--------------|--------------|-------------|
| Net Sales | 4,052 | 3,951 | 3% |
| Operating Income | 65 | 91 | -29% |
| % | 1.6% | 2.3% | -0.7% |
| Raw Material Cost | 2,645 | 2,580 | 3% |
| % | 65.3% | 65.3% | 0.0% |
| Employee Cost | 304 | 255 | 19% |
| % | 7.5% | 6.4% | -1.1% |
| Depreciation | 42 | 37 | 15% |
| % | 1.0% | 0.9% | -0.1% |
| Other Expenses | 471 | 444 | 6% |
| % | 11.6% | 11.2% | -0.4% |
| Operating Profit | 655 | 727 | -10% |
| % | 16.2% | 18.4% | -2.2% |
| Other Income | 123 | 80 | 53% |
| % | 3.0% | 2.0% | 1.0% |
| PBIT | 779 | 807 | -4% |
| % | 19.2% | 20.4% | -1.2% |
| * Exceptional Inc | 51 | - | |
| PBT | 825 | 802 | 3% |
| % | 20.4% | 20.3% | 0.0% |
| PAT | 591 | 591 | 0.0% |

* Income from CEIL Divestment



Reducing Cost and Improving Efficiencies

■ Six Sigma

- Now in its 12th year
- 475 projects closed
- Rs. 100 crores in savings
- Six projects received the CMI Chairman's Quality Award
- Leadership development tool

■ ACE III

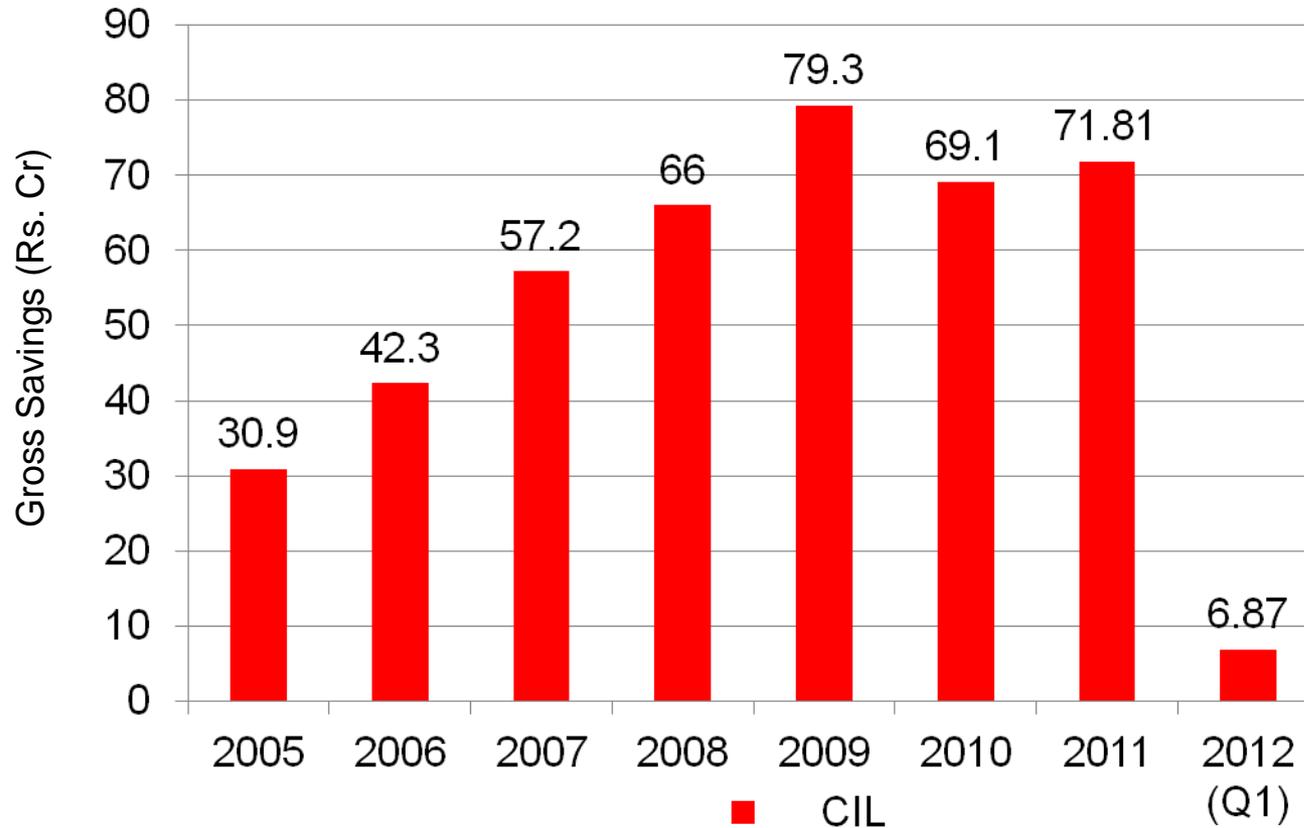
- Rs. 53.8 crores in savings in the first year of implementation. Expected savings of approximately Rs. 230 crores upon successful completion in 2014.

■ TRIMS

- Rs. 8.1 crores in bottom line savings and Rs. 12 crores in avoidance savings



Cummins India Limited - Summary of Gross Material Cost Savings



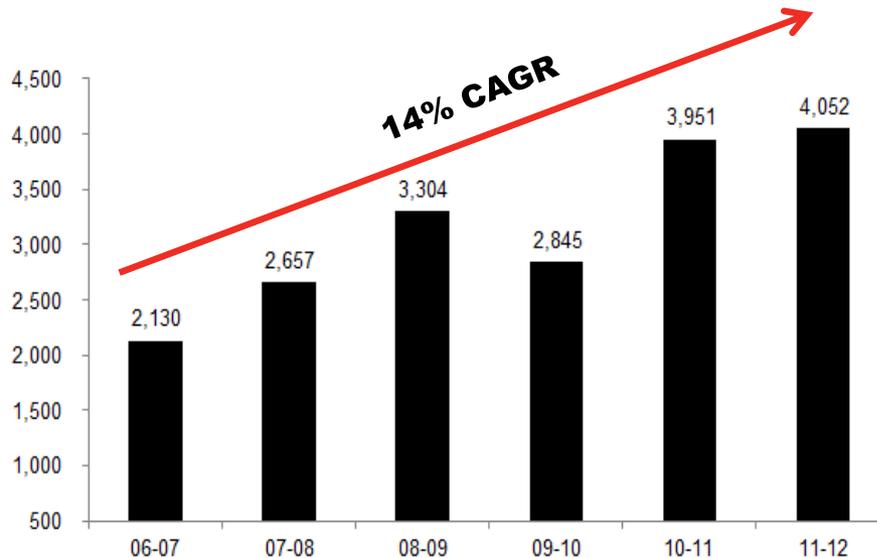
Data for 2005, 2006 and 2007 represents only IEBU



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

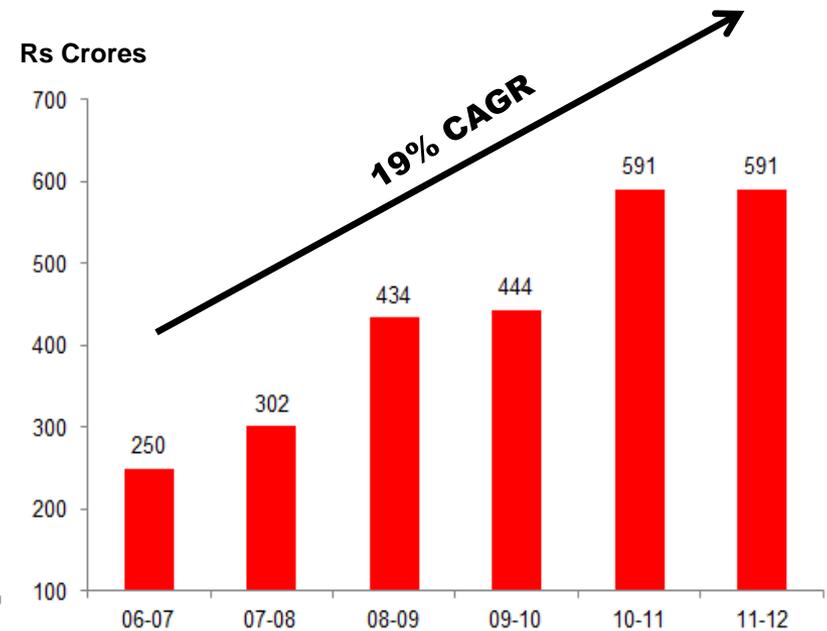
Sales

Rs Crores



PAT

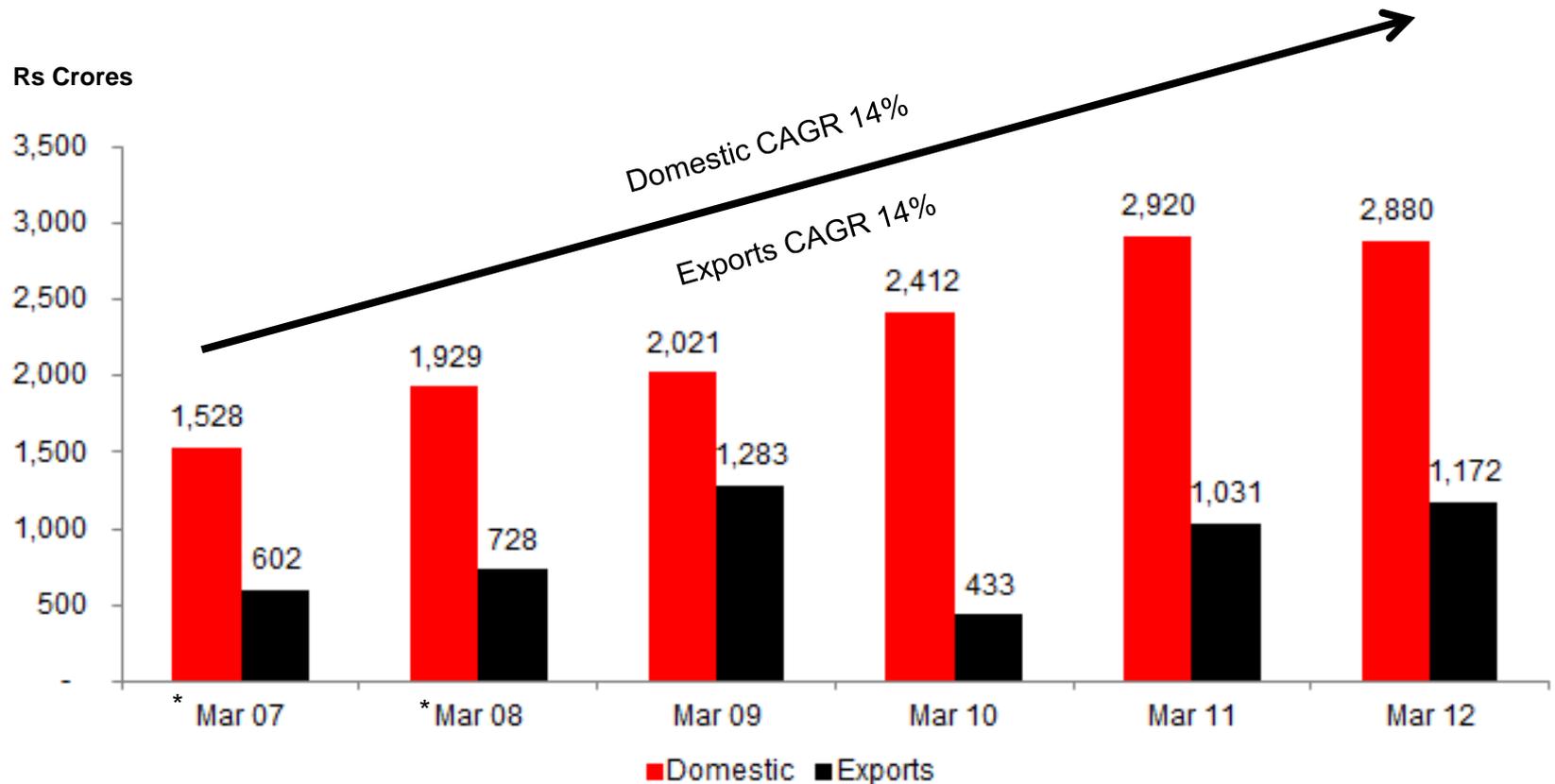
Rs Crores



Note: 2006-07 & 2007-08 Sales & PAT includes DBU (erstwhile CSS)



Cummins India Limited - Sales: Domestic & Exports

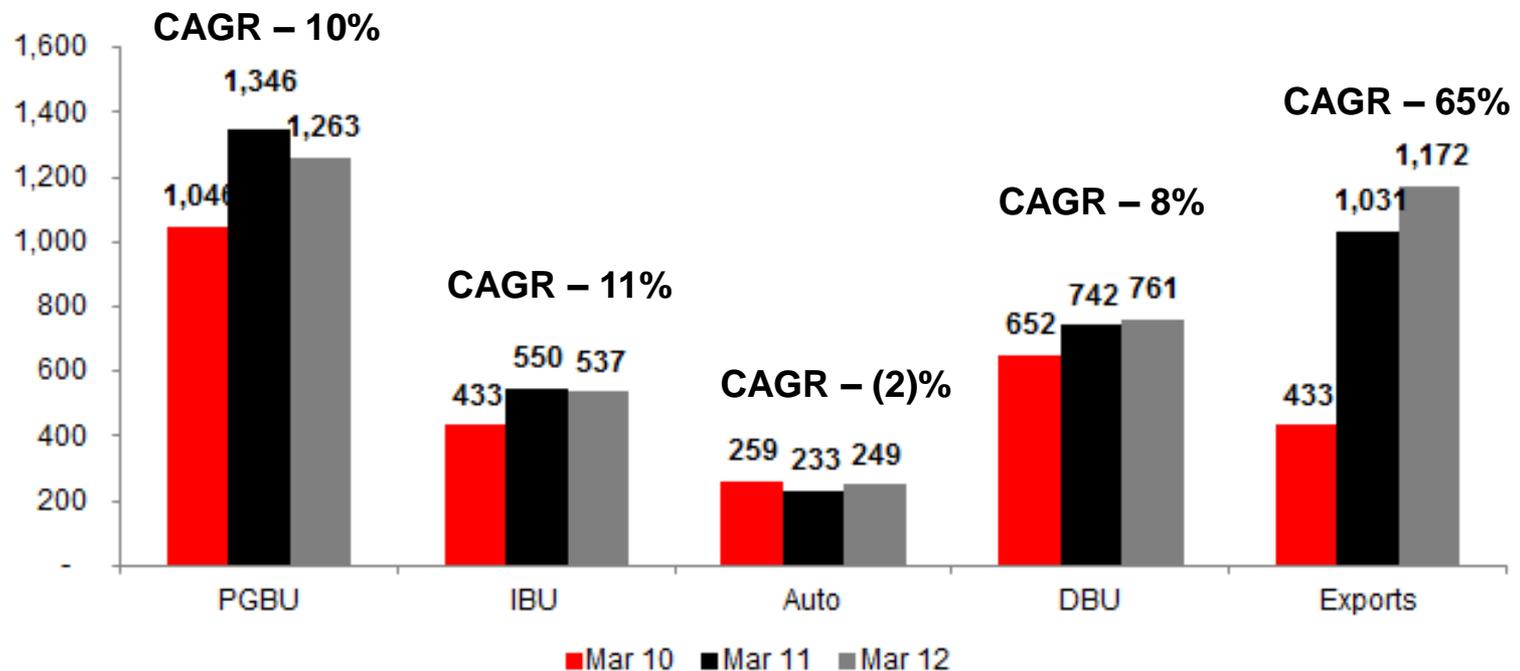


* Including DBU (erstwhile CSS); Net of elimination



Cummins India Limited - Sales : By Business Units

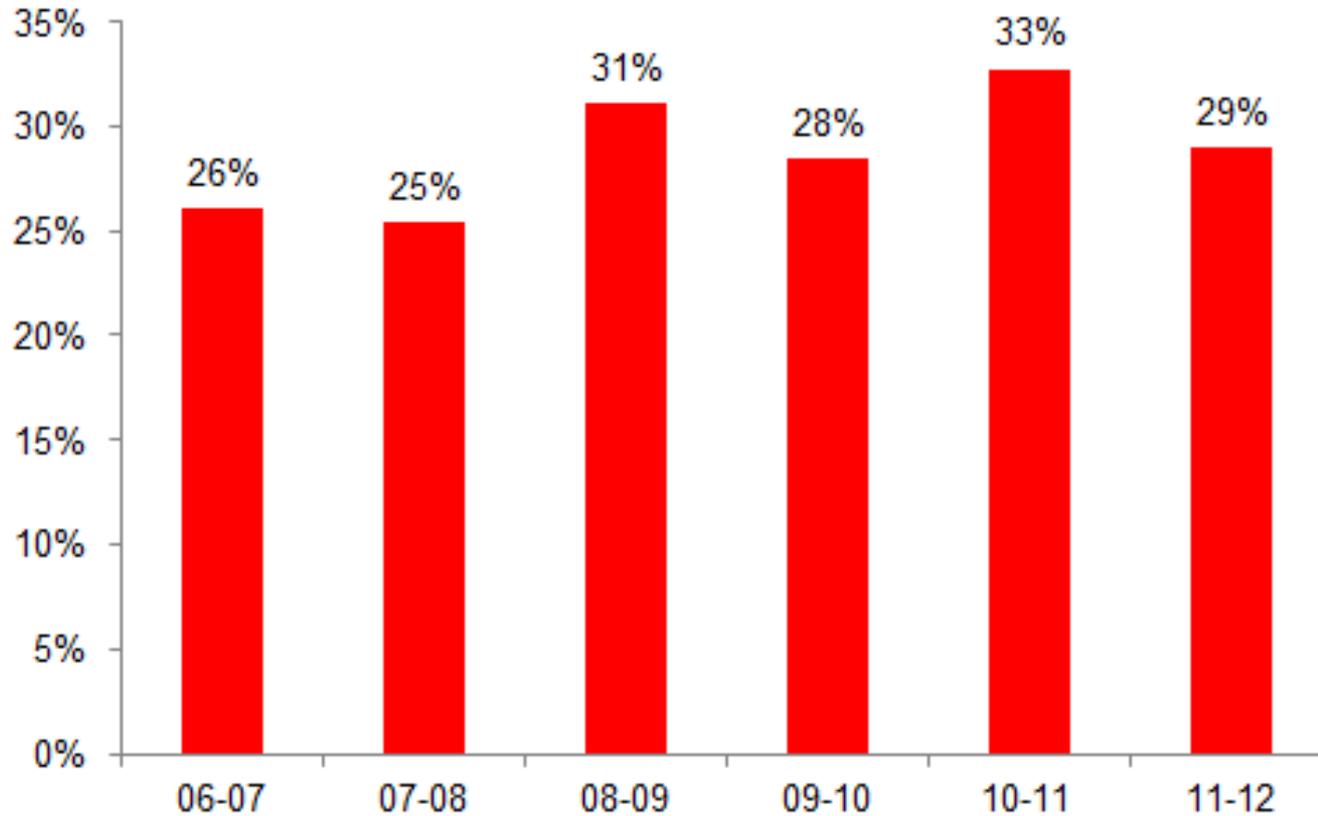
Rs Crores



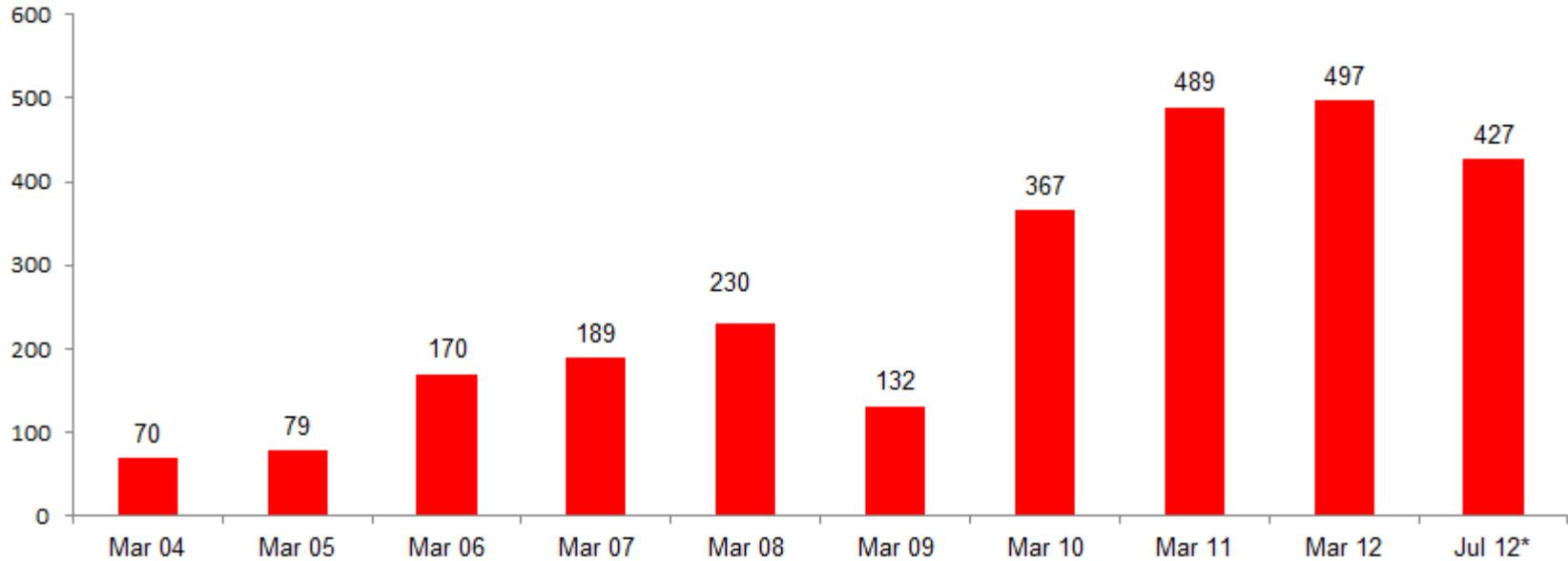
* CAGR for 3 Years



Cummins India Limited - Strong ROE Performance



Cummins India Limited - Share Price Appreciation

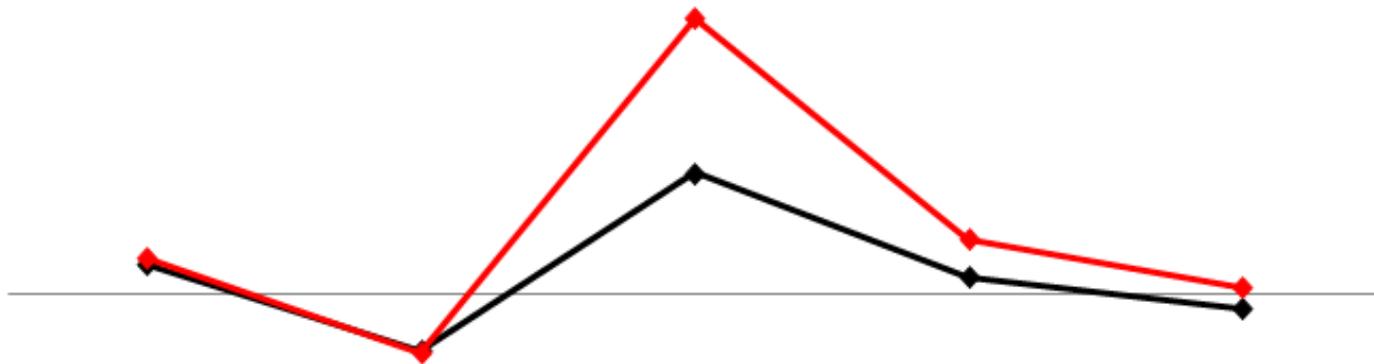


* As on July 30, 2012 on BSE Sensex

Share prices up to Mar'12 have been adjusted for bonus issue



Cummins India Limited - Shareholder Return (Last 5 Years)



| | Mar 08 | Mar 09 | Mar 10 | Mar 11 | Mar 12 |
|----------|--------|--------|--------|--------|--------|
| ◆ Sensex | 20% | -38% | 81% | 11% | -10% |
| ◆ CIL | 23% | -40% | 184% | 36% | 4% |

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

Source : BSE India website



Bettering lives of Shareholders

■ **Strong balance sheet**

- Debt to capital  **Zero Debt**
- Cash & Equivalents  **Rs. 750 Cr**

■ **Grew our business**

- Sales growth (5 Yrs CAGR)  **14%**

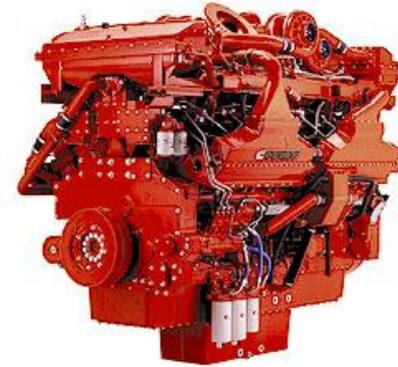
■ **Returned value to shareholders**

- Return on equity (5 Yrs)  **24%**
- Share appreciation (5 Yrs)  **21%**
- 550% Dividend (2011-12)  **Rs. 305 Cr**



Bettering lives of Customers

- QSK60
 - Extends manufacturing line to 2,875 hp
 - Domestic Power Generation and various Industrial applications
- S3.8 & 6BTA5.9
 - Targeted at low kVA export market
- CNG series hybrid technology





Bettering lives of Customers

- Upfit Center for 3.9 – 8.9L diesel and natural gas engines at Megasite in Phaltan



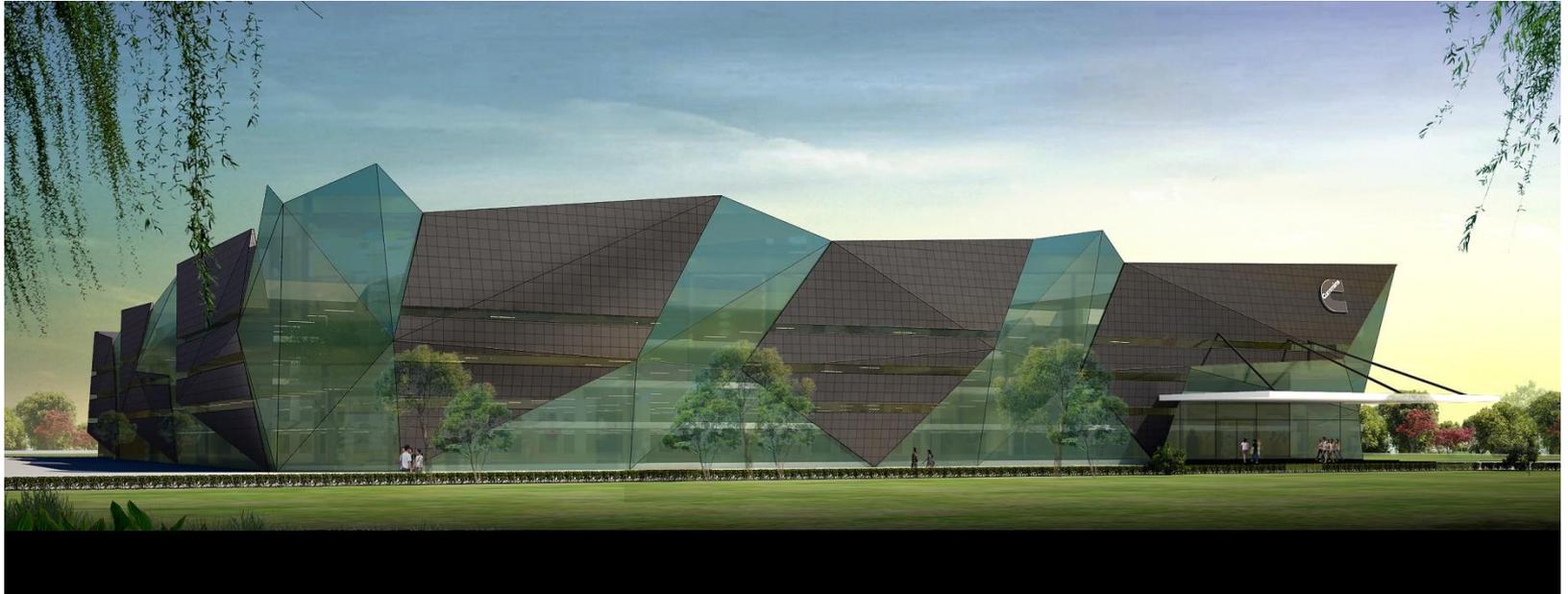
Bettering lives of Customers

- Generator Set Plant at SEZ, Megasite in Phaltan



Bettering lives of Customers

- India Technical Center in Pune



Bettering lives of Suppliers

- Completed 34 Supplier Focused Six Sigma projects
- National Electronic Fund Transfer
- Training Programs
- A Dedicated Foundry Expert
- Supplier Code of Conduct

Bettering lives of Employees

- Hire to Develop
- Global and site Onboarding
- Organizational development across levels, functions, BU's
- Association with premier institutes / universities
 - SP Jain institute (India) and the Kelley School of Business (Indiana)
 - Added IIM, Ahmedabad
 - Added ARAI-Vellore Institute of Technology
- Internship for MBA students from premier B-Schools
- From representation to diversity
- Team Based Work System
- Code of Business Conduct and Ethics awareness
- Recognition Program : CMD Awards
- India Office Campus in Pune
- Performance Ethic



Bettering lives of Communities

- Cummins College of Engineering for Women - Signature project
- Cummins Scholarship Program – graduate level
- Lila Poonawala Foundation – post graduate level
- Upgradation of ITI Phaltan
- Developing Nandal into a Model village with YCC & KVK
- Environmental Challenge
- Zero garbage project
- Every Employee Every Community - 35,605 hours devoted to community service
- 9% reduction in GHG emissions from the previous year





Financial Performance Q1 12-13 vs Q1 11-12

| Rs. Crores | Q1 12-13 | Q1 11-12 | % L/Y |
|-------------------------|--------------|--------------|-------------|
| Net Sales | 1,241 | 1,022 | 21% |
| Operating Income | 17 | 12 | 49% |
| % | 1.4% | 1.1% | 0.3% |
| Raw Material Cost | 797 | 672 | 19% |
| % | 64.2% | 65.8% | 1.6% |
| Employee Cost | 85 | 70 | 21% |
| % | 6.8% | 6.8% | 0.0% |
| Depreciation | 11 | 9 | 22% |
| % | 0.9% | 0.9% | 0.0% |
| Other Expenses | 144 | 117 | 23% |
| % | 12% | 11% | -0.1% |
| Operating Profit | 221 | 165 | 34% |
| % | 17.8% | 16.1% | 1.7% |
| Other Income | 38 | 28 | 36% |
| % | 3.1% | 2.8% | 0.3% |
| PBIT | 260 | 193 | 35% |
| % | 20.9% | 18.9% | 2.0% |
| Exceptional Inc | - | 51 | |
| Interest | 1 | 1 | 25% |
| PBT | 258 | 243 | 6% |
| % | 20.8% | 23.8% | -3.0% |
| PAT | 181 | 177 | 1.9% |

* Income from CEIL Divestment



Financial Performance Q1 12-13 vs Q4 11-12

| Rs. Crores | Q1 12-13 | Q4 11-12 | % L/Q |
|-------------------------|--------------|--------------|--------------|
| Net Sales | 1,241 | 1,021 | 22% |
| Operating Income | 17 | 19 | -9% |
| % | 1.4% | 1.9% | -0.5% |
| Raw Material Cost | 797 | 652 | 22% |
| % | 64.2% | 63.9% | -0.4% |
| Employee Cost | 85 | 81 | 5% |
| % | 6.8% | 7.9% | 1.1% |
| Depreciation | 11 | 12 | -4% |
| % | 0.9% | 1.2% | 0.2% |
| Other Expenses | 144 | 112 | 28% |
| % | 12% | 11% | -0.6% |
| Operating Profit | 221 | 183 | 21% |
| % | 17.8% | 17.9% | -0.1% |
| Other Income | 38 | 24 | 59% |
| % | 3.1% | 2.4% | 0.7% |
| PBIT | 260 | 207 | 25% |
| % | 20.9% | 20.3% | 0.6% |
| Interest | 1 | 2 | -36% |
| PBT | 258 | 205 | 26% |
| % | 20.8% | 20.1% | 0.7% |
| PAT | 181 | 145 | 24.9% |



The Road Ahead - Key Growth Drivers

- Significant & growing middle class
- Infrastructure investments
- GDP growth
- Growing power needs
- Regulations converging to international standards
- Opportunity to leverage low cost products/services globally

Company Positioned Strongly

- Values based performance ethic
- Market leadership
- Long term customer and supplier partnerships
- Global technology with localization capabilities
- Customer support capabilities
- Sustaining business strategy
- Strong balance sheet
- Experienced management team
- Diverse, talented workforce
- Significant infrastructure

Outlook and Conclusion

- Disappointing demand outlook short term
- Well positioned to weather market fluctuations
- Bright outlook longer term
- We remain steadfast on :
 - Guiding Principles (Vision, Mission, Values, Personality)
 - Objectives, Four-fold strategy
 - Cummins Business Model / Cummins Operating System
 - Inclusiveness based performance ethic
 - Brand Promise of Dependability
- Committed to shareholder value
- Grateful for your unstinting faith

