

Cummins India Limited 48th Annual General Meeting

July 29, 2009



Cummins Inc.



Engine Business

Distribution Business



Power Generation Business



Power Generation



Generator Technologies

Components Business Group



Emission Solutions



Filtration



Turbo Technologies



Fuel Systems

HQ in Columbus,
Indiana since 1919

40,000 employees

R&D: \$329 million

Cummins Business
Services



Operations in 190 Countries

50 manufacturing locations

500 distributor locations
5,200 dealer locations

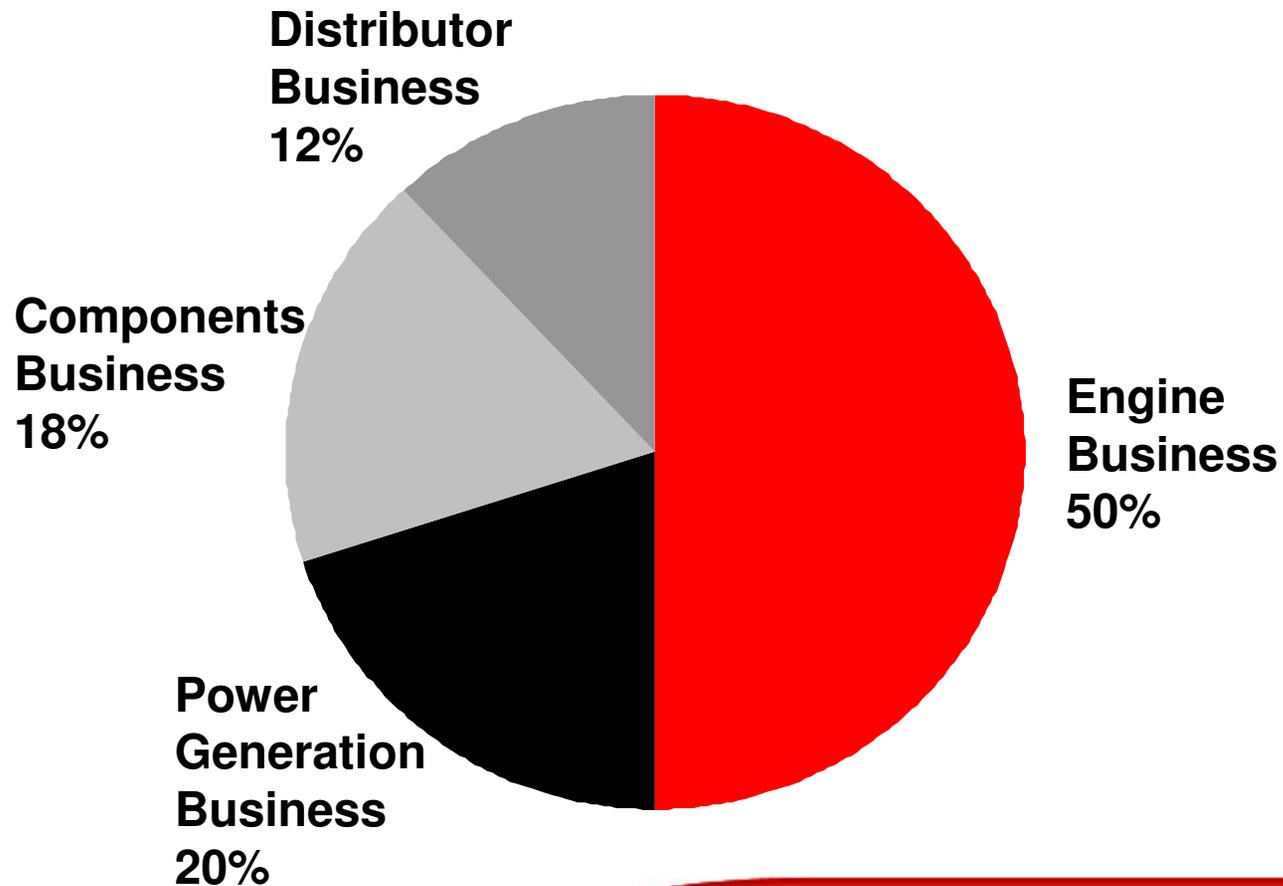
Making people's lives better by unleashing the Power of Cummins





Cummins Inc. - Revenue

2008 Revenue \$14.34 Billion





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)

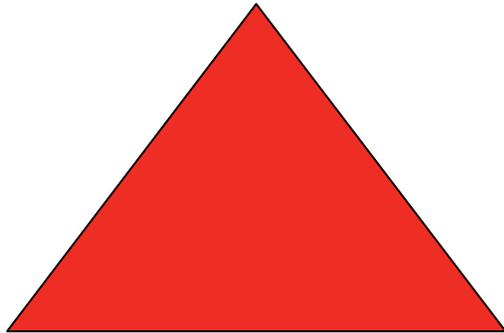




Why We Are Here – Guiding Principles

Vision/Purpose:

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



Personality:

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

Values:

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

Mission

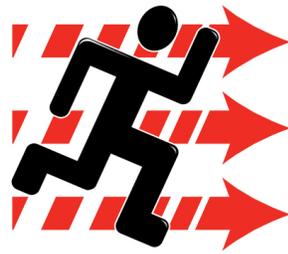
- Motivating people to act like owners working together
- Exceeding customer expectations by always being first to market with the best products
- Partnering with our customers to make sure they succeed
- Demanding that everything we do leads to a cleaner, healthier, safer environment
- Creating wealth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



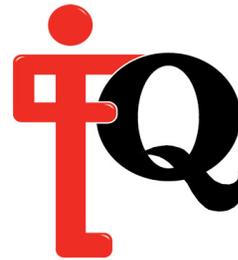
COS 10 Practices



Put the customer first, and provide real value



Synchronize flows (material, physical and information)



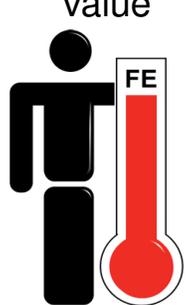
Design quality in every step of the process



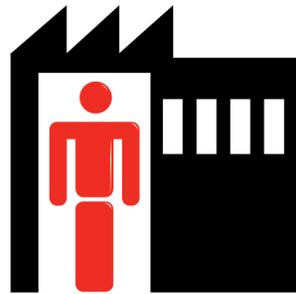
Involve people and promote teamwork



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





Ten India Functional Excellence Areas & Leaders

1. Quality – K N Harish
2. Manufacturing – Nitin Mantri
3. Technical – Craig Barnes
4. Supply Chain - Sandeep Chaudhry
5. Purchasing - B K Bose
6. Finance - Rajiv Batra
7. Information Technology – TBA (Rajiv Batra acting)
8. Human Resources – Nagarajan Balanaga
9. Marketing and Sales - Arun Ramachandran
10. Service & Support – Amit Kumar

Global Product Safety Council – Craig Barnes





Functional Excellence Framework

- Functional Excellence Statements
- Measures & Targets
- Functional Processes
- Tools
- People Development





Role of India FE leaders

- Support performance cells in achieving their goal trees **effectively**
- Drive common, **zero defect** processes across India
- Share **best practices** to improve overall performance
- People development
 - Identify high performer/high potential employees
 - Create bench strength (0 delay in case of attrition)



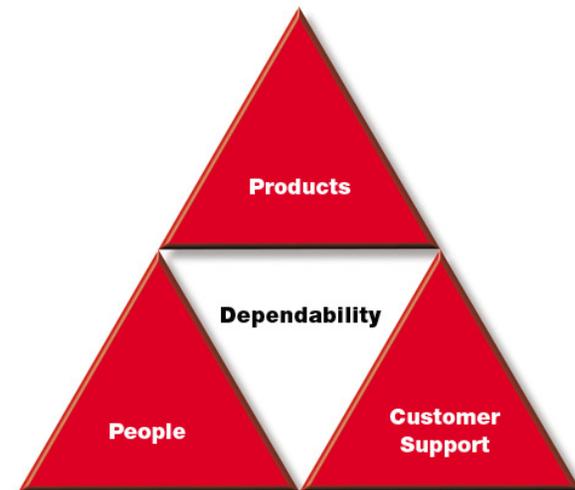


One Focus. One Cummins.

Convey and reinforce the Cummins Brand Promise –
Dependability

- Dependable people
- Dependable products
- Dependable services

We do what we say we will do





Cummins in India

- In India since 1962
- 9 companies (4 JVs)
- Close to 13,000 employees
- \$1.6B unconsolidated sales

Engine Value Packages (60-2700 HP)

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

Power Generation

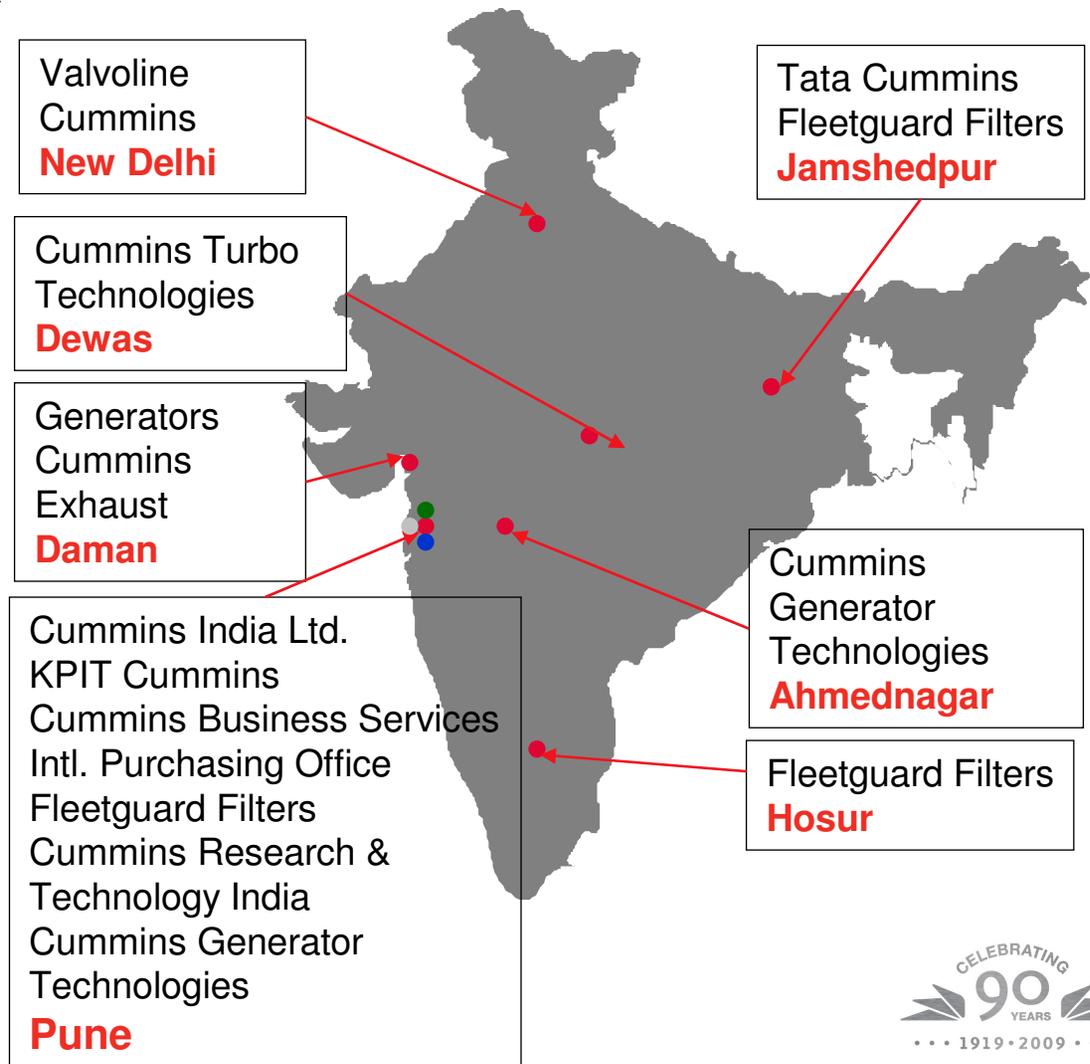
Gensets (15-2000 kVA), Energy Management, Captive Power Plants Alternators

Components & Consumables

Filtration, Exhaust Systems, Turbochargers, Lubricants

Services

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





India Organization Snapshot

Cummins in India

Cummins Entities in India

1. Cummins India Ltd.
2. Cummins Research & Technology India Ltd.
3. Cummins Generator Technologies India Ltd.
4. Cummins Technologies India Ltd.
5. Cummins Exhaust India Ltd.
6. Tata Cummins Ltd.
7. KPIT Cummins Infosystems Ltd.
8. Fleetguard Filters Pvt. Ltd.
9. Valvoline Cummins Ltd.

Business Units:

- Engine Business
 - Automotive
 - Industrial
 - PSMI
- Power Generation Business
- Component Businesses
 - Filtration
 - Exhaust
 - Turbo
 - Lubricants
- Distribution Business (1 PDC/ 5 Zonal Offices / 21 Area Offices / 212 Dealer sites)

Shared Services: CBS/R&D Centre/IPO/Internal Audit

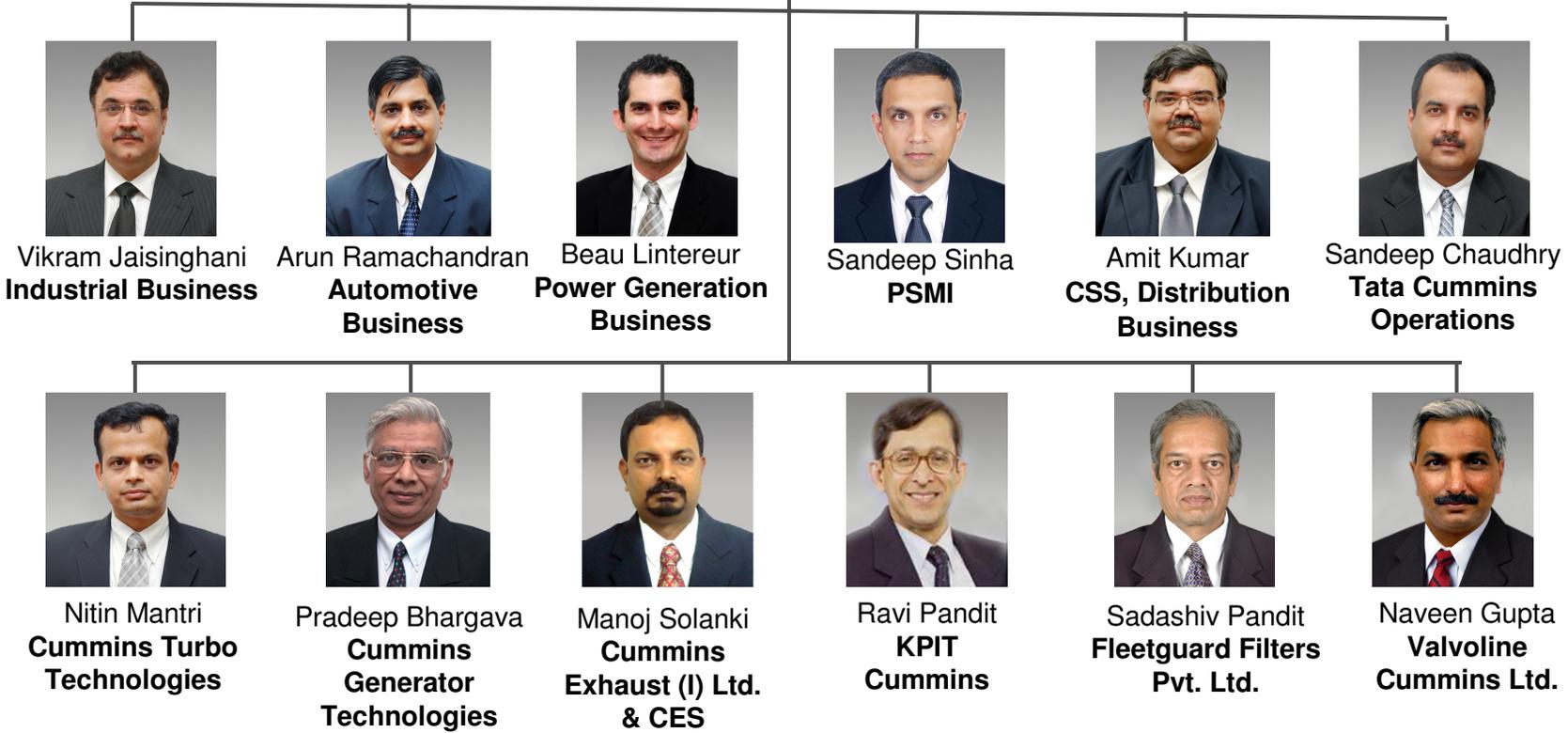




India ABO Leadership Team: Business Leaders



Anant Talaulicar



Vikram Jaisinghani
Industrial Business

Arun Ramachandran
Automotive Business

Beau Linteur
Power Generation Business

Sandeep Sinha
PSMI

Amit Kumar
CSS, Distribution Business

Sandeep Chaudhry
Tata Cummins Operations

Nitin Mantri
Cummins Turbo Technologies

Pradeep Bhargava
Cummins Generator Technologies

Manoj Solanki
Cummins Exhaust (I) Ltd. & CES

Ravi Pandit
KPIT Cummins

Sadashiv Pandit
Fleetguard Filters Pvt. Ltd.

Naveen Gupta
Valvoline Cummins Ltd.



India ABO Leadership Team: Functional Leaders



Anant Talaulicar



Rajiv Batra
Finance, IT,
Strategy



Craig Barnes
CRTI &
Engineering



KN Harish
Quality
Champion



Dinesh Castellino
Legal, Facilities
& HSE



Bijoy Bose
Purchasing



K.C. Ravi
Government
Relations



Senthil Kumaran
CBS



J. Nilakantan
Internal Audit



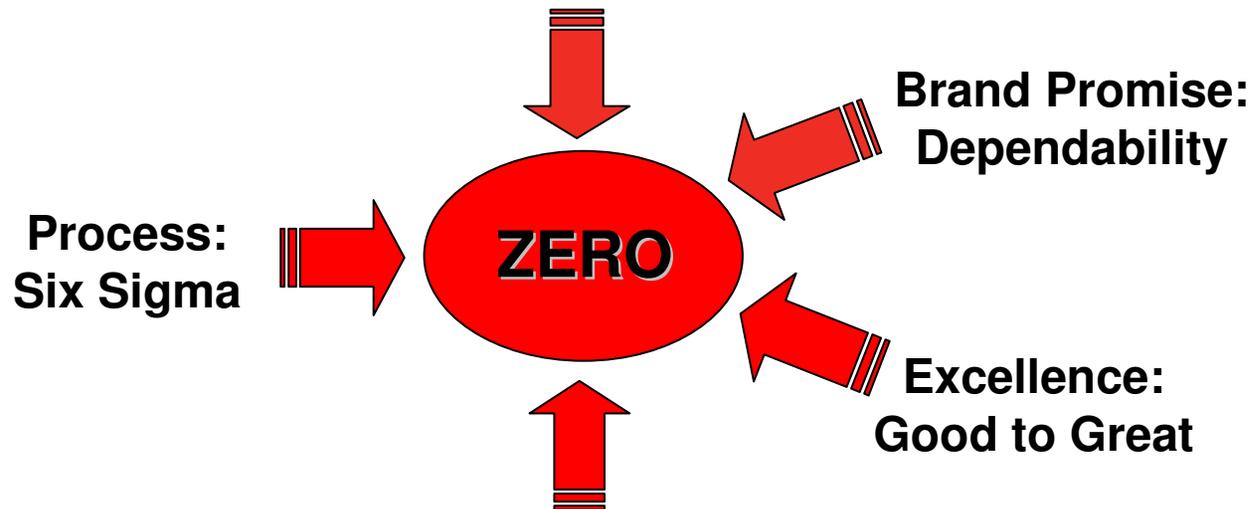
Nagarajan Balanaga
Human Resources





Greatness – Zero Defect Companies

**Cummins Values:
Integrity, Delivering Superior Results**



**Quality Goal:
Continuous improvement towards
defect free processes that satisfy
customer needs and achieve
business results**





Business Strategy

- Domestic Market Share Leadership
 - Automotive, Industrial and Power Generation focus
 - Customer focus (market planning, segmentation, Key Account Management, marketing communications)
 - Customer Support Excellence
 - Cross-business synergies

- Low Cost Producer
 - Six Sigma
 - Lean manufacturing and other productivity improvement initiatives
 - Supplier Partnership based value engineering
 - Product Uprates
 - Leveraging of information systems





Business Strategy

- Exports
 - Components, Engines, Generators, Human Services

- Great Place to Work
 - Leadership excellence
 - Cummins OnTrack PMS/IDP/ODR
 - Diversity
 - Employee satisfaction surveys and improvement actions
 - Employee Communication
 - Compensation, Benefits and Recognition
 - Recruitment & Induction
 - Cummins Operating System
 - Community Involvement





Domestic market share leadership

Customer Support Excellence (CSE)

- Three ways in which we plan to accomplish CSE :
 - Through the Lens of the Customer (TLC)
 - Repair Event Cycle Time Reduction
 - Customer Focused Six Sigma
- Established our Customer Experience Philosophy and a set of Customer Experience Standards (Safety, Accuracy, Responsiveness, Partnership)
- Formulated Customer Experience Improvement Teams at each of our businesses and functions, to help identify customer experiences and take improvement actions





Domestic market share leadership

Cummins supported the Indian Railways' project of developing the railroad network in the J&K valley.

The first specially developed train, J&K DEMU is powered by:

- Cummins 50 litre KTA50 engine for traction purposes
- 14 litre NTA14RG under floor engines for 320 kVA generators for heating coaches during winters

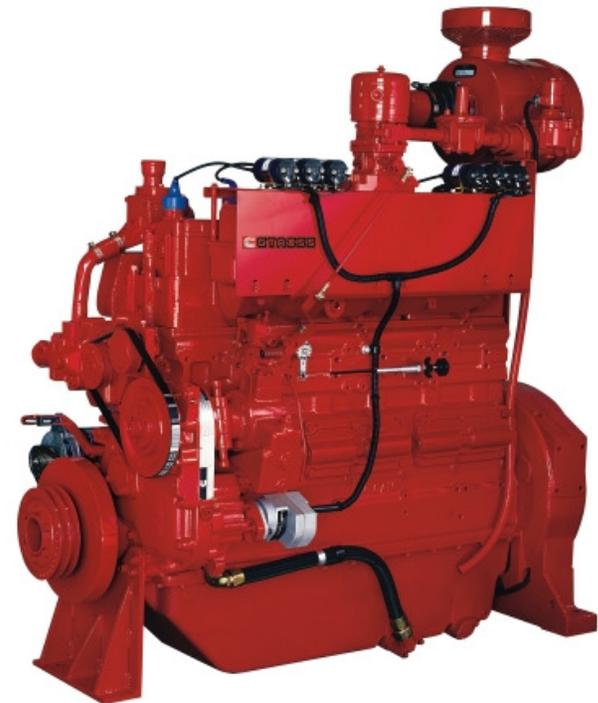




Domestic market share leadership

Our Industrial Engine Business launched three new products for the domestic market:

- GTA855 engine fuelled by natural gas to power 1200 SCMH gas compression packages for India
- 15 litre QSX15 series engines to power 9.5m³ hydraulic excavators, dozers, snow cutters and road miller applications





Domestic market share leadership

- Our Industrial business launched the 260 HP 6C series engine to our existing range of 104 HP, 140 HP & 200 HP engines for powering Deep Sea Fishing Trawler applications.

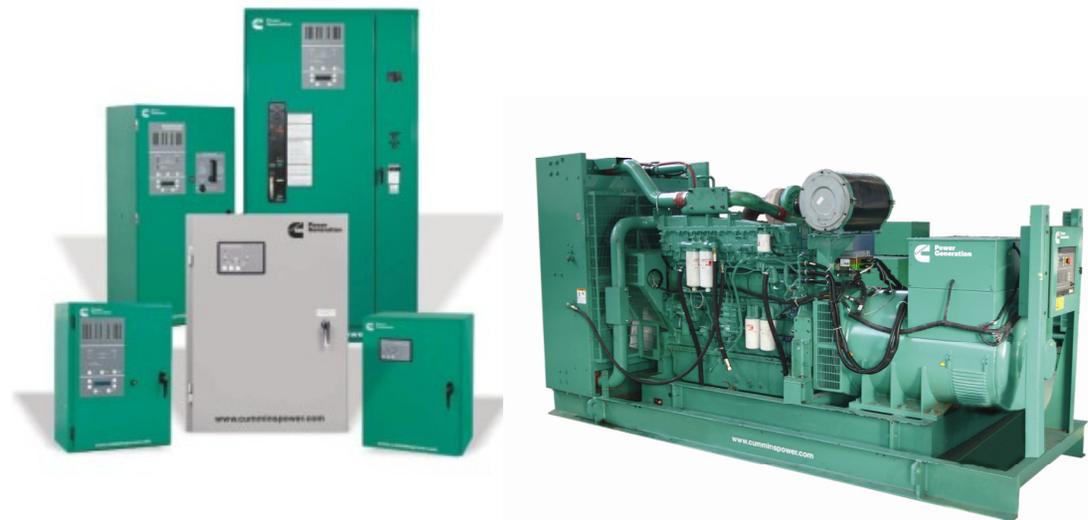




Domestic market share leadership

Our Power Generation Business launched two new products for the domestic market:

- Automatic Transfer Switches (ATS)
- 750 kVA electronically controlled QSK23 high horsepower generator set





Domestic market share leadership

- Our Automotive Business will power the buses of all OEMs that are fulfilling the orders as per the Delhi Transport Corporation (DTC) tender for 2,500 low floor buses. These busses will be powered by the 230 horsepower B Gas Plus engines, powered by compressed natural gas (CNG), manufactured by CIL.



Domestic market share leadership

- Cummins was adjudged a 'Business Superbrand' second time in a row.
- Cummins received the 'Innovative Product/Service' Award at CII's National Award for Excellence in Energy Management 2008 for its 'Power Quality & Adequacy Analysis'





Domestic market share leadership

Contributions of our Industrial Business were recognized by two of our leading OEMs.

- Telco Construction Equipment Company Limited, a market leader in construction equipment in India conferred upon us a Certificate of honour for making significant contributions to “Delivery Efficiency of Proprietary Components”.
- ELGI EQUIPMENTS LIMITED, India’s leading supplier of Air Compressors recognized our contributions to their business by awarding us the “Best Supplier Winner of the year 2007 - 08”.





Exports

- Revenue grew 80%
- Developed and launched the Tier II emission compliant 50 litre HHP engine
- New line of generator sets based on the X3.3 engines of 30 to 38 kVA at 50Hz and 30 to 35kW at 60Hz, witnessed great demand in the exports market
- Power Generation business launched the 14 litre NT CoolPac



Low Cost Producer

Six Sigma at Cummins India Limited

- 400 Green Belts, 20 Black Belts and 5 MBBs since inception
- 248 Six Sigma projects completed during the year
- Annualized savings of INR 76 crores



Six Sigma 2008 India ABO Black Belt Symposium

Low Cost Producer

ACE II Launched

- ACE brought Rs. 253 crores gross accrued savings to CIL
- Since the launch of ACE II, we have achieved approximately 90% of our target reduction for the year, resulting in accrued savings of Rs. 15 crores



Launch of ACE II



Great Place to Work

Safety – Journey towards becoming ‘Zero Defect’

- Certified four lead auditors in OHSAS-18001 and twelve lead auditors in ISO-14001
- Rolled out policies - Contractor Safety, Forklift Safety, Road and Driving Safety, and Near Hits & First Aid Reporting
- Created greater awareness about safety practices and brought in greater transparency with regard to reporting incidents, near hits or first aid cases in our manufacturing facilities
- Working towards achieving "zero discharge" at all our facilities by implementing systems for recycling treated effluent
- Implemented measures for oil and coolant reduction and Green House Gas emission reduction (again using Six Sigma), across all our facilities





Great Place to Work

Employee Development

- Partnered with management institutes like SP Jain and the Kelley School of Business at the Indiana University - 13 employees were provided with the opportunity to further their educational qualifications.
- Launched a new global internet based Performance Management System Tool, OnTrack, for appraisals and individual development reviews
- Introduced a new online Competency Management Tool, SkillTrack, to identify skill gaps and the way forward for employee development





Great Place to Work

Diversity

Expanded our representation of women from 4% in 2005 to 15% in 2008



Expanding our representation of women



Great Place to Work

Corporate Responsibility

■ Higher Education

Cummins Scholarship Program

- Awarded scholarships to 30 deserving candidates in 2008
- Our employees individually sponsored another 12 students
- Mentorship of students by Cummins employees



Scholars of the Cummins Scholarship Program

Great Place to Work

Corporate Responsibility

■ Infrastructure development

- Donated a community hall to the village of Kasaramboli near Pirangut
- Helped resolve a water crisis problem at Bhatkya Vimukt Jati Shikshan Sanstha, a school for abandoned street / tribal children in Wagholi by working on watershed management alternatives



Inauguration of the community hall at Kasaramboli



Great Place to Work

Corporate Responsibility

■ Energy and environment

- Undertook to support the Village Energy Security Program of the government aimed at electrifying villages by 2012

■ Others

- Every Employee Every Community (EEEC) program - 346 employees dedicated 5,769 hours towards various meaningful community improvement opportunities identified by the Company
- Donated Rs. 539,900 to the World Vision Fund towards the China earthquake, Rs. 208,050 to Red Cross and Bartholomew County in Indiana and a sum of Rs. 2,821,870 to the Tata Relief Committee towards the flood affected victims in Bihar





Cummins India Limited

- 47 years of successful operation
- Over 2,500 employees
- FY 2009 net sales – INR 28,611 million (excluding CSS & CASL)





Downturn Management Actions Taken To Emerge Stronger

Rings of defense

- Increased Six Sigma focus on productivity & cost
- Accelerated Cost Efficiency II – 20% TCO reduction in direct materials over three years
- 30% reduction in indirect material spend over three years
- Discretionary spending cuts
- Working capital reduction
- Salary freeze
- Workforce reduction – contract, regular



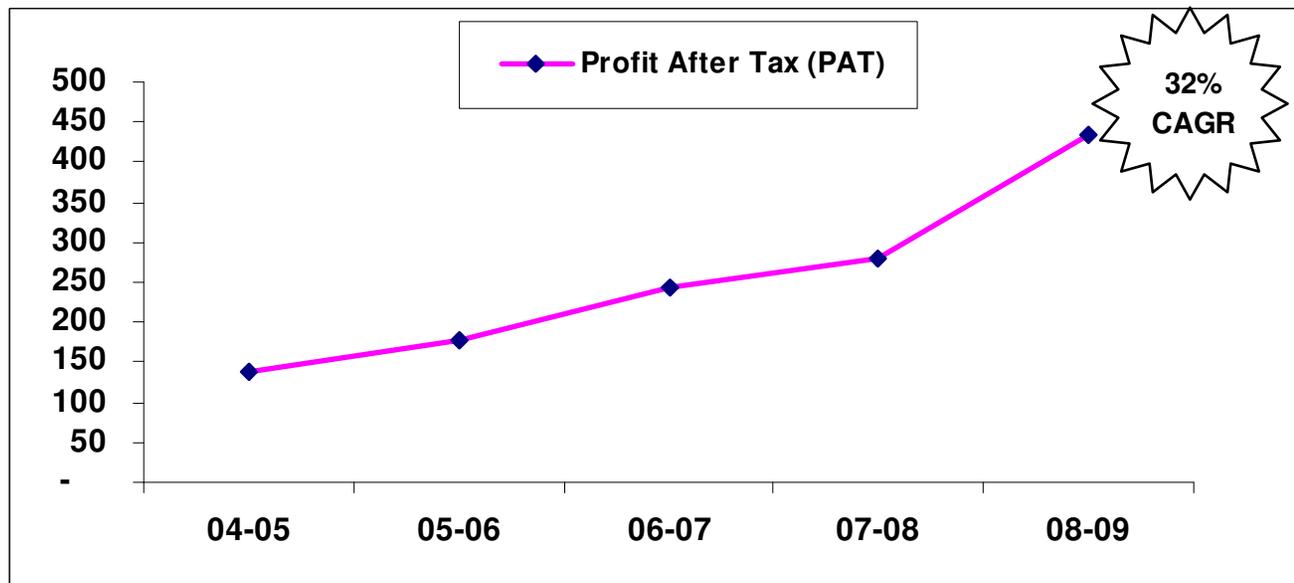
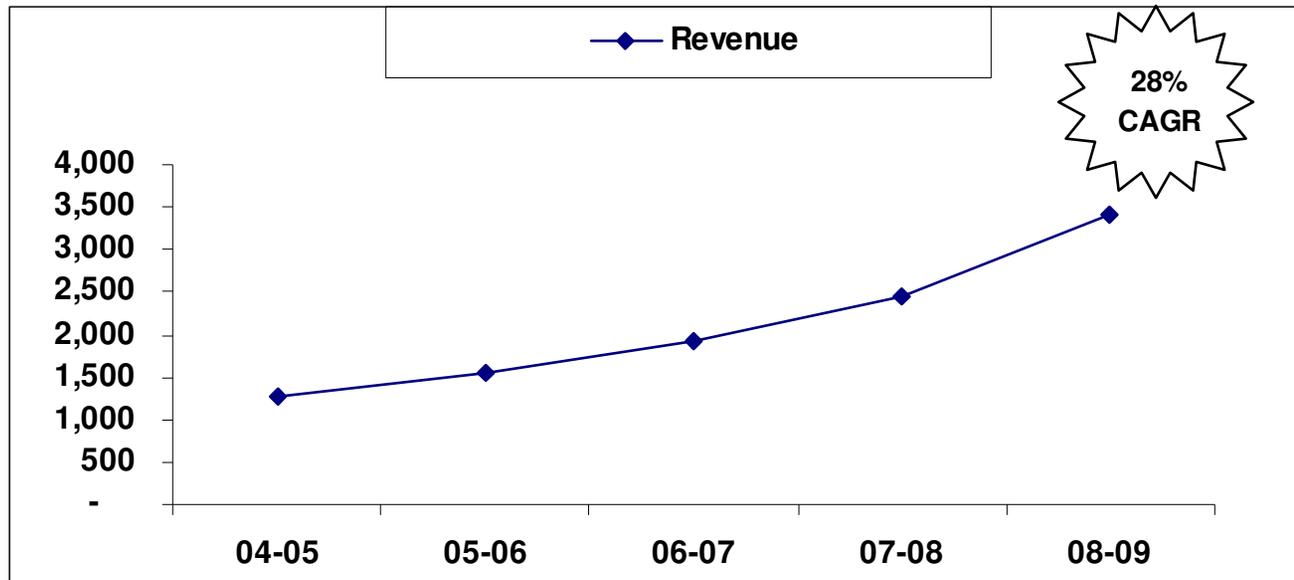
Cummins India Limited



Financial Performance 2008-09

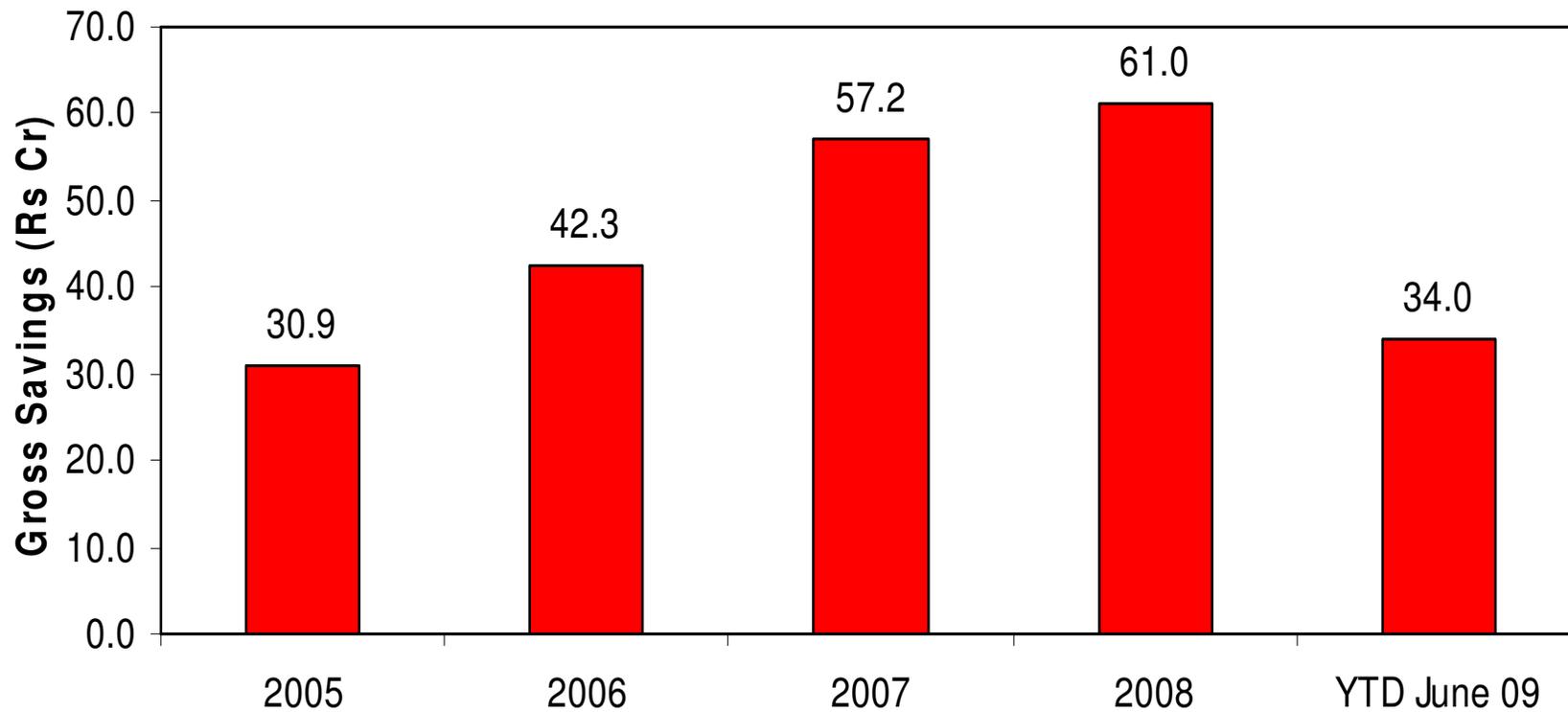
<i>Rs. In Crs</i>						
	CIL Legal Entity			Consolidated		
	08-09	07-08	<i>B/ (W)</i>	08-09	07-08	<i>B/ (W)</i>
Income						
Sales	3,274	2,331	40%	3,529	2,656	33%
Other Income	151	123	23%	122	106	16%
Share in Associated PAT	-	-		18	26	-32% #
Total	3,425	2,453	40%	3,668	2,787	32%
PBT (after Exceptional Items)	599	396	51%	637	465	37%
PBT %	17%	16%	8%	17%	17%	4%
PAT	434	281	54%	463	325	42%

Consistently Profitable Growth



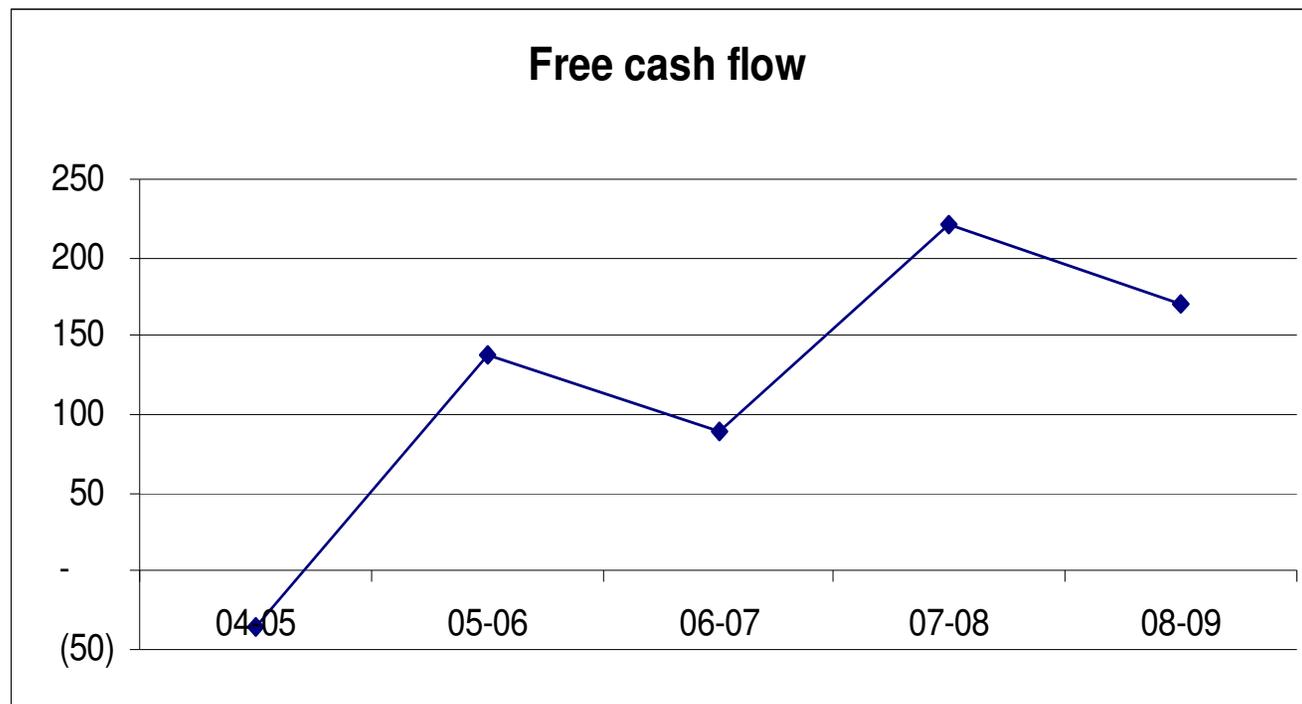


Gross Material Cost Reduction





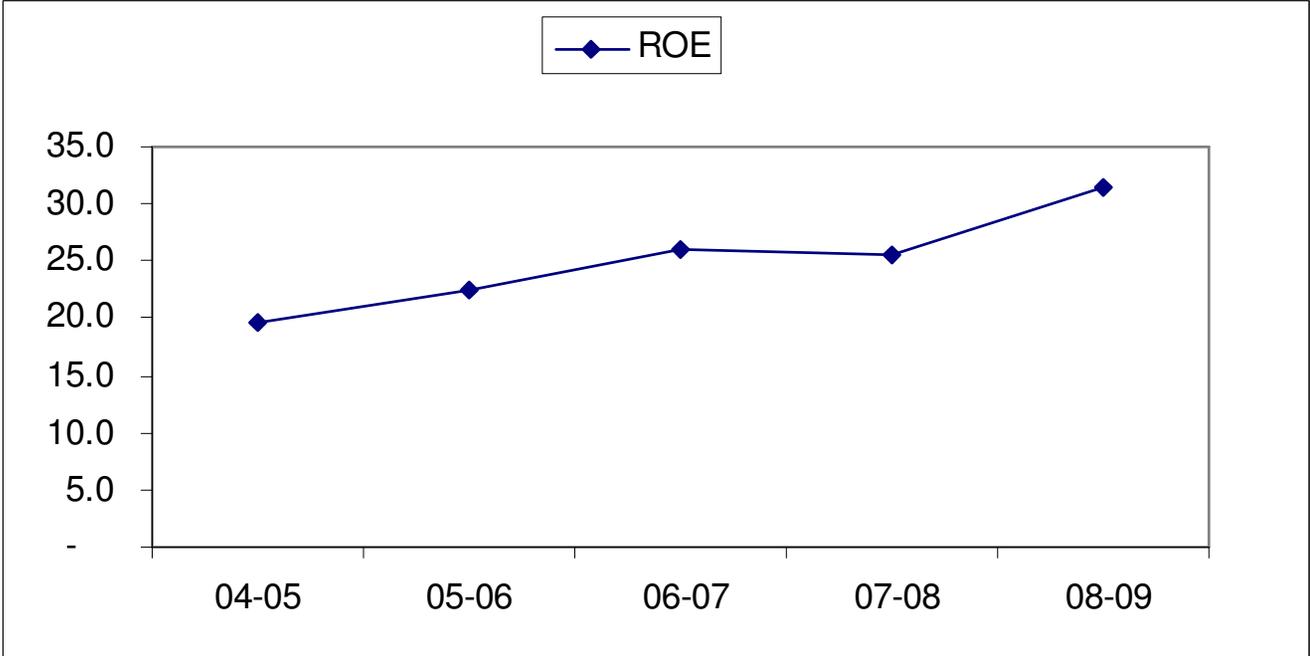
Strong Cash Flow Generation



	Rs.in Cr				
	04-05	05-06	06-07	07-08	08-09
Free cash flow	(35)	138	90	221	170



Strong ROE Performance

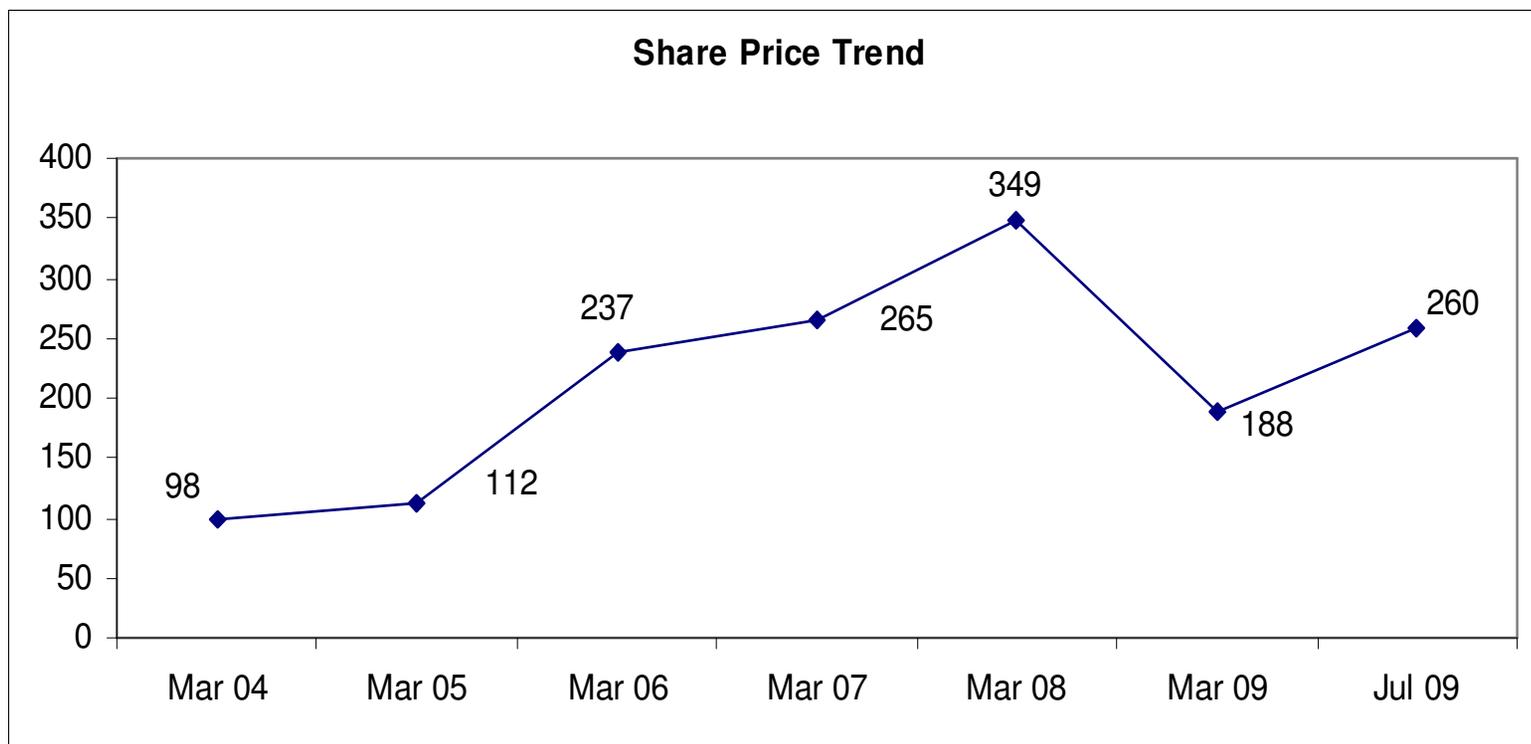


Year	04-05	05-06	06-07	07-08	08-09
Return on Equity	19.6%	22.4%	26.0%	25.5%	31.3%





Share Price Appreciation



Total returns @ 19% compounded annually mar '04-mar '09





Financial Performance Q1 09-10

Financial Performance - April to June 2009			
Rs. In Crs.	Apr09-Jun 09	Apr08-Jun 08	
	Including CSS	Excluding CSS	<i>B/ (W)</i>
Net Sales	626	707	-11.5%
PBT	125	121	3.0%
PBT %	19.9%	17.1%	
PAT	90	88	101.6%

Notes : In view of the CSS/CASL merger, above results for Q1 09-10 include CSS/CASL results but do not for Q1 07-08 Hence revenue is not comparable although PBT is





Financial Performance Q1 09-10

Financial Performance - April to June 2009			
Rs. In Crs.	Apr09-Jun 09	Apr08-Jun 08	
	Excluding CSS	Excluding CSS	B/ (W)
Net Sales	507	707	-28.3%
PBT	94	121	-22.2%
PBT %	18.6%	17.1%	

**Note : Above results exclude CSS/CASL
Hence revenue is comparable, but PBT is not**





Financial Performance Q1 09-10

Financial Performance - Apr -Jun 2009 Vs Jan - Mar 09			
Rs. In Crs.	Apr09-Jun 09	Jan 09 Mar 09	
	Excluding CSS	Excluding CSS	<i>B/ (W)</i>
Net Sales	507	615	-17.6%
PBT	94	90	4.0%
PBT %	18.6%	14.7%	

- INR 212 cr. or approx. 75% decline in exports quarter to quarter
- INR 104 cr. or 32% growth in domestic business quarter to quarter
- INR 255 cr. free cash flow generated in the quarter





CIL Positioned Strongly

- Values based performance ethic
- Strong balance sheet
- Zero debt
- Respectable cash reserves
- Strong customer and supplier partnerships
- Access to global 'cutting edge' technology with significant localization capabilities
- Customer support capabilities
- Sustaining business strategy
- Experienced management team
- Diverse, talented workforce





Outlook & Conclusion

- Positive domestically and tough for exports
- Well positioned to weather any storm and will emerge stronger

- We remain steadfast:
 - Guiding Principles (Vision, Mission, Values, Personality)
 - Objectives, Four-fold strategy
 - Cummins Business Model / Cummins Operating System
 - Inclusiveness based performance ethic

- Grateful for your unstinting faith

