



Cummins India Limited 50th Annual General Meeting

August 4, 2011



Cummins Inc.

Engine Business



Distribution Business



Power Generation Business



Power Generation



Generator Technologies

Components 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 Business Model

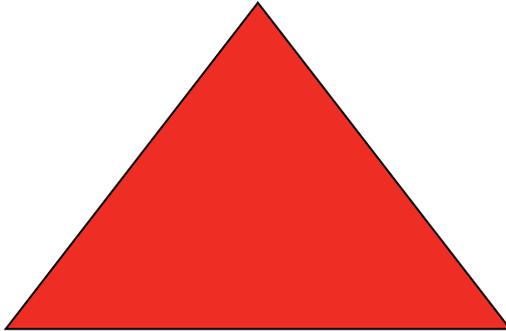
- Guiding Principles - Vision, Mission, Core Values
- Corporate & BU Objectives, Strategies, Initiatives, Projects -- (Goal Trees)
- Cummins Operating System (COS):
 - Ten Common Practices
 - Functional Excellence Framework (FE Statements, Measures, Processes, Tools, People Development)
 - Common Business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

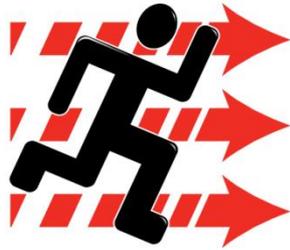
- Motivating people to act like owners working together
- Exceeding customer expectations by always being first to market with the best products
- Partnering with our customers to make sure they succeed
- Demanding that everything we do leads to a cleaner, healthier, safer environment
- Creating wealth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



COS 10 Practices



Put the customer first, and provide real value



Synchronize flows (material, physical and information)



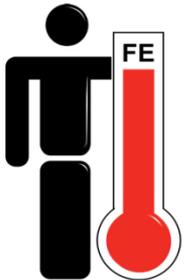
Design quality in every step of the process



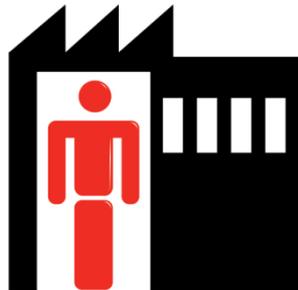
Involve people and promote teamwork



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

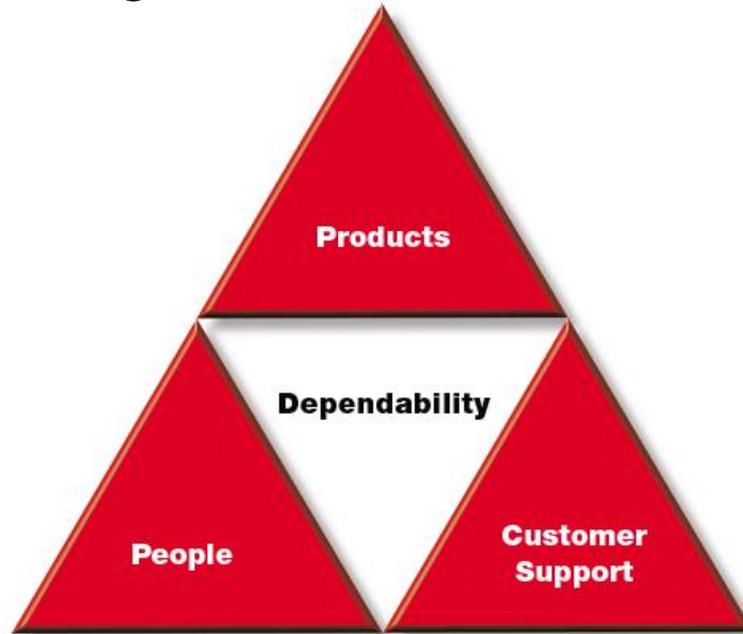


Use Six Sigma as the primary process improvement method

Cummins – Brand Promise

Convey and reinforce the Cummins Brand Promise of **Dependability** through

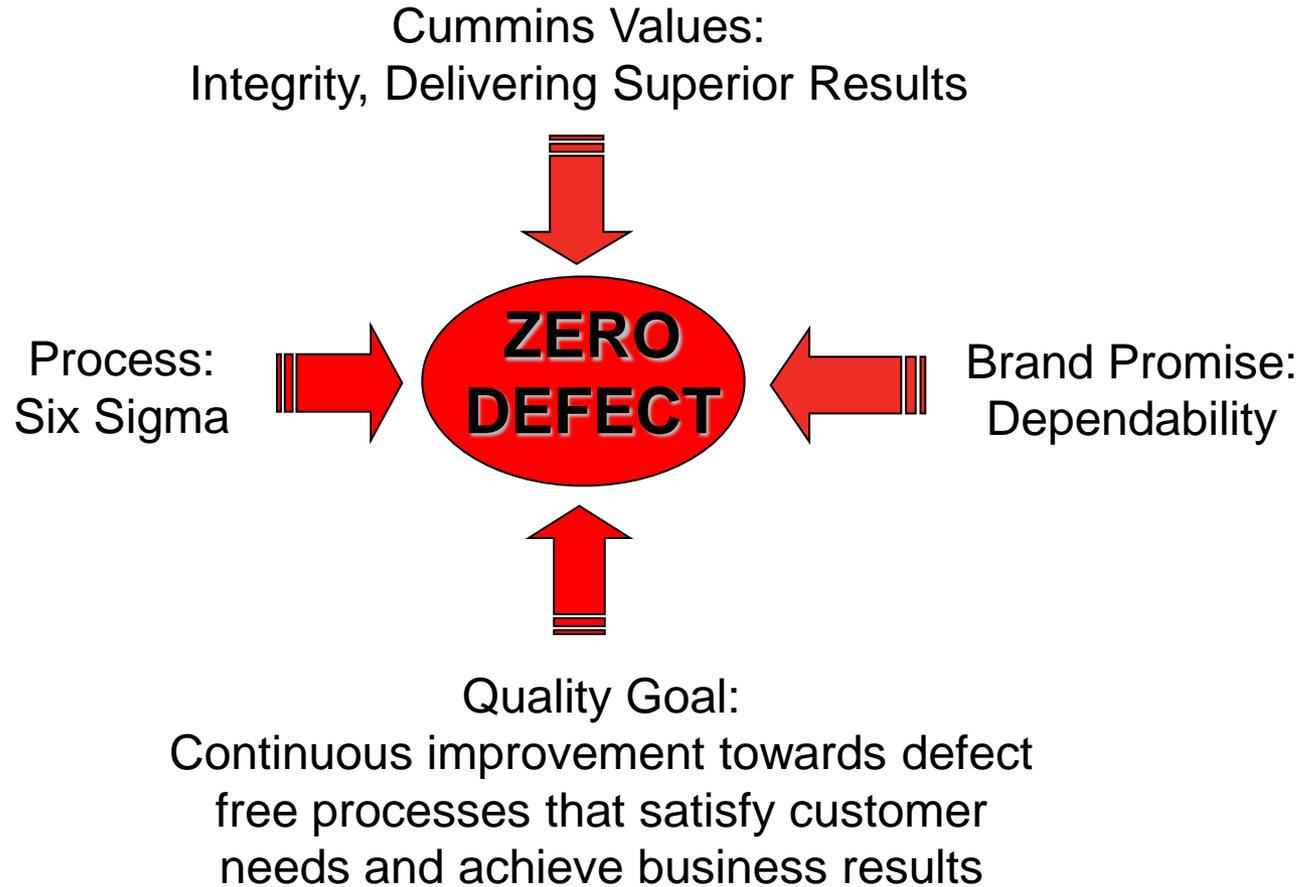
- People
- Products
- Services



We do what we say we will do



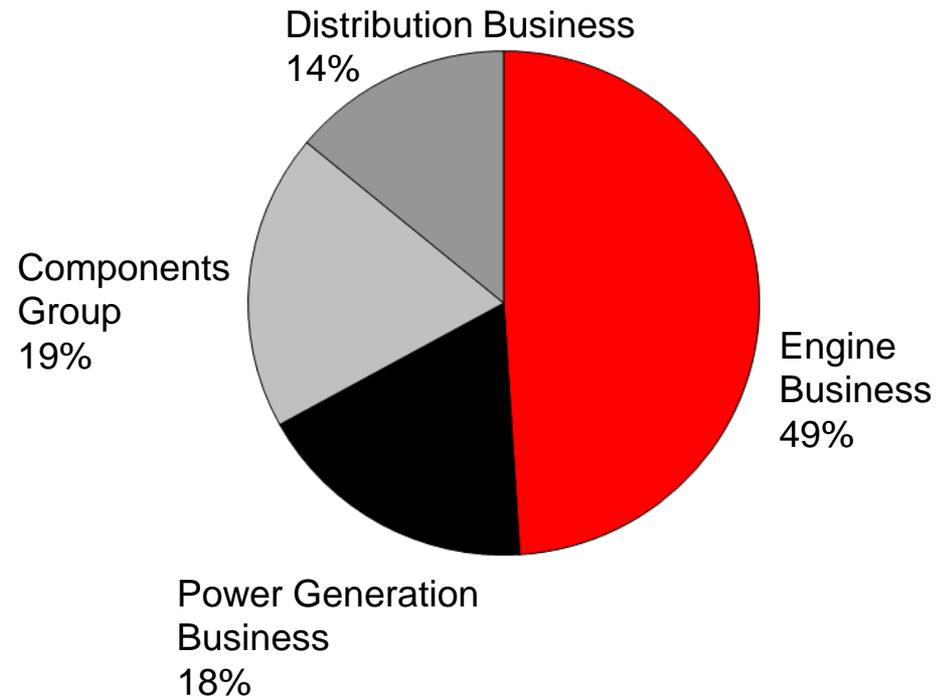
Greatness – Zero Defect Companies



Cummins Inc.

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

2010 Revenue by Segment



A Decade of Transformation

	<u>2000</u>	<u>2010</u>
Sales	\$6.6B	\$13.2B
EBIT	\$249M	\$1.7B
EBIT %	3.8%	12.5%
ROANA	11%	29%
ROE	1.1%	21%
EPS	\$0.74	\$5.28
Cash on Hand	\$64M	\$1.4B



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. KPIT Cummins Infosystems Ltd.
7. Fleetguard Filters Pvt. Ltd.
8. Valvoline Cummins Ltd.

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)
 - Lubricants

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

Strategic Leadership Team



Anant Talaulicar

President – Components Group and
Managing Director – India ABO



Raj Menon
Chief Operating
Officer



Rajiv Batra
Finance &
Strategy



Sudha Dhar
Chief
Information
Officer



**Nagarajan
Balanaga**
Human
Resources



**Dinesh
Castellino**
Legal,
Facilities & HSE



Government
Relations



**Qureish
Shipchandler**
Internal
Audit



Operating Leadership Team



Raj Menon

Chief Operating Officer – India ABO



Mahesh Narang

Industrial Engine Business



Bhavana Bindra

Automotive Business



Beau Lintereur

Power Generation Business



Amit Kumar

Distribution Business



Sandeep Sinha

New & ReCon Parts India



Sandeep Chaudhry

Tata Cummins Operations



Aditi Sharma

Quality Champion



Pradeep Bhargava

Cummins Generator Technologies



Arun Ramachandran

Cummins Turbo Technologies



Paul Sowerby

CRTI & Eng



Bijoy Bose

IPO



Anjali Pandey

CES



J. Nilakantan

CBS



Naveen Gupta

Valvoline Cummins Ltd.



Senthil Kumaran

Cummins Fuel Systems



Sadashiv Pandit

Fleetguard Filters



Ravi Pandit

KPIT Cummins



Ten India Functional Excellence Areas and Leaders

1. Quality – Aditi Sharma
2. Manufacturing – Mahesh Narang
3. Technical – Paul Sowerby
4. Supply Chain - Sandeep Chaudhry
5. Purchasing - B K Bose
6. Finance - Rajiv Batra
7. Information Technology – Sudha Dhar
8. Human Resources – Nagarajan Balanaga
9. Marketing and Sales - Arun Ramachandran
10. Service & Support – Amit Kumar

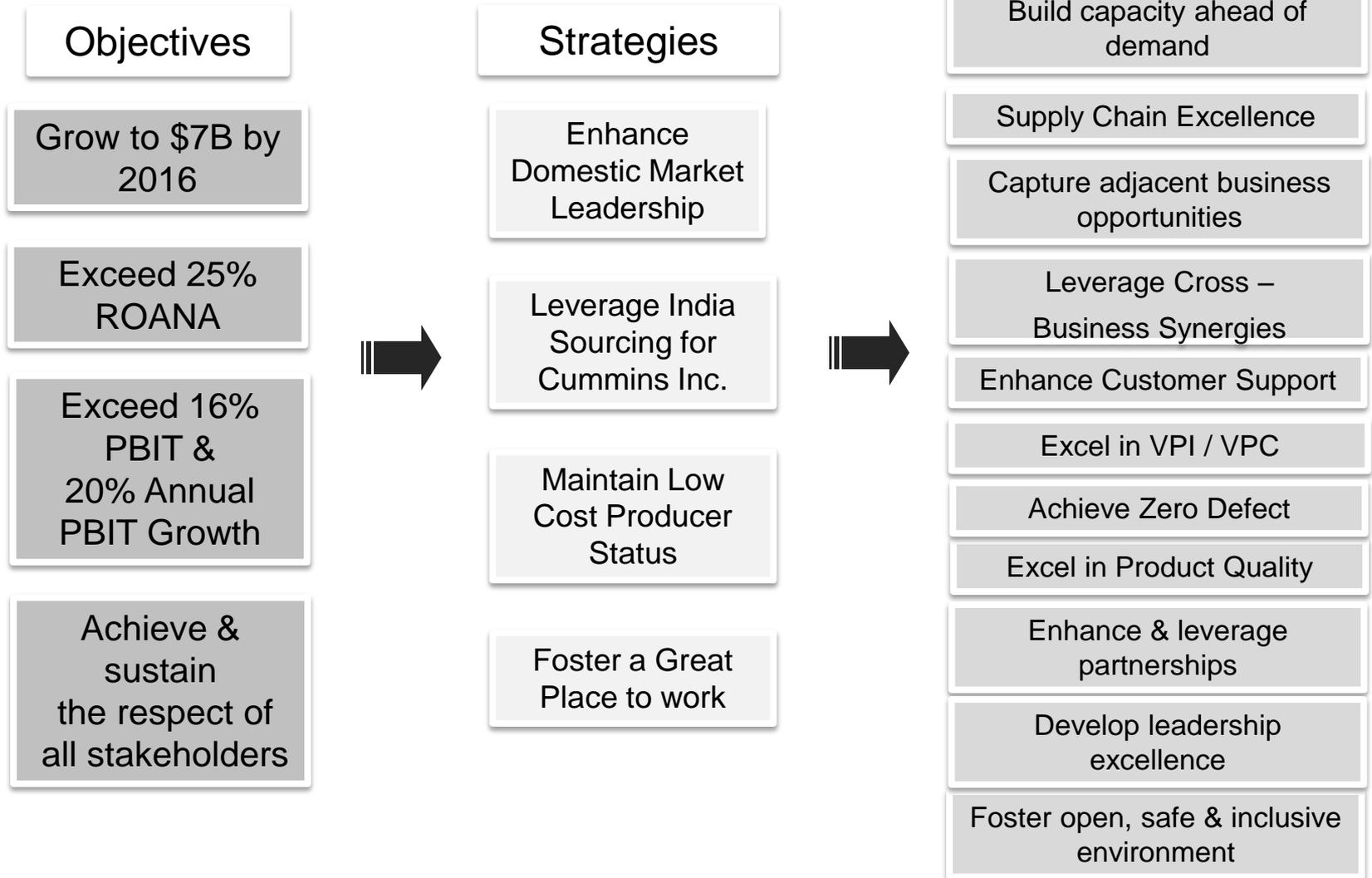
Global Product Safety Council – Paul Sowerby



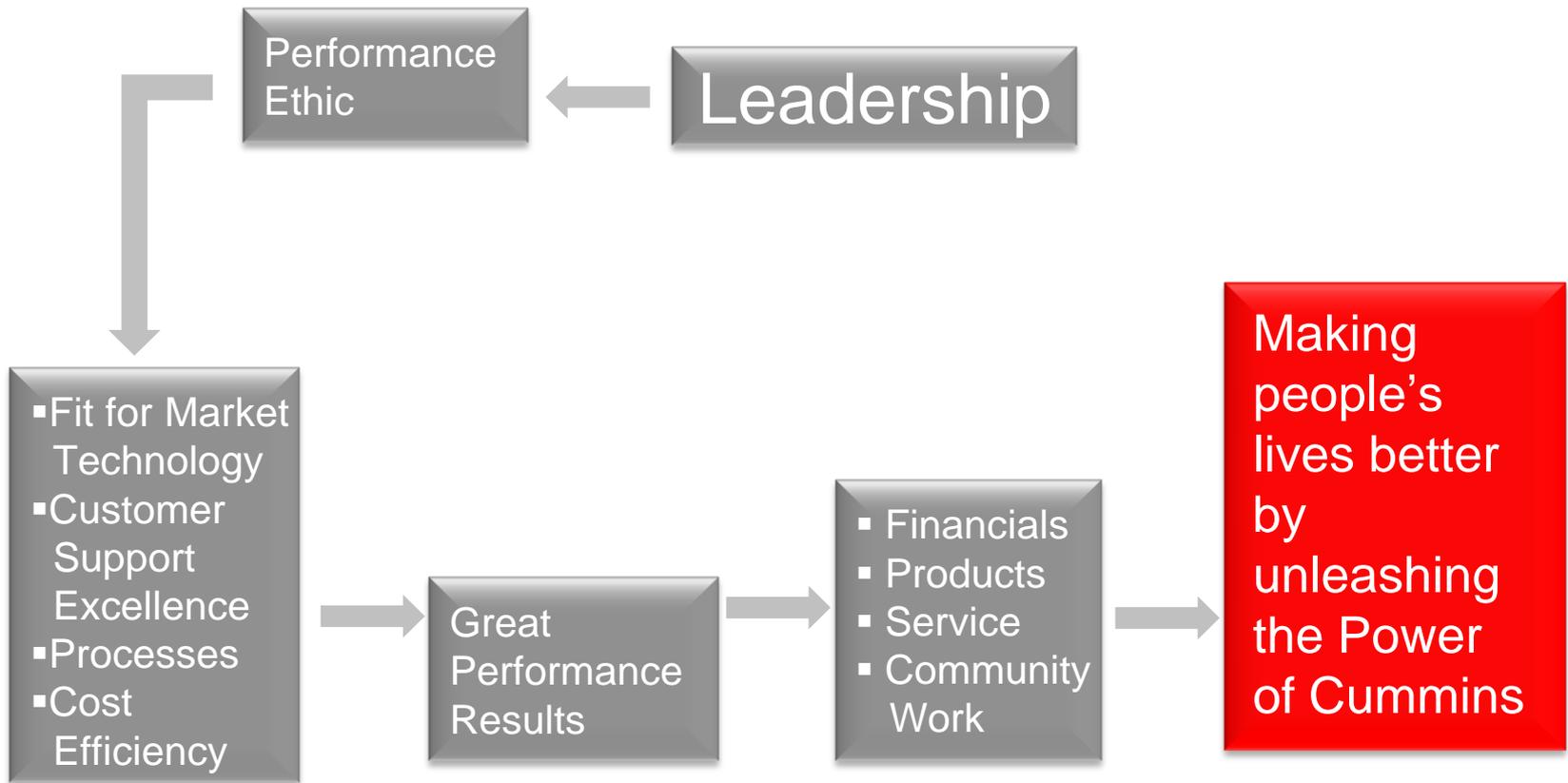
The Road Ahead - Key Growth Drivers

- GDP growth
- Significant infrastructure development
- Power deficits
- Significant & growing middle class
- Regulations converging to international standards
- Opportunity to leverage low cost products/services globally

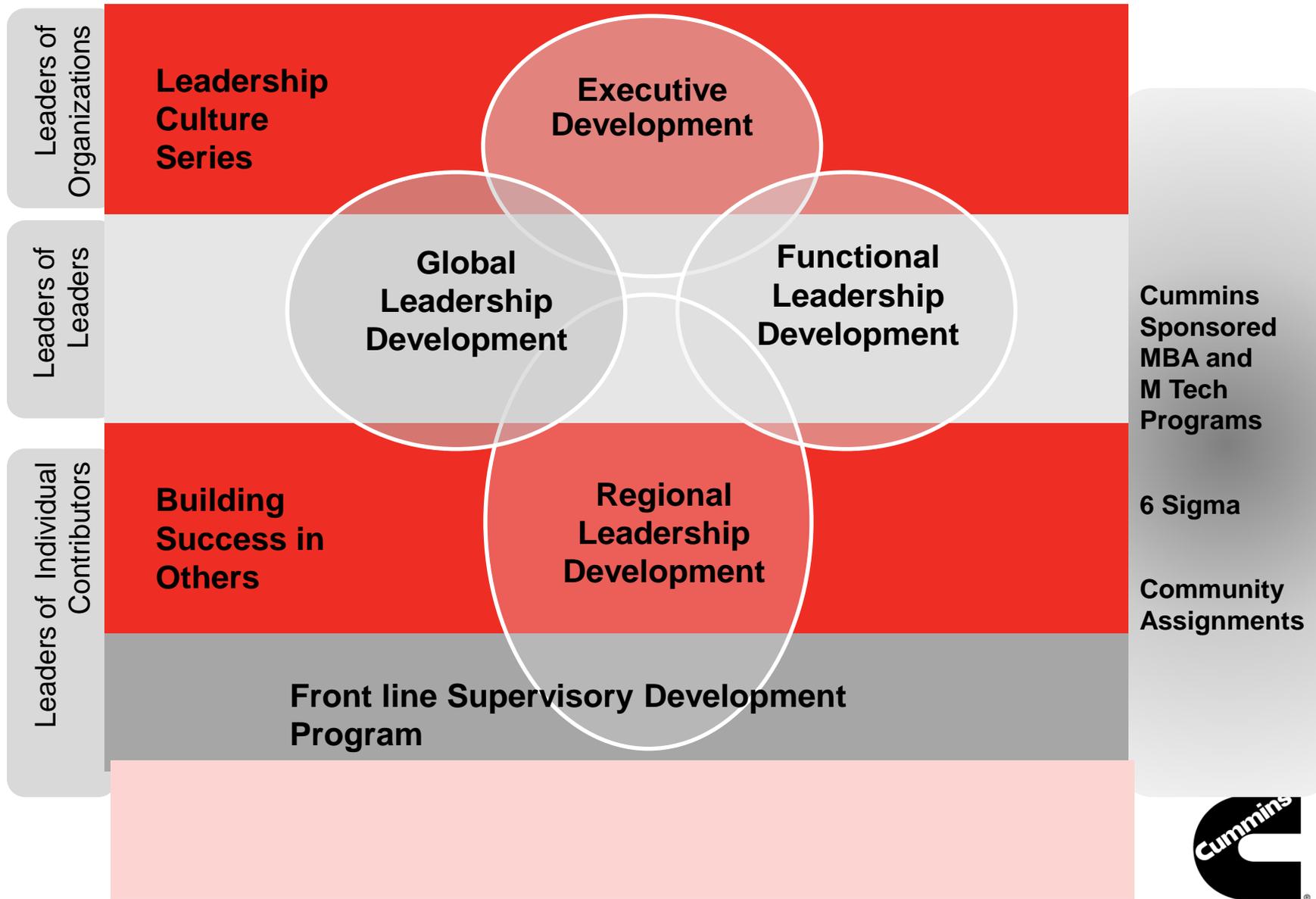
Cummins India Group Goal Tree



Leadership Excellence



Organization Development



Cummins India Limited

- 49 years of successful operation
- Over 3,000 employees
- FY 2010 -11 net sales – INR 3,945 crores
- FY 2010-11 PBT – Rs. 802 crores (20% PBT)



A Decade of Transformation

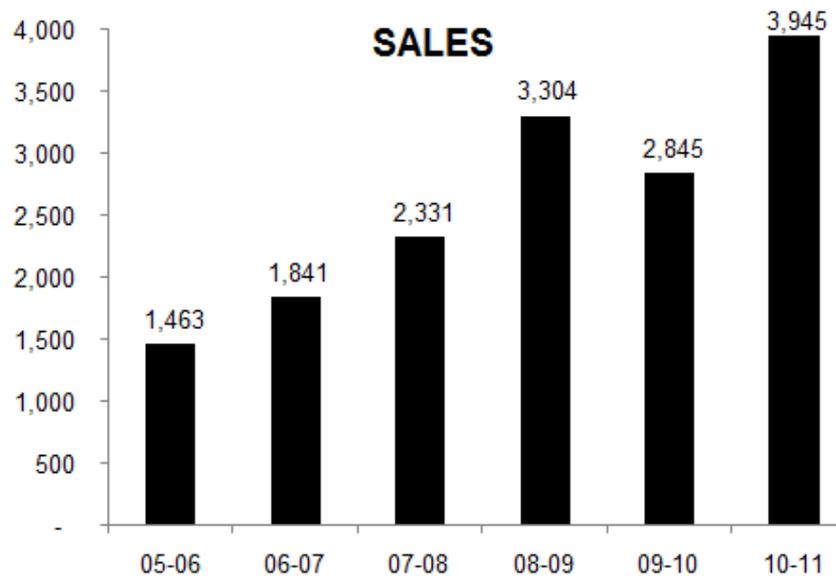
	<u>2000-01</u>	<u>2010-11</u>
Sales (Rs. Cr)	860	3,945
EBIT (Rs. Cr)	146	804
EBIT %	17.0%	20.4%
ROANA	26.3%	45.4%
ROE	20.3%	33.3%
Cash on Hand (Rs. Cr)	142.8	829.2

Cash on Hand including Cash and Bank
Balances & Investments

Consistently Profitable Growth

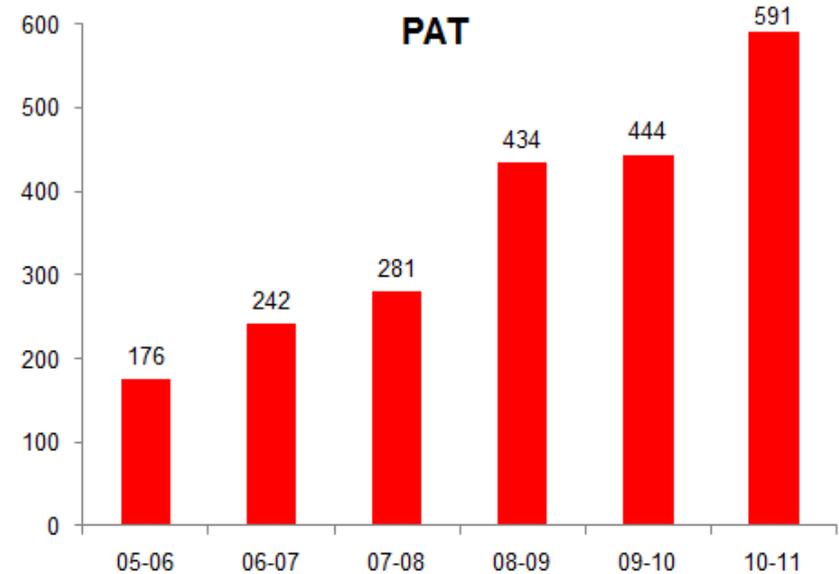
22% CAGR

Rs Crores

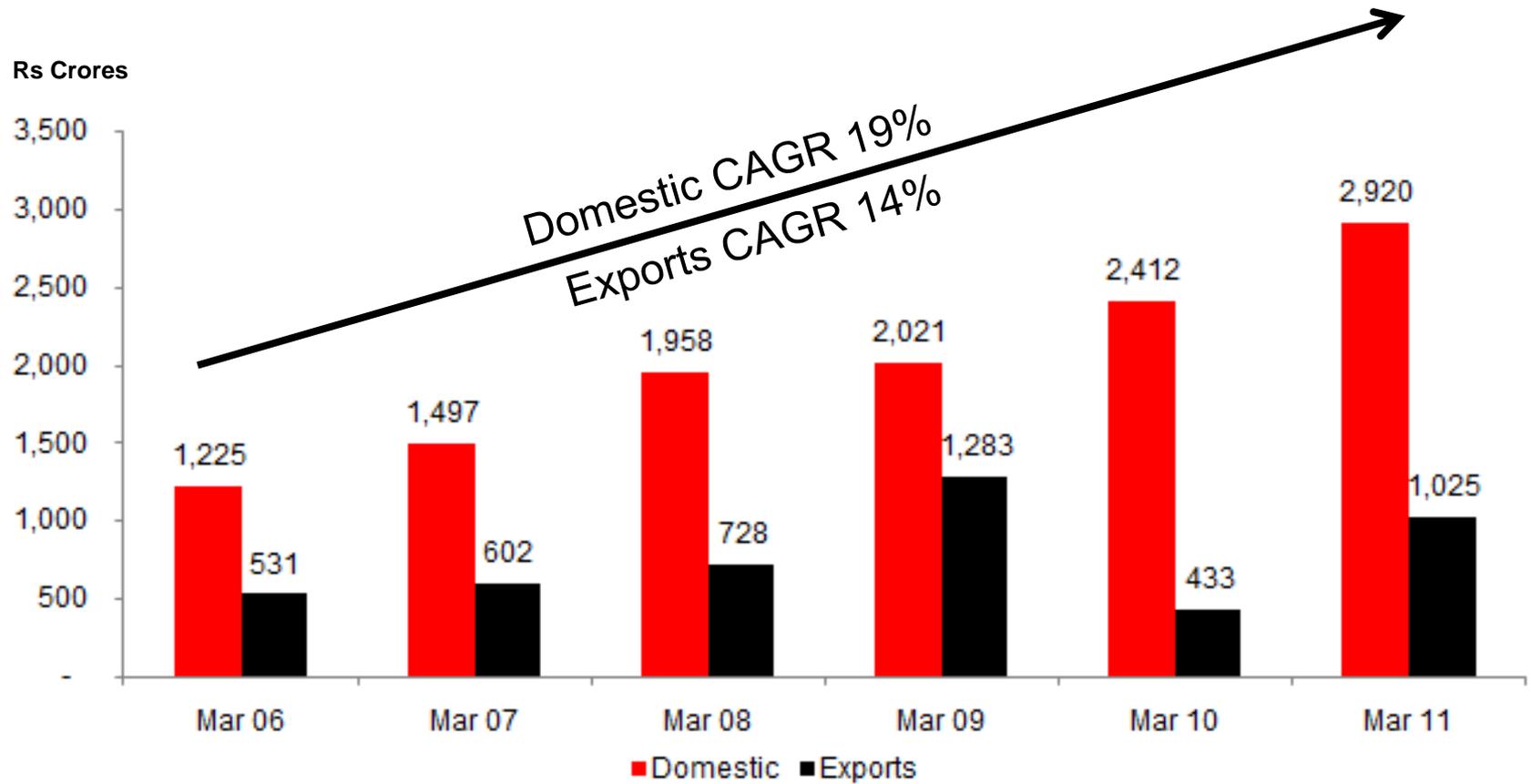


27% CAGR

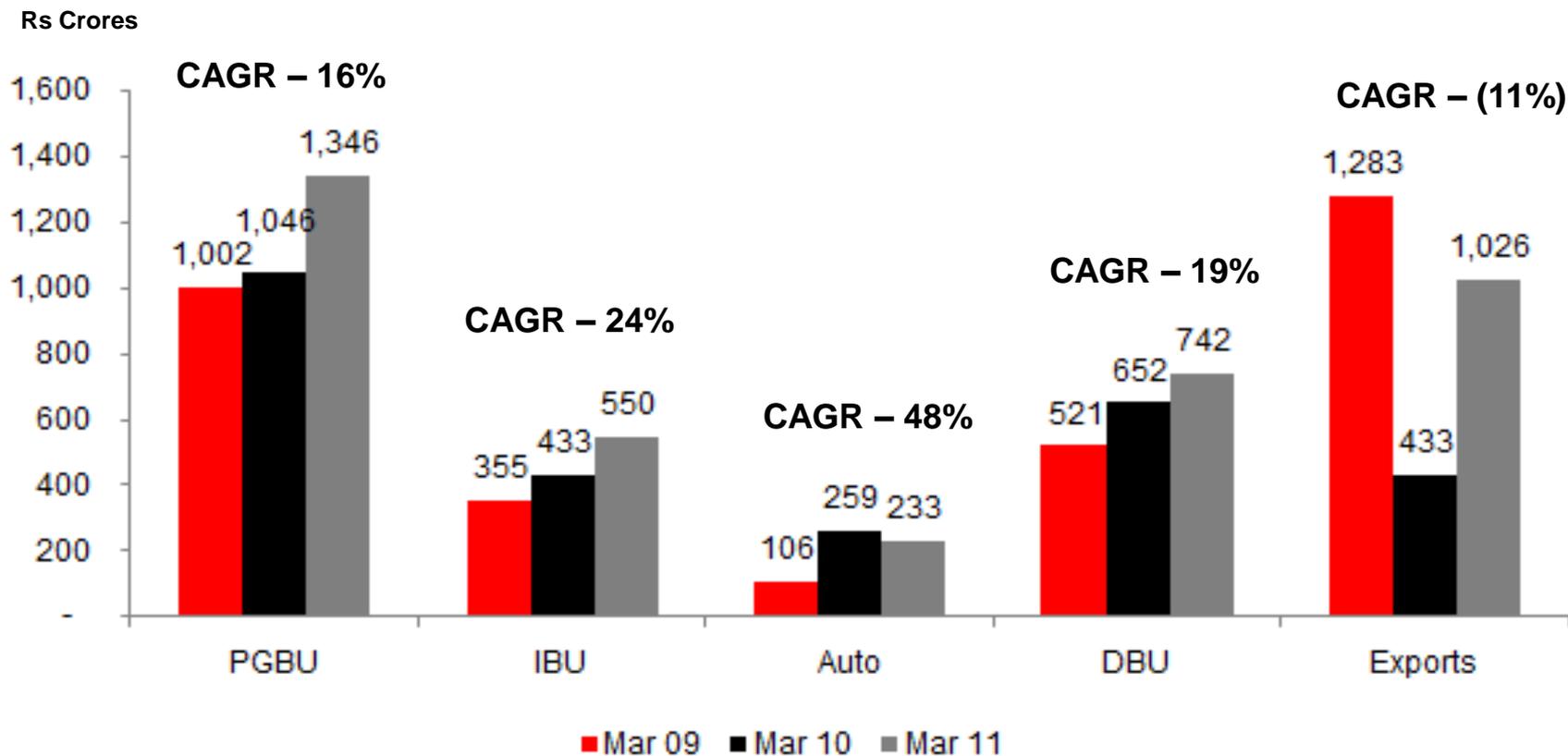
Rs Crores



Sales: Domestic & Exports



Sales : By Business Units



* CAGR for 3 Years



Low Cost Producer

- Six Sigma

- Now in its 11th year
- 335 projects closed
- Rs. 61.89 crores in savings
- Seven projects received the Cummins Inc. Chairman's Quality Award
- Leadership Development Tool

- TRIMS

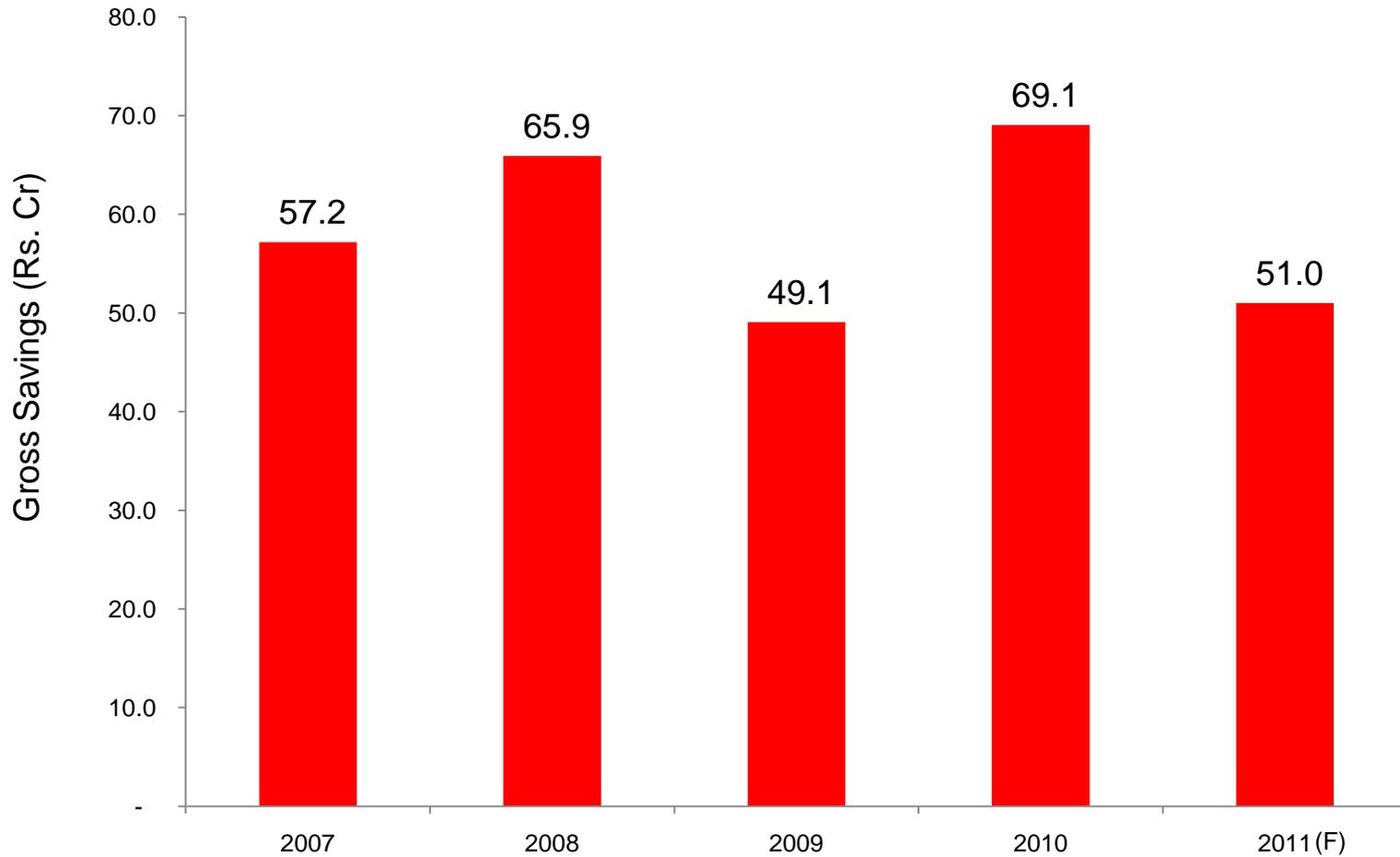
- Rs. 12.4 crores in bottom line savings and Rs. 39.7 crores in avoidance savings

- ACE II

- Rs. 53.8 crores in savings



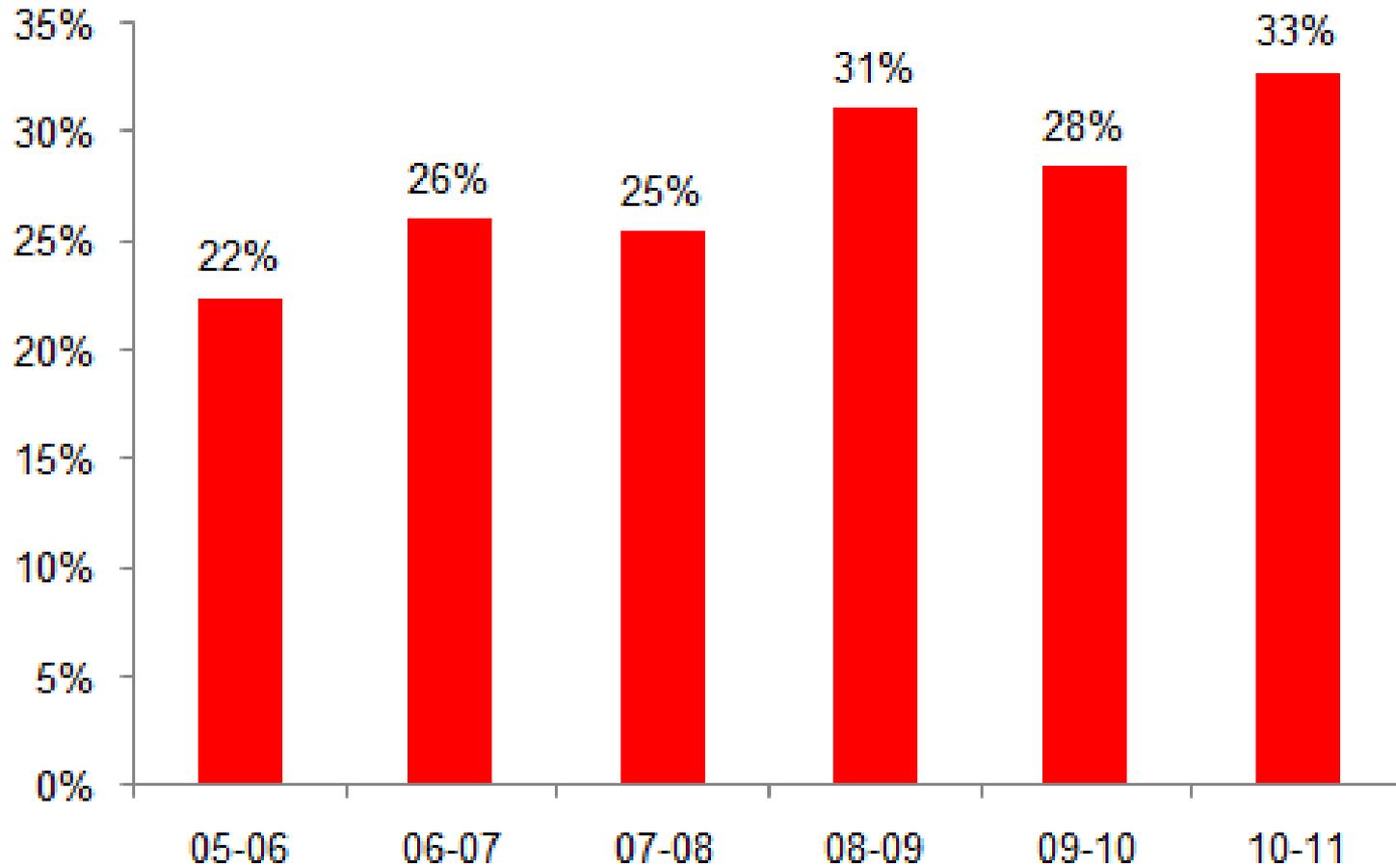
Gross Material Cost Savings



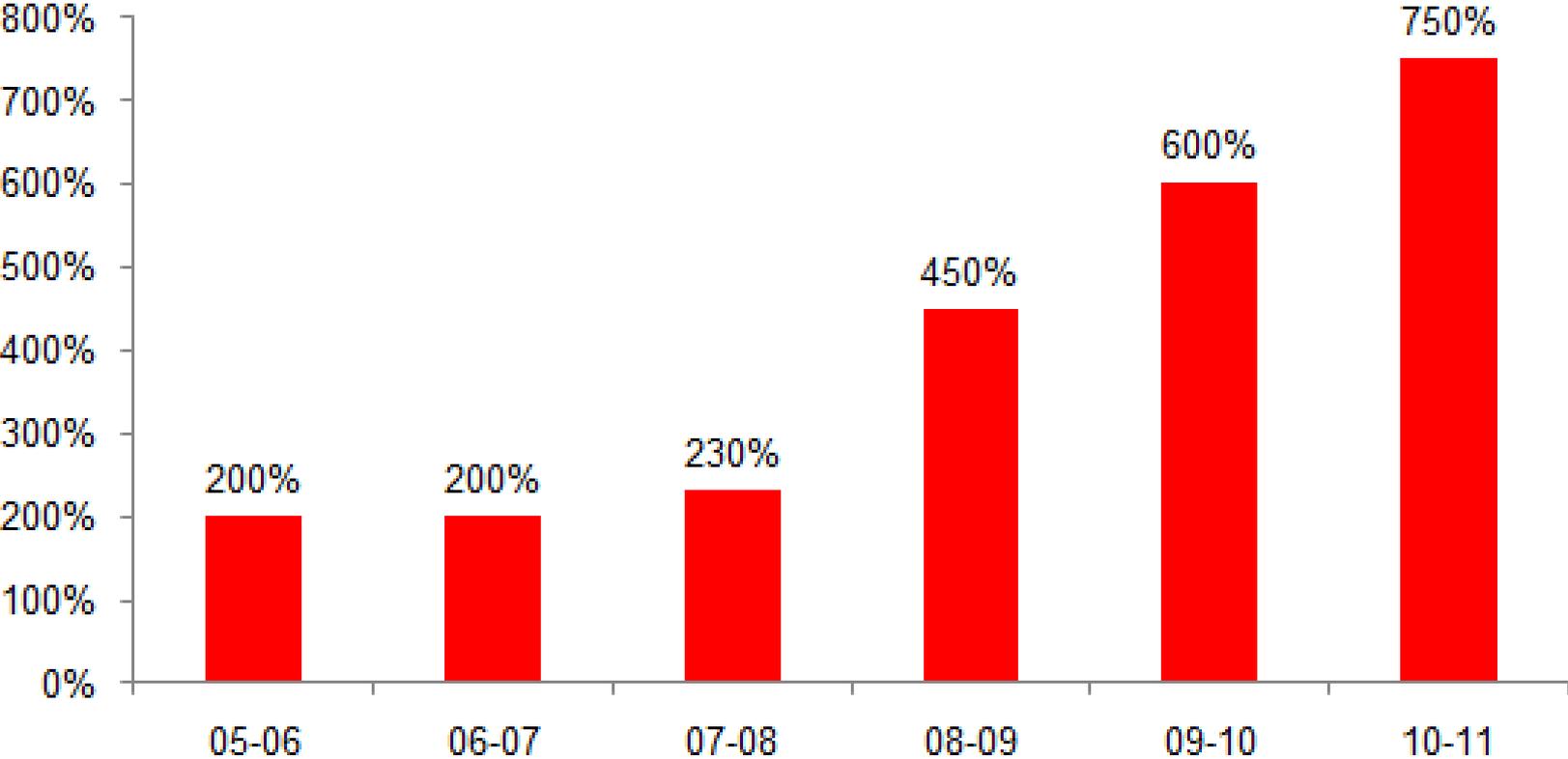
Data for 2007 represents only EBU



Strong ROE Performance



Dividend trend

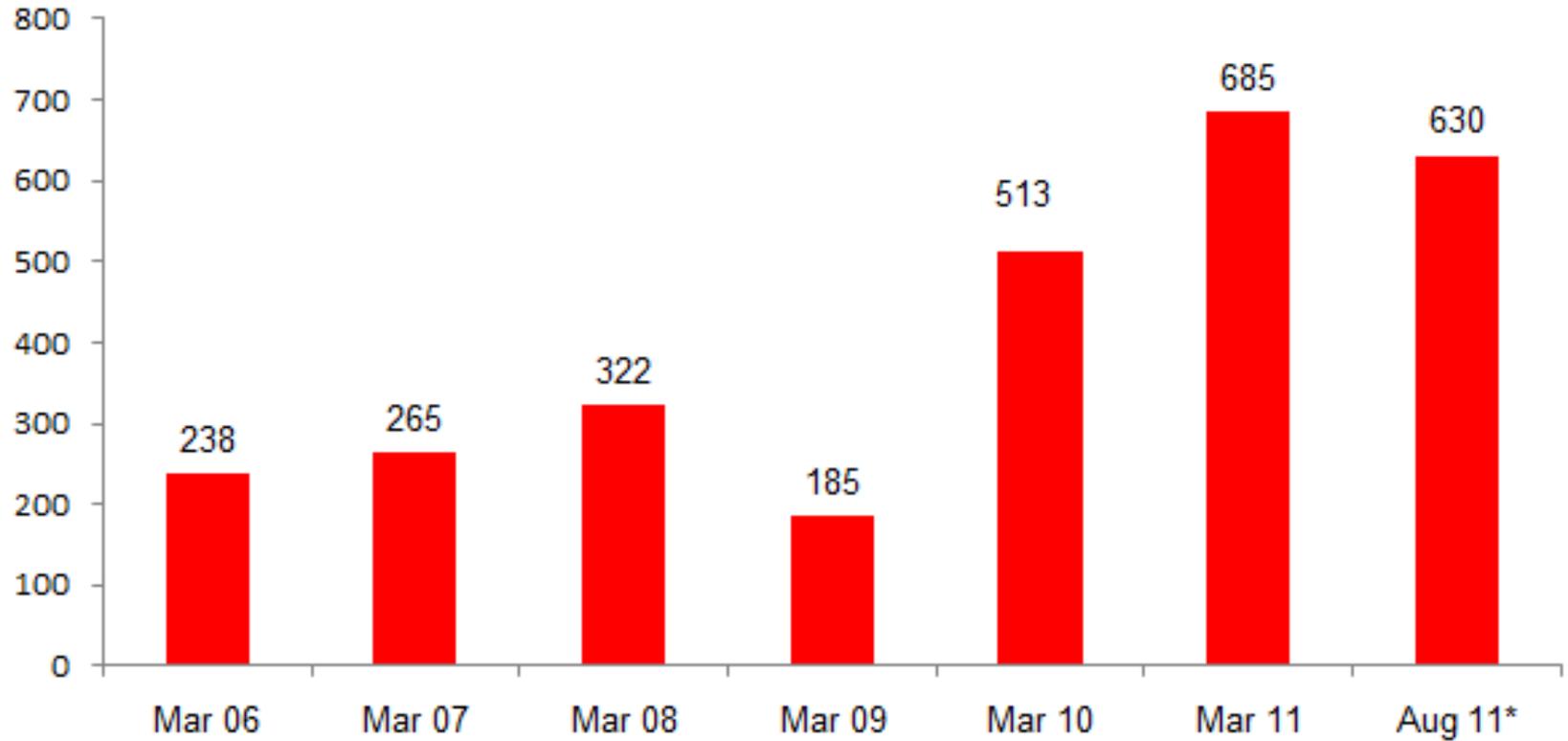


FY 10-11

- 350% Interim Dividend
- 400% Proposed Final Dividend



Share Price Appreciation



* As on 1 Aug 2011 on BSE Sensex



Delivering on Commitments

■ **Strong balance sheet**

- Debt to capital  **Zero Debt**
- Cash & Equivalents  **Rs. 800 Cr**

■ **Grew our business**

- Sales growth (5 Yrs CAGR)  **22%**

■ **Returned value to shareholders**

- Return on equity (5 Yrs)  **29%**
- Share appreciation (5 Yrs)  **24%**
- 750% Dividend (2010-11)  **Rs. 297 Cr**

Achieve and Sustain the Respect of all Stakeholders

- ‘Voice of the Customer’ award by Frost & Sullivan
- 11th National Award for “Excellence in Energy Management 2010” by CII
- ‘Best Quality Performance’ Award by Atlas Copco
- Compliance to Indian Green Building Council standards at the Cummins Megasite
- 31 percent reduction in Green House Gases (GHG) from the 2005 baseline

Achieve and Sustain the Respect of all Stakeholders

- ISO 14001 and OHSAS 18001 certifications for all engine manufacturing plants in Pune
- Audits and systems such as Driving Safety, Supplier/Contractor Safety, Internal Health Safety and Environmental Management
- First place at the Boston College Center for Corporate Citizenship Film Festival

Achieve and Sustain the Respect of all Stakeholders

- Hire to Develop
- Organizational Development across levels
- Association with premier institutes / universities
 - SP Jain institute (India) and the Kelley School of Business (Indiana)
 - Added IIM, Ahmedabad
- Internship for MBA students from premier B-Schools
- Affirmative Development Project
- Team Based Work System
- Code of Business Conduct and Ethics awareness
- Recognition Program : CMD Awards

Achieve and Sustain the Respect of all Stakeholders

- Adoption of Nandal, Surwadi and Dhawlewadi, villages in close proximity to Phaltan
- Adoption & upgradation of the Industrial Training Institute (ITI) at Phaltan and its Center of Excellence
- Cummins College of Engineering for Women: Signature Project
- 40 disadvantaged students offered the Cummins Scholarship Program
- Support to the Lila Poonawalla Foundation
- Every Employee Every Community : 26,000 hours devoted to community service

Financial Performance 2010-11

Rs. Crores	2010-11	2009-10	% L/Y
Net Sales	3,945	2,845	39%
Operating Income	116	54	114%
Raw Material Cost	2,580	1,802	43%
%	65.4%	63.4%	2.0%
Employee Cost	255	195	30%
%	6.5%	6.9%	0.4%
Other Expenses	484	356	36%
%	12%	13%	0.3%
Operating Profit	743	546	36%
%	18.8%	19.2%	-0.4%
Other Income	62	67	-8%
%	1.6%	2.4%	-0.8%
PBIT	804	613	31%
%	20.4%	21.5%	-1.2%
PAT	591	444	33.1%



Financial Performance Q1 11-12 vs Q1 10-11

Rs. Crores	Q1 11-12	Q1 10-11	% L/Y
Net Sales	1,022	910	12%
Operating Income	23	18	30%
Raw Material Cost	671	573	17%
%	65.7%	62.9%	2.8%
Employee Cost	70	53	32%
%	6.8%	5.8%	1.0%
Other Expenses	128	114	12%
%	12.5%	12.5%	0.0%
Operating Profit	176	188	-6%
%	17.3%	20.7%	-3.4%
Other Income	16	10	64%
%	1.6%	1.1%	0.5%
PBIT (before extra ordi inc.)	192	198	-3%
%	18.8%	21.7%	-2.9%
Extra Ordi. Inc. *	51		
PBIT	244	198	23%
%	23.8%	21.7%	2.1%
PAT	177	140	26.3%

* Income from CEIL Divestment



Financial Performance Q1 11-12 vs Q4 10-11

Rs. Crores	Q1 11-12	Q4 10-11	% L/Q
Net Sales	1,022	1,010	1%
Operating Income	23	40	-41%
Raw Material Cost	671	678	-1%
%	65.7%	67.2%	-1.5%
Employee Cost	70	70	-1%
%	6.8%	6.9%	-0.1%
Other Expenses	128	125	2%
%	12.5%	12.4%	0.1%
Operating Profit	176	176	0%
%	17.3%	17.4%	-0.2%
Other Income	16	21	-26%
%	1.6%	2.1%	-0.6%
PBIT (before extra ordi inc.)	192	197	-3%
%	18.8%	19.5%	-0.7%
Extra Ord. Inc. *	51		
PBIT	244	197	24%
%	23.8%	19.5%	4.3%
PAT	177	144	23.1%

* Income from CEIL Divestment



Company Positioned Strongly

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



Capacity Ahead of Demand

- Megasite Expansions
 - Already Operational
 - High Horse Power Rebuild Center
 - TCL2
 - ReCon
 - Upcoming
 - Parts Distribution Center
 - Engine upfit (B, C and L series)
 - Power Generation
 - TCL3
 - Fuel Systems
 - High Horsepower engines
- India Technical Center at Kothrud, Pune



Outlook and Conclusion

- Cautious demand outlook short term
- Well positioned to weather any storm
- 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
- Shareholder value
- Grateful for your unstinting faith

