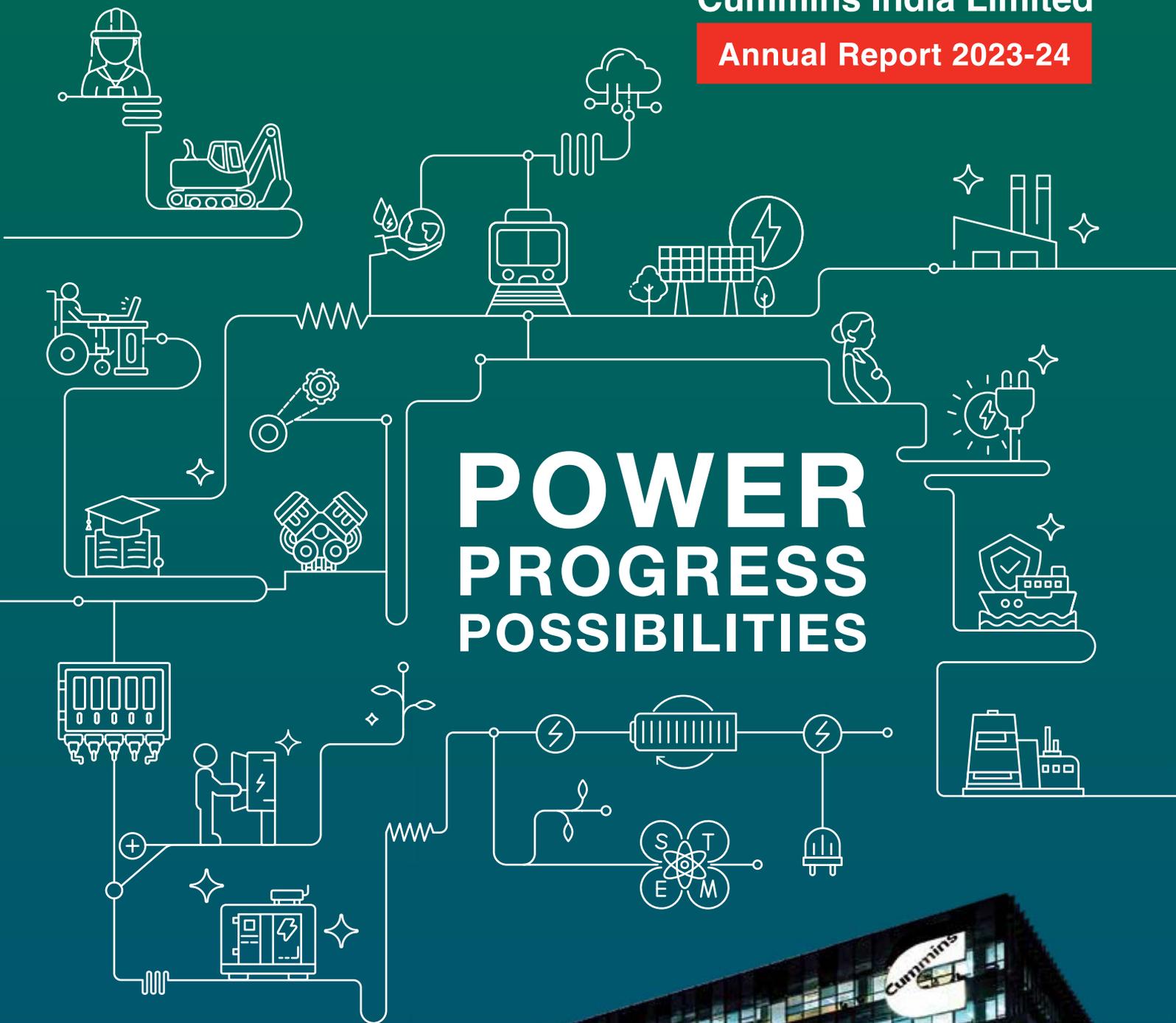


Cummins India Limited

Annual Report 2023-24

**POWER
PROGRESS
POSSIBILITIES**



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For the purpose of this report, 'Cummins', 'Cummins India', 'Cummins India Limited' and 'CIL' should be construed as 'Cummins India Limited'.



Over the past 62 years of its presence in India, Cummins has become synonymous with innovation, dependability and trust. Together, we are not just maintaining a momentum of **Progress**, but also building a **Future of Possibilities.**”





Jennifer Mary Bush

Chairperson
Cummins India Limited

Dear Valued Shareholders,

It is my greatest honor to serve as the Chairperson of Cummins India Limited (CIL). I am grateful for your faith and partnership in creating a compelling legacy of power solutions that drive progress. Over the past 62 years of its presence in India, Cummins has become synonymous with innovation, dependability and trust. Together, we have not only built a successful company, but also played a decisive role in shaping a more prosperous and progressive India.

The past year was marked by significant headwinds, both economic and geopolitical. We navigated these complexities and emerged even stronger and resilient. Together, we are not just

maintaining a momentum of **Progress**, but also building a **Future of Possibilities**. For the third straight year, your Company launched best-in-class products, powered the success of its customers and reported record **revenues and strong profitability**. This success is a powerful reflection of our people's sharp focus on delivering exemplary results by capitalizing on opportunities, strategically tapping into the demand across various market segments and geographies and meticulously optimizing cost.

2024 presents a phenomenal opportunity to co-create a future brimming with unmatched **Power, Progress and Possibilities**. Our relentless pursuit of innovation and excellence is amplified by a commitment to diversity, equity, inclusion and culture (DEIC). Our commitment to Destination Zero is based on the belief that sustainability is not just a priority, but an imperative, guiding everything we do. This collective purpose positions us to not just deliver groundbreaking products and cultivate a best-in-class workplace, but to inspire positive change in the communities we touch and the planet we inhabit. With our unparalleled brand, exceptional talent, diverse product and service portfolio, world-class manufacturing capabilities and extensive service network, we are uniquely equipped to be the engineers of this powerful future.

I am deeply grateful for your contributions and energized by the prospect of achieving even greater things together. The future is ours to shape, and together, we will make it extraordinary.

Once again, I am deeply humbled to be your Chairperson, leading a company with such a remarkable legacy and a future filled with **Progress and Possibilities**.

Thank you,

Jennifer Mary Bush

OUR STORY



Our Mission

Making people's lives better by powering a more prosperous world



Our Vision

Innovating for our customers to power their success



Our Values

Integrity, Diversity & Inclusion, Excellence, Caring and Teamwork

POWER. PROGRESS. POSSIBILITIES.

We are Cummins, and our story is exemplified by three words – Power, Progress and Possibilities. It is the story of what we do, why we do it and what impact we create. With an eminent legacy of innovation and dependability, we **Power** the **Progress** of our customers, shareholders, investors, people, communities and country. Our goal is to unlock a world of **Possibilities** to build a prosperous and sustainable future for generations to come.



A Legacy of **POWER**

Our legacy of **Powering** India's incredible growth since 1962 uniquely positions us to spearhead the nation's next leap of progress.



The **PROGRESS** We Drive

Our power goes beyond horsepower to drive **Progress** for ALL by championing innovation, excellence, responsible action and environmental stewardship.



The **POSSIBILITIES** We Create

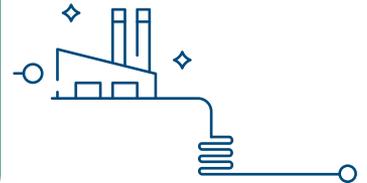
Our actions and investments are aimed at driving positive impact and designing a future brimming with **Possibilities** for everyone.

CUMMINS INDIA LIMITED



Who We Are

A group of complementary business units that design, manufacture, distribute and service - engines, generator sets and related technologies.



Founded In

1962

India Headquarters

Cummins India Office Campus, Pune



3,073

Permanent Employees and Workers

Cummins India Facilities



5 World-class Factories



1 Parts Distribution Center



480+ 4s Service Touchpoints



120 Retail Touchpoints



21%*
Gender Diversity



Net Sales
₹ 8,816
Crores



Serves markets in **India, Nepal and Bhutan** and exports its products to various countries across the globe with USA, Europe, Mexico, Africa, Middle East and China being the top destinations. Caters to end markets such as construction, compressor, mining, marine, railway, oil and gas, pumps, defence and power generation.

5 Principles of Sustainability demonstrated by all factories and offices



Safe



Clean



Diverse



Lean



Green



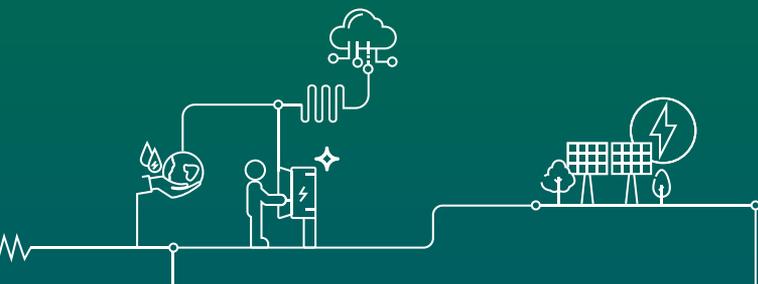


Ashwath Ram

Managing Director
Cummins India Limited



As India approaches a magnificent future, it will be defined by a new wave of **Power, Progress and Possibilities**. CIL is poised to lead this transformation with a compelling 62-year strong legacy as a trusted brand. We are committed to powering India with cutting-edge solutions, exceptional customer service and a world-class infrastructure that sets the standard across the region. And we do not stop at horsepower – we power a sustainable future for all. We do this by leading climate action through our PLANET 2050 and Destination Zero focus, grounded in our commitment to sustainability and helping our customers navigate the energy transition.



Dear Valued Shareholders,

The world we live in is constantly transforming. At Cummins India Limited (CIL), we embrace this change as a decisive opportunity to **Power Progress** and build a future full of **Possibilities**. With your support, we are driving pioneering innovation, sustainable growth and creating a lasting impact - for our people, customers, communities, country and planet.

Reflecting on our remarkable achievements this past year, I express my deepest gratitude for your trust and partnership. In a year of resilience and growth, I am elated to celebrate our collective success and outline our shared vision for a prosperous and sustainable future.

Many global economic uncertainties persisted the past year, but the Indian economy continued to expand, driven by robust domestic demand, infrastructure investment and favorable government policies and initiatives. India is growing, and we take immense pride in catalyzing this upward momentum. By prioritizing customer needs, continuous innovation and technology leadership, CIL celebrated several significant milestones and achieved unprecedented records in sales and profitable growth for the fiscal year 2023-24. This success belongs to our valued shareholders, dedicated employees, loyal customers and the communities we empower.

In today's dynamic environment, innovation is key. In FY 2023-24, we continued **Powering Progress** and redefining what's **Possible**. We successfully launched the full suite of made-in-India **CPCBIV+¹ compliant Cummins powered gensets** – a testament to our customer-centric product innovations prioritizing economic growth and environmental stewardship. This was complemented by introducing the **Ashwasan IV+** extended warranty, ensuring optimal performance and customers' peace of mind. We provided a staggering **6,700+ MW** of power by delivering **26,000+ generator sets**, powering critical infrastructure. Forging even stronger ties with the Indian defence, railways, marine and mining sectors, we provided advanced, indigenous solutions that **Power** their **Progress**. Exemplifying our future focus, the company has been

developing a **next-generation diesel engine** based on a **fuel-agnostic platform called HELM²**, promising superior power density and efficiency. We achieved record engine sales in the off-highway construction segment, fueled by the government's sustained focus on infrastructure growth.

As India approaches a magnificent future, it will be defined by a new wave of **Power, Progress and Possibilities**. CIL is poised to lead this transformation with a compelling 62-year strong legacy as a trusted brand. We are committed to powering India with cutting-edge solutions, exceptional customer service and a world-class infrastructure that sets the standard across the region. And we do not stop at horsepower – we power a sustainable future for all. We do this by leading climate action through our PLANET 2050 and Destination Zero focus, grounded in our commitment to sustainability and helping our customers navigate the energy transition. Disruption has become the new normal in our hyper-global and connected world. At CIL, we do not just adapt – we **disrupt to sustainably Power** a world toward **Progress** to unlock a future with limitless **Possibilities**. This commitment to innovation and sustainability has driven significant shareholder value, and we are just getting started. As we navigate this constantly evolving landscape, your partnership will be more important than ever.

The past financial year has witnessed this company's incredible resilience and potential. Together, we achieved ambitious landmarks, and as we celebrate these accomplishments, I am truly confident about our journey ahead. I am excited about working with all our stakeholders to create a world where prosperity is evaluated through the compass of responsibility and how we can all do our bit to create a more prosperous, progressive and equitable society.

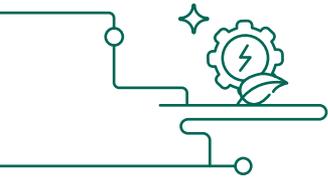
Thank you for your continued belief in our vision and invaluable partnership.

Regards,

Ashwath Ram

AWARDS

FY 2023-24 was truly extraordinary for Cummins India Limited, as we received recognition not only for our exceptional products, but also for making a positive impact on the communities we touch. Our relentless commitment to innovation, integrity, caring and excellence, played a pivotal role in powering the success of all our stakeholders.



'Excellence in Environment Management' award at the CII-ITC Sustainability Awards 2022



Narayan Meghaji Lokhande State Level Safety Award 2023 for Cummins Power Generation Plant in Phaltan



'Excellence in Quality' award in the Large Enterprises category at the Manufacturing Today India Conference and Awards 2023



Golden Peacock Occupational Health and Safety Award 2023 in the engineering sector



Functional Champion award for 'Best Supply Chain Design and Integrated Business Planning' at the India Supply Chain & Logistics Awards 2023



20 prestigious awards at the Quality Circle Forum of India (QCFI), Pune Chapter for CIL manufacturing sites



FINANCIAL PERFORMANCE 2023-24

Interim dividend of ₹ 18 per share (900%) was disbursed in Q4 FY 2023-24. FY 2023-24 concluded with the Board recommending a final dividend of ₹ 20 per fully paid up share (1000%) aggregating to ₹ 38 per share (1900%) subject to shareholders' approval at the Annual General Meeting.



Revenue From Sale of Products and Services

2023-24

₹ 8,816

Crores

2022-23

₹ 7,612 Crores

16% Var



Domestic Sales

2023-24

₹ 7,277

Crores

2022-23

₹ 5,562 Crores

31% Var



Export Sales

2023-24

₹ 1,539

Crores

2022-23

₹ 2,050 Crores

-25% Var



Profit Before Exceptional Items and Tax

2023-24

₹ 2,145

Crores

2022-23

₹ 1,506 Crores

42% Var



Net Cash Generated From Operations

2023-24

₹ 1,280

Crores

2022-23

₹ 811 Crores

58% Var

POWERING CUSTOMER SUCCESS THROUGH INNOVATION AND DEPENDABILITY



At Cummins, we always put our customers first. Their needs and ambitions guide every aspect of our business. FY 2023-24 marked a year of accelerating customer success through the launch of a comprehensive suite of cutting-edge products for domestic and export markets. We continued to enhance our existing product portfolio and service offerings while fostering strong partnerships with all stakeholders, including key Original Equipment Manufacturers (OEMs), end-users across operating segments, suppliers and our communities.

INDUSTRIAL BUSINESS



Railways

Powering Indian Railways through advanced solutions

Delivered CPCBIV+ compliant diesel alternator set for powercar, track recording car and a Hotel Load Converter to the Indian Railways' auxiliary power sub-segment. Additionally, secured an order for Diesel Electric Tower Cars (DETCs) propulsion package.



Marine

Expanding horizons in Marine

Your Company has a strong order board of government and commercial contracts in marine segment and onboarded new customers successfully.

- Delivered the largest genset of 1.5 MW to the Indian Navy
- DG sets >1 MW for commercial marine applications supplied to reputed shipbuilders
- 2.3 MW propulsion engines delivered to Larsen & Toubro for the Indian Navy's multipurpose vessels



Strengthening Indian Army's military prowess

Defence

Successfully secured orders for wheeled troop carrier vehicles and artillery guns from Defence OEMs.



Driving product innovation in high-demand segments

Mining

With continuous development of fit-for-market products, your Company strengthened its presence in the Heavy Earth Moving Machinery segment by securing proto orders from key OEMs.



Product portfolio expansion of FM/UL-certified engines

Pumps

Your Company successfully expanded its product portfolio with high-speed ratings of FM¹ and UL² listed engines.



Construction

Capitalizing on construction boom with future-ready products

- Achieved record engine sales in the off-highway construction segment, fueled by the government's sustained focus on infrastructure growth
- Your Company is developing a next-generation diesel engine based on a fuel-agnostic platform, promising superior power density and efficiency
- Your Company is working to increase penetration in the excavators segment by introducing non-regulated electronic 4-cylinder and 6-cylinder products, offering a better value proposition
- Successfully completed certification of QSB4.5 and QSB6.7 to comply with CEV³ BS V⁴, much ahead of the product launch

POWER GENERATION BUSINESS

With innovation and dependability at the core of its brand promise, your Company offered fit-for-market, emission-compliant and optimized products and strengthened partnerships with customers across all end-user markets.

In FY 2023-24, your Company implemented significant measures to improve the power density of its products, thereby reducing the total cost of ownership, minimizing maintenance expenses and offering the added advantage of a smaller installation footprint.

CPCBIV+

- Launched CPCBIV+ compliant products across the range up to 800kW with sophisticated technology and indigenous components
- Installed and commissioned **2,000+ units of CPCBIV+ gensets** across India, including the iconic **Ayodhya Ram Mandir**



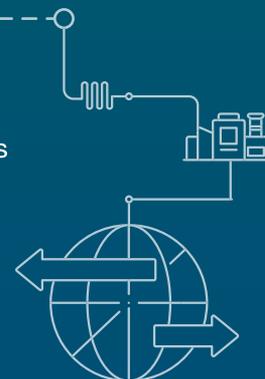
Driving India's Progress with Reliable and Sustainable Power Solutions

- Sold **26,000+ generator sets**, providing nearly **6,700 MW power** to customers in India
- Sold **500+ units of QSK60**, highest-ever since its introduction, catering to key segments such as datacenters, manufacturing and commercial realty
- In the High Horsepower segment, your Company secured significant genset orders for upcoming large hyperscale datacenters in India. Notably, your Company installed over 300MW of backup power solutions in datacenters, with 118MW specifically for key hyperscalers.
- To enhance product accessibility for Powergen customers, your Company expanded its dealer network from 86 dealers in FY 2022-23 to 113 dealers in FY 2023-24 through strategic partnerships with Genset Original Equipment Manufacturers (GOEMs)
- Your Company continued to leverage its technological prowess for developing innovative power solutions compliant to CAQM's* enhanced emission norms for gensets over 800kW



Exports

- Introduced 38L electronic engine to cater to North America and Central America markets
- Positive response for low kVA fit-for-market 2.0 products in the unregulated markets of Latin America, Africa, Middle East and Asia Pacific
- Expanded its fit-for-market portfolio with the launch of X2.5 and X3.3 gensets for unregulated markets
- Invested in low kVA emissionized products for specific markets like Chile



*Commission for Air Quality Management (CAQM), in its October 2023 notification, announced enhanced emission norms for gensets over 800kW aimed at reducing PM, CO and NOx in the NCR region.

DISTRIBUTION BUSINESS

Strengthening its position as a trusted partner for customers, the Distribution Business Unit (DBU) continued to deliver exceptional service, support and sales throughout the product lifecycle in the aftermarket.

In FY 2023-24, DBU expanded its product line, entered new markets and forged strong relationships with its partners, thus driving the business to new heights.



Service



- Achieved a **record-breaking Net Promoter Score (NPS) of 90%**, a testament to exceptional service support and deep-rooted customer loyalty toward the Cummins brand
- Offered **2-hour** Service Response Guarantee to key customers in the Powergen segment
- In October 2023, DBU launched a Command Center for Telematics and RRT¹ Technical Support, significantly improving service efficiency and responsiveness. The new CPCBIV+ compliant gensets are equipped with **Telematics devices** for real-time monitoring and rapid issue resolution.



- During **Cyclone Michaung** in Chennai, the DBU service team, in collaboration with its dealer, JN Machineries, swiftly responded to a surge in emergency calls and effectively restored critical generators amid widespread power outages
- Launched first Soft Skills Development Program for over **180 dealership** service managers/service advisors

Sales

- Your Company successfully supplied two QSK95 Diesel Alternator (DA) sets for the repowering of Wartsila-make DA sets, marking the debut of QSK95 engines in India's marine sector
- **Major Contract with Integral Coach Factory (ICF):** Your Company signed a significant two-year rate contract with ICF for E-Check and D-Check of their 1400 HP DEMU KTA² 50L engines, covering 173 engines for E-Checks and 209 engines for D-Checks. Signed at the highest-ever price escalation, the strategic contract is anticipated to boost revenue growth in the next fiscal year.
- Sold **1,100+ Retrofit Emission Control Devices (RECDs)** and about **470 Dual Fuel Kits (DF Kits)**, owing to CAQM's guidelines to mandate the use of Emission Control Devices (ECDs)
- Recognizing a pharma major's need for uninterrupted power, your Company designed a customized solution to synchronize the generator set directly with the grid, ensuring a **seamless power supply** and minimizing production disruptions

Product Launches



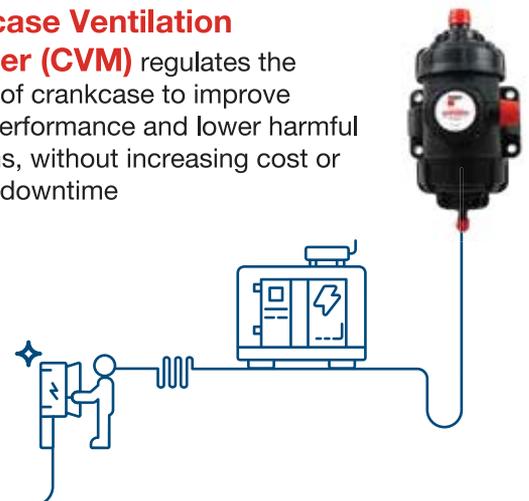
DATUM: In collaboration with Repos Energy, your Company launched Data Automated Teller Ultimate Machine (DATUM), an IoT-enabled fuel storage device, that is integrated into an overall fuel management solution ecosystem. DATUM empowers businesses to have precise control over fuel usage and provides a mobile fuel dispensing solution for consumers with convenient access to fuel 24x7.



- **Ashwasan IV+** extended warranty was launched for Cummins CPCBIV+ gensets, to provide customers with peace of mind and further demonstrate Cummins' commitment to superior quality. This service package offers an extended period of protection and comprehensive after-sales support to customers, ensuring the longevity and optimal performance of their gensets.
- **Brake Lining** was launched through expert 4s channel partners to transform vehicle design and manufacturing. This innovative product enriches your Company's Allied Products portfolio, serving a broad spectrum of applications including trucks, trailers, buses and coaches.
- **Service Products:** Launched a range of expert service solutions such as Rust Guardian, Clean Master and Hand CleanX. More than 5,000+ kits sold.



- **Fuel Sure Kit** detects sulphur levels in diesel, ensuring they do not exceed the 10 ppm limit. It helps customers maintain regulatory compliance and fuel quality, while reducing environmental impact.
- **Crankcase Ventilation Manager (CVM)** regulates the blow-by of crankcase to improve engine performance and lower harmful emissions, without increasing cost or creating downtime



Other Key Events and Milestones



Themed 'Elevate Exceed Sustain', the **All India Aftermarket Conference 2024** brought together aftermarket leadership, sales teams and dealers to celebrate achievements, set aspirational goals and strategize for the upcoming year.



- **OPTIMUS**, a cutting-edge sales and service application, powered by Salesforce, was launched to provide customers with an enhanced support experience by streamlining processes and offering features such as Customer 360, Engine 360 and Dealer 360
- **Indian Space Research Organisation (ISRO)** recognized your Company as a valuable partner, appreciating the dedicated power backup support for the successful launch of Chandrayaan-3 and Aditya L1 space missions
- **Inauguration of the new Area Office in Chennai** marked a significant milestone, enhancing collaboration across business units to support current and future business needs



- **MITWA Mechanics Loyalty Program** was introduced for Components, Engines, Filters and Allied parts to boost sales, expand product range sales, raise awareness about genuine parts and enhance brand loyalty among mechanics. This initiative operates seamlessly with a fully automated process where QR codes for each part are generated at the plant level and can be scanned by mechanics through the SAATHI mobile application for reward redemption.

QUALITY AND MANUFACTURING EXCELLENCE



■ Transforming Operational Excellence and Customer Success:

Your Company remains committed to transforming operational performance across all functions of the integrated supply chain, delivering excellent results and ensuring customer success. Through an accelerated digitalization journey, your Company has improved end-to-end connectivity and better decision-making using real-time access to information. By implementing cost optimization projects and adopting a structured process, your Company achieved noteworthy savings.



■ Improving Efficiency with Industry 4.0:

Your Company has invested significantly in technologies to enhance operating efficiencies and reduce losses across the manufacturing value chain. By collaborating with cross-functional teams, the Industry 4.0 strategy has been implemented to focus on operational excellence, reduce manufacturing overheads and establish robust manufacturing capability programs.



■ Achieving Excellence amidst Dynamic Customer Requirements:

Enhanced supplier performance has led to a substantial reduction in quality disruptions and in-house rejections. Our Zero-Defect Quality initiatives, both internally and with our suppliers, are driving significant improvements in our systems and processes. Additionally, our annual Six Sigma savings reached a record high of \$165 million, highlighting our operational excellence.

■ Improved Supply Chain Resilience and Accuracy:

With enhanced planning systems, your Company significantly boosted forecast accuracy and capacity planning both internally and with suppliers. With structured risk mitigation across high-risk suppliers, your Company is well-poised to minimize disruption, hence, building resilience.



■ Global Recognition for Kothrud Engine Plant:

Our legacy plant at Kothrud has achieved an extraordinary milestone, earning the prestigious title of Cummins' inaugural 'Operations Excellence Exemplar Site' – a testament to the team's collective efforts.

INDIA TECHNICAL ORGANIZATION (ITO)



Material Cost Optimization:

Your Company maintained a relentless focus on driving down material costs for both new and legacy products.



Enhancing Productivity through Test Cell Infrastructure:

With a strong focus on efficiency, your Company invested in a state-of-the-art test cell infrastructure to achieve increased productivity through better asset utilization and data quality.



Hotel Load Converter:

Leveraging the high-tech infrastructure and strong innovation capabilities, your Company delivered Hotel Load Converter for Rail Application. It has been approved by the government.



BOARD OF DIRECTORS



Jennifer Mary Bush

Chairperson (Non-Executive and Non-Independent Director)

Jennifer Mary Bush is a Non-Executive and Non-Independent Director of Cummins India Limited and holds the position of Vice President of Cummins Inc., USA and President of the Cummins Power Systems Business. Jennifer joined Cummins Inc. in 1997 and, since then, has contributed to the organization's success in various leadership roles spanning Power Generation, Industrial Markets and Distribution. She has rich experience, which includes serving as a Six Sigma Blackbelt in Power Systems, leading the Global Commercial Marine Engine business and directing key distribution markets in the USA. Jennifer has a strong business acumen focused on painting a vision and energizing teams to deliver outstanding results for customers and the business. She possesses deep expertise in large industrial markets, including the commercial marine, oil & gas and mining segments. She serves on the board of a public company and a non-profit organization in the USA.

Ashwath Ram

Managing Director

Ashwath Ram is the Managing Director of Cummins India Limited and has held the position since August 2019. He currently also serves as Vice President - Supply Chain at Cummins Inc. and as the Managing Director of Cummins Group in India and TATA Cummins Pvt. Ltd. Ashwath joined Cummins in Columbus, Indiana, USA, initially in 1991. He joined the India operations in 2008 and, since then, has taken up various roles and won many accolades. He has led the business unit operations as well as the key strategic transformation for the Engine Business Unit and Power Systems Business Unit in India, where his key focus areas included strategy, sales, profitability, operations and supply chain. Ashwath is an active member of industry associations such as the Confederation of Indian Industry and the Society of Indian Automobile Manufacturers. As the Chairperson of CII's 'Cleaner Air Better Life' national initiative, he focuses on improving the air quality issues of India's metropolitan cities.



Rajeev B. Bakshi

Independent Director

Rajeev Bakshi is a Non-Executive Independent Director of Cummins India Limited and brings a wealth of experience in marketing and supply chain management. He is an alumnus of the Indian Institute of Management (IIM), Bangalore, and holds a bachelor's degree in science and economics from St. Stephen's College, University of Delhi. Rajeev has served on the boards of Marico Limited and ICICI Ventures and is currently on the board of Dalmia Bharat Sugar & Industries Limited. He has also been a member of the Confederation of Indian Industry (CII) National Council and National Council of Federation of Indian Chambers of Commerce & Industry (FICCI).

Nasser M. Munjee

Independent Director

Nasser Munjee is a Non-Executive Independent Director of Cummins India Limited. He holds a master's degree in economics from the London School of Economics. Nasser has held various positions, including Executive Director at HDFC for over 20 years. He is also on the Boards of various multinational companies and trusts. Nasser was a technical advisor to the World Bank's Public-Private Partnership Infrastructure and Advisory Fund. He has also been the President of the Bombay Chamber of Commerce and Industry and has served on numerous government task forces on housing, infrastructure and urban development.





Rama Bijapurkar

Independent Director

Rama Bijapurkar is a Non-Executive Independent Director of Cummins India Limited. She is among India's most respected thought leaders on market strategy and India's consumer economy. She has an independent market strategy consulting practice spanning diverse sectors and businesses. She is also a Professor of Management Practice at the Indian Institute of Management, Ahmedabad, and co-founder of People Research on India's Consumer Economy, a not-for-profit think tank and fact tank. Rama has served on the boards of several blue-chip companies in India as well as the Governing Council of the Banking Codes and Standards Board of India. She is also a member of the Eminent Persons Advisory Group of the Competition Commission of India.

Rekha

Independent Director

Rekha is a Non-Executive Independent Director of Cummins India Limited. She has rich experience across manufacturing, automotive, aerospace, industrial automation and energy management industries, primarily in the disciplines of P&L management, marketing, program management, quality management, talent management, hardware & software development and product design & innovation. Rekha is currently working as a Worldwide Leader for Global Developers and India Leader for Customer Experience & Support at Microsoft India R&D. Prior to Microsoft, she worked with Eaton, Schneider-Electric, Honeywell, GE Research and Technology and Bosch. Rekha has won several industry innovation awards and has authored and presented papers at the Institute of Electrical and Electronics Engineers (IEEE) conference in Singapore and India. She has also been invited to deliver talks at National Aeronautics and Space Administration (NASA), IEEE, Project Management Institute (PMI) and other industrial forums.



Lira Goswami

Independent Director

Lira Goswami is a Non-Executive Independent Director of Cummins India Limited. She has rich experience of more than 30 years in corporate, commercial and regulatory work, including international business transactions, strategic advisory, mergers and acquisitions. Her work in regulatory compliance spans across various sectors, including defence, energy, pharma, food and others. Lira is one of the founding partners of Associated Law Advisers (ALA) and heads their corporate and regulatory team. She regularly speaks on foreign investment, defence procurement, trade, regulatory and compliance issues. She has also spoken at several anti-corruption conferences in India and C5's Defence Procurement seminars in Washington and Paris. She has also authored articles on diverse subjects including disinvestment, related party transactions, foreign exchange regulations, insurance as a tool of wealth management, law and morality, legal obligation and civil disobedience, etc.



Sekhar Natarajan*

Additional Director (Non-Executive and Independent)

Sekhar is an Additional Director (Non-Executive and Independent) at Cummins India Limited. In his long career, he has led and built Monsanto India as a leading growth and innovation company in Agriculture sector, first as its Managing Director, then as South Asia Leader, and later as both Executive and Non-Executive Chairman of its Board, until its merger with Bayer in 2019. He is a recognized leader and a strategic thinker with rich global experience in Business Development and Mergers and Acquisitions. Currently, he is the Managing Partner of M/s SN Consultants and a Founding Partner of AgVaya LLP where he provides strategic advice and guidance to local and international companies. He also works closely with industry forums on policy and advocacy matters. He is the Independent Chairman of the Board of Ingersoll Rand (India) Limited and also an Independent Board Member of Bayer CropScience India Limited, Colgate Palmolive (India) Limited and Maharashtra Hybrid Seeds Company Private Limited.





Farokh N. Subedar*

Additional Director (Non-Executive and Independent)

Farokh N. Subedar is an Additional Director (Non-Executive and Independent) at Cummins India Limited and brings with him a vast experience in the areas of business management, finance, taxation, law, risk management and accounts. Farokh superannuated from Tata Sons Limited as its Chief Operating Officer and also functioned as the Chief Financial Officer and Company Secretary. During his 38-year association with the Tatas, he has been on the boards of various Tata companies and is currently the Vice Chairman of Tata Investment Corporation Limited and serves on the boards of Tata Capital and Tata Industries. He is also the Non-Executive Chairman of DCB Bank Limited. In the past, Farokh was the President of the Bombay Chamber of Commerce and Industry. He holds a bachelor's degree in commerce and is a Member of The Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.

Donald Jackson

Non-Executive Director

Donald Jackson is a Non-Executive, Non-Independent Director on the Cummins Board and has held the position since 2018. He is also Vice President - Treasury & Tax at Cummins Inc. He has 30 years of experience as a global financial risk management professional. Since May 2015, Donald has headed the Global Corporate Treasury function, overseeing debt capital markets, foreign exchange & commodity risk management, bank relationships, short term liquidity, corporate credit and pension risk management at Cummins Inc. Before joining Cummins, he worked with Hewlett-Packard (HP) in various treasury areas and as a Foreign Exchange Trader in the Capital Markets area at Grupo Financiero Banamex-Accival (a financial institution headquartered in Mexico).



Bonnie Jean Fetch

Non-Executive Director

Bonnie Jean Fetch is a Non-Executive and Non-Independent Director of Cummins India Limited and currently serves as Vice President and Head of Global Supply Chain and Manufacturing at Cummins Inc. Bonnie is responsible for the strategic and operational leadership globally for Cummins' complex and integrated supply chain as well as Cummins' New and ReCon Parts business and Remanufacturing operations. She previously had leadership accountability for supply chain operations across North America and the Supply Chain Services organization. Drawing upon her vast experience, she has demonstrated exceptional leadership in guiding global organizations toward significant improvement in business performance, through inspiring vision and strategy, while purposefully fostering a culture of alignment for exceptional high performance. She possesses expertise in strategic planning, logistics and manufacturing operations, business development, engineering, supply-chain management and human resources. She has previously served on the boards of private companies and non-profit organization outside India.



BANKERS :

State Bank of India
HDFC Bank Limited
Citibank, N.A.
Bank of America
ICICI Bank Limited
The Hongkong Shanghai Banking Corporation Limited
YES Bank Limited
J.P. Morgan Chase, N.A.

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DIRECTORS' REPORT

TO THE MEMBERS,

The Board of Directors take pleasure in presenting the Sixty-Third Annual Report including *inter-alia* Directors' Report, its annexures and audited financial statements (including standalone & consolidated financial statements along with respective Auditors' Report thereon) for the year ended March 31, 2024. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. FINANCIAL RESULTS:

On Standalone basis:-

During the Financial Year 2023-24, revenue from operations was ₹ 8,958.60 Crores as compared to ₹ 7,744.43 Crores during the previous year (16% higher). Profit after tax increased to ₹ 1,660.62 Crores from ₹ 1,129.82 Crores recorded for the previous year (47% higher).

On Consolidated basis:-

During the Financial Year 2023-24, revenue from operations was ₹ 9,000.20 Crores as compared to ₹ 7,772.09 Crores during the previous year (16% higher). Profit after tax increased to ₹ 1,720.58 Crores from ₹ 1,228.15 Crores recorded for the previous year (40% higher).

FINANCIAL SUMMARY	STANDALONE		CONSOLIDATED	
	2023-24 (₹ in Crores)	2022-23 (₹ in Crores)	2023-24 (₹ in Crores)	2022-23 (₹ in Crores)
APPROPRIATION OF PROFIT:				
Profit before taxation	2,143.05	1,492.07	2,204.61	1,591.29
Net Profit for the year after tax	1,660.62	1,129.82	1,720.58	1,228.15
Dividend	859.32	623.70	859.32	623.70

* Includes Exceptional Items amounting to ₹ (1.70) Crores (F.Y. 2022-23 : ₹ (14.30) Crores)

2. RESERVES:

The closing balance of reserves, including retained earnings, of the Company as at March 31, 2024 was ₹ 6,107.65 Crores. During the Financial Year, no amount was proposed to be transferred to the Reserves.

3. BUSINESS UPDATE AND STATE OF COMPANY'S AFFAIRS:

The information on Company's affairs and related aspects is provided under Management Discussion and Analysis Report, which has been prepared, *inter-alia*, in compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms part of the Annual Report.

4. DIVIDEND:

The Directors have recommended a final dividend of ₹ 20/- (i.e. 1000%) per equity share of ₹ 2/- each fully paid-up share in their meeting held on May 29, 2024, in addition to the interim dividend of ₹ 18/- (900%) per equity share of ₹ 2/- each fully paid-up share declared on February 07, 2024, aggregating to ₹ 38/- (i.e. 1900%) per equity share of ₹ 2/- each fully paid-up share for the year ended March 31, 2024 (previous year ₹ 25 /- per equity share i.e. 1,250%). The final dividend is subject to approval of the Members at the ensuing Annual General Meeting and shall be subject to deduction of income tax at source as per applicable laws.

The final dividend recommended, and the interim dividend paid is in accordance with the principles and criteria as set out in the dividend distribution policy.

5. SHARE CAPITAL:

The paid-up share capital of the Company is ₹ 554,400,000/- divided into 277,200,000 equity shares of ₹ 2/- each as on March 31, 2024. Your Company has not come up with any issue (public, rights or preferential) during the year. There is no change in the share capital during Financial Year 2023-24.

6. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:

Your Board is pleased to provide details of the following subsidiary, joint ventures and associates as on March 31, 2024 :-

a) Cummins Sales & Service Private Limited (CSSPL):

CSSPL, a wholly owned subsidiary, of the Company focuses on sales of Cummins engines, parts, accessories and providing service support to engines and generators mainly in parts of Northern India close to the National Capital Region (NCR). CSSPL generated a revenue of ₹ 199.02 Crores from its operations for the year ended March 31, 2024, as compared to ₹ 145.51 Crore during the previous year (37% higher).

b) Cummins Research and Technology India Private Limited (CRTIPL):

The Board of directors of CRTIPL at its meeting held on March 21, 2016, had decided to cease operations of CRTIPL. Accordingly, it ceased its operations from April 1, 2016. The Members of CRTIPL, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTIPL under the Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. The liquidator, appointed by the Members at the extra-ordinary general meeting, completed all the procedures pertaining to the voluntary winding-up, and submitted the dissolution application with the Mumbai Bench of The National Company Law Tribunal ('NCLT') on May 20, 2023. The final order of dissolution (voluntary liquidation) has been passed by NCLT on December 13, 2023 and accordingly, CRTIPL ceases to exist effective from that date.

c) Valvoline Cummins Private Limited (VCPL):

VCPL, a 50:50 joint venture between Valvoline International Inc., USA, one of the global leaders in lubricants and engine oils, and your Company, VCPL generated a revenue of ₹ 2,255.59 Crores from its operations for the year ended March 31, 2024, as compared to ₹ 2,150.25 Crores during the previous year 5% higher).

d) Cummins Generator Technologies India Private Limited (CGTIPL):

Your Company owns 48.54% shareholding in the Associate Company namely CGTIPL which is in the business of design, manufacturing, marketing, sales and service of alternators and related spare parts. CGTIPL generated revenue of ₹ 1,805.38 Crores from its operations for the year ended March 31, 2024, as compared to ₹ 1,803.26 Crores during the previous year (0.12% higher).

The Members of CGTIPL at their Extra-ordinary General Meeting held on March 17, 2022, approved a scheme of reduction of the issued, subscribed and paid-up share capital of the Company (the 'Scheme') from ₹ 16,070,010/- consisting of 1,607,001 equity shares of ₹ 10/- each to ₹ 15,995,680/- consisting of 1,599,568 equity shares of ₹ 10/- each by paying off, cancelling and extinguishing, in aggregate, 7,433 equity shares of the Company ('Capital Reduction') as recommended by the Board of Directors in their meeting held on February 11, 2022. The Company has filed a petition with Hon'ble National Company Law Tribunal, Mumbai Bench, ('Hon'ble NCLT') seeking approval for the said Scheme of Capital Reduction on April 07, 2022. No effect of the scheme has been given in CGTIPL financial statements as at and for the year ended March 31, 2024, pending approval from Hon'ble NCLT.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, consolidated financial statements of the Company, its subsidiary, joint venture and associate companies, prepared in accordance with the applicable Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, form part of the Annual Report.

Further, a statement containing the salient features of the financial statement of subsidiary, associate company and joint venture in the prescribed Form AOC-1 is appended as **Annexure '1'** which forms part of this Report.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate financial statements in respect of CSSPL, are available on the website of the Company on <https://www.cummins.com/en/in/investors/india-financials>.

The Company will make the said financial statements and related detailed information of CSSPL available upon request by any Member of the Company. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company and of CSSPL.

7. CHANGE IN THE NATURE OF THE BUSINESS:

During the year under review, there was no change in the nature of the business pursuant to *inter-alia* Section 134 of the Companies Act, 2013 and Companies (Accounts) Rules, 2014.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

No loan or guarantee was given, or investment was made by your Company during the Financial Year 2023-24 pursuant to Section 186 of the Companies Act, 2013.

9. DEPOSITS:

Your Company has not accepted any Public Deposits under Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year 2023-24.

10. FUND RAISING BY ISSUANCE OF DEBT SECURITIES, IF ANY

Pursuance to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018, read with SEBI Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023, the Directors confirm that the Company is not defined as a “Large Corporate” as per the framework provided in the said Circular. Further, your Company has not raised any funds by issuance of debt securities.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During Financial Year 2023-24, no materially significant related party transactions were entered into by the Company, that may have potential conflict with the interests of Company at large.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 is appended as **Annexure ‘2’** which forms part of this Report.

The Policy on materiality of related party transactions as approved by the Board can be accessed on the Company’s website at the link: <https://www.cummins.com/en/in/investors/india-corporate-governance>.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, related party transactions have been disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with relevant accounting standards.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolution for seeking approval of the Members on material related party transactions is being placed at the ensuing Annual General Meeting scheduled on August 07, 2024.

12. CONSERVATION OF ENERGY:

During the Financial Year 2023-24 your Company has strived to imbibe energy conservation principles and initiatives across all its facilities.

Your Company generated a total of 65,02,276 KWH of electricity from onsite solar installations. Details of the same are mentioned below:

At CPG plant 121 kWp Solar power plant installed in Feb 2024. Per year 140400 kWh units will be generated by this solar plant.

Overall energy conservation from existing as well as new solar PV installations:

Site	Solar PV installation capacity	On-site solar energy generation in kWh
KEP	3,850 kWp	47,63,014 kWh
CPG	521kWp	5,45,410 kWh
Common Facility (ABO + IPDC+HHP RC+ DBU TTC)	835 kWp	10,13,748 kWh
PPSP	150kWp	1,80,104 kWh

Apart from the solar energy projects, your company also undertook various other energy conservation initiatives. Details of the same are mentioned below:

Kothrud Engine Plant of the Company undertook initiatives such as replacement of non-energy efficient fans (460 Nos), installation of occupancy sensors for offices & washrooms (60 Nos), NK warehouse

and took focused efforts to arrest compressed air leakages (Leakage reduction from 976 to 664 cfm). The Plant also continued implementation of the existing initiatives such as installation of LED Lights, replacement of chillers, panel & office ACs, and implementation of other low cost no cost projects. All these initiatives resulted in savings of 4.62 lakh units of electricity.

At CPG Phaltan plant of the Company, 4 HVLS were installed which led to conservation of around 78,500 kWh units in replacement of AHU. Also, shop floor florescent lamp replaced with 120-watt LED lamps. Now CPG shop floor is with 100% LED lamps. Energy saving achieved 45,000 kWh units annually.

At High Horsepower plant of the Company at Phaltan Rebuild Centre, fluorescent tube lights were replaced with LED lights at paint booth area leading to energy saving of 1,742.4 kWh. Additionally, new room heater On Off operation on timer at HT room was installed that led to energy savings of 2,880 kWh.

At Company's registered office, various initiatives were undertaken for replacement of fluorescent tube lights with LED lights leading to a total saving around 35,100 kWh. The site also installed sensor for ramp lights that led to energy saving around 480 kWh.

13. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

Your Company is committed to introducing new products and improving existing products to have better performance levels, lower life cycle costs, excellent safety, recyclability characteristics and meet stringent emission norms tailored for the specific needs of the Indian industry.

Your Company continues this endeavor by developing the next generation of systems in collaboration with the parent company - Cummins Inc., USA.

Improved technical productivity, through new methodologies and technologies, is being continuously pursued to reduce the costs associated with new product development and customer support. An example of this is the further enhanced use of analysis-led design through computer models that help minimize hardware testing and therefore accelerate product development cycle times with reduced product testing.

A. New Product Development: -

The following new Products were developed as part of the above initiatives during the year: -

1. Hotel load converter developed for Rail business to enter in Rail electrification space;
2. Entire range of CPCBIV+ products (engine & gensets) was certified and launched;
3. New product range for Exports (20-330 kVA) was launched;
4. Marine engine product families to support the increasing commercial Marine Business;
5. Further enhancements of non-diesel product development capability such as use of alternative fuels is being explored in India; and
6. Telematics and Analytics capabilities have been developed to improve uptime and fuel efficiency performance of our products.

Further, your Company continues to strengthen its channel presence through its Genset Original Equipment Manufacturers partners who have added 12 additional sales dealers across various geographies.

B. Benefits derived as a result of the above activities are: -

1. Enhanced product and service capabilities through use of electronic tools and simulation software to deliver improved engine performance;

2. Enhanced capability to tailor engine designs to improve value proposition for customers through delivering superior power output, fuel economy, transient response and reduced emissions;
3. Enhanced product and service capabilities through use of electronic tools and simulation software to control the engine performance and combustion process;
4. Enhanced capability to tailor engine designs to improve the value proposition for customers through delivering superior power output, fuel economy, transient response and reduced emissions;
5. Product and component availability to meet the new emission norms ahead of implementation;
6. Safer, recyclable, reliable, durable, and performance-efficient products and critical components;
7. Component indigenization capability was improved through enhanced test capability, rig test and flow bench development and availability; and
8. Significant enhancements in measurement capability were made to pursue business opportunities in non- diesel applications to serve both the rural and international communities.

C. Future plans include: -

1. Developing local 'fit-for-market' solutions to meet export emission requirements.
2. Technological innovation to add value to products in the areas of alternate fuels, fuel cells, power electronics, hybrid engines and recycle / re-use;
3. Continued expansion of the product range to serve the needs of both local and global market;
4. Continued focus on indigenization and partnering with suppliers for waste elimination initiatives; and
5. Focused engine development for the Power Generation segment for the upcoming emissions norms.

D. Your Company continues to draw benefits from its parent company, Cummins Inc.'s technology, advanced engineering, and research. With this support your Company is committed to develop advanced fuel-efficient and emission-compliant products that use a variety of energy sources and comply with future domestic emissions and carbon dioxide targets. These help to reduce greenhouse gas emissions and improve air quality, whilst also enabling the products to deliver superior performance, reliability, durability, and recyclability.

E. Expenditure on Research & Development (R&D):-

The total expenditure on R & D was as follows:-

Particulars	2023-24	2022-23
	(₹ in Crores)	(₹ in Crores)
Capital	6.69	7.42
Recurring	3.21	19.05
Total	9.90	26.47
Total R&D expenditure as a percentage of total sales turnover	0.11%	0.35%

14. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company continues to be Net Foreign Exchange Earner. During the year under review, your Company exported 5,851 engines and 5,862 generator sets. Foreign exchange earned in terms of actual inflows during the year 2023-24 and foreign exchange outgo in terms of actual outflows during the year 2023-24 were as follows:-

Particulars	FY 2023-24	FY 2022-23
	(₹ in Crores)	(₹ in Crores)
Foreign exchange earnings*	1,810.90	2,276.87
Foreign exchange outgo*	1,262.23	1,111.87

* Equivalent value of various currencies

15. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT:

The Management Discussion and Analysis Report and the Corporate Governance Report which forms part of this Report are appended as **Annexure '3'** and **'4'** respectively.

The Company has obtained a Certificate from Practicing Company Secretary confirming compliance with conditions of the Code of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including amendments thereof) and the same is appended as **Annexure '6'** which forms part of this Report.

The Company has received a Certificate from Practicing Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified by MCA or SEBI or any such statutory authority from being appointed / continuing as Director and the same is appended as **Annexure '7'** which forms part of this Report.

16. ANNUAL RETURN:

As per the requirement under Section 92(3) of the Companies Act, 2013, the draft Annual Return for Financial Year 2023-24 is available on the website of the Company at the link: <https://www.cummins.com/en/in/investors/india-annual-reports>. The Annual General Meeting is proposed to be held on August 07, 2024. The Company shall upload a copy of Annual Return for Financial Year 2023-24 as soon it has filed the said Annual Return with Registrar of Companies.

17. RISK MANAGEMENT:

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust Enterprise Risk Management Framework to identify, monitor and minimize risks. As a process, the risks associated with the business are identified and prioritized based on impact, probability of occurrence, organization's risk management capability and velocity of risk. Such risks are reviewed by the Senior Management, Risk Management Committee and the Board on a regular basis. We have a structured governance mechanism where risks identified under the ERM Framework are categorized based on level of oversight required. Subsequently, Risk Owners and appropriate review forums are identified for each of the risk and metrics are developed for monitoring and reviewing the risk mitigation efforts. The established comprehensive Risk Management Framework ensures that risk areas having a potential impact on Company's continued existence as a going concern and to its development are identified and addressed on timely basis.

The Risk Management Committee of the Board of Directors of your Company assists the Board in (a) overseeing and approving the Company's enterprise wide risk management framework including the risk management processes, systems and practices of the Company; (b) overseeing that all existing risks and new risks that the organization faces including cyber security risks have been identified and assessed, and (c) overseeing that adequate resources have been allocated to effectively manage those risks. Further details on Risk Management Committee are included in the Corporate Governance Report.

The details and process of Enterprise Risk Management implemented by the Company through Risk Management Policy, are included in the Management Discussion and Analysis, which forms part of Annual Report.

18. INTERNAL FINANCIAL CONTROL:

Your Company has established adequate internal financial controls for ensuring orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report which is appended as **Annexure '3'** and forms part of Annual Report.

19. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

Your Company has a 'Vigil Mechanism Policy' which *inter-alia* provides adequate safeguards against victimization of persons who may blow the whistle. Vigil Mechanism Policy may be accessed on the Company's website at the link: <https://www.cummins.com/en/in/investors/india-corporate-governance>.

In addition, your Company has complied with provisions relating to constitution of an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has a stable well governed ethics investigations process. Regular workshops and awareness programmes against sexual harassment are conducted across the organization. During the year under review, no complaint pertaining to sexual harassment of woman employee was reported to the Committee and consequently, no complaints remained unresolved as on March 31, 2024.

Your Company's leadership culture is to inspire and encourage all employees to reach their full potential. A great leadership culture begins with outstanding leaders who create an outstanding place to work, inspiring and encouraging all employees to achieve their full potential. Leaders connect people and their work to the vision, mission, values, brand promise and strategies of the company, motivating them and giving them a higher sense of purpose. Leaders also build trust in our teams and in our organizations and align on key goals and priorities. Leaders foster open communications and offer various opportunities to employees to express their feedback through several ways.

The Company is committed to the highest possible standards of openness, integrity and accountability in all its affairs and to providing a workplace conducive to open discussion of its business practices. Your Company has laid out infrastructures and policy through which the employees can voice their concerns about suspected unethical or improper practice, or violation of Cummins Code of Business Conduct or complaints regarding accounting, auditing, internal controls or disclosure practices of the Company. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or letter to the Managing Director of the Company or Letter to Head of Legal Department or Letter to the Chairman of Audit and Compliance Committee or via the Ethics helpline/ Webpage, details of which are available on website www.cumminsindia.com.

20. COMPLIANCE WITH THE CODE OF CONDUCT:

All Directors on the Board and Senior Management have affirmed compliance to the Code of Conduct and Cummins Code of Business Conduct respectively for the Financial Year 2023-24. A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by the Board of Directors and Senior Management for the Financial Year 2023-24 as required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

Pursuant to regulation 26(5) of the SEBI Listing Regulations, senior management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

21. DIRECTORS' RESPONSIBILITY STATEMENT:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and/or external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit and Compliance Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the Financial Year 2023-24.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards have been followed and there was no material departure from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2024 and of the profit for the period April 01, 2023 to March 31, 2024;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. DIRECTORS:

a) Changes in the composition of the Board of Directors:

Appointments and Re-appointments

Ms. Lira Goswami (DIN: 00114636) was appointed by the Board as an Additional (Non-Executive and Independent) Director with effect from May 24, 2023 and was regularized as a Director (Non-

Executive and Independent) in 62nd Annual General Meeting of the Company held on August 03, 2023, to hold office for period of five (5) consecutive years effective from May 24, 2023 to May 23, 2028, not liable to retire by rotation.

Ms. Jennifer Mary Bush (DIN: 09777114) Non-Executive Non-Independent Director of the Company was appointed as the Chairperson of the Board with effect from November 07, 2023.

Mr. Sekhar Natarajan (DIN: 01031445) was appointed by the Board as an Additional Director (Non-Executive Independent) with effect from May 29, 2024. On recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed appointment of Mr. Sekhar Natarajan as a Non-Executive and Independent Director, not liable to retire by rotation, for period of five (5) consecutive years effective from May 29, 2024 to May 28, 2029 to the Members of the Company in the upcoming Annual General Meeting. The resolution seeking Member's approval for his appointment including continuance of Mr. Natarajan beyond December 14, 2028 on account of his attaining the age of 75 years on that date forms part of the Notice.

Mr. Farokh Nariman Subedar (DIN: 00028428) was appointed by the Board as an Additional Director (Non-Executive Independent) with effect from May 29, 2024. On recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed appointment of Mr. Farokh Subedar as a Non-Executive and Independent Director, not liable to retire by rotation, for period of five (5) consecutive years effective from May 29, 2024 to May 28, 2029 to the Members of the Company in the upcoming Annual General Meeting. The resolution seeking Member's approval for his appointment forms part of the Notice.

In accordance with the Companies Act, 2013 and Articles of Association of the Company, Mr. Donald Jackson (DIN: 08261104), Director (Non-Executive and Non-Independent) of the Company, retires by rotation and being eligible, offer himself for re-appointment. The proposal seeking Member's approval for his re-appointment forms part of the Notice, which is also approved by the Board on the recommendation of the Nomination and Remuneration Committee.

As required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, particulars of Directors seeking appointment/re-appointment at this Annual General Meeting are given in the Annexure to the Notice and the Board on the recommendation of Nomination and Remuneration Committee, recommends the respective resolutions further to the Members for approval.

Cessation

During the year, Mr. P.S. Dasgupta (DIN: 00012552) resigned as Director (Non-Executive and Independent) of the Company effective from close of business hours of May 24, 2023 on account of professional exigencies. Consequently, he also ceased to be a Chairman of Stakeholders Relationship Committee and Corporate Social Responsibility Committee & Member of Audit and Compliance Committee, Risk Management Committee and Nomination and Remuneration Committee with effect from close of business hours of May 24, 2023. He had confirmed vide his resignation letter that there were no other material reasons for his resignation.

Mr. Steven Chapman (DIN: 00496000) resigned as a Chairman, Non-Executive and Non-Independent Director of the Company effective from close of business hours of September 30, 2023, on account of pre-occupation and other personal reasons. Consequently, he also ceased to be a Member of Nomination and Remuneration Committee with effect from close of business hours of September 30, 2023. He had confirmed vide his resignation letter that there were no other material reasons for his resignation.

The Board places on record its appreciation for the outgoing Directors' invaluable contribution and guidance during their tenure.

Retirement

The Board at its meeting held on May 29, 2024 took note of Mr. Nasser Munjee's (DIN: 00010180) and Mr. Rajeev Bakshi's (DIN: 00044621) upcoming retirement as a Non-Executive Independent Director effective from July 31, 2024, upon completion of their second term.

The Board placed on record the deepest appreciation and gratitude for the valuable contributions made by them during their tenure on the Board.

The details of Board composition, number of meetings held, details of directorships of Directors etc. are provided in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

b) Committees of the Board:

The Board of Directors have constituted following Committees in order to effectively cater its duties towards diversified role under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:-

- Audit and Compliance Committee;
- Stakeholders Relationship Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee; and
- Risk Management Committee

Details of the constitution, broad terms of references of each Committee and number of meetings attended by individual Director etc. are provided in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

c) Policy on Director's Appointment and Remuneration:

The Policy of the Company on Director's Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of the Directors and other matters provided under Section 178 (3) of the Companies Act, 2013, adopted by the Board viz. Nomination and Remuneration Policy, is appended as **Annexure '8'** which forms part of this Report.

Details of the remuneration paid to the Board of Directors are provided in the Corporate Governance Report. It is affirmed that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

d) Board Performance Evaluation Mechanism:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance and the Directors, Chairperson individually, as well as the evaluation of working of its Committees. Details of the evaluation mechanism is provided in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

e) Inter-se relationships between the Directors:

There are no relationships between the Directors inter-se.

f) Familiarization Programme for Independent Directors:

During the year, various documents, background notes etc. were shared with the Independent Directors to have a better insight into state of affairs of the Company.

The Chairman and/or the Managing Director also have periodic discussions with the newly appointed Directors to provide them, details of initiatives of the Company for better understanding of the Company, its business and the regulatory framework in which the Company operates and equip him/ her to effectively fulfil his/ her role and responsibilities as a Director of the Company.

The details of familiarization programmes imparted are available at:
<https://www.cummins.com/en/in/investors/india-corporate-governance>.

g) Declarations from the Independent Directors:

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read along with Rules framed thereunder and Regulation 16(1)(b) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Independent Directors have submitted *inter-alia* declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors have also confirmed compliance with the provisions of the rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of Independent Directors.

Further, the Independent Directors have also confirmed that there has been no change in the circumstances affecting their status as Independent Directors of the Company. The said Certificates(s) were taken on record by Board after their requisite assessments.

The Board took on record the declaration and confirmation submitted by the Independent Directors regarding their meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same as required under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

23. NUMBER OF MEETINGS OF THE BOARD:

Five meetings of the Board of Directors were held during the year. The details of the meetings held and attendance there at are provided in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

24. KEY MANAGERIAL PERSONNEL:

There were no changes in the Key Managerial Personnel(s) during the year.

25. PARTICULARS OF EMPLOYEES AND REMUENRATION:

The details in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, is appended as **Annexure '10'** which forms part of this Report.

Statement containing particulars of top 10 employees and particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 is a separate Annexure in terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. The said Statement is also open for inspection. Any Member interested in obtaining a copy of the same may write to the Company Secretary at Cil.Investors@cummins.com. None of the employees listed in the said Annexure are related to any Director of the Company.

26. INDUSTRIAL RELATIONS:

Industrial Relations at all the plants of the Company continue to be cordial with minimal labour issues. Multiple initiatives have been rolled out for shop employees to ensure better management & governance, career growth to associates working on shop floor at Megasite. Our unionized plant, KEP concluded long term wage settlement with Union in December 2023, settlement inclusive of productivity increase, linkage to new performance categories along with wage rise was signed off and implemented amicably. This settlement will help us to reward better performance, help employees to grow in the organization. We have introduced a performance management system for our shop, office & technician employees with updated performance categories which shall help us to differentiate and recognize with employees contribution in business success. We are taking right steps to provide them access to technology with which employees can leverage our online systems for better learning and bringing effectiveness in their daily work. We have also introduced an internal job posting system for all new positions across organization which helps us to grow talent from non-exempt category. Our emphasis on “Right Environment” for all our employees is continued as earlier to ensure that all our employees feel comfortable and secure at their workplace. We ensured our employees are engaged through various sports activities and family functions such as cricket tournaments for all our employees/ Family Day celebration etc. Employee participation in various Corporate Responsibility projects has been commendable during the Financial Year. They joined hands with Company to drive some critical social impact projects.

27. AUDITORS:

STATUTORY AUDITORS:

At the 60th Annual General Meeting held on August 12, 2021, M/s. Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants (Firm Registration No.: 304026E/E-300009) (“PWC”), was appointed as Statutory Auditor of the Company to hold office till the conclusion of 65th Annual General Meeting.

Accordingly, PWC completed audit for Financial Year 2023-24 and issued Auditor’s Report. There are no qualifications, reservations, adverse remarks or disclaimers made by the auditors in the Audit Report for the Financial Year 2023-24.

In terms of the Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors does not require ratification by the Members in Annual General Meeting. Accordingly, the Board noted the continued appointment of PWC as the Statutory Auditors of the Company for the Financial Year 2024-25 in its meeting held on May 29, 2024. PWC have informed the Company that they are eligible to continue and their appointment is within the limits prescribed under Section 141 of the Companies Act, 2013.

SECRETARIAL AUDITORS:

M/s Pramod Shah & Associates, (FCS 334), was appointed to conduct the secretarial audit of the Company for the Financial Year 2023-24, as required under Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR-3 and Secretarial Audit Report pursuant to Regulation 24A of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 for Financial Year 2023-24 is appended as Annexure '5' which forms part of this Report. Both the reports do not contain any qualification, reservation or adverse remark.

The Annual Secretarial Compliance Report has been submitted to the Stock Exchanges as required under Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Further, during the Financial Year 2023-24 and two previous financial years, no penalties, strictures were imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets.

The Board on the recommendation of the Audit and Compliance Committee has appointed M/s MMJB & Associates LLP, Practicing Company Secretaries, (LLPIN: AAR-9997) to conduct the secretarial audit of the Company for the Financial Year 2024-25 in its meeting held on May 29, 2024.

COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. The Directors, on the recommendation of the Audit and Compliance Committee, had appointed M/s. C S Adawadkar & Co., Cost Accountants (Firm Registration Number: 100401), to audit the cost accounts of the Company for the Financial Year 2023-24 at a remuneration of ₹ 950,000/- plus taxes as applicable and re-imbursalment of out of pocket expenses. The remuneration was ratified by Members in the 62nd Annual General Meeting held on August 3, 2023.

Pursuant to recommendation of the Audit and Compliance Committee, the Board in its meeting held on May 29, 2024 has appointed M/s C S Adawadkar & Co. (Firm Registration No.: 100401), to audit the cost accounts of the Company for the Financial Year 2024-25 at a remuneration of ₹ 950,000/- plus taxes as applicable and re-imbursalment of out of pocket expenses. As required under the Companies Act, 2013, the Members ratification for the remuneration payable to M/s. C S Adawadkar & Co, Cost Auditors, is being sought at the ensuing Annual General Meeting.

M/s. C S Adawadkar & Co, Cost Auditors, under Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, have furnished a certificate of their eligibility and consent for appointment.

28. CORPORATE SOCIAL RESPONSIBILITY POLICY AND ITS REPORT:

Your Company is an early adopter of the Corporate Social Responsibility (CSR) initiatives. Corporate Social Responsibility continues to be the core value of your Company embedded in the core value of caring, which focuses on 'serving and improving the communities in which we live'. Your Company works with 'Cummins India Foundation' towards three broad focus areas viz. Higher Education, Energy and Environment and Equality of Opportunity. Additionally, Company also carries out other strategic initiatives.

Details about the CSR Policy and initiatives taken by the Company during the year are available on our website <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Annual Report on our CSR Activities *inter-alia* including the amount spent, unspent together with reasons thereof is appended as **Annexure '11'** which forms part of this Report.

29. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT :

As stipulated under the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular dated May 10, 2021, your Company has introduced the Business Responsibility and Sustainability Report ('BRSR') for Financial Year 2023-24, which provides enhanced disclosures on Environment, Social and Governance (ESG) practices and focused areas of the Company, is appended as **Annexure '12'** and forms a part of this Report.

In terms of SEBI Listing Regulations, the Company has obtained, BRSR Reasonable assurance on BRSR Core Indicators from Price Waterhouse & Co Chartered Accountants LLP on a standalone basis for the FY 2023-24.

30. SECRETARIAL STANDARDS:

The Company is in compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India, specifically Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2).

31. DIVIDEND DISTRIBUTION POLICY:

The Board of Directors of the Company have formulated a Dividend Distribution Policy which is appended as **Annexure '9'** and forms part of this Report. The policy is also available on our website <https://www.cummins.com/en/in/investors/india-corporate-governance>.

32. INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to Section 124 and Section 125 of Companies Act, 2013 and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, during the year under review, the Company has transferred the following unclaimed and unpaid dividend and corresponding shares to IEPF, upon completion of period of seven years:

Date of Declaration	Type of Dividend	Amount transferred (₹)	No of equity shares transferred
August 08, 2016	Final Equity Dividend (FY 2015-16)	1,15,89,363	22,720
February 01, 2017	Interim Equity Dividend (FY 2016-17)	62,99,520	14,122

33. DETAILS OF INSOLVENCY AND BANKRUPTCY CODE:

During the year under review, your Company has neither made any application nor any application is pending under the Insolvency and Bankruptcy Code.

34. DETAILS REGARDING VALUATION REPORT:

During the year under review, your Company has not entered into any One-Time Settlement with Bank's or Financial Institutions and therefore, no details of valuation in this regard is available.

35. GENERAL:

Further, the Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions or applicability with respect to these items during the year under review:

- a. Issue of equity shares with differential rights as to dividend, voting or otherwise;
- b. Issue of shares (including sweat equity shares) by the Company to its employees;
- c. The Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries. Further, the Company had not appointed any other Whole-time Director except the Managing Director;
- d. No frauds were reported by Auditors under Section 143(12) of the Companies Act, 2013 and rules frame thereunder;
- e. No equity shares were lying under unclaimed suspense account during the financial year 2023-24;
- f. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations. However, Members' attention is drawn to the Statement on Contingent Liabilities, commitments in the notes forming part of the Financial Statement;
- g. No material changes and commitments occurred during April 01, 2024 till the date of this Report which would affect the financial position of your Company; and
- h. Details as prescribed under section 134 of the Companies Act, 2013 and Rules made thereunder, applicable to the Company, have been specifically given in this Report, wherever applicable.

ACKNOWLEDGEMENT:

The Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and members during the year under review. The Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and associates.

For and on behalf of the Board of Directors,

Place : Pune
Date : May 29, 2024

Jennifer Mary Bush
Chairperson
DIN: 09777114

Ashwath Ram
Managing Director
DIN: 00149501

Note: All the Annexures referred in the Directors' Report form an integral part of the same. The entire Annual Report along with the Notice convening the AGM and Financial Statements (Standalone and Consolidated along with respective Audit Reports) shall be read together.

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 1 – STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

[Pursuant to first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 – Form AOC - 1]

Part A : Subsidiaries:-

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to the wholly-owned subsidiary

Sr. No.	Particulars	
1.	Name of the subsidiary :	Cummins Sales & Service Private Limited
2.	The date since when subsidiary was acquired	October 01, 2015
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period:	Financial Year 2023-24
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries :	Indian Rupees (₹)
5.	Share capital :	₹ 12.00 Crore
6.	Reserves & surplus :	₹ 23.42 Crore
7.	Total assets :	₹ 89.01 Crore
8.	Total Liabilities :	₹ 53.59 Crore
9.	Investments :	Nil
10.	Turnover :	₹ 199.02 Crore
11.	Profit before taxation :	₹ 13.29 Crore
12.	Provision for taxation :	₹ 3.33 Crore
13.	Profit after taxation :	₹ 9.96 Crore
14.	Proposed Dividend :	Not Applicable
15.	% of shareholding :	100

Note: Your Company does not have any subsidiary which is yet to commence operations, or which has been liquidated or sold during the financial year.

ANNEXURES TO THE DIRECTORS' REPORT

Part B : Associates and Joint Ventures:-

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Company and Joint Ventures

Name of Associates / Joint Ventures	Valvoline Cummins Private Limited	Cummins Generator Technologies India Private Limited
1. Date of the latest audited Balance Sheet	March 31, 2024	March 31, 2024
2. Date on which the Associate/ Joint Venture was associated or acquired	October 28, 1994 (Please refer note no. 1)	July 05, 2002
3. Shares of Associates / Joint Ventures held by the Company on the year end		
No. of Shares	9,500,000 equity shares of ₹ 10/- each	779,997 equity shares of ₹ 10/- each
Amount of Investment in Associates / Joint Ventures	₹ 8.04 Crores (Please refer note no. 1)	₹ 17.20 Crores (Please refer note no. 2)
Extent of Holding %	50%	48.54%
4. Description of how there is significant influence	Joint Venture	Associate Company with control of more than 20% of total share capital
5. Reason why the associate / joint venture is not consolidated	NA	NA
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 152.02 Crore	₹ 311.29 Crore
7. Profit/Loss for the year		
i. Considered in Consolidation	₹ 92.51 Crore	₹ 152.60 Crore
ii. Not Considered in Consolidation	₹ 92.51 Crore	₹ 161.77 Crore

Notes:-

- The shareholding in Valvoline Cummins Private Limited, valued at ₹ 8.46/- per share, was transferred to the Company and consequently considered as a Joint Venture post amalgamation of Cummins Sales and Service India Limited (erstwhile wholly-owned subsidiary of Company) w.e.f. April 01, 2008 vide order of Hon'ble High Court of Bombay dated March 20, 2009.
- The Company invested ₹ 220.50/- per share in Cummins Generator Technologies India Private Limited.
- There is neither any Associate Company / Joint Venture which is yet to commence operations nor any Associate Company/ Joint Venture which has been liquidated or sold during the year except Cummins Research and Technology India Private Limited as mentioned in Note no. 4.
- The Board of directors of Cummins Research and Technology India Private Limited ('CRTI') at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under the Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. The liquidator appointed by the shareholders at the

extra-ordinary general meeting, completed all the procedures pertaining to the voluntary winding-up, and had submitted the dissolution application with the Mumbai Bench of the National Company Law Tribunal ('NCLT') on May 20, 2023. The final order of dissolution (voluntary liquidation) was passed by the NCLT on December 13, 2023 and accordingly, CRTI ceases to exist.

5. Share of profit of Joint Venture and Associate Company have been considered in consolidation.

For and on behalf of the Board of Directors,

Jennifer Mary Bush
Chairperson
DIN: 09777114
Place: Indiana, USA

Ashwath Ram
Managing Director
DIN: 00149501

Nasser Munjee
Director
DIN: 00010180
Place: Dubai

Place : Pune
Date : May 29, 2024

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Ajay S. Patil
Chief Financial Officer
PAN: AAJPP9246Q

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 2 – PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES

[Pursuant to clause (h) of Section 134(3) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 – Form AOC - 2]

This Form pertains to the disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

No contracts or arrangements or transactions were entered into during the year ended March 31, 2024, which were not at arm's length basis.

2. Details of material¹ contracts or arrangement or transactions at arm's length basis

Name of the Related Party(s)	Nature of Relationship	Nature, tenure and particulars of transactions	Salient Terms	Amount of the transaction
Cummins Limited, UK ('CL')	Subsidiary of Cummins Inc., USA which is the holding company of the Company	As part of regular business operations: 1. sale of engines/gensets, their parts, accessories, and spares by the Company; 2. purchases of engines/ gensets, their parts, accessories or spares by the Company; 3. availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs').	All contracts with related party defined as per Section 2(76) of the Companies Act, 2013, are reviewed for arm's length testing internally basis the international and domestic transfer pricing study. Further, all the transactions are at arm's length.	₹ 836 Crores

Name of the Related Party(s)	Nature of Relationship	Nature, tenure and particulars of transactions	Salient Terms	Amount of the transaction
Tata Cummins Private Limited ('TCPL')	<p>50-50% joint venture company between Cummins Inc., USA and Tata Motors Limited, India.</p> <p>Mr. Ashwath Ram, Managing Director of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is Managing Director of TCPL.</p> <p>Mr. Ajay S. Patil, Chief Financial Officer of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is a Director of TCPL.</p>	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of internal combustion engines including but not limited to B, C and L series engines, their parts and accessories thereof by the Company; 2. sale of internal combustion engines, their parts and accessories thereof by the Company; 3. availing/rendering of any kind of service(s), reimbursements received/paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'). 	<p>All contracts with related party defined as per Section 2(76) of the Companies Act, 2013, are reviewed for arm's length testing internally basis the international and domestic transfer pricing study. Further, all the transactions are at arm's length.</p>	₹ 1,391 Crores

Name of the Related Party(s)	Nature of Relationship	Nature, tenure and particulars of transactions	Salient Terms	Amount of the transaction
Cummins Technologies India Private Limited ('CTIPL')	CTIPL is a subsidiary of Cummins Inc., USA which is also the holding company of the Company	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of engines, gensets, turbochargers, their parts, components and spares by the Company; 2. sale of engines/ gensets, their parts, accessories, and spares by the Company; 3. availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'). 	All contracts with related party defined as per Section 2(76) of the Companies Act, 2013, are reviewed for arm's length testing internally basis the international and domestic transfer pricing study. Further, all the transactions are at arm's length.	₹ 1,681 Crores
Cummins Inc., USA ('CMI')*	Holding company of the Company	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of engines, gensets, turbochargers, their parts, components and spares by the Company; 2. sale of engines/gensets, their parts, accessories, and spares by the Company; 3. availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'). 	All contracts with related party defined as per Section 2(76) of the Companies Act, 2013, are reviewed for arm's length testing internally basis the international and domestic transfer pricing study. Further, all the transactions at arm's length.	₹ 509 Crores

* Prior-approval of the Shareholders was obtained at the AGM held on August 3, 2023 as the said transaction was considered as Material RPT basis the estimated amount which exceeded the threshold.

Notes:

1. Material related party transactions (RPTs) i.e., transactions exceeding rupees one thousand crore or ten percent of the annual consolidated turnover, whichever is lower, as per the last audited financial statements are provided in the above table. As a part of its regular business, the Company transacts with various companies owned or managed under Cummins Group. Out of such companies, the transactions with CL, TCPL, CTIPL and CMI are Material RPTs. During the FY 2022-23, the total annual consolidated turnover of the Company was ₹ 7,641.40 Crores. Considering the same read with thresholds prescribed in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had material related party transactions with CL of ₹ 836 Crores, with TCPL of ₹ 1,391 Crores, with CTIPL of ₹ 1,681 Crores and with CMI of ₹ 509 Crores. The said transactions were approved by the Audit and Compliance Committee and Board of Directors on February 8, 2023, May 24, 2023, and August 3, 2023 and by shareholders at the Annual General Meeting held on August 3, 2023.
2. Similar transactions with related parties are expected in the current Financial Year. Therefore, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit and Compliance Committee and the Board of Directors have approved these transactions on February 07, 2024 and May 29, 2024 and shall present the same for approval by the shareholders at the ensuing Annual General Meeting.

For and on behalf of the Board of Directors,

Place : Pune
Date : May 29, 2024

Jennifer Mary Bush
Chairperson
DIN: 09777114
Place: Indiana, USA

Ashwath Ram
Managing Director
DIN: 00149501

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 3 – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

Economic Trends and Implications

- Global economy turned out to be stronger than expected in Financial Year 2023-24. As central banks across the globe continued to guide inflation towards pre-pandemic levels, economic activity grew steadily, defying warnings of stagflation and global recession. Major economies were able to support aggregate demand through expansionary budgetary spending and rising private consumption. Moderation in energy and commodity prices were able to support the nascent recovery of private capex.
- The Indian economy has showed resilience and emerged as the fastest growing major economy, with GDP growth rate of 7.6%¹ for FY 2023-24. Core industry output has reported a growth in FY 2023-24 driven by higher output of coal, cement, steel, and power sectors. The ratio of real Gross Fixed Capital Formation (GFCF) as percentage of GDP rose to 34.9% in FY 2023-24¹, driving the growth of the capital goods sector.
- Infrastructure development continues to be a focus area for the government with multiple projects being executed under the initiatives – PM Gati Shakti and the National Infrastructure Pipeline. Development of access-controlled expressways, Dedicated Freight Corridor (DFC) and Multi-modal Logistics Parks (MMLPs) will significantly reduce the cost of logistics and improve the competitiveness of Indian products in global markets.
- Manufacturing sector has emerged as one of the key drivers of economic growth in FY 2023-24. India is emerging as a preferred destination for organizations looking to diversify their supply chains and align them with shifts in global trade and geopolitics. Efforts by government and industry partners to develop domestic capabilities across the value chain in sunrise sectors like semiconductors, defence, and electric vehicles will increase the share of manufacturing sector in the overall GDP.
- Sustainability and decarbonization are emerging as strategic priorities across industries as governments and organizations take necessary steps to combat the adverse effects of climate change. India added 18GW of renewable energy capacity in FY 2023-24, taking the overall installed capacity to 190GW. The uptick in capacity addition will continue as renewable energy systems become more cost efficient driven by subsidies and mandates. Adoption of Energy Storage Systems (ESS) will accelerate grid integration of large-scale renewable energy systems.
- Hydrogen, as a fuel, offers immense potential to decarbonize sectors like steel, refining and transportation. The Strategic Interventions for Green Hydrogen Transition (SIGHT) Programme, with an outlay of ₹17,490 crore², seeks to establish the hydrogen ecosystem in India by offering fiscal incentives for production of Green Hydrogen and manufacturing of electrolyzers. With favourable policies and improving investment climate India, will continue to attract investments in low carbon technologies.
- The growth prospects face headwinds from rising geopolitical conflicts and disruption to trade and energy flows. While business sentiments have improved marginally in developed economies, inflation continues to be stubborn delaying prospects of economic revival. Increasing trade protectionism is altering flows of capital as countries look to pursue self-sufficiency and economic security.

Sources:

1. Ministry of Statistics and Programme Implementation (MOSPI), GoI
2. Ministry of New and Renewable Energy, GoI

2. Opportunities and Threats

Key Opportunities

Power Generation

- FY 2023-24 witnessed a robust growth for Power Generation market driven by strong business activity and economic growth across industries. Key segments driving the growth for the Power Generation market included Datacentres, Real estate, Manufacturing, and Infrastructure.
- Emission norms have become more stringent for the power back up industry, with the introduction of CPCBIV+, on July 01, 2023 for products up to 800kW. Your Company has launched best-in class, sophisticated and emission compliant products for the customers across the range.

Industrial

- **Railways:** Indian Railways is set to achieve its ambitious target of 100% track electrification of broad-gauge network by 2024 coupled with addition of new tracks. This is driving demand for Diesel Electric Tower Cars (DETCs) that are used in the installation and maintenance of overhead electric lines. With the expansion of the railway network and dedicated freight corridors becoming operational, growth is expected in the track maintenance sector.

Indian Railways' focus on reducing dependency on diesel in the auxiliary power sub-segment is driving demand for hotel load converters. Your Company has ventured into the supply of hotel load converters which will help augment business in the auxiliary power sub-segment.

With the introduction of CPCBIV+ your Company is prepared to introduce compliant products for Powercar application.

To move towards a green economy with net zero emissions, Indian Railway is also evaluating hydrogen fuel cell solutions for the "Hydrogen for Heritage" initiative. Your Company is actively exploring ways to partner with Indian Railways on this initiative.

- **Mining:** India achieved record coal production in FY 2023-24 at 1 billion tonnes, registering an annual growth of 12%. With increased power demand further intensifying the need to enhance domestic coal production, new coal blocks are being developed, and mining operations are being contracted to mine developers & operators and private players to enhance productivity. Growth in domestic coal production is expected to have a favourable impact on the Heavy Earth Moving Machinery (HEMM) market especially high tonnage dump trucks for which your Company is a critical technology supplier.
- **Marine:** In line with the Indian Navy's fleet expansion and fleet modernization plan backed by the 'Atmanirbhar Bharat' initiative, there is a strong pipeline of opportunities from defence PSU shipyards. Increased opportunities are expected in the commercial marine segment due to the Government of India's mandate to use indigenous vessels for inland water transport and vessels operating in government owned ports.
- **Oil & Gas:** Strong momentum in city gas distribution network expansion due to planned increase in CNG stations from 6,000 now to 17,000 by 2030. In line with this, your Company continues to expect strong demand for gas compression engines from the city gas distribution segment.
- **Defence:** Reforms by Government of India to focus on indigenous design, development, and manufacturing, along with intent to promote exports of defence equipment expected to boost domestic

production. Your Company is expecting growth in engine requirement from OEMs participating in this sector.

- **Pumps:** Your Company is looking to export of FM / UL certified pump packages to global OEMs.
- **Construction:** The construction sector is poised for rapid growth over the next decade as the pace of infrastructure creation gathers higher momentum with rising government capex. Your Company is a leading engine supplier in the Construction equipment segment and has established strong partnerships with OEMs and hence is well placed take advantage of the strong industry tailwinds,

*Sources: Ministry of Railways, IROAF - Indian railways Organization for Alternate fuels, Ministry of Coal, Ministry of Petroleum and Natural Gas, Ministry of Defence, Ministry of Road Transport and Highways and India Investment Grid – Government of India.

Distribution

- Commission of Air Quality Management (CAQM) shared guideline for use of diesel-based power backup gensets in Delhi-NCR, which mandates generator to be retrofitted with Emission Control Devices (ECD). The emphasis on cleaner energy alternatives by the government will increase demand for Dual Fuel Kits (DF kits) and Retrofitted Emission Control Devices (RECDs).
- In addition to the broad range of CPCBIV+ complaint DG sets, your Company, also launched an extended warranty service package, Ashwasan IV+, to facilitate smooth emission transition for its customers. Growth outlook for the Powergen business is positive on the back of strong demand for uninterrupted power supply from Datacentres, healthcare, and commercial realty segments.
- Indian construction equipment sector is expected to record healthy double digit revenue growth in FY24, driven by government's focus on infrastructure development, rapid urbanization, and increased construction activities. Investment in the infrastructure sector and the increasing pace of project delivery will further boost the utilization of equipment leading to the requirement of maintenance and better aftermarket revenue.
- Prioritizing the safety of passenger trains, Indian Railway has increased allocation for improving the safety and reliability of its rail network. This is expected to increase track maintenance activities, subsequently driving up the usage of overhead cranes and track maintenance equipment, driving demand for aftermarket services.
- The ongoing expansion of coal production capacity, to meet higher energy demand, is poised to fuel growth in the mining sector. This surge is anticipated to boost equipment utilization and drive demand for HEMM (High Tonnage) vehicles equipped. Moreover, there will be a growing emphasis on aftermarket services, spare parts supply, and training initiatives for both operators and maintenance staff to ensure higher uptime and improve productivity of assets.
- Rapidly developing domestic gas pipeline network under the City Gas Distribution (CGD) initiative in various cities and will lead to higher demand and usage for gas compressor engines and parts.

Exports

- Your Company continues to pursue opportunities to grow the PowerGen exports market by focussing on segments like telecom, rental, healthcare, manufacturing, and marine.
- Your Company is seeing moderation in demand from markets in Europe and Middle East due to economic slowdown and heightened geo-political crisis.

Key Threats

Power Generation

- With the domestic players expanding their product ranges and international players gaining foothold in the region, competition is intensifying in Powergen segment. As a result, pricing pressure is intensifying across the industry.
- Risk of cost escalation and supply constraints driven by supply chain disruption, raw material shortages and tariff wars.

Industrial

- **Railways:** With rail electrification work nearing the 100% target, demand for DETC is expected to soften going ahead.
- **Mining:** Timely allocation of coal blocks to private players and ramping up of coal production is critical to boost demand for mining equipment.
- **Construction:** Delay in notification of CEMM (Tracked/Excavator) Emission norms is delaying the adoption of clean diesel technology in Excavator segment. Your Company is ready and excited to launch best in class products for expected Construction, Earthmoving, Material Handling and Mining Equipment (CEMM) BS IV emission norms.

Distribution

- Aggressive pricing in LHP and MHP segments is resulting in intense competition for new genset sales to the banking, commercial, and residential segments.
- Increasing Rail electrification will restrict usage of diesel engines to Diesel Electric Multiple Units (DEMUs) and Power Car applications which will reduce maintenance requirements from customers.
- The growing competition amongst Manning Contracts for railways is eroding margins for the industry thereby limiting scope for participation.

Exports

- Your Company anticipates volatility in demand due to economic slowdown in key markets, ongoing geopolitical conflict, and supply chain disruptions.
- Your Company is experiencing strong competitive activity in the Powergen segment. Global OEMs as well as Genset assemblers are driving increased competition in the market.

3. Product-wise Performance

Power Generation

- Your Company launched CPCBIV+ compliant products across the range up to 800kW, with sophisticated technology and indigenous components for the Power Generation market.
- In FY2023-24, your Company has successfully installed and commissioned 2000+ units of CPCBIV+ gensets across India, with higher traction in Delhi NCR.

Industrial

- **Railways:** Your Company has strengthened its market presence and partnership with Indian Railways through the supply of complete DETC propulsion packages, CPCB IV+ compliant diesel alternator sets and Hotel Load Converter (HLC).
- **Marine:** Your Company has successfully delivered the largest genset of 1.5 MW for INS Vikramaditya of Indian Navy. DG sets >1 MW for Commercial marine applications have also been supplied to reputed shipbuilders. 2.3 MW propulsion engines delivered to Larsen & Toubro for use in multipurpose vessels of Indian Navy.
- **Defence:** Production ramp up of key applications such as Missile Carrier Vehicles, Armored personnel carriers, Towed Artillery Guns is driving demand of engines >400HP. Successful proto engine delivered for Light tank 'ZORAWAR' project of Indian Army.
- **Construction:** Your Company continues to be one of the market leaders in excavator segment and has successfully completed certification of QSB4.5 and QSB6.7 to address CEV BS V much ahead of the product launch.

Distribution

- Robust sales of DF Kits and RECD in the year driven by regulatory push from CAQM mandates to use Emission Control Devices (ECDs) on operational DG sets. Your Company has launched an in-house developed RECD and undertaken pilot installations.
- To cater to the high-growth On-highway segment, your Company launched a new range of brake linings, clutches, Crankcase Ventilation Manager, and Fuel Quality checking Kits.
- Diesel Exhaust Fluid (DEF), Intermediate Bulk Container (IBC) launched last year gaining traction amongst end-customers through direct fleet connect. Strong pull seen from the market for the Company's product.
- Rolled out a new range of Service Products such as, Rust Guardian, Hand CleanX, and Clean Master in 2023.

Exports

- Lower demand for PowerGen products from Europe, Middle East and Asia Pacific markets resulted in the decline of Exports revenue of your Company during the year.

4. New Business initiatives for Financial Year 2023-24

Power Generation

- Focusing on customer needs, significant steps were taken to improve the power density of products to reduce the total cost of ownership, lower the maintenance cost and provide the benefit of a smaller installation footprint.
- CAQM released a notification in October 2023, for improved emission norms for gensets >800kW, expecting a reduction in PM, CO and NOx for existing and new gensets in the NCR region. Your Company with its well-established technology leadership, is meticulously developing technology for the products in this range, that comply with the new emission standards.

Industrial

- **Railways:** Your Company has succeeded in testing and shipment of CPCBIV+ compliant diesel alternator set for powercar, track recording car and a Hotel Load Converter to meet the requirements of the auxiliary power sub-segment of Indian Railways.
- **Marine:** Your Company has strong order board for commercial marine and has successfully onboarded new customers.
- **Mining:** Your Company continues to innovate and develop fit-for-market products to expand its presence in the HEMM segments.
- **Pumps:** Your Company has successfully expanded its product portfolio with high-speed ratings of FM / UL certified engines for the global pumps segment.
- **Defence:** Your Company has secured new orders for the wheeled Troop carrier vehicles and Artillery Guns from Defence OEMs.
- **Construction:** Your Company will continue to focus on expanding its product portfolio with unregulated and electronic engines for higher tonnage excavators, which continues to offer excellent value proposition to our partners.

Your Company continues to develop advanced engines on fuel - agnostic platform with best in class power density and efficiency for the compressor & construction segment.

Distribution

- Your Company launched Ashwasan IV+, an extended warranty service package for new range of CPCBIV+ compliant gensets. This extended warranty provides customers with hassle free maintenance and further demonstrates our commitment to reliability and dependability.
- Your Company partnered with Repos Energy to launch DATUM range of products at Excon'23. DATUM is an IoT enabled fuel storage device integrated to a doorstep delivery ecosystem. This solution integrates the end-to-end requirement of fuel management for our customers.
- Your Company supplied two HHP marine engines for repowering of Diesel Alternator sets for a strategic customer.
- To improve customer support, your Company established a Command Centre for Telematics and Rapid Response Team (RRT) Technical support at its India Office Campus. This team will support real-time monitoring and quick issue resolution for new CPCB IV+ compliant Gensets installed with Telematics devices.
- Your Company introduced OPTIMUS, a cutting-edge sales and service application for our Distribution Network. OPTIMUS has replaced the existing Cummins Dealer Operating System (CDOS) by implementing Salesforce CRM, with the goal of maximizing the potential of business for the Company and its channel partners.
- Your Company has reinforced the 'MITWA Mechanics Loyalty Program' for Components, Engines, Filters, and Allied parts, encompassing broad range of parts. The program aims to boost sales, expand product range sales, raise awareness about Genuine parts, and enhance brand loyalty among Mechanics.
- Your Company organized All India Aftermarket Conference (AIAC), bringing together Aftermarket Leadership, Sales teams, and dealers under one roof for the first time. Cummins India Leadership

Team acknowledged the exceptional performance of the business in the previous year, and charted a strategic roadmap with aspirational goals, for the upcoming year.

Exports

- Your Company introduced low kVA Gensets targeted towards unregulated markets, in line with the Fit-for-market strategy. The Company has also invested in release of Low kVA emissionized products for specific markets globally.
- Along with the improvements in products and processes, your Company is leveraging channel synergy to improve understanding of customer requirements and improve sales.

5. Achievements

Power Generation

- Your Company achieved volumes of nearly 26,000+ generator sets in FY 2023-24, providing nearly 6,700 MW power to customers across India.
- Your Company's efforts to improve their product accessibility for their customers in the Powergen market continues with the expansion of the dealer channel with the GOEMs, from 86 dealers in FY 2022-23 to 113 dealers in FY 2023-24.
- In FY 2023-24, your Company successfully sold 500+ units of high performance HHP products, primarily catering to key segments such as Datacentre, Manufacturing & Commercial Realty.
- In the high horsepower segment, your Company successfully executed the orders for a large hyperscale datacenter coming up in India. Hyperscale datacentres present a huge business potential and with this prestigious win your Company is well positioned to expand its presence in this segment and meet the stringent customer requirements.

Industrial

- **Railways:** Your Company maintains a strong partnership with Indian Railways and was able to secure orders as approved source for Diesel Electric Tower Cars (DETCs).
- **Marine:** Your Company recorded the highest ever annual sales driven by robust execution of government and commercial marine orders.
- **Mining:** Your Company has made further inroads in Heavy Earth Moving Machinery (HEMM) market by securing orders from key OEMs.
- **Defence:** Successful delivery of proto engine for Light tank 'ZORAWAR' project of Indian Army.
- **Construction:** With strong customer focus, your Company has won businesses from new and existing customers in both tracked & wheeled equipment categories in unregulated electronic engines which offers excellent value proposition.

Distribution

- DBU achieved Net Promoter Score (NPS) of 90% which is the testimony of customer loyalty towards the Company, and its service support.

- Indian Space Research Organization (ISRO) recognized your Company as a valuable partner, appreciating the dedicated power backup support for the successful launch of Chandrayaan-3 and Aditya L1 space missions.
- Integral Coach Factory (ICF) entered into a contract with your Company for maintenance and servicing of DEMU engines.
- In 2023, wheeled applications in the agriculture segment, moved from TREM III to TREM IV emission norms. Your Company assisted Agri DOEMs by conducting equipment trials and homologation thereby reinforcing its brand promise of innovation and dependability.
- Your Company helped to power the world's largest hockey stadium in Rourkela with two 750kVA and two 600kVA Gensets.
- Contract for part supplies to Coal India through Company depots was renewed and is expected to drive sales growth in the coming year.
- Your Company's service team was appreciated by many customers for promptly assisting them amidst Cyclone Michaung in Chennai last year. Most of the DG sets were submerged due to heavy flooding in and around Chennai. The service team promptly attended to customer complaints and restored the DG sets for emergency stand-by power.

Exports

- Your Company introduced 38L electronic engine to cater to North America and Central America markets in the last financial year.
- The Low kVA Fit-for-Market 2.0 products are gaining traction in the unregulated markets of Latin America, Africa, Middle East, and Asia Pacific.

6. Outlook and Initiatives for the Current Year and Thereafter

Power Generation

- Your Company will focus on enhancing current products particularly in high horsepower range and developing value added offerings for the customers.
- With greater focus on more stringent environmental norms in the future, your Company is positioned favourably as a pioneer in producing engines with cleaner technology.
- Power back-up solutions operating on alternate energy sources are expected to enter the power generation landscape in the coming years. Your Company sees these technologies as opportunities to serve customers since they become more viable.

Industrial

- Your Company is investing to offer locally built products to customers and support the Government of India's "Make in India" and "Atmanirbhar Bharat" initiative.
- **Railways:** With continued efforts towards achieving 100% electrification of broad-gauge network, your Company is looking to pursue growth opportunities in electrified propulsion system solutions.
- **Marine:** Your Company aims to maintain its relationship with the Indian Navy, Coast Guard as well as major shipyards to offer integrated propulsion and genset packages for upcoming projects.

- **Mining:** Your Company continues to invest in new technologies in mining segment for higher capacity equipment and future emission regulations (CEMM).
- **Defence:** Your Company is well placed to address emerging opportunities resulting from Govt. of India's focus on giving boost to domestic defense manufacturing industry and increasing share of indigenous content in defence equipment.
- **Construction:** construction segment in India is expected to witness healthy growth driven by increased momentum in implementation of infrastructure projects.

Distribution

- On-highway Aftermarket efforts have started creating pull in the market with various initiatives like Loyalty programs and fleet engagement programs. The Company expects to strengthen its position in the On-highway segment through fit-for-market product and service offerings, improved last mile reach and enhanced brand recall.
- In response to the growing focus on Environmental, Social, and Governance (ESG) priorities among its customers, your Company plans to expand its emission-controlling product portfolio to new business segments and applications. This strategic move is further amplified by the increased focus on reconditioning engines, which promotes sustainability through product life extension.
- The Company proactively establishing channels in key regions across the globe to leverage potential synergies by aligning products with market demands for future growth.

Exports

- Your Company is focused on increasing the exports of its products and is positioned strongly in the marketplace across key geographies.
- Focusing on customer needs, your Company has taken significant steps to improve engagement with customer and consultants from Latin America, Asia pacific, Africa and Middle East regions.

7. Risks and Concerns the Management Perceives

- Your Company's export growth hinges on the increase in demand in key geographies across the globe partner countries. The Company continues to be cautious about exports business performance due to the ongoing economic uncertainty and aftereffects of the pandemic in partner countries. Because of our international business presence, we are exposed to foreign currency exchange rate risks.
- Capital investment in the private sector has been lagging even though the country's attractiveness for investment has been well established. Coupled with inflation being on the higher side along with high interest rates, delayed capital investment plans could have downside risk for domestic demand.
- As your Company readies for scaling up sales of CPCB-IV+ compliant products, there is expected to be some downside risk to the demand of the products given pre-buy in the months leading to the change. These shifts in demand have been considered in our plans and your Company will be closely tracking the movement of the market and ensure necessary actions are taken to mitigate the risks arising from the change.
- Further, the Company has identified certain sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to the Company's business which includes Climate

action, Cybersecurity, Product innovation and emission compliance, Human capital management, Sustainable water supplies, etc. The detailed information is provided in the Business Responsibility and Sustainability Report which is appended as Annexure 12 and forms part of this Report.

Measures to Mitigate Risks

- To counter the slowdown in global economic growth and demand, it was imperative to maintain focus in the domestic market. New product and market development, overall portfolio diversification and better regional penetration for existing products was and will continue to be the focus areas for your Company.
- Various restructuring projects combined with cost reduction programs, which leverage Six Sigma approach, such as 'Accelerated Cost Efficiency' (ACE) V, Accelerated Move towards Zero Defects (AMaZE), Accelerated Supply Chain Excellence and Transformation (ASCENT) have had a significant positive influence on your Company's profitability. Continued focus on these efforts will help your Company to maintain cost leadership in the domestic market and will remain the preferred source for exports.
- Your Company is actively working on its Supply Chain for further improvements. Dual sourcing adjusted payment terms with financially weaker suppliers, Price revisions, Supplier Agreements, Inventory building (areas wherever necessary) are some of the measures that your Company is taking to make the supply chain more agile and resilient against disruption.

8. Internal Control Systems and its Adequacy

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. These controls have been designed to provide a reasonable assurance regarding maintenance of proper accounting controls for ensuring orderly and efficient conduct of its business, monitoring of operations, reliability of financial reporting, accuracy and completeness of the accounting records, the timely preparation of reliable financial information, protecting assets from unauthorized use or losses, prevention and detection of frauds and errors, and compliances with regulations. Your Company has continued its efforts to align all its processes and controls with global best practices.

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, the Management maintains a system of accounting and controls, including an internal audit process. Internal controls are evaluated by the Internal Audit department and supported by the Management reviews. All audit observations and follow up actions thereon are tracked for resolution by the Internal Control function and reported to the Audit and Compliance Committee. As an ongoing program, for the reinforcement of the Cummins Code of Conduct is prevalent across the organization. The Code covers transparency in financial reports, ethical conduct, regulatory compliance, conflicts of interests review and reporting of concerns. Anti-fraud programs including whistle blower mechanisms are operative across the Company.

The Board and the Risk Management Committee takes responsibility for the overall process of risk management throughout the organization. Through an Enterprise Risk Management program, the Company's business units and corporate functions address opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. The business risk is managed through cross functional involvement and communication across businesses. The results of the risk assessment and residual risks are presented to the Senior Management. The Risk Management Committee reviews business risk areas and business continuity plans *inter-alia* covering leadership excellence, customer centricity, technical capability and capacity, VPI execution, legal & environmental compliances, data security, product quality and product planning.

9. Key Financial Ratios

- i) Details of changes in key financial ratios including significant changes i.e. change of 25% or more as compared to the immediately previous financial year along with detailed explanations:

Particulars	FY 2023-24	FY 2022-23	Explanation for significant change
Debtor Turnover	4.88	5.45	Not Applicable
Inventory Turnover	6.33	6.48	Not Applicable
Interest Coverage Ratio (Debt Service Coverage Ratio)	79.09	74.38	Not Applicable
Current Ratio	2.90	2.70	Not Applicable
Debt Equity Ratio	0.02	0.07	During the year, shareholders' funds have increased on account of profits during the year. Borrowings have gone down on account of repayments.
Operating Profit Margin (%)	28.8%	22.2%	During the year, the Company could achieve higher revenue from operations and higher profits resulting in better Return on Equity Ratio.
Net profit Margin (%)	18.56%	14.77%	During the year, the Company could achieve higher revenue from operations and higher profits resulting in better Net Profit Ratio.

Note: The disclosed financial ratios are in alignment with Schedule III of Companies Act, 2013, as amended and as per guidance note on 'Division II - IND AS Schedule III to the Companies Act, 2013' (Revised in January 2022) issued by Institute of Chartered Accountants of India. Please refer to Note no. 45 of Standalone Financial Statements for additional disclosure.

- ii) Details of any change in Return on Net Worth as compared to the immediately previous financial year:

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
Return on Net Worth (%)	28.83%	22.39%	27.84%	22.79%

Return on net worth is computed as net profit by average net worth. The details for change in return on net worth are explained in relevant sections above.

10. Human Resources Development and Industrial Relations

The total number of employees including the contractual employees stands at 3,930 as on March 31, 2024.

Leadership Excellence

Your Company focuses on investing and building capabilities in leaders at all levels through various initiatives to develop 'Future Ready' Leaders and build leadership talent for future needs.

In line with our 'Hire to Develop' philosophy, we continue to invest in our Company sponsorship programs and leadership development programs. Details are following:

- 86 employees applied for education assistance to pursue higher education programs using the Global Education Assistance Policy (GEAP).
- Employee External Development Policy (EEDP) was launched in July 2023. 27 applications were received.
- Leadership Development Program - New cohort of before Building Success in You (BSY) was launched in July 2023 and 504 leaders were nominated to complete the program.
- Global Leadership Development Program (GLDP) sessions continued with 23 leaders as participants.
- 70 leaders were nominated to complete Building Success in Others (BSO) program.
- 93 employees continue pursuing the Company sponsored B.Tech and M.Tech Programs during financial year 2023-24.

Hire-To-Develop and Seamless Talent Deployment

Your Company is continuing with the important initiative of hire-to-develop that presents growth opportunities to employees for self-development by taking up responsibilities across functions and businesses. At least 183 professional employees have moved into different roles or functions within the organization. There were 6% of professional employees who were promoted to the next salary grade due to change in their job profiles and relative advancement in career growth.

As your Company continues to grow and expand, getting visibility to talent insights becomes increasingly important. By standardizing, integrating, and automating talent management processes. Your Company has provided Leaders with an efficient technology-based process called Integrated Talent Management (ITM). ITM touches the key stakeholders - employees, managers, and businesses and enables all to work together to achieve their goals and helps employees reach their full potential with two-way communication and feedback.

Your Company is working on the following strategic initiatives - Reimagine the HR function to meet evolving needs, deliver predictive and prescriptive talent analytics, and empower the workforce through technologies. Under these initiatives, leaders will have more autonomy and accountability to deliver talent management strategies. They will have greater real-time access to talent intelligence by which they can make more informed and proactive decisions. At every level, leaders will have the capability and capacity to deliver on their leadership responsibilities. Your Company is working towards making talent processes, tools, and approaches to be largely harmonized, allowing HR employees to consult more seamlessly across the organization.

Recruitment

Continuing the focus around employing the right and diverse talent at both entry and experienced level and developing them for future roles within the organization, this year, your Company hired a total of 863 professionals with 118 entry-level exempt professionals supplemented with 333 experienced exempt professionals and 412 non-exempt professionals.

The Company hired 88 (75%) female candidates at exempt entry-level in addition to 151 (45%) female candidates at exempt experienced level. This elevated our overall female representation in external hiring to 53%, thus showcasing our commitment towards improving gender equality. Your Company has increased its focus on diversity beyond gender by hiring a workforce from diverse backgrounds like People with Disabilities, LGBTQ & North-East region of India.

In partnership with the Business & Function Leaders, the Company is now successfully running the 'Partnership and Engagement' programs with premier B-Schools & Engineering Institutes to hire top Managerial & Engineering talent thereby continuing our focus on 'Hire to Develop' philosophy at an early career.

This year again your Company continued its focus on increasing brand presence on social media platforms viz. LinkedIn, Facebook, and Instagram and will continue to focus on improving this engagement with the digital media.

Diversity, Equity, and Inclusion (DE&I)

Diversity, Equity, and Inclusion is in the DNA of your Company. Reiterating Mr. J Irwin Miller's (Cummins Inc. Chairman, 1951-1977) famous quote "Character, ability and intelligence are not concentrated in one sex over the other, nor in persons with certain accents or in certain races or in persons holding degrees from universities", your Company has five Employee Resource Groups (ERGs) focusing on the primary dimensions of diversity namely: **Gender, Generation, Culture, Person with Disability (PwD), and LGBTQ+**. Promoting the organisation's Diversity, Equity and Inclusion agenda, these ERGs work on initiatives that contribute to making organisation's environment 'Inclusive' enabling employees to bring in their full potential at workplace. Initiatives undertaken by these ERGs include revisiting internal policies and processes, introducing new policy or guidelines to support a diverse dimension, rolling out effective workshops and awareness events, conducting audits and recommending workplace adjustments amongst others.

The Company continue to focus on increasing our gender (female) diversified talent, which is today at 31%. As the next step, your Company is working to achieve gender parity in our workforce, by moving the needle to 40% representation of female talent in next few years. In this journey, the **WE Network** (Women Empowerment Network) ERG will continue to be a strong partner with the business. As the Company continue to hire primarily through our campus and lateral hiring, it is also focusing on the pool of talent who have taken a career break but are now all geared up to restart their career.

'**Wings**', Employee Resource Group, focused on hiring and providing a conducive environment to Persons with Disability, celebrated International Day of Persons with Disabilities (IDPWD) inviting senior India and global leaders to address the audience and had persons with disabilities share their success stories which inspired many. The Company also prioritising how it can create a safe and inclusive environment in the Company to also attract the LGBTQ+ talent. '**India Pride**', ERG for LGBTQ+ community worked on creating more awareness, promoting Pride Ally program, and holding training sessions on bursting myths and sensitizing employees. The gender reassignment policy launched this year is also one step in making Your Company a safe and inclusive place to work for diverse employees. Another key area of focus is under-represented regions of our country in the workforce i.e., talent from Northeast India. Our ERG, '**Ekam**', is concentrating on spreading more awareness about different regions, cuisines, cultures etc through events, webinars, and competitions. In addition, your Company has an ERG, '**NeXus**', focused on generation awareness and is also aspiring to improve the representation of "veterans" in our workforce.

Your Company is being successful in consistently delivering on its commitment to provide an inclusive environment to a diverse workforce, senior leader's commitment to lead, to advocate and to advise on issues related to diversity and inclusion are critical.

Megasite Update

At Cummins Megasite, Phaltan, living up to the spirit of 'One Cummins', your Company continues to move talent seamlessly within all the plants based on employee and business needs. Your Company believes in "Hire to Develop" and acts by providing internal opportunities as well as recruitment of fresh

talent through campus recruitment. Right talent balance is achieved through hiring special skills from outside to meet business talent needs.

At Cummins Megacity, your Company has achieved 19.1% female representation amongst the shop-floor employees and 15.7% female representation amongst the professional employees. The Company is actively working on implementing a broad plan to ensure retention & engagement of employees at Megacity, part of which has already been implemented.

Right Environment

Your Company is committed to fostering a physically and psychologically safe, integrity based, respectful, inclusive, high-performance culture that breaks down hierarchies and organizational boundaries while engaging the full talent of our diverse employees to delight all our stakeholders consistently. Your Company's efforts to drive awareness and commitment amongst employees towards 'Cummins Code of Business Conduct', 'Treatment of Each Other at Work' Policy and other Ethics and Compliance policies continue year on year through various communication platforms, trainings, emailers, portals, posters etc. which helps in creating and sustaining the right environment for all the stakeholders, both internal and external to the organization. Every year, your Company utilizes its learnings via various speak up channels and ensures to upgrade all relevant policies to help its employees unleash their full potential. In addition to the other policy awareness and trainings, the Company also focuses its efforts on creating awareness, through training, posters, email communications etc. on "Prevention of Sexual Harassment" under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act").

11. Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in government regulations, tax laws and other statutes and incidental factors.

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 4 – CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Corporate Governance is a set of principles, processes and systems to be followed by the Directors, Management and all employees of the Company for enhancement of shareholder value, keeping in view interests of all stakeholders. Integrity, transparency, and compliance with applicable laws in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of good corporate governance. These principles and objects are embodied in your Company's philosophy on the Corporate Governance. Your Company continues to adopt and practice these principles of good Corporate Governance while ensuring integrity, transparency, and accountability at all levels in the organization. Your Company believes that corporate governance is instilled in our values and principles. Your Company's continued commitment to ethical business practices is reflected across all our operations. It inspires the Company to set standards which not only meet applicable statutory obligations but goes even further.

Your Company believes that good governance is the foundation for a truly sustainable company. Our commitment is to do what is right and to do what we say we will do. This long-standing commitment to integrity provides the framework for all our business activities and serves as the foundation for the Company's governance policies and procedures. Your Company's Board of Directors represents and protects the interests of the Company's stakeholders, with the legal responsibility for overseeing the affairs of the Company.

2. BOARD OF DIRECTORS:

a) **Composition of the Board of Directors, attendance at Meetings and other details as on March 31, 2024 and as on date of this Report:**

Composition:

During the year under review, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'SEBI Listing Regulations') read together with Section 149 and 152 of the Companies Act, 2013 and rules framed thereunder. As on March 31, 2024, the Board comprises of 9 Directors, with 1 Promoter (Executive) Director, 3 Promoter (Non-Executive and Non-Independent) Directors that includes 2 women (Non-Executive and Non-Independent) Directors, 5 Independent (Non-executive) Directors that includes 3 Women Independent (Non-Executive) Directors. The name and brief profile of Board of Directors of the Company can be accessible on the website of the Company at <https://www.cummins.com/en/in/investors/cummins-india-limited-board-of-directors>

Ms. Jennifer Mary Bush (DIN: 09777114), Non-Executive Director is the Chairperson of Board of Directors of the Company effective November 07, 2023.

During the Financial Year under review, five Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on May 24, 2023, August 03, 2023, November 07, 2023, January 16, 2024 and February 07, 2024 for which the requisite quorum was present.

All Independent Directors attended the separate meeting of Independent Directors held on February 07, 2024 in compliance with Regulation 25 of the SEBI Listing Regulations. The Independent Directors, after considering the views of Executive Directors and Non-Executive Directors, reviewed

the performance of Non-Independent Directors, the Board as a whole and the Chairperson of the Company.

The names and categories of the Directors on the Board, DIN and their attendance at Board Meetings held during the year under review including attendance at the last Annual General Meeting (“AGM”) along with other details as on date of this Report are hereunder. Additionally, the table also contains information about the directors appointed in the Board Meeting held on May 29, 2024.

Details of the Board Meeting(s)							Date of the AGM
Name of the Director	24. 05.2023	03.08.2023	07.11.2023	16.01.2024	07.02.2024	% of attendance of a Director	03.08.2023
Chairperson (Non- Executive Director)							
Mr. Steven Chapman ² (DIN: 00496000)	✓	✓	NA	NA	NA	100	✓
Ms. Jennifer Mary Bush ³ (DIN: 09777114)	✓	x	✓	✓	✓	80	x
Managing Director (Executive Director)							
Mr. Ashwath Ram (DIN: 00149501)	✓	✓	✓	x	✓	80	✓
Non-Executive Directors							
Mr. Donald Jackson (DIN: 08261104)	✓	✓	✓	✓	✓	100	✓
Ms. Bonnie Jean Fetch (DIN:09791477)	✓	✓	✓	✓	✓	100	✓
Independent (Non-Executive) Directors							
Mr. Nasser Munjee (DIN: 00010180)	✓	✓	x	✓	✓	80	✓
Mr. P.S. Dasgupta ⁴ (DIN: 00012552)	x	NA	NA	NA	NA	0	NA
Mr. Rajeev Bakshi (DIN:00044621)	✓	✓	✓	✓	✓	100	✓
Ms. Rama Bijapurkar (DIN: 00001835)	✓	✓	✓	✓	✓	100	✓
Ms. Rekha (DIN: 08501990)	✓	✓	x	✓	✓	80	✓
Ms. Lira Goswami ⁵ (DIN: 00114636)	NA	✓	✓	✓	✓	100	✓
Mr. Sekhar Natarajan ⁶ (DIN: 01031445)	NA	NA	NA	NA	NA	NA	NA
Mr. Farokh N. Subedar ⁷ (DIN: 00028428)	NA	NA	NA	NA	NA	NA	NA

Notes: -

1. Mr. Nasser Munjee, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Audit and Compliance Committee (erstwhile known as Audit Committee) of the Board of Directors of the Company. Ms. Rama Bijapurkar, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Nomination and Remuneration Committee, and the Corporate Social Responsibility Committee of the Board of Directors of the Company. Ms. Lira Goswami, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Stakeholders Relationship Committee of the Board of Directors of the Company. Mr. Rajeev Bakshi, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Risk Management Committee of the Board of Directors of the Company.
2. Mr. Steven Chapman resigned as a Chairman, Non- Executive and Non-Independent Director of the Company effective from close of business hours of September 30, 2023, on account of

pre-occupation and other personal reasons. Consequently, he also ceased to be a Member of Nomination and Remuneration Committee with effect from close of business hours of September 30, 2023. Further, vide resignation letter, he had confirmed that there were no other material reasons for his resignation.

3. Ms. Jennifer Mary Bush, Non-Executive and Non-Independent Director of the Company has been appointed as the Chairperson of Board of the Company effective from November 07, 2023.
4. Mr. P.S. Dasgupta resigned as Director (Non-Executive and Independent) of the Company effective from close of business hours of May 24, 2023 on account of professional exigencies. Consequently, he also ceased to be a Chairman of Stakeholders Relationship Committee and Corporate Social Responsibility Committee & Member of Audit and Compliance Committee, Risk Management Committee and Nomination and Remuneration Committee with effect from close of business hours of May 24, 2023. Further, vide resignation letter, he had confirmed that there were no other material reasons for his resignation.
5. Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.
6. Mr. Sekhar Natarajan has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.
7. Mr. Farokh Nariman Subedar has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.
8. Pursuant to circulars/notifications issued by Ministry of Corporate Affairs ('MCA') and SEBI, certain Board and/or its committees' meetings during the Financial Year were held through Video Conferencing.

The composition of the Board is in conformity with Regulation 17, 17A and 26 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI Listing Regulations, as amended from time to time, the Independent Directors have submitted *inter-alia* declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25 of the SEBI Listing Regulations. Further, the Independent Directors have also confirmed that they are independent of Management. The Independent Directors have further stated that they are unaware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Company has received confirmation from all the existing Independent Directors of their registration on the Independent Directors Database maintained by the Institute of Corporate Affairs pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The details of the familiarization programmes imparted to the Independent Directors can be viewed at <https://www.cummins.com/en/in/investors/india-corporate-governance>.

Based on the disclosures received from all the Independent Directors and as noted in the

Board Meeting held on May 29, 2024, the Board is of the opinion that, all the Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity for the purpose of Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014.

The required information, including information as enumerated in Regulation 17(7) read with Part A of Schedule II of the SEBI Listing Regulations, is made available to the Board of Directors, for discussion and consideration at Board Meetings.

None of the Directors of the Company are related to each other *inter-se*.

b) Details of Directorship and Committee Memberships:

The name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on date of this Report are stated in the below table:

Name of Directors	Category	No. of Directorships in other public limited Companies		No. of Committee positions in other public limited Companies***		Directorship in other listed Companies (Category of Directorship - Independent and Non-Executive Director)
		Chairman	*Member	Chairman	**Member	
Ms. Jennifer Mary Bush ¹ (DIN: 09777114)	Promoter, Non- Executive and Non- Independent	-	-	-	-	-
Mr. Ashwath Ram (DIN: 00149501)	Promoter, Executive	-	-	-	-	-
Ms. Rama Bijapurkar (DIN: 00001835)	Non-Executive and Independent	-	6	2	4	1. Sun Pharmaceuticals Industries Limited 2. Apollo Hospitals Enterprise Limited 3. VST Industries Limited 4. Mahindra & Mahindra Financial Services Limited 5. Gokaldas Exports Limited
Mr. Nasser Munjee (DIN: 00010180)	Non-Executive and Independent	3	4	3	3	1. The Indian Hotels Company Limited
Mr. Rajeev Bakshi (DIN: 00044621)	Non-Executive and Independent	-	2	-	1	1. Dalmia Bharat Sugar and Industries Limited 2. Macrotech Developers Ltd

Name of Directors	Category	No. of Directorships in other public limited Companies		No. of Committee positions in other public limited Companies***		Directorship in other listed Companies (Category of Directorship - Independent and Non-Executive Director)
		Chairman	*Member	Chairman	**Member	
Ms. Rekha (DIN: 08501990)	Non-Executive and Independent	-	-	-	-	-
Ms. Lira Goswami ² (DIN: 00114636)	Non-Executive and Independent	-	1	-	1	1. Maruti Suzuki India Limited
Mr. Donald Jackson (DIN: 08261104)	Promoter, Non-Executive and Non-Independent	-	-	-	-	-
Ms. Bonnie Jean Fetch (DIN: 09791477)	Promoter, Non-Executive and Non-Independent	-	-	-	-	-
Mr. Sekhar Natarajan ³ (DIN: 01031445)	Non-Executive and Independent	1	2	2	4	1. Ingersoll-Rand (India) Limited 2. Bayer CropScience Limited 3. Colgate-Palmolive (India) Limited
Mr. Farokh N. Subedar ⁴ (DIN: 00028428)	Non-Executive and Independent	1	3	2	4	1. DCB Bank Limited 2. Tata Investment Corporation Limited

* Number of Membership of Board includes Chairmanship of Board.

** Number of Membership of Committees include Chairmanship of Committees.

*** Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of other Indian public companies as per Regulation 26(1)(b) of the SEBI Listing Regulations.

¹ Ms. Jennifer Mary Bush, Non-Executive and Non-Independent Director of the Company has been appointed as the Chairperson of Board of the Company effective from November 07, 2023.

² Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.

³ Mr. Sekhar Natarajan has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.

⁴ Mr. Farokh Nariman Subedar has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.

As per the records available with the Company, none of the Directors hold the office of Independent Director in more than seven listed companies and ten public companies.

The details given in the table are as per Regulation 26 and Schedule V of SEBI Listing Regulations.

c) Disclosure of Expertise or Skills of Directors:

The Directors so appointed on the Board are from diverse backgrounds and possess expertise in the fields that they represent which enables them to effectively contribute in deliberations at Board and Committee meetings. In terms of Listing Regulations, the Board has identified following core skills/ areas of expertise of the Directors as given below:

Sr. No.	Core Skills/ Expertise	Description of the Skill/ Expertise
1.	General Management and Leadership	Extended leadership experience resulting in a practical understanding of organizational systems and processes, complex business and regulatory environment, strategic planning, risk management, understanding of emerging local and global trends and management of accountability and performance. Demonstrated strengths in developing talent, planning succession, driving change and long-term growth & guiding the Company towards its vision, missions, and values.
2.	Financial and Accounting Expertise/ Experience	In depth understanding of finance and financial reporting processes, taxation, proficiency in complex financial management, capital allocation and resource utilization across business lines and geography of operations. Understanding of financial policies and accounting statements.
3.	Global business/ emerging Market Experience	Experience in driving business success in markets around the world with an understanding of diverse business environments, economic conditions, regulatory frameworks, sensitivity to cultural diversity and adaptability. Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
4.	Industry Knowledge and Experience	Domain knowledge in businesses in which the Company participates i.e., automotive industry, manufacturing, engineering along with key operational areas such as distribution and supply chain management. Guidance and contribution to growth of Company along with Board oversight in all dimensions of business and Board accountability.

Sr. No.	Core Skills/ Expertise	Description of the Skill/ Expertise
5.	Governance and Regulatory oversight	Experience in developing insights about maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices while driving corporate ethics and values.
6.	Mergers & Acquisitions	Experience of leading growth through acquisitions and other business combinations with ability to access 'build' or 'buy' options and developing the company through inorganic growth options. Evaluate financial, operational and cultural integration with acquired company or other business combinations.
7.	Sales & Marketing	Ability in developing strategies to increase sales and market share through innovation, build better experience for customers, enhance company's reputation along with creating brand awareness and leveraging consumer insights for business benefits.
8.	Human Resource Management	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of various stakeholders like customers, partners, employees, and other stakeholders. Recognition and retention of talent in the organization.
9.	Sustainability, Environment and Social Responsibility	Building company's strategy around sustainability and right environment and achieving success with sense of social responsibility
10.	Information Technology and Innovation	Significant background in technology, resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models leveraging digital / Information Technology across the value chain, ability to anticipate technological driven changes and appreciation of the need of cybersecurity and controls across organization.

The following table states the identified core skills / expertise / competencies mapped for each of the Director:

Sr. No.	Name of Director	Expertise/Skills in specific functional area
1.	Ms. Jennifer Mary Bush ¹	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience, Sales & Marketing and Sustainability, Environment and Social Responsibility
2.	Mr. Ashwath Ram	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience, Governance and Regulatory oversight and Sustainability, Environment and Social Responsibility
3.	Mr. Nasser Munjee	General Management and Leadership, Financial and Accounting Experience, Industry Knowledge and Experience & Sustainability, Environment and Social Responsibility

Sr. No.	Name of Director	Expertise/Skills in specific functional area
4.	Mr. Rajeev Bakshi	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience, Sales & Marketing & Sustainability, Environment and Social Responsibility
5.	Ms. Rama Bijapurkar	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience, Governance and Regulatory oversight, Sales & Marketing and Human Resource Management
6.	Ms. Rekha	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience, Sales & Marketing & Information Technology and Innovation
7.	Ms. Lira Goswami ²	General Management and Leadership, Industry Knowledge and Experience, Governance and Regulatory oversight, Mergers & Acquisitions and Sustainability, Environment and Social Responsibility
8.	Mr. Donald Jackson	General Management and Leadership, Financial and Accounting Expertise/ Experience (including Treasury Experience) & Global business/emerging Market Experience
9.	Ms. Bonnie Jean Fetch	General Management and Leadership, Global business/emerging Market Experience, Industry Knowledge and Experience & Human Resource Management
10.	Mr. Sekhar Natarajan ³	General Management and Leadership, Business Strategy, Sales & Marketing, Financial Control, Risk Management, Industry Knowledge
11.	Mr. Farokh N. Subedar ⁴	General Management and Leadership, Financial and Accounting Expertise, Risk Management, Investment Management.

¹ Ms. Jennifer Mary Bush, Non-Executive and Non-Independent Director of the Company has been appointed as the Chairperson of Board of the Company effective from November 07, 2023.

² Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.

³ Mr. Sekhar Natarajan has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.

⁴ Mr. Farokh Nariman Subedar has been appointed as an Additional Director (Non-Executive and Independent) of the Company with effect from May 29, 2024 for a period of 5 years up to May 28, 2029.

- d) Details of equity shares of the Company held by the Directors as on March 31, 2024 are given below:

Name of Director	Category of Director	Number of Equity Shares
Mr. Ashwath Ram	Promoter, Executive Director	13,757 fully paid shares of ₹ 2/- each

Other than the above mentioned Director, none of the other Directors hold any shares in the Company.

2. COMMITTEES OF THE BOARD:

The Composition of the Committees of the Board of Directors as on March 31, 2024 is as stated in the below table:

Sr. No.	Name of Committees	Composition
1.	Audit and Compliance Committee	Mr. Nasser Munjee, Chairperson Mr. Rajeev Bakshi, Member Ms. Rama Bijapurkar, Member ¹ Ms. Lira Goswami, Member ² Mr. Donald Jackson, Member Ms. Jennifer Mary Bush, Member ³
2.	Nomination and Remuneration Committee	Ms. Rama Bijapurkar, Chairperson Mr. Nasser Munjee, Member Mr. Rajeev Bakshi, Member Ms. Lira Goswami, Member ² Ms. Bonnie Jean Fetch, Member ⁴
3.	Stakeholders Relationship Committee	Ms. Lira Goswami, Chairperson ² Ms. Rama Bijapurkar, Member Mr. Rajeev Bakshi, Member Mr. Ashwath Ram, Member
4.	Corporate Social Responsibility Committee	Ms. Rama Bijapurkar, Chairperson ¹ Mr. Nasser Munjee, Member Mr. Ashwath Ram, Member Ms. Bonnie Jean Fetch, Member ⁴
5.	Risk Management Committee	Mr. Rajeev Bakshi, Chairperson Mr. Nasser Munjee, Member Ms. Rama Bijapurkar, Member Ms. Lira Goswami, Member ² Mr. Ashwath Ram, Member Ms. Jennifer Mary Bush, Member ³

¹ Ms. Rama Bijapurkar was designated as Chairperson of Corporate Social Responsibility Committee and appointed as Member of Audit and Compliance Committee effective from May 25, 2023.

² Ms. Lira Goswami was appointed as Chairperson of Stakeholders Relationship Committee, Member of Nomination and Remuneration Committee, Member of Risk Management Committee and Member of Audit and Compliance Committee effective from May 25, 2023.

³ Ms. Jennifer Mary Bush was appointed as Member of Risk Management Committee and Member of Audit and Compliance Committee effective from May 25, 2023.

⁴ Ms. Bonnie Jean Fetch was appointed as Member of Nomination and Remuneration Committee and Member of Corporate Social Responsibility Committee effective from May 25, 2023.

a) AUDIT AND COMPLIANCE COMMITTEE:

As on March 31, 2024, the Audit and Compliance Committee comprised of 6 Directors including 2 Promoter (Non-Executive) Director – Mr. Donald Jackson and Ms. Jennifer Mary Bush and 4 Independent Directors – Mr. Nasser Munjee (Chairperson), Mr. Rajeev Bakshi, Ms. Rama Bijapurkar and Ms. Lira Goswami.

Meetings at a glance:

6 Directors	5 Meetings	86 % Attendance
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Meetings and Attendance at the Audit and Compliance Committee Meetings for F.Y. 2023-24

Name of Directors	Dates of Audit and Compliance Committee Meetings				
	May 24, 2023	August 03, 2023	September 18, 2023	November 07, 2023	February 07, 2024
Mr. Nasser Munjee (Chairperson)**	✓	✓	✓	✓	✓
Mr. P. S. Dasgupta*	x	NA	NA	NA	NA
Mr. Rajeev Bakshi***	✓	✓	✓	✓	✓
Mr. Donald Jackson	✓	✓	✓	✓	✓
Ms. Jennifer Mary* Bush	NA	x	x	✓	✓
Ms. Rama Bijapurkar*	NA	x	✓	✓	✓
Ms. Lira Goswami*	NA	✓	✓	✓	✓

* Mr. P.S. Dasgupta pursuant to his resignation ceased to be a Member of Audit and Compliance Committee effect from close of business hours of May 24, 2023 and Ms. Lira Goswami, Ms. Rama Bijapurkar and Ms. Jennifer Mary Bush were appointed as Members of the Audit and Compliance Committee effective from May 25, 2023.

** Mr. Nasser Munjee ceased to be a Chairperson and Member of the Audit and Compliance Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Farokh N. Subedar was appointed as Chairperson and Member of the said Committee effective from May 30, 2024.

*** Mr. Rajeev Bakshi ceased to be a Member of the Audit and Compliance Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Sekhar Natarajan was appointed as a Member of the said Committee effective from May 30, 2024.

Minimum number of meetings of the Audit and Compliance Committee during the year under review, were complied with.

The Committee reviewed the audited financial statements for the year ended March 31, 2024 and unaudited financial results for the quarters ended June 30, 2023, September 30, 2023 and

December 31, 2023. The Committee also reviewed (i) Appointment and remuneration of Statutory, Secretarial and Cost Auditors of the Company; (ii) Performance of Subsidiary, Joint Ventures & Associates; (iii) Appointment and reports of the Internal Auditor; (iv) Cost Audit Report for the financial year 2022-23; (v) Acquisition/ sale of assets; (vi) Directors' Responsibility Statement; (vii) Related Party Transactions; (viii) Performance of Statutory and Internal Auditors; (ix) Legal Compliance Reports; (x) Major litigations; (xi) Forex Management Policy; (xii) Prohibition of Insider Trading Policies and (xiii) Ethics, Cummins Code of Conduct and related matters.

The Committee had periodic interactions with the Internal, Statutory and Cost Auditors of the Company.

All recommendations of the Committee made during the year were accepted by the Board of Directors from time to time.

Broad Terms of Reference of the Audit and Compliance Committee:

The Committee primarily acts in line with the Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations.

The Committee oversees the Company's financial reporting process, the system of internal financial controls, the audit process, the Company's system/ process/ mechanism for monitoring legal and regulatory compliances and ensures that the financial statements are correct, sufficient and credible. The Committee reviews the annual and quarterly financial statements before submission to the Board for approval. The Committee is guided by the Charter adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Charter is reviewed and re-assessed when deemed fit by the Committee and was last amended on November 04, 2022.

The Committee also reviews Related Party Transactions of the Company and approves the transactions which are in line with the Related Party Transactions Policy of the Company. The Related Party Transactions Policy of the Company is on the website at <https://www.cummins.com/en/in/investors/india-corporate-governance>.

***Related Party Transactions Policy:** The Policy regulates all transactions between the Company and its related parties. Pursuant to the relevant provisions of Section 188 and any other applicable provisions of the Companies Act, 2013 and Rules framed thereunder, Regulation 23 of the SEBI Listing Regulations and various circulars issued by SEBI, the Policy was revised and adopted in the Board Meeting held on February 10, 2022, effective from April 01, 2022.

The Committee has been entrusted with the following responsibilities/Terms of Reference for review of financial reporting process and system of internal financial controls:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend appointment, remuneration and terms of appointment of Auditors (Statutory Auditors, Secretarial Auditor, Cost Auditor and Internal Auditor) of the Company and to approve payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- To review with the Management, the annual and quarterly financial statements and Auditor's Report thereon before submission to the Board for approval;
- To review, with the Management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report

submitted by the monitoring agency monitoring the end utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- To review and monitor the auditor's independence, performance, experience, qualification, and effectiveness of audit process along with performance of statutory and internal auditors, adequacy of the internal control systems;
- To approve transactions of the Company with related parties and/or any subsequent modification thereof;
- Scrutiny of inter-corporate loans and investments to evaluate undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;
- To review compliance and reports as may be applicable, pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015;
- To review the adequacy of internal audit function, discuss with Internal Auditors of any significant findings and follow up thereon, review the findings of any internal investigations into matters of a material nature and reporting the matter to the Board;
- To discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Policy and/or Vigil Mechanism;
- To review and recommend the Cost Audit Statements and Cost Audit Report to the Board of Directors;
- To approve appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- To review utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower or such other limit as may be prescribed.

The Committee has been entrusted with the following responsibilities/ terms of reference for review of legal and regulatory compliances:

- To review the system and/or framework devised for monitoring and implementing compliance with applicable laws, rules and regulations, to ensure that the same is adequate and operating effectively and to recommend changes required, if any;
- To note the overall compliance status by periodically reviewing the Legal Compliance Report including management responses thereto;
- To review the legal cases filed by and against the Company, as per the threshold approved by the Board and/or Committee from time to time and significant government inquiries or investigations and other significant legal actions, if any;

- To review significant current and upcoming amendments to the laws, rules and regulations that may impact business operations, performance, strategy or reputation of the Company;
- To review ethics updates periodically;
- To aid management in developing a strong compliance culture at all levels in the Company resulting in appropriate consideration of compliance risks in key strategic and business decisions.

Compliances regarding Prohibition of Insider Trading Code & Fair Disclosure Code:

The Company has a separate Code of Conduct to regulate, monitor and report trading by its employees, Connected Persons and Designated Persons in listed securities of the Company, in line with SEBI (Prohibition of Insider Trading) Regulations, 2015 (and amendment thereof). The Code was last amended by the Board of Directors on October 27, 2021. The said Code is applicable to all Directors, Designated Persons and Connected Persons, as defined under the said Regulations. The trading window is closed during the time of declaration of results and occurrence of any material events, if any as per the Code. By frequent communication, the Company makes designated employees conversant of the obligations under the insider trading regulations. The Code is also uploaded on the website of the Company and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.

The Company also has a Code of Practices and Procedures for Fair Disclosure and Protection of Unpublished Price Sensitive Information ('Fair Disclosure Code') pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2018 (Amendment) and which was brought into effect from April 01, 2019 in order to protect and preserve the confidentiality of unpublished price sensitive information (UPSI), ensures timely and adequate disclosure of UPSI and to maintain uniformity, transparency and fairness in dealing with all its stakeholders. The Code is also uploaded on the website of the Company and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.

The Audit and Compliance committee and the Board at its meeting held on May 29, 2024 had reviewed the compliance in terms Regulation 9A(4) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and confirmed that the Company has put in place adequate and effective system to ensure compliance with the said Regulations.

b) NOMINATION AND REMUNERATION COMMITTEE:

Composition:

As on March 31, 2024, the Committee comprised of 5 Directors including 1 Promoter (Non-Executive) Director - Ms. Bonnie Jean Fetch and 4 Independent Directors – Ms. Rama Bijapurkar (Chairperson), Ms. Lira Goswami, Mr. Rajeev Bakshi and Mr. Nasser Munjee.

Meetings at a glance:

5 Directors	5 Meetings	88 % Attendance
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Meetings and attendance at the Nomination and Remuneration Committee Meetings for F.Y. 2023-24:

Name of Directors	Dates of Nomination & Remuneration Committee Meetings				
	May 23, 2023	August 02, 2023	November 27, 2023	January 09, 2024	February 06, 2024
Ms. Rama Bijapurkar (Chairperson)	✓	✓	✓	✓	✓
Mr. P.S. Dasgupta*	×	NA	NA	NA	NA
Mr. Nasser Munjee***	✓	✓	✓	✓	×
Mr. Rajeev Bakshi****	✓	✓	✓	✓	✓
Mr. Steven Chapman**	✓	×	NA	NA	NA
Ms. Lira Goswami*	NA	✓	✓	✓	✓
Ms. Bonnie Jean Fetch*	NA	✓	✓	✓	✓

* Mr. P.S. Dasgupta, pursuant to his resignation ceased to be a Member of Nomination and Remuneration Committee with effect from close of business hours of May 24, 2023 and Ms. Lira Goswami and Ms. Bonnie Fetch were appointed as Members of the Nomination and Remuneration Committee effective from May 25, 2023.

** Mr. Steven Chapman pursuant to his resignation ceased to be a Member of Nomination and Remuneration Committee with effect from close of business hours of September 30, 2023.

*** Mr. Nasser Munjee ceased to be a Member of the Nomination and Remuneration Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Farokh N. Subedar was appointed as a Member of the said Committee effective from May 30, 2024.

**** Mr. Rajeev Bakshi ceased to be a Member of the Nomination and Remuneration Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Sekhar Natarajan was appointed as a Member of the said Committee effective from May 30, 2024.

Minimum number of meetings of the Nomination and Remuneration Committee during the year under review, were complied with.

The Committee reviews appointment of Directors, Key Managerial Personnel and Senior Management Personnel. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director. The Board upon recommendation from the Committee have formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Company. The Committee is guided by the Nomination and Remuneration Policy and Nomination and Remuneration Committee Charter accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Policy is reviewed and re-assessed as deemed fit by the Committee and was last amended February 08, 2023. The Board had adopted the Nomination and Remuneration Committee Charter effective February 08, 2023.

Broad Terms of Reference of the Nomination and Remuneration Committee:

The role and terms of reference of the Committee primarily covers the areas as contemplated under Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations and is as follows:

- To identify persons who are qualified to become directors and who may be appointed as Key Managerial Personnel and Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a remuneration policy, relating to the remuneration for the Directors, Key Managerial Personnel, and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors, Non-Executive Directors, the Board and Committees of the Board as per applicable laws;
- Devising a policy on diversity of the Board of Directors as a part of overall Nomination and Remuneration Policy;
- Recommend to the Board, all remuneration, in whatever form, payable to the Directors, Key Managerial Personnel and Senior Management;
- Identify whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors or on the basis of a review of skills matrix of the Board of Directors;
- Deliberate on succession planning of Executive and Independent Directors, Key Managerial Personnel and Senior Management.

Performance evaluation criteria for Directors including Independent Directors:

The Committee oversees the evaluation process, undertaken by the Directors, by the Board and by each Committee of the Board to determine their effectiveness and opportunities for improvement. Each Board Member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, value addition, governance and the effectiveness of the whole Board and its various committees in a descriptive manner including:

- Reviewing the Performance of the Non-Independent Directors and the Board as a whole;
- Reviewing performance of the Committees of the Board;
- Reviewing performance of the Chairperson and the Managing Director of the Company; and
- Assessing the quality, quantity and timelines of flow of information between the Company's Management and the Board.

Feedback on each Director including separate feedback for Managing Director and Chairperson is solicited as a part of the survey. Some of the performance indicators based on which the Independent Directors are evaluated include:

- Ability to contribute to and monitor corporate governance practices of the Company;
- Active monitoring of the strategic direction and operational performance of the Company; and
- Facilitating open and interactive discussion by encouraging diverse perspectives.

The evaluation criteria was duly approved by the Nomination and Remuneration Committee and the

Board. Based on the said criteria, a questionnaire-cum-rating sheet was uploaded on an online IT tool for seeking evaluation rating and feedback of the directors in the most confidential manner with regards to the performance of the Board, its committees, the chairperson, and individual directors.

Based on the feedback received from the directors, a report on summary of performance evaluation of the Board, its committees, the chairperson and directors and a consolidated report thereof for FY 2023-24 was prepared. The report of performance evaluation so prepared was then discussed and noted by the Nomination and Remuneration Committee and the Board at its meeting held on May 28, 2024, and May 29, 2024, respectively.

Remuneration of Directors:

The Non-Executive Independent Directors are paid sitting fees and annual commission. The annual commission is paid on an equal basis pro-rated to their tenure on the Board for each year to all Non-Executive Independent Directors at a rate not exceeding 1% of Net Profits computed in accordance with Section 198 of the Companies Act, 2013 and pursuant to ordinary resolution passed by the Members at their 56th Annual General Meeting of the Company. The Managing Director is paid remuneration subject to approval by the shareholders.

Details of remuneration paid or payable to Non-executive Independent Directors during the FY 2023-24 are given below. The same are also provided in the Form MGT-7, i.e. the annual return which can be accessed at <https://www.cummins.com/en/in/investors/india-annual-reports>.

Details of Sitting Fees and Commission to Non-Executive Independent Directors for the year April 01, 2023 to March 31, 2024:

Name of the Director	Sitting fees	Annual Commission	Total (₹)
Mr. Nasser Munjee	8,25,000	15,00,000	23,25,000
Mr. P. S. Dasgupta ¹	NIL	2,21,774	2,21,774
Mr. Rajeev Bakshi	9,00,000	15,00,000	24,00,000
Ms. Rama Bijapurkar	9,00,000	15,00,000	24,00,000
Ms. Rekha	3,50,000	15,00,000	18,50,000
Ms. Lira Goswami ²	8,25,000	12,82,258	21,07,258

¹ Mr. P.S. Dasgupta resigned as Director (Non-Executive and Independent) of the Company effective from close of business hours of May 24, 2023 on account of professional exigencies.

² Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.

Details of remuneration paid to Managing Director of the Company during the Financial Year April 01, 2023 to March 31, 2024:

(₹ in Crores)

Name	Sitting fees	Salary	Comm- ission	House Rent	Gas/ Elect./ water	Medical	Other Benefits	Total
Mr. Ashwath Ram	-	6.23 [^]	-	-	-	-	-	6.23 [^]

[^] This value includes stock options of Holding Company.

In addition to the remuneration mentioned above, Mr. Ashwath Ram will also receive additional compensation from Cummins Inc. towards his role as Vice President - Global Supply Chain Function.

Notes:-

1. The Company does not have a Stock Option Scheme and no severance fees are payable to any Director.
2. There is no notice period for severance of the Managing Director and other Directors.

There is no pecuniary relationship or transactions of any of the Non-Executive Directors vis-à-vis the Company, apart from the remuneration as detailed in this Report or in the Note No. 41 to the Standalone Financial Statements.

Criteria for making payment to Non-Executive Independent Directors:

- Non-Executive Independent Directors may be paid sitting fees (for attending the meetings of the Board and of Committees of which they are Members) and commission as per limits and provisions prescribed in the Companies Act, 2013, as amended from time to time. Quantum of sitting fees may be subject to review on a periodic basis, as may be required.
- The payment of sitting fees and commission shall be recommended by the Nomination and Remuneration Committee and approved by the Board based on the study of comparable companies and within the limits prescribed under the applicable provisions of the Companies Act 2013, as amended from time to time. Overall remuneration practices shall be consistent with recognized best practices.
- In addition to the sitting fees and commission, the Company may pay/reimburse to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company.

c) STAKEHOLDERS RELATIONSHIP COMMITTEE:

Composition:

As on March 31, 2024, the Stakeholders Relationship Committee comprised of 4 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram and 3 Independent Directors – Ms. Lira Goswami (Chairperson), Ms. Rama Bijapurkar and Mr. Rajeev Bakshi.

Meetings at a glance:

4 Directors	2 Meetings	87.5 % Attendance
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Meetings and Attendance at the Stakeholders Relationship Committee Meetings for F.Y. 2023-24:

Name of Directors	Date of Stakeholders Relationship Committee Meetings	
	May 23, 2023	November 06, 2023
Ms. Lira Goswami* (Chairperson)	NA	✓
Mr. P. S. Dasgupta*	x	NA

Name of Directors	Date of Stakeholders Relationship Committee Meetings	
	May 23, 2023	November 06, 2023
Mr. Ashwath Ram	✓	✓
Ms. Rama Bijapurkar	✓	✓
Mr. Rajeev Bakshi**	✓	✓

* Mr. P.S. Dasgupta, pursuant to his resignation ceased to be a Chairperson of Stakeholders Relationship Committee effect from close of business hours of May 24, 2023 and Ms. Lira Goswami was appointed as a Chairperson of the Stakeholders Relationship Committee effective from May 25, 2023.

** Mr. Rajeev Bakshi ceased to be a Member of the Stakeholders Relationship Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Sekhar Natarajan was appointed as a Member of the said Committee effective from May 30, 2024.

Minimum number of meetings of the Stakeholders Relationship Committee during the year under review, were complied with.

The Committee is guided by the Charter, adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Charter is reviewed and re-assessed when deemed fit by the Committee. The terms of reference were amended and the Charter including revised terms of reference was adopted on May 26, 2022.

Broad Terms of Reference to the Stakeholders Relationship Committee:

The Committee primarily acts in line with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The Committee reviews and advises the Company in the following areas:

- To resolve the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends/warrants, issue of new/duplicate certificates or new certificates on split/consolidation/renewal etc., dematerialization and re-materialization requests of equity shares are addressed in timely manner, general meetings, Investor Education and Protection Fund related queries etc;
- To oversee compliances in respect to dividend payments and transfer of unclaimed amounts and shares to the Investor Education and Protection Fund, as per the provisions of the Companies Act, 2013 and Rules thereunder;
- To review the measures taken for effective exercise of voting rights by security holders;
- To oversee the performance of the Registrar & Share Transfer Agent ('RTA') including review of their adherence to the service standards adopted by the Company or as may be prescribed by regulatory authorities, from time to time;
- To recommend measures for overall improvement in the quality of investor services including ensuring proper controls;
- To review various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;

- To obtain, at its sole authority, professional services/ advice of internal or outside experts (legal or other professionals), where judged necessary, to discharge its duties and responsibilities;
- To periodically provide updates to the Board, on such matters as it considers relevant and carry out such other function as may be delegated by the Board or as may be prescribed under applicable laws from time to time;
- To note the investor engagement plans/initiatives and movement in shareholdings and ownership structure of the Company.

Compliance Officer: The Board has appointed, Ms. Vinaya Joshi, Company Secretary as the Compliance Officer, as required under the SEBI Listing Regulations and the Nodal Officer to ensure compliance with the IEPF rules.

The following shareholder complaints were received and resolved during the financial year April 01,2023 to March 31, 2024:

Sr. No.	Nature of Complaint	No. of Complaints
1.	Non-receipt of Annual Reports	0
2.	Non- receipt of Dividend Warrants	1
3.	Non-receipt of Share Certificates	12
4.	Non-receipt of Bonus Certificates	1
5.	Others	2
	Total	16

* BSE and NSE vide its guidance note dated July 07, 2022 has directed listed companies to consider complaints received from all the sources while filling the quarterly report for investor complaints.

Number of complaints pending with the Company as on March 31, 2024: NIL

Number of pending share transfers with the Company as on March 31, 2024: NIL

Pursuant to a Circular dated March 27, 2019, the Securities and Exchange Board of India (SEBI) had, effective from April 01, 2019, mandated the transfer of shares only in dematerialized form except where the claim is lodged for transmission or transposition of shares or where the transfer deed(s) was lodged prior April 01, 2019 and returned due to deficiency in the document. SEBI vide its circular dated September 07, 2020 had set March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and vide its circular dated December 02, 2020 prescribed operational guidelines for Transfer and Dematerialization of re-lodged physical shares. The Company has acted upon all valid requests for share transfer received during the Financial Year 2021-22 in accordance with the provisions of SEBI Listing Regulations and the circulars issued thereunder.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

Composition:

As on March 31, 2024, the Corporate Social Responsibility Committee comprised of 4 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram, 1 Non-Independent (Non-Executive) Director- Ms. Bonnie Jean Fetch and 2 Independent Directors – Ms. Rama Bijapurkar (Chairperson) and Mr. Nasser Munjee

Meetings at a glance:

4 Directors	4 Meetings	87.5 % Attendance
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Meetings and Attendance at the Corporate Social Responsibility Committee Meetings of F.Y. 2023-24:

Name of Directors	Date of Corporate Social Responsibility Committee meetings			
	May 23, 2023	August 02, 2023	November 06, 2023	February 06, 2023
Ms. Rama Bijapurkar* (Chairperson)	✓	✓	✓	✓
Mr. P. S. Dasgupta*	×	NA	NA	NA
Mr. Nasser Munjee**	✓	✓	✓	✓
Mr. Ashwath Ram	✓	✓	✓	✓
Ms. Bonnie Jean Fetch*	NA	✓	✓	✓

* Mr. P.S. Dasgupta, pursuant to his resignation ceased to be a Chairperson of Corporate Social Responsibility Committee effect from close of business hours of May 24, 2023. Ms. Rama Bijapurkar and Ms. Bonnie Fetch were appointed as Chairperson and Member of the Corporate Social Responsibility Committee respectively, effective from May 25, 2023.

** Mr. Nasser Munjee ceased to be a Member of the Corporate Social Responsibility Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Farokh N. Subedar and Ms. Rekha were appointed as Members of the said Committee effective from May 30, 2024.

Minimum number of meetings of the CSR Committee during the year under review, were complied with.

The Committee is guided by the Charter, adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Charter is reviewed and re-assessed when deemed fit by the Committee and was last amended on March 26, 2021.

Broad Terms of Reference of Corporate Social Responsibility Committee:

The Committee oversees, *inter-alia*, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Companies Act, 2013, in the following areas:

- To identify the areas of CSR activities;
- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 or any amendment thereto read with Government Directives from time to time;
- To formulate and recommend to the Board, an Annual Action Plan, in pursuance to its CSR Policy;

- To recommend the amount of expenditure be incurred on such other activities as decided and permitted under the applicable laws from time to time;
- To implement and monitor the Corporate Social Responsibility Policy of the Company from time to time;
- To coordinate with Cummins India Foundation or any other agencies as may be decided, for implementing programs and executing initiatives as per CSR Policy of the Company;
- To take such necessary steps as may be required to carry out impact assessment of CSR projects, as per applicable laws through an independent agency;
- To carry out any other function as may be delegated by the Board or as may be prescribed under applicable laws from time to time; and
- The Committee may periodically provide necessary updates to the Board.

The Committee has also formulated a Policy indicating the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 or any amendment thereto, adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Policy is reviewed and re-assessed as and when deem fit by the Committee and was last amended on March 26, 2021.

e) RISK MANAGEMENT COMMITTEE:

Composition:

As on March 31, 2024, the Risk Management Committee comprised of 6 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram, 1 Non-Independent (Non-Executive) Director - Ms. Jennifer Mary Bush, 4 Independent Directors (Non-Executive) – Mr. Rajeev Bakshi (Chairperson), Ms. Lira Goswami, Ms. Rama Bijapurkar and Mr. Nasser Munjee.

Meetings at a glance:

6 Directors	4 Meetings	87 % Attendance
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Meetings and Attendance at the Risk Management Committee Meetings for F.Y. 2023-24:

Name of Directors	Date of Risk Management Committee Meetings			
	May 23, 2023	August 02, 2023	November 06, 2023	February 06, 2024
Mr. Rajeev Bakshi (Chairperson)**	✓	✓	✓	✓
Mr. Nasser Munjee***	✓	✓	✓	x
Mr. P. S. Dasgupta*	x	NA	NA	NA
Mr. Ashwath Ram	✓	✓	✓	✓
Ms. Rama Bijapurkar	✓	✓	✓	✓
Ms. Lira Goswami*	NA	✓	✓	✓
Ms. Jennifer Mary Bush*	NA	x	✓	✓

* Mr. P.S. Dasgupta, pursuant to his resignation ceased to be a Member of Risk Management Committee effect from close of business hours of May 24, 2023 and Ms. Lira Goswami and Ms. Jennifer Mary Bush were appointed as Members of Risk Management Committee effective from May 25, 2023.

** Mr. Rajeev Bakshi ceased to be Chairperson and Member of the Risk Management Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Sekhar Natarajan was appointed as Chairperson and Member of the said Committee effective from May 30, 2024.

*** Mr. Nasser Munjee ceased to be a Member of the Risk Management Committee effective May 30, 2024. Further, he will cease to be Non-Executive Independent Director of the Company due to retirement effective July 31, 2024. Mr. Farokh N. Subedar and Ms. Rekha were appointed as Members of the said Committee effective from May 30, 2024.

Minimum number of meetings of the Risk Management Committee during the year under review, were complied with.

Broad Terms of Reference of the Risk Management Committee:

The Committee is guided by the Charter adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Charter is reviewed and re-assessed when deemed fit by the Committee and was last amended on August 11, 2021. The roles and responsibilities of the Committee are as prescribed under Regulation 21 of the SEBI Listing Regulations, which *inter-alia* include:

- To identify, assess, mitigate and monitor the existing as well as potential risks (internal and external) to the Company, to recommend the strategies to overcome them and review key leading indicators in this regard;
- To formulate and recommend to the Board, a Risk Management Policy, which shall include framework for identification of internal and external risks faced by the Company, in particular including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee; measures for risk mitigation and business continuity plan;
- To periodically review and approve the Risk Management framework including the Risk Management processes, systems and practices of the Company;
- To evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner;
- To advise on developing and implementing action plans to mitigate the risks;
- To co-ordinate its activities with the Audit and Compliance Committee and other committees in instances where there is any overlap with risk areas or audit (e.g., internal, or external risk issues/ audit issues relating to Risk Management Policy or practice);
- To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its Risk Management responsibilities and achieve its objectives;
- To review and periodically assess the Company's performance against the identified risks of the Company; and

- To review and periodically re-assess the adequacy of its Charter and recommend any proposed changes to the Board for approval.

f) Particulars of Senior Management of Cummins India Limited:

Name of Senior Management Personnel	Category
Mr. Ashwath Ram	Managing Director
Mr. Ajay S. Patil	Chief Financial Officer
Ms. Anupama Kaul	Executive Director – Human Resource
Ms. Sanjit Kaur Batra	Group Vice President – Legal
Ms. Shveta Arya	Executive Director – Power Systems
Mr. Vivek Malapati	Vice President – Distribution Business
Ms. Vinaya Joshi	Company Secretary and Compliance Officer

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

Succession planning at Senior Management levels is reviewed by the Board. Business, function or unit heads are invited to present on specific topics at Board meetings from time to time, offering an opportunity to the directors to assess their values, competencies, and capabilities.

4. GENERAL MEETING ('GM'):

a) ANNUAL GENERAL MEETING ('AGM'):

Location, Date and Time, where previous three (3) AGM were held:

	FY 2020-21	FY 2021-22	FY 2022-23
Date and Time	August 12, 2021 At 3.30 P.M.	August 10, 2022 at 12 Noon	August 03, 2023 at 4.00 P.M.
Venue	Conducted through Video conference. Place of Meeting was construed as Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune 411 045	Conducted through Video conference. Place of Meeting was construed as Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune 411 045	Conducted through Video conference. Place of Meeting was construed as Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune 411 045
Special resolutions passed	No special resolution was passed	No special resolution was passed	Special Resolution was passed for Appointment of Ms. Lira Goswami as a Non-Executive Independent Director.

b) EXTRA-ORDINARY GENERAL MEETING ('EGM'):

No Extra-ordinary General Meeting of the shareholders of the Company was convened during the FY 2023-24.

- c) **POSTAL BALLOT:** No resolution was passed through Postal Ballot during the FY 2023-24 or is being proposed at the ensuing Annual General Meeting.

5. STATUTORY AUDITORS

M/s. Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants are the Statutory Auditors of the Company. The payment of Statutory Auditors' fees, on consolidated basis for FY 2023-24 is Rs. 2.03 Crores.

6. DISCLOSURES:

- a) The Company does not have materially significant Related Party Transactions (i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, or their subsidiaries or relatives etc.) which may have potential conflict with the interest of the Company at large. The Company has disclosed the policy on dealing with Related Party Transactions on its website and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- b) The Company does not have any material subsidiary.
- c) The Company has disclosed the Material Subsidiary Policy on its website and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- d) The Company has disclosed all policies, codes and charters, as required to be disclosed and are accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- e) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/ strictures have been imposed against it in the last 3 years.
- f) The Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations.
- g) The Company has not adopted any discretionary requirements mentioned in Regulation 27(1) of the SEBI Listing Regulations.
- h) The Company follows a Vigil Mechanism Policy (earlier known as Whistle Blower Policy) since Financial Year 2003-04 in line with the SEBI Listing Regulations. No person has been denied access to the Audit and Compliance Committee under the Vigil Mechanism Policy.
- i) The Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, *inter alia*, on the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) read with Part B of Schedule II of SEBI Listing Regulations.
- j) Foreign exchange risk and hedging activities:

During the Financial Year 2023-24, the Company has managed foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of the sensitivity analysis on the foreign currency exposure are disclosed in note no. 43 (a)(i) to the Annual Accounts (Standalone Financial Statements).

- k) The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) and to the best of its knowledge, there are no deviations in the accounting treatments that require specific disclosure.
- l) There were no recommendations of Committees of the Board, mandatorily required, in the Financial Year 2023-24 which were not accepted by the Board.
- m) Details relating to fees paid to the Statutory Auditors are given in note no. 31 to the Standalone Financial Statements and note no. 31 to the Consolidated Financial Statements.
- n) In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the Management.
- o) Disclosures in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The details of number of complaints filed and disposed of during the year and pending as on March 31, 2024 is given in the Directors' Report.
- p) During the Financial Year 2023-24, the Company has not granted any 'Loans and Advances in the nature of loans to firms/companies in which Directors are interested by name and amount'.
- q) Pursuant to Regulation 26(5) of the SEBI Listing Regulations, Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions, where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

7. MEANS OF COMMUNICATION:

- a) The quarterly shareholding pattern and quarterly / half-yearly / yearly un-audited / audited financial results were posted on the Company's website <https://www.cummins.com/en/in/investors/india-shareholding> and also on <https://www.nseindia.com/> and <https://www.bseindia.com/>.
- b) The official news releases of the Company were displayed on the Company's website <https://www.cummins.com/en/in/investors/india-investors-notices> and <https://www.bseindia.com/>.
- c) The annual audited and quarterly/ half-yearly unaudited financial results for the year ended March 2024 and quarters ended June, September and December 2023 were duly published in Business Standard (All editions) and Loksatta (Pune Edition).
- d) Transcript of quarterly conference calls with the Analysts held on May 25, 2023, August 04, 2023, November 08, 2023 and February 08, 2024 and the Managing Director's Presentation to the Shareholders made at the Annual General Meeting held on August 03, 2023 were displayed on the Company's website www.cumminsindia.com. Additionally, transcript of 62nd Annual General Meeting held on August 03, 2023 was displayed on the Company's website at <https://www.cummins.com/en/in/investors/india-investors-notices>.
- e) The Company also issues press releases on important matters as may be required from time to time.
- f) In compliance with the provisions of Section 20 of the Companies Act, 2013 and as a continuing endeavour towards the 'Go Green' initiative by Ministry of Corporate Affairs, the Company proposes to send all correspondence / communications through electronic means to those shareholders who have registered their email-id with their depository participant's / Company's Registrar and Share Transfer Agent.

8. GENERAL SHAREHOLDER INFORMATION:

Registered Office	Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411 045 Maharashtra, India Phone No. : (020) 67067000 Fax No. : (020) 67067015 Website : www.cumminsindia.com	
Annual General Meeting	Date and Time : August 07, 2024 at 10.00 A.M. (IST) Mode : Video conference and other audio-visual means Venue : Deemed venue shall be Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411 045	
Financial Year	The Financial Year of the Company is 1 st April to 31 st March.	
Financial Calendar (Tentative)	<ul style="list-style-type: none"> ■ Results for quarter ending June 30, 2024 – By second week of August, 2024 ■ Results for quarter and half-year ending September 30, 2024 – By first week of November 2024 ■ Results for quarter and nine months ending December 31, 2024– By second week of February 2025 ■ Results for the quarter and year ending March 31, 2025 – By Fourth week of May, 2025 	
Interim dividend payment date	March 06, 2024	
Record Date for Final Dividend	July 19, 2024	
Final Dividend payment date	On or around August 30, 2024 (subject to approval of shareholders in the ensuing Annual General Meeting)	
Listing on Stock Exchanges	Name of Exchange	Stock Code
	1. BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai : 400 001	500480
	2. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra–Kurla Complex, Bandra (E), Mumbai : 400 051	CUMMINSIND
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both the Stock Exchanges for the Financial Year 2024-25.	

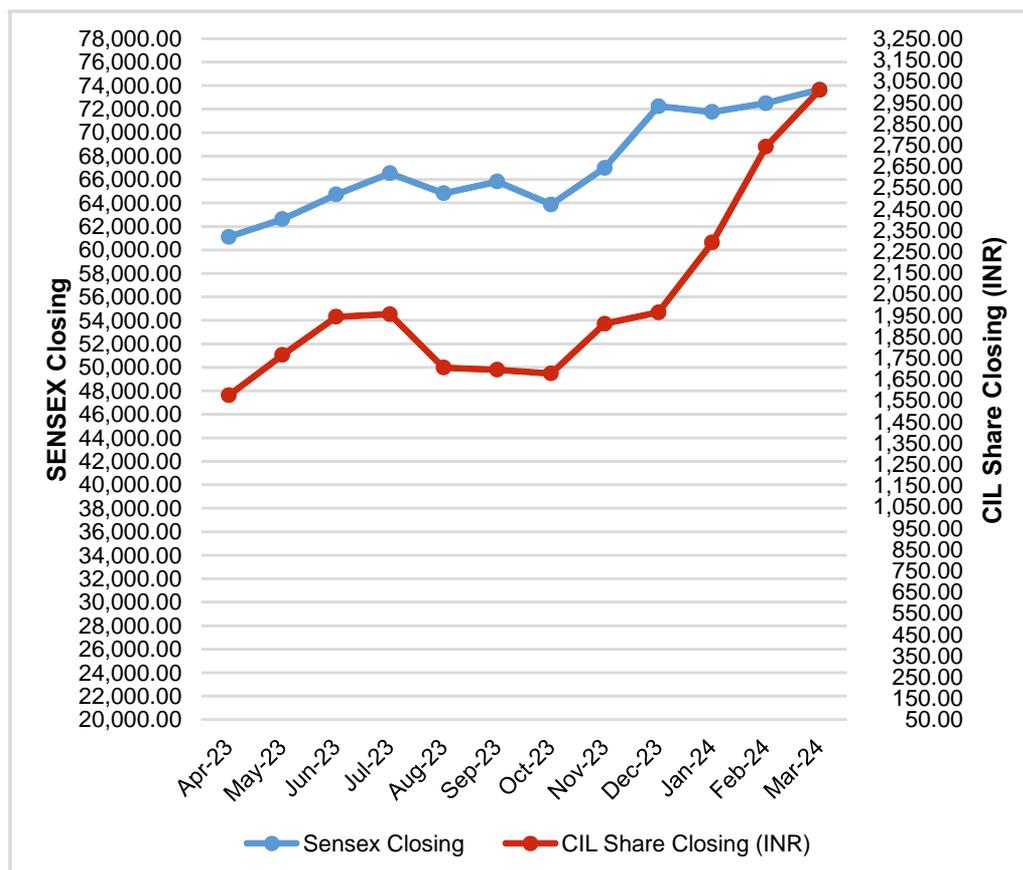
Market price data: High, Low during each month in the FY – 2023-24:

BSE			NSE		
Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April	1,646.40	1,481.10	April	1,640.45	1,481.00
May	1,773.95	1,557.15	May	1,774.00	1,556.00
June	1,952.00	1,738.00	June	1,952.00	1,738.50
July	1,961.30	1,863.60	July	1,974.00	1,851.75
August	1,915.00	1,690.00	August	1,980.15	1,690.00
September	1,786.00	1,654.10	September	1,786.50	1,653.30
October	1,758.95	1,590.30	October	1,758.90	1,664.05
November	1,919.35	1,658.65	November	1,920.00	1,659.05
December	2,045.45	1,836.95	December	2,044.90	1,835.55
January	2,306.00	1,928.70	January	2,306.75	1,927.00
February	2,828.35	2,224.65	February	2,828.00	2,220.25
March	3,021.75	2,650.00	March	3,025.00	2,652.00

Performance in comparison to broad-based indices such as BSE Sensex.

Chart A depicts the comparable movement of Company's Equity Shares against BSE Sensex, during the year ended March 31, 2024.

Cummins India Limited (monthly closing share price) versus BSE Sensex (monthly closing Sensex) FY 2023-24:



Registrar and Transfer Agent	<p>The Company has appointed Link Intime India Private Limited, Mumbai as its Registrar and Transfer Agent. Share transfers, dematerialization of shares, dividend payment and all other investor related activities are attended to and processed at the office of the Registrar and Transfer Agent:</p> <p>Link Intime India Private Limited Unit : Cummins India Limited C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083. Phone No. (022) 49186270 Fax No. (022) 49186060 Contact Person : Mrs. Sujata Poojary E-mail: sujata.poojary@linkintime.co.in / rnt.helpdesk@linkintime.co.in Time:- 10.00 to 16.00 hours (Mon. to Fri. excl. public holidays)</p>
Share Transfer System	<p>Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. In terms of Regulation 40(1) of SEBI Listing Regulations, transfer of securities held in physical mode has been discontinued and the transfer of securities is allowed only in dematerialized form.</p> <p>Further, SEBI vide its Circular No. SEBI/HO/MIRSD_RTAMB/P/CIR/2022/8 dated January 24, 2022, mandated all the listed companies to issue securities in dematerialized form only, while processing the service request for issue of duplicate securities certificates, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form.</p> <p>During the year, the Company had obtained, on an annual basis, a certificate, from a Company Secretary in Practice, certifying that all certificates have been issued within thirty days of the date of lodgement of the transfer (for cases lodged prior to April 01, 2019), sub-division, consolidation and renewal as required under Regulation 40(9) of the SEBI Listing Regulations and filed a copy of the said certificate with the Stock Exchanges.</p>

Distribution of shareholding as on March 31, 2024	Category	No. of shares of ₹ 2/- each	% of shareholding
	Promoters	141,372,000	51.00
	Mutual Funds	52,059,546	18.78
	Banks/ Financial Institutions/ Insurance Companies	7,526,845	2.72
	Foreign Institutional Investors (FIIs)	48,130,764	17.36
	Corporate Bodies	1,303,609	0.47
	Indian Public	19,664,249	7.09
	NRIs	1,437,349	0.52
	Others	5,705,638	2.06
	TOTAL	277,200,000	100.00

Distribution of shareholding within various categories (as on March 31, 2024)

Category (shares)	No. of shareholders	No. of Shares	% of shareholders to total shareholders	% of shares to total shares
1-1,000	116,688	4,902,106	94.60	1.76
1,001-2,000	2,199	1,582,421	1.78	0.57
2,001-4,000	1,494	2,085,953	1.21	0.75
4,001-6,000	708	1,753,448	0.57	0.63
6,001-8,000	359	1,252,408	0.29	0.45
8,001-10,000	343	1,544,850	0.27	0.56
10,001-20,000	684	5,137,335	0.55	1.86
20,001 and above	861	258,941,479	0.69	93.41
Total	123,336	277,200,000	100.00	100.00

Dematerialization of shares and liquidity (as on March 31, 2024)	99.53% shares are in demat form.
Sub-divided share certificate in lieu of old certificates	The Company had on February 10, 1987, sub-divided each Equity Share of the face value of ₹ 100/- each into ten Equity Shares of the face value of ₹ 10/- each. Subsequently, on December 04, 2000, the Company sub-divided each Equity Share of the face value of ₹ 10/- each into five Equity Shares of the face value of ₹ 2/- each. The Company has in the past sent reminders to those Shareholders who have not claimed new certificates for sub-divided Shares of the face value of ₹ 2/- each.

Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.
Plant locations	<ol style="list-style-type: none"> 1. Kothrud, Pune – 411 038, Maharashtra. 2. Gat No. 311/1B, at Post Kasar Amboli, Taluka Mulshi Pirangut, District Pune – 412 111, Maharashtra. 3. MIDC Phaltan, Village Survadi, Nandal, Taluka Phaltan, Satara – 415 523, Maharashtra. 4. Survey No. 461/2C, Puzhal Village, Saidapet Taluk, Madhavaram Taluk, Thiruvallur District, Chennai – 600 060, Tamil Nadu.
Address for correspondence and information for grievance redressal	<ol style="list-style-type: none"> 1. Ms. Vinaya Joshi Company Secretary & Compliance Officer Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune – 411 045, Maharashtra, India. Tel: +91 20 6706 7000, 3019 7000 Fax: +91 20 6706 7011 E-mail: Cil.Investors@cummins.com 2. Ms. Sujata Poojary Link Intime India Private Limited C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083. Phone No. (022) 49186270 Fax No. (022) 49186060 E-mail: sujata.poojary@linkintime.co.in <p>The Company has also a dedicated E-mail ID, for Shareholders, which is Cil.Investors@cummins.com for the purpose of registering complaints and the same has been hosted on the Company's website.</p> <p>The Company is registered with SEBI Complaints Redressal System (SCORES). The investors can send their complaints through SCORES also, for this the investors have to visit https://www.scores.gov.in.</p> <p>The Company is also registered on Smart ODR portal, for this the investor has to visit https://smartodr.in/login.</p> <p>Security holders would have to correspond with the respective Depository Participants for shares held in dematerialized form for transfer/transmission of shares, change of Address, change in Bank details, etc. You may visit the Company's website for more information at: https://www.cummins.com/en/in/investors/india-investors-overview.</p>

9. COMPLIANCE CERTIFICATE OF THE AUDITORS:

The Company has obtained a Certificate from M/s Pramod Shah & Associates, confirming compliance with conditions of the Code of Corporate Governance as stipulated in Regulation 34 read with Schedule V of the SEBI Listing Regulations and the same is appended as Annexure '6' to the Directors' Report.

10. CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

The Company has received a certificate from M/s Pramod Shah & Associates confirming that none of the Directors on the Board of the Company have been debarred or disqualified by MCA or SEBI or any such Statutory Authority from being appointed / continuing as Director and the same is appended as Annexure '7' to the Directors' Report.

DECLARATION – CODE OF CONDUCT

As per Regulation 26 of the SEBI Listing Regulations, all Board Members and Senior Management personnel of the Company have affirmed compliance with the applicable Code of Conduct for the Financial Year 2023-24.

For Cummins India Limited

Place: Pune
Date: May 29, 2024

Ashwath Ram
Managing Director
DIN: 00149501

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 5 – FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Cummins India Limited,
Cummins India Office Campus,
Tower A, 5th Floor,
Survey No. 21 Balewadi,
Pune-411 045

Dear Sir/Madam,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by **Cummins India Limited** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2024** (review period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended 31st March, 2024 according to the provisions of:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder, as amended from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India (SS-1 & SS-2).
- (b) Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board/Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions taken by majority of Board members and Committee members are carried through and proper systems are in place which facilitates/ensures to capture and record, the dissenting member's views, if any, as part of the minutes. During the period, all the decisions in the Board Meetings were carried unanimously.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditor for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We further report that there are adequate systems and processes in the Company which are commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines and during the audit period there were no specific events/actions which have a major bearing on the Company's affairs.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that during the audit period there were no specific events/actions which have a major bearing on the Company's affairs.

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334F000457331

Place: Mumbai
Date: May 29, 2024

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 6 – CERTIFICATE ON COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015, RELATING TO CORPORATE GOVERNANCE REQUIREMENTS BY CUMMINS INDIA LIMITED

We have examined compliance by **Cummins India Limited** (the Company) with the requirements under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, (Listing Regulations) relating to corporate governance requirements for the year ended 31st March 2024.

In our opinion and to the best of our information and according to the explanations given to us and the representation by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under the Listing Regulations. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the Corporate Governance Report of the Company.

We further state that no investor's grievance is pending or remained unresolved by the Company for a period 'beyond the statutory timeline' as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334F000457450

Place: Mumbai
Date: May 29, 2024

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 7 – CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Part C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members,
Cummins India Limited,
Cummins India Office Campus, Tower A,
5th Floor, Survey No. 21, Balewadi,
Pune – 411045

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Cummins India Limited having CIN: L29112PN1962PLC012276 and having registered office at Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune - 411045 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTORS	DIRECTORS IDENTIFICATION NUMBER	DATE OF APPOINTMENT IN THE COMPANY
1.	Mr. Nasser Mukhtar Munjee	00010180	29/03/2001
2.	Mr. Rajeev Bakshi	00044621	20/10/2000
3.	Ms. Rama Bijapurkar	00001835	17/06/2020
4.	Mr. Ashwath Ram	00149501	17/08/2019
5.	Mr. Donald Jackson Gray	08261104	30/10/2018
6.	Ms. Rekha	08501990	11/08/2022
7.	Ms. Jennifer Mary Bush	09777114	05/11/2022
8.	Ms. Bonnie Jean Fetch	09791477	25/11/2022
9.	Ms. Lira Goswami	00114636	24/05/2023

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the further viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334F000457395

Place: Mumbai
Date: May 29, 2024

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 8 – NOMINATION AND REMUNERATION POLICY

[Pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Nomination and Remuneration Policy ("Policy") of Cummins India Limited ("Cummins" or "Company") is formulated under the requirements of applicable laws, including the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The policy is intended to set out the criteria to pay equitable remuneration to Directors, Key Managerial Personnel (KMP), Senior Management (as defined below) and other employees of the Company and to harmonise the aspirations of human resources with the goals of the Company.

1. OBJECTIVES OF POLICY

The key objectives of the Policy are :

- 1.1. To guide the Board in relation to appointment and removal of Directors (Non-Executive, Executive, Independent), Key Managerial Personnel and Senior Management.
- 1.2. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.3. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.5. To facilitate diversity of Board of Directors.

2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means Board of Directors of the Company.
- 2.3. **Directors** mean Directors of the Company.
- 2.4. **Key Managerial Personnel/ KMP** means,
 - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
 - 2.4.2. Whole-time director;
 - 2.4.3. Chief Financial Officer;
 - 2.4.4. Company Secretary;

2.4.5. such other officer, not more than one level below the Directors who is in wholetime employment, designated as Key Managerial Personnel by the Board; and

2.4.6. such other officer as may be prescribed.

2.5. **Senior Management** means officers and personnel of the listed entity who are Members of its core management team, excluding Board of Directors and shall also comprise all Members of management one level below the Chief Executive Officer or Managing Director or Whole-time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

3. ROLE OF COMMITTEE

3.1. **Policy for appointment/ re-appointment and removal of Director, KMP and Senior Management**

3.1.1. **Appointment criteria and qualifications**

- a) The Committee shall ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is satisfactory for the concerned position.
- c) The Committee shall ensure all Board appointments/re-appointments are based on merit, in the context of appropriate skills, experience, independence and knowledge, for the Board as a whole to be effective.
- d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years or such other age for the purpose of superannuation as per the internal policy of the Company. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- e) The Company shall not appoint or continue the employment of any person as Non-Executive Director who has attained the age of seventy-five years. Provided that the term of the person holding this position may be extended beyond the age of seventy-five years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy-five years.

3.1.2. **Term / Tenure**

a) **Chairman/Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. *However, if a person who has already served as an Independent Director for five years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of five years only.*
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to such number as may be prescribed under the applicable laws in force.

3.1.3. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.1.4. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.2. Policy relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel and Other Employees

3.2.1. General:

- a) The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be aligned with the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company if any and as per the provisions of the Act.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the shareholders in the case of Whole-time Director wherever required.

- d) The remuneration/compensation to other employees will be determined as per the Company HR policies and will be in line with Company's performance considering overall Indian market trends from time to time. The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Further, the remuneration/compensation shall be fixed pay or a mix of fixed and variable pay depending on role of the respective employee. Remuneration may also contain such other cash or non-cash perquisites or components or grants or such other benefits permissible under various regulatory requirements from time to time.
- e) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.2.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Overall Remuneration:

The remuneration is divided into fixed pay, variable pay & mandatory / voluntary retirement benefits. The division is based on fixed pay and variable pay component as per the respective grade. Mandatory / voluntary retirement benefits are applicable to all.

The Whole-time Director/KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to PF, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

Over and above the fixed and variable component the Whole-time Director/KMP and Senior Management Personnel may also be eligible for other cash or non-cash perquisites or grants or components or such other benefits as per company policies and as permissible under various regulatory requirements from time to time.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it.

3.2.3. Remuneration to Non-Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company, if any, and the Act.

b) Sitting Fees:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

4. BOARD DIVERSITY

Company recognises and embraces the importance of a diverse Board in its success. Company believes that a truly diverse Board will leverage differences in thoughts, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure Company retains its competitive advantage.

Accordingly, the Nomination and Remuneration Committee is responsible for reviewing and assessing the composition of the Board. The Committee shall:

- a) assess the appropriate mix of diversity, skills, experience, and expertise required on the Board and assess the extent to which the required skills are represented on the Board;
- b) make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience, and expertise on the Board; and
- c) report to the Board, if any requirement, in relation to the diversity of the Board.

5. REVIEW/AMENDMENT:

The Committee is authorized to review, amend or modify this Policy, in whole or in part, as and when deemed necessary in line with the applicable laws, rules and regulations ("applicable laws"). Any amendment in the regulatory requirements shall be binding on the Company and shall prevail over this Policy even if not incorporated in the Policy. In any circumstance where the terms of the Policy differ from any applicable law for the time being in force, the provisions of such applicable law shall take precedence over the Policy.

Approved By: Board of Directors

Original Date of Approval: August 01, 2014

Last Modified Date: February 08, 2023

Effective Date: February 08, 2023

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 9 – DIVIDEND DISTRIBUTION POLICY

Introduction

This Dividend Distribution Policy (hereinafter referred to as “the Policy”) has been adopted by the Board of Directors of Cummins India Limited (hereinafter referred to as “the Company”) in the meeting held on February 1, 2017, pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (hereinafter referred to as “the SEBI Regulations”).

Dividend

Dividend means distribution of profits, earned in the current year or earlier years, by the Company, to its shareholders in proportion to the amount paid-up on shares held by them. Under Companies Act, 2013 (the “Act”), a Company can either declare dividend during the year, which is called interim dividend, or can declare dividend after the end of financial year, which is called final dividend.

Interim dividend can be declared by the Board of Directors during the financial year by passing a resolution at its meeting. Final dividend is recommended by the Board of Directors for approval by the shareholders at the annual general meeting. This Policy applies to declaration of interim dividend and recommendation of final dividend by the Board.

The dividend for any financial year shall normally be paid:

- out of the profits for the year (arrived at after providing for depreciation in accordance with law and transferring such amount to reserves as may be considered appropriate by the Board of Directors of the Company); and/or
- out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable.

Factors affecting dividend declaration

The Board of Directors considers the following factors while arriving at the dividend amount:

- **internal factors**
 - profits earned during the year
 - distributable surplus available with the Company
 - Company's liquidity position, future cash flow requirements for operations and reserve for any contingencies
 - capital expenditure requirements for expansion and growth
 - history of dividends distributed by the Company
 - loan covenants, if any
- **external factors**
 - dividends distributed by other comparable companies
 - taxation policy and any amendments expected thereof
 - cost and availability of alternative sources of financing
 - state of economy and nature of industry

- macroeconomic and business conditions in general
- any other relevant factors that the Board may deem fit

Utilisation of retained earnings

The portion of profits not distributed among the shareholders as dividends are used for the business activities of the Company.

Review & modification

The Board is authorised to change or modify this Policy from time to time at its sole discretion and/or in pursuance of any amendments made by any relevant law for the time being in force.

Disclaimer

This Policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 10 – INFORMATION AS REQUIRED UNDER THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

1. Remuneration paid to the Directors: -

- As on March 31, 2024, the Board of Directors of the Company consists of 1 Promoter (Executive) Director, 3 Promoter (Non-Executive) Directors and 5 Independent (Non-Executive) Directors.
- Details of remuneration paid to Managing Director of the Company:

(₹ In Crores)

	Sitting fees	Salary	Com-mission	House rent	Gas/ Elect./ Water	Medical	Other Benefits	Total
Mr. Ashwath Ram								
2023-24	--	6.23 [^]	--	--	--	--	--	6.23 [^]
% increase in remuneration during the FY	As per below note#							

[^] This value includes stock options of Holding Company. Further, liability for post-employment benefits, other long-term benefits, termination benefits and certain short-term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly, the amount for above pertaining to Mr. Ashwath Ram is not ascertainable and, therefore, not included above.

The percentage increase includes merit increase of 20% p.a. effective April 01, 2023 and off cycle market adjustment of 10% p.a. effective October 01, 2023 computed basis actual increment on the guaranteed cash component.

In addition to the remuneration mentioned above, Mr. Ashwath Ram will also receive additional compensation from Cummins Inc. towards his role as Vice President - Global Supply Chain Function.

- Details of Sitting Fees and Commission to Non-Executive Independent Directors for the period April 01, 2023 to March 31, 2024:

(Amount in ₹)

Name of the Director	FY 2022-23			FY 2023-24			% increase in remuneration over 2023-24
	Sitting fees	Annual Commission	Total	Sitting fees	Annual Commission	Total	
Mr. Nasser Munjee	8,50,000	15,00,000	23,50,000	8,25,000	15,00,000	23,25,000	-
Mr. P. S. Dasgupta ¹	9,00,000	15,00,000	24,00,000	NIL	2,21,774	2,21,774	-
Mr. Rajeev Bakshi	9,00,000	15,00,000	24,00,000	9,00,000	15,00,000	24,00,000	-
Ms. Rama Bijapurkar	8,00,000	15,00,000	23,00,000	9,00,000	15,00,000	24,00,000	-
Ms. Rekha	3,00,000	9,59,677	12,59,677	3,50,000	15,00,000	18,50,000	-
Ms. Lira Goswami ²	NA	NA	NA	8,25,000	12,82,258	21,07,258	-

¹ Mr. P.S. Dasgupta resigned as Director (Non-Executive and Independent) of the Company effective close of business hours of May 24, 2023 on account of professional exigencies.

² Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.

d. Other details:

- The median remuneration of employees of the Company during the FY 2023-24 was ₹ 8,87,462/-.
- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2023-24:

Name of Directors	Designation	Ratio of remuneration to MRE*
Mr. Steven Chapman ¹	Chairman of the Board	-
Ms. Jennifer Mary Bush ²	Chairperson of the Board	-
Mr. Ashwath Ram	Managing Director	70.16
Mr. Nasser Munjee	Independent Director	2.62
Mr. P.S. Dasgupta ³	Independent Director	0.25
Mr. Rajeev Bakshi	Independent Director	2.70
Ms. Rama Bijapurkar	Independent Director	2.70
Ms. Rekha	Independent Director	2.08
Ms. Lira Goswami ⁴	Independent Director	2.37
Mr. Donald Jackson	Non-Executive Director	-
Ms. Bonnie Jean Fetch	Non-Executive Director	-

* MRE – Median Remuneration of employees ₹ 8,87,462/- with ratio rounded-off to two decimals.

¹ Mr. Steven Chapman resigned as a Chairman, Non-Executive and Non-Independent Director of the Company effective from close of business hours of September 30, 2023, on account of pre-occupation and other personal reasons.

² Ms. Jennifer Mary Bush, Non-Executive and Non-Independent Director of the Company has been appointed as the Chairperson of Board of the Company effective from November 07, 2023.

³ Mr. P.S. Dasgupta resigned as Director (Non-Executive and Independent) of the Company effective close of business hours of May 24, 2023 on account of professional exigencies.

⁴ Ms. Lira Goswami was appointed by the Board as an Additional Director (Non-Executive and Independent) of the Company effective May 24, 2023 and regularized as a Director (Non-Executive and Independent) of the Company in 62nd Annual General Meeting of the Company held on August 03, 2023, for her first term of five (5) consecutive years effective from May 24, 2023 to May 23, 2028.

- Percentage increase in remuneration of Key Managerial Personnel (Chief Financial Officer and Company Secretary) in the Financial Year 2023-24:

(₹ in Crores)

Name & Designation of other KMP	Remuneration 2023-24[^]	% increase in remuneration over 2022-23[#]
Mr. Ajay S. Patil, Chief Financial Officer	4.15	12.50%
Ms. Vinaya Joshi, Company Secretary	0.36	12.50%

The percentage increase in remuneration is computed based on actual increment on the guaranteed cash component effective April 01, 2023.

[^] This value includes stock options of Holding Company. Further, liability for post employment benefits, other long-term benefits, termination benefits and certain short-term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly, the amount for above pertaining to Mr. Ajay S. Patil and Ms. Vinaya Joshi is not ascertainable and, therefore, not included above.

- In the Financial Year, there was an increase of 12.50% in the median remuneration of employees and the Key Managerial Personnel excluding Managing Director. This was effective April 01, 2023.
- Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof including any exceptional circumstances for increase in the managerial remuneration.
 - The average percentage increase for Key Managerial Personnel: 15%
 - The average percentage increase of employees other than the managerial personnel: 12.40%
 - The average percentage increase in the salaries is primarily on account of market movement-based increase in salaries.
- There were 3,073 permanent employees on the rolls of Company as on March 31, 2024.
- The Profit before Exceptional Items and Tax for the Financial Year ended March 31, 2024 increased by 42% whereas the % increase in median remuneration of the employees as well as the Key Managerial Personnel (excluding Managing Director) was 12.50%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 11 – ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended from time to time]

1. Brief outline on Corporate Social Responsibility (CSR) Policy of the Company:

Corporate citizenship is a natural extension of the Company's values and personality. For a brand that is all about dependability, your Company recognizes the symbiotic relationship between the various stakeholders to strengthen communities. Your Company clearly recognizes the long-term benefits of such an association over tangible results in the short-term, and strongly believes that the spend of contribution in all CSR activities would always depend on identifying the right projects, preferably in the local area in which your Company operates.

The CSR initiatives of your Company are predominantly implemented through Cummins India Foundation ('the Foundation' or 'CIF'), a Public Charitable Trust registered under *inter-alia* the Bombay Public Trusts Act, 1950 (now known as The Maharashtra Public Trusts Act, 1950) and the Income-Tax Act, 1961. CIF is also registered with Ministry of Corporate Affairs (MCA), Government of India as an implementing agency for undertaking CSR activities.

The CSR initiatives are aligned to the mission of 'serving and improving the communities in which we live'. The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013 ('the Act').

Your Company is focused on working on projects that have a high impact on the communities in which we live and operate. The three focus areas include higher education, energy and environment and equality of opportunity, across all your Company's locations. In addition, your Company is also actively involved in key strategic projects for instance Cummins Powers Women, Cleaner Air Better Life, Monsoon Resilient Maharashtra, and Phaltan Model Town under the CSR umbrella.

Additionally, your Company is committed to the active involvement and participation of its employees in its corporate social responsibility initiatives through the Company's 'Every Employee Every Community initiative' ('EEEC'), where each employee is encouraged to dedicate a minimum of four working hours towards any of the projects undertaken under three broad focus areas or strategic projects.

CSR Policy and Projects:

The Committee has formulated a CSR Policy *inter-alia* indicating the CSR activities to be undertaken by your Company as per the Companies Act, 2013. The Committee reviews and recommends the amount of expenditure and CSR activities to be undertaken by your Company. The Committee also monitors the implementation of the CSR Policy of your Company from time to time. Details of the Policy of your Company are available at <https://www.cummins.com/en/in/investors/india-corporate-governance>.

Details of various CSR initiatives undertaken by your Company are provided in this report and in the Business Responsibility and Sustainability Report of the Company for FY 2023-24 and are also available at <https://www.cummins.com/en/in/company/corporate-responsibility/global-impact/cummins-india-foundation>.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Rama Bijapurkar ¹	Chairperson of the Committee (Independent Director)	4	4
2	Mr. Nasser Munjee ²	Member (Independent Director)	4	3
3	Ms. Bonnie Jean Fetch ¹	Member (Independent Director)	3	3
5	Mr. Ashwath Ram	Member (Managing Director)	4	4

¹ Ms. Rama Bijapurkar, Member, was appointed as a Chairperson of the CSR Committee and Ms. Bonnie Fetch was appointed as a Member of the CSR Committee, effective from May 25, 2023.

² Mr. Nasser Munjee has ceased to be a Member of the Corporate Social Responsibility Committee effective May 30, 2024. Mr. Farokh N. Subedar and Ms. Rekha were appointed as Members of the said Committee effective from May 30, 2024.

Further details and terms of reference of the CSR Committee are given in the Corporate Governance Report, which forms a part of the Annual Report.

3. Weblink where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

<https://www.cummins.com/en/in/investors/india-corporate-governance>

4. Provide the executive summary along with web-link(s) of impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable.

During the year under review, the impact assessment of one of the projects 'Monsoon Resilient Maharashtra' under the theme 'Strategic Projects' in Maharashtra was undertaken by an independent agency, Deloitte Touche Tohmatsu India LLP (Deloitte) engaged by the Company. Detailed Report can be accessed on the website at <https://www.cummins.com/en/in/investors/india-annual-reports>.

A brief summary of the aforesaid impact assessment is given herein below:

Your Company along with Cummins Group Companies in India (collectively referred as 'Cummins') through Cummins India Foundation, was jointly running 'Monsoon Resilient Maharashtra' (MRM) project, as part of its broader 'Participatory Watershed Development and Ground Water Management Project', which began in 2018 and has benefitted more than 59,000 lives in 40 villages located in the Man Taluka of Satara in state of Maharashtra for construction of rainwater harvesting structures, promotion of water utilization and management practices, support in sustainable agriculture, create livelihood opportunities through livestock, enhance community capacity, foster entrepreneurship, and promote the adoption of renewable energy sources.

Impact of Holistic Rural Development Programme:

1. Around 59,970 lives were impacted directly and indirectly through MRM initiative;
2. 247 gabions were constructed in 23 villages covering almost 383 direct beneficiaries which helped villages in controlling the flow of water and soil runoff at the elevation point;

3. 7,910 trees were planted in 5 villages covering an area of 37 Acres;
4. More than 60% of the beneficiaries reported that due to the creation of watershed structures the proportion of wasteland has reduced leading to availability of more fertile land for crop farming;
5. 30% of the beneficiaries confirmed producing additional crops specially cash crops such as sugarcane, onion, mango, and pomegranate;
6. More than half of beneficiaries confirmed that due to increased agricultural production there has been availability of additional produce for sale leading to increase in their income;
7. 40% beneficiaries adopted water budgeting and drip irrigation thereby saving on expenses incurred during farming;
8. 80% beneficiaries received capacity building trainings under the project;
9. 50% women beneficiaries attended livestock trainings.

Approach and Methodology:

A mixed-method assessment design was deployed by Deloitte, Impact Assessment Agency, for assessment of the impact that the programme has created. This predominantly focused on primary data collection through field visits and was supplemented/ triangulated with the help of relevant secondary data and knowledge as available.

Structured quantitative surveys were undertaken with 404 community members randomly sampled from the 14 villages in Man Taluka of Satara district, which involved 265 survey interviews along with 19 focus group discussions and key informant interviews with 21 stakeholders.

During their interactions with the beneficiaries, the research team collected data on various aspects, including watershed management, income-generating activities both in farming and non-farming sectors, income levels, saving patterns, credit-seeking behaviour, household possessions. Additionally, the team physically verified the status of 18 structures that had been constructed to glean in-depth perspectives of the programme benefits.

Support provided under the programme:

The MRM project operates on a year-long implementation model, where new villages were identified every year and following support was provided every year to address water-related challenges:

1. Development of watershed activities on existing structures;
2. Surface area treatment like Deep continuous contour trenches (CCT), Farm bunding;
3. Drainage line treatment such as desilting and gabion structures;
4. Support in establishing Farm Field Schools (FFS), Organic farming, Dairy, Back-yard poultry, Biogas production units and production of organic fertilizers, pesticide and vermicompost;
5. Community capacity building on agriculture and livestock management.

The programme had wide-ranging positive impact on the villages surveyed.

Sr. No.	Particulars	(Amount in ₹)
5. (a)	Average net profit of the company as per sub-section (5) of Section 135	10,003,728,038
(b)	Two percent of average net profit of the company as per sub-section (5) of Section 135	200,074,561
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Year	Nil
(d)	Amount required to be set off for the Financial Year, if any	Nil
(e)	Total CSR obligation for the Financial Year [(b)+(c)-(d)]	200,074,561

6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**
₹ 159,484,699/-
- (b) **Amount spent in Administrative Overheads:** ₹ 3,038,044/- (Amount was spent by CIF)
- (c) **Amount spent on Impact Assessment, if applicable:** ₹ 828,531/-
- (d) **Total amount spent for the Financial Year [(a) + (b) + (c)]:** ₹ 163,351,274/-
- (e) **CSR amount spent or unspent for the Financial Year:**

Total Amount spent for the Financial Year (in ₹)	Amount unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
163,351,274*	36,723,287	April 23, 2024	NA	NA	NA

* **Note:** Pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company had CSR obligation of ₹ 200,074,561/- for Financial Year 2023-24 which was fully contributed to CIF. After spend of ₹ 163,351,274/- on ongoing projects including administrative expenditure of ₹ 3,038,044/- and ₹ 828,531/- towards impact assessment, CIF had unspent amount of ₹ 3,67,23,287/- as on March 31, 2024, which had been transferred back by CIF to the Company. The said unspent amount has also been transferred by the Company to a separate bank account in the name of 'CUMMINS INDIA LTD UCSR FY 2023-2024' on April 23, 2024, as per Section 135(6) of the Companies Act, 2013 read with the MCA General Circular 14/2021 dated August 25, 2021.

- (f) **Excess amount for set off, if any:**

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	200,074,561
(ii)	Total amount spent for the Financial Year	163,351,274
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Not Applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	

7. Details of Unspent CSR amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY-1: 2022-23	15,472,700*	0	15,472,700*	Not Applicable		Not Applicable	0
2	FY-2: 2021-22	39,239,847	0	39,239,847	Not Applicable		Not Applicable	0
3	FY-3: 2020-21	NIL	Not Applicable					

*** Note:** CIF had unspent amount of ₹ 15,472,700/- as on March 31, 2023, which was transferred back by CIF to the Company. The Company had opened a separate bank account in the name of 'CUMMINS-INDIA LTD UCSR FY 22-23' ('CSR Unspent Account 22-23') and transferred the unspent amount to said bank account on April 19, 2023. During the year depending on the project requirements, the Company had disbursed amount from CSR Unspent Account 22-23 to CIF. Further, CIF had spent this entire unspent amount of ₹ 15,472,700/- in Financial Year 2023-24 towards ongoing projects.

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

During the year under review, the Company was required to spend ₹ 200,074,561/- in accordance with Section 135(1) of the Companies Act, 2013. Out of the same, the Company had spent ₹ 163,351,274/- on the ongoing CSR projects during the Financial Year through its implementing agency, Cummins India Foundation ('CIF'). The unspent amount of ₹ 36,723,287/- was transferred to the unspent account as is mandated under the Act and is allocated to the ongoing CSR projects. These projects will continue to be implemented in Financial Year 2024-25 and onwards as per statutory provisions applicable in this behalf.

Further, during the year, CIF had also spent the entire amount ₹ 15,472,700/- from the Unspent CSR Account for the FY 2022-23 that had been opened by the Company. The said unspent account was closed in FY 2023-24.

Due to practical and on ground challenges in scaling up the projects, the aforementioned amount of ₹ 36,723,287/- was unspent and has been transferred to the unspent account opened by the Company. The Company reiterates its commitment to discharge its CSR obligation and shall continue to implement meaningful CSR projects in the CSR areas in accordance with its CSR Policy.

10. Detailed CSR Initiatives:

Addressing the social, civic and environmental issues, your Company made significant contributions in Financial Year 2023-24 with projects on Education, Rural Development, Watershed Management, Afforestation, Solid Waste Management, Scholarship Program, Cummins Powers Women and Monsoon Resilient Maharashtra. Following are the details of some of these key projects:

Higher Education

Nurturing Brilliance: In 2006, Cummins India Foundation (CIF) initiated the 'Cummins Scholarship: Nurturing Brilliance' for meritorious students from financially and socially disadvantaged backgrounds to pursue professional degree and diploma (in Engineering) courses. Cummins provides mentoring to selected students by senior Cummins employees who mentor students throughout the entire duration of the course. Additionally, Cummins facilitates improving of students' soft skills by providing students with e-learning soft skills module. During FY 2023-24, the Company supported 229 students under this program. Additionally, this year your Company expanded the program to aspirational districts in India- Vidisha, Guna in Madhya Pradesh, Ranchi in Jharkhand, and Dharashiv in Maharashtra.

Technical Education for Communities (TEC) is Cummins global initiative that aims at bridging the technical skills gap (between training provided by educational partner and local industry requirements) through local vocational education programs. It delivers a standardized education platform to help education partners develop market relevant curriculum, train teachers, provide career guidance and secure on-the-job learning opportunities for students. Cummins TEC focuses on enhancing the employability of the students. In FY 2023-24, total number of 544 students were trained at two TEC sites in India (Phaltan and Kolhapur SMAK).

Cummins College of Engineering for Women (CCEW) was conceptualized and launched in 1991 in Pune with financial support of Cummins India Foundation in partnership with Maharshi Karve Stree Shikshan Samstha. In 2010, CCEW was launched in Nagpur, Maharashtra. The objective is to support CCEW to be a globally renowned institute for imparting quality education and to develop women leaders in engineering and technology. The support provided to CCEW is across the three pillars of infrastructure development, student development and faculty development. Cummins' senior executives are also deeply involved in this signature project, frequently interacting with the staff and students. With support from Cummins, CCEW Pune has received NAAC 'A' accreditation and CCEW Nagpur has received NAAC 'B' accreditation. In FY 2023-24, more than 750 girls benefitted from the support.

Energy and Environment

Organic Waste Management: Building year-round initiatives from successful programs on festival waste processing - Our Nirmalya and Patravali programs over multiple years addressed the waste generated during two major festivals that took place every year in the state of Maharashtra. The Nirmalya project is a multi-dimensional, multi-stakeholder level project that involves months of planning, logistics and coordination during the annual Ganesh festival. Cummins helped Pune Municipal Corporation (PMC) to establish decentralized Nirmalya segregation & collection process and centralized unit for composting. Cummins has also established value chain for organic compost generated from Nirmalya benefiting to marginalized farmers & PMC Gardens across the city. In FY 2023-24, more than 2 Lac citizens were made aware, 236 Tons of Nirmalya was converted into organic compost. Implementation partners supported by Cummins created awareness in 30 immersion ghats where more than 50,000 Ganesh idols got immersed at home.

Zero Waste Slum Project: The project aims at strengthening the existing waste management system and make the communities zero waste communities. The approach of the project is based on pillars like, awareness regarding segregation of waste at source, collection of waste & scientific disposal of the waste and change in mind set to keep the surrounding clean & healthy. With continuous focus on monitoring & implementing health & safety measures for waste pickers with our intervention & through different initiatives, door to door coverage maintained at 87% and 5 major chronic spots in the area have been eliminated. Cummins work with NGO partners with focus on community participation to take the responsibility to make & keep the community clean & healthy to live impacting more than 4,000 residents from the low-income community.

Afforestation: Rapid urbanization has resulted into vastly depleting green cover for the city. With growing demands of residential and commercial spaces, the green localities are now being converted

into concrete building, resulting into multiple hillocks around the city of Pune which have been serving as green lungs, are being deforested and encroached. The project aims at sustainable tree plantation and sustenance towards achieving the goal of increasing the green cover across all our manufacturing and office locations in the country. Cummins has acted as the catalyst for forming a cluster of NGOs with a common goal and helped share best practices on planting and maintaining trees. This project also aims to address the effects of climate change. Tree cover plays a vital role in restoring and maintaining the ecological balance. Increased efforts in afforestation, will over a time result in balancing the water table, stabilizing climate, attracting rains, preserving wild-life and replenishing soil nutrients. Ensuring plantation of native trees and water management for their sustenance, Cummins has been working on 3 hills, 1 dam & 6 lake area for eco system development since 2011. Voluntary third-party impact assessment was conducted for Pune Afforestation sites. The impact assessment highlighted the project sites as thriving area for biodiversity with multiple species of flora and fauna. In the year 2023, more than 11,500 trees were planted and sustained. All sites saw deep partnerships with subject matter experts, local community, forest department, and defense organizations. Along with planting and maintaining the trees, we also have continuously achieved a survival rate of 90% for all the trees planted by us till date.

Water Neutrality: India is grappling with severe water stress, with 54% its boundary experiencing high to extremely high levels of water stress. The impacts of climate change, manifested in erratic rainfall patterns and the heat island effect, further exacerbate this situation. Urbanization also plays a significant role in intensifying water stress by placing strain on infrastructure and depleting both surface and groundwater resources. The rapid expansion of urban areas has also led to extensive deforestation, resulting in soil erosion and the siltation of water bodies, thereby diminishing their storage capacities. Therefore, integrated water management has become a pivotal aspect of Cummins' Energy and Environment Initiatives in India. These initiatives adopt a scientific approach, incorporating elements of hydrogeology, local topography, biodiversity, and addressing local needs and challenges to formulate sustainable, long-term strategies. Key focus includes enhancing storage capacity, promoting water conservation, mitigating water pollution, and raising awareness while supporting biodiversity conservation efforts. In FY 2023-24, 1 new pond was created at a site in Pune, and a new open well was dug at an educational campus in Pune. Approximately 1.4 km of stretch was desilted at Khadakwasla Dam. In FY 2023-24, more than 900 Mn Gallons of water was conserved through the desilting and storage efforts.

Clean technology: Globally we are experiencing warmer temperatures, changing weather patterns which is disturbing the usual pattern of the nature. There is a need for products and services which are 'clean' to reduce or optimize the use of natural resources, as well as reduce the negative effect on the planet. With the aim to building healthier, cleaner, resilient, and sustainable communities, Cummins supports tech-based solutions which are innovative, are towards protecting and enhancing the environment. We partner with incubation centres in India to support early-stage start-ups in the space of energy and environment by providing initial funding. This program was initiated in FY 2020-21 and in FY 2023-24 has supported 3 start-ups in the space of water pollution and wastewater treatment, circular economy, sustainable mobility, clean energy, etc.

Equality of Opportunity

Local Community Care with its comprehensive approach towards serving the underprivileged and marginalized, Cummins has collaborated with organizations focused on disadvantaged sections of society such as the visually impaired, hearing impaired, elderly residents, orphaned children, tribal girls, and more. These collaborations aim to enhance the infrastructure and safety standards of NGO premises through activities like building construction and repair, upgrading facilities such as kitchens, toilets, and dormitories, conducting safety audits, ensuring proper electrical fittings, and implementing cost-saving measures like installing solar power units and establishing kitchen gardens.

During the FY 2023-24, Cummins extended its support to four NGOs, benefiting a total of 404 direct beneficiaries. The primary focus of this year's initiatives has been on leveraging assistive technology and incorporating digital solutions. As part of this effort, a pilot project introducing AI-powered smart glasses was implemented in an institution supporting visually impaired girls. These smart glasses enable

individuals with visual impairments to interpret images through AI descriptions, significantly enhancing their daily lives.

Additionally, Cummins assisted an orphanage in establishing a computer lab to enhance computer literacy among orphaned girls, further contributing to their educational and vocational opportunities.

Rural Development: Cummins commitment towards holistic rural development has touched the lives of people in 17 villages in 2023. The program was expanded to the aspirational district of Nandurbar. This program has benefitted more than 38,000 lives in rural areas.

As part of the water conservation initiatives in the villages, more than 300 Mn Gallons of water has been conserved through check dams, desilted of natural water streams, ponds and percolation tanks. To provide access to clean and safe drinking water, Cummins installed 4 units of water purification plants and water ATMs. Water ATMs being run and maintained by women Self Help Groups have provided additional income opportunity to 40 women in villages.

Cummins continued support for improving school infrastructure in villages. More than 12 schools in model villages are being upgraded with Cummins support serving more than 2,400 students every year.

EmpowHer is an initiative for financial inclusion and independence of women in model villages. Under this program, we launched the initiative “Udgam” at Phaltan Megasite, which aims at creating awareness about sanitary hygiene, usage of sanitary napkins and enabling entrepreneurship by setting sanitary pads production machine to produce eco-friendly napkin at lower cost. This successful model has been replicated other plant locations. Cummins teams actively support and monitor these projects to ensure ongoing enhancements in production quality, safety, and marketing strategies.

In continuation of these efforts, newer initiatives under EmpowHer have been initiated creating opportunities for alternative livelihood and income generation options for women in rural areas. 181 new women’s self-help groups have been formed and provided with entrepreneurship training in various fields such as tailoring, papad and roti making, chick incubation centers, kitchen gardening, poultry farming, among others. These initiatives have positively impacted over 2,000 women. Furthermore, the initiative has been extended to the aspirational district of Nandurbar.

Strategic Projects

Monsoon Resilient Maharashtra (MRM) started with the vision to address the scarcity of water in Maharashtra, making communities less dependent on Monsoon and resilient to the vagaries thereof. MRM is a unique model of watershed development which incorporates hydrogeological studies along with GIS mapping to identify high impact areas for treatment. To ensure sustainability of the project, MRM focuses on participation and capacity building of the community. To take the project to scale, collaborations with stakeholders is an essential component of the project. In FY 2023-24, MRM was expanded to a new extremely drought prone region and aspirational district of Dharashiv in Maharashtra. Under demand side more than 360 farmers were supported to help improve their income. Improved productivity of more than 30 acres of waste land. More than 100+ women farmers supported to aide increase income through improved allied activities. Around 100 extremely poor household supported through goat rearing and poultry units.

Cleaner Air Better Life (CABL) is a collaborative platform where industry, entrepreneurs, governments and civic society can work together for addressing sources of air pollution. Multi-stakeholder engagements were undertaken through the year 2017-18 under the four task forces constituted by Cummins and NITI Aayog in June 2017 (under Cleaner Air Better Life Initiative). Accordingly, action plans have been designed under this initiative to address identified sources of air pollution with a mission to improve air quality and therefore contribute to better quality of life across urban and rural India. In FY 2023-24 Cleaner Air Better Life continued its expansion in both urban initiatives and crop residue management while expanding its reach to 216 villages in the state of Punjab and Haryana covering around more

than 2 lakhs ha of farmland and more than 43,000 farmers. CABL added Pune under its urban airshed management initiative to help improve the air quality of the city along with its sustained work in Indore metropolitan region. Collectively more than 2 lakhs MT of greenhouse gases has been avoided.

Cummins Powers Women: Cummins Powers Women partners with a network of global nonprofit organizations that have existing, outcome-based programs focused on areas where significant barriers exist to the advancement of girls and women. Cummins' investment supports a range of effective programs, including grassroots teaching and mentoring, financial stability through entrepreneurship, leadership training and strategic guidance to non-profit leaders. The program was initiated in India since 2019 and three gender equity initiatives were launched with our global non-profit partner, Rise Up.

Phaltan Town Development project was conceived with a vision to make Phaltan the best town to live and work in its category and size in India. The interventions in Phaltan are organized under three overarching categories aimed at developing the town into a 'Clean, Green, and Smart' urban town. The initiatives under clean town focus on solid waste and sanitation facility improvements in the town, the work under green town focuses on creating green lungs and green spots within the town and the work under smart town focuses on smart infrastructure for the town and schools. Along with this, the focus is also on improving the public infrastructure of the town like roads, internal lanes, bus stops, markets, etc.

The town has witnessed a substantial enhancement in cleanliness and sanitation facilities, reflected in the notable improvement of the Swachh Sarvekshan ranking from 264 to 29 and Mazi Vasundhara from 98 to 24. Efforts to divert 1,369 tons of waste annually from landfills and integrate 40 informal sector workers have led to a significant expansion of street sweeping and waste collection services, now covering 8,250 households. Civil infrastructure upgrade was done in three municipal schools have benefited 400+ students, encompassing safety walls, improved floors, playgrounds, and enhanced toilet facilities. Smart school initiatives, including digital infrastructure like smart TVs, screens, and CCTV camera installations, have been implemented, benefiting 600+ students across four municipal schools and establishing a reading plaza. The completion of landscape and infrastructure maintenance for a forest garden spanning 25,000+ sq mtr is a significant accomplishment. To enhance the forest garden's educational and recreational value, a knowledge park was established, featuring sections on environment, energy, traffic, and career development.

Responsibility Statement of the CSR Committee:

In pursuance of the provisions of Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (CSR Policy) Rules, 2014 and amendments thereto, it is stated on behalf of the CSR Committee of the Board of Directors of your Company that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company for the Financial Year 2023-24.

For and on behalf of the Board of Directors,

Jennifer Mary Bush
Chairperson

Ashwath Ram
Managing Director

Rama Bijapurkar
Chairperson of
the CSR
Committee

Place : Pune
Date : May 29, 2024

DIN: 09777114
Place: Indiana, USA

DIN: 00149501

DIN: 00012552

ANNEXURES TO THE DIRECTORS' REPORT

Annexure 12 – BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR) FY 2023-24

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity: L29112PN1962PLC012276
2. Name of the Listed Entity: Cummins India Limited
3. Year of incorporation: 1962
4. Registered office address: Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi Pune, 411045, Maharashtra, India
5. Corporate address: Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi Pune, 411045, Maharashtra, India
6. E-mail: cil.investors@cummins.com
7. Telephone: +91 20 67067000
8. Website: www.cumminsindia.com
9. Financial year for which reporting is being done: April 1, 2023 - March 31, 2024
10. Name of the Stock Exchange(s) where shares are listed: BSE Limited and National Stock Exchange of India Limited
11. Paid-up Capital: ₹ 55.44 Crore
12. Name and contact details (telephone, e-mail address) of the person who may be contacted in case of any queries on the BRSR report:

Name: Ms. Vinaya Joshi

Designation: Company Secretary

Telephone: 020 6706 7000

E-mail id: cil.investors@cummins.com

13. Reporting boundary: Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together): Standalone basis
14. Name of assurance provider: Price Waterhouse & Co Chartered Accountants LLP
15. Type of assurance obtained: Reasonable Assurance on BRSR Core

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Electrical equipment, General purpose and Special purpose machinery and equipment, Transport equipment	96%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Internal combustion engine (not vehicle engine), manufacturing	29112	55%
2	Manufacturing of parts and accessories (engines/turbines)	29113	24%
3	Generators/generating sets, manufacturing	31101	17%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6*	17	23
International	-	-	-

* includes 1 warehouse.

19. Markets served by the entity:

a. Number of locations:

Locations	Number
National (No. of States)	36 States and Union Territories
International (No. of Countries)	58

b. What is the contribution of exports as a percentage of the total turnover of the entity? 17.46%

c. A brief on types of customers:

Cummins India Limited ("Cummins" or "CIL" or "the Company" in this report) serves customers across all segments and to all types/categories viz., end users, Original Equipment Manufacturers (OEMs), channel partners, dealers, distributors, retailers, etc. The Company works closely with a variety of industries including, utility, transportation and infrastructure customers, serving a range of end customers, including data centers, automotive, power transmission and distribution.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	1,257	919	73.1%	338	26.9%
2.	Other than Permanent (E)	99	74	74.7%	25	25.3%
3.	Total employees (D + E)	1,356	993	73.2%	363	26.8%
WORKERS						
4.	Permanent (F)	1,816	1,507	83.0%	309	17.0%
5.	Other than Permanent (G)	1,921	1,779	92.6%	142	7.3%
6.	Total workers (F + G)	3,737	3,286	87.9%	451	12.1%

b. Differently abled employees and workers*:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	-	-	0%	-	0%
2.	Other than Permanent (E)	-	-	0%	-	0%
3.	Total differently abled employees (D + E)	-	-	0%	-	0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	1	1	100%	-	0%
5.	Other than permanent (G)	2	1	50%	1	50%
6.	Total differently abled workers (F + G)	3	2	67%	1	33%

* As differently abled is personal information, this data is voluntary for employees to report to the Company. The above information is based on the disclosures available with the Company.

21. Participation/Inclusion/Representation of women:

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	5	55.56%
Key Management Personnel	3	1	33.00%

22. Turnover rate for permanent employees and workers:
(Disclose trends for the past 3 years)

Particulars	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7%	10%	8%	7%	14%	9%	5%	18%	8%
Permanent Workers	5%	9%	6%	6%	9%	7%	4%	11%	6%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures:

S. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/ subsidiary/ associate/joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Cummins Inc.	Holding Company	NA	No
2.	Cummins Sales & Service Private Limited	Wholly Owned Subsidiary	100%	
3.	Valvoline Cummins Private Limited	Joint Venture	50%	
4.	Cummins Generator Technologies India Private Limited	Associate Company with control of more than 20% of total share capital	48.54%	

The Company had a joint venture by the name of Cummins Research and Technology India Private Limited ('CRTI') with 50% shareholding. The Board of directors of CRTI at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under the Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. The liquidator, appointed by the shareholders at the extra-ordinary general meeting, completed all the procedures pertaining to the voluntary winding-up, and had submitted the dissolution application with the Mumbai Bench of the National Company Law Tribunal ('NCLT') on May 20, 2023. The final order of dissolution (voluntary liquidation) was passed by the NCLT on December 13, 2023, and accordingly, CRTI ceases to exist.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013 (Yes/No): Yes
(ii) Turnover (in ₹): 8,816.38 Cr.
(iii) Net worth (in ₹): 6,163 Cr.

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		(If Yes, then provide web-link for grievance redressal policy)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Re-remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Not Applicable						
Shareholders	Yes	-	-	-	-	-	-
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	-	-	-	-	-	-
Value chain partners	Yes	-	-	-	-	-	-
Other - Anonymous reporters or others who do not fall under above categories	Yes	-	-	-	-	-	-

26. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate action – product GHG emissions	R	The Company is in the business of manufacturing and selling mainly fossil fuel-based products. Climate change and associated emission requirements are a strategic risk, which, if not managed appropriately, can affect the Company's operations and profitability.	The Company is committed to reducing its GHG emissions through innovative products that will reduce the emission and its carbon footprint. In addition, the Company is also working on reducing emissions in its facilities.	Negative
2	Cybersecurity – data and products	R	There is an overall increase in cyber-attacks and various forms of electronic fraud as the world becomes increasingly digitally connected.	The Company is committed to protecting all its data and information which is required to continue its business, protect all computer systems and have continued operations. The Company takes a holistic approach that includes an extensive assessment of its products and computer systems, creating awareness amongst its employees and other stakeholders.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Product innovation and emission compliance	O	Access to innovative technologies and products that have a lower carbon footprint and comply with all applicable emission norms.	NA	Positive
4	Human capital management	O	The Company has a highly skilled, talented workforce with subject-matter expertise coupled with world-class infrastructure for engineering, testing and manufacturing, which will enable the Company to innovate for the success of its customers.	NA	Positive
5	Sustainable water supplies	O	The Company continues to remain focused on natural resources like water and is net water neutral for its manufacturing units.	NA	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place toward adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y*	Y	Y	Y*	Y	Y	Y	Y*
b. Has the policy been approved by the Board? (Yes/No)	Y	N	Y	Y	Y	Y	N	Y	Y
c. Web-link of the Policies, if available	<p>P1 – Vigil Mechanism Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p> <p>Ethics Mechanism https://secure.ethicspoint.com/domain/media/en/gui/13176/index.html</p> <p>Anti-bribery Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p> <p>P1 and P2 - Code of Business Conduct https://www.cummins.com/sites/default/files/2020-05/Code%20of%20Business%20Conduct.pdf</p> <p>P2 – Supplier Code of Conduct https://public.cummins.com/sites/CSP/SiteCollectionDocuments/Supplier%20Code%20of%20Conduct/Supplier_Code_of_Conduct.pdf</p> <p>P3 and P5 – Human Rights Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p> <p>P4, P6 and P8 – Corporate Social Responsibility Policy https://www.cummins.com/sites/default/files/india/Legal/csr-policy-updated.pdf</p> <p>P6 - HSE Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p> <p>P9 - Data Privacy Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p> <p>Corporate Product Safety Policy https://www.cummins.com/en/in/investors/india-corporate-governance</p>								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
3. Do the enlisted policies extend to your value-chain partners? (Yes/No)	Y	Y	Y	N	Y	N	N	N	Y
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 14001:2015 for Environment Management System ISO 45001:2018 for Occupational Health and Safety ISO 50001:2018 for Energy Management System ISO 9001:2015 for Quality Management System								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<p>P2 – Reuse or responsibly recycle 100% of packaging plastics and eliminate single-use plastics in dining facilities, at employee events and as amenities given to employees by 2030</p> <p>P3 – Achieve Gender Diversity of 50% across all employee categories by 2040</p> <p>P6 – 1. Generate 25% less waste in facilities and operations as a percent of revenue by 2030 2. Reduce absolute Greenhouse Gas (GHG) emissions from facilities and operations by 50% by 2030</p> <p>P8 – 1. Achieve 50% representation from candidates in aspirational districts through the education assistance program by FY 2025-26 2. Double the coverage of the community outreach program in aspirational districts by FY 2025-26</p>								
6. Performance of the entity against specific commitments, goals and targets along-with reasons in case the same are not met.	<p>The Company is at 27% diversity representation as at end of FY 2023-24.</p> <p>As part of it's outreach in the aspirational districts, the Company has provided 60 new scholarships to students from aspirational districts in FY 2023-24 and inducted 13 new villages from the aspirational districts for it's Rural Development Program and it's Monsoon Resilient Maharashtra Program.</p> <p>The Company has multiple initiatives in progress to reduce waste and GHG emissions from it's facilities and operations and is on track to achieve it's environmental goals.</p>								

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
Governance, leadership and oversight																		
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure):	<p>“At Cummins, we prioritize stewardship of environmental, social, and governance (ESG) to bridge the gap between progress and purpose. We are not just targeting emission reduction goals but creating new possibilities for sustainable business growth and a more prosperous world. With a proud legacy of innovation and bold action, Cummins has an incredible opportunity and responsibility to be part of the solution to India’s climate challenges. Our Planet 2050 and Destination Zero aspirations are grounded in our commitment to sustainability and helping our customers navigate the energy transition.</p> <p>People are at the heart of everything we do and aspire to be as a Company. We believe that ethical behavior on the part of every employee, contractor, supplier, and business stakeholder is foundational to Cummins’ sustainability and long-term success. We intend to create an ethical work environment where employees know what is expected of them to exemplify our core value of integrity.</p> <p>By nurturing diversity, equity, inclusion and culture (DEIC), we power the full potential of our people, creating an environment where innovation and integrity thrive. By embracing a multitude of voices and perspectives, we engineer innovative solutions that tackle the world’s most pressing challenges. This diversity is not just integral to achieving our business goals, but it also inspires us to build a better future for all – our people, communities, country and the planet.”</p>																	
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Mr. Ashwath Ram, Managing Director (MD) and oversighted by the Audit and Compliance Committee																	
9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/ No). If yes, provide details.	Yes, Audit and Compliance Committee																	
10. Details of Review of NGRBCs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Review undertaken by ‘Any other Committee’ (internal review groups formed by the management)									Need based review or review driven by statutory requirements/ amendments depending on the nature of the policy								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Review undertaken by ‘Any other Committee’ (internal review groups formed by the management)									Need based review or quarterly review depending on the nature of the policy								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	N	N	N	N	N	Y	N	N	N
Yes. The Company's facilities are evaluated by SGS India Private Limited periodically for ISO certification.									
*The policies relate to safe and sustainable products, Human Rights and Customer Relations and are embedded in the Company's Vision, Mission, Values, Strategic Principles, the Cummins Operating System and the Company's Code of Conduct.									
Policies specific to CIL, are brought to the CIL Board of Directors and approved, while some others are more procedural in nature and implemented directly.									
12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy reasons to be stated:									
Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	Not applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may voluntarily be disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Ethical behavior at the Company is driven by the Code of Business Conduct, which guides employees on a wide range of matters, from how to treat colleagues at work to preventing sexual harassment, avoiding conflicts of interest, upholding human rights, anti-bribery, and much more. New employees are introduced to the code during onboarding and are regularly assigned related training courses over the course of their time at the Company.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	2	<ul style="list-style-type: none"> • Awareness of BRSR requirements across all principles • Policy and management processes (detailed discussions also done at respective committee meetings on a periodic basis) • Update on BRSR Core including reasonable assurance 	100%
Key Managerial Personnel	5	<ul style="list-style-type: none"> • Code of Business Conduct • Treatment of Each Other • Conflicts of Interest • Sessions in the Board Meeting 	100%
Employees other than BODs and KMPs	3	<ul style="list-style-type: none"> • Code of Business Conduct • Treatment of Each Other • Conflicts of Interest 	100%
Workers	3	<ul style="list-style-type: none"> • Code of Business Conduct • Treatment of Each Other • Conflicts of Interest 	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR) (Expected financial implication, if any due to compensation, penalty, etc.)	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Penalty/ Fine	None				
Settlement					
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an Appeal been preferred? (Yes/No)
Imprisonment	None			
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed:

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:

Yes.

The Anti-Bribery and Prohibited Payments Policy adopted by the Company is applicable to all its employees and third-party agents acting on behalf of the Company. The policy focuses on prohibition of all bribery in the course of doing business, compliance with applicable laws etc. The policy is available under <https://www.cummins.com/en/in/investors/india-corporate-governance>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors	None	
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of Complaints received in relation to issues of Conflict of Interest of the Directors	None	NA	None	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines/ penalties/ action taken by regulators/ law enforcement agencies/ judicial institutions, on cases and conflicts of interest:

Not applicable

8. Number of days of accounts payables ((Accounts payable*365)/Cost of goods/services procured) in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payables	73	67

Average Accounts Payable are considered for the purpose of this ratio.

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances and investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	16%	15%
	b. Number of dealers / distributors to whom sales are made	146	134
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	75%	73%
Share of RPTs	a. Purchases (Purchases with related parties / Total Purchases)	52%	49%
	b. Sales (Sales to related parties / Total Sales)	19%	23%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)*	0%	0%
	d. Investments (Investments in related parties / Total Investments made)*	3%	3%

*Basis balances as at year end.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1 (Suppliers)	Ethics, health and safety, integrity, sustainability, governance, environment, social responsibility	Supplier covering 48% of total spend of FY 2023-24
2 (Suppliers)	ESG and BRSR awareness	Suppliers covering 18% of total spend of FY 2023-24
1 (Dealers)	Ethics and compliance – online training, ESG and BRSR awareness	Representatives of 77% dealers
3 (GOEMs)	ESG and BRSR awareness	Representatives of 100% GOEMs

2. Does the entity have processes in place to avoid/manage conflict of interest involving members of the Board? (Yes/No) If yes, provide details of the same:

Yes.

The Board of Directors of the Company have a separate 'Code of Conduct'. The code, in line with the applicable laws, requires the directors to provide annual declarations about their interest in compliance with applicable regulations in addition to voluntary declarations about interim changes in their interests, if any. These disclosures are noted by the Board in subsequent meeting(s).

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

The Company is committed to reducing its carbon footprint and doing more to use less of the world's natural resources. The three focus areas are: reducing greenhouse gas (GHG) and air emissions; using natural resources in the most sustainable way possible; helping communities address their major environmental challenges.

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	100%	34%	Revenue expenditure on developing and testing emission compliant products, on fuel efficiency improvement and alternate material usage and testing facilities etc.
Capex	54%	32%	Capex spend includes investments made in technical know-how for latest CPCB IV+ emission standards, projects for energy efficient processes, enhancing product development facility for current and new technologies, etc.

The Company, through its R&D and capex investments, is focused on moving toward a cleaner, greener planet by reducing its carbon footprint, both through the products it makes and how it makes them.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes.

The Company has procedures in place for sustainable sourcing.

- b. If yes, what percentage of inputs were sourced sustainably?

71% of the total spend is through sustainable sourcing.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:

The Company has a remanufacturing facility at Phaltan, Maharashtra. The complete remanufacturing process has five key steps viz. 1. Disassembly, 2. Cleaning, 3. Inspection, 4. Salvage/ Reuse, 5. Assembly and Test.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same:

Yes.

EPR is applicable to the Company in the capacity as "Brand Owner". The Company complies with the Plastic collection plan submitted to Maharashtra and Tamil Nadu Pollution Control Board and regularly submits Annual returns as per the relevant provisions of the regulations.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or its services (for services industry)? If yes, provide details in the following format:

NIC code	Name of Product/ service	% of Total Turnover contributed	Boundary for which the life cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in Public domain (Yes/No). If yes, provide the web-link
281	Engine	11.70%	Cradle to Gate	No	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same:

Name of Product/Service	Description of the risk/concern	Action Taken
No significant social or environmental concerns/risks were identified.		

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
	-	-

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)						
E-waste		-			-	
Hazardous waste						
Other waste						

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	-

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

The Company pursues its commitment toward employee well-being by creating a diverse and inclusive work environment; engaging employees and their families in improving wellness; extending the company's talent management philosophies in performance management, compensation management, competency building and access to development opportunities for all employees through education assistance programs.

Following are some of the initiatives undertaken by the Company to ensure the well-being of its employees:

- Periodic health check-ups and counselling by professional and trained medical team
- Independent trained professionals are available through a confidential service provider to help them deal with mental health and other life challenges
- Life insurance benefits covering employees
- Health insurance benefits covering employees and their family members
- Maternity and paternity benefits
- Various Employee Resource Groups (ERG) focusing on the various dimensions of diversity namely: Gender, Generation, Culture, Person with Disability (PwD), and LGBTQ+
- Creche facilities
- Occupational health and safety management system

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	919	919	100%	919	100%	NA	0%	919	100%	919	100%
Female	338	338	100%	338	100%	338	100%	NA	0%	338	100%
Total	1,257	1,257	100%	1,257	100%	338	27%	919	73%	1,257	100%
Other than Permanent employees											
Male	74	-	0%	74	100%	NA	0%	-	0%	-	0%
Female	25	-	0%	25	100%	25	100%	NA	0%	-	0%
Total	99	-	0%	99	100%	25	25%	-	0%	-	0%

- b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	1,507	1,507	100%	1,507	100%	NA	0%	1,507	100%	1,507	100%
Female	309	309	100%	309	100%	309	100%	NA	0%	309	100%
Total	1,816	1,816	100%	1,816	100%	309	17%	1,507	83%	1,816	100%
Other than Permanent workers											
Male	1,779	1,779	100%	1,779	100%	NA	0%	-	0%	-	0%
Female	142	142	100%	142	100%	142	100%	NA	0%	-	0%
Total	1,921	1,921	100%	1,921	100%	142	7%	-	0%	-	0%

- c. Spending on measures toward well-being of employees and workers (including permanent and other than permanent) in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well- being measures as a % of total revenue of the Company*	0.19%	0.23%

* includes spend toward well-being of permanent employees and workers. Spend toward well-being of other than permanent employees and workers are not ascertainable.

2. Details of retirement benefits, for Current FY and Previous Financial Year:

The Company's employees and workers are covered for retiral benefits as per eligibility defined under the applicable laws. The company also creates awareness of schemes such as National Pension Scheme (NPS) which the employees can avail. Superannuation benefit is now provided as a voluntary benefit to employees starting July 2023.

Benefits	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	100%	100%	Yes	100%	100%	Yes
Superannuation*	100%	100%	Yes	100%	100%	Yes
NPS*	100%	100%	Yes	100%	100%	Yes

* Superannuation and NPS benefits are offered to 100% employees and workers, employee can voluntarily opt for the same. Corresponding contribution is deducted and deposited in case of 100% employees who have opted for the benefits.

3. Accessibility of workplaces:

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard:

Yes.

The Company continues to take steps including modernization of its older facilities to improve accessibility to its facilities for differently abled employees and workers.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:

Yes.

The Equal Opportunity policy is available to the internal stakeholders on the intranet.

5. Return to work and Retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	91%	100%	90%
Female	100%	93%	100%	89%
Total	100%	92%	100%	90%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes. All workers/ employees, permanent/ other than permanent of the Company can reach out to their Direct Managers and HR Business Partners as their primary contact to redress their grievances as specified in the policy of the Company.
Other than Permanent Workers	The Company has communication and other infrastructure, and policies through which the employees and workers can voice their concerns.
Permanent Employees	Protected disclosures can be made by a whistle-blower through an email or dedicated telephone line or letter to the Managing Director of the Company or Letter to Head of Legal Department or Letter to the Chairman of Audit and Compliance Committee or via the Ethics helpline/ webpage, details of which are available on the website of the Company.
Other than Permanent Employees	The Company has a 'Vigil Mechanism Policy', as per applicable laws, along with the Non-retaliation Policy, which <i>inter-alia</i> provides adequate safeguards to whistle-blowers against retaliation.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total Employees/ Workers in Respective category (A)	No. of employees/ workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	1,257	-	0%	1,282	-	0%
- Male	919	-	0%	933	-	0%
- Female	338	-	0%	349	-	0%
Total Permanent Workers	1,816	532	29%	1,879	559	30%
- Male	1,507	532	35%	1,554	559	36%
- Female	309	-	0%	325	-	0%

8. Details of training given to employees and workers:

The trainings on health and safety measures and skill upgradation are gender agnostic and available to both male and female employees/workers.

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	919	427	46%	703	76%	933	530	57%	843	90%
Female	338	127	38%	264	78%	349	177	51%	304	87%
Total	1,257	554	44%	967	77%	1,282	707	55%	1,147	89%
Workers										
Male	1,507	835	55%	672	45%	1,554	628	40%	868	56%
Female	309	176	57%	204	66%	325	176	54%	279	84%
Total	1,816	1,011	56%	876	48%	1,879	804	43%	1,147	61%

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	919	919	100%	933	933	100%
Female	338	338	100%	349	349	100%
Total	1,257	1,257	100%	1,282	1,282	100%
Workers						
Male	1,507	1,507	100%	1,554	1,554	100%
Female	309	309	100%	325	325	100%
Total	1,816	1,816	100%	1,879	1,879	100%

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes.

The Company has implemented an enterprise-wide occupational health and safety management system (HSEMS) that conforms to ISO (International Standards Organization) 45001.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

All the Company's facilities have implemented a systematic process for identifying work related hazards and assessing their risks for routine and non-routine activities through the Hazard Identification and Risk Assessment Process (HIRA) that is in-line with the ISO 45001: 2018 requirements, "Job Safety Assessments", HSE internal audit, "Find it, Fix it", "Active Caring and Visual Literacy" are some of the initiatives that are deployed in the Company. HIRA provides an analytical tool to all facilities to assess their critical and unreasonable risks. The intent is to use these processes proactively to improve Health & Safety for all employees and others who visit the Company's facilities.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes.

The Company's facilities have processes such as Team-Based Work System (TBWS) forum, layered process audits, safety suggestions, ergonomics early reporting program, safety observation tours, etc. through which employees and workers can report work related hazards to remove/reduce the risks. Also, as per requirements of provision of the Factories Act, 1948, safety committees are formed at all applicable manufacturing locations, which take note of all the improvement opportunities coming from the employee representatives.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes.

The Company offers a range of medical and healthcare services at its facilities, including:

1. first aid boxes
2. trained first aid facilitators
3. counselling by independent professionals on mental health and other life challenges
4. medical insurance cover
5. qualified medical doctors at some company facilities

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	0.36	0.54
Total recordable work-related injuries	Employees	-	-
	Workers	18	10
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

* Including in the contract workforce

The BRSR Core requires disclosure of “Number of Permanent Disabilities”, however, it does not include the definition of ‘Permanent Disabilities’. The Company in the absence of any other guidance, has considered High Consequence Work-related injury or ill-health, which results in an injury from which the employee / worker cannot or is not expected to recover fully to the previous health status, this does not include fatalities.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

The Company has developed an enterprise-wide HSE management system in line with ISO 14001 and ISO 45001 standard requirements. This HSE management system and plan follows plan-do-check-act (PDCA) cycle. Details of each phase are as follows:

- Plan - All facilities have HSE Policies that drive compliance with legal and other requirements. Dedicated tools like HIRA and Environmental Aspect and Impact Assessment (EAIA) are used to facilitate the same.
- Do - Facility specific operating procedures have been created and enforced.
- Check - Continuous self-assessment enables corrective and preventive actions (CAPA) with the help of IT tools and processes.
- Act – All facilities have a management review procedure to drive improvement plans.

13. Number of Complaints on the following made by employees and workers:

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	99	34	-	5	-	All complaints filed during the year have been resolved
Health & Safety	1,160	675		46	-	

A formal complaint collection process was established in FY 2023-24 involving multiple channels including individual communication and group forums. Complaints can be raised by an employee or worker through email communication, phone calls, site complaint registers or 1:1 discussions. Some of the group forums to raise complaints are employee committees, safety committee, staff meetings, Team Based Work System (TBWS) forums, focus group discussions by leaders or HR, all employee communication forums etc. These together ensure a comprehensive approach to gathering and addressing concerns. If certain complaints cannot be resolved immediately due to any reason, it is communicated to the concerned and close looped accordingly as and when necessary action is taken.

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions:

No significant risks or concerns were identified during the assessments of health and safety practices and working conditions during the year.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N):

Yes.

The Company extends Life Insurance or equivalent compensatory package in the unfortunate event of death of an employee or a worker.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

The Company emphasizes the importance of compliance through interactions with its value chain partners. Supplier Code of Conduct requires the vendors to know and follow all applicable laws and have awareness of any legal or regulatory changes that may impact their operations. The Company has an annual process of seeking confirmation of compliance with requirements related to statutory dues from its suppliers.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Employees	-	-	-	-
Workers	-	-	-	-

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes.

In cases of termination of employment due to business related reasons or Voluntary Retirement Plan (VRP), the Company provides outplacement services support, mental wellness support and monetary compensation to the impacted individuals as per internal policies and plans designed for the respective events.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Suppliers - 62% of total spend
Working conditions	Suppliers - 62% of total spend

These assessments are conducted to cover 100% of suppliers over a period of three years.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:

Two concerns were identified as part of the Eyes Open Audits pertaining to non-use of personal protective equipment. Both the concerns were addressed and necessary process corrections were made to ensure a safe working environment.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity:

The key stakeholders are identified based on consultative discussions between the functional and business heads along with the directors of the Company.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually /Half yearly/ Quarterly / others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors (shareholders / Analysts)	No	<ul style="list-style-type: none"> • Press releases and media interactions • E-mails, SMS, newspaper publications • AGM / EGM General meetings, meeting notices • Stock exchange filings • Analyst calls • Updates on the Company's website 	<ul style="list-style-type: none"> • Annually through annual report • Quarterly through financial results, analyst call, exchange notifications • Continuous engagement: Investors page on website 	<ul style="list-style-type: none"> • To explain the financial results and/ or other updates • To answer queries of investors/ analysts on operations of the Company • To understand shareholder expectations

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, Advertisement Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually /Half yearly/ Quarterly / others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees and Workers (and their families)	No	<ul style="list-style-type: none"> • E-mails • Notice boards • 1:1 meetings, plant meetings, townhalls • Project and operations reviews • Family days • Internal website • Social media webpages 	<ul style="list-style-type: none"> • Event based / Continuous engagement 	<ul style="list-style-type: none"> • To provide operational and strategic updates • Career management • Learning opportunities • To build a safety culture and inculcating safe work practices among employees • To improve diversity and inclusion; employee engagement
Suppliers (including consultants)	No	<ul style="list-style-type: none"> • Individual meetings, conferences • E-mails, telephone/ conference calls • Supplier visits 	<ul style="list-style-type: none"> • Event based / Continuous engagement 	<ul style="list-style-type: none"> • To align on values, strategy and operational priorities • To resolve operational issues
Customers	No	<ul style="list-style-type: none"> • Meetings and conferences • Project related discussions, project management reviews • Customer visits • Sponsored events • Mailers, newsletters, brochures • Social media webpages • Surveys 	<ul style="list-style-type: none"> • Event based / Continuous engagement • Periodic customer satisfaction surveys 	<ul style="list-style-type: none"> • To understand business challenges • To identify improvement opportunities for the Company

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, Advertisement Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually /Half yearly/ Quarterly / others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Communities (Identified as part of the CSR initiatives)	Yes	<ul style="list-style-type: none"> • Community Meetings, Field Visits 	<ul style="list-style-type: none"> • Calendarized, ongoing engagement with periodic and pre-determined frequency which is done directly and through implementing organizations 	<ul style="list-style-type: none"> • To identify community needs through participatory consultations with implementing organizations • To review the progress of the program with the communities and address any concerns that the community may have with regards to the program implementation • To address concerns received through the formal grievance redressal mechanism • To educate the communities periodically through review meetings
Government bodies (Center, State, Local)	No	<ul style="list-style-type: none"> • Request for Information/Request for Proposal/ presentations • Project review meetings • Surveys • Consultative sessions • Field visits • Conferences and seminars • Press releases and media interactions 	<ul style="list-style-type: none"> • Event based / Continuous engagement 	<ul style="list-style-type: none"> • To understand areas for sustainable development • To communicate the Company's performance and strategy • To share and contribute to thought leadership and insights into public and business concerns • To discuss the Company's response to business / community issues as a corporate citizen

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (E-mail, SMS, Newspaper, Pamphlets, Advertisement Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually /Half yearly/ Quarterly / others-please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Academia	No	<ul style="list-style-type: none"> E-mails Meetings Project Related Discussions 	<ul style="list-style-type: none"> Event based 	<ul style="list-style-type: none"> MOU signed to improve engagement between industry and academia To establish events to support academic institutes To research projects jointly for mutual benefit

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:

Engagement and consultation with stakeholders on various topics is delegated by the Board and governed as per the operating policies of the Company. Any material feedback from such consultations is provided to the Board on a periodic basis through Board Meetings or Committee Meetings.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity:

Yes.

Stakeholder engagement covers key material issues driven by strategic objectives through various modes of engagement. For example, circulars/ notifications on emission norms and related product development, Participatory Rural Appraisals for identifying important issues for CSR project selection.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups:

The Company is deeply committed to engaging with and addressing the concerns of all stakeholder groups, especially those who are vulnerable or marginalized. The Company has implemented various programs aimed at empowering women in the communities where it operates. This includes providing training and livelihood opportunities and facilitating access to healthcare services for women and girls through health camps. The women are trained on goater, poultry, kitchen gardening, organic compost making, etc. 181 new women's self-help groups have been formed and provided with entrepreneurship training. These initiatives have positively impacted over 2,000 women.

The Company believes in the transformative power of education and is committed to providing access to quality education for students, especially those from disadvantaged backgrounds. The Company's scholarship programs support students in pursuing higher education and vocational training, enabling them to realize their full potential. In FY 2023-24, the Company has supported 229 students through the

Scholarship program and 544 students through the vocational education program - Technical Education for Communities (TEC).

The Company, through its holistic approach to support the underprivileged and marginalized, has collaborated with organizations dedicated to supporting various vulnerable groups in the society such as the visually impaired, hearing impaired, elderly residents, orphaned children, tribal girls, and more. In FY 2023-24, the Company has impacted more than 400 vulnerable individuals.

The Company has also initiated projects in the aspirational districts of Nandurbar, Dharashiv, Ranchi, Vidisha, Guna, etc. with the aim of uplifting these regions and contributing to their holistic development.

PRINCIPLE 5 Businesses should respect and promote human rights

The Company supports human rights and has a zero-tolerance policy on bonded, child or forced labor. It endeavors to provide equal opportunity to its employees while discouraging discrimination, harassment and retaliation. Online and classroom trainings on relevant topics related to Human Rights are conducted for all employees and workers.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	1,257	1,257	100%	1,282	1,282	100%
Other than permanent	99	99	100%	100	100	100%
Total Employees	1,356	1,356	100%	1,382	1,382	100%
Workers						
Permanent	1,816	1,816	100%	1,879	1,879	100%
Other than permanent	1,921	1,921	100%	2,079	2,079	100%
Total Workers	3,737	3,737	100%	3,958	3,958	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	Equal Minimum Wage		More than Minimum Wage		Total (D)	Equal Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	1,257	0	0	1,257	100%	1,282	0	0	1,282	100%
Male	919	0	0	919	100%	933	0	0	933	100%
Female	338	0	0	338	100%	349	0	0	349	100%
Other than Permanent	99	0	0	101	100%	100	0	0	100	100%
Male	74	0	0	74	100%	72	0	0	72	100%
Female	25	0	0	25	100%	28	0	0	28	100%
Workers										
Permanent	1,816	0	0	1,816	100%	1,879	0	0	1,879	100%
Male	1,507	0	0	1,507	100%	1,554	0	0	1,554	100%
Female	309	0	0	309	100%	325	0	0	325	100%
Other than Permanent	1,921	1,485	77%	436	23%	2,079	1,725	83%	354	17%
Male	1,779	1,384	78%	395	22%	1,910	1,586	83%	324	17%
Female	142	101	71%	41	29%	169	139	82%	30	18%

3. Details of remuneration/salary/wages

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	5*	2,325,000#	5	1,850,000#
Key Managerial Personnel	2	51,870,939	1	3,675,026
Employees other than BoD and KMP	919	3,127,766	338	2,296,144
Workers	1,507	791,094	309	660,411

The median remuneration of BoD is not an annualized amount.

* Includes remuneration payable to one (1) director whose term ended during the year.

Notes:

- The remuneration of Non-Executive: (other than Independent Directors) Directors is Nil.
- Remuneration details of BoD and KMPs are published as part of Annexure 10 of Directors Report.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	20%	19%

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

Any grievance related to human rights can be filed through a formal grievance redressal mechanism.

At the Company, employees have several options to report ethics or human rights related issues. Besides being able to reach out to direct managers or HR, employees have the option to anonymously report issues through four separate channels:

- Regularly monitored voice mail box
- Online at ethics.cummins.com
- Toll-free number
- QR Code

6. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	2	-		1	-	
Discrimination at workplace	1	-		-	-	
Child Labor	-	-		-	-	
Forced Labor/ Involuntary Labor	-	-		-	-	
Wages	-	-		-	-	
Other human rights related issues	-	-		-	-	

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	1
Complaints on POSH as a % of female employees / workers	0%	0.11%
Complaints on POSH upheld	0	1

Included here are written complaints which are not anonymous, in line with the requirements for investigation per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The Company has a non-retaliation policy which prohibits all forms of retaliation against employees who raise concerns or who report violations of the Code of Business Conduct, Company policies including Treatment of Each Other at Work or the law.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labor	100%
Forced/involuntary labor	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others-please specify	Nil

The Company internally monitors compliance for all applicable laws and policies pertaining to Human Rights issues.

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

No significant risks/concerns were identified through the assessments.

Leadership Indicators

1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints:

No significant concerns have been identified which necessitated introduction of new processes/modification of existing processes during FY 2023-24.

2. Details of the scope and coverage of any Human Rights due diligence conducted:

No separate human rights due-diligence was conducted besides the internal assessments during FY 2023-24.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes.

The Company continues to take steps including modernisation of its older facilities to improve accessibility to its facilities for differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	Suppliers – 49% of total Spend
Discrimination at workplace	Suppliers – 49% of total Spend
Child Labor	Suppliers – 62% of total Spend
Forced/involuntary labor	Suppliers – 62% of total Spend
Wages	Nil
Others-please specify	None

These assessments are conducted to cover 100% of suppliers over a period of three years.

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:

No significant risks/concerns were identified for those areas which were assessed during the year through various assessments.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) GJ	21,881	19,105
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	21,881	19,105
From non-renewable sources		
Total electricity consumption (D) GJ	86,167	90,953
Total fuel consumption (E) GJ	94,009	90,878
Energy consumption through other sources (F) GJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	180,176	181,831
Total energy consumed (A+B+C+D+E+F)	202,057	200,936
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations) (GJ / INR)	0.0000023	0.0000026
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP) (GJ / INR adjusted for PPP)	0.0000524	0.0000604
Energy intensity in terms of physical Output (GJ per unit)	1.6137	1.4328
Energy intensity (optional) – the relevant metric may be selected by the entity		
a. Intensity per manhours worked	0.02	0.02
b. Intensity per Facility Size GJ / [sq.m]	0.65	0.66
c. Intensity GJ per Head count	65.75	40.47

Intensity in terms of physical output of products is computed by considering number of equivalent units manufactured / assembled by the Company.

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by OECD for India which is 22.882 INR/USD (Source: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>).

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, reasonable assurance has been carried out by Price Waterhouse & Co Chartered Accountants LLP.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

The PAT scheme of the Government of India is not applicable to the Company.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	61,055	82,851
(iii) Third party water	86,554	69,570
(iv) Seawater / desalinated water	-	-
(v) Others	0.062	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	147,609	152,421
Total volume of water consumption (in kilolitres)	145,487	151,026
Water intensity per rupee of turnover (Total water consumption / Revenue from operations) (KL / INR)	0.0000017	0.0000020
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP) (KL / INR adjusted for PPP)	0.0000378	0.0000454
Water intensity in terms of physical Output (KL per unit)	1.1619	1.0769
Water intensity (optional) – the relevant metric may be selected by the Entity		
a. Intensity KL per manhours worked	0.01	0.01
b. Intensity KL per Facility Size / [sq.m]	0.47	0.50
c. Intensity KL per Head count	47.34	30.42

Intensity in terms of physical output of products is computed by considering number of equivalent units manufactured / assembled by the Company.

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by OECD for India which is 22.882 INR/USD (Source: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>).

Water withdrawal / water consumption includes 15,185.8 KL water for one of the Company's sites where water is sent to the facility owner (third party) for recycle and is rerouted for reuse in the site's washrooms.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, reasonable assurance has been carried out by Price Waterhouse & Co Chartered Accountants LLP.

4. Provide the following details related to water discharged:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	2,123	1,395
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment		
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	2,123	1,395

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, reasonable assurance has been carried out by Price Waterhouse & Co Chartered Accountants LLP.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes.

The company has installed wastewater treatment systems across all its eligible facilities resulting in Zero Liquid Discharge. All sewage generated in the Company's facilities is treated in the in-house

sewage treatment plants and the recycled water is used for garden irrigation, Heating Ventilation and Air Conditioning (HVAC) and toilet flushing purposes, etc.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	Kg	181,240	168,204
Sox	Kg	4,145	3,860
Particulate matter (PM)	Kg	12,724	11,814
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	Kg	23,401	20,749
Hazardous air pollutants (HAP)	NA	NA	NA
Others please specify	NA	NA	NA

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	8,270	7,833
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	17,099	17,592
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations) (MT CO ₂ e / INR)		0.00000029	0.00000033
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) (MT CO ₂ e / INR adjusted for PPP)		0.00000066	0.00000076

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity in terms of physical output (MT CO2e per unit)		0.2026	0.1809
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			
a. Intensity per manhours worked		0.0023	0.0022
b. Intensity per Facility Size / [sq.m]		0.08	0.08
c. Intensity per Head count		5.56	5.11

Intensity in terms of physical output of products is computed by considering number of equivalent units manufactured / assembled by the Company.

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by OECD for India which is 22.882 INR/USD (Source: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>).

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, reasonable assurance has been carried out by Price Waterhouse & Co Chartered Accountants LLP.

8. Does the entity have any project related to reducing Greenhouse Gas emission? If yes, then provide details.

Yes.

Greenhouse Gas reduction initiatives undertaken by the Company include:

- Develop energy monitoring and dashboard strategy
- Replacement of legacy manufacturing equipment with energy efficient equipment
- Use solar power for respective sites' power requirement

The key initiatives include energy-efficient Heating Ventilation and Air Conditioning (HVAC) and lighting, waste reduction/recycling/reuse and water consumption reduction. The Company creates awareness amongst its employees to identify projects related to reducing Green House Gas emission.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	120.42	128
E-waste (B)	5.51	4.18
Bio-medical waste (C)	0.04	0.03

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Construction and demolition waste (D)	1,476.83	10,885.96
Battery waste (E)	16.63	0.08
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	405.53	403
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	5,001.49	4,610.26
Total (A+B + C + D + E + F + G + H)	7,026.45	16,031.51
Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations) (MT / INR)	0.0000001	0.0000002
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) (MT / INR adjusted for PPP)	0.0000018	0.0000048
Waste intensity in terms of physical output (MT per unit)	0.0561	0.1143
Waste intensity (optional) - the relevant metric may be selected by the entity		
• Manhours	0.0006	0.0014
• Facility size / [sq.m]	0.0226	0.0526
• Headcount	2.29	3.23
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	7,005.17	16,029.51
(ii) Re-used	-	-
(iii) Other recovery operations	21.28	2
Total	7,026.45	16,031.51
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Intensity in terms of physical output of products is computed by considering number of equivalent units manufactured / assembled by the Company.

Previous year information and disclosures are updated to align the same with current year's information and disclosures wherever applicable.

The revenue from operations has been adjusted for PPP based on the latest PPP conversion factor published for the year 2022 by OECD for India which is 22.882 INR/USD (Source: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm>).

The Company has reported quantities based on waste disposal. There is no significant gap between waste generated and waste disposal. The Company has disposed waste aggregating 21 MT to third party authorised waste handler which is further converted into heat / energy. This is disclosed as total waste recovered under “Other recovery operations”.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, reasonable assurance has been carried out by Price Waterhouse & Co Chartered Accountants LLP.

- Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company follows the principles of the waste management hierarchy of reduce, reuse, recycle and recovery. For reducing the Company’s waste, it emphasizes having a cross-functional approach through manufacturing process redesign, improved waste segregation, increased employee engagement and proactive supplier partnerships. The Company also continues to make capital investments in equipment that facilitate waste reduction and increases its ability to recycle. Also, product substitutions have had a significant impact on the company’s reduction of hazardous waste generation.

- If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/ offices	Type of Operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
The Company has no facilities in ecologically sensitive areas			

- Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
No EIA required for any of the Company’s facilities					

- Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N)? If not, provide details of all such non-compliances, in the following format:

Yes.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken if any
-				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area
- (ii) Nature of operations
- (iii) Water withdrawal, consumption and discharge in the following format:

The Company does not have any of its facilities located in areas of water stress.

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations) (MT / INR)		

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The Company does not have any of its facilities located in areas of water stress and hence independent assessments are not carried out.

2. Please provide details of total Scope 3 emissions and its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ Equivalent	-	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct and indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

The Company has no facilities in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
	The company continues to take initiatives to create products with better fuel efficiency, etc.		

5. Does the entity have a business continuity and disaster management plan? Give details in words / web link:

Yes. The Company has a holistic business governance structure and Business Continuity Management (BCM) derived basis global standards of business resilience and ISO 22301:2012 Societal Security - Business Continuity Management Systems. BCM is focused on continually improving the resilience of the Company ensuring seamless continuity of business. BCM identifies potential risks to the Company as well as the impacts to business operations. This provides a framework for building organizational resilience with the capability to provide effective response and recovery plans which safeguard the interests of the Company, its stakeholders, reputation, brand and value-creating activities. The Company continuously works on embedding business resilience in the Company's practices and increasing site preparedness to establish efficacy of responses and achieve effective recovery.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaption measures have been taken by the entity in this regard?

Not available.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not available.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations

The Company is a member of 5 trade and industry chamber/ associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers / associations (State/ National)
1.	Confederation of Indian Industry (CII)	National
2.	Society of Indian Automobile Manufacturers (SIAM)	National
3.	US-India Strategic Partnership Forum (USISPF)	National
4.	Automotive Research Association of India (ARAI)	National
5.	Indo American Chamber of Commerce	National

- Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
No adverse order has been received by the Company.		

Leadership Indicators

- Details of public positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
-					

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

- Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

The Company has not acquired any land during the year that requires Social Impact Assessment under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, and its subsequent amendments.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public Domain (Yes / No)	Relevant Web link
Not applicable					

- Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						

- Describe the mechanisms to receive and redress grievances of the community.

At each of the Company's facilities, community members can reach out to designated persons to register their grievances or submit their grievances on a designated e-mail ID.

Corporate Social Responsibility (CSR) team (through Cummins India Foundation - implementing agency) and its NGO partners work together on various community projects and act as the focal point for the community to submit and redress grievances related to such projects. Key concerns, if any, are reviewed with the CSR Committee and the Board and guidance/ feedback provided by them is actioned.

The Company also has an ethics helpline, providing a reporting platform for internal and external stakeholders including communities where issues related to ethics and compliance, or any other kind can be reported anonymously.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	21%	26%
Directly from within India	87%	87%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

Location	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Rural	-	-
Semi-urban	8.1%	8.3%
Urban	4.1%	3.7%
Metropolitan	87.9%	88.0%

(Place to be categorized as per RBI Classification System - rural/semi-urban/urban/metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative impact identified	Corrective action taken
-	-

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No	State	Aspirational District	Amount spent (in INR)
1	Jharkhand	Ranchi	610,000
2	Madhya Pradesh	Vidisha	2,974,781
3	Madhya Pradesh	Guna	3,992,765
4	Maharashtra	Dharashiv	20,128,007
5	Maharashtra	Nandurbar	22,500,000

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No)

No.

The Company is impartial in its supplier selection and procurement processes.

(b) From which marginalized/vulnerable groups do you procure?

The Company is impartial in its supplier selection and procurement processes.

(c) What percentage of total procurement (by value) does it constitute?

Not applicable.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes/No)	Basis of calculating benefit share
		-		

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
No adverse orders received by the Company during the year		

6. Details of beneficiaries of CSR Projects:

The Company carries out its CSR activities through Cummins India Foundation. The Company focuses on three priority areas: Higher Education, Energy and Environment and Equality of Opportunity while also undertaking other strategic projects. Following table depicts the proportion of beneficiaries from various CSR projects and belonging to the vulnerable and marginalized groups.

S. no	CSR Project	No. of persons benefitted from CSR Projects.	% of beneficiaries from vulnerable and marginalized groups
A	Higher Education		
1	Nurturing Brilliance	229	61%
2	Technical Education for Communities	544	8%
3	Cummins College of Engineering for Women	778	100%
B	Energy and Environment		
1	Monsoon Resilient Maharashtra	11,748	86%
2	Water Neutrality Projects	8,339	0%
3	Solid Waste Management	214,269	1%
4	Cleaner Air Better Life	43,000	0%
C	Equality of Opportunity		
1	Cummins Model village program under Rural Development (17 villages across India)	38,021	84%
2	Cummins Support to NGOs under Local Community Care	404	100%
3	Phaltan Model Town	23,310	64%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has multiple mechanisms for customers to raise complaints or provide feedback, which include a Customer Relationship Management mobile application, 24x7 toll free number, e-mails, and periodic meetings with customers. Issues are resolved systematically with the objective of ensuring customer satisfaction. Customers can also provide real-time feedback on the quality of resolution.

Meetings between dealers, sales and service heads, and regular touchpoints with Generator Original Equipment Manufacturer (GOEM) teams, are conducted to assess concerns on a monthly basis, where customer complaints are discussed and plan of action is prepared for resolution of such complaints.

Net Promoter Survey (NPS) is a metric used in customer experience programs. Surveys are conducted randomly with the end user customer (engine or equipment owners) and actions are undertaken to improve customer satisfaction.

2. Turnover of products and/or services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%. The manuals accompanying the products include necessary disclosures like safety guidelines, warnings while operating the engine/ generator, emission certification, etc. It includes the process for recycling/ disassembly and the need to comply with all applicable regulatory requirements.
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Category	FY 2023-24 Current Financial Year		Remarks	FY 2022-23 Previous Financial Year		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	Not applicable	-	-	Not applicable
Advertising	-	-		-	-	
Cyber-security	-	-		-	-	
Delivery of essential Services	-	-		-	-	
Restrictive Trade Practices	-	-		-	-	
Unfair Trade Practices	-	-		-	-	
Other	1,560	288		1,610	133	

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	-	No instances of product recall.
Forced recalls	-	

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No). If available, provide a web-link of the policy.

Yes.

The Policies related to cyber security and data privacy is available to the internal stakeholders on the intranet.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company has not identified any incidents leading to regulatory issues / penalties from a cyber security and data privacy of customers during the year.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches
- b. Percentage of data breaches involving personally identifiable information of customers
- c. Impact, if any, of the data breaches

There were no incidents of data breach for the Company during FY 2023-24.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web-link, if available).

The information related to the products sold and services rendered by the Company are available on the Company website at - <https://www.cummins.com/en/in/investors/india-investors-overview>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All requisite information and/ or instructions on safe and responsible usage of products and/or services are contained in Operations and Maintenance manual. In addition, trainings/ sessions are conducted periodically for customers for educating them on the safe usage of products.

3. Mechanism in place to inform consumers of any risk of disruption/ discontinuation of essential services.

The Company has not been classified as an essential service provider under the Essential Services Act.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No. The Company does not display product information on the product over and above what is mandated as per local laws.

Yes. The Company conducts periodic customer satisfaction surveys for major products and services.

Independent Practitioner’s Reasonable Assurance Report on Identified Sustainability Information in Cummins India Limited’s Business Responsibility and Sustainability Report pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Cummins India Limited

We have undertaken to perform a reasonable assurance engagement for Cummins India Limited (the “Company”) vide our Engagement Letter dated January 11, 2024 read with addendum thereto dated May 24, 2024 in respect of the agreed Sustainability Information referred in “Identified Sustainability Information” paragraph below (the “Identified Sustainability Information”) in accordance with the Criteria stated in the “Criteria” paragraph below. The Identified Sustainability Information is included in the Business Responsibility and Sustainability Report (“BRSR”) of the Company for the financial year ended March 31, 2024 pursuant to the requirement of Regulation 34(2)(f) of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (the “LODR Regulations”). The Reporting Boundary for BRSR is on a standalone basis as disclosed under Question No. 13 of Section A of the BRSR. This engagement was conducted by a team comprising of assurance practitioners and engineers/environment experts.

Identified Sustainability Information

The Identified Sustainability Information for the financial year ended March 31, 2024, is as summarised in Appendix 1 to this report.

Our reasonable assurance engagement was with respect to the financial year ended March 31, 2024 information only and we have not performed any procedures with respect to prior years or any other elements included in the BRSR (other than those listed as BRSR Core KPIs in Appendix 1) and, therefore, do not express any opinion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is the “BRSR Core” as detailed in Appendix 1 to this report (the “Criteria”), which is a subset of the BRSR, consisting of a set of Key Performance Indicators (“KPIs”) / metrics under nine Environmental, Social and Governance (“ESG”) attributes, as specified by SEBI vide its circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 (the “SEBI Circular”).

Management’s Responsibilities

The Company’s Management is responsible for determining the Reporting Boundary of the BRSR, selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable laws and regulations including the SEBI Circular, related to reporting on the Identified Sustainability Information, identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the BRSR and the measurement of Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error. The Management and the Board of Directors of the Company are also responsible for overseeing that the Company’s compliance with the requirements of LODR Regulations and the SEBI Circular in relation to the BRSR Core.

Inherent limitations in preparing the Identified Sustainability Information

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can

affect comparability between entities. In addition, Greenhouse Gas (“GHG”) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”) issued by the International Ethics Standard Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Price Waterhouse & Co Chartered Accountants LLP (the “Firm”) applies Standard on Quality Control 1, “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements”, the International Standard on Quality Management (“ISQM”) 1 “Quality Management for Firms that perform Audits or Reviews of Financials Statements, or Other Assurance or Related Services Engagements” and ISQM 2 “Engagement Quality reviews”, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Practitioner’s Responsibilities

Our responsibility is to express a reasonable assurance opinion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained.

We conducted our engagement in accordance with the Standard on Sustainability Assurance Engagements (“SSAE”) 3000, “Assurance Engagements on Sustainability Information” and the Standard on Assurance Engagements (“SAE”) 3410, “Assurance Engagements on Greenhouse Gas Statements”, both issued by the Sustainability Reporting Standards Board of the ICAI and the International Standard on Assurance Engagement (“ISAE”) 3000 (Revised), “Assurance Engagements other than Audits or Reviews of Historical Financial Information” and the ISAE 3410 “Assurance Engagements on Greenhouse Gas Statements” both issued by the International Auditing and Assurance Standards Board (collectively referred to as “the Standards”). These Standards require that we plan and perform our engagement to obtain reasonable assurance about whether the Identified Sustainability Information is prepared, in all material respects, in accordance with the Criteria. A reasonable assurance engagement involves assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures referred above, we:

- Obtained an understanding of the Identified Sustainability Information and related disclosures.
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and /or measurements of the Identified Sustainability Information.
- Made enquiries of Company’s Management, including those responsible for Sustainability, Environment Social Governance (‘ESG’), Corporate Social Responsibility (‘CSR’), Human Resources (HR) etc., and those with responsibility for managing the Company’s BRSR.

- Obtained an understanding and performed an evaluation of the design of the processes, and controls for managing, recording and reporting on the Identified Sustainability Information including at the sites and corporate office visited. This did not include testing the operating effectiveness of management systems and controls.
- Based on the above understanding and the risks that the identified sustainability information may be materially misstated, determined the nature, timing and extent of further procedures
- Checked the consolidation for various sites and corporate office under the reporting boundary (as mentioned in the BRSR) for ensuring the completeness of data being reported.
- Performed substantive testing on a sample basis of the Identified Sustainability Information for various sites and corporate office under the reporting boundary (as mentioned in the BRSR) to verify that data had been appropriately measured with underlying documents recorded, collated and reported. This includes assessing records and performed testing including recalculation of sample data.
- Assessed the level of adherence to the BRSR format issued by Securities and Exchange Board of India (SEBI) followed by the Company in preparing the BRSR.
- Assessed the BRSR for detecting, on a test basis, any major anomalies between the information reported in the BRSR on performance with respect to agreed information and relevant source data/information.
- Where applicable for the Identified Sustainability Information in the BRSR, we have relied on the information in the audited standalone financial statements of the Company for the year ended March 31, 2024 and the underlying trial balance.
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the Management in the preparation of the Identified Sustainable Information.
- Obtained representations from Company's Management.

Exclusions

Our reasonable assurance scope excludes the following and therefore we do not express an opinion on the same:

- Operations of the company other than the Identified Sustainability Information listed in Appendix 1.
- Aspects of the BRSR and data/ information (qualitative or quantitative) included in the BRSR other than the Identified Sustainability Information.
- Data and information outside the defined reporting period i.e., April 1, 2023 to March 31, 2024.
- The statements that describe expression of opinion, belief, aspiration, expectation, aim or future intentions provided by the Company and testing or assessing any forward-looking assertions and/or data.

Opinion

Based on the procedures performed and the evidence obtained, the Company's Identified Sustainability Information summarised in Appendix 1 and included in the BRSR for the financial year ended March 31, 2024 are prepared, in all material respects, in accordance with the Criteria.

Restriction on use

Our work was performed solely to assist you in meeting the reporting requirements. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have as auditors of the Company or otherwise. This report has been issued solely at the request of the Board of Directors of the Company to whom it is addressed, solely to comply with the requirement of SEBI Circular and LODR Regulations, in reporting Company's sustainability performance and activities and for publishing the same as a part of the BRSR forming part of Company's Annual Report. Accordingly, we accept no liability to anyone, other than the Company. Our report should not be used for any other purpose or by any person other than the addressees of our report. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 048125

UDIN: 24048125BKGOUV4414

Place: Pune

Date: May 29, 2024

Appendix 1

Identified Sustainability Information (BRSR Core KPIs)

Sr. No.	Principle and indicator reference*	Attribute	Parameters (KPIs) Assured
1.	Principle 6 – E7	Green-house gas (GHG) footprint	<ol style="list-style-type: none"> 1. Total Scope 1 emissions (Break-up of the GHG into CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, if available) 2. Total Scope 2 emissions (Break-up of the GHG (CO₂e) into CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, if available) 3. GHG Emission Intensity (Scope 1 +2) <ol style="list-style-type: none"> a) Total Scope 1 and Scope 2 emissions (MT) / Total Revenue from Operations adjusted for PPP b) Total Scope 1 and Scope 2 emissions (MT) / Total Output of Product or Services
2.	Principle 6 – E3 and E4	Water footprint	<ol style="list-style-type: none"> 1. Total water consumption 2. Water consumption intensity <ol style="list-style-type: none"> a) Water Intensity per rupee of turnover adjusted for PPP b) Water Intensity in terms of physical output 3. Water Discharge by destination and levels of Treatment
3.	Principle 6 – E1	Energy Footprint	<ol style="list-style-type: none"> 1. Total Energy Consumed 2. % of energy consumed from renewable sources 3. Energy intensity <ol style="list-style-type: none"> a) Energy Intensity per rupee of turnover adjusted for PPP b) Energy Intensity in terms of physical output
4.	Principle 6 – E9	Embracing circularity- details related to waste management by the entity	<ol style="list-style-type: none"> 1. Plastic waste (A) 2. E-waste (B) 3. Bio-medical waste (C) 4. Construction and demolition waste (D) 5. Battery waste (E) 6. Radioactive waste (F) 7. Other Hazardous waste (G) 8. Other Non-hazardous waste generated (H) 9. Total waste generated (A+B + C + D + E + F + G + H) 10. Waste intensity <ol style="list-style-type: none"> a) Waste Intensity per rupee of turnover adjusted for PPP b) Waste Intensity in terms of physical output 11. For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations 12. For each category of waste generated, total waste disposed by nature of disposal method

Sr. No.	Principle and indicator reference*	Attribute	Parameters (KPIs) Assured
5.	Principle 3 – E1(C) Principle 3 – E11	Enhancing employee wellbeing and Safety	<ol style="list-style-type: none"> 1. Spending on measures towards well-being of employees and workers- cost incurred as a % of total revenue of the company 2. Details of safety related incidents for employees and workers <ol style="list-style-type: none"> a) Number of Permanent Disabilities b) Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) c) No. of fatalities
6.	Principle 5 – E3(b) Principle 5 – E7	Enabling Gender Diversity in Business	<ol style="list-style-type: none"> 1. Gross wages paid to females as a % of wages paid 2. Complaints on POSH <ol style="list-style-type: none"> a) Total Complaints on Sexual Harassment (POSH) reported b) Complaints on POSH as a % of female employees / workers c) Complaints on POSH upheld
7.	Principle 8 – E4 Principle 8 – E5	Enabling Inclusive Development	<ol style="list-style-type: none"> 1. Input material sourced from following sources as % of total purchases –Directly sourced from MSMEs/ small producers and directly from within India 2. Job creation in smaller towns- wages paid to people employed in smaller towns (permanent or non-permanent/on contract) as % of total wage cost
8.	Principle 9 – E7 Principle 1 – E8	Fairness in Engaging with Customers and Suppliers	<ol style="list-style-type: none"> 1. Instances involving loss/ breach of data of customers as a percentage of total data breaches or cyber security events 2. Number of days of accounts payable
9.	Principle 1 – E9	Open-ness of business	<ol style="list-style-type: none"> 1. Concentration of purchases & sales done with trading houses, dealers, and related parties <ol style="list-style-type: none"> a) Purchases from trading houses as % of total purchases b) Number of trading houses where purchases are made from c) Purchases from top 10 trading houses as % of total purchases from trading houses d) Sales to dealers / distributors as % of total sales e) Number of dealers / distributors to whom sales are made f) Sales to top 10 dealers / distributors as % of total sales to dealers / distributors 2. Loans and advances & investments with related parties Share of RPTs (as respective %age) in- <ol style="list-style-type: none"> a) Purchases b) Sales c) Loans & advances d) Investments

*'E' indicates Essential Indicator

**STANDALONE
FINANCIAL STATEMENTS
ALONG WITH AUDIT REPORT
FOR FY 2023-24**

Independent Auditor's Report

To the Members of Cummins India Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Cummins India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flow for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><u>Assessment of warranty provision</u></p> <p>(Refer to Note 39 (i) to the standalone financial statements)</p> <p>The Company provides warranty on sale of engines to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period/term of the warranty.</p> <p>In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company,</p>	<p>We have performed following procedures:</p> <ul style="list-style-type: none">• Understood, evaluated, and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals.• Obtained an understanding of the warranty terms offered by the Company on sale of products.• Assessed management's estimation process by performing a historical trend analysis for warranty cost accruals made in prior years.

Key audit matter	How our audit addressed the key audit matter
<p>primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of voluntary extended warranty services offered pursuant to campaigns; management's experts are involved in the estimation of the failure rate during the period of campaign.</p> <p>The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the financial statements.</p> <p>Accordingly, this has been considered as key audit matter.</p>	<ul style="list-style-type: none"> • Evaluated the method used by management in making the accounting estimates by verifying source data for various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost and enquiring with management's experts. • Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations. • Verified the computation for determining the present value in the case of warranty for periods exceeding one year. • Verified the adequacy of the disclosures in the financial statements. <p>Based on the above audit procedures performed, we did not find any material exceptions with regard to the management assessment of provision for warranty costs and the related disclosures thereof.</p>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively

for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in paragraph 14(h) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules").
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 14(b) above on reporting under Section 143(3)(b) and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Rules.
 - (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
 - iv.
 - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
 - vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility. However, the audit trail feature did not operate throughout the year. Accordingly, the question of our commenting on whether the audit trail was tampered with, does not arise.
15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 24048125BKGOUS4827

Place: Pune

Date: May 29, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 14(g) of the Independent Auditor's Report of even date to the members of Cummins India Limited on the standalone financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Cummins India Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN : 24048125BKGOUS4827

Place: Pune

Date: May 29, 2024

Annexure B to Independent Auditor's Report

Referred to in paragraph 13 of the Independent Auditor's Report of even date to the members of Cummins India Limited on the standalone financial statements for the year ended March 31, 2024

In terms of the information and explanations sought by us and furnished by the Company, and the books of account and records examined by us during the course of our audit, and to the best of our knowledge and belief, we report that:

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Notes 2.1 to 3 to the standalone financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in the standalone financial statements does not arise.
- ii. (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the unaudited books of account.
- iii. (a) The Company has made investments in twenty mutual fund schemes, three certificate of deposit schemes, four bond schemes and one non-convertible debenture scheme (Also, refer Note 9 to the standalone financial statements).

- (b) In respect of the aforesaid investments, the terms and conditions under which such investments were made are not prejudicial to the Company's interest.

The Company has not granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.

- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) In our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, labour welfare fund, income tax, sales tax, service tax, duty of customs, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 36 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) There are no statutory dues of provident fund, profession tax, labour welfare fund and employees' state insurance which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at balance sheet date which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs. in Cr) #	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand on account of corporate tax disallowances	6.81	AY 2006-07	High Court, Mumbai
Income Tax Act, 1961	Demand on account of corporate tax disallowances	0.13	AY 2016-17	Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Demand on account of transfer pricing adjustments and other corporate tax disallowances	1.68	AY 2018-19	Income Tax Appellate Tribunal

Name of the Statute	Nature of dues	Amount (Rs. in Cr) #	Period to which the amount relates	Forum where the dispute is pending
The Maharashtra Sales Tax on Transfer of property in goods involved in the execution of works Contract (Re-enacted) Act, 1989	Demand on account of Purchase Tax/ Works contract Tax and surcharge thereon	1.83	FY 1999-00	High Court, Mumbai
The Central Sales Tax Act, 1956 / Bombay Sales Tax Act, 1959 (B.S.T.) / Maharashtra Value Added Tax Act, 2002	Disallowances of sales tax declaration forms, disallowances of set off and interest thereon, taxation of sales turnover under B.S.T. Act, disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956.	5.02 (Net of amount paid under protest of Rs. 0.50)	FY 2006-07 to FY 2008-09	Maharashtra Sales Tax Tribunal, Pune
The West Bengal VAT Act, 2003	Levy of VAT under certain transactions.	0.05	FY 2005-06	Joint Commissioner (Appeals) at Asansol
Jharkhand Value Added Tax Act, 2005	Demand on account of sales suppression and difference between road permit value and actual stock transfer value.	0.11	FY 2010-11	Joint Commissioner (Appeals) at Ranchi
The Madhya Pradesh VAT Act, 2002	Demand on account of disallowances	2.21	FY 2015-16	Assistant Commercial Tax Officer at Singrauli
The Central Sales Tax Act, 1956	Demand on account of disallowances	0.13	FY 2015-16	Assistant Commercial Tax Officer at Singrauli
The Entry Tax Act, 1976	Demand on account of disallowances	0.35	FY 2015-16	Assistant Commercial Tax Officer at Singrauli

Name of the Statute	Nature of dues	Amount (Rs. in Cr) #	Period to which the amount relates	Forum where the dispute is pending
Tamil Nadu Value Added Tax Act, 2006	Disallowance of input tax credit on clearance to SEZ unit	Nil (Net of amount paid under protest of Rs. 1.60)	FY 2009-10 to FY 2014-15	Sales Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956/Bombay Sales Tax Act, 1959 (B.S.T.)/Maharashtra Value Added Tax Act, 2002	Disallowances of sales tax declaration forms, disallowances of set off and interest thereon, taxation of sales turnover under B.S.T. Act, disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956	Nil (Net of amount paid under protest of Rs. 0.50)	FY 2004-05	Joint Commissioner of Sales Tax, Appeal - 1, Pune
		4.35	FY 2017-18	
Finance Act, 1994	Disallowance of CENVAT credit on input services	2.00	FY 2010-11 to FY 2015-16	CESTAT
	Demand for short / non- payment of Service Tax (Demand for service tax on sales commission)	1.28	FY 2014-15	
Customs Act, 1962	Rejection of duty drawback claim.	12.96	FY 2005-06 to FY 2009-10	Commissioner Appeals

Excluding interest and penalty

- viii. There are no transactions previously unrecorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) On the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not obtained any term loans. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been utilised for long-term purposes by the Company.
- (e) On an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary, associate or joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary, joint venture or associate company.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act. Also refer note 41 to the standalone financial statements for the 'Related Party Disclosure'.
- xiv. (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.

- xv. In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial/housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) of the Order is not applicable.
- xix. On the basis of the financial ratios (Also refer Note 45 to the standalone financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.

- xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.
- (b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing projects to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act. Also, refer Note 42 to the standalone financial statements.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN : 24048125BKGOU4827

Place: Pune

Date: May 29, 2024

BALANCE SHEET AS AT MARCH 31, 2024

₹ Crore

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,157.56	1,132.04
Capital work-in-progress (including investment property in progress)	2.3	94.65	41.29
Right-of-use assets	37	30.56	33.15
Investment properties	3	977.31	1,019.04
Intangible assets	2.2	129.68	37.77
Intangible assets under development	2.3	2.16	-
Financial assets			
Investments in a subsidiary, joint ventures and an associate	4	37.24	37.24
Other non-current financial assets	5	13.36	11.74
Income tax assets (net)	6	57.84	35.53
Other non-current assets	7	93.97	96.02
		2,594.33	2,443.82
Current assets			
Inventories	8	936.88	886.15
Financial assets			
Investments	9	1,178.19	1,047.92
Trade receivables	10	2,077.60	1,592.73
Cash and cash equivalents	11	291.77	391.27
Other bank balances	12	1,212.89	989.54
Other current financial assets	13	37.13	42.20
Other current assets	14	166.99	117.27
Assets classified as held for sale	15	2.69	1.14
		5,904.14	5,068.22
	TOTAL	8,498.47	7,512.04
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	55.44	55.44
Other equity			
Retained earnings	17	4,934.62	4,150.00
Other reserves	17	1,173.03	1,162.54
		6,163.09	5,367.98
Non-current liabilities			
Financial liabilities			
Lease liabilities	37	14.37	17.32
Other non-current financial liabilities	18	61.28	40.79
Provisions	19	117.96	101.60
Deferred tax liabilities (net)	20	94.10	105.70
Other non-current liabilities	21	11.96	3.27
		299.67	268.68
Current liabilities			
Financial liabilities			
Borrowings	22	100.00	350.04
Trade payables			
Total outstanding dues of micro and small enterprises	23	71.25	69.14
Total outstanding dues of creditors other than micro and small enterprises	23	1,331.10	1,076.83
Lease liabilities	37	6.13	5.25
Other current financial liabilities	24	147.30	100.52
Other current liabilities	25	216.85	136.56
Provisions	19	163.08	137.04
		2,035.71	1,875.38
		8,498.47	7,512.04

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: **Pune**
Date: **May 29, 2024**

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations	26	8,958.60	7,744.43
Other income	27	567.79	419.99
Total income		9,526.39	8,164.42
Expenses:			
Cost of materials consumed	28.1	4,849.51	4,599.51
Purchases of traded goods		906.91	749.35
Change in inventories of finished goods, work-in-progress and traded goods	28.2	13.63	(117.93)
Employee benefits expense	29	779.30	629.83
Finance costs	30	26.78	15.78
Depreciation and amortisation expense	2, 3, 37	157.64	140.45
Other expenses	31	647.87	641.06
Total expenses		7,381.64	6,658.05
Profit before exceptional items and tax		2,144.75	1,506.37
Exceptional items (expense) / income	47	(1.70)	(14.30)
Profit before tax		2,143.05	1,492.07
Tax expense			
Current tax	20	507.08	353.60
Deferred tax	20	(8.92)	7.29
Tax for earlier years		(15.73)	1.36
Total tax expense		482.43	362.25
Profit after tax		1,660.62	1,129.82
Other Comprehensive Income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement (loss) / gain on defined benefit plans		(21.67)	5.44
Income tax effect		5.45	(1.37)
Net other comprehensive (expense) / income not to be reclassified to profit or loss in subsequent periods		(16.22)	4.07
Items to be reclassified to profit or loss in subsequent periods			
Changes in the fair value of financial instruments		(0.62)	(0.13)
Income tax effect		0.16	0.03
Net other comprehensive (expense) / income to be reclassified to profit or loss in subsequent periods		(0.46)	(0.10)
Other comprehensive (expense) / income for the year, net of tax		(16.68)	3.97
Total comprehensive income for the year, net of tax		1,643.94	1,133.79
Earnings per equity share:			
Basic and diluted earnings per share (₹)	32	59.91	40.76
(Nominal value per share ₹ 2)			

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: **Pune**
Date: **May 29, 2024**

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

	Particulars	Year ended March 31, 2024	Year Ended March 31, 2023
I.	Cash generated from operating activities		
	Profit before tax	2,143.05	1,492.07
a)	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	157.64	140.45
	Finance costs	26.78	15.78
	Interest income	(120.62)	(73.62)
	Dividend income	(189.95)	(112.07)
	Loss/(gain) on assets sold, discarded, etc.	(1.57)	(2.48)
	(Gain)/loss on redemption /sale of investments (net)	(52.20)	(43.89)
	Equity contribution from Holding company	10.49	5.23
	Unrealised foreign exchange fluctuation (net)	(14.16)	(14.07)
	Mark to market ('MTM') of financial instruments	0.31	0.02
	Provision for doubtful debts (net)	0.26	0.42
	Exceptional items (Note 47)	1.70	14.30
		(181.32)	(69.93)
b)	Working capital adjustments		
	Trade receivables	(484.40)	(344.37)
	Inventories	(50.73)	(157.36)
	Current and non-current financial assets	(1.12)	7.01
	Other current and non-current assets	(48.82)	30.94
	Trade payables	249.47	143.45
	Current and non-current financial liabilities	65.10	18.95
	Other current and non-current liabilities	75.45	27.41
	Current and non-current provisions	10.59	14.91
		(184.46)	(259.06)
	Total adjustments (a+b)	(365.78)	(328.99)
	Cash generated from operating activities	1,777.27	1,163.08
	Tax paid (net of refunds and interest thereon)	(497.20)	(351.99)
	Net cash generated from operating activities	1,280.07	811.09
II.	Cash flows (used in) / from investing activities		
	Purchase of property, plant and equipment, intangible assets and investment property	(285.06)	(161.68)
	Proceeds from sale of property, plant and equipment	6.02	7.31
	Intangible assets under development	(2.16)	0.41
	Interest received	120.62	73.62
	Dividend received on investments in associate and joint ventures	189.95	112.07
	Investments		
	Sale/(Purchase) of short term investments (net)	(78.07)	(426.38)
	Term deposits with banks	(218.62)	464.02
	Net cash (used in) / from investing activities	(267.32)	69.37

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

	Particulars	Year ended March 31, 2024	Year Ended March 31, 2023
III.	Cash flows (used in) / from financing activities		
	Proceeds from borrowings / repayment (net)	(250.04)	(43.27)
	Finance costs	(17.26)	(12.58)
	Payment of principal portion of lease liabilities	(5.97)	(4.86)
	Dividend paid (including tax on dividend)	(859.32)	(623.70)
	Net cash (used in) / from financing activities	(1,132.59)	(684.41)
IV.	Net change in cash and cash equivalents (I+II+III)	(119.84)	196.05
V.	Net foreign exchange difference	20.34	17.80
VI.	Cash and cash equivalents at the beginning of the year	391.27	177.42
VII.	Cash and cash equivalents at the end of the year (IV+V+VI)	291.77	391.27
	Components of cash and cash equivalents		
	Cash on hand	-	0.01
	Bank Balances		
	In current accounts	116.20	161.23
	Deposits with banks (original maturity less than 3 months)	175.57	230.03
	Total cash and cash equivalents (Refer note 11)	291.77	391.27

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: **Pune**
Date: **May 29, 2024**

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: **Pune**
Date: **May 29, 2024**

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

A) Equity share capital

Particulars	₹ Crore
As at April 1, 2022	55.44
Changes in equity share capital during the year ended March 31, 2023	-
As at March 31, 2023	55.44
Changes in equity share capital during the year ended March 31, 2024	-
As at March 31, 2024	55.44

B) Other equity

₹ Crore

Particulars	Retained earnings (Refer note 17)		Other reserves (Refer note 17)			Total
	Statement of profit and loss	Other comprehensive income (OCI)	General reserve	Capital redemption reserve	Equity contribution from Cummins Inc. - share based payments*	
Balance as at April 1, 2022	3,679.96	(40.05)	1,142.02	0.70	14.59	4,797.22
Add: Profit for the year	1,129.82	-	-	-	-	1,129.82
Add/(Less): Other comprehensive income						
- Items not to be reclassified to profit or loss in subsequent periods	-	4.07	-	-	-	4.07
- Items to be reclassified to profit or loss in subsequent periods	-	(0.10)	-	-	-	(0.10)
Total comprehensive income for the year	1,129.82	3.97	-	-	-	1,133.79
Add: Equity contribution during the year	-	-	-	-	5.23	5.23
Less: Dividends paid						
- Interim dividend	332.64	-	-	-	-	332.64
- Final dividend for FY 2021-2022	291.06	-	-	-	-	291.06
Balance as at March 31, 2023	4,186.08	(36.08)	1,142.02	0.70	19.82	5,312.54
Add: Profit for the year	1,660.62	-	-	-	-	1,660.62
Add/(Less): Other comprehensive income						
- Items not to be reclassified to profit or loss in subsequent periods	-	(16.22)	-	-	-	(16.22)
- Items to be reclassified to profit or loss in subsequent periods	-	(0.46)	-	-	-	(0.46)
Total comprehensive income for the year	1,660.62	(16.68)	-	-	-	1,643.94
Add: Equity contribution during the year	-	-	-	-	10.49	10.49
Less: Dividends paid						
- Interim dividend	498.96	-	-	-	-	498.96
- Final dividend for FY 2022-2023	360.36	-	-	-	-	360.36
Balance as at March 31, 2024	4,987.38	(52.76)	1,142.02	0.70	30.31	6,107.65

* Scheme managed and administered by the Holding Company.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 29, 2024

Nasser Munjee
Director
DIN: 00010180
Place: Dubai

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 29, 2024

Notes to standalone financial statements for the year ended March 31, 2024

1A Material accounting policy information

a) Corporate information:

Cummins India Limited ('CIL' or 'the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Cummins India Office Campus, Balewadi, Pune. The Company is engaged in the business of manufacturing, trading and selling of engines and allied activities. (CIN : L29112PN1962PLC012276)

The standalone financial statements for the year ended March 31, 2024 were authorised for issue in accordance with the resolution of the directors on May 29, 2024.

b) Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of division II of schedule III to the Companies Act, 2013 (Ind AS compliant schedule III).

The financial statements are prepared on a historical cost basis, except for the following assets and liabilities:

- certain financial assets and financial liabilities (including derivative instruments) which have been measured at fair value,
- assets held for sale are measured at lower of carrying amount or fair value less cost to sell
- defined benefit plans - Plan assets are measured at fair value

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Fair value measurements

The Company measures financial instruments at fair value on initial recognition and at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Notes to standalone financial statements for the year ended March 31, 2024

- i) In the principal market for the asset or liability or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability,

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Other fair value related disclosures are given in the relevant notes:

Disclosures for valuation methods, significant estimates and assumptions (Refer note 35 and 44)

Financial instruments (including those carried at amortised cost) (Refer note 4, 5, 9 to 13)

Investment properties (Refer note 3 and 44)

Notes to standalone financial statements for the year ended March 31, 2024

d) Property, plant and equipment and investment properties

Property plant and equipment, capital work in progress and investment properties are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property plant and equipment/ investment properties are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial year in which they are incurred. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives.

Depreciation is computed on straight line method based on useful lives, determined based on internal technical evaluation, as follows:

Assets	Useful life
Roads	10 years
Office building and investment properties	Upto 60 years
Factory building	30 years
Plant and machinery	3 to 15 years
Furniture and fittings	5 to 10 years
Vehicles	8 to 9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Freehold land is carried at cost. Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Leasehold improvements are amortised on straight line basis over the period of lease.

Transfers are made to investment properties only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Notes to standalone financial statements for the year ended March 31, 2024

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use (3-5 years), being the estimated useful life as per the management estimate or license term whichever is less. The amortisation period for an intangible asset with finite useful life is reviewed atleast at the end of each reporting period.

Losses arising from the retirement of, and gains and losses arising from disposal of intangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

f) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress : cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Traded goods : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Material cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Material in transit is valued at cost incurred till date.

g) Foreign currency transactions

The Company's financial statements are presented in INR (₹), which is also the functional currency of the Company.

Transactions in foreign currencies are accounted at the functional currency spot rates prevailing on the date of transactions. Monetary foreign currency financial assets and liabilities are translated at functional currency spot rates of exchange at the reporting date. The resulting exchange differences are appropriately recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item.

Notes to standalone financial statements for the year ended March 31, 2024

h) Revenue recognition

i) Revenue from sale of products

Revenue from contracts with customers for sale of products is recognised, generally at a point in time, when control of the goods is transferred to the customer at an amount that reflects the transaction price which is the consideration that the Company expects to be entitled in exchange for those goods, excluding taxes or duties collected on behalf of the government e.g. goods and service tax (GST). The Company has generally concluded that it is the principal in its revenue arrangements.

ii) Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

iii) Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

iv) Sale of services - installation services

The Company provides installation services that can be either sold separately or bundled together with the sale of products to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the product sold.

Contracts for bundled sales of products and installation services are comprised of two performance obligations because the promises to transfer products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative standalone selling prices of the products and installation services.

The Company recognises revenue from installation services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from sale of products is recognised at a point in time, generally upon delivery of the products.

Notes to standalone financial statements for the year ended March 31, 2024

v) Sale of services - service contracts

The Company has long-term service contracts with customers. Revenue from service contracts is recognised over time i.e based on the proportionate completion method. Completion is determined as a proportion of costs incurred till date to the total estimated contract costs. Provision is made for any loss in the period in which it is foreseen. The Company considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

In case of other service contracts, revenue is recognized over time, using input/output method, when services are rendered and on receipt of confirmation from customers, as the case may be.

vi) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

vii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

viii) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

ix) Interest income is recognised using effective interest rate method ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit and Loss.

x) Rental income is recognised on straight-line basis over the lease term, other than escalations on account of inflation.

xi) Dividend income from investments is recognised when the right to receive payment is

Notes to standalone financial statements for the year ended March 31, 2024

established.

i) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section “o” impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to standalone financial statements for the year ended March 31, 2024

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of offices and warehouses. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising on such leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

j) Employee benefits

The Company operates following post-employment schemes, including both defined benefit and defined contribution plans.

A) Post-employment benefits

i) Defined contribution plans:

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company has defined contribution plans for post employment benefits in the form of superannuation fund for management employees and provident fund for non management employees which is administered by Life Insurance Corporation of India/regional provident fund commissioner. In case of superannuation fund for management employees and provident fund for non management employees, the Company has no further obligation beyond making the contributions. The contributions are accounted for as employee benefit expense when they are due. Prepaid contribution is recognised as an asset to the extent cash refund or reduction in future contribution is available.

ii) Defined benefit plans:

Funded Plan: The Company has defined benefit plans for post-employment benefits in the form of gratuity for all employees, pension for non management employees and provident fund for management employees which are administered through Company managed trust/Life Insurance Corporation of India.

Notes to standalone financial statements for the year ended March 31, 2024

Unfunded Plan: The Company has unfunded defined benefit plans in the form of post retirement medical benefits (PRMB) and ex-gratia benefits as per the policy of the Company.

Liability for above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is Projected Unit Credit method. In case of provident fund for management employees, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's contributions and such shortfall are charged to the Statement of Profit and Loss as and when incurred.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current Service costs, past-Service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

B) Other employee benefit (unfunded)

Liability for compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is Projected Unit Credit method. Under this method, projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for active members of the plan. The "projected accrued benefit" is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

Termination benefits are recognized as an expense as and when incurred.

The present value of defined benefit obligation denominated in INR (₹) is determined by discounting the estimated future cash flows by reference to the market yield at the end of the reporting period on the government bonds that have terms approximately equal to the terms of the related obligation.

Notes to standalone financial statements for the year ended March 31, 2024

k) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

l) Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

m) Provisions and contingent liabilities

A provision is recognised when there is a present legal or constructive obligation as a result of

Notes to standalone financial statements for the year ended March 31, 2024

past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

n) Impairment of non financial assets

The Company tests non financial assets for impairment at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an asset, i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

p) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is either recorded as deferred income and is recognised as income on a systematic and rational basis over the useful life of the asset, or adjusted against the cost of the asset.

When the Company receives non-monetary grants, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at

Notes to standalone financial statements for the year ended March 31, 2024

fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component are measured at transaction price. For all subsequent measurements financial assets are classified in following categories:

A) Debt instruments

- i) Debt instruments at amortised cost: Debt instrument is measured at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

- ii) Debt instruments fair value through OCI (FVTOCI): Debt instrument is classified as FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).
- iii) Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVTOCI are classified as FVTPL. The Company has not classified any debt under this category.

Notes to standalone financial statements for the year ended March 31, 2024

B) Equity instruments

Equity instruments held for trading are classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI the subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends are recognized in OCI. There is no recycling of the amount from OCI to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity.

The Company has elected to present all equity instruments, other than those in subsidiary, joint ventures and associate, through FVTPL and all subsequent changes are recognized in Statement of Profit and Loss.

C) Derecognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either a) the Company has transferred substantially all risks and rewards of the asset or b) has transferred control of the asset.

D) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, lease receivable and bank balances.

The Company follows simplified approach for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Company uses a provision matrix, based on the age of the receivables classified into various age buckets, to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default

Notes to standalone financial statements for the year ended March 31, 2024

rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Company has presumed that default doesn't occur later than when a financial asset is 90 days past due.

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'Other Expenses' in Statement of Profit and Loss. The impairment loss is presented as an allowance in the Balance Sheet as a reduction from the net carrying amount of the trade receivable, loan, deposits and lease receivable respectively.

Financial Liabilities

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, other financial liabilities, loans and borrowings and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as FVTPL or at amortised cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of EIR. EIR amortisation is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Derivatives

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

Notes to standalone financial statements for the year ended March 31, 2024

Embedded derivatives: An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reclassification of financial instruments

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

r) Dividend distribution

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company.

Notes to standalone financial statements for the year ended March 31, 2024

1B Other accounting policies

a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

b) Earning per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to standalone financial statements for the year ended March 31, 2024

2.1 Property, plant and equipment (PPE)

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2023	Additions	Adjustment **	Deductions/ Write-off	As at March 31, 2024	As at April 1, 2023	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2024	As at March 31, 2024
Freehold land @	29.72	-	(0.03)	-	29.69	-	-	-	-	-	29.69
Leasehold Improvements	10.99	0.42	0.03	-	11.44	0.71	0.15	-	-	0.86	10.58
Roads	31.72	0.30	-	-	32.02	23.03	0.81	-	-	23.84	8.18
Buildings #	788.27	24.11	(4.07)	0.49	807.82	167.18	18.63	(3.36)	0.37	182.08	625.74
Plant and machinery #	1,139.96	98.04	(8.63)	47.12	1,182.25	694.06	68.28	(7.82)	42.77	711.75	470.50
Furniture and fittings #	49.66	0.57	0.48	0.52	50.19	34.35	4.15	0.50	0.54	38.46	11.73
Vehicles	4.54	0.49	(0.42)	0.08	4.53	3.49	0.36	(0.38)	0.08	3.39	1.14
	2,054.86	123.93	(12.64)	48.21	2,117.94	922.82	92.38	(11.06)	43.76	960.38	1,157.56

2.2 Intangible assets

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2023	Additions	Adjustment **	Deductions/ Write-off	As at March 31, 2024	As at April 1, 2023	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2024	As at March 31, 2024
Software	10.15	6.89	-	-	17.04	8.55	0.69	-	-	9.24	7.80
Technical know-how	20.60	101.00	-	-	121.60	20.60	8.40	-	-	29.00	92.60
Development cost	48.25	-	-	-	48.25	12.08	6.89	-	-	18.97	29.28
	79.00	107.89	-	-	186.89	41.23	15.98	-	-	57.21	129.68

Notes to standalone financial statements for the year ended March 31, 2024

2.3 Capital work-in-progress (including investment property in progress) and intangible assets under development

₹ Crore

Particulars	As at April 1, 2023			Additions			Total Additions			Capitalisation			Total Capitalisation	As at March 31, 2024
	PPE	Intangible assets	Investment properties	PPE	Intangible assets	Investment properties	Total	PPE	Intangible assets	Investment properties				
Capital work-in-progress	178.33	-	-	178.33	123.93	1.04	178.33	123.93	-	1.04	124.97	94.65		
Intangible assets under development	-	110.05	-	110.05	-	-	110.05	107.89	-	-	107.89	2.16		
	41.29	178.33	-	288.38	123.93	1.04	288.38	107.89	107.89	1.04	232.86	96.81		

2.4 Capital work-in-progress (including investment property in progress) and intangible assets under development aging schedule *

₹ Crore

Projects in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	93.10	0.63	0.02	0.90	94.65
Intangible assets under development	2.16	-	-	-	2.16
	95.26	0.63	0.02	0.90	96.81

*Capital work-in-progress includes projects amounting to ₹ 0.90 Crore whose completion is overdue on account of procedural delays and will be completed in the next 1 year.

NOTES:

@ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.

2) Includes undivided share of land, on purchase of office premises.

** includes reclassification from / to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to standalone financial statements for the year ended March 31, 2024

2.1 Property, plant and equipment (PPE)

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2022	Additions	Adjustment **	Deductions/Write-off	As at March 31, 2023	As at April 1, 2022	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2024	As at March 31, 2023
Freehold land @	36.12	0.04	(6.44)	-	29.72	-	-	-	-	-	29.72
Leasehold Improvements	6.07	4.92	-	-	10.99	0.61	0.10	-	-	0.71	10.28
Roads	30.60	1.12	-	-	31.72	21.48	1.55	-	-	23.03	8.69
Buildings #	848.65	27.68	(87.51)	0.55	788.27	161.01	17.74	(11.14)	0.43	167.18	621.09
Plant and machinery #	1,061.36	113.74	27.34	62.48	1,139.96	667.11	59.65	25.51	58.21	694.06	445.90
Furniture and fittings #	50.96	0.20	0.68	2.18	49.66	31.38	4.43	0.32	1.78	34.35	15.31
Vehicles	4.63	-	0.12	0.21	4.54	3.18	0.39	0.11	0.19	3.49	1.05
	2,038.39	147.70	(65.81)	65.42	2,054.86	884.77	83.86	14.80	60.61	922.82	1,132.04

2.2 Intangible assets

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2022	Additions	Adjustment **	Deductions/Write-off	As at March 31, 2023	As at April 1, 2022	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2024	As at March 31, 2023
Software	6.72	3.43	0.08	0.08	10.15	6.30	2.25	0.06	0.06	8.55	1.60
Technical know-how	20.60	-	-	-	20.60	20.60	-	-	-	20.60	-
Development cost	48.25	-	-	-	48.25	6.89	5.19	-	-	12.08	36.17
	75.57	3.43	0.08	0.08	79.00	33.79	7.44	0.06	0.06	41.23	37.77

Notes to standalone financial statements for the year ended March 31, 2024

2.3 Capital work-in-progress (including investment property in progress) and intangible assets under development

₹ Crore

Particulars	As at April 1, 2022	Additions			Total Additions	Capitalisation			Total Capitalisation	As at March 31, 2023
		PPE	Intangible assets	Investment properties		PPE	Intangible assets	Investment properties		
Capital work-in-progress	60.37	128.16	-	1.82	129.98	147.70	-	1.36	149.06	41.29
Intangible assets under development	0.41	-	3.02	-	3.02	-	3.43	-	3.43	-
	60.78	128.16	3.02	1.82	133.00	147.70	3.43	1.36	152.49	41.29

2.4 Capital work-in-progress (including investment property in progress) and intangible assets under development aging schedule *

₹ Crore

Projects in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	33.59	5.46	1.42	0.82	41.29
Intangible assets under development	-	-	-	-	-
	33.59	5.46	1.42	0.82	41.29

* Capital work-in-progress includes projects amounting to ₹ 2.77 Crore whose completion is overdue on account of procedural delays and will be completed in the next 1 year.

NOTES:

@ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.

2) Includes undivided share of land, on purchase of office premises.

** includes reclassification from assets held for sale and to investment properties (Refer note 3)

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to standalone financial statements for the year ended March 31, 2024

3 Investment properties

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Gross		
Opening balance	1,260.19	1,165.77
Additions	1.04	1.36
Deductions	-	0.93
Re-classification from property, plant and equipment	-	93.99
Closing balance	1,261.23	1,260.19
Accumulated Depreciation		
Opening balance	241.15	186.74
Depreciation	42.77	43.54
Deductions	-	0.28
Re-classification from property, plant and equipment	-	11.15
Closing balance	283.92	241.15
Net	977.31	1,019.04

Information regarding income and expenditure of investment properties

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Rental income derived from investment properties	142.71	127.67
Direct operating expenses (including repairs and maintenance) generating rental income	11.78	10.57
Profit arising from investment properties before depreciation and indirect expenses	130.93	117.10
Less: Depreciation	42.77	43.54
Profit arising from investment properties before indirect expenses	88.16	73.56

The investment properties consist of office premises and plants. As at March 31, 2024 the fair value of the properties is ₹ 1,416.71 Crore (As at March 31, 2023: ₹ 1,453.73 Crore). These fair values are based on valuations performed by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. A valuation model as recommended by International Valuation Standards Committee has been applied. The Company considers factors like management intention, terms of rental agreements, area leased out, life of the assets etc. to determine classification of assets as investment properties. The rental income considered in the table above is from the date of rental agreement or date of re-classification from property, plant and equipment as applicable.

Notes to standalone financial statements for the year ended March 31, 2024

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value disclosures for investment properties are provided in Note 44.

Description of valuation techniques used and key inputs to valuation on investment properties

Valuation technique	Significant unobservable inputs	Range (weighted average) March 31, 2024	Range (weighted average) March 31, 2023
Income approach (Discounted Cash flow (DCF) method)	Estimated rental value per sq ft per month	₹ 31.50 - ₹ 131.46	₹ 31.50 - ₹ 131.46
	Rent growth p.a.	3% - 15% every 3 years or based on market assessment	3% - 15% every 3 years or based on market assessment
	Discount rate	12.05%	10.92% to 11.92%

As per the DCF method, fair value is defined as the present value of future cash flows that can be withdrawn from the Company. To estimate the cash flows available, projected cash flows of the Company are considered for certain future years (explicit forecast period). Based on the projected cash flows, the free cash flows from subject properties are estimated. The Company has discounted the net cash flows to arrive at the present value of free cash flows. After the explicit period, the subject properties will continue to generate cash. In DCF method, therefore, perpetuity value/ capitalized value/terminal value is also considered to arrive at the value of the subject properties.

Notes to standalone financial statements for the year ended March 31, 2024

4 Non-current investments

As at			As at	
March 31, 2024 Units	March 31, 2023 Units		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
		Investments in subsidiary, joint-venture and associate		
		Unquoted equity instruments (at cost)		
		Investment in subsidiary (fully paid up)		
1,20,00,000	1,20,00,000	Cummins Sales & Service Private Limited (% Holding: 100%) (Incorporated in India)	12.00	12.00
		Investment in joint venture (fully paid up)		
95,00,000	95,00,000	Valvoline Cummins Private Limited (% Holding: 50%) (Incorporated in India)	8.04	8.04
		Investment in associate (fully paid up)		
7,79,997	7,79,997	Cummins Generator Technologies India Private Limited (% Holding : 48.54%) (Incorporated in India)	17.20	17.20
		Total	37.24	37.24

5 Other non-current financial assets (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good		
Security deposits	13.36	11.55
Employee benefit plan assets (Refer note 40)	-	0.19
Total	13.36	11.74

Notes to standalone financial statements for the year ended March 31, 2024

6 Income tax assets (net)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Advance income tax (net of provision for taxation)	57.84	35.53
Total	57.84	35.53

7 Other non-current assets

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good		
Capital advances	49.60	50.75
Balances with statutory/government authorities	43.48	43.91
Others *	0.89	1.36
Total	93.97	96.02

* Others include prepaid expenses

8 Inventories

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Raw materials and components (includes goods in transit)	518.55	454.31
Work-in-progress (includes goods lying with third parties)	197.34	206.64
Finished goods (includes goods in transit and lying with third parties) *	196.74	202.99
Traded goods (includes goods in transit)	10.18	8.26
Stores and spares	4.58	5.64
Loose tools	9.49	8.31
Total	936.88	886.15

* During the year ended March 31, 2024 ₹ 2.37 Crore (March 31, 2023: ₹ 0.71 Crore) was recognised as an expense / (reversal) for inventories carried at net realisable value.

Notes to standalone financial statements for the year ended March 31, 2024

9 Current investments

As at			As at	
March 31, 2024 Units	March 31, 2023 Units		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
		Current investments		
		Unquoted mutual funds valued at fair value through profit and loss		
10,28,653	-	- Aditya Birla Sun Life Liquid Fund - Growth- Direct Plan	40.08	-
39,388	-	- Axis Liquid Fund - Regular Growth	10.49	-
1,12,015	-	- Axis Liquid Fund - Direct Growth	30.06	-
31,737	-	- HDFC Liquid Fund - Direct Plan - Growth Option	15.06	-
-	1,49,467	HDFC Liquid Fund - Regular Plan - Growth	-	65.53
43,501	43,501	HDFC Money Market Fund - Direct Plan - Growth Option	23.06	21.41
1,45,726	-	- HSBC Liquid Fund - Direct Growth	35.06	-
6,65,554	6,65,554	ICICI Prudential Money Market Fund - Growth	23.00	21.37
8,41,074	25,76,902	ICICI Prudential Liquid Fund - Direct Plan - Growth	30.06	85.86
61,611	2,22,188	Kotak Liquid Fund Direct Plan Growth	30.06	101.06
77,663	-	- Kotak Money Market Fund - Growth (Regular Plan)	31.77	-
34,135	2,38,720	Nippon India Liquid Fund - Direct Plan Growth Plan Growth Option	20.17	131.46
70,084	-	- Nippon India Money Market Fund - Growth Plan Growth Option	26.49	-
53,017	3,14,680	SBI Liquid Fund Direct Growth	20.04	110.87
78,59,615	-	- SBI Savings Fund - Direct Plan - Growth	31.79	-

Notes to standalone financial statements for the year ended March 31, 2024

As at			As at	
March 31, 2024 Units	March 31, 2023 Units		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
89,370	-	Tata Liquid Fund Direct Plan - Growth	34.05	-
-	4,12,977	UTI Liquid Cash Plan - Direct Plan Growth	-	152.37
1,01,238	-	UTI Liquid Fund - Direct Plan Growth	40.07	-
		Value of unquoted mutual funds	441.31	689.93
		Unquoted Certificate of Deposit valued at fair value through OCI		
7,000	3,000	7.50% HDFC Bank Limited	336.18	144.15
-	3,000	7.60% ICICI Bank Limited	-	142.58
4,000	-	7.55% HDFC Bank Limited	192.10	-
-	1,500	7.58% HDFC Bank Limited	-	71.26
2,000	-	7.84% HDFC Bank Limited	95.06	-
		Value of unquoted certificate of deposit	623.34	357.99
		Aggregate value of unquoted investments	1,064.65	1,047.92
		Other investments		
		Quoted Bonds/NCD valued at fair value through OCI		
3,00,000	-	Non Convertible Debentures - 7.4500% PFC	31.33	-
200	-	5.27% NABARD 23/07/2024	20.57	-
2,000	-	REC/Bonds/227-A Series	20.65	-
2,000	-	7.79% SIDBI 2027-Series VI of FY 2023-24	20.45	-
2,000	-	REC/Bonds/ 229 A Series	20.54	-
		Value of quoted Bonds/ NCD	113.54	-
		Aggregate value of quoted investments	113.54	-
		Total	1,178.19	1,047.92

Notes to standalone financial statements for the year ended March 31, 2024

10 Trade receivables (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Trade receivables	1,732.90	1,194.78
Receivables from related parties (Refer note 41)	344.70	397.95
Total	2,077.60	1,592.73
Break up for security details		
Secured, considered good	291.70	378.19
Unsecured, considered good	1,785.90	1,214.54
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	6.08	6.69
	2,083.68	1,599.42
Impairment loss allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Provision for impairment	-	-
Trade receivable - credit impaired	(6.08)	(6.69)
	(6.08)	(6.69)
Total	2,077.60	1,592.73

No trade receivable or advances are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 13.16 Crore (March 31, 2023: ₹ 16.49 Crore). Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions and transactions with related parties refer note 41.

Notes to standalone financial statements for the year ended March 31, 2024

Trade receivables aging schedule

Particulars	As at	Outstanding for following periods from due date of payment							Total
		Un-billed	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	March 31, 2024	26.50	1,960.39	75.17	4.77	3.15	3.02	4.60	2,077.60
	March 31, 2023	21.88	1,455.20	91.53	10.30	6.95	3.58	3.29	1,592.73
(ii) Undisputed trade receivables - which have significant increase in credit risk	March 31, 2024	-	-	-	-	-	-	-	-
	March 31, 2023	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	March 31, 2024		0.13	-	-	0.60	2.35	3.00	6.08
	March 31, 2023	-	0.10	0.52	0.09	2.35	0.10	3.53	6.69
Total	March 31, 2024	26.50	1,960.52	75.17	4.77	3.75	5.37	7.60	2,083.68
	March 31, 2023	21.88	1,455.30	92.05	10.39	9.30	3.68	6.82	1,599.42

11 Cash and cash equivalents (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Cash on hand	-	0.01
Bank balances		
In current accounts	116.20	161.23
Deposits with banks (original maturity less than 3 months)	175.57	230.03
Total	291.77	391.27

Notes to standalone financial statements for the year ended March 31, 2024

12 Other bank balances (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unpaid dividend account (restricted)	13.26	12.79
Deposits with banks (original maturity more than 3 months but less than 1 year)	1,199.63	976.75
Total	1,212.89	989.54

13 Other current financial assets

(carried at amortised cost, other than foreign exchange forward contracts)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good:		
Security deposits	19.26	19.32
Deposits with banks (with residual maturity less than 12 months)	-	4.26
Contract assets [^]	2.14	0.86
Others [*]	15.73	17.76
Total	37.13	42.20

[^] Contract assets mainly include unbilled revenue accrued against service contracts. The balances vary depending on the volume of services remaining unbilled at the end of the year.

^{*} Others primarily include warranty receivable, royalty receivable from dealers, cross charge etc.

Other current financial assets receivable from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 2.65 Crore (March 31, 2023: ₹ 2.95 Crore). Refer note 41 for related party transactions.

Notes to standalone financial statements for the year ended March 31, 2024

14 Other current assets

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good:		
Balances with statutory/government authorities	81.22	56.96
Others *	85.77	60.31
Total	166.99	117.27

* Others include prepaid expenses, government grants receivable, supplier advances, service contracts in progress, etc.

15 Assets classified as held for sale

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Assets held for sale (at lower of cost or fair value less cost to sell)	2.69	1.14
Total	2.69	1.14

16 Equity share capital

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Authorised :		
400,000,000 equity shares of ₹ 2 each	80.00	80.00
Issued, subscribed and fully paid-up shares:		
277,200,000 equity shares of ₹ 2 each	55.44	55.44
Total	55.44	55.44

a) Reconciliation of number of shares

Equity shares:	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	₹ Crore	Number of Shares	₹ Crore
Balance as at the beginning and end of the year	277,200,000	55.44	277,200,000	55.44

Notes to standalone financial statements for the year ended March 31, 2024

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

c) Details of shareholding of promoter

Particulars	As at March 31, 2024			As at March 31, 2023		
	Nos. of Shares	% of total number of shares	% of change during the year	Nos. of Shares	% of total number of shares	% of change during the year
Cummins Inc. USA - Holding Company	141,372,000	51.00%	-	141,372,000	51.00%	-
Kirloskar Industries Limited **	-	-	-	683	0.00%*	-

* % is below the rounding off norm

** Classified out of "Promoter" category as approved by the stock exchanges.

d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2024		As at March 31, 2023	
	Nos.	%	Nos.	%
Equity shares of ₹ 2 each fully paid				
Cummins Inc. USA - Holding Company	141,372,000	51.00%	141,372,000	51.00%

17 Other equity

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Retained earnings	4,934.62	4,150.00
	4,934.62	4,150.00
Other reserves		
Capital redemption reserve	0.70	0.70
General reserve	1,142.02	1,142.02
Equity contribution from Holding Company	30.31	19.82
Total	1,173.03	1,162.54

Notes to standalone financial statements for the year ended March 31, 2024

a) Retained earnings

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	4,150.00	3,639.91
Add: Profit for the year	1,660.62	1,129.82
Add: Other comprehensive income		
- Items not to be reclassified to profit or loss in subsequent periods	(16.22)	4.07
Remeasurement (loss) / gain on defined benefit plans, net of tax		
- Items to be reclassified to profit or loss in subsequent periods		
Changes in the fair value of financial instruments (net), net of tax	(0.46)	(0.10)
	5,793.94	4,773.70
Less:		
Interim dividend paid for the financial years ended March 31, 2024 (₹ 18 per share) and March 31, 2023 (₹ 12 per share)	498.96	332.64
Final dividend paid for the financial years ended March 31, 2023 (₹ 13 per share) and March 31, 2022 (₹ 10.50 per share)	360.36	291.06
	859.32	623.70
Closing balance as at March 31	4,934.62	4,150.00

Dividend not recognised at the end of the reporting period

In addition to the above dividends, since the year end the directors have recommended payment of final dividend of ₹ 554.40 Crore for the year ended March 31, 2024 (March 31, 2023: ₹ 360.36 Crore) which is ₹ 20 per fully paid up share (March 31, 2023: ₹ 13 per fully paid up share). This proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

b) Capital redemption reserve

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	0.70	0.70
Add: Movement during the year	-	-
Closing balance as at March 31	0.70	0.70

Notes to standalone financial statements for the year ended March 31, 2024

c) General reserve

General reserve denotes the amounts transferred from retained earnings on declaration of dividends as per the requirements of erstwhile Companies Act, 1956.

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	1,142.02	1,142.02
Add: Movement during the year	-	-
Closing balance as at March 31	1,142.02	1,142.02

d) Equity contribution from the holding company

Certain employees are directly paid by the holding company through stock options.

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	19.82	14.59
Add: Movement during the year	10.49	5.23
Closing balance as at March 31	30.31	19.82

18 Other non-current financial liabilities (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Deposits	27.45	27.36
Retention money	3.75	0.25
Capital creditors	18.44	-
Others *	11.64	13.18
Total	61.28	40.79

* Others primarily include liability on account of Voluntary Retirement Scheme (refer note 47)

Notes to standalone financial statements for the year ended March 31, 2024

19 Provisions

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Provision for post retirement benefit and compensated absences (Refer note 40)	143.94	105.85
Warranties (Refer note 39 (i))	78.86	75.75
Statutory matters (Refer note 39 (ii))	17.66	17.45
New Engine Performance Inspection (NEPI) (Refer note 39 (iii))	40.58	39.59
	281.04	238.64
Current provisions	163.08	137.04
Non-current provisions	117.96	101.60
Total	281.04	238.64

20 Income taxes

a) Deferred tax liabilities (net)

	Balance Sheet		Statement of profit and loss	
	As at		Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Deferred tax assets				
Provision for employee benefits recognised in Statement of profit and loss	26.60	24.62	1.98	(1.27)
Other timing differences	15.75	12.76	2.99	(0.06)
Total deferred tax assets	42.35	37.38	4.97	(1.33)
Deferred tax liabilities				
Depreciation	138.42	135.42	3.00	1.93
Other timing differences	(1.97)	4.98	(6.95)	4.03
Others	-	2.68		
	(1.97)	7.66		
Total deferred tax liabilities	136.45	143.08	(3.95)	5.96
Deferred tax (expense)/ income			8.92	(7.29)
Net deferred tax liabilities	94.10	105.70		

Notes to standalone financial statements for the year ended March 31, 2024

- b) The major components of income tax expenses for the years ended March 31, 2024 and March 31, 2023 are:

Statement of Profit and Loss

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Profit and loss section		
Current income tax:		
Current income tax charge	507.08	353.60
Deferred tax:		
Relating to origination and reversal of temporary differences	(8.92)	7.29
Adjustments in respect of current income tax of previous year	(15.73)	1.36
Income tax expenses reported in the Statement of Profit and Loss	482.43	362.25
OCI section		
Tax related to items recognised in OCI during the year	(5.61)	1.34
Net (gain)/loss on remeasurements of defined benefit plans and others	(5.61)	1.34

- c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2024 and March 31, 2023

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Accounting profit before tax	2,143.05	1,492.07
India's statutory income tax rate	25.17%	25.17%
Tax at full rate	539.36	375.52
Adjustments:		
Dividend income (not subject to tax)	(47.81)	(28.20)
Others (deductible, non-deductible items, net)	(9.12)	14.93
Total	(56.93)	(13.27)
Income tax expenses reported in the Statement of Profit and Loss for the current year	482.43	362.25

Notes to standalone financial statements for the year ended March 31, 2024

d) Deferred tax

Reconciliation of deferred tax liabilities (net) :

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balances as at April 1	105.70	97.07
Tax expense/(income) during the year recognised in Statement of Profit and Loss	(8.92)	7.29
Tax expense/(income) during the year recognised in OCI	-	1.34
Adjustments in respect of previous years	(2.68)	-
Closing balance as at March 31	94.10	105.70

21 Other non-current liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Contract liabilities	11.96	3.27
Total	11.96	3.27

22 Borrowings

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Working capital loan from bank	100.00	350.04
Total	100.00	350.04

The loan is unsecured and repayable within one year. Interest is payable @ 6.75% - 7.31% (T-Bill / MIBOR) adjusted by a reasonable spread p.a. The Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings under interest equalisation scheme is accounted for on net basis.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

Notes to standalone financial statements for the year ended March 31, 2024

23 Trade payables

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Trade payables to micro and small enterprises (Refer note 34)	71.25	69.14
Trade payables other than related parties, micro and small enterprises	562.48	455.83
Trade payables to related parties (Refer note 41)	768.62	621.00
	1,331.10	1,076.83
Total	1,402.35	1,145.97

Trade payables are non interest bearing and are normally settled in 30 to 90 days.

For terms and conditions and transactions with related parties refer note 41.

Trade payables aging schedule

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed - MSME	March 31, 2024	-	70.10	1.15	-	-	-	71.25
	March 31, 2023	-	67.37	1.77	-	-	-	69.14
(ii) Undisputed- Others	March 31, 2024	156.62	987.31	174.45	9.91	0.17	2.64	1,331.10
	March 31, 2023	113.05	868.76	83.35	1.10	7.62	2.95	1,076.83
Total		156.62	1,057.41	175.60	9.91	0.17	2.64	1,402.35
		113.05	936.13	85.12	1.10	7.62	2.95	1,145.97

Notes to standalone financial statements for the year ended March 31, 2024

24 Other current financial liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unpaid dividend	13.26	12.79
Royalty (Refer note 41)	24.26	16.67
Support services payable (Refer note 41)	4.81	2.65
Retention money	7.06	8.86
Capital creditors	52.65	4.37
Others including salaries, wages, bonus payable	45.26	55.18
Total	147.30	100.52

25 Other current liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Statutory dues and other payables	153.22	72.38
Contract liabilities ^	63.63	64.18
Total	216.85	136.56

^ Contract liabilities include advances received from customer as well as consideration received before the Company has transferred goods or services to the customer.

26 Revenue from operations

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Sale of products	8,438.50	7,269.23
Sale of services	377.88	343.09
	8,816.38	7,612.32
Other operating revenue		
Scrap sales	7.65	8.82
Export incentives	34.01	24.24
Others *	100.56	99.05
	142.22	132.11
Revenue from operations	8,958.60	7,744.43

* Others primarily includes testing income, engineering income, royalty income from dealers, etc.

Notes to standalone financial statements for the year ended March 31, 2024

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Location		
India	7,371.65	5,891.64
Outside India	1,552.94	1,828.55
Total revenue from contracts with customers *	8,924.59	7,720.19
Timing of revenue recognition		
Goods transferred at a point in time	8,446.15	7,278.05
Services transferred over time	478.44	442.14
Revenue from contracts with customers *	8,924.59	7,720.19
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	31.48	19.94
Performance obligations satisfied in previous years	5.08	0.06
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	9,098.26	7,947.91
Adjustments		
Sales return	(32.74)	(69.55)
Discounts	(108.23)	(111.59)
Liquidated damages	(9.35)	(2.28)
Others	(23.35)	(44.30)
Revenue from contracts with customers *	8,924.59	7,720.19

* Excludes export incentives

Notes to standalone financial statements for the year ended March 31, 2024

27 Other income

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Income from investments:		
Interest income from financial assets at amortised cost		
- On bonds (non - current/current investments)	-	0.05
	-	0.05
Dividend income		
- On investments in associate and joint ventures carried at cost	189.95	112.07
	189.95	112.07
Gain on sale/redemption of investments		
- On current investments designated at fair value through profit and loss	52.20	43.89
	52.20	43.89
Interest on term deposits and others *	120.62	73.57
Rent (Refer note 3 for rent on investment properties)	171.00	151.46
Exchange gain (net)	0.79	7.57
Gain on assets sold, discarded, etc.	1.57	2.48
Miscellaneous income	31.66	28.90
	325.64	263.98
Total	567.79	419.99

* includes interest on tax refund amounting to ₹ Nil (March 31, 2023: ₹ 1.59 Crore).

28.1 Cost of materials consumed

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Inventory at the beginning of the year	454.31	416.43
Add : Purchases	4,913.75	4,637.39
Less : Inventory at the end of the year	518.55	454.31
Total	4,849.51	4,599.51

Notes to standalone financial statements for the year ended March 31, 2024

28.2 Changes in inventories of finished goods, work-in-progress and traded goods

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Inventories at the end of the year (Refer note 8)		
Work-in-progress	197.34	206.64
Finished goods	196.74	202.99
Traded goods	10.18	8.26
Subtotal (A)	404.26	417.89
Inventories at the beginning of the year (Refer note 8)		
Work-in-progress	206.64	128.67
Finished goods	202.99	161.31
Traded goods	8.26	9.98
Subtotal (B)	417.89	299.96
(Increase) / Decrease (B-A)	13.63	(117.93)

29 Employee benefits expense

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Salaries, wages and bonus	667.64	529.89
Contribution to provident and other funds (Refer note 40)	73.71	64.61
Staff welfare expenses	37.95	35.33
Total	779.30	629.83

30 Finance costs

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Interest on borrowings and others	15.20	10.67
Interest cost on lease liabilities (Refer note 37)	2.06	1.91
Total interest expense	17.26	12.58
Unwinding of discount and effect of changes in discount rate on provisions (Refer note 39)	9.52	3.20
Total	26.78	15.78

Notes to standalone financial statements for the year ended March 31, 2024

31 Other expenses

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Commission on sales	18.46	12.42
Consumption of stores and spare parts	84.60	73.54
Warranty expenses (Refer note 39)	58.54	65.88
Consumption of tools and gauges	8.00	7.47
Repairs to buildings	36.69	32.72
Repairs to machinery	11.19	9.25
Other repairs	2.08	2.40
Power and fuel	27.48	26.54
Rates and taxes	25.08	11.35
Insurance	19.62	15.88
Outside processing charges	38.44	32.02
Donations (including expenditure towards corporate social responsibility activities (Refer note 41 and 42))	20.01	15.57
Royalties (Refer note 41)	28.26	17.33
Support services (Net of credits) (Refer note 41)	66.61	111.26
Computer and other services	96.60	77.41
Payment to auditors (Refer details below)	1.89	1.99
Bad Debts		
Bad debts written off	0.87	1.22
Provision for bad and doubtful debts	0.26	0.42
Amount withdrawn from provisions	(0.87)	(1.22)
	0.26	0.42
Other expenses (net of expenses recovered and capitalised) (Refer note 41)	104.06	127.61
Total	647.87	641.06

Payment to auditors:

	Year Ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
On account of Audit Fees	1.80	1.95
On account of Reimbursement of expenses	0.09	0.04
Total	1.89	1.99

Notes to standalone financial statements for the year ended March 31, 2024

32 Earning per share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

		Year Ended	
		March 31, 2024	March 31, 2023
(a)	Profit for the year after taxation (₹ Crore)	1,660.62	1,129.82
(b)	Weighted average number of shares outstanding during the year	277,200,000	277,200,000
(c)	Earnings per share (Basic and Diluted) (₹)	59.91	40.76
(d)	Face value per share (₹)	2	2

33 Capital and other commitments

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Estimated amount of contracts in capital account remaining to be executed (net of capital advances). For other commitments also refer Note 37	143.65	155.52
Total	143.65	155.52

Notes to standalone financial statements for the year ended March 31, 2024

34 Trade payables include dues to micro and small enterprises as defined under the MSMED Act, 2006 as under:

		As at	
		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
	Total outstanding dues of micro and small enterprises	71.25	69.14
1	Principal Amount	71.25	69.14
2	Interest accrued	-	-
3	Payment made to suppliers (other than interest) beyond the appointed day, during the year	3.80	8.20
4	Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
5	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	0.07	0.07
6	Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
7	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The Company has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and / or their registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

35 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimation on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans:

The cost of the defined benefit gratuity plan and other post-employment medical benefits and

Notes to standalone financial statements for the year ended March 31, 2024

the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 40.

Fair value measurements of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets if available, otherwise, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument. Refer note 44 for further disclosures.

Warranty, statutory matters and New Engine Performance Inspection (NEPI)

For estimates relating to warranty, statutory matters and NEPI (refer note 39)

36 Contingent liabilities

		As at	
		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
a.	Income tax matters*	17.04	12.31
b.	Central excise duty/service tax matters*	6.23	3.29
c.	Duty drawback matters	26.04	26.04
d.	Sales Tax matters*	34.61	34.61
e.	Civil liability / secondary civil liability in respect of suits filed against the Company*	1.55	1.29
f.	Goods and service tax matters	2.33	2.07
	Total	87.80	79.61

* Excludes interest and penalties if any. The above matters pertain to certain disallowances/demand raised by respective authorities.

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeal process.

Notes to standalone financial statements for the year ended March 31, 2024

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Company has implemented the SC decision prospectively.

The Company has various on-going litigations by/or against the Company with respect to tax and other legal matters, other than those disclosed above. The Company believes that it has sufficient and strong arguments on facts as well as on point of law and accordingly no provision/disclosure in this regard has been considered in the financial statements.

37 Leases

Lease commitments as a Lessee

The Company has entered into leases for office premises. These lease arrangements range for a period between 12 and 108 months with lock in period between 36 and 108 months, which include both renewable and non-renewable leases.

Following are the changes in the carrying value of right of use assets during the year ended

₹ Crore

Particulars	March 31, 2024			March 31, 2023		
	Category of ROU			Category of ROU		
	Building	Land	Total	Building	Land	Total
Balance as at the beginning of the year	19.42	13.73	33.15	16.45	13.52	29.97
Additions	4.32	-	4.32	8.38	0.41	8.79
Adjustment	(0.40)	-	(0.40)	-	-	-
Depreciation	(6.35)	(0.16)	(6.51)	(5.41)	(0.20)	(5.61)
Balance as at the end of the year	16.99	13.57	30.56	19.42	13.73	33.15

Notes to standalone financial statements for the year ended March 31, 2024

Following are the changes in carrying value of lease liabilities during the year ended

₹ Crore

Particulars	March 31, 2024	March 31, 2023
Balance as at the beginning of the year	22.57	19.05
Additions	4.32	8.38
Adjustment	(0.42)	-
Interest cost accrued during the period	2.06	1.91
Payments	(8.03)	(6.77)
Balance as at the end of the year	20.50	22.57
Current portion	6.13	5.25
Non-current portion	14.37	17.32

The maturity analysis of lease liabilities is disclosed in note 43(c). Lease liability has been discounted using the lessee's incremental borrowing rate. There are no variable lease payments.

The following are the amounts recognised in statement of profit and loss during the year ended

₹ Crore

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	6.51	5.61
Interest expense on lease liabilities	2.06	1.91
Total amount recognised in statement of profit and loss	8.57	7.52

Operating lease as a lessor

The Company has entered into operating leases on its investment properties consisting of buildings and other related assets. These leases have terms between 36 and 120 months.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

₹ Crore

Particulars	March 31, 2024	March 31, 2023
Within one year	64.69	63.89
After one year but not more than five years	73.29	125.71
More than five years	-	-
Total	137.98	189.60

The Company has not entered into any sub-leases during the year.

Notes to standalone financial statements for the year ended March 31, 2024

- 38 The total research and development expenses incurred by the Company are as under :

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
On capital account	6.69	7.42
On revenue account	3.21	19.05
Total	9.90	26.47

- 39 Disclosure on provisions made, utilised and reversed during the year

i) Provision for warranty

Provision for warranty is on account of warranties given on products sold by the Company. The amount of provision is based on historical information of the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	75.75	61.97
Additions / reversal	58.54	65.88
Utilisation	62.87	54.46
Unwinding of discount and changes in the discount rate	7.44	2.36
Balance as at the end of the year	78.86	75.75
Classified as non-current	47.20	44.19
Classified as current	31.66	31.56

Notes to standalone financial statements for the year ended March 31, 2024

ii) Provision for statutory matters

Provisions for statutory matters are on account of legal matters where the Company anticipates probable outflow. The amount of provision is based on estimates made by the Company considering the facts and circumstances of each case. The timing and amount of cash flows that will arise from these matters will be determined by the relevant authorities only on settlement of these cases.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	17.45	16.98
Additions	0.22	0.47
Utilisation	0.01	-
Unwinding of discount and changes in the discount rate	-	-
Balance as at the end of the year	17.66	17.45
Classified as non-current	-	-
Classified as current	17.66	17.45

iii) Provision for New Engine Performance Inspection (NEPI)

Provision for New Engine Performance Inspection (NEPI) is on account of checks to be carried out by the Company at specified intervals. The amount of provision is based on historical information of the nature, frequency and average cost of claims and management estimates regarding possible future incidence. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	39.59	30.67
Additions	8.24	17.14
Utilisation	9.33	9.06
Unwinding of discount and changes in the discount rate	2.08	0.84
Balance as at the end of the year	40.58	39.59
Classified as non-current	22.62	27.71
Classified as current	17.96	11.88

Notes to standalone financial statements for the year ended March 31, 2024

40 Employee benefit plans

1. **Defined contribution plans - The Company has recognised the following amounts in statement of profit and loss for the year:**

	₹ Crore
	<u>Total</u>
Contribution to employees provident fund	16.79
	14.10
Contribution to management superannuation fund	22.57
	21.43

2. Defined benefit plans -

The following figures are as per actuarial valuation, as at the balance sheet date, carried out by an independent actuary.

a. Net Balance Sheet position

		₹ Crore					
Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Defined benefit obligation	March 31, 2024	243.74	29.08	2.52	2.22	402.93
		March 31, 2023	208.41	28.51	2.46	2.22	354.99
ii)	Fair value of Plan assets	March 31, 2024	206.88	28.82	-	-	403.79
		March 31, 2023	197.63	28.69	-	-	349.47
iii)	Funded status surplus / (deficit)	March 31, 2024	(36.86)	(0.26)	(2.52)	(2.22)	0.86
		March 31, 2023	(10.78)	0.18	(2.46)	(2.22)	(5.52)
iv)	Effect of asset ceiling	March 31, 2024	-	-	-	-	(0.86)
		March 31, 2023	-	-	-	-	-
	Net defined benefit asset / (liability)	March 31, 2024	(36.86)	(0.26)	(2.52)	(2.22)	0.00
		March 31, 2023	(10.78)	0.18	(2.46)	(2.22)	(5.52)

Notes to standalone financial statements for the year ended March 31, 2024

b. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening defined benefit obligation	March 31, 2024	208.41	28.51	2.46	2.22	354.99
		March 31, 2023	195.97	28.27	2.49	1.71	320.70
i)	Current service cost	March 31, 2024	15.20	0.90	0.09	0.08	16.79
		March 31, 2023	13.82	0.96	0.10	0.07	14.10
ii)	Interest cost	March 31, 2024	14.90	2.05	0.17	0.16	27.15
		March 31, 2023	14.12	1.94	0.17	0.12	22.60
iii)	Settlement / Curtailment (credit) / cost	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
iv)	Actuarial (gains) / losses - experience	March 31, 2024	17.33	(0.73)	0.08	(0.13)	2.65
		March 31, 2023	3.35	(1.01)	0.06	0.51	12.47
v)	Actuarial (gains) / losses - demographic changes	March 31, 2024	(0.88)	0*	(0.04)	(0.03)	-
		March 31, 2023	(1.15)	0.57	(0.01)	(0.08)	-
vi)	Actuarial (gains) / losses - financial assumptions	March 31, 2024	6.44	0.40	0.03	0.04	4.25
		March 31, 2023	(5.84)	(0.73)	(0.06)	(0.01)	(5.12)
vii)	Benefits paid	March 31, 2024	(15.10)	(2.05)	(0.27)	(0.12)	(44.12)
		March 31, 2023	(13.71)	(1.49)	(0.42)	(0.10)	(42.17)
viii)	Past service cost - plan amendments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	0.13	-	-

Notes to standalone financial statements for the year ended March 31, 2024

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
ix)	Other Adjustments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
x)	Acquisitions (credit) / cost	March 31, 2024	(2.56)	-	-	-	15.73
		March 31, 2023	1.85	-	-	-	10.62
xi)	Contributions by employees	March 31, 2024	-	-	-	-	25.49
		March 31, 2023	-	-	-	-	21.79
	Closing defined benefit obligation	March 31, 2024	243.74	29.08	2.52	2.22	402.93
		March 31, 2023	208.41	28.51	2.46	2.22	354.99

* Amount is below the rounding off norm adopted by the Company.

c. Reconciliation of opening and closing balances of the fair value of plan assets

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening fair value of plan assets	March 31, 2024	197.63	28.69	-	-	349.47
		March 31, 2023	180.82	27.30	-	-	315.13
i)	Interest income on plan assets	March 31, 2024	14.47	2.06	-	-	26.73
		March 31, 2023	12.43	1.87	-	-	22.21
ii)	Return on plan asset greater / (lesser) than discount rate	March 31, 2024	0.55	0.12	-	-	13.70
		March 31, 2023	0.54	0.04	-	-	7.79
iii)	Actuarial gains / (losses)	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-

Notes to standalone financial statements for the year ended March 31, 2024

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
iv)	Contribution by the employer	March 31, 2024	11.89	-	-	-	16.79
		March 31, 2023	15.70	0.97	-	-	14.10
v)	Benefits paid	March 31, 2024	(15.10)	(2.05)	-	-	(44.12)
		March 31, 2023	(13.71)	(1.49)	-	-	(42.17)
vi)	Acquisition adjustment	March 31, 2024	(2.56)	-	-	-	15.73
		March 31, 2023	1.85	-	-	-	10.62
vii)	Contribution by employee	March 31, 2024	-	-	-	-	25.49
		March 31, 2023	-	-	-	-	21.79
viii)	Other adjustments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
	Closing fair value of plan assets	March 31, 2024	206.88	28.82	-	-	403.79
		March 31, 2023	197.63	28.69	-	-	349.47

Notes to standalone financial statements for the year ended March 31, 2024

d. Total defined benefit cost

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2024	15.20	0.90	0.09	0.08	16.79
		March 31, 2023	13.82	0.96	0.23	0.07	14.10
ii)	Net interest cost	March 31, 2024	0.43	(0.01)	0.17	0.16	0.42
		March 31, 2023	1.69	0.07	0.17	0.12	0.39
iii)	Actuarial (gains) / losses recognised in OCI	March 31, 2024	22.34	(0.45)	0.07	(0.12)	(5.94)
		March 31, 2023	(4.18)	(1.21)	(0.01)	0.42	(0.44)
	Total defined benefit cost	March 31, 2024	37.97	0.44	0.33	0.12	11.27
		March 31, 2023	11.33	(0.18)	0.39	0.61	14.05

e. Statement of profit and loss

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2024	15.20	0.90	0.09	0.08	16.79
		March 31, 2023	13.82	0.96	0.23	0.07	14.10
ii)	Settlement / Curtailment cost / (credit)	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
iii)	Net interest cost	March 31, 2024	0.43	(0.01)	0.17	0.16	0.42
		March 31, 2023	1.69	0.07	0.17	0.12	0.39
	Cost recognised in profit and loss	March 31, 2024	15.63	0.89	0.26	0.24	17.21
		March 31, 2023	15.51	1.03	0.40	0.19	14.49

All of the above have been included in the line 'Company's contribution to provident and other funds', in note 29 of the statement of profit and loss.

Notes to standalone financial statements for the year ended March 31, 2024

f. Other comprehensive income

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Actuarial (gain) / loss due to DBO experience	March 31, 2024	17.33	(0.73)	0.08	(0.13)	2.65
		March 31, 2023	3.35	(1.01)	0.06	0.51	12.47
ii)	Actuarial (gain) / loss due to assumption change	March 31, 2024	5.56	0.40	(0.01)	0.01	4.25
		March 31, 2023	(6.99)	(0.16)	(0.07)	(0.09)	(5.12)
iii)	Return on plan assets (greater) / less than discount rate	March 31, 2024	(0.55)	(0.12)	-	-	(13.70)
		March 31, 2023	(0.54)	(0.04)	-	-	(7.79)
iv)	Adjustment to recognize the effect of asset ceiling	March 31, 2024	-	-	-	-	0.86
		March 31, 2023	-	-	-	-	-
	Actuarial (gain) / loss recognised in OCI	March 31, 2024	22.34	(0.45)	0.07	(0.12)	(5.94)
		March 31, 2023	(4.18)	(1.21)	(0.01)	0.42	(0.44)

g. For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets

Sr. No.	Particulars	Gratuity		Pension		PF	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
i)	Government of India securities	0.00%	0.00%	0.00%	0.00%	44.54%	49.24%
ii)	Debt instruments and related investments /corporate bonds	0.00%	0.00%	0.00%	0.00%	41.98%	42.24%
iii)	Special deposit scheme	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
iv)	Insurer managed funds	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%
v)	Mutual Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
vi)	Equities and related investments	0.00%	0.00%	0.00%	0.00%	13.48%	8.51%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The overall expected rate of return on assets is based on the expectations of the average long term rate of return expected on investments of the fund during the estimated term of obligations.

Notes to standalone financial statements for the year ended March 31, 2024

h. Supplementary information as per Ind AS 19

₹ Crore

Sr. No.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Expected employer contribution for next year	March 31, 2024	10.00	-	NA	NA	18.47
		March 31, 2023	10.00	-	NA	NA	15.51

i. Following are the principal actuarial assumptions used as at the balance sheet date

Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
Discount rate	March 31, 2024	7.2%	7.2%	7.2%	7.2%	7.2%
	March 31, 2023	7.5%	7.5%	7.5%	7.5%	7.5%
Expected rate of return on plan assets	March 31, 2024	7.2%	7.2%	NA	NA	NA
	March 31, 2023	7.5%	7.5%	NA	NA	NA
Salary escalation rate - management staff	March 31, 2024	10%	NA	NA	NA	NA
	March 31, 2023	10%	NA	NA	NA	NA
Salary escalation rate - non-management staff	March 31, 2024	8%	NA	NA	NA	NA
	March 31, 2023	8%	NA	NA	NA	NA
Annual increase in healthcare costs - year 2023- 2025	March 31, 2024	NA	NA	NA	8%	NA
	March 31, 2023	NA	NA	NA	8%	NA
Annual increase in healthcare costs - 2026 and thereafter	March 31, 2024	NA	NA	NA	6%	NA
	March 31, 2023	NA	NA	NA	6%	NA
Guaranteed Rate of Return as declared by EPFO	March 31, 2024	NA	NA	NA	NA	8.25%
	March 31, 2023	NA	NA	NA	NA	8.15%
Mortality rate (in service)	March 31, 2024	Indian Assured Lives Mortality (2012-14) Ult table				
	March 31, 2023	Indian Assured Lives Mortality (2012-14) Ult table				

Notes to standalone financial statements for the year ended March 31, 2024

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

j. Expected benefit payment for the next years

₹ Crore

Particulars	As at	March 31, 2025	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	2030-2034
		March 31, 2024	March 31, 2025	March 31, 2026	March 31, 2027	March 31, 2028	2029-2033
Gratuity	March 31, 2024	24.50	18.75	18.47	18.82	19.28	114.28
	March 31, 2023	19.51	15.00	16.36	15.45	16.06	92.99
Pension	March 31, 2024	2.76	4.10	4.51	4.47	3.63	13.68
	March 31, 2023	2.36	3.49	3.90	4.23	4.21	14.26
Ex-gratia	March 31, 2024	0.57	0.43	0.43	0.35	0.31	1.52
	March 31, 2023	0.45	0.36	0.43	0.43	0.34	1.51
PRMB	March 31, 2024	0.31	0.20	0.26	0.29	0.28	1.46
	March 31, 2023	0.25	0.18	0.21	0.27	0.29	1.58
PF	March 31, 2024	0.54	0.54	0.54	0.54	0.54	1.97
	March 31, 2023	0.05	0.05	0.05	0.05	0.05	0.19

k. A quantitative sensitivity analysis for significant assumption is as shown below:

₹ Crore

Assumptions Sensitivity level	Discount Rate		Future salary increase		Withdrawal Rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	5% increase	5% decrease
Gratuity						
March 31, 2024	(10.58)	11.38	11.07	(10.40)	(12.99)	11.53
March 31, 2023	(9.42)	10.15	9.90	(9.29)	(10.43)	8.51
Pension						
March 31, 2024	(0.61)	0.63	NA	NA	0.06	(0.41)
March 31, 2023	(0.65)	0.67	NA	NA	0.06	(0.58)
Ex-gratia						
March 31, 2024	(0.05)	0.06	NA	NA	(0.51)	0.26
March 31, 2023	(0.06)	0.06	NA	NA	(0.54)	0.24
PF						
March 31, 2024	(4.70)	(6.04)	-	-	-	-
March 31, 2023	(0.45)	5.34	-	-	-	-

Notes to standalone financial statements for the year ended March 31, 2024

Assumptions Sensitivity level	Discount Rate		Medical Inflation		Withdrawal Rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	5% increase	5% decrease
PRMB						
March 31, 2024	(0.07)	0.07	0.14	(0.13)	(0.44)	0.19
March 31, 2023	(0.07)	0.08	0.16	(0.14)	(0.50)	0.23

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

41 Related party disclosures

a) Name of the related party and nature of the relationship where control exists

Name of related party	Nature of relationship
Cummins Inc.	Holding Company
Cummins Sales and Service Private Limited	Subsidiary

b) Transactions with related parties as per the books of accounts during the year ended March 31, 2024

₹ Crore

Transaction	Name of related party		Total
Purchase of Goods	Tata Cummins Private Limited	March 31, 2024	1,357.54
		March 31, 2023	1,208.59
	Cummins Technologies India Private Limited	March 31, 2024	877.83
		March 31, 2023	691.78
	Others	March 31, 2024	861.32
		March 31, 2023	828.58
Sale of goods	Cummins Limited	March 31, 2024	691.93
		March 31, 2023	718.49
	Cummins Technologies India Private Limited	March 31, 2024	361.91
		March 31, 2023	285.03
	Others	March 31, 2024	584.17
		March 31, 2023	784.90

Notes to standalone financial statements for the year ended March 31, 2024

Transaction	Name of related party		Total
Purchase of assets	Cummins Inc.	March 31, 2024	105.64
		March 31, 2023	0.61
	Fleetguard Filters Pvt Ltd	March 31, 2024	1.50
		March 31, 2023	0.79
	Cummins Technologies India Private Limited	March 31, 2024	0.02
		March 31, 2023	1.05
	Cummins Power Generation Inc.	March 31, 2024	-
		March 31, 2023	0.83
Sale of assets	Cummins Technologies India Private Limited	March 31, 2024	2.97
		March 31, 2023	0.90
Services rendered (Refer note v)	Cummins Technologies India Private Limited	March 31, 2024	182.15
		March 31, 2023	154.29
	Valvoline Cummins Private Limited	March 31, 2024	64.63
		March 31, 2023	61.52
	Others	March 31, 2024	61.12
		March 31, 2023	63.97
Services received (Refer note vi)	Cummins Sales and Service Private Limited	March 31, 2024	26.51
		March 31, 2023	22.40
	Cummins Technologies India Private Limited	March 31, 2024	25.66
		March 31, 2023	14.99
	Others	March 31, 2024	3.30
		March 31, 2023	3.55
Royalty	Cummins Inc.	March 31, 2024	28.26
		March 31, 2023	17.33
Support services	Cummins Inc.	March 31, 2024	62.51
		March 31, 2023	106.03
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2024	4.80
		March 31, 2023	5.24
Reimbursements paid	Cummins Technologies India Private Limited	March 31, 2024	122.54
		March 31, 2023	100.13
	Cummins Inc.	March 31, 2024	13.52
		March 31, 2023	12.24

Notes to standalone financial statements for the year ended March 31, 2024

Transaction	Name of related party		Total
	Others	March 31, 2024	16.77
		March 31, 2023	9.70
Reimbursements received (Refer note vii)	Cummins Technologies India Private Limited	March 31, 2024	108.37
		March 31, 2023	86.43
	Cummins Inc.	March 31, 2024	21.68
		March 31, 2023	4.42
	Cummins Generator Technologies India Private Limited	March 31, 2024	18.45
		March 31, 2023	13.58
	Tata Cummins Private Limited	March 31, 2024	12.98
		March 31, 2023	20.29
	Others	March 31, 2024	6.94
		March 31, 2023	7.04
Remuneration paid (Refer note i & iii)	Key management personnel	March 31, 2024	10.74
		March 31, 2023	7.94
Transfer of export benefits	Cummins Technologies India Private Limited	March 31, 2024	-
		March 31, 2023	1.55
Interest on delayed payment	Cummins Sales and Service Private Limited	March 31, 2024	0*
		March 31, 2023	-
Dividend received	Cummins Generator Technologies India Private Limited	March 31, 2024	109.20
		March 31, 2023	30.42
	Valvoline Cummins Private Limited	March 31, 2024	80.75
		March 31, 2023	80.75
	Cummins Research and Technology India Private Limited	March 31, 2024	-
		March 31, 2023	0.90
Dividend paid	Cummins Inc.	March 31, 2024	438.25
		March 31, 2023	318.09
Donations paid	Cummins India Foundation	March 31, 2024	20.01
		March 31, 2023	15.57

Notes to standalone financial statements for the year ended March 31, 2024

Transaction	Name of related party		Total
Contributions paid	Cummins India Limited Officers Provident Fund	March 31, 2024	16.79
		March 31, 2023	14.10
	Cummins Group Employees Superannuation Scheme	March 31, 2024	22.57
		March 31, 2023	21.43
	Cummins Group Officers Gratuity Scheme	March 31, 2024	11.89
		March 31, 2023	15.70
Sitting fees and commission (Refer note i)	Independent Directors	March 31, 2024	1.13
		March 31, 2023	1.07
Equity contribution - share based payments	Cummins Inc.	March 31, 2024	10.49
		March 31, 2023	5.23
Repayment of share capital	Cummins Research and Technology India Private Limited	March 31, 2024	-
		March 31, 2023	0.11

Amounts outstanding as at March 31, 2024

₹ Crore

Particulars	Name of related party		Total
Trade payables	Cummins Technologies India Private Limited	March 31, 2024	283.07
		March 31, 2023	173.94
	Tata Cummins Private Limited	March 31, 2024	149.09
		March 31, 2023	163.22
	Cummins Inc.	March 31, 2024	119.65
		March 31, 2023	94.30
	Cummins Limited	March 31, 2024	45.21
		March 31, 2023	69.59
	Others	March 31, 2024	171.60
		March 31, 2023	119.95

Notes to standalone financial statements for the year ended March 31, 2024

Particulars	Name of related party		Total
Other current financial / non-financial liabilities	Cummins Inc.	March 31, 2024	83.69
		March 31, 2023	18.15
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2024	4.81
		March 31, 2023	1.18
Trade receivables	Cummins Technologies India Private Limited	March 31, 2024	136.37
		March 31, 2023	86.71
	Cummins Limited	March 31, 2024	82.46
		March 31, 2023	83.43
	Cummins Romania SRL	March 31, 2024	1.32
		March 31, 2023	41.07
	Others	March 31, 2024	124.55
		March 31, 2023	186.74
Other current financial assets	Cummins Inc.	March 31, 2024	4.81
		March 31, 2023	1.81
	Tata Cummins Private Limited	March 31, 2024	2.65
		March 31, 2023	2.95
	Fleetguard Filters Pvt Ltd	March 31, 2024	-
		March 31, 2023	1.82
	Cummins Research and Technology India Private Limited	March 31, 2024	-
		March 31, 2023	1.01
	Others	March 31, 2024	0.03
		March 31, 2023	0.58

i) The names of the related parties under the appropriate relationship included in notes 41(b) and (c) above are as follows:

Nature of relationship	Name of the party
Fellow subsidiaries (with which there are transactions)	Chongqing Cummins Engine Co Ltd
	Cmi Group Holdings Cooperatief U.A.
	Cmi Tr Mtr Guc Sistemleri Satis Servis Ltd Sirketi
	Consolidated Diesel Company
	Cummins (China) Investment Co. Ltd.

Notes to standalone financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
	Cummins (Xiangyang) Eng Remanfg Co. Ltd.
	Cummins Africa Middle East (Pty) Ltd.
	Cummins Arabia FZCO
	Cummins Asia Pacific Pte. Ltd.
	Cummins Belgium NV
	Cummins Brasil Ltda
	Cummins C&G Holding Limited
	Cummins C&G Limited
	Cummins Comercializadora S. De R.L. De C.V.
	Cummins Czech Republic S.R.O.
	Cummins Deutschland Gmbh
	Cummins Diesel Botswana (Pty.) Ltd.
	Cummins Dksh (Singapore) Pte Ltd
	Cummins Dksh (Thailand) Limited
	Cummins Dksh (Vietnam) LLC
	Cummins East Asia Research And Development Company Ltd.
	Cummins Emission Solutions Inc.
	Cummins Engine (Shanghai) Trading & Services Co., Ltd.
	Cummins Filtration Inc.
	Cummins France SA
	Cummins Fuel System (Wuhan) Co. Ltd.
	Cummins Generator Technologies Limited
	Cummins Ghana Limited
	Cummins Italia SPA
	Cummins Japan Limited
	Cummins Kuwait Electrical Tools And Equipment Trading And Cont.
	Cummins Limited
	Cummins Middle East FZE
	Cummins Natural Gas Engines, Inc.
	Cummins Norway AS
	Cummins NV
	Cummins Power Generation (China) Co., Ltd.
	Cummins Power Generation Inc.
	Cummins Power Generation Limited UK
	Cummins Power Solutions India Private Limited

Notes to standalone financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
	Cummins Qatar LLC
	Cummins Romania SRL
	Cummins Sales And Service Korea Co. Ltd.
	Cummins Sales And Service Philippines Inc.
	Cummins Sales And Service Sdn. Bhd.
	Cummins Sales And Service Singapore Pte. Ltd.
	Cummins Saudi Arabia L.L.C
	Cummins South Africa (Pty.) Ltd.
	Cummins South Pacific Pty Ltd
	Cummins Southern Plains LLC
	Cummins Spain SL
	Cummins Technologies India Private Limited
	Cummins West Africa Limited
	Cummins Westport Inc.
	Distribuidora Cummins Centroamerica Costa Rica S. De R.L.
	Distribuidora Cummins Centroamerica Guatemala Ltda.
	Distribuidora Cummins Centroamerica Honduras, S.De R.L.
	Distribuidora Cummins De Panama S. De R.L.
	Distribuidora Cummins S.A.
	Distribuidora Cummins Sucursal Paraguay Srl
	Filt Red India Technologies Private Limited
	Fleetguard Filters Private Limited
	Hydrogenics Europe N.V.
	Komatsu Cummins Chile Ltda.
	Shanghai Cummins Trading Co. Ltd.
	Taiwan Cummins Sales & Services Co. Ltd.
	TCPL Green Energy Solutions Private Limited
	Ashwath Ram - Managing Director
	Ajay Patil - Chief Financial Officer
	Vinaya Joshi - Company Secretary
	Jennifer Mary Bush - Chairman of the Board
	Steven Chapman - Chairman of the Board (upto September 30, 2023)
	Donald Jackson
	Bonnie Jean Fetch (w.e.f. November 5, 2022)
	Norbert Nusterer (upto August 26, 2022)
	Lorraine Meyer (upto February 15, 2022)

Notes to standalone financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
	Independent Directors
	- Nasser Munjee
	- Lira Goswami (w.e.f. May 24, 2023)
	- Priya Dasgupta (upto May 24, 2023)
	- Rajeev Bakshi
	- Rama Bijapurkar
	- Rekha (w.e.f. August 11, 2022)
Associate	Cummins Generator Technologies India Private Limited
Joint venture	Valvoline Cummins Private Limited
	Cummins Research and Technology India Private Limited (Refer note 46)
Enterprise with common key management personnel	Tata Cummins Private Limited
	Cummins India Foundation
	New Delhi Law Offices Private Limited (upto May 24, 2023)
	Caltherm Thermostats Private Limited
Employees benefit plans where there is significant influence	Cummins India Limited Officers Provident Fund
	Cummins Group Employees Superannuation Scheme
	Cummins Group Officers Gratuity Scheme

Terms and conditions of transactions with related parties:

- ii) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iii) Liability for post employment benefits, other long term benefits, termination benefits and certain short term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly the amount for above pertaining to key management personnel is not ascertainable and, therefore, not included above.
- iv) Related party transaction, the amount of which is in excess of 10% of the total related party transactions of the same type are disclosed separately.
- v) Services rendered include renting services, testing services, business support services, etc.
- vi) Services received include testing services, solution contract support services, license fees, etc.
- vii) Includes recoveries on account of employee cost, travel costs, training, IT services, etc.

Notes to standalone financial statements for the year ended March 31, 2024

42 As set out in section 135 of the Companies Act, 2013, the Company is required to contribute ₹ 20.01 Crores (March 31, 2023: ₹ 15.57 Crores) towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Board has approved and the Company has contributed ₹ 20.01 Crores (March 31, 2023: ₹ 15.57 Crores) to Cummins India Foundation towards eligible projects as mentioned in Schedule III (including amendments thereto) of the Companies Act, 2013. Apart from the above contribution to Cummins India Foundation, the Company has not made any direct expenditure/contributions of capital nature. Unspent contribution amounting to ₹ 3.67 Crores (March 31, 2023: ₹ 1.55 Crores) has been transferred by the Company to a separate bank account as per the requirement.

43 Financial risk management objectives and policies

Financial risk factors:

The Company has well written policies covering specific areas, such as foreign exchange risk and investments which seek to minimise potential adverse effects on the Company's financial performance due to external factors. The Company uses derivatives to hedge foreign exchange risk exposures. The Company's senior management oversees the management of these risks. All derivatives and investment activities for risk management purposes are carried out by specialist team that has appropriate skills, experience and supervision. As per the Company's policy no trading in derivatives for speculation purpose may be undertaken. The Board of Directors reviews and approves policies for managing each of these risks.

The Company's activities are exposed to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks as follows:

i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, GBP and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in a currency that is not the entity's functional currency.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from recognised assets and liabilities, the Company uses forward contracts.

The following table demonstrates the sensitivity relating to possible change in foreign currencies with all other variables held constant:

Notes to standalone financial statements for the year ended March 31, 2024

₹ Crore

Currency	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
USD	1%	0.21	1.05
Euro	1%	0.05	0.60
Others	1%	0.02	0.15
Total		0.28	1.80

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and financial assets and liabilities denominated in various currencies. Although the derivatives have not been designated in a hedge relationship, they act as economic hedge and offset the underlying transactions when they occur.

ii) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. In order to optimise the Company's position with regards to interest income and interest expense, treasury team manages the interest rate risk by balancing the portion of fixed rate and floating rate in its total portfolio.

Borrowings of ₹ 100 Crores outstanding as at March 31, 2024 (As at March 31, 2023 : ₹ 350.04 Crores) were at floating rate linked to T-Bill / MIBOR + applicable spread.

The following table demonstrates the sensitivity of interest payable:

₹ Crore

	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Working Capital Loan	0.5%	0.01	0.71

iii) Price risk

The Company invests its surplus funds in mutual funds which are linked to debt markets. The Company is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits approved by the Board of Directors.

The following table demonstrates the sensitivity relating to possible change in investment value with all other variables held constant:

Notes to standalone financial statements for the year ended March 31, 2024

₹ Crore

	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Mutual funds	0.5%	2.21	3.45

Profit after tax for the year would increase / decrease as a result of gains / losses on mutual funds classified as at fair value through profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, contract assets, other receivables, deposits with banks and loans given.

Trade receivable and contract assets

Senior management is responsible for managing and analysing the credit risk for each new customer before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 10 and 13.

Other receivables, deposits with banks and loans given

Credit risk from balances with banks is managed by the Company's treasury department in accordance with Company's policy approved by the Risk Management Committee. Investments of surplus funds are made within the credit limits and as per the policy approved by the Board of Directors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance of the above assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5, 9, 11, 12 and 13.

c) Liquidity risk

Notes to standalone financial statements for the year ended March 31, 2024

Cash flow forecasting is performed by Treasury function. Treasury team monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet the operational needs. Such forecasting takes into consideration the compliance with internal cash management policy.

As per the Company's policy, treasury team invests surplus cash in marketable securities and time deposits with appropriate maturities or sufficient liquidity to provide headroom to meet the operational needs. At the reporting date, the Company held mutual funds of ₹ 441.31 Crore (March 31, 2023: ₹ 689.93 Crore) and other liquid assets of ₹ 291.77 Crore (March 31, 2023: ₹ 391.27 Crore) that are expected to readily generate cash inflows for managing liquidity risk.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2024	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	100.00	-	-
Lease liabilities including interest	-	7.75	15.97	0.45
Trade payables	-	1,402.35	-	-
Royalty and support services	-	29.07	-	-
Unpaid dividend	13.26	-	-	-
Retention money	-	7.06	3.75	-
Deposits	-	-	27.45	-
Capital Creditors	-	52.65	18.44	-
Others	-	45.26	-	-

As at March 31, 2023	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	350.04	-	-
Lease liabilities including interest	-	7.12	19.89	0.70
Trade payables	-	1,145.97	-	-
Royalty and support services	-	19.32	-	-
Unpaid dividend	12.79	-	-	-
Retention money	-	8.86	0.25	-
Deposits	-	-	27.36	-
Capital Creditors	-	4.37	-	-
Others	-	55.18	-	-

Notes to standalone financial statements for the year ended March 31, 2024

d) Capital management

The Company's objectives when managing capital is to provide maximum returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other reserves attributable to equity shareholders of the Company.

	₹ Crore	
	March 31, 2024	March 31, 2023
Borrowings	100.00	350.04
Less: Cash and cash equivalents	291.77	391.27
Net debt	(191.77)	(41.23)
Equity	6,163.09	5,367.98
Gearing Ratio (times)	-*	-*

* Gearing ratio is not calculated as the amount of cash and cash equivalents is higher than borrowings

Notes to standalone financial statements for the year ended March 31, 2024

44 Fair values

The following table provides a comparison by class of the carrying amounts and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximations of fair values and investment properties.

	Carrying value		Fair value	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Financial assets				
FVTPL of investments in mutual funds & bonds	441.31	689.93	441.31	689.93
FVTOCI of investments in certificate of deposit (CD)	623.34	357.99	623.34	357.99
FVTOCI of investments in quoted Bonds/NCD	113.54	-	113.54	-
Financial liabilities				
FVTPL of Foreign exchange forward contracts	0.31	0.02	0.31	0.02
Non-current assets				
Investment properties	977.31	1,019.04	1,416.71	1,453.73

The Management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of investments in mutual funds is based on the price quotation at the reporting date obtained from the asset management companies. The Company enters into derivative financial instruments with various counterparties, principally financial institutions. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations.

Notes to standalone financial statements for the year ended March 31, 2024

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as defined in accounting policy 1c, and investment properties by valuation method as defined in Note 3

₹ Crore				
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Investments in mutual funds & bond				
March 31, 2024	-	441.31	-	441.31
March 31, 2023	-	689.93	-	689.93
Financial assets at FVTOCI				
Investments in certificate of deposit				
March 31, 2024	-	623.34	-	623.34
March 31, 2023	-	357.99	-	357.99
Investments in quoted Bonds/NCD				
March 31, 2024	113.54	-	-	113.54
March 31, 2023	-	-	-	-
Financial liabilities at FVTPL				
Forward contracts liability				
March 31, 2024	-	0.31	-	0.31
March 31, 2023	-	0.02	-	0.02
Non-current assets				
Investment properties				
March 31, 2024	-	-	1,416.71	1,416.71
March 31, 2023	-	-	1,453.73	1,453.73

There has been no transfer between Level 1 and Level 2 during the year. For details of valuation method, assumption used for valuation of investment properties, refer note 3.

Notes to standalone financial statements for the year ended March 31, 2024

45 Financial Ratios

No.	Name of the Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	Variance %	Rationale for Variance > 25%
1	Current Ratio	Current assets	Current liabilities	2.90	2.70	7.32%	
2	Debt Equity Ratio	Short term debt + Long term debt	Shareholders' funds	0.02	0.07	-75.12%	During the year, shareholders' funds have increased on account of profits during the year. Borrowings have gone down on account of repayments.
3	Debt Service Coverage Ratio	Net profit after taxes + Depreciation + Interest	Interest + Lease payments + Principal repayments	79.09	74.38	6.33%	
4	Return on Equity Ratio *	Net profits after taxes	Average shareholders funds	29%	22%	28.78%	During the year the Company could achieve higher revenue from operations and higher profits resulting in better Return on Equity Ratio.
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	6.33	6.48	-2.28%	
6	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average trade receivable	4.88	5.45	-10.49%	
7	Trade Payable Turnover Ratio	Net credit purchases	Average trade payable	4.99	5.48	-8.95%	
8	Net Capital Turnover Ratio	Revenue from operations (gross)	Current assets - Current liabilities	2.32	2.43	-4.52%	
9	Net Profit Ratio *	Net profits after taxes	Revenue from operations (gross)	19%	15%	25.60%	During the year the Company could achieve higher revenue from operations and higher profits resulting in better Net Profit Ratio
10	Return on Capital Employed *	Earning before interest and taxes	Total tangible assets - (Current liabilities + Non-current liabilities)	36%	28%	27.04%	During the year the Company could achieve higher revenue from operations and higher profits resulting in higher return on capital employed.
11	Return on Investment *	Earning before interest and taxes	Total assets	25%	20%	25.81%	During the year the Company could achieve higher revenue from operations and higher profits resulting in better Return on Investment

* Exceptional items have been excluded for computation of financial ratios

Notes to standalone financial statements for the year ended March 31, 2024

- 46** The Board of directors of Cummins Research and Technology India Private Limited ('CRTI') at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. The liquidator, appointed by the shareholders at the extra-ordinary general meeting, completed all the procedures pertaining to the voluntary winding-up, and had submitted the dissolution application with the Mumbai Bench of the National Company Law Tribunal ('NCLT') on May 20, 2023. The final order of dissolution (voluntary liquidation) was passed by the NCLT on December 13, 2023 and accordingly, CRTI ceases to exist.
- 47** Exceptional Items during the year ended March 31, 2024 comprise expenses on account of voluntary retirement (VRP) and voluntary separation (VSP) programs aggregating to ₹ 1.70 Crore, and during the year ended March 31, 2023 comprise expenses on account of Voluntary Retirement Scheme ('VRS' or the 'Scheme') aggregating to ₹ 14.30 Crore.

48 Segment Information

In accordance with paragraph 4 of Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

49 Relationship with struck off companies

During the year ended March 31, 2024, the Company has not entered into any transactions with the companies whose names were struck off under applicable regulations.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

Place: **Pune**

Date: **May 29, 2024**

For and on behalf of the Board

Ashwath Ram

Managing Director

DIN: 00149501

Vinaya Joshi

Company Secretary

PAN: AMQPJ5216P

Place: **Pune**

Date: **May 29, 2024**

Nasser Munjee

Director

DIN: 00010180

Place: **Dubai**

Ajay Patil

Chief Financial Officer

PAN: AAJPP9246Q

**CONSOLIDATED FINANCIAL
STATEMENTS
ALONG WITH AUDIT REPORT
FOR FY 2023-24**

Independent Auditor's Report

To the Members of Cummins India Limited Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Cummins India Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), its associate company and joint venture (refer Note - 43 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2024, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, material accounting policy information and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate company and joint venture as at March 31, 2024, and consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flow for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group, its associate company and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 14 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of warranty provision	
(Refer to Note 39 (i) to the consolidated financial statements)	We have performed following procedures:
<p>The Company provides warranty on sale of engines to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period/term of the warranty.</p> <p>In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of voluntary extended warranty services offered pursuant to campaigns, management’s experts are involved in the estimation of the failure rate during the period of campaign.</p> <p>The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the consolidated financial statements. Accordingly, this has been considered as key audit matter.</p>	<ul style="list-style-type: none"> • Understood, evaluated, and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals. • Obtained an understanding of the warranty terms offered by the Company on sale of products. • Assessed management’s estimation process by performing a historical trend analysis for warranty cost accruals made in prior years. • Evaluated the method used by management in making the accounting estimates by verifying source data for various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost and enquiring with management’s experts. • Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations. • Verified the computation for determining the present value in the case of warranty for periods exceeding one year. • Verified the adequacy of the disclosures in the consolidated financial statements. <p>Based on the above audit procedures performed, we did not find any material exceptions with regard to the management assessment of provision for warranty costs and the related disclosures thereof.</p>

Other Information

5. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the

other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 14 below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow, and changes in equity of the Group including its associate company and joint venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate company and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate company and joint venture are responsible for assessing the ability of the Group and of its associate company and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
8. The respective Board of Directors of the companies included in the Group and of its associate company and joint venture are responsible for overseeing the financial reporting process of the Group and of its associate company and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate company and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate company and joint venture to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate company and joint venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
11. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 151.96 crore and Rs. 91.78 crore for the year ended March 31, 2024 as considered in the consolidated financial statements, in respect of one associate Company and one joint venture respectively, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these associate company and joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

15. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the companies which are included in these Consolidated Financial Statements.
16. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except in case of subsidiary, the backup of books of account and other books and papers maintained in electronic mode has not been maintained on a daily basis on servers physically located in India during the year and the matters stated in paragraph 16(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules").
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company

and the reports of the statutory auditors of its subsidiary company, associate company and joint venture incorporated in India, none of the directors of the Group companies, its associate company and joint venture incorporated in India is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 16(b) above on reporting under Section 143(3)(b) and paragraph 16(h)(vi) below on reporting under Rule 11(g) of the Rules.
- (g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associate company and joint venture—Refer Note 36 to the consolidated financial statements.
 - ii. The Group, its associate company and joint venture did not have any long-term contracts including derivative contracts as at March 31, 2024 for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, associate company and joint venture incorporated in India during the year.
 - iv. (a) The respective Managements of the Company and its subsidiary/joint venture/associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such joint venture/associate respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiary/joint venture/associate to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiary/joint venture/associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its subsidiary/ joint venture/ associate which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such joint venture/associate respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary/joint venture/associate from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiary/ joint venture/associate shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate

Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the joint venture/associate which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor’s notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend declared and paid during the year by the Holding Company, its associate company and joint venture, is in compliance with Section 123 of the Act. The subsidiary Company has not declared/paid any dividend during the year.
- vi. Based on our examination, which included test checks and that performed by the respective auditors of the associate and joint venture, which are companies incorporated in India whose financial statements have been audited under the Act, other than in respect of one joint venture as described below, the Group and its associate have used accounting software for maintaining books of account which have a feature of recording audit trail (edit log) facility. However, the audit trail feature did not operate throughout the year. Accordingly, the question of our commenting on whether the audit trail was tampered with, does not arise.

The following remark was included in the audit report dated May 21, 2024, containing an unmodified audit opinion on the financial statements of Valvoline Cummins Private Limited, a joint venture of the Holding Company issued by an independent firm of Chartered Accountants, which is reproduced as under:

Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled for direct changes, if any, made using certain privileged or administrative access rights to the underlying database. Further, during the course of our audit no instance of audit trail feature being tampered with was noted in respect of the accounting software.

- 17. The Group has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the associate company and joint venture.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 24048125BKGOUR5375

Place: Pune

Date: May 29, 2024

Annexure A to Independent Auditor's Report

Referred to in paragraph 16(g) of the Independent Auditor's Report of even date to the members of Cummins India Limited on the consolidated financial statements for the year ended March 31, 2024

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to financial statements of Cummins India Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, its associate company and joint venture, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company, its associate company and joint venture, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

6. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary company, its associate company and joint venture, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one associate company and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 24048125BKGOUR5375

Place: Pune

Date: May 29, 2024

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

₹ Crore

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,158.89	1,132.77
Capital work-in-progress (including investment property in progress)	2.3	94.65	41.29
Right-of-use assets	37	36.56	36.20
Investment properties	3	977.31	1,019.04
Intangible assets	2.2	129.68	37.80
Intangible assets under development	2.3	2.16	-
Financial assets			
Investments in joint ventures and an associate	4	463.31	409.52
Other non-current financial assets	5	13.92	12.24
Income tax assets (net)	6	57.85	35.29
Other non-current assets	7	93.98	96.02
		3,028.31	2,820.17
Current assets			
Inventories	8	949.65	903.66
Financial assets			
Investments	9	1,178.19	1,047.92
Trade receivables	10	2,085.35	1,597.12
Cash and cash equivalents	11	299.89	396.69
Other bank balances	12	1,212.89	989.54
Other current financial assets	13	38.73	42.85
Other current assets	14	174.81	119.55
Assets classified as held for sale	15	2.69	1.14
		5,942.20	5,098.47
	TOTAL	8,970.51	7,918.64
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	55.44	55.44
Other equity			
Retained earnings	17	5,383.85	4,540.26
Other reserves	17	1,173.03	1,162.54
		6,612.32	5,758.24
Non-current liabilities			
Financial liabilities			
Lease liabilities	37	19.85	20.07
Other non-current financial liabilities	18	61.29	40.80
Provisions	19	120.98	105.08
Deferred tax liabilities (net)	20	87.18	100.83
Other non-current liabilities	21	11.96	3.27
		301.26	270.05
Current liabilities			
Financial liabilities			
Borrowings	22	100.00	350.04
Trade payables			
Total outstanding dues of micro and small enterprises	23	72.14	70.03
Total outstanding dues of creditors other than micro and small enterprises	23	1,336.63	1,079.47
Lease liabilities	37	7.13	5.98
Other current financial liabilities	24	150.51	102.99
Other current liabilities	25	226.84	144.52
Provisions	19	163.68	137.32
		2,056.93	1,890.35
	TOTAL	8,970.51	7,918.64

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: **Pune**
Date: **May 29, 2024**

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations	26	9,000.20	7,772.09
Other income	27	378.07	308.15
Total income		9,378.27	8,080.24
Expenses:			
Cost of materials consumed	28.1	4,813.39	4,567.98
Purchases of traded goods		939.16	781.23
Change in inventories of finished goods, work-in-progress and traded goods	28.2	18.37	(126.69)
Employee benefits expense	29	801.37	648.88
Finance costs	30	27.40	16.24
Depreciation and amortisation expense	2, 3, 37	159.18	142.04
Other expenses	31	658.25	652.95
Total expenses		7,417.12	6,682.63
Profit before exceptional items, share of profit of joint ventures and associate and tax		1,961.15	1,397.61
Exceptional items (expense) / income	51	(1.70)	(14.30)
Profit after exceptional items before share of profit of joint ventures and associate and before tax		1,959.45	1,383.31
Share of profit of joint ventures and associate after tax		245.16	207.98
Profit before tax		2,204.61	1,591.29
Tax expense			
Current tax	20	510.78	355.63
Deferred tax	20	(11.11)	5.95
Tax for earlier years	20	(15.64)	1.56
Total tax expense		484.03	363.14
Profit after tax		1,720.58	1,228.15
Other Comprehensive Income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement (loss)/ gain on defined benefit plans		(21.09)	5.67
Income tax effect		5.30	(1.43)
Items to be reclassified to profit or loss in subsequent periods			
Changes in the fair value of financial instruments		(0.62)	(0.13)
Income tax effect		0.16	0.03
Other comprehensive (expense) / income, net of tax		(16.25)	4.14
Share in joint ventures' and associate's OCI after tax (net) not to be reclassified to profit or loss in subsequent periods		(1.42)	(0.55)
Total Other comprehensive (expense) / income for the year, net of tax		(17.67)	3.59
Total comprehensive income for the year, net of tax		1,702.91	1,231.74
Earnings per equity share:			
Basic and diluted earnings per share (₹)	32	62.07	44.31
(Nominal value per share ₹ 2)			

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: **Pune**
Date: **May 29, 2024**

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

	Particulars	Year ended March 31, 2024	Year Ended March 31, 2023
I.	Cash generated from operating activities		
	Profit before tax	2,204.61	1,591.29
a)	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation expense	159.18	142.04
	Finance costs	27.40	16.24
	Interest income	(120.68)	(73.76)
	Loss/(gain) on assets sold, discarded, etc.	(1.60)	(2.49)
	(Gain)/loss on redemption /sale of investments (net)	(52.20)	(43.89)
	Equity contribution from Holding company	10.49	5.23
	Unrealised foreign exchange fluctuation (net)	(14.16)	(14.07)
	Mark to market ('MTM') of financial instruments	0.31	0.02
	Provision for doubtful debts and advances (net)	0.53	1.01
	Share of profit of joint ventures and associate	(245.16)	(207.98)
	Exceptional Items (Note 51)	1.70	14.30
		(234.19)	(163.35)
b)	Working capital adjustments		
	Trade receivables	(520.93)	(363.41)
	Inventories	(45.99)	(166.24)
	Current and non-current financial assets	(2.17)	7.41
	Other current and non-current assets	(54.34)	31.37
	Trade payables	285.25	169.46
	Current and non-current financial liabilities	65.83	18.95
	Other current and non-current liabilities	77.47	30.75
	Current and non-current provisions	11.04	15.56
		(183.84)	(256.15)
	Total adjustments (a+b)	(418.03)	(419.50)
	Cash generated from operating activities	1,786.58	1,171.79
	Tax paid (net of refunds and interest thereon)	(501.24)	(352.13)
	Net cash generated from operating activities	1,285.34	819.66
II.	Cash flows (used in)/from investing activities		
	Purchase of property, plant and equipment, intangible assets and investment property	(286.02)	(162.06)
	Proceeds from sale of property, plant and equipment	6.05	7.32
	Intangible assets under development	(2.16)	0.41
	Interest received	120.64	73.76
	Dividend received (including received from associate and joint ventures)	189.95	112.07
	Investments		
	Sale/(Purchase) of short term investments (net)	(78.07)	(426.38)
	Term deposits with banks	(218.62)	464.02
	Net cash (used in)/from investing activities	(268.23)	69.14

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

₹ Crore

Particulars	Year ended March 31, 2024	Year Ended March 31, 2023
III. Cash flows (used in)/from financing activities		
Proceeds from borrowings/repayment (net)	(250.04)	(44.64)
Finance costs	(17.88)	(13.04)
Payment of principal portion of lease liabilities	(7.01)	(5.96)
Dividend paid (including tax on dividend)	(859.32)	(623.70)
Net cash (used in)/from financing activities	(1,134.25)	(687.34)
IV. Net change in cash and cash equivalents (I+II+III)	(117.14)	201.46
V. Net foreign exchange difference	20.34	17.80
VI. Cash and cash equivalents at the beginning of the year	396.69	177.43
VII. Cash and cash equivalents at the end of the year (IV+V+VI)	299.89	396.69
Components of cash and cash equivalents		
Cash on hand	-	0.01
Bank balances		
In current accounts	124.32	166.43
Deposits with banks (original maturity less than 3 months)	175.57	230.03
Cheque in hand	-	0.22
Total cash and cash equivalents (Refer note 11)	299.89	396.69

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

Place: **Pune**
Date: **May 29, 2024**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

A) Equity share capital

Particulars	₹ Crore
As at April 1, 2022	55.44
Changes in equity share capital during the year ended March 31, 2023	-
As at March 31, 2023	55.44
Changes in equity share capital during the year ended March 31, 2024	-
As at March 31, 2024	55.44

B) Other equity

₹ Crore

Particulars	Retained earnings (Refer note 17)		Other reserves (Refer note 17)			Total
	Statement of profit and loss	Other comprehensive income (OCI)	General reserve	Capital redemption reserve	Equity contribution from Cummins Inc. - share based payments*	
Balance as at April 1, 2022	3,972.02	(39.80)	1,142.02	0.70	14.59	5,089.53
Add: Profit for the year	1,228.15	-	-	-	-	1,228.15
Add/(Less): Other comprehensive income						-
- Items not to be reclassified to profit or loss in subsequent periods	-	3.69	-	-	-	3.69
- Items to be reclassified to profit or loss in subsequent periods	-	(0.10)	-	-	-	(0.10)
Total comprehensive income for the year	1,228.15	3.59	-	-	-	1,231.74
Add: Equity contribution during the year	-	-	-	-	5.23	5.23
Less: Dividends paid						
- Interim dividend	332.64	-	-	-	-	332.64
- Final dividend for FY 2021-2022	291.06	-	-	-	-	291.06
Balance as at March 31, 2023	4,576.47	(36.21)	1,142.02	0.70	19.82	5,702.80
Add: Profit for the year	1,720.58	-	-	-	-	1,720.58
Add/(Less): Other comprehensive income						-
- Items not to be reclassified to profit or loss in subsequent periods	-	(17.21)	-	-	-	(17.21)
- Items to be reclassified to profit or loss in subsequent periods	-	(0.46)	-	-	-	(0.46)
Total comprehensive income for the year	1,720.58	(17.67)	-	-	-	1,702.91
Add: Equity contribution during the year	-	-	-	-	10.49	10.49
Less: Dividends paid						
- Interim dividend	498.96	-	-	-	-	498.96
- Final dividend for FY 2022-2023	360.36	-	-	-	-	360.36
Balance as at March 31, 2024	5,437.73	(53.88)	1,142.02	0.70	30.31	6,556.88

* Scheme managed and administered by the Holding Company.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Pune
Date: May 29, 2024

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 29, 2024

Nasser Munjee
Director
DIN: 00010180
Place: Dubai

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Notes to consolidated financial statements for the year ended March 31, 2024

1A Material accounting policy information

a) Corporate information

The consolidated financial statements comprise the financial statements of Cummins India Limited ('CIL' or 'the Company') and its subsidiary (together referred to as 'the Group') for the year ended March 31, 2024. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Cummins India Office Campus, Balewadi, Pune. The Group is principally engaged in the business of manufacturing, trading and selling of engines and allied activities.

The consolidated financial statements of the Group for the year ended March 31, 2024 were authorised for issue in accordance with the resolution of the directors on May 29, 2024.

b) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of division II of schedule III to the Companies Act, 2013 (Ind AS compliant schedule III).

The consolidated financial statements are prepared on a historical cost basis, except for the following assets and liabilities:

- certain financial assets and financial liabilities (including derivative instruments) which have been measured at fair value;
- assets held for sale are measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans - Plan assets are measured at fair value.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Principles of consolidation

i) Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Group and are not consolidated from the date that control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Notes to consolidated financial statements for the year ended March 31, 2024

Consolidation procedure: The financial statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra-group balances and intra-group transactions and resulting unrealised profits/ losses have been eliminated. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss on each component of OCI are attributed to the equity holders of parent of the Group and to the non- controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year end on March 31.

ii) Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint venture companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition changes in the investor's share of net assets of the associate or joint venture.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. If an entities share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether

Notes to consolidated financial statements for the year ended March 31, 2024

it is necessary to recognise an impairment loss on its investment in its associate and joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in Statement of Profit and Loss.

The list of entities included in consolidation, relationship with CIL and CIL's shareholding therein is as under:

Name of the Company	March 31, 2024		March 31, 2023	
	Relationship	Shareholding	Relationship	Shareholding
Cummins Sales & Service Private Limited (Formerly known as "Cummins SVAM Sales & Service Private Limited")	Subsidiary	100%	Subsidiary	100%
Cummins Research and Technology India Private Limited (Refer note 40)	-	-	-	-
Valvoline Cummins Private Limited	Joint Venture	50%	Joint Venture	50%
Cummins Generator Technologies India Private Limited	Associate	48.54%	Associate	48.54%

All the above entities are incorporated in India.

d) Fair value Measurements

The Group measures financial instruments at fair value on initial recognition and at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value

Notes to consolidated financial statements for the year ended March 31, 2024

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability; or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Other fair value related disclosures are given in the relevant notes:

Disclosures for valuation methods, significant estimates and assumptions	Note 35 and 47
Financial instruments (including those carried at amortised cost)	Note 4, 5, 9 to 13
Investment Properties	Note 3 and 47

Notes to consolidated financial statements for the year ended March 31, 2024

e) Property, plant and equipment and investment properties

Property plant and equipment, capital work in progress and investment properties are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property plant and equipment/ investment properties are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial year in which they are incurred.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Depreciation is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Assets	Useful life
Roads	10 years
Office building and investment properties	upto 60 years
Factory building	30 years
Plant and machinery	3 to 15 years
Furniture and fittings	5 to 10 years
Vehicles	8 to 9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Freehold land is carried at cost. Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Leasehold improvements are amortised on straight line basis over the period of lease. Transfers are made to investment properties only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Notes to consolidated financial statements for the year ended March 31, 2024

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use (3-5 years), being the estimated useful life as per the management estimate or license term whichever is less. The amortisation period for an intangible asset with finite useful life is reviewed atleast at the end of each reporting period.

Losses arising from the retirement of, and gains and losses arising from disposal of intangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

g) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress : cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Traded goods : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Material cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Material in transit is valued at cost incurred till date.

h) Foreign currency transactions

The Group's consolidated financial statements are presented in INR (₹), which is also CIL and subsidiary's functional currency.

Transactions in foreign currencies are accounted at the functional currency spot rates prevailing on the date of transactions. Monetary foreign currency financial assets and liabilities are translated at functional currency spot rates of exchange at the reporting date. The resulting exchange differences are appropriately recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items

Notes to consolidated financial statements for the year ended March 31, 2024

measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item.

i) Revenue recognition

i) Revenue from sale of products

Revenue from contracts with customers for sale of products is recognised, generally at a point in time, when control of the goods is transferred to the customer at an amount that reflects the transaction price which is the consideration that the Group expects to be entitled in exchange for those goods, excluding taxes or duties collected on behalf of the government e.g. goods and service tax (GST). The Group has generally concluded that it is the principal in its revenue arrangements.

ii) Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

iii) Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

iv) Sale of services - installation services

The Group provides installation services that can be either sold separately or bundled together with the sale of products to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the product sold. Contracts for bundled sales of products and installation services are comprised of two performance obligations because the promises to transfer products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative standalone selling prices of the products and installation services. The Group recognises revenue from installation services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from sale of products is recognised at a point in time, generally upon delivery of the products.

Notes to consolidated financial statements for the year ended March 31, 2024

v) Sale of services - service contracts

The Group has long-term service contracts with customers. Revenue from service contracts is recognised over time i.e based on the proportionate completion method. Completion is determined as a proportion of costs incurred till date to the total estimated contract costs. Provision is made for any loss in the period in which it is foreseen. The Group considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

In case of other service contracts, revenue is recognized over time, using input/output method, when services are rendered and on receipt of confirmation from customers, as the case may be.

vi) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

vii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

viii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

- ix) Interest income is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR the Group, estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit and Loss.
- x) Rental income is recognised on straight-line basis over the lease term, other than escalations on account of inflation.
- xi) Dividend income from investments is recognised when the right to receive payment is established.

Notes to consolidated financial statements for the year ended March 31, 2024

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section “o” impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Notes to consolidated financial statements for the year ended March 31, 2024

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices and warehouses. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising on such leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Employee benefits

The Group operates following post-employment schemes, including both defined benefit and defined contribution plans.

A) Post-employment benefits

i) Defined contribution plans:

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has defined contribution plans for post employment benefits in the form of superannuation fund for management employees and provident fund for non management employees which is administered by Life Insurance Corporation of India / Regional Provident Fund Commissioner. In case of superannuation fund for management employees and provident fund for non management employees, the Group has no further obligation beyond making the contributions. The contributions are accounted for as employee benefit expense when they are due. Prepaid contribution is recognised as an asset to the extent cash refund or reduction in future contribution is available.

ii) Defined benefit plans:

Funded Plan: The Group has defined benefit plans for post-employment benefits in the form of gratuity for all employees, pension for non management employees and provident fund for management employees which are administered through Group managed trust / Life Insurance Corporation of India.

Notes to consolidated financial statements for the year ended March 31, 2024

Unfunded Plan: The Group has unfunded defined benefit plans in the form of post retirement medical benefits (PRMB) and Ex-gratia benefits as per the policy of the Group.

Liability for above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is Projected Unit Credit method. In case of provident fund for management employees, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's contributions and such shortfall are charged to the Statement of Profit and Loss as and when incurred.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated Statement of Profit and Loss:

- Service costs comprising current Service costs, past-Service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

B) Other employee benefit (unfunded):

Liability for compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is Projected Unit Credit method. Under this method, projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for active members of the plan. The "projected accrued benefit" is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

Termination benefits are recognized as an expense as and when incurred.

The present value of defined benefit obligation denominated in INR (₹) is determined by discounting the estimated future cash flows by reference to the market yield at the end of the reporting period on the government bonds that have terms approximately equal to the terms of the related obligation.

Notes to consolidated financial statements for the year ended March 31, 2024

l) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

m) Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the consolidated financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Notes to consolidated financial statements for the year ended March 31, 2024

n) Provisions and contingent liabilities

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o) Impairment of non financial assets

The Group tests non financial assets for impairment at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an asset, i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

q) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is either recorded as deferred income and is recognised as income on a systematic and rational basis over the useful life of the asset, or adjusted against the cost of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is

Notes to consolidated financial statements for the year ended March 31, 2024

regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

r) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Trade receivables that do not contain a significant financing component are measured at transaction price. For all subsequent measurements financial assets are classified in following categories:

A) Debt instruments

- i) Debt instruments at amortised cost: Debt instrument is measured at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

- ii) Debt instruments fair value through OCI (FVTOCI): Debt instrument is classified as FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).
- iii) Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVTOCI are classified as FVTPL. The Group has not classified any debt under this category.

Notes to consolidated financial statements for the year ended March 31, 2024

B) Equity instruments

Equity instruments held for trading are classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in OCI the subsequent changes in fair value. The Group makes such election on an instrument by instrument basis. If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends are recognized in OCI. There is no recycling of the amount from OCI to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity.

The Group has elected to present all equity instruments, other than those in joint ventures and associate, through FVTPL and all subsequent changes are recognized in Statement of Profit and Loss.

C) Derecognition

A financial asset (or wherever applicable, a part of the financial asset or part of a Group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either a) the Group has transferred substantially all risks and rewards of the asset or b) has transferred control of the asset.

D) Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, lease receivable and bank balances.

The Group follows simplified approach for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Group uses a provision matrix, based on the age of the receivables classified into various age buckets, to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Group has presumed that default doesn't occur later than when a financial asset is 90 days past due.

Notes to consolidated financial statements for the year ended March 31, 2024

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in Statement of Profit and Loss . This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The impairment loss is presented as an allowance in the balance sheet as a reduction from the net carrying amount of the trade receivable, loan, deposits and lease receivable respectively.

Financial liabilities

All financial liabilities are initially recognised at fair value. The Group's financial liabilities include trade and other payables, other financial liabilities, loans and borrowings and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as FVTPL or at amortised cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in Statement of Profit or Loss.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently re measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

Embedded derivatives: An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial

Notes to consolidated financial statements for the year ended March 31, 2024

instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reclassification of financial instruments

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Group reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

s) Dividend distribution

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group.

1B Other accounting policies

a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Notes to consolidated financial statements for the year ended March 31, 2024

b) Earning per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to consolidated financial statements for the year ended March 31, 2024

2.1 Property, plant and equipment (PPE)

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block
	As at April 1, 2023	Additions	Adjustment **	Deductions/ Write-off	As at March 31, 2024	For the year	Adjustment **	Deductions/ Write-off	
Tangible Assets:									
Freehold land @	29.72	-	(0.03)	-	29.69	-	-	-	29.69
Leasehold improvements	11.57	0.62	0.03	0.01	12.21	0.23	-	0.01	1.26
Roads	31.72	0.30	-	-	32.02	0.81	-	-	23.84
Buildings #	788.27	24.11	(4.07)	0.49	807.82	18.63	(3.36)	0.37	182.06
Plant and machinery #	1,142.99	98.41	(8.63)	47.78	1,184.99	68.49	(7.82)	43.42	713.97
Furniture and fittings #	50.28	0.61	0.48	0.68	50.69	4.16	0.50	0.71	38.92
Vehicles	5.02	0.81	(0.42)	0.28	5.13	0.40	(0.38)	0.28	3.62
	2,059.57	124.86	(12.64)	49.24	2,122.55	92.72	(11.06)	44.79	963.67
									1,158.89

2.2 Intangible assets

Particulars	Gross block				Depreciation and Amortisation				Net block
	As at April 1, 2023	Additions	Adjustment **	Deductions/ Write-off	As at March 31, 2024	For the year	Adjustment **	Deductions/ Write-off	
Software	11.73	6.89	-	-	18.62	0.72	-	-	10.82
Technical knowhow	20.60	101.00	-	-	121.60	8.40	-	-	29.00
Development cost	48.25	-	-	-	48.25	6.89	-	-	18.97
	80.58	107.89	-	-	188.47	16.01	-	-	58.79
									129.68

Notes to consolidated financial statements for the year ended March 31, 2024

2.3 Capital work-in-progress (including investment property in progress) and intangible assets under development

Particulars	As at April 1, 2023	Additions			Total Additions	Capitalisation			Total Capitalisation	As at March 31, 2024
		PPE	Intangible assets	Investment properties		PPE	Intangible assets	Investment properties		
Capital work-in-progress	41.29	178.33	-	-	178.33	123.93	-	1.04	124.97	94.65
Intangible assets under development	-	-	110.05	-	110.05	-	107.89	-	107.89	2.16
	41.29	178.33	110.05	-	288.38	123.93	107.89	1.04	232.86	96.81

2.4 Capital work-in-progress (including investment property in progress) and intangible assets under development aging schedule *

Projects in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	93.10	0.63	0.02	0.90	94.65
Intangible assets under development	2.16	-	-	-	2.16
	95.26	0.63	0.02	0.90	96.81

*Capital work-in-progress includes projects amounting to ₹ 0.90 Crore whose completion is overdue on account of procedural delays and will be completed in the next 1 year.

NOTES:

- @ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.
- 2) Includes undivided share of land, on purchase of office premises.

** includes reclassification from / to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to consolidated financial statements for the year ended March 31, 2024

2.1 Property, plant and equipment (PPE)

₹ Crore

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2022	Additions	Adjustment **	Deductions / Write-off	As at March 31, 2023	As at April 1, 2022	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2023	As at March 31, 2023
Tangible Assets:											
Freehold land @	36.12	0.04	(6.44)	-	29.72	-	-	-	-	-	29.72
Leasehold improvements	7.21	5.05	-	0.69	11.57	1.54	0.18	-	0.68	1.04	10.53
Roads	30.60	1.12	-	-	31.72	21.48	1.55	-	-	23.03	8.69
Buildings #	848.65	27.68	(87.51)	0.55	788.27	160.99	17.74	(11.14)	0.43	167.16	621.11
Plant and machinery #	1,064.44	113.96	27.34	62.75	1,142.99	669.83	59.85	25.51	58.47	696.72	446.27
Furniture and fittings #	51.60	0.20	0.68	2.20	50.28	31.99	4.46	0.32	1.80	34.97	15.31
Vehicles	5.11	-	0.12	0.21	5.02	3.54	0.42	0.11	0.19	3.88	1.14
	2,043.73	148.05	(65.81)	66.40	2,059.57	889.37	84.20	14.80	61.57	926.80	1,132.77

2.2 Intangible assets

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2022	Additions	Adjustment **	Deductions / Write-off	As at March 31, 2023	As at April 1, 2022	For the year	Adjustment **	Deductions / Write-off	As at March 31, 2023	As at March 31, 2023
Software	8.30	3.43	0.08	0.08	11.73	7.68	2.42	0.06	0.06	10.10	1.63
Technical knowhow	20.60	-	-	-	20.60	20.60	-	-	-	20.60	-
Development cost	48.25	-	-	-	48.25	6.89	5.19	-	-	12.08	36.17
	77.15	3.43	0.08	0.08	80.58	35.17	7.61	0.06	0.06	42.78	37.80

Notes to consolidated financial statements for the year ended March 31, 2024

2.3 Capital work-in-progress (including investment property in progress) and intangible assets under development

Particulars	As at April 1, 2022	Additions			Total Additions	Capitalisation			Total Capitalisation	As at March 31, 2023
		PPE	Intangible assets	Investment properties		PPE	Intangible assets	Investment properties		
Capital work-in-progress	60.37	128.16	-	1.82	129.98	147.70	-	1.36	149.06	41.29
Intangible assets under development	0.41	-	3.02	-	3.02	-	3.43	-	3.43	-
	60.78	128.16	3.02	1.82	133.00	147.70	3.43	1.36	152.49	41.29

2.4 Capital work-in-progress (including investment property in progress) and intangible assets under development aging schedule *

Projects in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Capital work-in-progress	33.59	5.46	1.42	0.82	41.29
Intangible assets under development	-	-	-	-	-
	33.59	5.46	1.42	0.82	41.29

*Capital work-in-progress includes projects amounting to ₹ 2.77 Crore whose completion is overdue on account of procedural delays and will be completed in the next 1 year.

NOTES:

- @ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.
- 2) Includes undivided share of land, on purchase of office premises.

** includes reclassification from assets held for sale and to investment properties (Refer note 3)

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to consolidated financial statements for the year ended March 31, 2024

3 Investment properties

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Gross		
Opening balance	1,260.19	1,165.77
Additions	1.04	1.36
Deductions	-	0.93
Re-classification from property, plant and equipment	-	93.99
Closing balance	1,261.23	1,260.19
Accumulated Depreciation		
Opening balance	241.15	186.74
Depreciation	42.77	43.54
Deductions	-	0.28
Re-classification from property, plant and equipment	-	11.15
Closing balance	283.92	241.15
Net	977.31	1,019.04

Information regarding income and expenditure of investment properties

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Rental income derived from investment properties	142.71	127.67
Direct operating expenses (including repairs and maintenance) generating rental income	11.78	10.57
Profit arising from investment properties before depreciation and indirect expenses	130.93	117.10
Less: Depreciation	42.77	43.54
Profit arising from investment properties before indirect expenses	88.16	73.56

The investment properties consist of office premises and plants. As at March 31, 2024 the fair value of the properties is ₹ 1,416.71 Crore (As at March 31, 2023: ₹ 1,453.73 Crore). These fair values are based on valuations performed by a registered valuer, as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. A valuation model as recommended by International Valuation Standards Committee has been applied. The Company considers factors like management intention, terms of rental agreements, area leased out, life of the assets etc. to determine classification of assets as investment properties. The rental income considered in the table above is from the date of rental agreement or date of re-classification from property, plant and equipment as applicable.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value disclosures for investment properties are provided in Note 47.

Notes to consolidated financial statements for the year ended March 31, 2024

Description of valuation techniques used and key inputs to valuation on investment properties

Valuation technique	Significant unobservable inputs	Range (weighted average) March 31, 2024	Range (weighted average) March 31, 2023
Income approach (Discounted Cash Flow (DCF) method)	Estimated rental value per sq ft per month	₹ 31.50 - ₹ 131.46	₹ 31.50 - ₹ 131.46
	Rent growth p.a.	3% - 15% every 3 years or based on market assessment	3% - 15% every 3 years or based on market assessment
	Discount rate	12.05%	10.92% to 11.92%

As per the DCF method, fair value is defined as the present value of future cash flows that can be withdrawn from the Group. To estimate the cash flows available, projected cash flows of the Group are considered for certain future years (explicit forecast period). Based on the projected cash flows, the free cash flows from subject properties are estimated. The Group has discounted the net cash flows to arrive at the present value of free cash flows. After the explicit period, the subject properties will continue to generate cash. In DCF method, therefore, perpetuity value/capitalized value/terminal value is also considered to arrive at the value of the subject properties.

4 Non-current investments

As at			As at	
March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2023
Units	Units		₹ Crore	₹ Crore
		Investments in joint venture and associate		
		Unquoted equity instruments		
95,00,000	95,00,000	Investment in joint venture (fully paid up)(Refer note 40) Valvoline Cummins Private Limited (% Holding: 50%) (Incorporated in India)	152.02	140.99
7,79,997	7,79,997	Investment in associate (fully paid up) (Refer note 41) Cummins Generator Technologies India Private Limited (% Holding : 48.54%) (Incorporated in India)	311.29	268.53
		Total	463.31	409.52

Notes to consolidated financial statements for the year ended March 31, 2024

5 Other non-current financial assets (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good		
Security deposits	13.92	12.05
Employee benefit plan assets (Refer note 42)	-	0.19
Total	13.92	12.24

6 Income tax assets (net)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Advance income tax (net of provision for taxation)	57.85	35.29
Total	57.85	35.29

7 Other non-current assets

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good		
Capital advances	49.60	50.75
Balances with statutory/government authorities	43.49	43.91
Others *	0.89	1.36
Total	93.98	96.02

* Others include prepaid expenses

8 Inventories

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Raw materials and components (includes goods in transit)	518.55	454.31
Work-in-progress (includes goods lying with third parties)	197.34	206.64
Finished goods (includes goods in transit and lying with third parties) *	196.74	202.99
Traded goods (includes goods in transit) *	22.95	25.77
Stores and spares	4.58	5.64
Loose tools	9.49	8.31
Total	949.65	903.66

* During the year ended March 31, 2024 ₹ 2.42 crore (March 31, 2023 : ₹ 0.67 crore) was recognised as an expense / (reversal) for inventories carried at net realisable value.

Notes to consolidated financial statements for the year ended March 31, 2024

9 Current investments

As at			As at	
March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2023
Units	Units		₹ Crore	₹ Crore
		Current investments		
		Unquoted mutual funds valued at fair value through profit and loss		
10,28,653	-	Aditya Birla Sun Life Liquid Fund - Growth-Direct Plan	40.08	-
39,388	-	Axis Liquid Fund - Regular Growth	10.49	-
1,12,015	-	Axis Liquid Fund - Direct Growth	30.06	-
31,737	-	HDFC Liquid Fund - Direct Plan - Growth Option	15.06	-
-	1,49,467	HDFC Liquid Fund - Regular Plan - Growth	-	65.53
43,501	43,501	HDFC Money Market Fund - Direct Plan - Growth Option	23.06	21.41
1,45,726	-	HSBC Liquid Fund - Direct Growth	35.06	-
6,65,554	6,65,554	ICICI Prudential Money Market Fund - Growth	23.00	21.37
8,41,074	25,76,902	ICICI Prudential Liquid Fund - Direct Plan - Growth	30.06	85.86
61,611	2,22,188	Kotak Liquid Fund Direct Plan Growth	30.06	101.06
77,663	-	Kotak Money Market Fund - Growth (Regular Plan)	31.77	-
34,135	2,38,720	Nippon India Liquid Fund - Direct Plan Growth Plan Growth Option	20.17	131.46
70,084	-	Nippon India Money Market Fund - Growth Plan Growth Option	26.49	-
53,017	3,14,680	SBI Liquid Fund Direct Growth	20.04	110.87
78,59,615	-	SBI Savings Fund - Direct Plan - Growth	31.79	-
89,370	-	Tata Liquid Fund Direct Plan - Growth	34.05	-
-	4,12,977	UTI Liquid Cash Plan - Direct Plan Growth	-	152.37
1,01,238	-	UTI Liquid Fund - Direct Plan Growth	40.07	-
		Value of unquoted mutual funds	441.31	689.93

Notes to consolidated financial statements for the year ended March 31, 2024

As at			As at	
March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2023
Units	Units		₹ Crore	₹ Crore
		Unquoted Certificate of Deposit valued at fair value through OCI		
7,000	3,000	7.50% HDFC Bank Limited	336.18	144.15
-	3,000	7.60% ICICI Bank Limited	-	142.58
4,000	-	7.55% HDFC Bank Limited	192.10	-
-	1,500	7.58% HDFC Bank Limited	-	71.26
2,000	-	7.84% HDFC Bank Limited	95.06	-
		Value of unquoted certificate of deposit	623.34	357.99
		Aggregate value of unquoted investments	1,064.65	1,047.92
		Other investments		
		Quoted Bonds/NCD valued at fair value through OCI		
3,00,000	-	Non Convertible Debentures - 7.4500% PFC	31.33	-
200	-	5.27% NABARD 23/07/2024	20.57	-
2,000	-	REC/Bonds/227-A Series	20.65	-
2,000	-	7.79% SIDBI 2027-Series VI of FY 2023-24	20.45	-
2,000	-	REC/Bonds/ 229 A Series	20.54	-
		Value of quoted bonds / NCD	113.54	-
		Aggregate value of quoted investments	113.54	-
		Total	1,178.19	1,047.92

Notes to consolidated financial statements for the year ended March 31, 2024

10 Trade receivables (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Trade receivables	1,763.16	1,213.77
Receivables from related parties (Refer note 43)	322.19	383.35
Total	2,085.35	1,597.12
Break up for security details		
Secured, considered good	291.70	378.19
Unsecured, considered good	1,793.65	1,218.93
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - credit impaired	7.45	7.79
	2,092.80	1,604.91
Impairment loss allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Provision for impairment	-	-
Trade receivable - credit impaired	(7.45)	(7.79)
	(7.45)	(7.79)
Total	2,085.35	1,597.12

No trade receivable or advances are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 13.16 crore (March 31, 2023 : ₹ 16.49 crore). Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions and transactions with related parties refer note 43.

Notes to consolidated financial statements for the year ended March 31, 2024

Trade receivables aging schedule

₹ Crore

Particulars	As at	Unbilled	Outstanding for following periods from due date of payment					Total	
			Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years		More than 3 years
(i) Undisputed trade receivables - considered good	March 31, 2024	26.50	1,970.09	68.16	7.63	4.13	3.55	5.29	2,085.35
	March 31, 2023	21.88	1,463.75	84.76	12.08	7.78	3.58	3.29	1,597.12
(ii) Undisputed trade receivables - which have significant increase in credit risk	March 31, 2024	-	-	-	-	-	-	-	-
	March 31, 2023	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	March 31, 2024	-	0.13	-	0.18	0.92	2.64	3.50	7.37
	March 31, 2023	-	0.09	0.52	0.09	2.60	0.55	3.85	7.70
(iv) Disputed trade receivables - considered good	March 31, 2024	-	-	-	-	-	-	-	-
	March 31, 2023	-	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	March 31, 2024	-	-	-	-	-	-	-	-
	March 31, 2023	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	March 31, 2024	-	-	-	-	-	-	0.08	0.08
	March 31, 2023	-	-	-	-	-	0.04	0.05	0.09
Total	March 31, 2024	26.50	1,970.22	68.16	7.81	5.05	6.19	8.87	2,092.80
	March 31, 2023	21.88	1,463.84	85.28	12.17	10.38	4.17	7.19	1,604.91

11 Cash and cash equivalents (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Cash on hand	-	0.01
Bank balances		
In current accounts	124.32	166.43
Deposits with banks (original maturity less than 3 months)	175.57	230.03
Cheques in hand	-	0.22
Total	299.89	396.69

Notes to consolidated financial statements for the year ended March 31, 2024

12 Other bank balances (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unpaid dividend account (restricted)	13.26	12.79
Deposits with Banks (original maturity more than 3 months but less than 1 year)	1,199.63	976.75
Total	1,212.89	989.54

13 Other current financial assets (carried at amortised cost, other than foreign exchange forward contracts)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good:		
Security deposits	20.15	19.96
Deposits with banks (with residual maturity less than 12 months)	-	4.26
Contract assets [^]	2.85	0.86
Others [*]	15.73	17.77
Total	38.73	42.85

[^] Contract assets mainly include unbilled revenue accrued against service contracts. The balances vary depending on the volume of services remaining unbilled at the end of the year.

^{*} Others primarily include warranty receivable, royalty receivable from dealers, cross charge etc. Other current financial assets receivable from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 2.65 crore (March 31, 2023: ₹ 2.95 crore). Refer note 43 for related party transactions.

14 Other current assets

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unsecured, considered good:		
Balances with statutory/government authorities	84.91	57.18
Others [*]	89.90	62.37
Total	174.81	119.55

^{*} Others include prepaid expenses, government grants receivable, supplier advances, service contracts in progress, etc.

Notes to consolidated financial statements for the year ended March 31, 2024

15 Assets classified as held for sale

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Assets held for sale (at lower of cost or fair value less cost to sell)	2.69	1.14
Total	2.69	1.14

16 Equity share capital

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Authorised :		
400,000,000 equity shares of ₹ 2 each	80.00	80.00
Issued, subscribed and fully paid-up shares :		
277,200,000 equity shares of ₹ 2 each	55.44	55.44
Total	55.44	55.44

a) Reconciliation of number of shares

Equity shares:	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	₹ Crore	Number of Shares	₹ Crore
Balance as at the beginning and end of the year	27,72,00,000	55.44	27,72,00,000	55.44

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

Notes to consolidated financial statements for the year ended March 31, 2024

c) Details of shareholding of promoters

	As at March 31, 2024			As at March 31, 2023		
	Nos. of Shares	% of total number of shares	% of change during the year	Nos. of Shares	% of total number of shares	% of change during the year
Cummins Inc. USA - Holding Company	14,13,72,000	51.00%	-	14,13,72,000	51.00%	-
Kirloskar Industries Limited **	-	-	-	683	0.00%*	-

* % is below the rounding off norm

** Classified out of "Promoter" category as approved by the stock exchanges.

d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2024		As at March 31, 2023	
	Nos.	%	Nos.	%
Equity shares of ₹ 2 each fully paid Cummins Inc. USA - Holding Company	14,13,72,000	51.00%	14,13,72,000	51.00%

17 Other equity

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Retained earnings	5,383.85	4,540.26
	5,383.85	4,540.26
Other reserves		
Capital redemption reserve	0.70	0.70
General reserve	1,142.02	1,142.02
Equity contribution from Holding Company	30.31	19.82
Total	1,173.03	1,162.54

Notes to consolidated financial statements for the year ended March 31, 2024

a) Retained earnings

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	4,540.26	3,932.22
Add: Profit for the year	1,720.58	1,228.15
Add: Other comprehensive income		
- Items not to be reclassified to profit or loss in subsequent periods		
Remeasurement (loss)/ gain on defined benefit plans, net of tax	(17.21)	3.69
- Items to be reclassified to profit or loss in subsequent periods		
Changes in the fair value of financial instruments, net of tax	(0.46)	(0.10)
	6,243.17	5,163.96
Less:		
Interim dividend paid for the financial years ended March 31, 2024 (₹ 18 per share) and March 31, 2023 (₹ 12 per share)	498.96	332.64
Final dividend paid for the financial years ended March 31, 2023 (₹ 13 per share) and March 31, 2022 (₹ 10.50 per share)	360.36	291.06
	859.32	623.70
Closing balance as at March 31	5,383.85	4,540.26

Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended payment of final dividend of ₹ 554.40 crore for the year ended March 31, 2024 (March 31, 2023: ₹ 360.36 crore) which is ₹ 20 per fully paid up share (March 31, 2023: ₹ 13 per fully paid up share). This proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

b) Capital redemption reserve

Notes to consolidated financial statements for the year ended March 31, 2024

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	0.70	0.70
Add: Movement during the year	-	-
Closing balance as at March 31	0.70	0.70

c) General reserve

General reserve denotes the amounts transferred from retained earnings on declaration of dividends as per the requirements of erstwhile Companies Act, 1956.

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	1,142.02	1,142.02
Add: Movement during the year	-	-
Closing balance as at March 31	1,142.02	1,142.02

d) Equity contribution from the holding company

Certain employees are directly paid by the holding company through stock options

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balance as at April 1	19.82	14.59
Add: Movement during the year	10.49	5.23
Closing balance as at March 31	30.31	19.82

18 Other non-current financial liabilities (carried at amortised cost)

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Deposits	27.46	27.37
Retention money	3.75	0.25
Capital creditors	18.44	-
Others *	11.64	13.18
Total	61.29	40.80

* Others primarily include liability on account of Voluntary Retirement Scheme (Refer note 51)

Notes to consolidated financial statements for the year ended March 31, 2024

19 Provisions

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Provision for post retirement benefit and compensated absences (Refer note 42)	147.56	109.61
Warranties (Refer note 39 (i))	78.86	75.75
Statutory matters (Refer note 39 (ii))	17.66	17.45
New Engine Performance Inspection (NEPI) (Refer note 39 (iii))	40.58	39.59
	284.66	242.40
Current provisions	163.68	137.32
Non - current provisions	120.98	105.08
Total	284.66	242.40

20 Income taxes

a) Deferred tax liabilities (net)

	Balance sheet		Statement of profit and loss	
	As at		Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Deferred tax assets				
Provision for employee benefits recognised in the Statement of Profit and Loss	27.51	25.57	1.94	(1.21)
Other timing differences	21.90	16.69	5.21	1.24
Total deferred tax assets	49.41	42.25	7.15	0.03
Deferred tax liabilities				
Depreciation	138.42	135.42	3.00	1.94
Other timing differences	(1.97)	4.98	(6.95)	4.04
Others including OCI	0.14	2.68	-	-
	(1.83)	7.66		
Total deferred tax liabilities	136.59	143.08	(3.95)	5.98
Deferred tax (expense) / income			11.11	(5.95)
Net deferred tax liabilities	87.18	100.83		

b) The major components of income tax expenses for the years ended March 31, 2024 and

Notes to consolidated financial statements for the year ended March 31, 2024

March 31, 2023 are:

Statement of Profit and Loss

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Profit and Loss section		
Current income tax:		
Current income tax charge	510.78	355.63
Deferred tax:		
Relating to origination and reversal of temporary differences	(11.11)	5.95
Adjustments in respect of current income tax of previous year	(15.64)	1.56
Income tax expenses reported in the Statement of Profit and Loss	484.03	363.14
OCI section		
Tax related to items recognised in OCI during the year	(5.46)	1.40
Net (gain)/loss on remeasurements of defined benefit plans and others	(5.46)	1.40

- c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2024 and March 31, 2023

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Accounting profit before tax	2,204.61	1,591.29
Less: Share of profit of joint ventures and associate after tax	245.16	207.98
	1,959.45	1,383.31
India's statutory income tax rate	25.17%	25.17%
Tax at full rate	493.15	348.15
Adjustments:		
Others (deductible, non-deductible items, net)	(9.12)	14.99
Total	(9.12)	14.99
Income tax expenses reported in the Statement of Profit and Loss for the current year	484.03	363.14

- d) **Deferred tax**

Notes to consolidated financial statements for the year ended March 31, 2024

Reconciliation of deferred tax liabilities (net)

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Opening balances as at April 1	100.83	93.50
Tax expense / (income) during the year recognised in Statement of Profit and Loss	(11.11)	5.95
Tax expense / (income) during the year recognised in OCI	0.14	1.40
Adjustments in respect of previous years	(2.68)	-
Closing balance as at March 31	87.18	100.83

21 Other non-current liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Contract liabilities	11.96	3.27
Total	11.96	3.27

22 Borrowings

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Working capital loan from bank *	100.00	350.04
Total	100.00	350.04

- * The loan is unsecured and repayable within one year. Interest is payable @ 6.75% - 7.31% (T-Bill / MIBOR) adjusted by a reasonable spread p.a. The Group has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings under interest equalisation scheme is accounted for on net basis.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

Notes to consolidated financial statements for the year ended March 31, 2024

23 Trade payables

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Trade payables to micro and small enterprises (Refer note 34)	72.14	70.03
Trade payables other than related parties, micro and small enterprises	564.63	457.69
Trade payables to related parties (Refer note 43)	772.00	621.78
	1,336.63	1,079.47
Total	1,408.77	1,149.50

Trade payables are non interest bearing and are normally settled in 30 to 90 days terms. For terms and conditions and transactions with related parties refer note 43.

Trade payables aging schedule

₹ Crore

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed - MSME	March 31, 2024	-	70.99	1.15	-	-	-	72.14
	March 31, 2023	-	68.20	1.83	-	-	-	70.03
(ii) Undisputed - Others	March 31, 2024	157.36	1,005.90	160.66	9.88	0.19	2.64	1,336.63
	March 31, 2023	114.57	877.83	75.37	1.11	7.62	2.97	1,079.47
Total	March 31, 2024	157.36	1,076.89	161.81	9.88	0.19	2.64	1,408.77
	March 31, 2023	114.57	946.03	77.20	1.11	7.62	2.97	1,149.50

Notes to consolidated financial statements for the year ended March 31, 2024

24 Other current financial liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Unpaid dividend	13.26	12.79
Royalty (Refer note 43)	24.26	16.67
Support services payable (Refer note 43)	4.81	2.65
Retention money	7.06	8.86
Capital creditors	52.65	4.37
Others including salaries, wages, bonus payable	48.47	57.65
Total	150.51	102.99

25 Other current liabilities

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Statutory dues and other payables	154.32	73.24
Contract liabilities [^]	72.52	71.28
Total	226.84	144.52

[^] Contract liabilities include advances received from customer as well as consideration received before the Group has transferred goods or services to the customer.

26 Revenue from operations

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Sale of products	8,457.10	7,275.92
Sale of services	402.89	365.48
	8,859.99	7,641.40
Other operating revenue		
Scrap sales	7.65	8.82
Export incentives	34.01	24.24
Others *	98.55	97.63
	140.21	130.69
Revenue from operations	9,000.20	7,772.09

* Others primarily includes testing income, engineering income, royalty income from dealers, etc.

Notes to consolidated financial statements for the year ended March 31, 2024

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Location		
India	7,413.25	5,919.30
Outside India	1,552.94	1,828.55
Total revenue from contracts with customers *	8,966.19	7,747.85
Timing of revenue recognition		
Goods transferred at a point in time	8,464.76	7,284.74
Services transferred over time	501.43	463.11
Revenue from contracts with customers *	8,966.19	7,747.85
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	38.58	24.12
Performance obligations satisfied in previous years	5.08	0.06
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	9,147.70	7,985.16
Adjustments		
Sales return	(35.62)	(72.47)
Discounts	(113.19)	(118.26)
Liquidated damages	(9.35)	(2.28)
Others	(23.35)	(44.30)
Revenue from contracts with customers *	8,966.19	7,747.85

* Excludes export incentives

Notes to consolidated financial statements for the year ended March 31, 2024

27 Other income

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Income from investments:		
Interest income from financial assets at amortised cost		
- On bonds (non - current/current investments)	-	0.05
	-	0.05
Gain on sale/redemption of investments		
- On current investments designated at fair value through profit and loss	52.20	43.89
	52.20	43.89
Interest on term deposits and others *	120.68	73.71
Rent (Refer note 3 for rent on investment properties)	171.13	151.53
Exchange gain (net)	0.79	7.57
Gain on assets sold, discarded, etc.	1.60	2.49
Miscellaneous income	31.67	28.91
	325.87	264.21
Total	378.07	308.15

* includes interest on tax refund amounting to ₹ Nil (March 31, 2023 : ₹ 1.59 crore)

28.1 Cost of materials consumed

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Inventory at the beginning of the year	454.31	416.43
Add: Purchases	4,877.63	4,605.86
Less: Inventory at the end of the year	518.55	454.31
Total	4,813.39	4,567.98

Notes to consolidated financial statements for the year ended March 31, 2024

28.2 Change in inventories of finished goods, work-in-progress and traded goods

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Inventories at the end of the year (Refer note 8)		
Work-in-progress	197.34	206.64
Finished goods	196.74	202.99
Traded goods	22.95	25.77
Subtotal (A)	417.03	435.40
Inventories at the beginning of the year (Refer note 8)		
Work-in-progress	206.64	128.67
Finished goods	202.99	161.31
Traded goods	25.77	18.73
Subtotal (B)	435.40	308.71
(Increase)/ decrease (B-A)	18.37	(126.69)

29 Employee benefits expense

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Salaries, wages and bonus	687.70	547.38
Contribution to provident and other funds (Refer note 42)	74.96	65.72
Staff welfare expenses	38.71	35.78
Total	801.37	648.88

30 Finance costs

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Interest on borrowings and others	15.23	10.76
Interest cost on lease liabilities (Refer note 37)	2.65	2.28
Total interest expense	17.88	13.04
Unwinding of discount and effect of changes in discount rate on provisions (Refer note 39)	9.52	3.20
Total	27.40	16.24

Notes to consolidated financial statements for the year ended March 31, 2024

31 Other expenses

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Commission on sales	18.46	12.42
Consumption of stores and spare parts	84.60	73.54
Warranty expenses (Refer note 39)	58.54	65.88
Consumption of tools and gauges	8.00	7.47
Repairs to buildings	36.69	32.72
Repairs to machinery	11.19	9.25
Other repairs	2.33	2.57
Power and fuel	27.70	26.76
Rates and taxes	25.15	12.49
Insurance	20.27	16.54
Outside processing charges	38.44	32.02
Donations (including expenditure towards corporate social responsibility activities (Refer note 43 and 45))	20.07	15.57
Royalties (Refer note 43)	28.26	17.33
Support services (net of credits, if any) (Refer note 43)	66.61	111.26
Computer and other services	97.44	77.41
Payment to auditors (Refer details below)	2.03	2.12
Bad debts		
Bad debts written off	0.87	1.33
Provision for bad and doubtful debts	0.53	0.90
Amount withdrawn from provisions	(0.87)	(1.33)
	0.53	0.90
Other expenses (net of expenses recovered and capitalised) (Refer note 43)	111.94	136.70
Total	658.25	652.95

Payment to auditors:

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
On account of Audit Fees	1.92	2.06
On account of Reimbursement of expenses	0.11	0.05
Total	2.03	2.11

Notes to consolidated financial statements for the year ended March 31, 2024

32 Earning per share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

		Year ended	
		March 31, 2024	March 31, 2023
(a)	Profit for the year after taxation (₹ crore)	1,720.58	1,228.15
(b)	Weighted average number of shares outstanding during the year	27,72,00,000	27,72,00,000
(c)	Earnings per share (basic and diluted) (₹)	62.07	44.31
(d)	Face value per share (₹)	2	2

33 Capital and other commitments

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Estimated amount of contracts in capital account remaining to be executed (net of capital advances). For other commitments also refer note 37	143.65	155.52
Total	143.65	155.52

34 Trade payables include dues to micro and small enterprises as defined under the MSMED Act, 2006 as under:

		As at	
		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
	Total outstanding dues of micro and small enterprises	72.14	70.03
1	Principal Amount	72.14	70.03
2	Interest accrued	-	-
3	Payment made to suppliers (other than interest) beyond the appointed day, during the year	3.80	8.20
4	Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
5	Interest paid to suppliers under MSMED Act, 2006 (Section 16)	0.07	0.07
6	Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
7	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The Group has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and / or their registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

Notes to consolidated financial statements for the year ended March 31, 2024

35 Significant accounting estimates and assumptions

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in an outcome that requires a material adjustment to the carrying amount of assets or liabilities effected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimation on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans:

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 42.

Fair value measurements of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets if available, otherwise, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument. Refer note 47 for further disclosures.

Notes to consolidated financial statements for the year ended March 31, 2024

Warranty, statutory matters and New Engine Performance Inspection (NEPI)

For estimates relating to warranty, statutory matters and NEPI (refer note 39).

36 Contingent liabilities

		As at	
		March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
a.	Income tax matters*	17.04	12.31
b.	Central excise duty/service tax matters*	6.23	3.29
c.	Duty drawback matters	26.04	26.04
d.	Sales tax matters*	34.61	34.61
e.	Civil liability / secondary civil liability in respect of suits filed against the Group*	1.55	1.29
f.	Goods and service tax matters	2.33	2.07
	Total	87.80	79.61

* Excludes interest and penalties if any. The above matters pertain to certain disallowances/demand raised by respective authorities.

The Group is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeal process.

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Group has implemented the SC decision prospectively.

The Group has various on-going litigations by/or against the Group with respect to tax and other legal matters, other than those disclosed above. The Group believes that they have sufficient and strong arguments on facts as well as on point of law and accordingly no provision / disclosure in this regard has been considered in the financial statements.

37 Leases

Lease commitments as a lessee

The Group has entered into leases for office premises. These lease arrangements range for a period between 12 months and 108 months with lock in period between 36 months and 108 months, which include both renewable and non-renewable leases.

Notes to consolidated financial statements for the year ended March 31, 2024

Following are the changes in the carrying value of right of use assets during the year ended:

₹ Crore

Particulars	March 31, 2024			March 31, 2023		
	Category of ROU		Total	Category of ROU		Total
	Building	Land		Building	Land	
Balance as at the beginning of the year	22.47	13.73	36.20	19.80	13.52	33.32
Additions	8.44	-	8.44	9.16	0.41	9.57
Adjustment	(0.40)	-	(0.40)	-	-	-
Depreciation	(7.52)	(0.16)	(7.68)	(6.49)	(0.20)	(6.69)
Balance as at the end of the year	22.99	13.57	36.56	22.47	13.73	36.20

Following are the changes in carrying value of lease liabilities during the year ended:

₹ Crore

Particulars	March 31, 2024	March 31, 2023
Balance as at the beginning of the year	26.05	22.85
Additions	8.37	9.16
Adjustment	(0.42)	-
Interest cost accrued during the period	2.65	2.28
Payments	(9.67)	(8.24)
Balance as at the end of the year	26.98	26.05
Current portion	7.13	5.98
Non-current portion	19.85	20.07

The maturity analysis of lease liabilities is disclosed in note 46(c). Lease liability has been discounted using the lessee's incremental borrowing rate. There are no variable lease payments.

The following are the amounts recognised in statement of profit and loss for the year ended:

₹ Crore

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets	7.68	6.69
Interest expense on lease liabilities	2.65	2.28
Total amount recognised in Statement of Profit and Loss	10.33	8.97

Notes to consolidated financial statements for the year ended March 31, 2024

Operating lease as a lessor

The Group has entered into operating leases on its investment properties consisting of buildings and other related assets. These leases have terms between 36 and 120 months.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

₹ Crore

	As at	
	March 31, 2024	March 31, 2023
Within one year	64.69	63.89
After one year but not more than five years	73.29	125.71
More than five years	-	-
Total	137.98	189.60

The Group has not entered into any sub-leases during the year.

38 The total research and development expenses incurred by the Group are as under :

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
On capital account	6.69	7.42
On revenue account	3.21	19.05
Total	9.90	26.47

39 Disclosure on provisions made, utilised and reversed during the year

i) Provision for warranty

Provision for warranty is on account of warranties given on products sold by the Group. The amount of provision is based on historical information of the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	75.75	61.97
Additions / reversal	58.54	65.88
Utilisation	62.87	54.46
Unwinding of discount and changes in the discount rate	7.44	2.36
Balance as at the end of the year	78.86	75.75
Classified as non-current	47.21	44.19
Classified as current	31.65	31.56

Notes to consolidated financial statements for the year ended March 31, 2024

ii) Provision for statutory matters

Provisions for statutory matters are on account of legal matters where the Group anticipates probable outflow. The amount of provision is based on estimates made by the Group considering the facts and circumstances of each case. The timing and amount of cash flows that will arise from these matters will be determined by the relevant authorities only on settlement of these cases.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	17.45	16.98
Additions	0.22	0.47
Utilisation	0.01	-
Balance as at the end of the year	17.66	17.45
Classified as non-current	-	-
Classified as current	17.66	17.45

iii) Provision for New Engine Performance Inspection (NEPI)

Provision for New Engine Performance Inspection (NEPI) is on account of checks to be carried out by the Group at specified intervals. The amount of provision is based on historical information of the nature, frequency and average cost of claims and management estimates regarding possible future incidence. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Balance as at the beginning of the year	39.59	30.67
Additions	8.24	17.14
Utilisation	9.33	9.06
Unwinding of discount and changes in the discount rate	2.08	0.84
Balance as at the end of the year	40.58	39.59
Classified as non-current	22.62	27.71
Classified as current	17.96	11.88

Notes to consolidated financial statements for the year ended March 31, 2024

40 Investment in joint ventures

- A The Group has 50% interest in joint venture namely Valvoline Cummins Private Limited (VCPL) incorporated in India. The Group's interest is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint venture, based on their Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Valvoline Cummins Private Limited

Summarised balance sheet

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Non current assets		
Property, plant and equipment	70.05	72.42
Capital work-in-progress	0.67	2.82
Intangible assets under development	0.63	2.25
Intangible assets	6.34	5.45
Right-of-use assets	22.27	21.07
Other non-current financial assets	10.97	11.09
Deferred tax assets (net)	1.39	1.21
Other non-current assets	5.16	14.48
	117.48	130.79
Current assets		
Inventories	228.61	221.05
Financial assets		
(i) Investments	41.10	51.66
(ii) Trade receivables	217.34	193.01
(iii) Cash and cash equivalents	52.71	31.11
(iv) Other bank balances	0.10	0.10
(v) Other current financial assets	3.75	6.20
Other current assets	57.18	34.27
	600.79	537.40
Non current liabilities		
Lease liabilities	15.42	16.03
	15.42	16.03
Current liabilities		
Borrowings	1.91	1.34

Notes to consolidated financial statements for the year ended March 31, 2024

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Lease liabilities	3.96	2.62
Trade payables	319.42	290.36
Other financial liabilities	38.88	40.37
Other current liabilities	23.54	30.07
Provisions	8.72	5.30
Current tax liabilities (net)	2.13	-
	398.56	370.06
Equity	304.29	282.10
Proportion of the Group's ownership	50.00%	50.00%
Carrying amount of the investment *	152.02	140.99
Capital commitments	3.34	3.32
Contingent liabilities	26.86	26.66

* Adjusted for inter company transactions

Summarised statement of profit and loss

	Year ended	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Revenue from operations	2,255.59	2,150.25
Interest income	4.61	2.15
Other income	4.59	6.00
Cost of raw material and components	1,390.32	1,383.64
Depreciation and amortisation expense	17.43	15.97
Finance costs	2.02	2.39
Employee benefits expense	99.70	88.16
Other expenses	505.73	458.35
Profit before tax	249.60	209.90
Tax expense	64.58	53.59
Profit for the year	185.02	156.31
Other comprehensive income	(1.33)	0.07
Total comprehensive income for the year	183.68	156.37

Notes to consolidated financial statements for the year ended March 31, 2024

B The Board of directors of Cummins Research and Technology India Private Limited ('CRTI') at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. The liquidator, appointed by the shareholders at the extra-ordinary general meeting, completed all the procedures pertaining to the voluntary winding-up, and had submitted the dissolution application with the Mumbai Bench of the National Company Law Tribunal ('NCLT') on May 20, 2023. The final order of dissolution (voluntary liquidation) was passed by the NCLT on December 13, 2023 and accordingly, CRTI ceases to exist.

Summarised financial information of the joint venture, based on their Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Cummins Research and Technology India Private Limited

Summarised balance sheet

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Non current assets		
Income tax assets (net)	-	-
	-	-
Current assets		
Cash and cash equivalents	-	0.92
Other current assets	-	-
	-	0.92
Current liabilities		
Trade payables	-	-
Other current liabilities	-	0.92
	-	0.92
Equity		
Proportion of the Group's ownership	50.00%	50.00%
Carrying amount of the investment *	-	-

* Adjusted for inter company transactions

Notes to consolidated financial statements for the year ended March 31, 2024

Summarised statement of profit and loss

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Other income	-	0.00
Other expenses	-	0.21
Profit before tax	-	(0.21)
Tax expense	-	0.00
Profit for the year	-	(0.21)
Other comprehensive income	-	-
Total comprehensive income for the year	-	(0.21)

41 Investment in an associate

The Group has a 48.54% interest in Cummins Generator Technologies India Private Limited (CGT), which is involved in the manufacture and sale of alternators and related services. It caters to both domestic and international markets. The Group's interest is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in CGT.

Summarised balance sheet

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Non current assets	81.37	80.03
Current assets	759.19	678.49
Non current liabilities	23.87	27.69
Current liabilities	173.55	175.82
Equity	643.13	555.02
Proportion of the Group's ownership	48.54%	48.54%
Carrying amount of the investment *	311.29	268.53
Capital commitments	4.47	9.18
Contingent liabilities	4.98	4.98

* Adjusted for inter company transactions

Notes to consolidated financial statements for the year ended March 31, 2024

Summarised statement of profit and loss

	As at	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Revenue from operations	1,805.38	1,803.26
Other income	30.27	19.31
Cost of raw material and components	1,197.73	1,255.83
Depreciation and amortisation expense	11.31	10.94
Finance costs	1.90	2.43
Employee benefits expense	99.88	84.39
Other expenses	102.20	107.62
Profit before tax	422.63	361.36
Tax expense	108.26	92.20
Profit for the year	314.37	269.16
Other comprehensive income	(1.56)	(1.20)
Total comprehensive income for the year	312.81	267.96

42 Employee benefit plans

1. **Defined contribution plans - The Group has recognised the following amounts in statement of profit and loss for the year:**

	₹ Crore
	Total
Contribution to employees provident fund	18.00
	15.08
Contribution to management superannuation fund	22.57
	21.43
Employees state insurance	0.04
	0.05

Notes to consolidated financial statements for the year ended March 31, 2024

2 Defined benefit plans

The following figures are as per actuarial valuation, as at the balance sheet date, carried out by an independent actuary.

a. Net balance sheet position

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Defined benefit obligation	March 31, 2024	246.62	29.08	2.52	2.22	402.93
		March 31, 2023	211.34	28.51	2.46	2.22	354.99
ii)	Fair value of plan assets	March 31, 2024	206.88	28.82	-	-	403.79
		March 31, 2023	197.63	28.69	-	-	349.47
iii)	Funded status surplus/ (deficit)	March 31, 2024	(39.73)	(0.26)	(2.52)	(2.22)	0.86
		March 31, 2023	(13.71)	0.18	(2.46)	(2.22)	(5.52)
iv)	Effect of asset ceiling	March 31, 2024	-	-	-	-	(0.86)
		March 31, 2023	-	-	-	-	-
	Net defined benefit asset /(liability)	March 31, 2024	(39.73)	(0.26)	(2.52)	(2.22)	0.00
		March 31, 2023	(13.71)	0.18	(2.46)	(2.22)	(5.52)

b. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening defined benefit obligation	March 31, 2024	211.34	28.51	2.46	2.22	354.99
		March 31, 2023	198.63	28.27	2.49	1.71	320.70
i)	Current service cost	March 31, 2024	15.64	0.90	0.09	0.08	16.79
		March 31, 2023	14.27	0.96	0.10	0.07	14.10
ii)	Interest cost	March 31, 2024	15.11	2.05	0.17	0.16	27.15
		March 31, 2023	14.30	1.94	0.17	0.12	22.60
iii)	Settlement /Curtailment (credit) / cost	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-

Notes to consolidated financial statements for the year ended March 31, 2024

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
iv)	Actuarial (gains) / losses - experience	March 31, 2024	16.75	(0.73)	0.08	(0.13)	2.65
		March 31, 2023	3.12	(1.01)	0.06	0.51	12.47
v)	Actuarial (gains) / losses - demographic changes	March 31, 2024	(0.88)	0*	(0.04)	(0.03)	-
		March 31, 2023	(1.15)	0.57	(0.01)	(0.08)	-
vi)	Actuarial (gains) / losses - financial assumptions	March 31, 2024	6.44	0.40	0.03	0.04	4.25
		March 31, 2023	(5.84)	(0.73)	(0.06)	(0.01)	(5.12)
vii)	Benefits paid	March 31, 2024	(15.22)	(2.05)	(0.27)	(0.12)	(44.12)
		March 31, 2023	(13.84)	(1.49)	(0.42)	(0.10)	(42.17)
viii)	Past service cost - plan amendments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	0.13	-	-
ix)	Other adjustments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
x)	Acquisitions (credit) / cost	March 31, 2024	(2.56)	-	-	-	15.73
		March 31, 2023	1.85	-	-	-	10.62
xi)	Contributions by employees	March 31, 2024	-	-	-	-	25.49
		March 31, 2023	-	-	-	-	21.79
	Closing defined benefit obligation	March 31, 2024	246.62	29.08	2.52	2.22	402.93
		March 31, 2023	211.34	28.51	2.46	2.22	354.99

*Amount is below the rounding off norm adopted by the Company.

Notes to consolidated financial statements for the year ended March 31, 2024

c. Reconciliation of opening and closing balances of the fair value of plan assets

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening fair value of plan assets	March 31, 2024	197.63	28.69	-	-	349.47
		March 31, 2023	180.82	27.30	-	-	315.13
i)	Interest income on plan assets	March 31, 2024	14.47	2.06	-	-	26.73
		March 31, 2023	12.43	1.87	-	-	22.21
ii)	Return on plan asset greater / (lesser) than discount rate	March 31, 2024	0.55	0.12	-	-	13.70
		March 31, 2023	0.54	0.04	-	-	7.79
iii)	Actuarial gains / (losses)	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
iv)	Contribution by the employer	March 31, 2024	11.89	-	-	-	16.79
		March 31, 2023	15.70	0.97	-	-	14.10
v)	Benefits paid	March 31, 2024	(15.10)	(2.05)	-	-	(44.12)
		March 31, 2023	(13.71)	(1.49)	-	-	(42.17)
vi)	Acquisitions adjustment	March 31, 2024	(2.56)	-	-	-	15.73
		March 31, 2023	1.85	-	-	-	10.62
vii)	Contribution by employee	March 31, 2024	-	-	-	-	25.49
		March 31, 2023	-	-	-	-	21.79
viii)	Other adjustments	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
	Closing fair value of plan assets	March 31, 2024	206.88	28.82	-	-	403.79
		March 31, 2023	197.63	28.69	-	-	349.47

Notes to consolidated financial statements for the year ended March 31, 2024

d. Total defined benefit cost

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2024	15.64	0.90	0.09	0.08	16.79
		March 31, 2023	14.27	0.96	0.23	0.07	14.10
ii)	Net interest cost	March 31, 2024	0.64	(0.01)	0.17	0.16	0.42
		March 31, 2023	1.87	0.07	0.17	0.12	0.39
iii)	Actuarial (gains) / losses recognised in OCI	March 31, 2024	21.76	(0.45)	0.07	(0.12)	(6.80)
		March 31, 2023	(4.41)	(1.21)	(0.01)	0.42	(0.44)
	Total defined benefit cost	March 31, 2024	38.04	0.44	0.33	0.12	10.41
		March 31, 2023	11.73	(0.18)	0.39	0.61	14.05

e. Statement of profit and loss

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2024	15.64	0.90	0.09	0.08	16.79
		March 31, 2023	14.27	0.96	0.23	0.07	14.10
ii)	Settlement / Curtailment cost / (credit)	March 31, 2024	-	-	-	-	-
		March 31, 2023	-	-	-	-	-
iii)	Net interest cost	March 31, 2024	0.64	(0.01)	0.17	0.16	0.42
		March 31, 2023	1.87	0.07	0.17	0.12	0.39
	Cost recognised in profit and loss	March 31, 2024	16.28	0.89	0.26	0.24	17.21
		March 31, 2023	16.14	1.03	0.40	0.19	14.49

All of the above have been included in the line 'Contribution to provident and other funds', in note 29 of the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended March 31, 2024

f. Other comprehensive income

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Actuarial (gain) / loss due to DBO experience	March 31, 2024	16.75	(0.73)	0.08	(0.13)	2.65
		March 31, 2023	3.12	(1.01)	0.06	0.51	12.47
ii)	Actuarial (gain) / loss due to assumption change	March 31, 2024	5.30	0.40	(0.01)	0.01	4.25
		March 31, 2023	(7.04)	(0.16)	(0.07)	(0.09)	(5.12)
iii)	Return on plan assets (greater) / less than discount rate	March 31, 2024	(0.55)	(0.12)	-	-	(13.70)
		March 31, 2023	(0.54)	(0.04)	-	-	(7.79)
iv)	Adjustment to recognize the effect of asset ceiling	March 31, 2024	-	-	-	-	0.86
		March 31, 2023	-	-	-	-	-
	Actuarial (gain) / loss recognised in OCI	March 31, 2024	21.50	(0.45)	0.07	(0.12)	(5.94)
		March 31, 2023	(4.46)	(1.21)	(0.01)	0.42	(0.44)

g. For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets

Sr. no.	Particulars	Gratuity		Pension		PF	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
i)	Government of India securities	0.00%	0.00%	0.00%	0.00%	44.54%	49.24%
ii)	Debt instruments and related investments / corporate bonds	0.00%	0.00%	0.00%	0.00%	41.98%	42.24%
iii)	Special deposit scheme	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
iv)	Insurer managed funds	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%
v)	Mutual Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
vi)	Equities and related investments	0.00%	0.00%	0.00%	0.00%	13.48%	8.51%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The overall expected rate of return on assets is based on the expectations of the average long term rate of return expected on investments of the fund during the estimated term of obligations.

Notes to consolidated financial statements for the year ended March 31, 2024

h. Supplementary information as per Ind AS 19

₹ Crore

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Expected employer contribution for next year	March 31, 2024	10.48	-	NA	NA	18.47
		March 31, 2023	10.22	-	NA	NA	15.51

i. Following are the principal actuarial assumption used as at the balance sheet date

Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
Discount rate	March 31, 2024	7.20%	7.20%	7.20%	7.20%	7.20%
	March 31, 2023	7.50%	7.50%	7.50%	7.50%	7.50%
Expected rate of return on plan assets	March 31, 2024	7.20%	7.20%	NA	NA	NA
	March 31, 2023	7.50%	7.50%	NA	NA	NA
Salary escalation rate - management staff	March 31, 2024	10.00%	NA	NA	NA	NA
	March 31, 2023	10.00%	NA	NA	NA	NA
Salary escalation rate - non-management staff	March 31, 2024	8.00%	NA	NA	NA	NA
	March 31, 2023	8.00%	NA	NA	NA	NA
Annual increase in healthcare costs - year 2023- 2025	March 31, 2024	NA	NA	NA	8.00%	NA
	March 31, 2023	NA	NA	NA	8.00%	NA
Annual increase in healthcare costs - 2026 and thereafter	March 31, 2024	NA	NA	NA	6.00%	NA
	March 31, 2023	NA	NA	NA	6.00%	NA
Guaranteed rate of return as declared by EPFO	March 31, 2024	NA	NA	NA	NA	8.25%
	March 31, 2023	NA	NA	NA	NA	8.15%
Mortality rate	March 31, 2024	Indian Assured Lives Mortality (2012-14) Ult Table				
	March 31, 2023	Indian Assured Lives Mortality (2012-14) Ult Table				

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes to consolidated financial statements for the year ended March 31, 2024

j. Expected benefit payment for the next years

₹ Crore

Particulars	As at	March 31, 2025	March 31, 2026	March 31, 2027	March 31, 2028	March 31, 2029	2030 - 2034
		March 31, 2024	March 31, 2025	March 31, 2026	March 31, 2027	March 31, 2028	2029 - 2033
Gratuity	March 31, 2024	24.98	19.23	18.94	19.34	19.85	116.71
	March 31, 2023	19.73	15.26	16.66	15.77	16.48	95.74
Pension	March 31, 2024	2.76	4.10	4.51	4.47	3.63	13.68
	March 31, 2023	2.36	3.49	3.90	4.23	4.21	14.26
Ex-gratia	March 31, 2024	0.57	0.43	0.43	0.35	0.31	1.52
	March 31, 2023	0.45	0.36	0.43	0.43	0.34	1.51
PRMB	March 31, 2024	0.31	0.20	0.26	0.29	0.28	1.46
	March 31, 2023	0.25	0.18	0.21	0.27	0.29	1.58
PF	March 31, 2024	0.54	0.54	0.54	0.54	0.54	1.97
	March 31, 2023	0.05	0.05	0.05	0.05	0.05	0.19

k. Quantitative sensitivity analysis for significant assumption is as shown below:

₹ Crore

Assumptions	Discount rate		Future salary increase		Withdrawal rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	5% increase	5% decrease
Gratuity						
March 31, 2024	(10.65)	11.45	11.14	(10.47)	(13.01)	11.56
March 31, 2023	(9.54)	10.27	10.02	(9.40)	(10.59)	8.79
Pension						
March 31, 2024	(0.61)	0.63	NA	NA	0.06	(0.41)
March 31, 2023	(0.65)	0.67	NA	NA	0.06	(0.58)
Ex-gratia						
March 31, 2024	(0.05)	0.06	NA	NA	(0.51)	0.26
March 31, 2023	(0.06)	0.06	NA	NA	(0.54)	0.24
PF						
March 31, 2024	(4.70)	(6.04)	-	-	-	-
March 31, 2023	(28.00)	25.00	-	-	-	-

Notes to consolidated financial statements for the year ended March 31, 2024

Assumptions	Discount rate		Medical inflation		Withdrawal rate	
	0.5% increase	0.5% decrease	1% increase	1% decrease	5% increase	5% decrease
PRMB						
March 31, 2024	(0.07)	0.07	0.14	(0.13)	(0.44)	0.19
March 31, 2023	(0.07)	0.08	0.16	(0.14)	(0.50)	0.23

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

43 Related party disclosures

a) Name of the related party and nature of relationship where control exists

Name of related party	Nature of relationship
Cummins Inc.	Holding Company

b) Transactions with related parties as per the books of account during the year ended March 31, 2024

₹ Crore

Transaction	Name of the party		Total
Purchase of goods	Tata Cummins Private Limited	March 31, 2024	1,357.54
		March 31, 2023	1,208.59
	Cummins Technologies India Private Limited	March 31, 2024	877.83
		March 31, 2023	691.78
	Others	March 31, 2024	877.39
		March 31, 2023	842.53
Sale of goods	Cummins Limited	March 31, 2024	691.93
		March 31, 2023	718.49
	Cummins Technologies India Private Limited	March 31, 2024	362.16
		March 31, 2023	285.23
	Others	March 31, 2024	465.61
		March 31, 2023	700.38

Notes to consolidated financial statements for the year ended March 31, 2024

Transaction	Name of the party		Total
Purchase of assets	Cummins Technologies India Private Limited	March 31, 2024	0.02
		March 31, 2023	1.05
	Cummins Power Generation Inc.	March 31, 2024	-
		March 31, 2023	0.83
	Fleetguard Filters Pvt Ltd	March 31, 2024	1.50
		March 31, 2023	0.79
	Cummins Inc.	March 31, 2024	105.67
		March 31, 2023	0.64
Sale of assets	Cummins Technologies India Private Limited	March 31, 2024	2.97
		March 31, 2023	0.90
Services rendered (Refer note v)	Cummins Technologies India Private Limited	March 31, 2024	182.15
		March 31, 2023	154.32
	Valvoline Cummins Private Limited	March 31, 2024	64.63
		March 31, 2023	61.52
	Others	March 31, 2024	58.30
		March 31, 2023	62.16
Services received (Refer note vi)	Cummins Technologies India Private Limited	March 31, 2024	25.66
		March 31, 2023	14.99
	Others	March 31, 2024	3.30
		March 31, 2023	3.55
Royalty	Cummins Inc.	March 31, 2024	28.26
		March 31, 2023	17.33
Support services	Cummins Inc.	March 31, 2024	62.51
		March 31, 2023	106.03
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2024	4.80
		March 31, 2023	5.23
Reimbursements paid	Cummins Technologies India Private Limited	March 31, 2024	122.57
		March 31, 2023	100.13

Notes to consolidated financial statements for the year ended March 31, 2024

Transaction	Name of the party		Total
	Cummins Inc.	March 31, 2024	13.52
		March 31, 2023	12.24
	Others	March 31, 2024	12.12
		March 31, 2023	5.42
Reimbursements received (Refer note vii)	Cummins Technologies India Private Limited	March 31, 2024	108.37
		March 31, 2023	86.43
	Cummins Inc.	March 31, 2024	21.68
		March 31, 2023	4.42
	Tata Cummins Private Limited	March 31, 2024	12.98
		March 31, 2023	20.29
	Cummins Generator Technologies India Private Limited	March 31, 2024	18.45
		March 31, 2023	13.58
	Others	March 31, 2024	4.96
		March 31, 2023	4.95
Remuneration paid (Refer note i and iii)	Key management personnel	March 31, 2024	10.74
		March 31, 2023	7.94
Transfer of export benefits	Cummins Technologies India Private Limited	March 31, 2024	-
		March 31, 2023	1.55
Dividend paid	Cummins Inc.	March 31, 2024	438.25
		March 31, 2023	318.09
Donations paid	Cummins India Foundation	March 31, 2024	20.07
		March 31, 2023	15.57
Contributions paid	Cummins India Limited Officers Provident Fund	March 31, 2024	16.79
		March 31, 2023	14.10
	Cummins Group Employees Superannuation Scheme	March 31, 2024	22.57
		March 31, 2023	21.43
	Cummins Group Officers Gratuity Scheme	March 31, 2024	11.89
		March 31, 2023	15.70

Notes to consolidated financial statements for the year ended March 31, 2024

Transaction	Name of the party		Total
Sitting fees and commission (Refer note i)	Independent Directors	March 31, 2024	1.13
		March 31, 2023	1.07
Equity contribution - share based payments	Cummins Inc.	March 31, 2024	10.49
		March 31, 2023	5.23

c) Amounts outstanding as at March 31, 2024

₹ Crore

Particulars	Name of the party		Total
Trade payables	Cummins Technologies India Private Limited	March 31, 2024	283.07
		March 31, 2023	173.94
	Tata Cummins Private Limited	March 31, 2024	149.09
		March 31, 2023	163.22
	Cummins Inc.	March 31, 2024	119.65
		March 31, 2023	94.30
	Cummins Limited	March 31, 2024	45.21
		March 31, 2023	69.59
	Others	March 31, 2024	174.98
		March 31, 2023	120.72
Other current financial / non-financial liabilities	Cummins Inc.	March 31, 2024	83.69
		March 31, 2023	18.15
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2024	4.81
		March 31, 2023	1.18
Trade receivables	Cummins Technologies India Private Limited	March 31, 2024	136.37
		March 31, 2023	86.72
	Cummins Limited	March 31, 2024	82.46
		March 31, 2023	83.43
	Cummins Romania SRL	March 31, 2024	1.32
		March 31, 2023	41.07
	Others	March 31, 2024	102.45
		March 31, 2023	172.12
Other current financial assets	Tata Cummins Private Limited	March 31, 2024	2.65
		March 31, 2023	2.95

Notes to consolidated financial statements for the year ended March 31, 2024

Particulars	Name of the party		Total
	Cummins Inc.	March 31, 2024	4.81
		March 31, 2023	1.81
	Fleetguard Filters Pvt Ltd	March 31, 2024	-
		March 31, 2023	1.82
	Cummins Research and Technology India Private Limited	March 31, 2024	-
		March 31, 2023	1.01
	Others	March 31, 2024	0.03
		March 31, 2023	0.58

43 Related party disclosures (contd.)

- i) The names of the related parties under the appropriate relationship included in notes 43(b) and (c) above are as follows:

Nature of relationship	Name of the party
Fellow subsidiaries (with which there are transactions)	Chongqing Cummins Engine Co Ltd
	Cmi Group Holdings Cooperatief U.A.
	Cmi Tr Mtr Guc Sistemleri Satis Servis Ltd Sirketi
	Consolidated Diesel Company
	Cummins (China) Investment Co. Ltd.
	Cummins (Xiangyang) Eng Remanfg Co. Ltd.
	Cummins (Xiangyang) Machining Co. Ltd.
	Cummins Africa Middle East (Pty) Ltd.
	Cummins Arabia FZCO
	Cummins Asia Pacific Pte. Ltd.
	Cummins Belgium NV
	Cummins Brasil Ltda
	Cummins C&G Holding Limited
	Cummins C&G Limited
	Cummins Commercializadora S. De R.L. De C.V.
	Cummins Czech Republic S.R.O.
	Cummins Deutschland Gmbh
	Cummins Diesel Botswana (Pty.) Ltd.
Cummins Dksh (Singapore) Pte Ltd	
Cummins Dksh (Thailand) Limited	

Notes to consolidated financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
	Cummins Dksh (Vietnam) LLC
	Cummins East Asia Research And Development Company Ltd.
	Cummins Emission Solutions Inc.
	Cummins Engine (Shanghai) Trading & Services Co., Ltd.
	Cummins Filtration Inc.
	Cummins France SA
	Cummins Fuel System (Wuhan) Co. Ltd.
	Cummins Generator Technologies Australia Pty Ltd
	Cummins Generator Technologies Limited
	Cummins Ghana Limited
	Cummins Italia SPA
	Cummins Japan Limited
	Cummins Kuwait Electrical Tools And Equipment Trading And Cont.
	Cummins Limited
	Cummins Middle East FZE
	Cummins Natural Gas Engines, Inc.
	Cummins Norway AS
	Cummins NV
	Cummins Power Generation (China) Co., Ltd.
	Cummins Power Generation Inc.
	Cummins Power Generation Limited UK
	Cummins Power Solutions India Private Limited
	Cummins Qatar LLC
	Cummins Romania SRL
	Cummins Sales And Service Korea Co. Ltd.
	Cummins Sales And Service Philippines Inc.
	Cummins Sales And Service Sdn. Bhd.
	Cummins Sales And Service Singapore Pte. Ltd.
	Cummins Saudi Arabia L.L.C
	Cummins South Africa (Pty.) Ltd.
	Cummins South Pacific Pty Ltd
	Cummins Southern Plains LLC
	Cummins Spain SL
	Cummins Technologies India Private Limited
	Cummins West Africa Limited
	Cummins Westport Inc.

Notes to consolidated financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
	Distribuidora Cummins Centroamerica Costa Rica S. De R.L.
	Distribuidora Cummins Centroamerica Guatemala Ltda.
	Distribuidora Cummins Centroamerica Honduras, S.De R.L.
	Distribuidora Cummins De Panama S. De R.L.
	Distribuidora Cummins S.A.
	Distribuidora Cummins Sucursal Paraguay Srl
	Filt Red India Technologies Private Limited
	Fleetguard Filters Private Limited
	Hydrogenics Europe N.V.
	Komatsu Cummins Chile Ltda.
	Shanghai Cummins Trading Co. Ltd.
	Taiwan Cummins Sales & Services Co. Ltd.
	TCPL Green Energy Solutions Private Limited
Key management personnel	Ashwath Ram - Managing Director
	Ajay Patil - Chief Financial Officer
	Vinaya Joshi - Company Secretary
	Jennifer Mary Bush - Chairman of the Board
	Steven Chapman - Chairman of the Board (upto September 30, 2023)
	Donald Jackson
	Bonnie Jean Fetch (w.e.f. November 5, 2022)
	Norbert Nusterer (upto August 26, 2022)
	Lorraine Meyer (upto February 15, 2022)
	Independent Directors
	- Nasser Munjee
	- Lira Goswami (w.e.f. May 24, 2023)
	- Priya Dasgupta (upto May 24, 2023)
	- Rajeev Bakshi
	- Rama Bijapurkar
	- Rekha (w.e.f. August 11, 2022)
Associate	Cummins Generator Technologies India Private Limited
Joint venture	Valvoline Cummins Private Limited
	Cummins Research and Technology India Private Limited (Refer Note 40B)

Notes to consolidated financial statements for the year ended March 31, 2024

Nature of relationship	Name of the party
Enterprise with common key management personnel	Tata Cummins Private Limited
	Cummins India Foundation
	New Delhi Law Offices Private Limited (upto May 24, 2023)
	Caltherm Thermostats Private Limited
Employees benefit plans where there is significant influence	Cummins India Limited Officers Provident Fund
	Cummins Group Employees Superannuation Scheme
	Cummins Group Officers Gratuity Scheme

Terms and conditions of transactions with related parties:

- ii) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iii) Liability for post employment benefits, other long term benefits, termination benefits and certain short term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly the amount for above pertaining to key management personnel is not ascertainable and, therefore, not included above.
- iv) Related party transaction, the amount of which is in excess of 10% of the total related party transactions of the same type are disclosed separately.
- v) Services rendered include renting services, testing services, business support services, etc.
- vi) Services received include testing services, solution contract support services, license fees, etc.
- vii) Includes recoveries on account of employee cost, travel costs, training, IT services, etc.

44 Segment information

On a review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors, which is the Chief Operating Decision Maker ('CODM') and considering the economic characteristics of the operations, the Group is of the view that it operates in two segments viz. 'Engines' and 'Lubes'. Lubes segment comprises of a joint venture viz. Valvoline Cummins Private Limited, which is accounted for as per equity method under relevant Ind AS standard. The CODM evaluates the Group's performance based on an analysis of various parameters. Engine segment comprises of Cummins India Limited and other Group companies, which has been aggregated considering the nature of products, class of customer etc.

Notes to consolidated financial statements for the year ended March 31, 2024

Following information is provided to the CODM for Lubes segment for monitoring its performance:

₹ Crore

Particulars	Year ended March 31, 2024	Year ended March 31, 2024*	Elimination / Adjustments	Total
	Engines	Lubes		
Sales	8,859.99	2,254.71	2,254.71	8,859.99
Profit before tax	2,112.10	249.60	157.09	2,204.61
Profit after tax *	1,628.07	185.02	92.51	1,720.58

Particulars	Year ended March 31, 2023	Year ended March 31, 2023*	Elimination / Adjustments	Total
	Engines	Lubes		
Sales	7,641.40	2,148.84	2,148.84	7,641.40
Profit before tax	1,513.14	209.90	131.75	1,591.29
Profit after tax *	1,150.00	156.30	78.15	1,228.15

Notes:

* The above numbers represent full numbers in the Statement of Profit and Loss of Valvoline Cummins Private Limited and are not Group's proportionate share.

For relevant information relating to Engine segment refer consolidated Statement of Profit and Loss and Balance Sheet.

- 45** As set out in section 135 of the Companies Act, 2013, the Group is required to contribute ₹ 20.07 crore (March, 31 2023 : ₹15.57 crore) towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Board has approved and the Group has contributed ₹ 20.07 crore (March 31, 2023: ₹ 15.57 crore) to Cummins India Foundation towards eligible projects as mentioned in Schedule III (including amendments thereto) of the Companies Act, 2013. Apart from the above contribution to Cummins India Foundation, the Group has not made any direct expenditure/contributions of capital nature. Unspent contribution amounting to ₹ 3.67 crore (March, 31 2023 : ₹1.55 crore) has been transferred by the Company to a separate bank account as per the requirement.

46 Financial risk management objectives and policies

Financial risk factors:

The Group has well written policies covering specific areas, such as foreign exchange risk and investments which seek to minimise potential adverse effects on the Group's financial performance due to external factors. The Group uses derivatives to hedge foreign exchange risk exposures. The Group's senior management oversees the management of these risks. All derivatives and investment activities for risk management purposes are carried out by specialist team that has appropriate skills, experience and supervision. As per the Group's policy, no trading in derivatives

Notes to consolidated financial statements for the year ended March 31, 2024

for speculation purpose may be undertaken. The Board of Directors reviews and approves policies for managing each of these risks.

The Group's activities are exposed to variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks as follows:

i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, GBP and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in a currency that is not the Group's functional currency.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from recognised assets and liabilities, the Group uses forward contracts.

The following table demonstrates the sensitivity relating to possible change in foreign currencies with all other variables held constant:

₹ Crore

Currency	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
USD	1%	0.21	1.05
Euro	1%	0.05	0.60
Others	1%	0.02	0.15
Total		0.28	1.80

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and financial assets and liabilities denominated in various currencies. Although the derivatives have not been designated in a hedge relationship, they act as economic hedge and offset the under lying transactions when they occur.

ii) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. In order to optimise the Group's position with regards to interest income and interest expense, treasury team manages the interest rate risk by balancing the portion of fixed rate and floating rate in its total portfolio.

Notes to consolidated financial statements for the year ended March 31, 2024

Borrowings of ₹ 100 crore outstanding as at March 31, 2024 (As at March 31, 2023 : ₹ 350.04 crore) were at floating rate linked to T-bill / MIBOR + applicable spread.

The following table demonstrates the sensitivity of interest payable:

₹ Crore

	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Working Capital Loan	0.50%	0.01	0.71

iii) Price risk

The Group invests its surplus funds in mutual funds which are linked to debt markets. The Group is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits approved by the Board of Directors.

The following table demonstrates the sensitivity relating to possible change in investment value with all other variables held constant:

₹ Crore

	% change	March 31, 2024	March 31, 2023
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Mutual funds	0.50%	2.21	3.45

Profit after tax for the year would increase / decrease as a result of gains / losses on mutual funds classified as at fair value through profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily from trade receivables, contract assets, other receivables, deposits with banks and loans given.

Trade receivable and contract assets

Senior management is responsible for managing and analysing the credit risk for each new customer before standard payment, delivery terms and conditions are offered. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

Notes to consolidated financial statements for the year ended March 31, 2024

An impairment analysis is performed at each reporting date for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 10 and 13.

Other receivables, deposits with banks and loans given

Credit risk from balances with banks is managed by the Group's treasury department in accordance with Group's policy approved by the Risk Management Committee. Investments of surplus funds are made within the credit limits and as per the policy approved by the Board of Directors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance of the above assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5,9,11,12 and 13.

c) Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet the operational needs. Such forecasting takes into consideration the compliance with internal cash management policy.

As per the Group's policy, treasury team invests surplus cash in marketable securities and time deposits with appropriate maturities or sufficient liquidity to provide headroom to meet the operational needs. At the reporting date, the Group held mutual funds of ₹ 441.31 crore (March 31, 2023 : ₹ 689.93 crore) and other liquid assets of ₹ 299.89 crore (March 31, 2023 : ₹ 396.69 crore) that are expected to readily generate cash inflows for managing liquidity risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

₹ Crore

As at March 31, 2024	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	100.00	-	-
Lease liabilities including interest	-	9.34	21.13	2.54
Trade payables	-	1,408.77	-	-
Royalty and support services	-	29.07	-	-
Unpaid dividend	13.26	-	-	-
Retention money	-	7.06	3.75	-
Deposits	-	-	27.45	-
Capital Creditors	-	52.65	18.44	-
Others	-	48.47	-	-

Notes to consolidated financial statements for the year ended March 31, 2024

As at March 31, 2023	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	350.04	-	-
Lease liabilities including interest	-	8.14	23.25	2.06
Trade payables	-	1,149.50	-	-
Royalty and support services	-	19.32	-	-
Unpaid dividend	12.79	-	-	-
Retention money	-	8.86	0.25	-
Deposits	-	-	27.36	-
Capital Creditors	-	4.37	-	-
Others	-	57.66	-	-

d) Capital management

The Group's objectives when managing capital is to provide maximum returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments in light of changes in economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other reserves attributable to equity shareholders of the holding company.

₹ Crore

	March 31, 2024	March 31, 2023
Borrowings	100.00	350.04
Less: Cash and cash equivalents	299.89	396.69
Net debt	(199.89)	(46.65)
Equity	6,612.32	5,758.24
Gearing ratio (times)	-*	-*

* Gearing ratio is not calculated as the amount of cash and cash equivalents is higher than borrowings

Notes to consolidated financial statements for the year ended March 31, 2024

47 Fair values

The following table provides a comparison by class of the carrying amounts and fair value of the Group's financial instruments other than those with carrying amounts that are reasonable approximations of fair values and investment properties.

	Carrying value		Fair value	
	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore	March 31, 2024 ₹ Crore	March 31, 2023 ₹ Crore
Financial assets:				
FVTPL of investments in mutual funds & bonds	441.31	689.93	441.31	689.93
FVTOCI of investments in certificate of deposit (CD)	623.34	357.99	623.34	357.99
FVTOCI of investments in quoted Bonds/NCD	113.54	-	113.54	-
Financial liabilities				
FVTPL of Foreign exchange forward contracts	0.31	0.02	0.31	0.02
Non-current assets				
Investment properties	977.31	1,019.04	1,416.71	1,453.73

The Management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of investments in mutual funds is based on the price quotation at the reporting date obtained from the asset management companies. The Group enters into derivative financial instruments with various counterparties, principally financial institutions. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations.

Notes to consolidated financial statements for the year ended March 31, 2024

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as defined in accounting policy 1c and investment properties by valuation method as defined in Note 3

₹ Crore

	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL				
Investments in mutual funds & bonds				
March 31, 2024	-	441.31	-	441.31
March 31, 2023	-	689.93	-	689.93
Financial assets at FVTOCI				
Investments in certificate of deposit				
March 31, 2024	-	623.34	-	623.34
March 31, 2023	-	357.99	-	357.99
Investments in quoted Bonds/ NCD				
March 31, 2024	113.54	-	-	113.54
March 31, 2023	-	-	-	-
Financial liabilities at FVTPL				
Forward contracts liability				
March 31, 2024	-	0.31	-	0.31
March 31, 2023	-	0.02	-	0.02
Non-current assets				
Investment properties				
March 31, 2024	-	-	1,416.71	1,416.71
March 31, 2023	-	-	1,453.73	1,453.73

There has been no transfer between Level 1 and Level 2 during the year. For details of valuation method, assumption used for valuation of investment properties, refer note 3.

Notes to consolidated financial statements for the year ended March 31, 2024

48 Financial Ratios

No.	Name of the Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	Variance %	Rationale for Variance > 25%
1	Current Ratio	Current assets	Current liabilities	2.89	2.70	7.11%	
2	Debt Equity Ratio	Short term debt + Long term debt	Shareholders' funds	0.02	0.06	-75.12%	During the year, shareholders' funds have increased on account of profits during the year. Borrowings have gone down on account of repayments.
3	Debt Service Coverage Ratio	Net profit after taxes + Depreciation + Interest	Interest + Lease payments + Principal repayments	76.29	73.56	3.71%	
4	Return on Equity Ratio *	Net profits after taxes	Average shareholders funds	28%	23%	22.18%	
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	6.23	6.36	-2.15%	
6	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average trade receivable	4.89	5.44	-10.21%	
7	Trade Payable Turnover Ratio	Net credit purchases	Average trade payable	4.97	5.47	-9.15%	
8	Net Capital Turnover Ratio	Revenue from operations (gross)	Current assets - Current liabilities	2.32	2.42	-4.38%	
9	Net Profit Ratio *	Net profits after taxes	Revenue from operations (gross)	19%	16%	19.70%	
10	Return on Capital Employed *	Earning before interest and taxes	Total tangible assets - (current liabilities + non-current liabilities)	35%	28%	22.42%	
11	Return on Investment *	Earning before interest and taxes	Total assets	25%	20%	21.30%	

* Exceptional items have been excluded for computation of financial ratios

Notes to consolidated financial statements for the year ended March 31, 2024

49 Additional information Statutory group information

Name of the entity in the Group	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ Crore	As % of consolidated profit and loss	₹ Crore	As % of consolidated other comprehensive income	₹ Crore	As % of consolidated total comprehensive income	₹ Crore
Parent								
Cummins India Limited								
Balance as at March 31, 2024	93.21%	6,163.09	96.52%	1,660.62	94.40%	(16.68)	96.54%	1,643.94
Balance as at March 31, 2023	93.22%	5,367.98	91.99%	1,129.82	110.58%	3.97	92.05%	1,133.79
Subsidiary (Indian)								
Cummins Sales & Service Private Limited								
Balance as at March 31, 2024	0.54%	35.42	0.58%	9.96	-2.46%	0.44	0.61%	10.39
Balance as at March 31, 2023	0.43%	25.03	0.40%	4.95	4.77%	0.17	0.42%	5.12
Associate (Indian)								
Cummins Generator Technologies India Private Limited								
Balance as at March 31, 2024	-	643.13	8.87%	152.59	4.29%	(0.76)	8.92%	151.84
Balance as at March 31, 2023	-	555.02	10.64%	130.65	-16.16%	(0.58)	10.56%	130.07

Notes to consolidated financial statements for the year ended March 31, 2024

Name of the entity in the Group	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ Crore	As % of consolidated profit and loss	₹ Crore	As % of consolidated other comprehensive income	₹ Crore	As % of consolidated total comprehensive income	₹ Crore
Joint Ventures (Indian)*								
Valvoline Cummins Private Limited								
Balance as at March 31, 2024	-	304.29	5.38%	92.51	3.77%	(0.67)	5.40%	91.84
Balance as at March 31, 2023	-	282.10	6.36%	78.15	0.96%	0.03	6.36%	78.19
Cummins Research and Technology India Private Limited								
Balance as at March 31, 2024	-	-	0.00%	-	0.00%	-	0.00%	-
Balance as at March 31, 2023	-	-	-0.01%	(0.10)	0.00%	-	-0.01%	(0.10)
Adjustments arising out of consolidation								
March 31, 2024	6.26%	413.81	-11.34%	(195.10)	0.01%	-	-11.47%	(195.10)
March 31, 2023	6.34%	365.23	-9.39%	(115.32)	-0.16%	(0.01)	-9.37%	(115.33)
Total for March 31, 2024	100.00%	6,612.32	100.00%	1,720.58	100.00%	(17.67)	100.00%	1,702.91
Total for March 31, 2023	100.00%	5,758.24	100.00%	1,228.15	100.00%	3.59	100.00%	1,231.74

* The net assets of the entity have not been consolidated under the equity method

Notes to consolidated financial statements for the year ended March 31, 2024

50 Relationship with struck off companies

During the year ended March 31, 2024, the Group has not entered into any transactions with the companies whose names were struck off under applicable regulations.

51 Exceptional Items during the year ended March 31, 2024 comprise expenses on account of voluntary retirement (VRP) and voluntary separation (VSP) programs aggregating to ₹ 1.70 Crore, and during the year ended March 31, 2023 comprise expenses on account of Voluntary Retirement Scheme ('VRS' or the 'Scheme') aggregating to ₹ 14.30 Crore.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP For and on behalf of the Board
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Ashwath Ram
Managing Director
DIN: 00149501

Nasser Munjee
Director
DIN: 00010180
Place: **Dubai**

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: **Pune**
Date: **May 29, 2024**

Place: **Pune**
Date: **May 29, 2024**

A white line-art circuit diagram on a dark teal background. The diagram features various icons: a globe with a leaf, a factory with a leaf, a group of people, a lightbulb with a leaf, a solar panel, a battery, a person reading, and a person with a magnifying glass. The central text is framed by these circuit elements.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

2023-24
EXECUTIVE SUMMARY

POWERING PEOPLE. DRIVING PROGRESS. SHAPING POSSIBILITIES.

At Cummins India Limited (CIL), we have been **Powering the Progress** of our nation for over 62 years. We have always strived to create value for our people, customers, communities and the planet with innovative and dependable solutions. We draw strength from our rich legacy – to not just make continuous **Progress**, but boldly explore endless **Possibilities**. We are committed to sustainably **Power** the world to create a better future for all.

For us, '**Power. Progress. Possibilities.**' stands for our foundational strength and forward-thinking vision. **Power** represents our robust capabilities and innovative solutions. **Progress** exemplifies our constant pursuit of excellence, driving us to consistently surpass benchmarks and redefine standards. **Possibilities** highlight the infinite opportunities we seek to prepare for a sustainable and prosperous future for all our stakeholders.



Ashwath Ram
Managing Director
Cummins India Limited



aspire to be as a company. We believe that ethical behavior on the part of every employee, contractor, supplier and business stakeholder is foundational to our sustainability and long-term success. We intend to create an ethical work environment where employees know what is expected of them to exemplify our core value of integrity.

"At Cummins India Limited (CIL), we prioritize environmental, social and governance (ESG) stewardship to bridge the gap between **Progress** and purpose. We are not just targeting emission reduction goals, but creating new **Possibilities** for sustainable business growth and a more prosperous world. With a proud legacy of innovation and bold action, CIL has an incredible opportunity and responsibility to be part of the solution to India's climate challenges. In line with Cummins' global aspirations under PLANET 2050 and Destination Zero, CIL is committed to sustainability and helping our customers navigate the energy transition. People are at the heart of everything we do and

By nurturing diversity, equity, inclusion and culture (DEIC), we power the full potential of our people, creating an environment where innovation and integrity thrive. By embracing a multitude of voices and perspectives, we engineer innovative solutions that tackle the world's most pressing challenges. This diversity is not just integral to achieving our business goals, but it also inspires us to build a better future for all – our people, communities, country and the planet."

Powering Progress, Protecting the Planet.

At Cummins, we understand that **Powering** the world's most demanding and essential applications goes hand-in-hand with tackling climate change. Through innovation and teamwork across our business and communities, we address our customers' needs and the environmental challenges. A thriving planet is our benchmark for **Progress**, so we prioritize sustainability in everything we do – because a better tomorrow depends on it. Ambitious goals guide our journey, reinforcing our commitment as a responsible corporate citizen. By caring for the environment, we create a win-win situation for Cummins and the planet.

OUR GOALS

2025-26



Bridging the Education Gap

Achieve 50% representation from candidates in aspirational districts through the education assistance program



Deepening Community Impact

Double the coverage of the community outreach program in aspirational districts

2030



Waste Less, Win More

Generate 25% less waste in facilities and operations as a percentage of revenue



Conserve Every Drop

Reduce absolute water consumption in facilities and operations by 30%



Climate Champions in Action

Reduce absolute greenhouse gas (GHG) emissions from facilities and operations by 50%



Empowering Diversity

Achieve Gender Diversity of 50% across all employee categories

2040

ENVIRONMENT

Choosing Sustainability as the Compass for Progress

Addressing climate change hinges upon technology leadership. Cummins' commitment to environmental sustainability is backed by bold and resolute action. **Our legacy of excellence and a global sustainability focus, guides us to take responsibility and embrace the incredible opportunity to lead the charge and address the world's climate challenges.** Our environmental vision is anchored by ambitious goals that align with 12 of the 17 UN Sustainable Development Goals (SDGs). These targets guide our innovation and responsible practices, ensuring we advance on our path to a sustainable future.

Protecting our planet for future generations is what environmental stewardship means to us at Cummins. For us, it goes beyond regulatory compliances; and guides us to lead climate action, reduce our impact on the planet and enable our customers and communities in their energy transition journey. We recognize that Earth's resources are finite and that every action has a ripple effect on the ecosystem. Embracing sustainable practices, such as reducing waste, conserving water, promoting biodiversity, and working alongside employees, local governments, NGOs and academic institutions, helps us to contribute to a healthier planet.

CORPORATE RESPONSIBILITY ENVIRONMENT PROJECTS

Impact Numbers FY 2023-24



315,377
people benefited overall



214,269
helped through **Solid Waste Management** initiatives



43,000
benefited from **Cleaner Air Better Life** initiative



11,748
benefited from **Monsoon Resilient Maharashtra**



8,339
received clean drinking water through **Water Neutrality Projects**



38,021
supported through **Holistic Rural Development***



1,250 Million
gallons of water conserved

WASTE MANAGEMENT

Owning Our Waste, Owning Our Future

We believe environmental stewardship comes from within. Each choice and each step propel us toward a greener and healthier tomorrow.

Our Communities



Organic Festival Waste Management

Our Nirmalya and Patravali programs address waste generation from Maharashtra's annual major festivals. Nirmalya is a multi-dimensional, multi-stakeholder level project that involves months of planning, logistics and co-ordination during the annual Ganesh and Wari festivals.



Zero Waste Slum Project

It aims to revolutionize waste management systems and empower communities to achieve zero waste status. It involves comprehensive awareness campaigns for waste segregation at the source, efficient waste collection methods, scientific waste disposal practices and fostering a collective mindset toward maintaining clean and healthy surroundings.

2 Lakh+

people engaged for organic waste awareness and collection

236 Tons

of Nirmalya converted into organic compost

50,000+

Ganesh idols immersed at home

5 major

chronic waste spots eliminated

87%

door-to-door coverage maintained

4,000+

residents in low-income communities benefited

Our Facilities



Reduce, Reuse, Recycle and Recover approach helps us prioritize waste reduction. We focus on manufacturing process redesign, better waste segregation, employee involvement, and collaboration with NGOs and suppliers. We invest in technologies that minimize waste and maximize recycling.



Zero Waste Footprint: Guided by our ethos of **use less, use better and use again**, we practice 100% waste recycling with no landfill waste and ensure **Zero Liquid Discharge (ZLD)*** by reusing all treated wastewater on-site.

EMBRACING ENERGY CONSERVATION FOR A PURPOSEFUL FUTURE

Driving **Progress** toward a sustainable tomorrow, FY 2023-24 marked the successful implementation of a range of innovative energy conservation processes and initiatives:



Energy audits, and associated training



Unplugged Challenge*



Replacement of non-energy efficient motors with energy efficient motors



Compressed air optimization



Replacement of light fixtures with LED lamps, etc.

ENERGY CONSERVATION

Impact Numbers FY 2023-24



550,766 kWh
of energy saved by **Compressed Air Leak Management Program** at **Kothrud Engine Plant (KEP)**



134,784 kWh
of electrical energy saved through installation of **Energy Efficient Induction Motors** at **KEP**



4,622.4 kWh
of energy saved at the **High Horsepower Rebuild Center (HHP RC)** at **Phaltan**



45,000 kWh
of energy saved at the **Cummins Power Generation (CPG) Plant** at **Phaltan**

through LED lamps and room heater timer project



78,500 kWh
of energy saved due to installation of **High-volume, Low Speed Fans** at **CPG Plant**



Power of Solar
6,078,000+ kWh
of electricity generated from the onsite solar installations across CIL facilities

***Unplugged Challenge** is a great energy-saving idea to minimize the **at rest** (energy use when the facility is not in use) **energy state** of a facility by **Powering** down whenever possible, and not just during national holiday, e.g., Diwali holidays, weekends, non-working hours, etc.

EMPOWERING COMMUNITIES THROUGH SUSTAINABLE PRACTICES

We are committed to championing environmental sustainability through purpose-driven corporate responsibility projects.

Cleaner Air Better Life (CABL) Initiative

A collaborative initiative where industries, entrepreneurs, governments and civic societies work together to address sources of air pollution, with a mission to improve air quality and contribute to better quality of life across urban and rural India.

The project has four task forces:



Clean Fuel



Clean Transport



Biomass Management



Clean Industry

FY 2023-24 Impact

CABL Pune

Program launched

43,000+

farmers reached across 218 villages in Punjab and Haryana

200,000 MT

of greenhouse gases avoided



Urban Watershed Management

Our energy and environment initiatives focus on urban watershed management, enhancing water storage capacity, preventing water pollution, conserving water and promoting biodiversity awareness. FY 2023-24 marked successful water management initiatives in Maharashtra. One new pond and an open well were desilted, with the water intended for ecosystem use. A 1.4 km stretch of the Khadakwasla dam was also desilted in phases.



Monsoon Resilient Maharashtra (MRM)

MRM empowers rural communities in Maharashtra to address water scarcity from droughts and unpredictable monsoons. By building community capabilities and creating alternative income sources, we aim to enhance resilience and reduce dependence on seasonal rainfall for agriculture. In FY 2023-24, MRM was expanded to an extremely drought-prone region and aspirational district of Dharashiv in Maharashtra.

SOCIAL

People-centric Progress for a Future of Possibilities

At Cummins, we have a strong commitment to social responsibility both within the company and in the wider community. For us, it is a catalyst for creating stronger and more vibrant communities. Our social responsibility is beyond internal policies - it's about making a tangible impact on society. Our actions reflect a deep-rooted belief that businesses have the power and the duty to drive positive change in the world.

CORPORATE RESPONSIBILITY PRIORITY AREAS

Our corporate responsibility initiatives, overseen by the Cummins India Foundation, aim to build more prosperous communities and inspire our employees. To accomplish this, our employee-led volunteerism in communities and community engagement efforts strategically focus on:

Three Global Priorities Fostering Prosperous Communities



Higher Education



Equal Opportunity



Energy and Environment

Impact Numbers FY 2023-24

340,000+ people benefited through
10 Corporate Responsibility projects



CORPORATE RESPONSIBILITY PROJECTS

Nurturing Brilliance

The program supports meritorious students from disadvantaged backgrounds pursuing engineering degrees and diplomas through scholarships. This year, the program expanded to aspirational districts in Vidisha and Guna (Madhya Pradesh), Ranchi (Jharkhand) and Dharashiv (Maharashtra) and supported 229 students for academic year 2023-24.



Technical Education for Communities (TEC)

This global initiative closes the skills gap by training low-income youth in technical skills and boosting female representation in technical education. 544 students were supported in FY 2023-24 across two TEC sites in India: Phaltan and Shiroli Manufacturer's Association, Kolhapur (SMAK).



Cummins India Limited TEC Sites

- 1 Phaltan, Maharashtra (in collaboration with the Government)
- 2 Kolhapur, Maharashtra (in partnership with our reliable suppliers)

Phaltan Town Development



The project aims to transform Phaltan into the best town in its category and size in India, focusing on making it 'Clean, Green and Smart.' To achieve this vision, we have taken multi-faceted initiatives to enhance solid waste management and sanitation, create green spaces and implement smart infrastructure in the town and schools. Our efforts have resulted in notable improvements reflected in Phaltan's Swachh Sarvekshan ranking soaring from 264 to 29 and Mazi Vasundhara ranking jumping from 98 to 24.

Local Community Care



The initiative is dedicated to supporting underprivileged and disabled communities through strategic partnerships with organizations serving the hearing and visually impaired, orphans and the elderly. Our efforts focus on three key development areas: infrastructure and health safety, resource conservation and education with training and process improvement.

DIVERSITY, EQUITY, INCLUSION AND CULTURE (DEIC)

Winning With the Power of Difference

For over six decades, CIL has championed DEIC, recognizing the power of a diverse workforce. We believe that a workplace which reflects the richness and diversity of our communities, fosters innovation, business success, people progress and a positive social impact. The company's success hinges upon our ability to attract and retain diverse talent. Meeting the evolving needs of our workforce, we continuously improve our talent practices to drive systemic change in the company's culture and use the power of difference to provide creative solutions for our customers' biggest challenges.

Our Initiatives Support Various Employee Resource Groups (ERGs) Focusing on Different Dimensions of Diversity



Gender



Generation



Culture



Persons with Disability (PwD)



LGBTQIA+



AN INSPIRING LEGACY OF EMPOWERING WOMEN ACROSS

Our Workplaces

Gender Diversity

Promoting gender diversity is a top priority for us, and we have achieved remarkable progress, particularly in our leadership roles.

Women 21%

Men 79%

Employees and Workers
(Permanent)

Women 55.56%

Men 44.44%

Board of Directors

Gender Inclusive Policies and Facilities



Maternity leaves



Childcare facilities



Menstrual leave for women employees working on the shopfloor

Women Empowerment (WE) Network



An Employee Resource Group committed to enhancing gender diversity and promoting an inclusive work environment with a focus on empowering, developing and ensuring the safety of our women workforce.

Our Communities

EmpowHER



An initiative geared toward enhancing the financial inclusion and independence of women across Cummins model villages in India.

2,000+ women empowered with entrepreneurship training in eco-friendly sanitary napkin production through an initiative called “Udgam”, tailoring, papad and roti making, kitchen gardening and more.

Cummins College of Engineering for Women (CCEW)



- India's first women-only engineering college
- Launched in Pune in 1991
- Second campus opened in Nagpur in 2010
- **750+** girls supported in FY 2023-24

Cummins Powers Women (CPW)



CPW engineers solutions to address gender inequality in communities by partnering with expert non-profits focusing on four areas: educational attainment, legal rights, economic empowerment and personal safety.

SUPPORTING THE HOLISTIC WELLNESS OF OUR EMPLOYEES



At Cummins, our people are our most valued asset, and we are always working to promote an interdependent safety culture designed around reducing risk and ensuring that everyone returns home safely every day. Guided by our core value of CARING, we continually enhance our holistic health and safety systems, which go beyond physical safety to encompass excellence in product and psychological safety. Our employees actively contribute to foster a robust safety culture through consultation, participation and feedback.

To uphold the highest standards, we benchmark world-class practices through our dedicated Health, Safety and Environment (HSE) department. Many of our manufacturing locations in India hold certifications for ISO 45001 and ISO 14001 standards, internationally recognized frameworks for mitigating health, safety and environmental risks. Our HSE department also plays a pivotal role in driving our PLANET 2050 sustainability goals and 2030 targets through regular environmental initiatives across our plants.

Promoting Health, Safety and Environmental Excellence



Hazard Identification and Risk Assessment (HIRA) process proactively addresses work-related hazards and risks, ensuring safety in both routine and non-routine tasks



Our leadership supports Health and Safety committees across plant locations, driving key risk reduction projects. We actively involve employees and trade unions in site-level initiatives focused on:
Preventing Serious Injuries and Fatalities (SIF)
Implementing HSE Risk Assessment Tools



Our **employee engagement initiatives** include:
Lead It. Live It.
Find It. Fix It.

GOVERNANCE

Culture of Integrity Driving Long-term Progress



At Cummins, our governance is guided by a steadfast commitment to **integrity, transparency and compliance**. These principles are the bedrock of our partnerships with all stakeholders, including our people, customers, suppliers, dealers, communities and government bodies. We conduct our business with honesty, ensuring fair competition and strict adherence to legal standards. For us, ethical behavior is not optional but essential, serving as the cornerstone of our long-term success and sustainability.

This approach to governance helps us cultivate a culture where ethical practices are ingrained in every action we take. Doing business ‘the right way’ underpins our global reputation as a trustworthy and dependable brand.

Our commitment to diversity, equity, inclusion and culture is exemplified by 55.5% women representation in our Board of Directors. We believe that leadership must embody the values we stand for to ensure the integrity of our company's culture.

Our ethics and governance initiatives revolve around 10 guiding principles, beginning with the fundamental commitment to “We will follow the law everywhere”. These principles guide every aspect of our work, from embracing diverse perspectives to safeguarding our technology and protecting the environment.

Cummins’ 10 Ethical Principles

Cummins’ ethics and governance initiatives are built around the 10 Statements of Ethical Principles in the Code of Business Conduct

- We will follow the law everywhere.
- We will embrace diverse perspectives and backgrounds and treat all people with dignity and respect.
- We will compete fairly and honestly.
- We will avoid conflicts of interest.
- We will demand that everything we do leads to a cleaner, healthier and safer environment.
- We will protect our technology, our information and our intellectual property.
- We will demand that our financial records are accurate and that our reporting processes are clear and understandable.
- We will strive to improve our communities.
- We will communicate honestly and with integrity.
- We will create a culture where employees take responsibility for ethical behavior.

SHAPING A FUTURE OF **POWER, PROGRESS AND POSSIBILITIES** through Environmental, Social and Governance Excellence

Since 1962, CIL has proudly powered India's growth story. Our distinguished legacy of excellence and positive impact, and our core values of integrity, caring, excellence, diversity and inclusion and teamwork guide our commitment to ESG stewardship. It is how we make people's lives better by **Powering** a more prosperous world.

'**Power. Progress. Possibilities.**' is our commitment to enrich lives and work toward a future brimming with incredible opportunities for generations to come. A future where we innovate better products for our customers, cultivate excellence among our people, engineer confidence for our investors and inspire dreams in our communities. Our ambition for **Progress** is matched by our fierce responsibility to safeguard our people and planet.

At Cummins, our story is beyond horsepower. It is a story just unfolding, one where 'Power. Progress. Possibilities.' are valuable only if embraced responsibly and shared inclusively. And we are not writing this story alone. We are immensely grateful to our stakeholders for powering our story every single day for over six decades by demonstrating our core values of integrity, diversity and inclusion, caring, excellence and teamwork. Now, we call upon them to join Cummins in building a prosperous world where everyone has access to Power, feels the impact of Progress and holds the potential to create limitless Possibilities.





Cummins India Limited

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