

Cummins India Limited

Registered Office: Kothrud, Pune 411 038 (INDIA)

(CIN L29112PN1962PLC012276)

Telephone : 020 67067000 Fax : 020 67067015

Website : www.cumminsindia.com

NOTICE OF THE MEETING

To

The Members of Cummins India Limited

NOTICE is hereby given that the Fifty Third Annual General Meeting of Cummins India Limited will be held at Yashada, MDC Auditorium, Baner Road, Pune 411 007 on Friday, the 1st day of August, 2014, at 12.00 noon, to transact the following business :

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date along with the Reports of the Directors and the Auditors thereon.
2. To declare final dividend on equity shares and to ratify the interim dividend declared by the Board of Directors.
3. To appoint a Director in place of Mr. Casimiro Antonio Vieira Leitao (holding DIN 05336740), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Edward Phillip Pence (holding DIN 06577765), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Rajasekhar Menon (holding DIN 03074942), who was appointed as an Additional Director by the Board of Directors of the Company on August 3, 2013, pursuant to Article 110 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 161 (1) of the Companies Act, 2013 and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company".
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Mark Smith (holding DIN 06852777), who was appointed as an Additional Director by the Board of Directors of the Company on May 23, 2014, pursuant to Article 110 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 161 (1) of the Companies Act, 2013 and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company".
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that, pursuant to the applicable provisions of Sections 149, 150 (2), 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Priya Shankar Dasgupta (holding DIN 00012552), Director of the Company in respect of whom the Company has received a notice from a member proposing his candidature for the office of

Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years, *that is*, up to July 31, 2019”.

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that, pursuant to the applicable provisions of Sections 149, 150 (2), 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Venu Srinivasan (holding DIN 00051523), Director of the Company in respect of whom the Company has received a notice from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years, *that is*, up to July 31, 2019”.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that, pursuant to the applicable provisions of Sections 149, 150 (2), 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rajeev Bakshi (DIN 00044621), Director of the Company in respect of whom the Company has received a notice from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years, *that is*, up to July 31, 2019”.

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that, pursuant to the applicable provisions of Sections 149, 150 (2), 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Nasser Mukhtar Munjee (holding DIN 00010180), Director of the Company in respect of whom the Company has received a notice from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years, *that is*, up to July 31, 2019”.

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that, pursuant to the applicable provisions of Sections 149, 150 (2), 152, 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Prakash Manjanath Telang (DIN 00012562), Director of the Company in respect of whom the Company has received a notice from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years, *that is*, up to July 31, 2019”.

13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that, pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Pradeep Bhargava (holding DIN 00525234), Alternate Director to Mr. Mark Smith, be and is hereby appointed as an Advisor to the Company for rendering professional services on a retainer basis on the following key terms and conditions :

1. Term : Twenty Seven (27) months with effect from May 1, 2014 until July 31, 2016
2. Honorarium : ₹ 1,50,000/- per month (₹ One Lac Fifty Thousand Only)
3. A company maintained car with driver will be provided.
4. Work Timings : 16 hours per week and will be based out of Cummins India Office Campus at Balewadi.
5. The retainer can be terminated by the Company or by Mr. Bhargava by giving One (1) month's notice”.

14. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that approval of the Company be and is hereby accorded in respect of material related party transaction(s) for sale of internal combustion engines, their parts and accessories by the Company to Cummins Limited, UK on arm’s length basis for a consideration estimated at ₹ 76,381 Lacs for the Financial Year 2014-15”.

15. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that, pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being force) and statutory approval, if any, approval of the Company be and is hereby accorded to the Board of Directors to let out or give on rent, lease, leave and license or any other similar arrangement basis, the premises of the Company to any or all of the following Related Party/ies on arm’s length basis, and on other terms as more particularly stated in the attached Explanatory Statement of this Resolution:

- Cummins Technologies India Limited
- Cummins Generator Technologies India Limited
- Cummins Research and Technology India Limited
- Tata Cummins Limited

RESOLVED FURTHER that Cummins Technologies India Limited and Tata Cummins Limited be granted right to use common facilities developed by the Company on cost sharing basis as more particularly stated in the attached Explanatory Statement of this Resolution.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to negotiate and finalise other terms and conditions to do all such acts, deeds and things including delegation of powers as may be necessary, proper or expedient to give effect to this Resolution”.

16. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that, in supersession of the resolutions previously passed by the shareholders in this regard and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the payment of sum, in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, not exceeding in aggregate one percent of the net profits of the Company for each financial year, in accordance with Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof to the non-executive directors of the Company (i.e. directors other than the Managing Director and/or the Whole-time Directors).

RESOLVED FURTHER that the Board of Directors of the Company (including Nomination and Remuneration Committee) be and is hereby authorized to determine the amount, proportion and terms of such payment, in accordance with the provisions of the Act to be made out of profits of the Company for each of Three (3) financial years commencing from April 1, 2014.

RESOLVED FURTHER that the Board of Directors of the Company or Committee/s thereof be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution”.

By Order of the Board

Mumbai
June 27, 2014

Sameer Chugh
Vice President
Legal & Secretarial

NOTES :

- a. The information pursuant to Clause 49 of the Listing Agreement, in respect of Item nos. 3 & 4 and the Explanatory Statement, pursuant to Section 102 (1) of the Companies Act, 2013 ("the Act"), in respect of Special Business at Item nos. 6 to 16 of the Notice set out above is annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- c. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, July 26, 2014 to Friday, August 1, 2014 (both days inclusive). If the final dividend as recommended by the Board of Directors is declared at the ensuing Annual General Meeting of the Shareholders of the Company, payment of such dividend will be made to those Shareholders whose names appear on the Register of Members and records of the Depositories respectively, as at the end of business hours on July 25, 2014.
- d. Members requiring information on the audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date are requested to write to the Company at least Seven (7) days before the date of the Meeting to enable the Company to furnish the information.
- e. The Company has appointed Link Intime India Private Limited, Mumbai as its Registrar and Transfer Agent. All correspondence relating to transfer and transmission of shares, sub-division of shares, issue of duplicate share certificates, change of address, dematerialization of shares, payment of dividend etc. will be attended to and processed at the office of the Registrar and Transfer Agent at the following address :

Link Intime India Private Limited
Unit : Cummins India Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai 400 078
Phone No. : (022) 2594 6970
Fax No. : (022) 2594 6969
Contact person: Mrs. Maheshwari Patil
E-mail: mareshwari.patil@linkintime.co.in / rnt.helpdesk@linkintime.co.in

- f. Unclaimed dividends for the Financial Years 2006-07 and 2007-08 can be claimed from the Company by completing the requisite formalities. To claim final dividend for the Financial Year 2006-07 and interim dividend for the Financial Year 2007-08, the requisite formalities are required to be completed prior to August 30, 2014 and February 28, 2015 respectively. Thereafter, the unclaimed dividend for the said years is liable to be transferred to the Investor Education and Protection Fund established by the Central Government as per Section 125 of the Act. For details on unclaimed dividend(s), members are requested to write to Link Intime India Private Limited, Mumbai at the above address.
- g. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Link Intime India Private Limited.
- h. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

- i. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- j. Members/ Proxies/ Representatives are requested to bring the attendance slip enclosed to the Notice for attending the Meeting.
- k. 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 4, 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. Shareholders who have not so far surrendered their old certificates in exchange for new certificates for sub-divided Shares of the face value of ₹ 2 each, are requested to do so immediately.
- l. The Company on September 26, 2011, allotted Bonus shares in the ratio of 2:5. Shareholders holding shares in physical form who have not yet claimed the Bonus share certificates are requested to contact the Registrar and Transfer Agent of the Company immediately.
- m. The Company encourages members to intimate / update their e-mail addresses to receive the Annual Report and other communication electronically in support of the “Go Green” initiative of the Ministry of Corporate Affairs (MCA). Members holding shares in demat may please update their e-mails with the respective depository participant. The Company will send all communication including the Annual Report via e-mail to the members who have provided their e-mail addresses to the Company / Depositories. A copy of the Annual Report will be available on the Company’s website www.cumminsindia.com. A printed copy of the report will be furnished free of cost upon receipt of a request for the same.
- n. The relevant documents as referred to in item nos. 6 to 16 of the Notice and the Explanatory Statement attached hereto will be kept open for inspection by the Members at the Registered Office of the Company on any working day (Monday to Friday) between 10.00 a.m. to 12.00 noon.
- o. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 & Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the electronic facility to exercise their right to vote at the Annual General Meeting (AGM). The business at the AGM may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it’s discretion, subject to compliance with the instructions prescribed below :

The procedure/ instructions for e-voting are as under :

A. In case of members receiving e-mail :

- a. Log on to the e-voting website www.evotingindia.com
- b. Click on “Shareholders” tab.
- c. Select “Cummins India Limited” from the drop down menu and click on “SUBMIT”
- d. Now Enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Enter the Image Verification as displayed and Click on Login.
- f. If you are holding shares in demat form and had voted on an earlier voting of any company by logging on to www.evotingindia.com, then your existing password is to be used.

- g. If you are a first time user, follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account / folio number in the PAN field. In case the folio number is less than 8 digits, enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth (DOB) in dd / mm / yyyy format as recorded in your demat account or in the Company records for the said demat account or folio.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</p>

- h. After entering all details appropriately, click on "SUBMIT".
- i. Members holding shares in physical form will be directed to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for the relevant business of Cummins India Limited on which you choose to vote.
- l. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option 'YES' or 'NO', as desired. The option 'YES' implies that you assent to the Resolution and option 'NO' implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. After selecting the Resolution, if you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. If Demat account holder has forgotten the changed password then "Enter the User ID" and the image verification code and click on Forgot Password & enter the details as prompted by the system.

B. In case of Institutional shareholders :

- a. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- b. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

- c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - e. Institutional shareholders should upload a scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- C. In case of members receiving the physical copy :
- a. Please follow all steps from sl. no. A.a. to A.q. above to cast vote.
- D. The voting period begins on Saturday, July 26, 2014 (9.00 a.m.) and ends on Monday, July 28, 2014 (6.00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 18, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- F. General :
- a. In case of any queries regarding e-voting you may refer to the 'user manual for shareholders to cast their votes' available at www.evotingindia.com under 'HELP'.
 - b. If you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote.
 - c. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of July 18, 2014.
 - d. Mr. Suresh Deulkar, Practising Company Secretary, Pune, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - e. The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- p. The results of the e-voting along with the scrutinizer's report shall be placed on the Company's website www.cumminsindia.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
- q. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- r. In case of joint shareholders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- s. The Members, who have voted electronically, are not eligible to vote by ballot paper.

ANNEXURE TO THE NOTICE

Information as per Clause 49 of the Listing Agreement with the Stock Exchanges -

Item No. 3

Re-appointment of Mr. Casimiro Antonio Vieira Leitao

Mr. Casimiro Antonio Vieira Leitao joined the Board of Cummins India Limited on August 3, 2012. Mr. Leitao is a Bachelor of Science in Electrical Engineering and Masters in Business Administration. Mr. Leitao possesses expertise in Sales and Marketing and has a deep understanding of customer needs and channel dynamics in Power Products Business. Mr. Leitao is on the Board of Cummins Northeast, LLC and Cummins Power technology. Mr. Leitao does not hold any shares in the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Leitao :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and
- (ii) intimation in Form DIR-8.

The shareholders' approval is solicited for the resolution at Item No. 3 of the accompanying Notice. Except Mr. Leitao, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 3 of the Notice.

Item No. 4

Re-appointment of Mr. Edward Phillip Pence

Mr. Edward Phillip Pence joined the Board of Cummins India Limited on May 10, 2013. Mr. Pence is a Bachelor of Arts in English and Communications and has pursued Executive Programme from Stanford University. Mr. Pence possesses expertise in Automotive Business and Automotive Field Marketing.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Pence :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and
- (ii) intimation in Form DIR-8.

The shareholders' approval is solicited for the resolution at Item No. 4 of the accompanying Notice. Except Mr. Pence, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 4 of the Notice.

Explanatory Statement as required under Section 102 of the Companies Act, 2013

Item No. 6

Appointment of Additional Director

The Board of Directors at their Meeting held on August 1, 2013 appointed Mr. Rajasekhar Menon as an Additional Director to take effect from August 3, 2013 under Article 110 of the Articles of Association of the Company. Under Section 161 of the Companies Act, 2013, Mr. Menon holds office of the Additional Director till the date of the ensuing Annual General Meeting. A notice has been received from a member, as required under Section 160 of the Companies Act, 2013, along with required deposit of ₹ 1 Lac, proposing the candidature of Mr. Menon for office of the Director.

Mr. Menon is a Bachelor of Engineering (Mechanical) and Master of Industrial Engineering. Mr. Menon possesses expertise in Sales and Strategy Management and has deep understanding of customer needs and channel dynamics in Distribution Business. Mr. Menon is the Director of Valvoline Cummins Limited. Mr. Menon does not hold any shares in the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Menon :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and
- (ii) intimation in Form DIR-8.

The shareholders' approval is solicited for the resolution at Item No. 6 of the accompanying Notice. Except Mr. Menon, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No. 7

Appointment of Additional Director

The Board of Directors at their Meeting held on May 22, 2014 appointed Mr. Mark Smith as an Additional Director to take effect from May 23, 2014, under Article 110 of the Articles of Association of the Company. Under Section 161 of the Companies Act, 2013, Mr. Smith holds office of the Additional Director till the date of the ensuing Annual General Meeting. A notice has been received from a member, as required under Section 160 of the Companies Act, 2013, along with required deposit of ₹ 1 Lac, proposing the candidature of Mr. Smith for office of the Director.

Mr. Smith is a Bachelor of Arts with specialization in Economics from the University of Kent, UK. He has also completed his Masters in Business Management from the Kellogg School of Management, Northwestern University, USA. He is a qualified member of Institute of Chartered Accounts in England and Wales. Mr. Smith does not hold any shares in the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Smith :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; and
- (ii) intimation in Form DIR-8.

The shareholders' approval is solicited for the resolution at Item No. 7 of the accompanying Notice. Except Mr. Smith, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 of the Notice.

Item No. 8

Appointment of Independent Director under the Companies Act, 2013

Mr. P. S. Dasgupta is a Non-Executive (Independent) Director of the Company. Mr. Dasgupta joined the Board of Cummins India Limited on February 26, 1998 and was re-appointed in the Annual General Meeting of the Company to take effect from August 2, 2012.

Mr. Dasgupta is a B. A. (Hons.) and also has a post graduate degree in Law (L.L.B.). His areas of expertise include mergers and acquisition, reorganization & restructuring, infrastructural project development, financing, joint ventures, licensing and corporate laws.

Mr. Dasgupta is on the Boards of the following other companies, viz., (i) Shugan Chandra Kothari Educational Foundation, (ii) Snap-on Tools Private Limited, (iii) Holcim (India) Private Limited, (iv) Dasgupta Consulting Private Limited, (v) NDLO Consulting Private Limited, (vi) Kothari Education Infrastructure Private Limited, (vii) Afforce Business Consulting Private Limited, (viii) Otis Elevator Co (India) Limited, (ix) Timken India Limited, (x) Maral Overseas Limited, (xi) Bhilwara Technical Textiles Limited, (xii) Tricone Projects India Limited, (xiii) Asian Hotels (North) Limited, (xiv) Ester Industries Limited, (xv) Interstar Financial Services Limited, (xvi) RSWM Limited.

Mr. Dasgupta is a member of the Finance and Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of Cummins India Limited.

Mr. Dasgupta is also a member of the following Committees :

- Finance and Audit Committee of (i) Timken India Limited (Chairman) (ii) Otis Elevator Company India Limited (iii) Maral Overseas Limited (iv) Tricone Projects India Limited and (v) Bhilwara Technical Textiles Limited (Chairman).
- Shareholders / Investors Grievance Committee of (i) Otis Elevator Company India Limited and (ii) Bhilwara Technical Textiles Limited (Chairman).
- Remuneration Committee of (i) Timken India Limited and (ii) Maral Overseas Limited.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1 Lac proposing candidature of Mr. Dasgupta for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received the following documents from Mr. Dasgupta :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Dasgupta as an Independent Director of the Company up to July 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Dasgupta, Independent Director proposed to be appointed, fulfils the conditions specified in the Act and Rules made thereunder, is a person of integrity, possesses relevant expertise & experience and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Dasgupta as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dasgupta as an Independent Director.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Dasgupta does not hold any shares in the Company and is not related with any other Director of the Company.

The Shareholders' approval is solicited for the resolution at Item No. 8 of the accompanying Notice as an Ordinary Resolution. Except Mr. Dasgupta, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of the Notice.

Item No. 9

Appointment of Independent Director under the Companies Act, 2013

Mr. Venu Srinivasan is a Non-Executive (Independent) Director of the Company. Mr. Srinivasan joined the Board of Cummins India Limited on January 27, 2000 and was re-appointed in the Annual General Meeting of the Company to take effect from August 1, 2013.

An Engineer from Madras University, Mr. Srinivasan has also done MS (Management) from Purdue University, U.S.A. A recipient of the prestigious 'Padma Shri' adoration by Government of India, Mr. Srinivasan has also been conferred the 'Star

of Asia' award by Business Week International, civilian honour "Order of Diplomatic Service Merit" by the President of the Republic of Korea for outstanding contribution in promoting Korea-India relations and a number of other distinguished recognitions and honors to his credit. Mr. Srinivasan has rich experience in the Engineering field, Corporate Strategy and General Management. The Company stands to benefit significantly from his experience and expertise.

Mr. Srinivasan is on the Boards of the following other companies viz., (i) TVS Motor Company Limited (Chairman and Managing Director) (ii) Sundaram-Clayton Limited (Chairman and Managing Director) (iii) Harita-NTI Limited (Chairman) (iv) TVS Credit Services Limited (Chairman) (v) Lucas-TVS Limited (vi) T V Sundram Iyengar & Sons Limited (vii) Southern Roadways Limited (viii) Sundram Fasteners Limited (ix) Sundram Non-Conventional Energy Systems Limited (x) Sundram Investments Limited (xi) TATA Coffee Limited (xii) Oriental Hotels Limited (xiii) TVS Energy Limited (xiv) TVS Lanka Private Limited (xv) TVS Motor (Singapore) Pte. Limited (xvi) Aga Khan Rural Support Programme (India).

Mr. Srinivasan is a member of the Finance and Audit Committee and Stakeholders Relationship Committee of the Board of Directors of Cummins India Limited.

Mr. Srinivasan is also a member of following Committees:

Audit Committee of (i) T V Sundram Iyengar & Sons Limited; and (ii) Harita-NTI Limited.

Stakeholders Relationship Committee of (i) TVS Motor Company Limited, (ii) Sundaram-Clayton Limited and (iii) Cummins India Limited.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1 Lac proposing candidature of Mr. Srinivasan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received the following documents from Mr. Srinivasan :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013; and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Srinivasan as an Independent Director of the Company up to July 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Srinivasan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and Rules made thereunder, is a person of integrity, possesses relevant expertise & experience and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Srinivasan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Srinivasan as an Independent Director.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Srinivasan does not hold any shares in the Company and is not related with any other Director of the Company. Mr. Srinivasan holds more than 2% in few public limited companies.

The Shareholders' approval is solicited for the resolution at Item No. 9 of the accompanying Notice as an Ordinary Resolution. Except Mr. Srinivasan, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 9 of the Notice.

Item No. 10

Appointment of Independent Director under the Companies Act, 2013

Mr. Rajeev Bakshi is a Non-Executive (Independent) Director of the Company. Mr. Bakshi joined the Board of Cummins India Limited on October 20, 2000 and was re-appointed in the Annual General Meeting of the Company to take effect from August 1, 2013.

Mr. Bakshi is a B. A. (Economics) and an MBA from Indian Institute of Management (IIM), Bengaluru. Mr. Bakshi possesses expertise in marketing. His rich management expertise will add value to the Board.

Mr. Bakshi is a Director in the following other companies viz., (i) Marico Industries Limited (ii) Metro Cash & Carry Private Limited and (iii) Subhiksha Trading Services Limited. Mr. Bakshi is also a member of the Audit Committee of Marico Industries Limited.

Mr. Bakshi is a member of the Finance and Audit Committee of the Board of Directors of Cummins India Limited.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1 Lac proposing candidature of Mr. Bakshi for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received the following documents from Mr. Bakshi :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013; and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Bakshi as an Independent Director of the Company up to July 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Bakshi, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and Rules made thereunder, is a person of integrity, possesses relevant expertise & experience and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Bakshi as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bakshi as an Independent Director.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Bakshi does not hold any shares in the Company and is not related with any other Director of the Company.

The Shareholders' approval is solicited for the resolution at Item No. 10 of the accompanying Notice as an Ordinary Resolution. Except Mr. Bakshi, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 10 of the Notice.

Item No. 11

Appointment of Independent Director under the Companies Act, 2013

Mr. Nasser Munjee is a Non-Executive (Independent) Director of the Company. Mr. Munjee joined the Board of Cummins India Limited on March 29, 2001 and was re-appointed in the Annual General Meeting of the Company to take effect from August 2, 2012.

Mr. Munjee is a monetary economist, educated at the University of Chicago and the London School of Economics (Bachelors and Masters Degrees). His areas of expertise include Housing Development and Infrastructure Finance.

Mr. Munjee is on the Boards of the following other companies, viz., (i) Development Credit Bank Limited (Chairman) (ii) Tata Motors Finance Limited (Chairman) (iii) ABB Limited (iv) HDFC Limited (v) Ambuja Cements Limited (vi) Voltas Limited (vii) Tata Chemicals Limited (viii) Tata Motors Limited (ix) Britannia Industries Limited (x) Unichem Laboratories Limited (xi) Aarusha Homes Private Limited (xii) EMSAF-Mauritius (xiii) Tata Chemicals North America Inc., U.S.A. (xiv) Jaguar Land Rover, U.K. (xv) Go Airlines (India) Limited (xvi) Aga Khan Rural Supprot Programme (India) and (xvii) First American Securities Private Limited.

Mr. Munjee is the Chairman of the Finance and Audit Committee of the Board of Directors of Cummins India Limited. Mr. Munjee is a member of Corporate Social Responsibility Committee and Nomination and Remuneration Committee of the Board of Directors of Cummins India Limited.

Mr. Munjee is also a member of Committees of Board of Directors of the following companies :

Audit Committee of (i) ABB Limited (Chairman) (ii) Tata Chemicals Limited (Chairman) (iii) Tata Motors Limited (Chairman) (iv) Voltas Limited (v) Unichem Laboratories Limited (vi) Britannia Industries Limited and (vii) Ambuja Cements Limited.

Remuneration Committee of (i) Tata Motors Finance Limited (Chairman) (ii) Voltas Limited (iii) Ambuja Cements Limited (iv) Tata Chemicals Limited (v) ABB Limited (Chairman) and (vi) Development Credit Bank Limited (Chairman).

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1 Lac proposing candidature of Mr. Munjee for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received the following documents from Mr. Munjee :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013; and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Munjee as an Independent Director of the Company up to July 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Munjee, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and Rules made thereunder, is a person of integrity, possesses relevant expertise & experience and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Munjee as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Munjee as an Independent Director.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Munjee does not hold any shares in the Company and is not related with any other Director of the Company.

The Shareholders' approval is solicited for the resolution at Item No. 11 of the accompanying Notice as an Ordinary Resolution. Except Mr. Munjee, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 11 of the Notice.

Item No. 12

Appointment of Independent Director under the Companies Act, 2013

Mr. Prakash Telang is a Non-Executive (Independent) Director of the Company. Mr. Telang joined the Board of Cummins India Limited on January 31, 2013 and was appointed in the Annual General Meeting of the Company to take effect from August 1, 2013.

Mr. Telang is a Bachelor of Mechanical Engineering and a Masters in Business Administration from IIM – Ahmedabad. Mr. Telang possesses expertise in Automobile and manufacturing industry.

Mr. Telang is the Chairman of Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Board of Directors of Cummins India Limited. Mr. Telang is a member of the Finance and Audit Committee of the Board of Directors of Cummins India Limited.

Mr. Telang is a Director of (i) Tata Hitachi Construction Machinery Limited (ii) Tata Advanced Systems Limited (iii) Persistent Systems Limited (iv) Tata Lockheed Martin Aerostructures Limited (v) Tara Aerospace Systems Limited (vi) SKF India Limited and (vii) Tema India Limited.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1 Lac proposing candidature of Mr. Munjee for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received the following documents from Mr. Telang :

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014;
- (ii) intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013; and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Telang as an Independent Director of the Company up to July 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Telang, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and Rules made thereunder, is a person of integrity, possesses relevant expertise & experience and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Telang as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Telang as an Independent Director.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Telang holds 1400 equity shares of ₹ 2 each (which is 0.0005 % of the paid up share capital) in the Company.

The Shareholders' approval is solicited for the resolution at Item No. 12 of the accompanying Notice as an Ordinary Resolution. Except Mr. Telang, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 12 of the Notice.

Item No. 13

Appointment of Mr. Pradeep Bhargava, Alternate Director, as an Advisor on retainership basis

Mr. Pradeep Bhargava is a B.Sc. (Honors), B.E. Electronics and MBA from Indian Institute of Management, Ahmedabad. Mr. Bhargava, a veteran in the Industry, has held responsible positions in both Private and Public sector organizations such as Indian Space Research Organization, BHEL, Kalyani Group, General Electric, etc. Mr. Bhargava has been associated with Cummins in India over a decade now.

Mr. Bhargava currently is a member of the National Council and his contributions to CII since 2004 have been significant. Mr. Bhargava is an active participant in Industry Forums, Educational Institutions as well as various platforms of Civic Society.

On account of his varied experience and inclination to drive corporate responsibility activities, giving effect to affirmative action and promoting education and talent management across the industry, the Nomination and Remuneration Committee at its meeting held on May 22, 2014 has recommended appointment of Mr. Pradeep Bhargava, Alternate Director to Mr. Mark Smith, Director of the Company, as an Advisor on retainership basis for a period of twenty seven (27) months with effect from May 1, 2014 on an aggregate remuneration not exceeding ₹ 1,50,000 per month, besides his entitlement to other benefits as follows :

1. A Company maintained car with the driver will be provided.
2. Other benefits as per the Cummins Business Travel Policy.
3. Work Timings : 16 hours per week and will be based out of Cummins India Office Campus at Balewadi, Pune.

On account of Mr. Pradeep Bhargava being an Alternate Director to Mr. Mark Smith and also having agreed to render professional services to the Company, the said arrangement would attract the provisions of Section 188 (1) (d) and (e) of the Companies Act, 2013 and would require prior approval by the shareholders at the ensuing Annual General Meeting.

Mr. Bhargava does not hold any shares in the Company and is not related with any other Director of the Company.

Except Mr. Pradeep Bhargava, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 13 of the Notice. This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The shareholders' approval is solicited for the resolution at Item No. 13 of the accompanying Notice as a Special Resolution.

Item No. 14

Related Party Transaction of material nature

The Securities and Exchange Board of India vide its Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 has amended the Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Further, SEBI has also given the option to Companies who wish to comply prior to October 1, 2014 to do so. Under the said amendment, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the shareholders by a Special Resolution. The said amendment further provides for definition of the term 'Material' as follows :

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds five percent of the annual turnover or twenty percent of the net worth of the company as per the last audited financial statements of the company, whichever is higher."

As a part of its regular business, the Company sells internal combustion engines along with parts and accessories thereof to Cummins Limited, UK at arm's length basis against Purchase Orders raised from time to time. For the Financial Year 2014-15 ("on-going transaction"), such sale of internal combustion engine etc. is estimated to the tune of ₹ 76,381 Lacs. Cummins Limited, UK is a subsidiary of Cummins Inc. USA which is also the parent company of the Company.

As a proactive compliance of the said amendment, the Finance and Audit Committee of the Board of Directors of the Company reviewed the on-going transaction and approved the same in their Meeting held on June 27, 2014. The Board of Directors, also, in their Meeting held on June 27, 2014, reviewed the on-going transaction in detail and proposed the same to be placed before the shareholders for their approval.

No Director, Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 14 of the Notice.

The shareholders' approval is solicited for the resolution at Item No. 14 of the accompanying Notice as a Special Resolution.

Item No. 15

Related Party Transaction which is not in the ordinary course of business

The Company owns several premises and properties. Considering the current strength of the Company, it has certain additional premises that it does not need immediately. Considering availability of extra space at the premises (listed below) which are not immediately required by the Company, it is proposed to provide such excess premises to other related parties on rent, lease, leave and license or any other similar arrangement basis for a period not exceeding sixty (60) months on the following principal terms and conditions :

Sr. No.	Details of Premises	Name of the Related Party/ies	Minimum Monthly Rate Per sq. ft. (in ₹) *	Proposed Area in sq. ft. (Approximate)
1	Dahanukar Colony, Kothrud, Pune 411 038	Cummins Technologies India Limited	69 (Admin) 22	6,582 (Admin) (as per test cell used)
2	Survey No. 21, Balewadi, Pune 411 045 (Tower A)	<ul style="list-style-type: none"> ● Cummins Technologies India Limited ● Cummins Generator Technologies India Limited ● Tata Cummins Limited 	80 80 80	79,055 10,252 8,528
3	Survey No. 21, Balewadi, Pune 411 045 (Tower B)	<ul style="list-style-type: none"> ● Cummins Research and Technology India Limited ● Cummins Technologies India Limited 	80	244,466
4	Gat No. 311, Hissa No.1-B, Kasar Amboli, Taluka Mulshi, Pune	Cummins Technologies India Limited	26	4,600
5	MIDC Survadi, Phaltan Lonand Road, Phaltan Taluka, Phaltan, Dist. Satara 415 522	Cummins Technologies India Limited	22	74,379

*** The above rates are applicable up to twelve (12) months and thereafter to be revised based on mutual discussions to align the same at arm's length rates. Further, the current rates are certified/ advised by the Third Party Independent Real Estate Consultants (namely, Knight Frank and Colliers) as current market rates.**

It is also proposed to grant right to use certain common facilities such as Medical Center, Crèche, Effluent Treatment Plant, Roads, Water tank etc. located at MIDC Survadi, Phaltan Lonand Road, Phaltan Taluka, Phaltan, Dist. Satara 415 522 to the Related Parties namely Cummins Technologies India Limited and Tata Cummins Limited who also have their manufacturing plants at the Megasite in Phaltan. These Related Parties would be charged, based on the principle of recoupment of capital cost over a period of ten (10) years plus interest @ 11.25% on such capital cost. The interest rate is based on the State Bank of India prime lending rate as at the time of incurring the capital cost.

Section 188 of the Companies Act, 2013 which came into force w.e.f. April 1, 2014, provides that a Company shall not enter into any contract or arrangement with any related party which is not in the ordinary course of business without obtaining

consent of the Board of Directors. The said section, read with the Companies (Meetings of Board and its Powers) Rules, 2014, provides that the Company having a paid up share capital of ₹ 10 Crores or more and proposing to enter into such transactions which are not in the ordinary course of business shall obtain consent of the Company by Special Resolution. The Board of Directors of the Company in their Meeting held on June 27, 2014 has approved the above transactions. However, since these transactions, though are at arm's length, are not in the ordinary course of business, it is proposed to pass Special Resolution at the Annual General Meeting of the Company.

The key details as required under Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as below:

1. Name of the related party and nature of relationship :

Cummins Research and Technology India Limited	Subsidiaries of the same holding company
Cummins Technology India Limited	
Cummins Generator Technologies India Limited	
Tata Cummins Limited	Company having the same Managing Director

2. Applicability of the agreement / arrangement is subject to statutory approval, if any
3. Notice period for termination : Notice in writing at least one (1) month in advance
4. Manner of determining the pricing and other commercial terms : On arm's length basis and in tune with market rent.

Disclosure with respect to : Mr. Anant J. Talaulicar, Chairman and Managing Director of the Company (being Key Managerial Personnel as per Section 6 (51) of the Companies Act, 2013) holds following offices in the Related Party companies as below :

Sr. No.	Names of the Companies	Nature of interest or concern
1.	Cummins Research and Technology India Limited	Director, Member (Share Transfer Committee)
2.	Cummins Technologies India Limited	Director, Member (Audit Committee)
3.	Cummins Generator Technologies India Limited	Director, Member (Corporate Social Responsibility Committee)
4.	Tata Cummins Limited	Managing Director, Member (Audit Committee)

Disclosure with respect to : Mr. Rajiv Batra, Chief Financial Officer of the Company (being Key Managerial Personnel as per Section 6 (51) of the Companies Act, 2013) holds following offices in the Related Party companies as below :

Sr. No.	Names of the Companies	Nature of interest or concern
1.	Cummins Generator Technologies India Limited	Director, Member (Corporate Social Responsibility Committee)
2.	Tata Cummins Limited	Director, Member (Audit Committee)
3.	Cummins Research and Technology India Limited	Director, Member (Share Transfer Committee)
4.	Cummins Technologies India Limited	Director, Member (Audit Committee)

Except M/s Anant J. Talaulicar and Rajiv Batra, no Director, Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 15 of the Notice.

The shareholders' approval is solicited for the resolution at Item No. 15 of the accompanying Notice as a Special Resolution.

Item No. 16

Payment of commission to Independent Non-Whole-time Directors

The Shareholders at their Fifty-First Annual General Meeting held on August 2, 2012, had approved payment of commission, in addition to sitting fees, to Non-Whole-time Directors not exceeding one (1) percent of the net profits of the Company for a period of five (5) Financial Years effective April 1, 2011.

Section 197 of the Act provides for payment of remuneration to the directors as under :

- (a) Payment of remuneration to more than one managing director / whole-time director shall not exceed 10% of the net profits of the Company to all such directors; and
- (b) Payment of remuneration to directors who are neither managing directors nor whole-time directors (that is non-executive directors) shall not exceed 1% of the net profits of the Company.

The Board of Directors of the Company has, subject to the approval of members of the Company, proposed to remunerate the Directors as under :

The non-executive directors (i.e. directors other than the Managing Director and the Whole-time Directors) may be paid remuneration not exceeding in aggregate one (1) percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Act.

The said remuneration to non-executive directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Except M/s. Rajeev Bakshi, P. S. Dasgupta, Nasser Munjee, Venu Srinivasan and Prakash Telang, no Director, Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 16 of the Notice.

The Shareholders' approval is solicited for the resolution at Item No. 16 of the accompanying Notice as a Special Resolution.

By Order of the Board

Mumbai
June 27, 2014

Sameer Chugh
Vice President
Legal & Secretarial