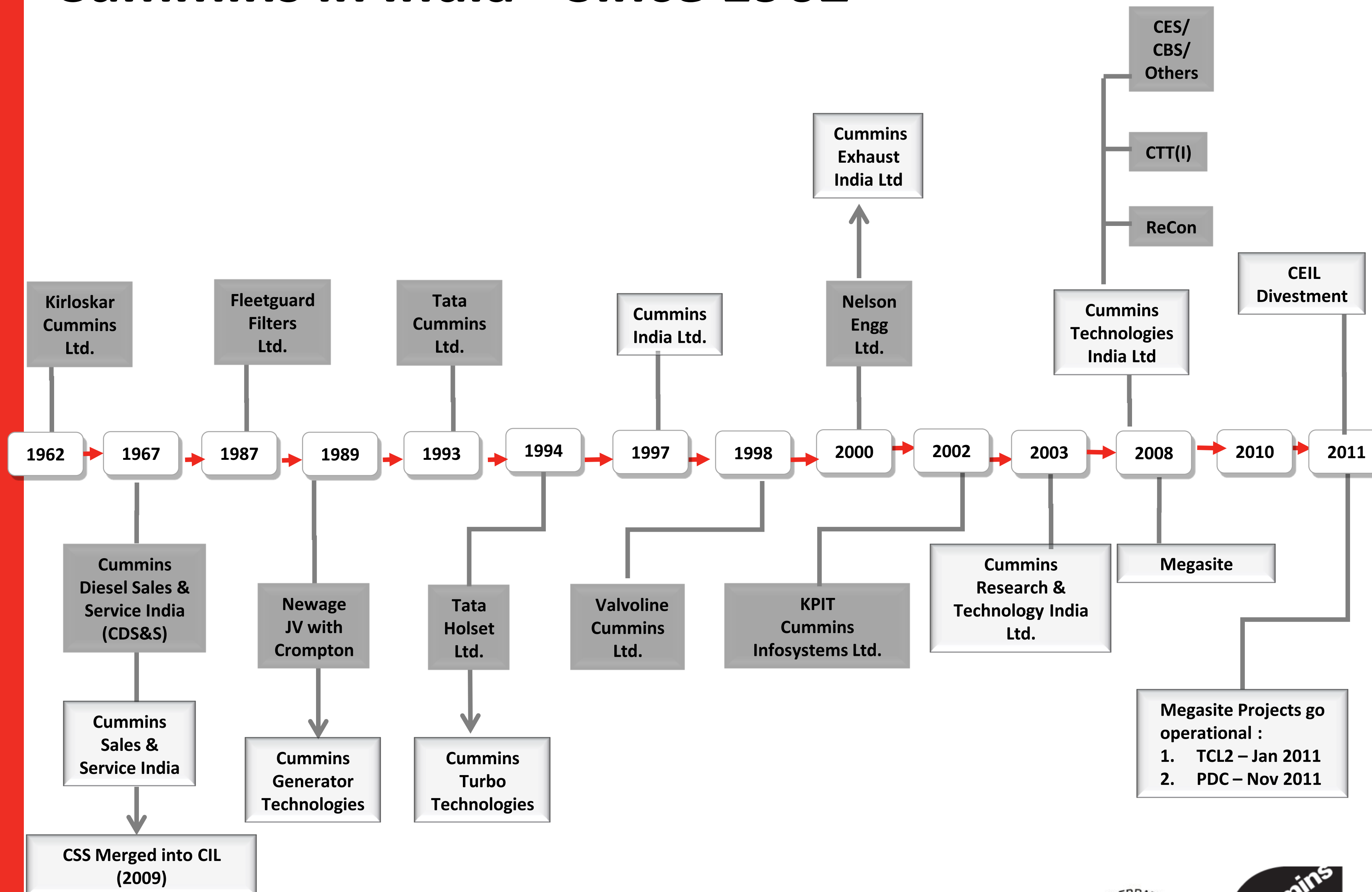
Cummins India Ltd. – Update

22nd February, 2012

Cummins in India - Since 1962



Cummins in India

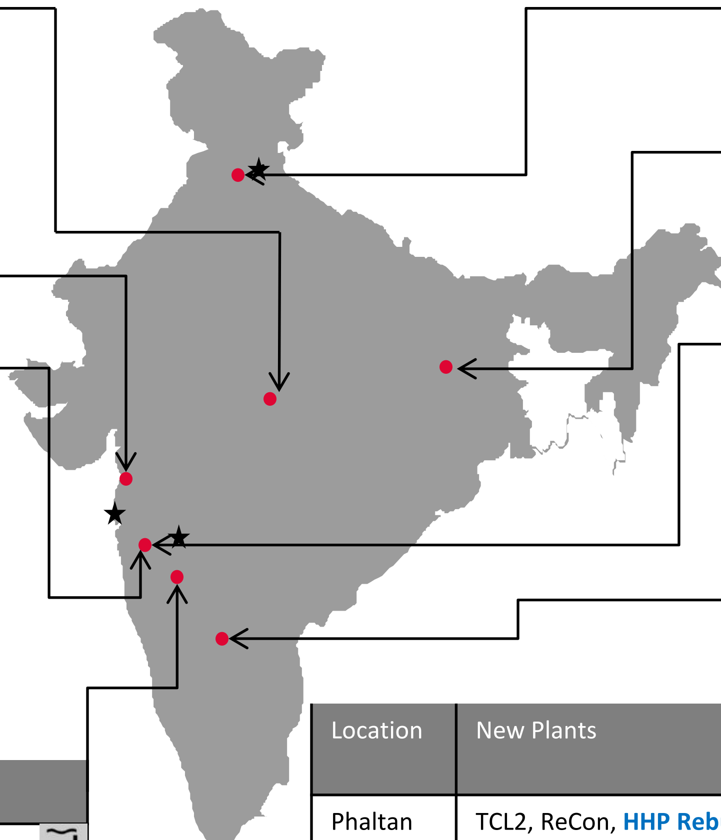
8 companies (4 JVs)

Over 11,000 employees

$2.3B 2011 sales

★ - New Plants

- Factory



Dewas, Pithampur
- CTIL- CTT (DTA, SEZ)
- CTIL- Recon (SEZ)

Daman
- **CIL (PGBU)**

Pune
- **Cummins India Ltd**
- CGT
- Cummins Research & Technology
- CES
- IPO
- CTIL- CTT

Ahmednagar, Ranjangaon
- CGT
- CTIL- Recon (DTA)

New Delhi
- Valvoline Cummins

Jamshedpur
- Tata Cummins Ltd
- Fleetguard Filters

Pune/Mumbai
- KPIT-Cummins
- Fleetguard Filters
- Valvoline (VCL)

Hosur
- Fleetguard Filters

Location	New Plants
Phaltan	TCL2, ReCon, **HHP Rebuild, PDC**
Mumbai	VCL
Rudrapur	CTT

Strategic Leadership Team

Anant Talaulicar
President – Components Group and
Managing Director – India ABO

Raj Menon
Chief Operating Officer

Rajiv Batra
Finance & Strategy

Sudha Dhar
Chief Information Officer

Nagarajan Balanaga
Human Resources

Government Relations

Qureish Shipchandler
Internal Audit

Sameer Chugh
Legal & Secretarial

Operating Leadership Team

Raj Menon
Chief Operating Officer – India ABO

Mahesh Narang
Industrial Engine Business

Bhavana Bindra
Auto Business

Amit Kumar
Power Generation

Sandeep Sinha
New & ReCon Parts India

Vipul Tandon
Distribution Business

Ashwath Ram
Tata Cummins Operations

Arun Ramachandran
Cummins Turbo Technologies

Anjali Pandey
CES

Senthil Kumaran
Cummins Fuel Systems

Paul Sowerby
CRTI & Eng

Aditi Sharma
Quality Champion

Pradeep Bhargava
CGT

J. Nilakantan
CBS

Bijoy Bose
IPO

Sadashiv Pandit
Fleetguard Filters

Ravi Pandit
KPIT Cummins

Naveen Gupta
Valvoline Cummins

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1962 • 2012

Cummins

Organization Structure

Cummins in India

Entities :

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

Business Units:

- Engine Business
  - Automotive
  - Industrial
  - ReCon
- Power Generation Business
  - Generators
  - Alternators
- Component Businesses
  - Filtration
  - Emission Solutions
  - Fuel Systems
  - Turbo
- Distribution Business (1 PDC/ 5 Zonal Offices / 21 Area Offices / 212 Dealer sites)
  - Lubricants

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

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Cummins India Ltd.

- Established in 1962, 51% subsidiary of Cummins Inc.
- Manufactures a variety of engines operating on diesel, natural gas and dual fuel
- Provides innovative solutions across Industrial, Power Generation and Automotive applications
- Manufactures over 40,000 engines p.a.
- Amongst India’s largest exporters of Engg. Products
- 5 plants : Kothrud, Nagar Rd Pune, Daman, Pirangut and PDC - Phaltan,


I – Kothrud, Pune


II - Nagar Road, Pune


III - Daman


IV – Pirangut (DTA, EOU)


V – PDC, Phaltan

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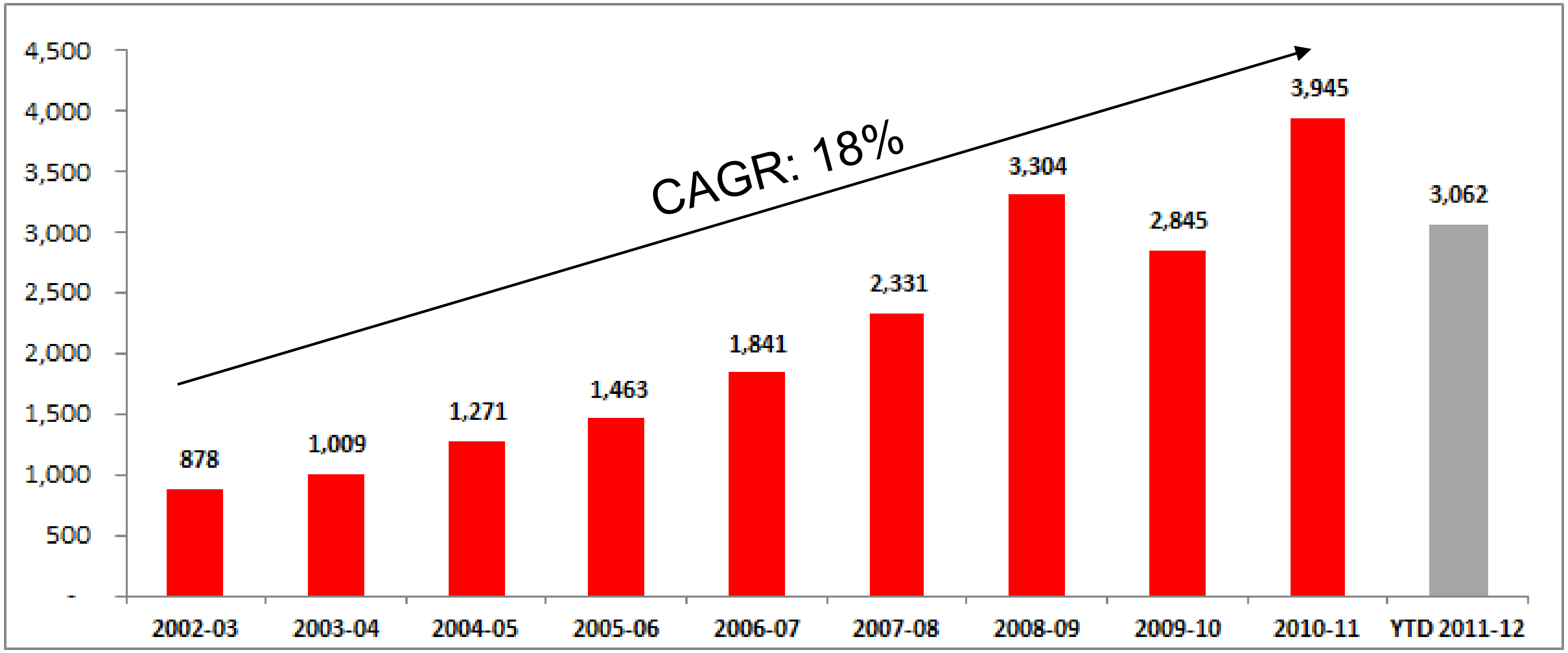
Cummins

CIL – Sales Trend

INR Cr.



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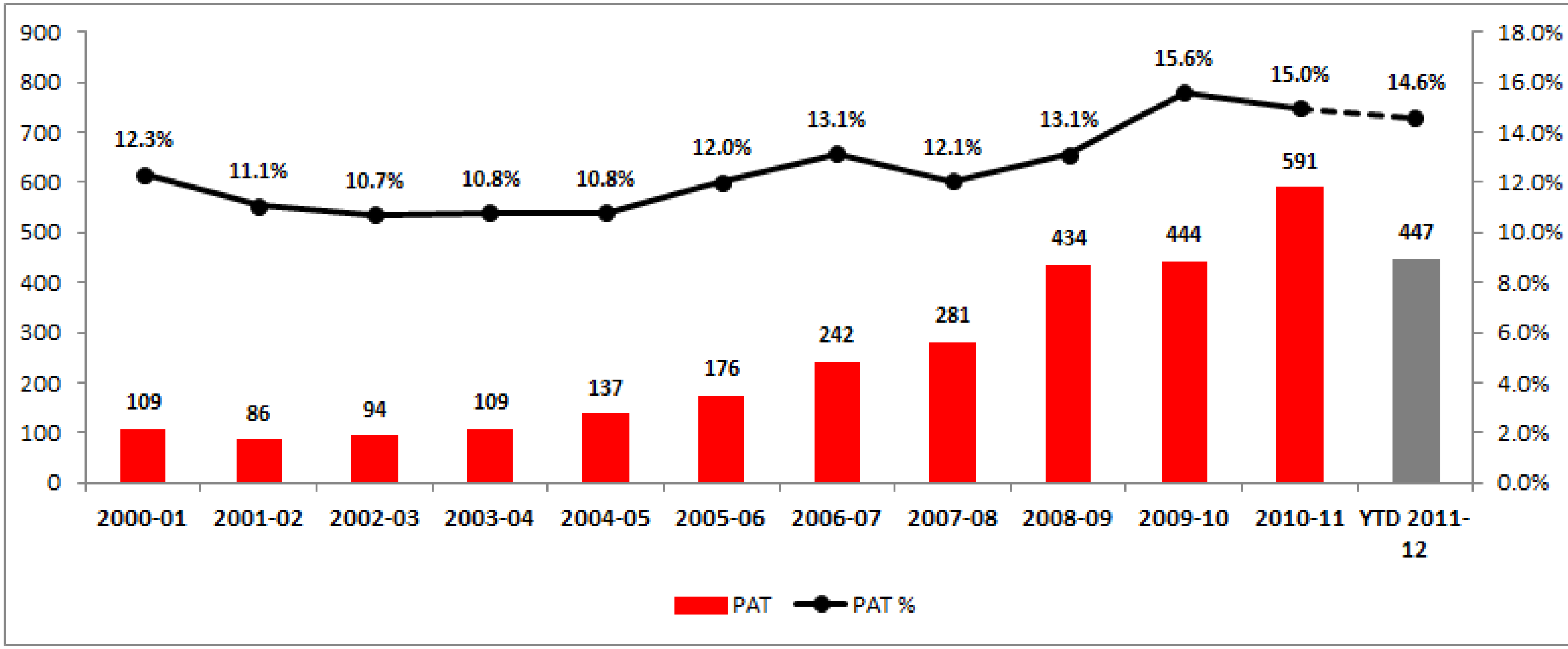
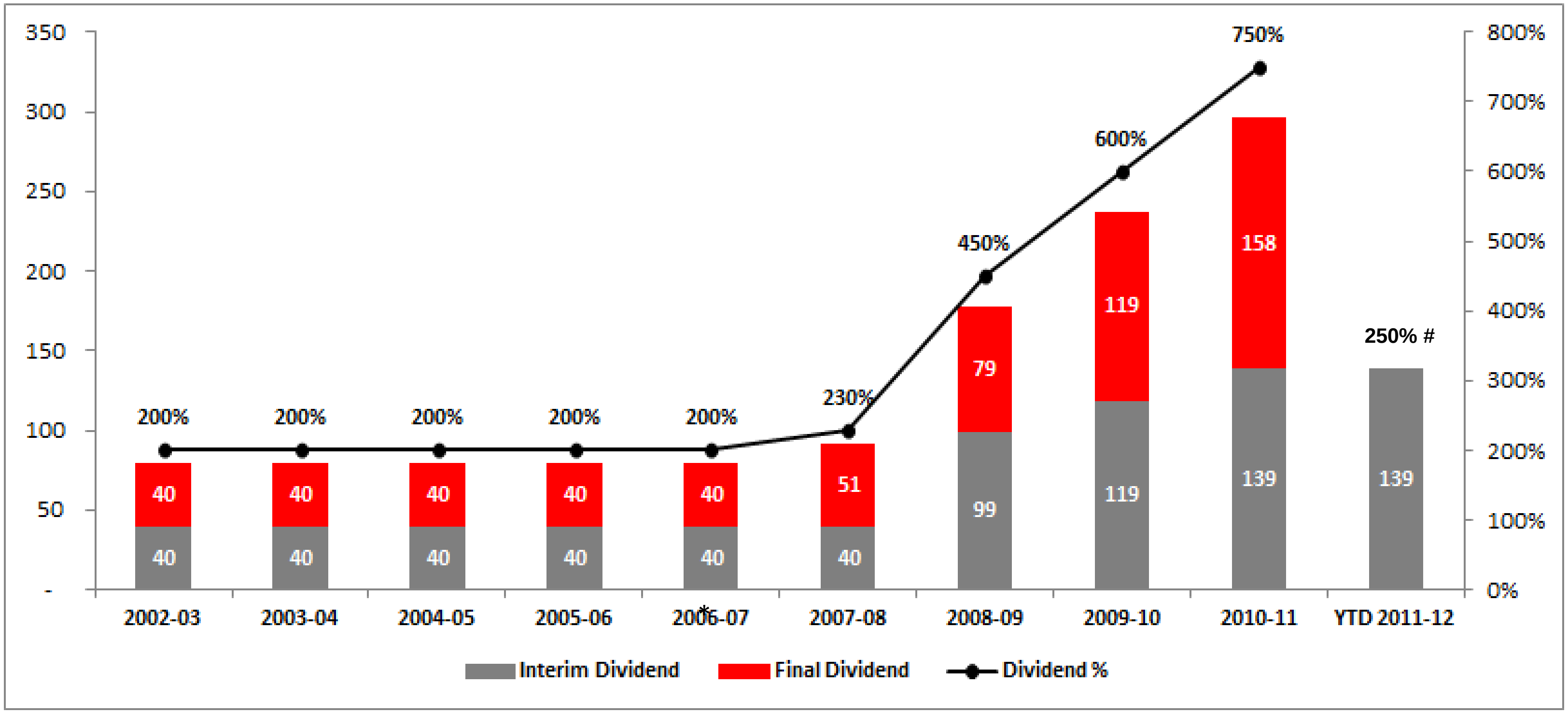
CIL – PAT Trend

INR Cr.



CIL – Dividend Trend

INR Cr.

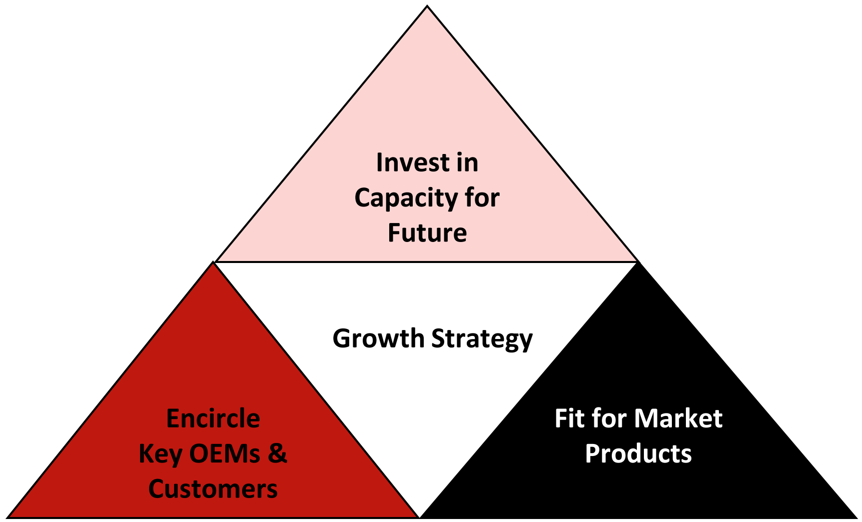


* Dividend before Dividend distribution tax

Interim Dividend post bonus issue

CIL Strategy

- Hub for LHP export applications
- Establish world-class office campus and technical centre for existing and future work-force

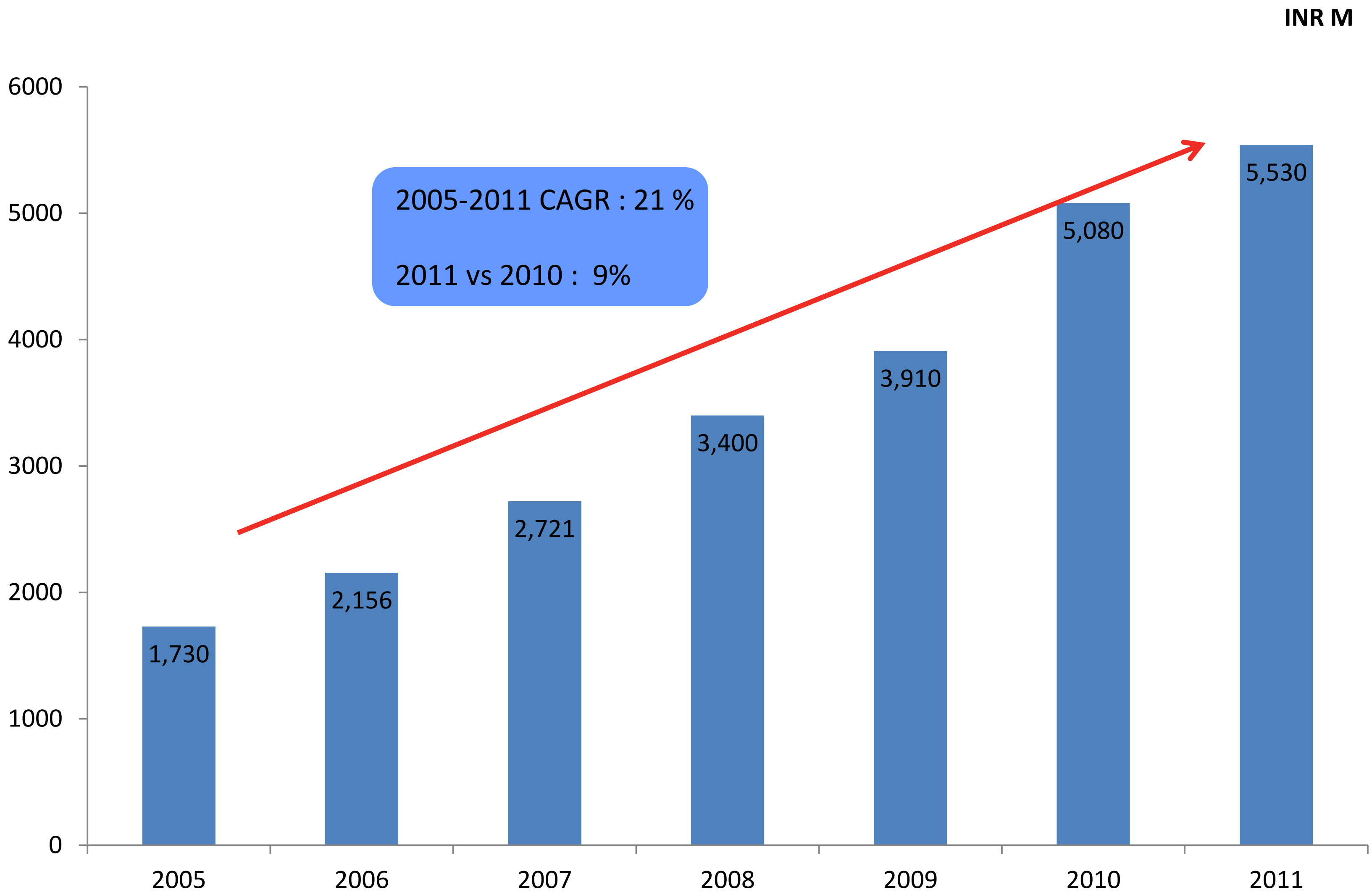


- Grow and diversify business
- Secure new business
- Develop new channels

- Upgrade products to meet new emission norms
- Offer competitive products
- Introduce stand-by ratings
- Increased focus on alternate fuel engines

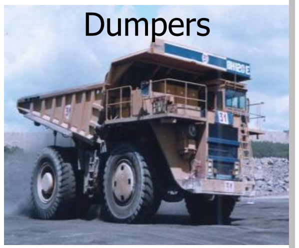
Industrial Business Update

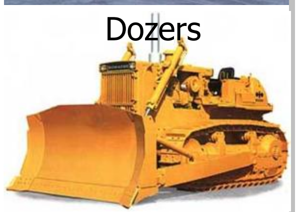
IBU Revenue growth Story



Industrial Markets

Mining

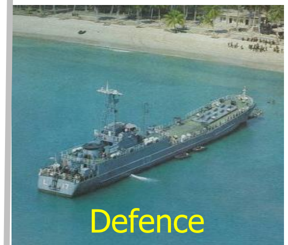




Construction & Compressors

Light Construction

Marine



Rail

Oil & Gas

Market Drivers

Mining
- Life Cycle Cost
- Local Service
- Electronics & Emissions (Emerging)

Construction & Compressors
- Engine Value (vs. Price)
- Global Strength
- Emissions
- Availability in short leadtime

Light Construction
- Engine Price
- Power Density
- Availability in short leadtime

Marine
- Reliability
- Adaptable Engineering
- Service

Rail
- Reliability
- Adaptable Engineering
- Service

Oil & Gas
- Reliability
- Life Cycle Cost
- Adaptable Engineering
- Availability in short lead time

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Key Markets Outlook

Mining	Marine	Rail
• Demand supply gap in power sector and growth in Steel & Cement sector fueling demand for Mining of Coal, Iron Ore, Lignite. . Mining Equipment Industry will grow at 13-14%. • This will not only increase the demand for mining equipments but also improve business prospects for shunting and freight Locomotives. • Trend for electronic engines on dozers & excavators .	▪ Geographical advantage of Indian Peninsula & abundance of rivers, → Shipping sector contributes to 90% country's trade by volume & 70 per cent by value. ▪ Indian Navy / Coast Guard Projects expected to remain strong. However Comm. Marine expecting dip due to liquidity crunch & poor financial condition of shipyards.	• Govt. proposed outlay in the 11th Five Year Plan is 40% higher over last year. Rail Projects have long gestation & are less impacted by economic downturn. • Proposed-new Rail lines, Lane Doubling, track maintenance, Gauge Conversion, new locos (DEMUs) • Export to SE Asian countries
Construction	**Compressor & Pumps**	Oil & Gas
• Segment's growth linked to India GDP growth rate. Short term slow down in GDP growth, however long term fundamentals remain strong. • Inflation → interest rates & fuel prices dampening near demand. • BSIII CEV mandated on Wheeled Eqts from Apr-11. CIL upgraded its 3.9 & 5.9 ltr engines to meet BSIII. • Indirect OEM exports growing.	▪ Water well market is largely insulated by economic downturns but follows a cyclical pattern. Currently the demand is on decline curve, the impact has not been as drastic. ▪ Portable Compressor dynamics are similar to Construction sector. ▪ Indirect OEM exports growing.	• India Energy Demand growing (GDP+ Population → Consumption) • Energy dynamics (Currently dominated by Coal) is expected to change with India aiming to focus on its oil and gas reserves • Tax break on O&G imports are influencing global well servicing players to import equipments.

PowerGen Business Update

Journey till now ..

PGBU Growth Staircase

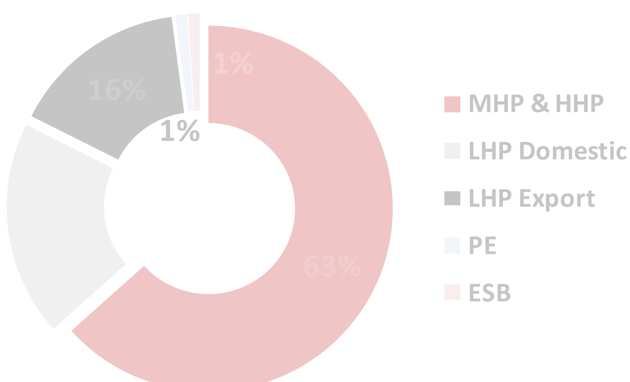
Revenue CAGR

- 2005-2011: 17%

Profit CAGR

- 2005-2011: 20%

2011 Sales Mix



Current Power Generation Products (7.5- 3000kVA)

LHP Domestic

- X series- Gensets
- S series- G drive
- B Series- G drive
- Spares

MHP/ HHP Domestic

G drive Products

- C
- NT855
- NT-14
- K19
- V28
- K38
- K50
- QSK 60
- Gas Models (50L / 60L/91L)
- QSK60 & QSK78

PGBU in India

LHP Export

- X series- Gensets & G drive
- S series- Gensets & G drive
- B Series- G drive
- NT 855- G drive
- Spares

Power Electronics & Energy Solutions Business

Manufactured at Daman, Pirangut & Megasite SEZ(in future)

Manufactured at Kothrud / Nagar

Imported

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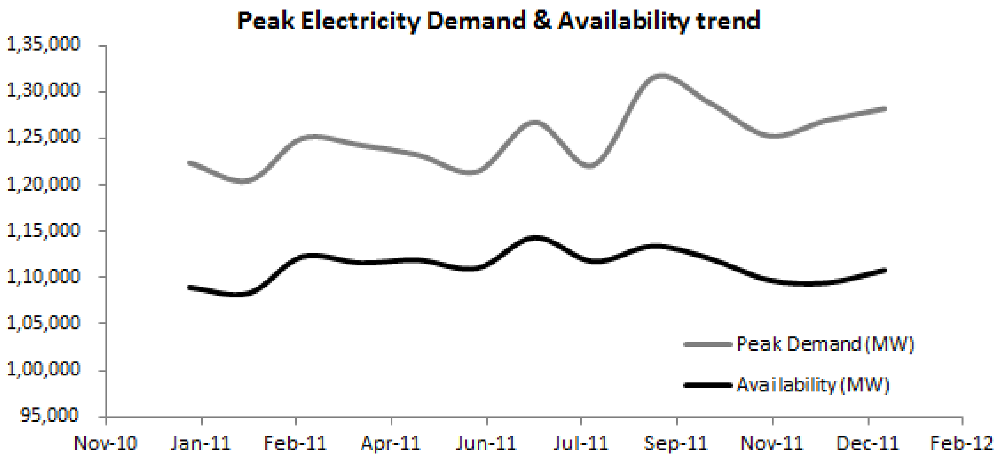
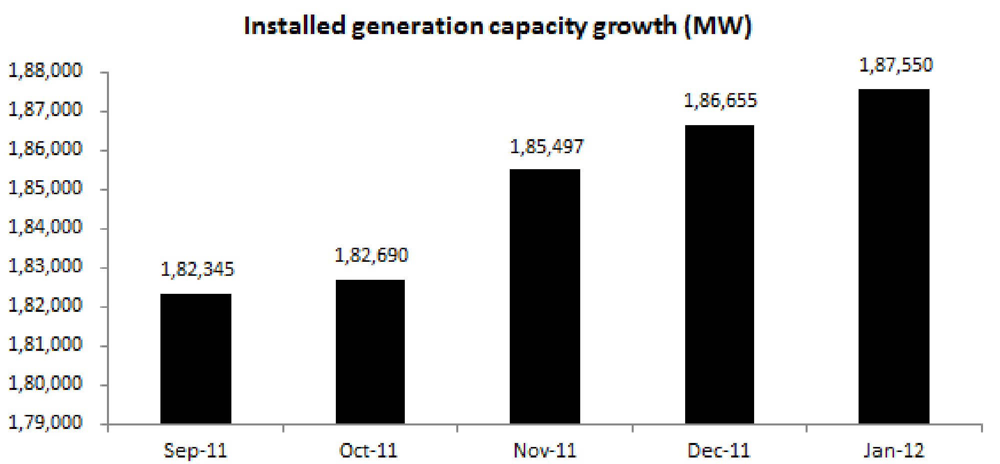
Market outlook: Power Situation

Power Outlook: Weak

- Peak Demand/Supply gap continued to be >13% in Jan-12, while average deficit eased to 9.3% from 11.3% in Dec-11
- India's installed generation capacity increased only 2.8% from Sep'11 to Jan'12
- 97% of all capacity addition above, came from Coal-based power plants, underscoring immense dependence on Coal
- Coal supply situation continues to be weak to at least 39 thermal power plants, as they have less than 7 days of coal stock. However, this is an improvement from Dec-11, when 45 power plants had less than 7 days coal stock
- Coal-based power plants has 56% of all installed capacity, while Hydro has 21% by the end of year 2011





MNRE Biomass Based Power Generation Targets & Market Potential

12th 5 year Plan: 2012 – 2017

Biomass	Agro Residue	Plantation
IPP	500	**500**
Tail End	400	**100**
Off Grid	**125**	**75**
CoGen	100	0
TOTAL	**1800 MW**	

13th 5 year Plan: 2017 – 2022

Biomass	Agro Residue	Plantation
IPP	900	**2200**
Tail End	1450	**850**
Off Grid	**100**	**25**
CoGen	175	0
TOTAL	**5700 MW**	

MARKET POTENTIAL	2012 – 2017			2017 – 2022		
	MW	Value - Genset	Value BOP	MW	Value Genset	Value BOP
Existing Producer Gas Range – 25 to 500KW	300 MW	$ 60 m	$ 150 m	975 MW	$ 195 m	$ 480 m
Genset - 1MW to 2MW	500 MW	$ 130 m	$ 260m	2200MW	$ 550 m	$ 825 m
TOTAL Market Size	**$ 600 m**			**$ 2050 m**		
Revenue Potential(30% market)	**$ 200 m (60m + 140m)**			**$ 200 m (75m + 125m)**		

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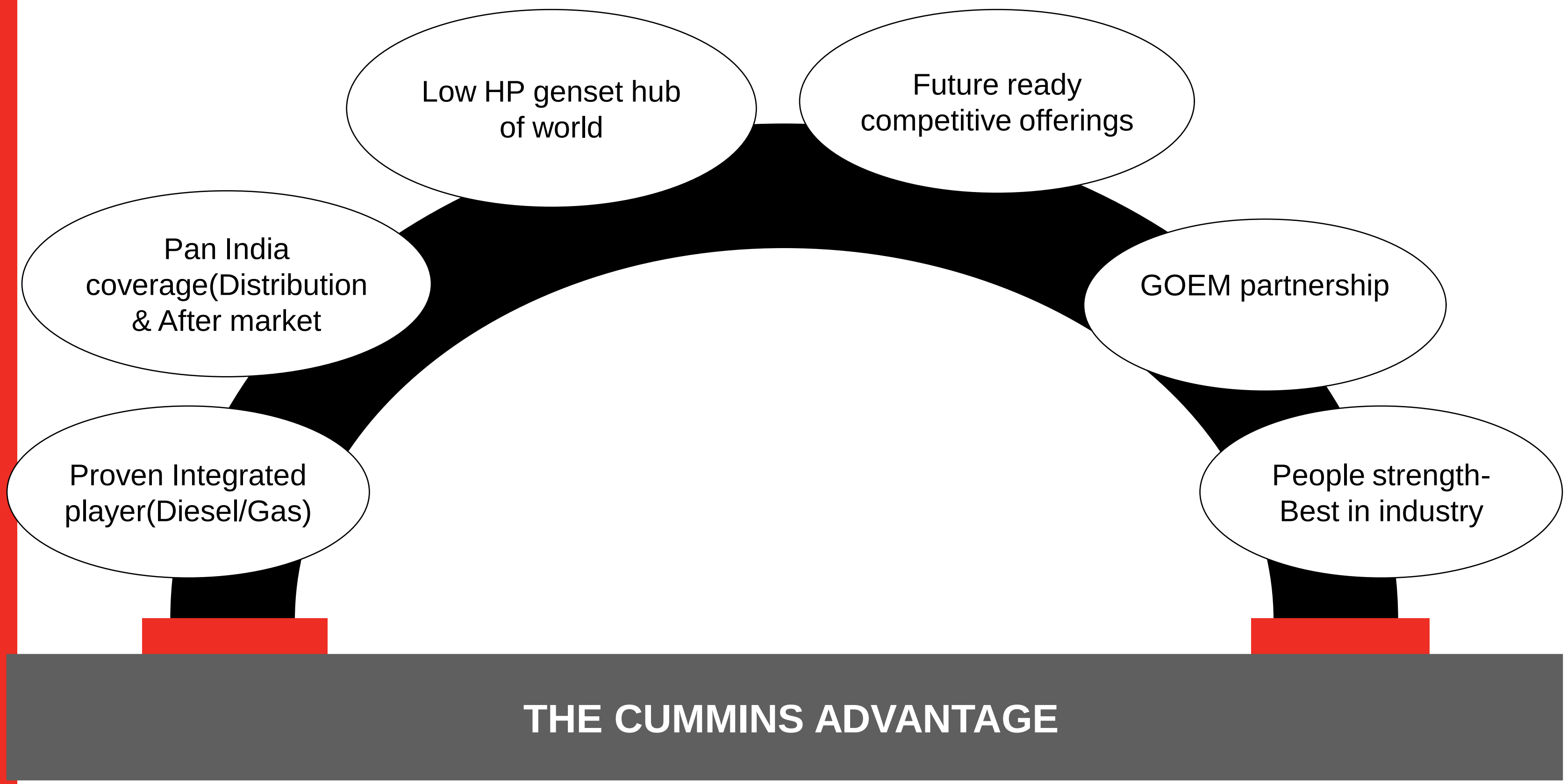
The Cummins Advantage



Distribution Business Update

Extending dependable services to customers across India, Nepal and Bhutan

Business Model

Distribution Business Unit

Customer Support

Parts	New Engine Sales	Recon Engine sales	Service Solutions	CBD

Customer Support

DEALERSHIPS

Customer Support

35 Dealerships, 212 Branches, with a pool of trained Engineers & Technicians

Customer Support

Distributors

Retailers

Government and key Account customers (Direct , 7 Depots)

National Accounts – Direct (Contracts)

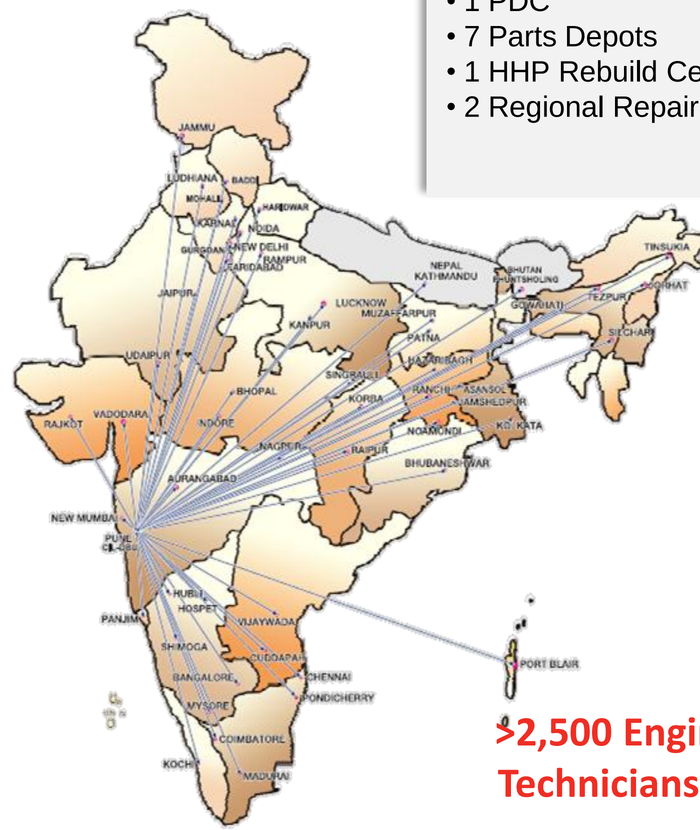
CUSTOMERS

60,000+ customers

3,50,000+ Engines in the field

All India Footprint

- 4 Zonal Offices
- 19 Area Offices
- 1 PDC
- 7 Parts Depots
- 1 HHP Rebuild Centre
- 2 Regional Repair Centers



>2,500 Engineers & Technicians in field

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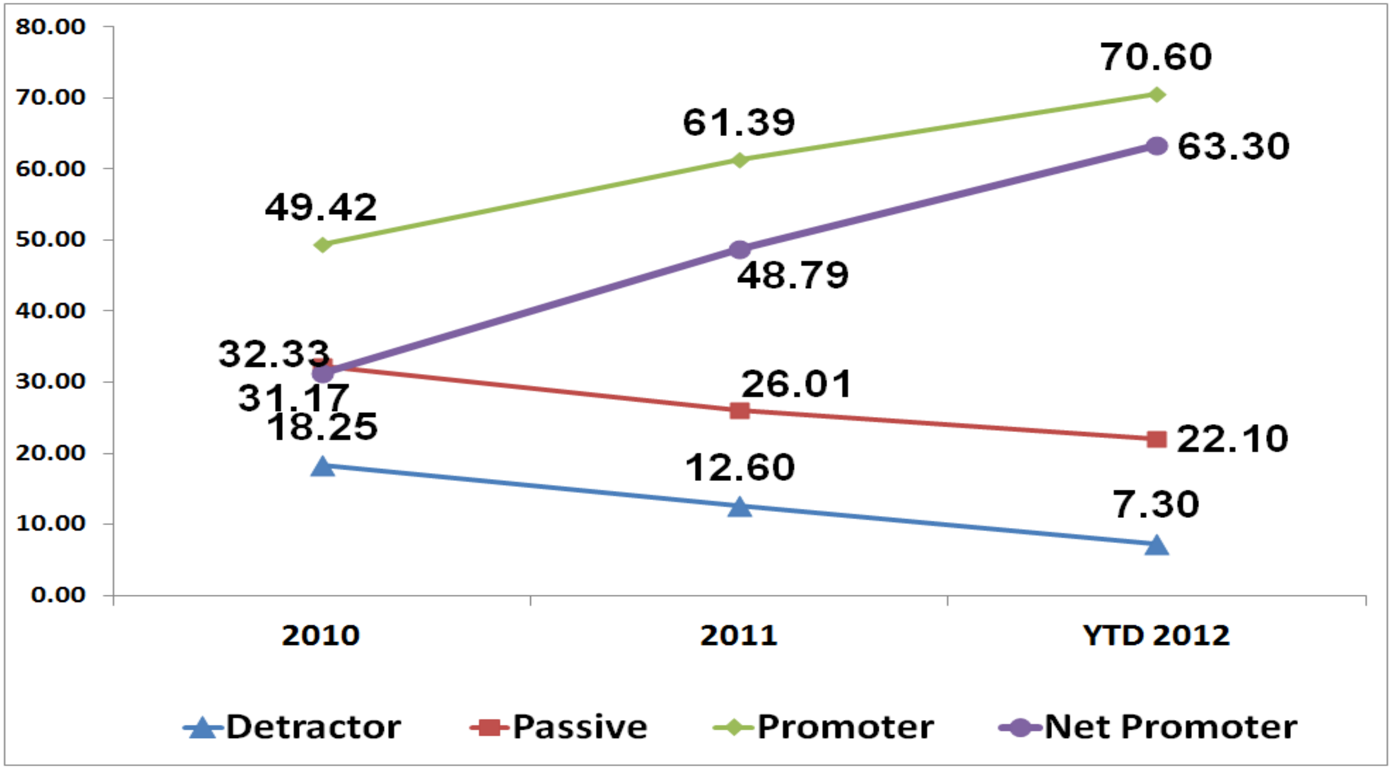
Improving Net Promoter Score (NPS) – a reflection of growing customer satisfaction

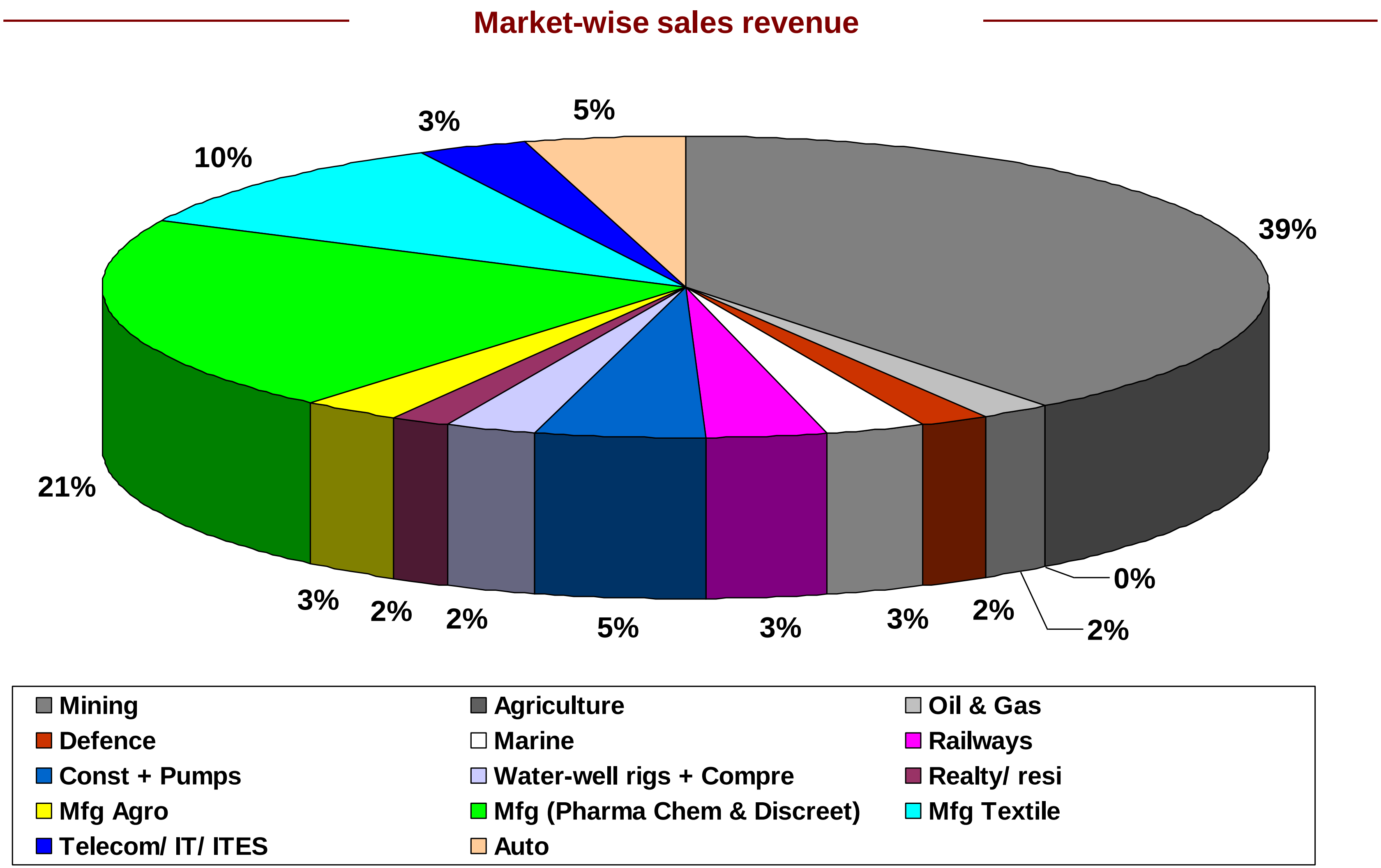
NPS performance trend



Focus on enhancing customer experience - Driving initiatives based on feedback received during NPS surveys

- NPS focused Last Mile Six Sigma Projects
- NPS Council and loyalty workshops

Key customer segments



Cummins Confidential

Key economic sector growth and opportunities

Power Generation

- Installed capacity at ~186 GW, as of Jan 2012
- Base load and peak load deficits for the month of Jan 2012 stand at 8.5% and 9.3%
- Coal shortages for power gen sector – power deficit expected to continue
- Limitations in transmission network capacity leading to pockets of acute power shortages
- Improved generator utilization observed in Q4 of 2011

Mining Sector

- Domestic coal production expected to be up by 7 – 8% for 2011-12
- Growth trend expected to be around 8% in the next five years
- Non-coal mining sector has seen moderation in growth and the outlook remains cautious in short term

Railways

- Railways planned to add 1,800 diesel locos in the 11th 5 year plan – likely achievement to remain at ~1,250
- Gap is expected to be carried forward, increasing the demand for diesel locos for 12th 5 year plan

Oil & Gas

- Improvement in E&P activity in both conventional as well as non-conventional sectors
- Natural Gas transmission network expansion – addition of over 10,000 Kms in the next couple of years
  - Opens up newer markets for NG products, especially in south and east

Megasite Update

Megasite Rationale

- Support Cummins growth plans in India
- Avail Megasite tax incentives
- Obtain better cost synergies
- Supports the ‘One Cummins’ brand strategy

Megasite Expansion Plan

Domestic

- TCL-2
- ReCon
- HHP Rebuild
- PDC
- PGBU
- B Uplift & BPI

CIL Projects

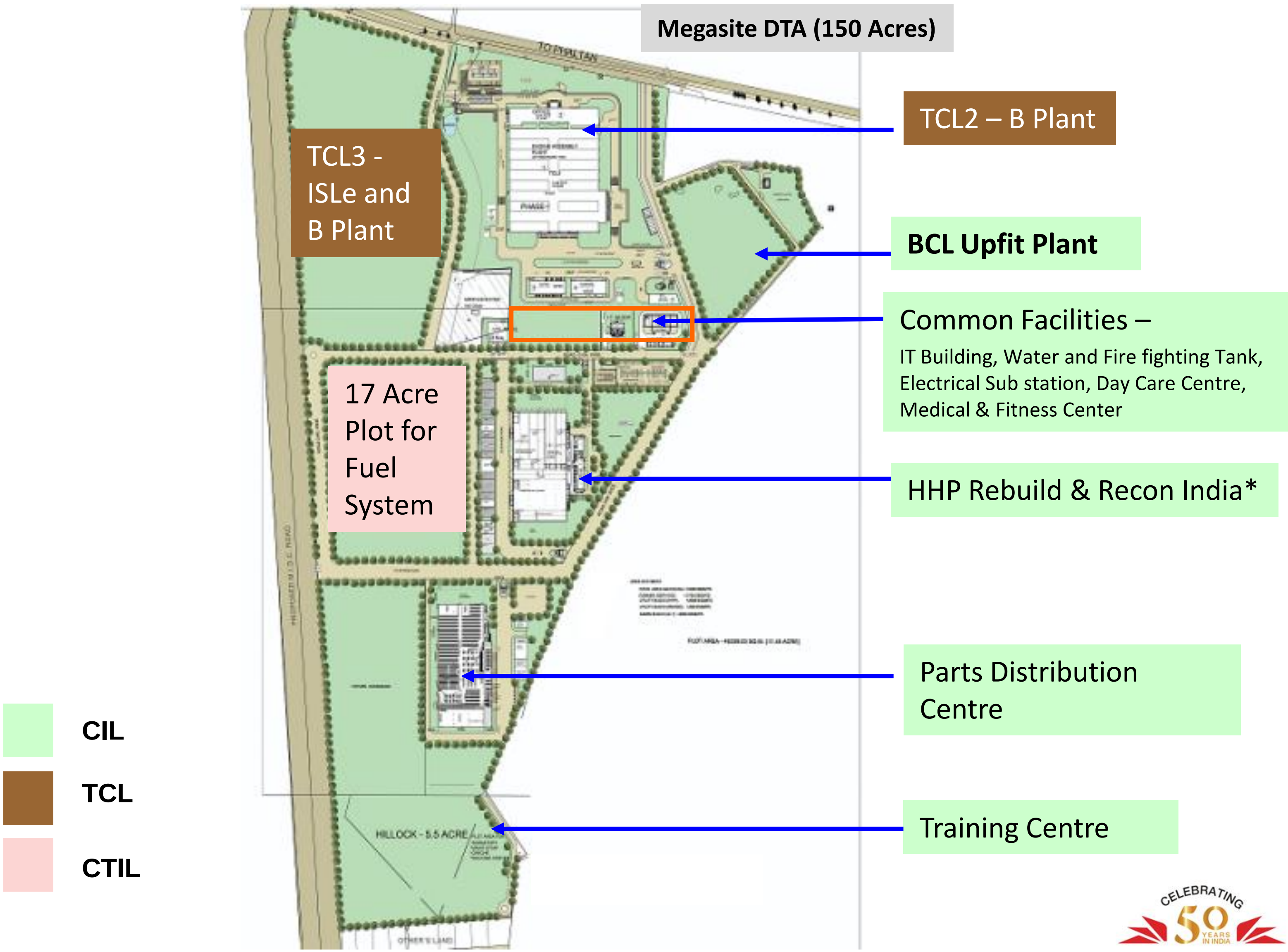
SEZ

- ReCon
- HHP EBU facility
- PGBU

CIL Project

Completed
In progress
Future Projects

Megasite Domestic Tariff Area



* Building Leased out to CTIL Recon

India Office Campus Update

India Office Campus

India Office Campus

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Cummins

Rational for IOC

- Enable Cummins Growth in India
  - Cummins in India grew from $640M in 2004 to $1.9B in 2010 and is expected to grow to $7B by 2016
  - Cummins Professional workforce will need increase to support the India growth plans

- Reduction in Scattered Offices
  - Currently Cummins operates from 5 different office locations

- Enhanced Synergies ("One Cummins approach")
  - By co-location, synergies can be enhanced
  - Optimum utilization of resources eg. sharing of facilities like Canteen, Security, HSE etc
  - Common IT infrastructure
  - Travel time & cost reduction

CIL Capex Projections

Rs. Cr	Y 2011	Y 2012	Y 2013	Y 2014	Y 2015	Y 2011-15
CapEx at Megasite	84.8	137.6	121.0	58.2	48.1	449.7
India Office Campus	90.3	128.0	229.0	236.0	162.4	845.7
Other Capex	75.9	86.1	203.7	102.6	87.4	555.7
Cummins India Ltd.	**250.9**	**351.7**	**553.8**	**396.8**	**297.9**	**1,851.1**

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Thank you