

Cummins India Limited

October 23, 2008



Cummins Inc.



Engine Business



Distribution Business

Power Generation Business



**Power
Generation**



**Generator
Technologies**

Components Business



**Emission
Solutions**



Filtration



**Turbo
Technologies**



**Fuel
Systems**

**HQ in Columbus,
Indiana since 1919**

37,800 employees

R&D: \$329 million

**Cummins Business
Services**



Operations in 190 Countries

50 manufacturing locations

500 distributor locations

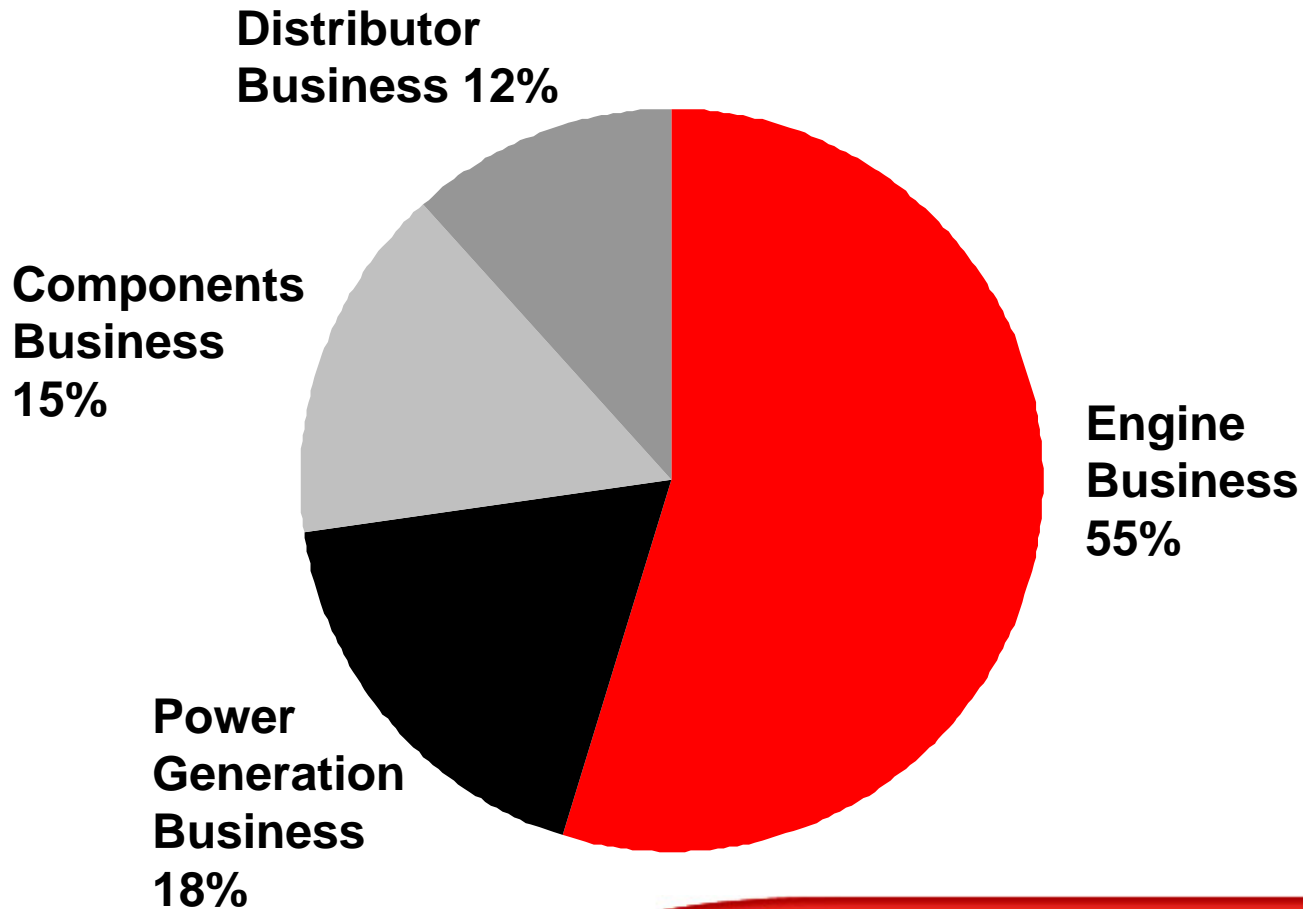
5,200 dealer locations

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



Cummins Inc. - Revenue

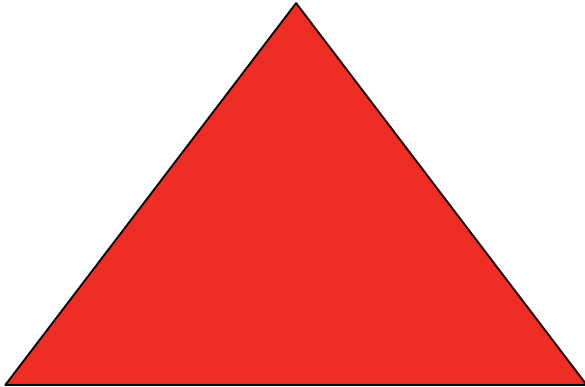
2007 Revenue \$13.05 Billion



Why We Are Here – Guiding Principles

Vision/Purpose:

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



Personality:

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

Mission

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

Values:

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

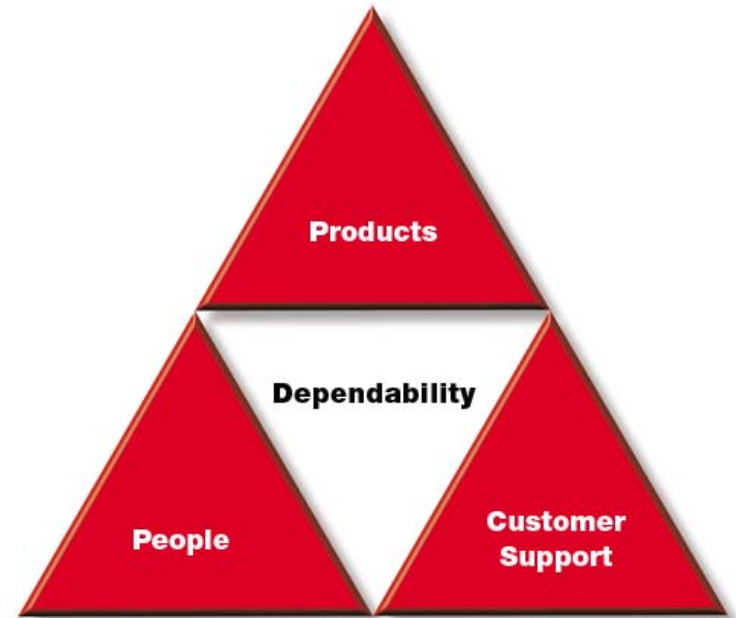
The New Cummins. One Voice.

- Convey and reinforce the Cummins Brand Promise -

Dependability

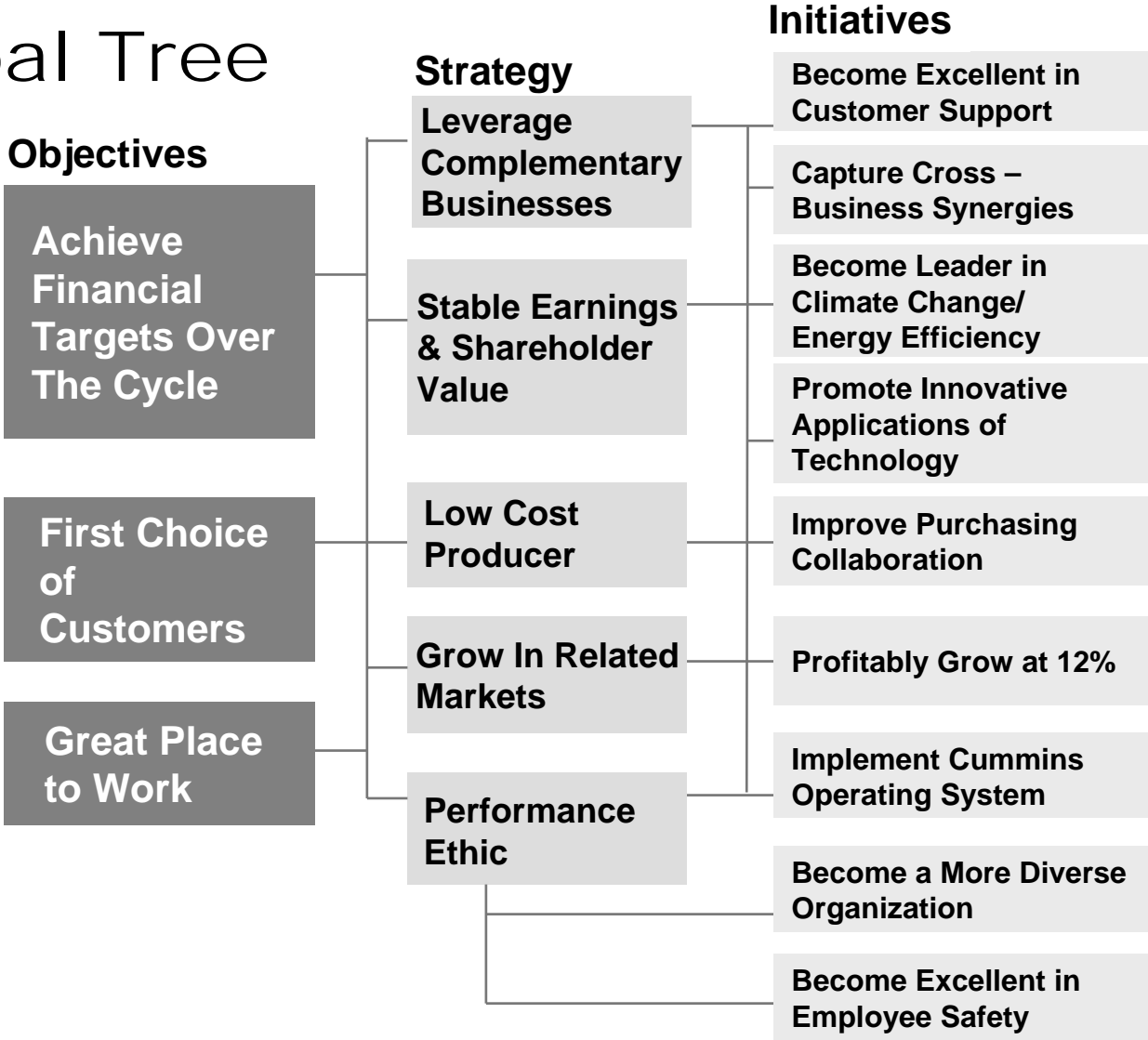
- Dependable people
- Dependable products
- Dependable services

We do what we say we will do





Cummins Inc. Goal Tree





Cummins in India

- In India since 1962
- 10 companies (4 JVs)
- More than 9,000 employees
- \$1.3B unconsolidated sales

Engine Value Packages (60-2700 HP)

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

Power Generation

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

Components & Consumables

Filtration, Exhaust Systems, Turbochargers, Alternators, Lubricants

Services

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

Valvoline Cummins
New Delhi

Cummins Turbo Technologies
Dewas

Generators Cummins Exhaust
Daman

Cummins India Ltd.
Cummins Sales & Service
KPIT Cummins
Cummins Business Services
International Purchasing Office
Filtration
Cummins Research & Technology India
Gensets
Alternators
Pune

Tata Cummins Fleetguard Filters
Jamshedpur

Cummins Generator Technologies
Ahmednagar

Fleetguard Filters
Hosur



India Organization Snapshot

Cummins in India

Cummins Entities in India

1. Cummins India Ltd.
2. Cummins Sales and Service (India) Ltd.
3. Cummins Research & Technology India Ltd.
4. Cummins Generator Technologies India Ltd
5. Cummins Turbo Technologies Ltd.
6. Cummins Auto Services Limited
7. Tata Cummins Ltd.
8. KPIT Cummins Infosystems Ltd.
9. Fleetguard Filters Pvt. Ltd.
10. Valvoline Cummins Ltd.
11. Cummins Exhaust India Ltd.

Business Units:

- Engine Business
 - Automotive
 - Industrial
- Power Generation Business
- Component Businesses
 - Filtration
 - Exhaust
 - Turbo
 - Lubricants
- Distribution Business
 - 1 PDC/ 5 Zonal Offices / 21 Area Offices / 76 Dealers / 212 Dealer sites

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

India ABO Leadership Team: Business Leaders



Anant Talaulicar



Vikram Jaisinghani
Industrial Business



Arun Ramachandran
Automotive Business



Beau Linteur
Power Generation Business



Sandeep Sinha
ReCon India



Amit Kumar
CS&S



Sandeep Chaudhry
Tata Cummins Operations



Nitin Mantri
Cummins Turbo Technologies



Pradeep Bhargava
Cummins Generator Technologies



Manoj Solanki
Cummins Exhaust (I) Ltd.



Ravi Pandit
KPIT Cummins



Sadashiv Pandit
Fleetguard Filters Pvt. Ltd.



Naveen Gupta
Valvoline Cummins Ltd.

India ABO Leadership Team: Functional Leaders



Anant Talaulicar



Rajiv Batra
Finance, IT,
Corp Strategy
& Business Development



Craig Barnes
CRTI &
Engineering



KN Harish
Quality
Champion



Dinesh Castellino
Legal, Facilities
& HSE



Bijoy Bose
Purchasing



TBA
CIO



K.C. Ravi
Government
Relations



Senthil Kumaran
CBS



J. Nilakantan
Internal Audit



Gladys Vaz
Human
Resources

Cummins Business Model

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

COS 10 Practices



Put the customer first, and provide real value



Synchronize flows (material, physical and information)



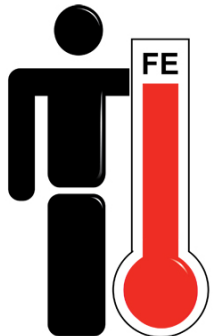
Design quality in every step of the process



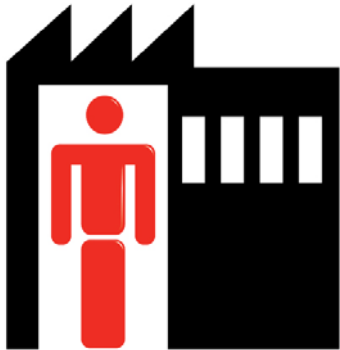
Involve people and promote teamwork



Ensure equipment and tools are available and capable



Create functional excellence



Establish the right environment



Treat preferred suppliers as partners



Follow common problem solving techniques



Use Six Sigma as the primary process improvement method



Ten India Functional Excellence Areas & Leaders

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

Role of India Functional Excellence leaders

- Support performance cells in achieving their goal trees **effectively**
- Drive common, **zero defect** processes across India
- Share best practices to improve overall performance
- People development
 - Conduct functional Organization Development Reviews
 - Create bench strength (0 delay in case of attrition)



Cummins India Limited

- 46 years of successful operation
- Over 3,000 employees
- Net sales – INR 23,308 million



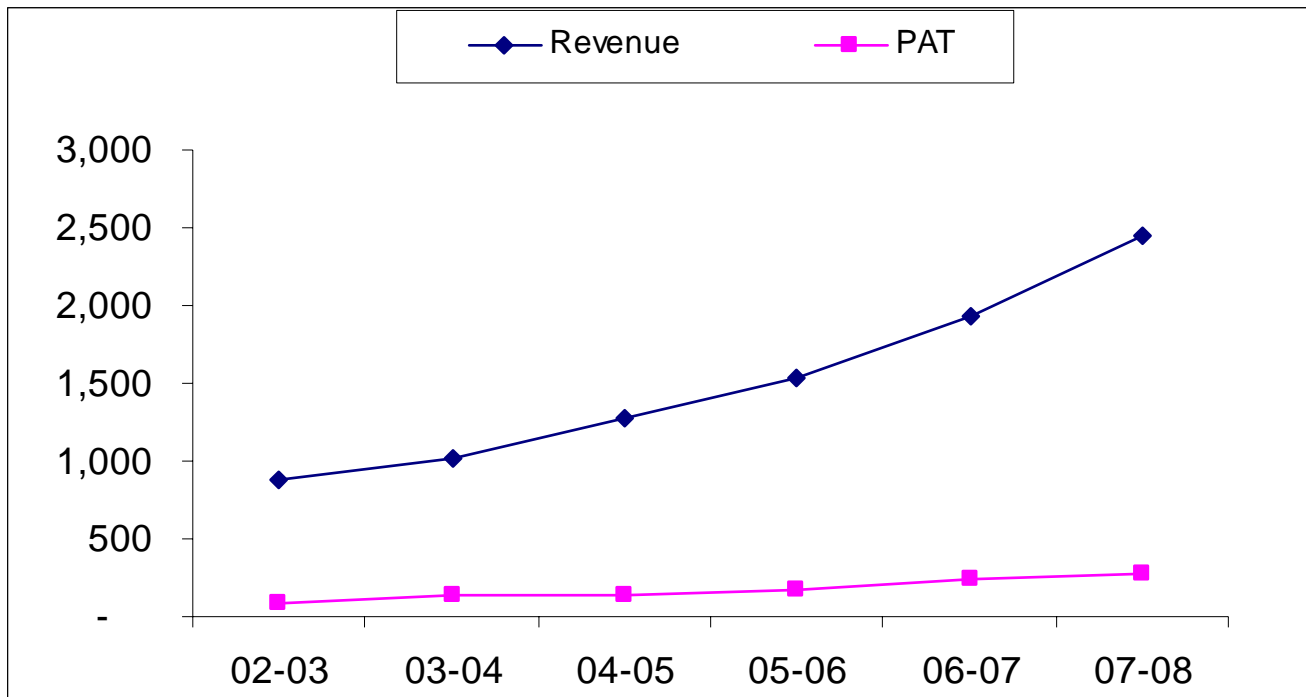
Cummins India Limited

■ Financial Performance 2007-08

Rs. Million	CIL Legal Entity			Consolidated		
	07-08	06-07	L/Y	07-08	06-07	L/Y
Income						
Sales	23,308	18,408	126.6%	26,555	21,228	125.1%
Other Income	1,227	853	143.8%	1,055	708	149.1%
Share in Associated PAT	-	0	0.0%	260	204	127.5%
Total	24,535	19,261	127.4%	27,871	22,140	125.9%
PBT	3,960	3,460	114.5%	4,646	3,921	118.5%
PBT %	16.1%	18.0%		16.7%	17.7%	94.1%
PAT	2,807	2,420	116.0%	3,249	2,680	121.3%

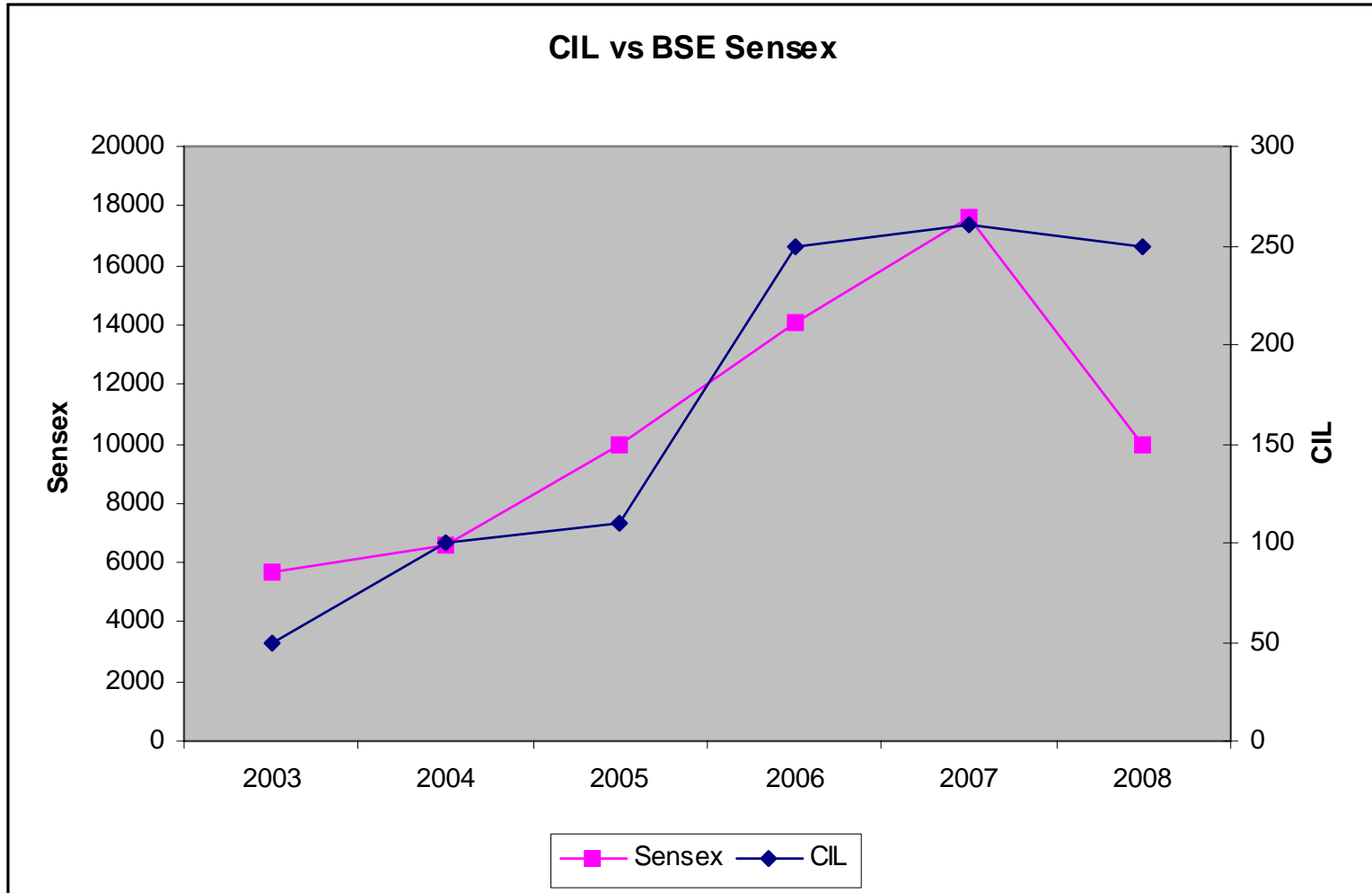
Cummins India Limited

Revenue and Profit After Tax (PAT) – Last 5 years



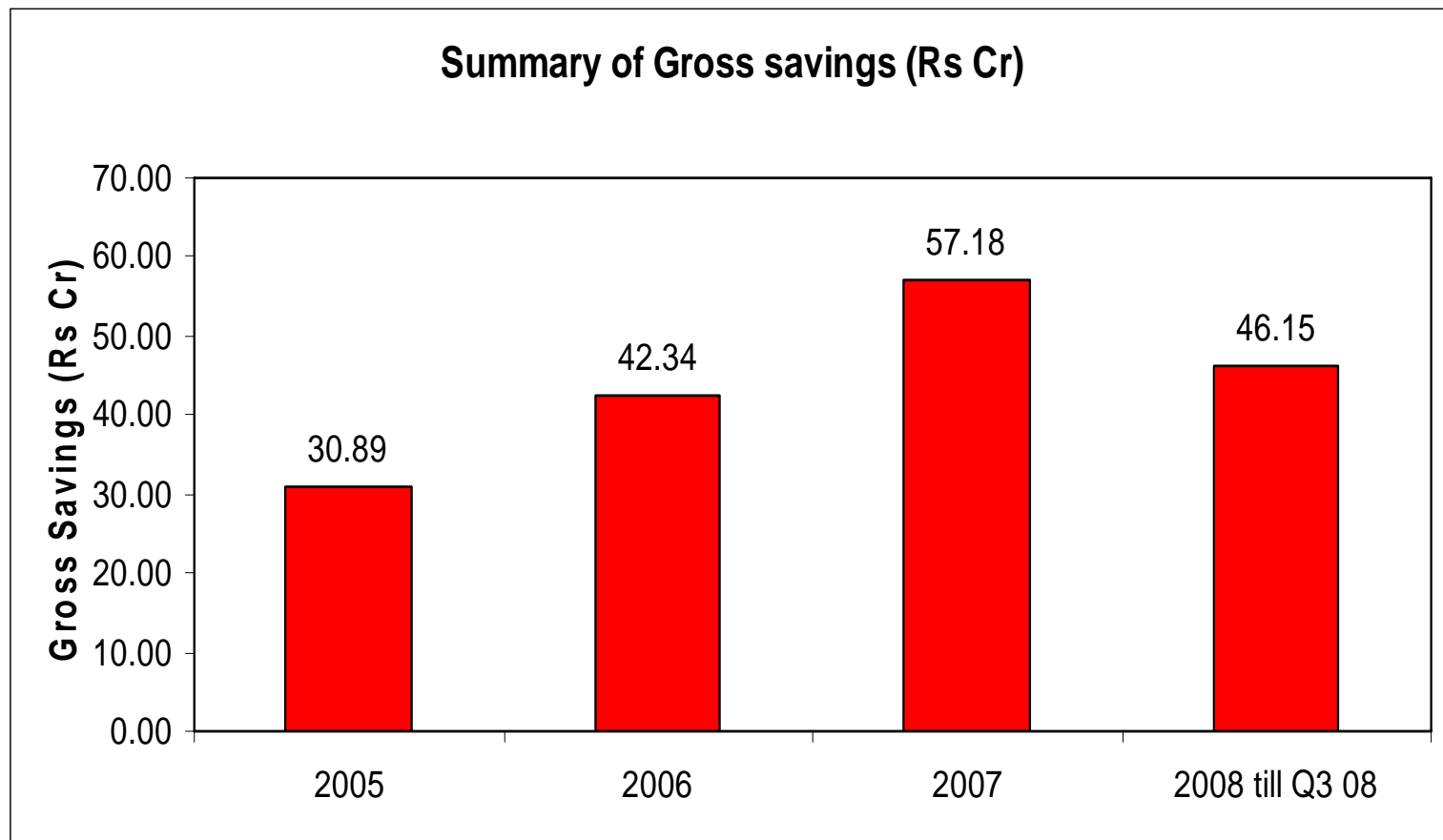
25% Revenue and 27% PAT CAGR since '03-'04

Shareholders Returns V/S BSE Sensex

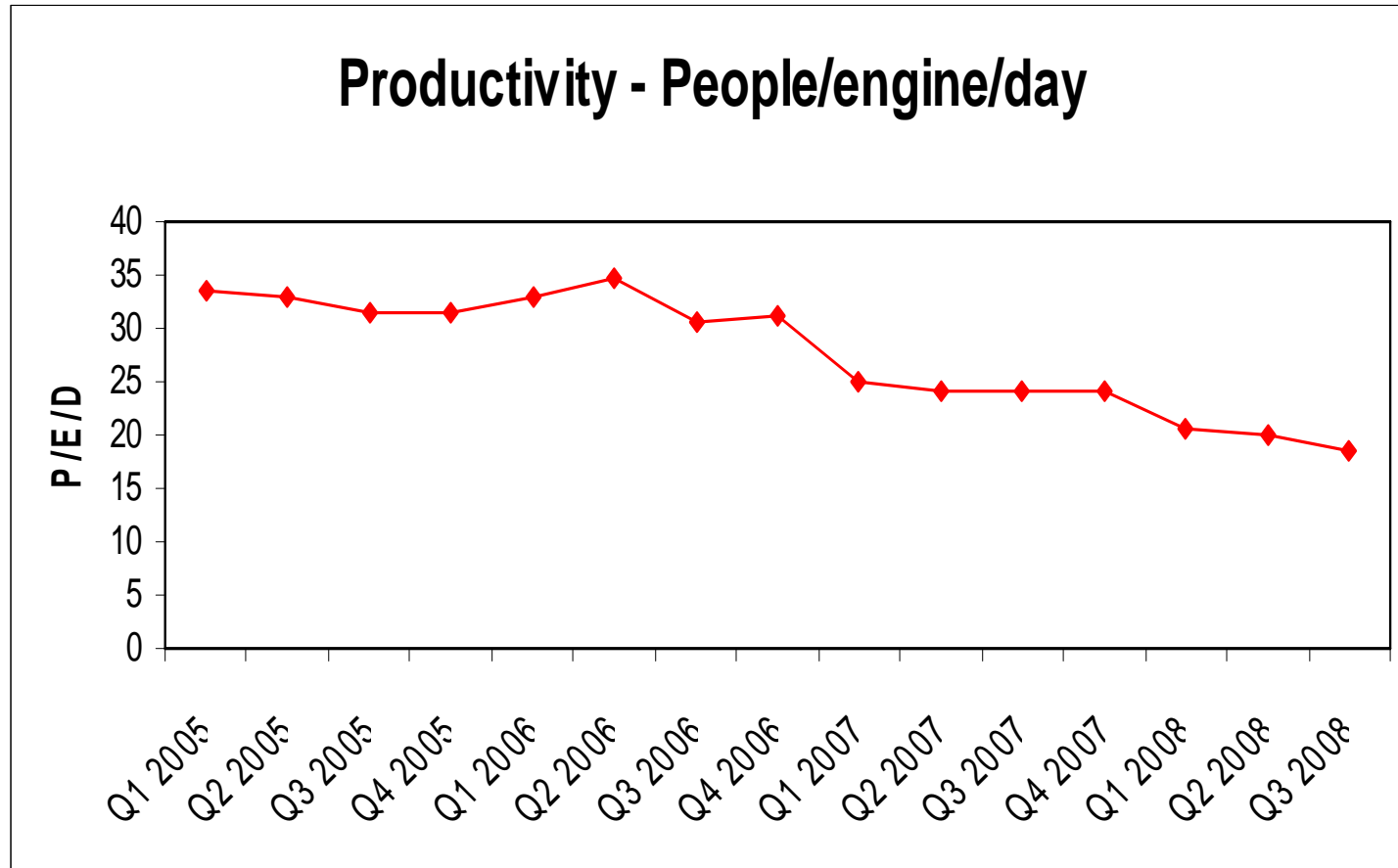


Cummins India Limited

Summary of Gross Material Cost Savings from 2005 – till Sept 2008



Cummins India Limited



Six Sigma at Cummins India Ltd.

As on date:

- 289 Green Belts, 12 Black Belts and 4 MBBs

From Jan-Sept 2008:

- 126 Six Sigma projects completed
- Annualized savings of INR 393 million (only for DMAIC projects)



The Six Sigma 2007 India ABO Black Belt Symposium



Financial Performance - Q2 08-09

Financial Performance - Jul to Sep 2008			
Rs. Mn.	Jul-Sep 08 Actual	Jul-Sep 07 Actual	Comparison %
Net Sales	7,898	5,282	149.5%
PBT	1,291	911	141.7%
PBT %	16.3%	17.2%	
PAT	939	665	141.2%

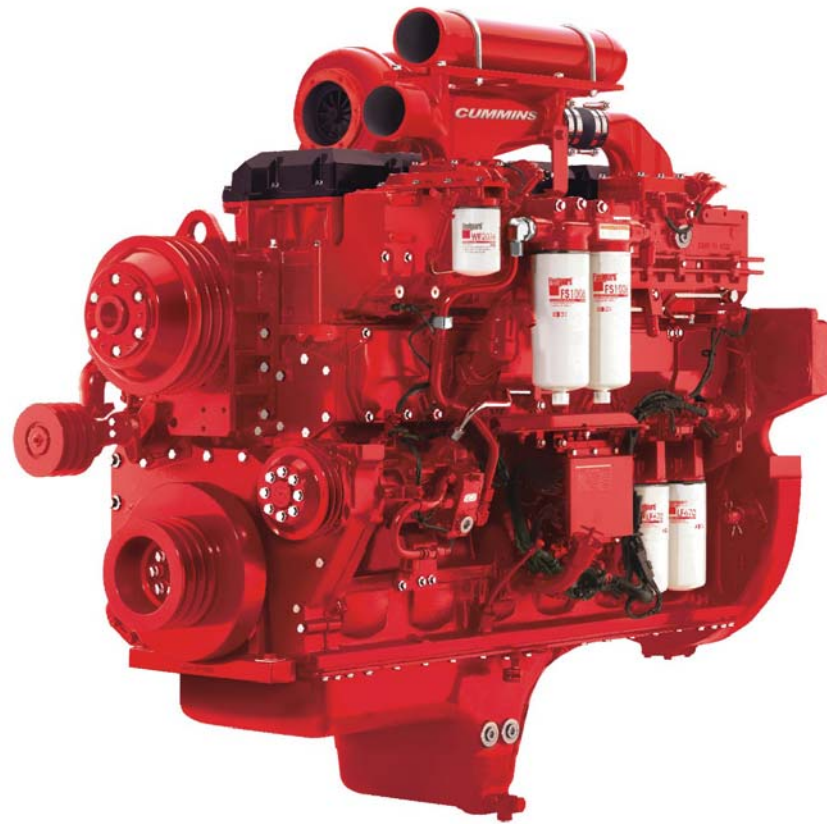
Financial Performance YTD Sep 08			
Rs. Mn.	Apr-Sep 08	Apr-Sep 07	Comparison
Net Sales	14,968	10,705	139.8%
PBT	2,506	1,806	138.8%
PBT%	16.7%	16.9%	
PAT	1,822	1,305	139.6%

Recent plant openings /product launches / land acquisitions for expansion

- KV Plant – Increases Exports Capacities
- Pirangut Plant – Increases LHP as well as Export Capacities
- CGT Plant – for alternators
- X3.3 launch for global distributors – strengthens Cummins India's position as the global manufacturing hub
- Megasite at Phaltan – a 750 crore expansion project

Innovation – Apply the creative ingenuity necessary to make us better, faster, first

- Industrial Engine
Business introduced the QSK23 engine to India



Innovation – Apply the creative ingenuity necessary to make us better, faster, first

- DTC's latest environment friendly buses, supplied by Tata Motors, have been fitted with Cummins B Gas International engine
- Cummins received the 'Innovative Energy Saving Product' Award at CII's National Award for Excellence in Energy Management 2007 for its Producer Gas Generators



Delivering Superior Results – Exceed expectations, consistently

- Oracle 11 (11.5.10 version) implemented across several entities
- Cummins received Frost & Sullivan's Voice of Customer Awards in five categories, including Corporate Image/Reputation Leadership, Customer Service and Brand Leadership Awards





Corporate Responsibility

- Funded the Cummins College of Engineering for Women

Diversity – Embrace the diverse perspectives of all people and honor both with dignity and respect

- Expanded our representation of women from 5% in 2004 to 14% in 2007



Customer Support Excellence

- Three Primary Initiatives
 - Through the Lens of the Customer (TLC)
 - Repair Event Cycle Time Reduction
 - Customer Focused Six Sigma

- The orientation program on TLC was conducted by Dennis Snow, an expert in the field with a long association with the Walt Disney Company

Way forward



Cummins Inc. HQ at Columbus, USA



Cummins Group in India Business Objectives

- Grow from \$640M in 2004 to \$2.5B in 2010 (\$4B by 2012)
- Exceed 25% ROANA
- Exceed 7 – 10% PBIT and 25% annual PBIT growth
- Generate a cumulative value to Cummins Inc. of \$2B (2004 - 2010)
- Achieve and sustain the respect of all stakeholders (“Good” to “Great”) i.e. Zero Defect

Business Strategy

■ Domestic Market Share Leadership

- Automotive, Industrial and Power Generation focus
 - **Market planning, segmentation, targeting, key account management, brand/marketing communications)**
 - **Customer Support Excellence**
- Cross-business synergies

■ Low Cost Producer

- Global sourcing
- Reduce Direct Material TCO through Accelerated Cost Efficiency (ACE) - 30% (\$110M)
- Deployment of COS, Lean Manufacturing, Productivity improvements – Kaizen
- Deployment of Six Sigma
- Technical Productivity – Leverage CRTI
- Product Uprates

Business Strategy

- Exports Strategy
 - Engines, G Drives
 - Gensets
 - Components
 - Human Services - Engineering, IT, ITES
- Great Place to Work Strategy
 - Leadership Selection and Development
 - Performance Management, Development & Succession Planning
 - Employee Satisfaction Surveys and Improvement Actions
 - Employee Communication Enhancement (Open, Two Way)
 - Diversity (Gender, Regional)
 - Market Aligned Compensation, Benefits & Recognition
 - Recruitment & Induction
 - Cummins Business Model & Operating System
 - Community development with Increased employee involvement

Greatness – Zero Defect Companies



Outlook

- Positive medium term although the short term environment is challenging
- Core strengths:
 - Values based performance ethic
 - Vast, diverse talent pool of capable, motivated employees, demonstrating Cummins Values
 - Strong leadership positions/scale
 - Access and ability to develop “Cutting Edge”, localized technology
 - Customer Support

In Conclusion

- We remain steadfast:
 - Guiding Principles (Vision, Mission, Values, Personality)
 - Objectives, Four-fold strategy
 - Cummins Business Model/Cummins Operating System
 - Performance oriented, diversity based meritocracy

- Grateful for your unstinting faith