

A collection of white line-art icons on a red background, representing various themes: energy (lightning bolts, solar panels, wind turbines), industry (gears, factory, oil rig), technology (circuit boards, lightbulbs), and community (people, handshake).

POWERING INDIA FOR 60 YEARS

**WITH INNOVATION
AND DEPENDABILITY**

Cummins India Limited
Annual Report 2021-22



Contents



1

**Chairman's
Letter**



2

**Our Story
and Top 3 Priorities**

3

**Managing
Director's
Letter**



18

**Board of
Directors**



21

**Directors' Report
and its Annexures**



105

**Standalone and
Consolidated
Financial
Statements**

283

**Business
Responsibility
Report**



322

**Cummins
India Limited**

About the Cover

Everything Cummins has done for the past 60 years in India defines who we are today. Since 1962, we have approached every moment as an opportunity to innovate at work, empower our people and communities, and positively impact our planet. Playing an integral role in driving the India growth story, Cummins has earned the trust of our stakeholders through the reliability of our products and the excellence of our people. This trust is our responsibility and will continue to guide our future success and commitment to 'Powering India'.

Steven M. Chapman

Chairman

Cummins India Limited (CIL)

Dear Shareholders,

2022 is a landmark year for your company in India, as we mark 60 glorious years of powering an incessantly resilient, diverse, inclusive, and progressive country.

Your trust and confidence in our brand have been integral to building this robust legacy and will be instrumental in shaping our future for the next 60 years and more.

For the past six decades, our success has been guided by Cummins' mission of 'making people's lives better by powering a more prosperous world'. It has particularly inspired our strategy and actions to navigate the pandemic-hit world order – one that has been in a constant state of flux for the past two years, with universal disruptions, colossal devastation, and recent geopolitical developments.

In many ways, 2022 was a culmination of a series of changes that happened in the year that preceded it. Unravelling a multitude of challenges, 2021 was the year of resurgence for Cummins globally and in India. Not only did we achieve remarkable financial growth, but we also made strides across a gamut of issues impacting our communities and the planet.

In response to the COVID-19 pandemic, the company launched a dedicated global campaign to vaccinate our employees, their families, and other stakeholders. We partnered with local governments and healthcare providers to facilitate delivery of over 45,000 doses of approved vaccines to our employees worldwide, including over 32,500+ doses to our Cummins Group employees in India.

With renewed vigor, we set on the path to zero emissions via our PLANET 2050 strategy. We recently launched Destination Zero - our global strategy to go further and faster to reduce the greenhouse gas (GHG) and air quality impacts of our products. It is a step towards reaching net-zero emissions



by 2050 in a way that is best for Cummins and all stakeholders. This is a bold step up from October 2021, when Cummins Inc. was named to the S&P Dow Jones World Index for the first time since 2013 for demonstrating stellar performance across the environmental, social and governance matrix.

Our industry remains afflicted by the ongoing impact of the COVID-19 pandemic and the Russia-Ukraine conflict, resulting in global supply chain constraints driving up costs and reducing margins. Your company is uniquely positioned to address these complex issues with a remarkable history of effectively overcoming challenges and resiliently demonstrating our vision of 'Innovating for our customers to power their success'. I am confident that the Company is in a strong position to innovate and invest in future growth while continuing to return cash to our shareholders.

Once again, I thank each one of you for entrusting us with your confidence and sharing our mission in these past 60 years. Today, our success in India is etched in the Integrity, Diversity & Inclusion, Caring, Excellence, and Teamwork demonstrated by our employees and partners as well as the foresight and courage exhibited by our shareholders. As we embark on the next chapter of our growth story in India, I look forward to your continued support, optimism, and faith.

Thank You,

Steven

Our Story



Top 3 Priorities





Ashwath Ram

Managing Director
Cummins India Limited (CIL)

Dear Shareholder Family,

I hope this note finds you and your loved ones healthy and safe.

Cummins commenced its India journey in 1962 and has become synonymous with innovation and dependability. As a second-generation Cummins employee, I have had the privilege and honor of first witnessing and then contributing to Cummins' growth story in India over five momentous decades. As we commemorate our remarkable 60-year legacy, I am incredibly proud of what we have built together. We have been working relentlessly on our mission of "Making people's lives better by powering a more prosperous world" through pioneering technological innovation and human ingenuity.

2021 was a testing year fraught with challenges for Cummins, as it was for the world. It was **excruciatingly demanding** on our business, people, processes, and communities because of the Covid-19 implications and uncertainties exacerbated by the second wave. But, true to the Cummins spirit, we traversed these continuously evolving complexities through collective strength, resilience, and agility. We emerged stronger through the waves of isolation and grief and demonstrated immense care and compassion. We chose hope over fear and continued to march forward with optimism.

Cummins' commitment to ensuring the well-being of our people was reflected through the **robust vaccination drives** organized for our employees, suppliers, business partners, and their family members. These efforts focused on protecting our people have resulted in 99.5% of our employees vaccinated. We also committed ourselves to **caring for our communities** by providing them COVID-19 relief support in the form of oxygen cylinders, cooked meals, critical equipment, supporting sanitization

workers, and community vaccinations impacting over 1.75 Lakh lives. We embraced **new ways of working, accelerated digitalization** across our offices and sites, and renewed our commitment to **Diversity, Equity, and Inclusion.**

Despite mammoth challenges, the sheer brilliance and grit of our teams across different businesses and functions in the past year led to us launching a range of power generation products, providing strong aftermarket service support to over 110,000 engines in the field, navigating complex supply chain constraints successfully.

I am pleased to share that this demonstration of agile strength, exceptional teamwork, and customer-centricity helped us emerge stronger and resulted in an **excellent financial year**, with your company reporting the highest ever revenue, outstanding domestic sales, and record exports.

We are deeply grateful for the trust and faith that our employees, customers, shareholders, partners, investors, suppliers, and communities put in Cummins every single day. Their trust inspires us to deliver on our vision of innovating for our customers to power their success. As Cummins celebrates 60 years of its presence in India in 2022, we are committed to strengthening our relationships with all our stakeholders and continuing to deliver value to all.

With great excitement, I share the Cummins India Limited FY 2021-22 overview with you, comprising updates on our financial performance, awards and recognitions, business activities, corporate responsibility initiatives, and **a snapshot of our glorious 60-year legacy.**

In India since 1962

1962

Erstwhile Cummins Engine Company Inc. (CECO), USA and Kirloskar Oil Engines Limited (KOEL) established a joint venture with 50% ownership by CECO, 25.50% by KOEL and 24.50% floated on the Bombay Stock Exchange.



1967

Kirloskar Cummins acquired Cummins Diesel Sales and Service from Blackwood Hodge.



1968

A Shipment of 15 engines is dispatched to Egypt, heralding the beginning of export operations in India.

Kirloskar Cummins is conferred with the Rajiv Gandhi National Quality Award.



1993

Cummins Diesel India Foundation collaborates with Maharshi Karve Stree Shikshan Samstha (MKSSS) to set up the first all women engineering college in India. The college is named Cummins College of Engineering for Women (CCEW).



1997



Cummins Inc. increases its stake in Kirloskar Cummins to 51%, Kirloskar Oil Engines largely divests its stake and Cummins India Ltd. is incorporated with the other 49% ownership floated on the Bombay Stock Exchange.

Valvoline Cummins, a 50:50 joint venture between Ashland Inc. and Cummins India Ltd. is formed to manufacture lubricants.

1998



Cummins India Limited and Cummins Filtration Inc. form Nelson Engineering Ltd. a 50:50 joint venture to design and manufacture mufflers, until the sale of this entity to Global Tube in 2011.

2000

Cummins Research and Technology India Ltd. is formed as a 50:50 joint venture between Cummins Inc. and Cummins India Ltd. to provide Analysis Led Design engineering services to Cummins globally. The C-Series engine plant is inaugurated at Viman Nagar, Pune.

2003

2002

Cummins India Ltd. acquired 48.54% shares in Cummins Generator Technologies India Pvt. Ltd. which was incorporated as 51:49 joint venture between Newage (now, Cummins Generator Technologies Ltd., UK) and Crompton Greaves.



2001

Cummins India Ltd. sets up Cummins Power Generation.

2005

The Automotive Business division is formed to supply BSII/ III/IV emissions compliant diesel and gas engines to local Automotive OEMs in India by Cummins India Ltd.

Cummins Diesel Sales and Service India Ltd., wholly owned subsidiary of Cummins India Ltd. is renamed as Cummins Sales and Service India Ltd. (CSS).

2007

2008

Three plants open: Power Generation Plant at Pirangut, Cummins Generator Technologies Plant at Ranjangaon and KV Engine Plant at Kothrud.

Ground is broken for the Cummins Megasite at Phaltan.



2010

Inaugurated the second Cummins College of Engineering for Women (CCEW) campus at Nagpur with funding support from the Cummins India Foundation.

**2011**

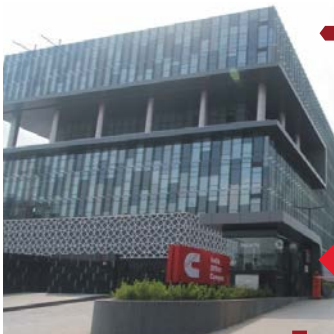
Cummins Megastore is inaugurated; High Horsepower Rebuild Centre and India Parts Distribution Centre become operational.

Cummins SVAM Sales and Service Ltd., a 50:50 joint venture dealership between Cummins India Ltd. and SVAM is incorporated.

Cummins completes

50**YEARS**

of operations in the Indian subcontinent

**2014**

Cummins India Office Campus, the first integrated ten acre office campus is inaugurated to accommodate office employees across all Cummins group entities in India.

Phaltan Midrange Upfit Center, the fifth project at the Cummins Megastore commences operations. New plant of the JV, Valvoline Cummins Ltd. is established in Ambarnath, Maharashtra. The low kilowatt genset plant for exports opens at the Special Economic Zone (SEZ) section of the Megastore.

2013**2012**

Foundation Stone is laid for the Cummins India Office Campus at Balewadi in Pune.

2015

Cummins Residential Campus, Phaltan was inaugurated.

**2018**

Inauguration of Cummins Technical Centre in India set up by Cummins Group Company that also provides engineering and R&D services to Cummins India Ltd.

**2021**

Cummins Group in India conducted COVID-19 vaccination drives at all its plants and regional offices | 32500+ doses administered

**2019**

'Cummins Inc. turns 100 Years' Celebration | Cummins India Ltd. is a subsidiary of Cummins Inc.

Cummins
completes 60
years in India
2022

60 YEARS OF
POWERING
INDIA

Awards

FY 2021-22 was a year like no other when Cummins India garnered recognition as much for its best-in-class products, as for demonstrating innovation, integrity, caring and excellence in powering the success of all our stakeholders and the communities we impact.

**Arogya World
Platinum Award
for Healthy
Workplaces
2021**



**Lakshya – NITIE
Award 2021** for
creating economic
resilience among
rural and urban
resource-poor
women



**Platinum Award by the Sustainable
Development Foundation**
unit of EK KAM DESH KE NAAM (EKDKN)] for
CPG SEZ Plant



**Appreciation
from Northern
Railways**
for successful
commissioning
of ZDM3 locos at
Pathankot

**Pune Municipal
Corporation
Recognition**
under Swachh
Bharat Abhiyan for
Cummins' sustained
efforts across Pune



**Safety Award
at Integral
Coach Factory**
for safety initiatives
and sustainable
adherence



**“The Most
Ethical
Business
Group”
Compliance
10/10 Award**

CPG SEZ Plant received various
**recognitions in Kaizen and
SMED (single minute exchange
of die) competition at Quality
Circle Forum of India (QCFI - Pune
Chapter); 3 Projects under Gold and 2
Projects under Silver Award Category**

**Gold Award in Corporate
Excellence Award 2021 by
Symbiosis College of Human
Resource Management &
Development (SCMHRD) for KEP's
participation in the Supply Chain and
Operations Club**



**Outstanding
Achievements in
Effective Safety
Culture Award
by Greentech
Foundation for KEP**

Financial Performance 2021-2022



Revenue from Sale of Products and Service

2021-22	₹ 6,026 crores	% Var
2020-21	₹ 4,256 crores	42%



Domestic Sales

2021-22	₹ 4,416 crores	% Var
2020-21	₹ 3,103 crores	42%



Export Sales

2021-22	₹ 1,610 crores	% Var
2020-21	₹ 1,153 crores	40%

An interim dividend of ₹ 8 per share (400%) was disbursed in Q4 FY 2022.

The 2021-22 financial year concluded with the Board recommending a final dividend of ₹ 10.50 per fully paid up share (525%) aggregating to **₹ 18.50 per share** (925%) subject to your approval at the Annual General Meeting.



Profit Before Tax

2021-22	₹ 1,027 crores	% Var
2020-21	₹ 808 crores	27%



Net Cash Generated from Operations

2021-22	₹ 707 crores	% Var
2020-21	₹ 788 crores	-10%

Always Customer-Driven. Always Innovating.

Here at Cummins, our business starts and ends with our customers. During the past year, your company launched a suite of new products for domestic and global markets, and enhanced existing product and service offerings. We strengthened our longstanding partnerships with all our stakeholders, including key Original Equipment Manufacturers (OEMs), consumers across various end markets, suppliers, and our communities.



INDUSTRIAL BUSINESS



Railways

Supporting Indian Railways (IR) in achieving Mission Electrification

- Successful completion of the first-ever 'Make in India' full propulsion system of Diesel Electric Tower Cars (DETCs).
- Record growth in shipments for DETC on account of high demand from Indian Railways to meet electrification targets by 2023.



Mining

Presence across applications to support an increase in domestic coal production

- Your company performed well in the 60T and 100T dump truck product lines and made further inroads in the Heavy Earth Moving Machinery (HEMM). It made advancements in other applications such as stone crushers, dozers, and excavators.



Marine and Defense

Maintaining our partnership with the Indian Navy and expanding our presence in Defense

- Your company continued to offer integrated customized solutions meeting stringent naval standards for prestigious projects for the Indian Navy. It has begun serial production of key

applications such as armored personnel carriers for the Indian Army.



Oil and Gas

Continuing to support City Gas Distribution Infrastructure

- Record growth in the supply of compressor engines driven by rapid expansion of City Gas Distribution Infrastructure.



Pumps

Launch of certified products for global markets

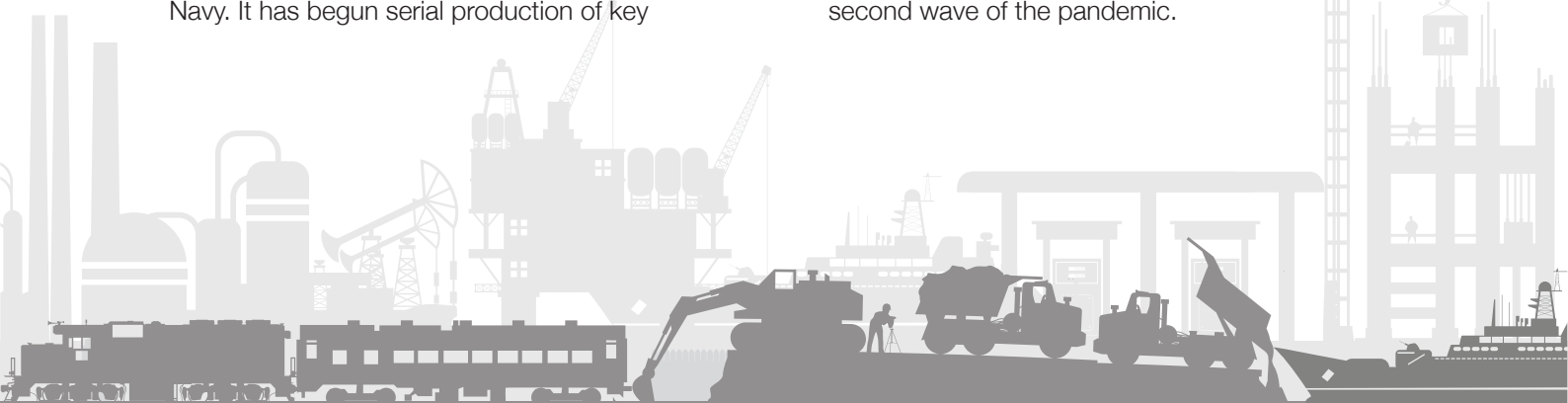
- Your company successfully introduced, initiated production of FM approved and UL listed 6B5.9 and QSB6.7 engine platforms.



Construction

Continued strengthening our presence

- Your company reinforced strong customer partnerships. The industry's growth potential is being limited by challenges such as increasing input prices, especially the spiraling steel prices, and supply chain disruptions experienced during the second wave of the pandemic.



Cummins has now moved from mechanical to new-generation electronic 4-cylinder and 6-cylinder engines to address the onset of Bharat Stage IV (BSIV) emission norms from April 2021 for Construction Equipment Vehicle (CEV) applications, with our commitment to power a cleaner India.



The Cummins QSB4.5 engines are CEV BSIV compliant that come with Single Module aftertreatment systems for enhanced performance and productivity.

We continue our engagement with OEMs to make sustained efforts towards improving volumes, by integrating our engines into OEM equipment across applications.



Compressors

Maintained volumes in the Water Rig sector

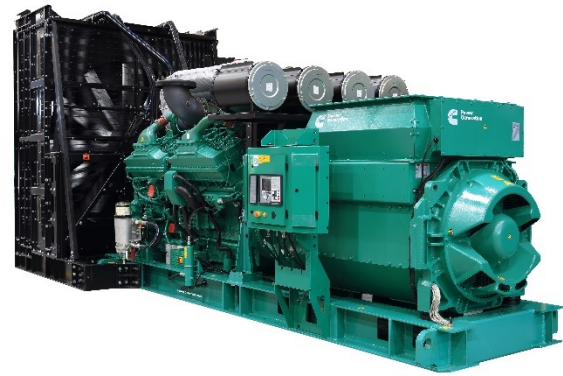
- In the water well drill rigs market, we witnessed volume growth on account of a good monsoon last year



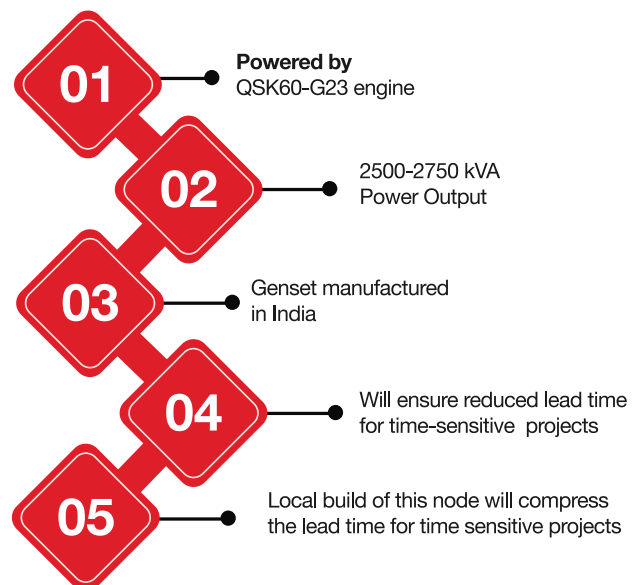
POWER GENERATION

Your company continues to put in efforts to enhance our current product offerings and introduce new products across all nodes to bring best-in-class products to our customers:

- A compact, electronic variant of 250 kVA prime genset was launched, powered by the QSB6.7 engine enhancing your company's offering in this node
- Powered by mechanical K50 engine, new nodes of 1800kVA Prime and 2000kVA Standby launched by your company, designed to cater to customer requirements in Commercial Realty, Infrastructure and Manufacturing sectors at competitive pricing



Largest 'Made in India' Diesel Genset Launched



Exports

- Your company continues to operationalize its strategy of Fit-For-Market products to strengthen its presence in different geographies. We have received good response for Fit-For-Market B3.3 and QSB7 Gensets, and K19 G-drives. We are working on introducing next generation of Low kVA Fit-For-Market products for our Power Generation business.
- Your company continues to enhance its partnership with the customers and regions around the world to drive business growth in Healthcare, Infrastructure, Datacentre and Rental. Amidst the COVID-19 pandemic, we hosted various virtual events for our global customers to promote new products.

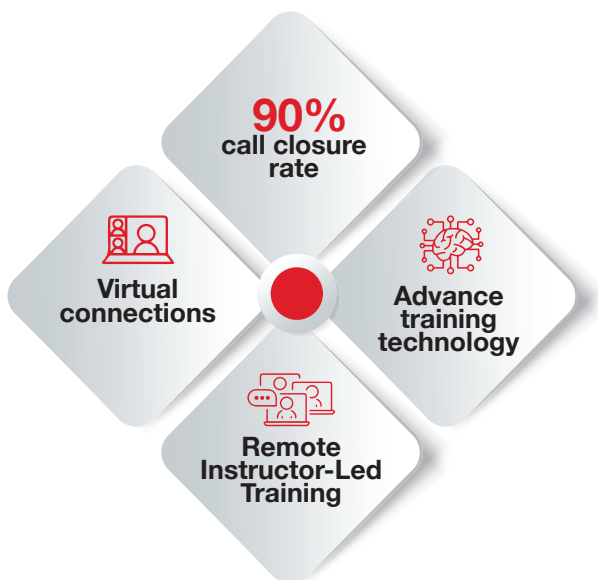


DISTRIBUTION BUSINESS

Despite challenges arising due to supply chain disruptions, delays in customer payments, and constant lockdown issues, we met our sales targets for the year.

- The year also saw our Distribution Business Unit (DBU) achieving crucial wins; we delivered on our promise through Ashwasan - a comprehensive extended warranty product for the Powergen market, significant revenue growth in the on-highway business, loco rehabilitation for a large steel manufacturing company, and consistent customer support across all regions helped in achieving the numbers.

■ Demonstrating Caring, Innovation and Resilience for Business Continuity



- The service call closure returned to pre-Covid levels; the team attended 99% of calls the same day and maintained a 90% call closure rate despite challenges
- During the second wave of the pandemic, our customer support team zealously exhibited the Cummins value of Caring to assist our clients through our robust network of frontline warriors
- Our teams leveraged innovative solutions and technology to develop virtual connections with customers, ensuring business continuity even during lockdowns

- Advanced technology tools were adopted to transform our training programs
- The first-ever Remote Instructor-Led Training (RILT) engine familiarization training program was successfully conducted for the CEV BS-IV engine, comprising 10 batches of 190 technicians
- A slew of new products was launched to power our business growth:

- 1 **Oversized Liner Sleeves**
- 2 **All Make Filters**
- 3 **Racor Filter**
- 4 **CNG Retrofit Kit**
- 5 **Dual Fuel Kit**
- 6 **Lithium-ion Battery**
- 7 **UPS Inverters**

- We also launched **Vishwasji**, a visual rendition of a trusted expert and **an attractive new packaging** for our parts to create a unique identity and striking differentiation in the fiercely competitive retail world

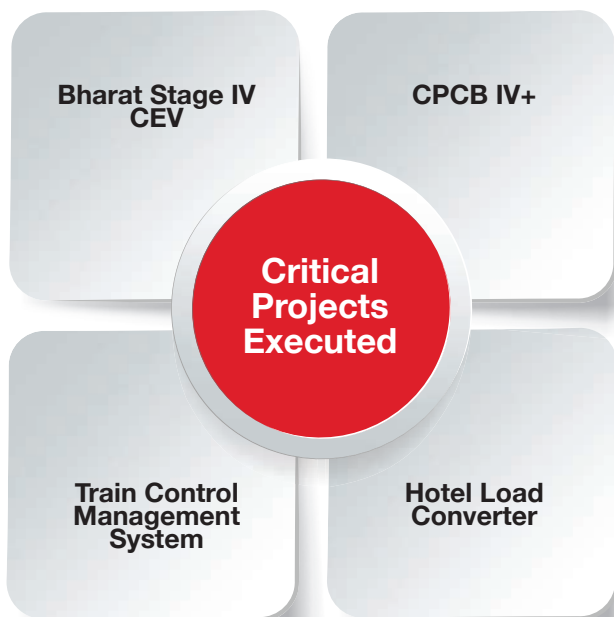




India Technical Organization

- In 2021-22, your company leveraged the innovation and R&D capabilities of the India Technical Organization to launch multiple products in the Powergen and Industrial space for both regional and export markets.
- Your company continued its focus on driving material cost reduction across new and legacy products. It made significant investments in state-of-the-art Power Systems test cells, a Machine and Vehicle Integration Center, and a Rail Electrification lab to venture into alternate fuels and electrification space for our regional markets.

Your company achieved Vehicle Certification Agency Bharat Stage V certification for our new high horsepower test cells.



Quality and Manufacturing Excellence

- On successful completion of ACE V (Accelerated Cost Efficiency Program) to drive cost reduction, the company launched the ACE VI program, which will complete its tenure by mid of next year.

- As a part of our continual improvement mission, the company has embarked on a journey to strengthen the Total Quality Management culture where everyone puts the customer first and champions a zero-defect mindset. With the global One Quality transformation initiative, the Cummins enterprise will move from a 'highly effective but reactive' enterprise to a 'highly effective, efficient, and proactive enterprise' that is more connected, more digital, and more transparent. Our strategy for the future is crafted around these Quality 4.0 practices and principles, heralding a new era of digitalization and analytics for a Quality organization.

One Quality transformation initiative

Highly effective but reactive enterprise



Highly effective, efficient, and proactive enterprise

- With the vulnerabilities due to Covid-19, the company was posed with challenges across the value chain leading to uncertainties for Quality, Delivery and Cost. However, the agile team adapted to the changing external environment and worked relentlessly to tide over the crisis with a solution-oriented approach. Even in challenging times, your company has improved the quality performance in terms of Customer PPM performance and warranty performance concerning last year.
- We have revised our Zero-Defect focused drive with the launch of AMaZe4.0 in alignment with our global TQM vision on OneQuality. This change has enabled us to embrace the Quality 4.0 objectives while re-emphasizing the customer-centric approach as the cornerstone of success. We are building upon quality as a Center of Competence for current technologies and future-readiness. This is accompanied by a focus on capability and competence, and an eye for emerging technologies. With Leadership emphasis as the foundational block of our AMaZe house of Quality, focus on creating a Digital, Connected, and Transparent Enterprise through Quality 4.0, analytics and Zero-Defect Culture remain the critical enablers in this journey.

Always Responsible. Always Trusted.

Cummins has a long history of corporate responsibility, based on the framework of linking the impact on our stakeholders to responsible business operations. Our employees have invested talent, passion, and resources to solve problems in our communities and society.

COVID-19 COMMUNITY SUPPORT

Over 1 Lakh people from **40 villages** near Cummins plant locations in India received aid from Cummins Covid Support in FY 2021-22:

**4,000+
PPE KITS**

provided to
Healthcare workers
and Anganwadi
workers

01

**3,500
LITERS**

of sodium
hypochlorite used
to sanitize common
places in each village

02



Sanitizers provided to
Village Panchayats,
Hand Wash Centers
set up

03



**140 beds, 55
thermometers, 57
Oxy-Pulse meters**
and other essentials
provided to Covid Care
Centers in the villages

04

Supporting a wide array of community initiatives in India since 1962, the company focuses on three global priorities critical to healthy communities: **Higher Education, Energy and Environment, and Equality of Opportunity.**

HIGHER EDUCATION

Nurturing Brilliance -
Cummins Scholarship Program



Aim:

To provide financial and non-financial benefits to meritorious students belonging to socio-economically challenged backgrounds, who aspire to pursue Higher Education (BE or Diploma).

1739 students

received scholarships from the
program till date.



Technical Education for Communities (TEC)



Aim:

To train low-income youth in employable technical skills and connect them to good jobs through school-based, industry-supported skills training.

To **nurture female students** and enhance their representation in technical education across four Cummins TEC sites.

Phaltan Maharashtra

*in collaboration with
the Government of
Maharashtra*

Dewas, Indore Madhya Pradesh

*in partnership with
our trusted dealers*

Jamshedpur Jharkhand

*in partnership with
Technical Institute
of a large steel
manufacturing company*

Kolhapur Maharashtra

*in partnership with our
reliable suppliers*



FY 2021-22 Update

Projects worth ₹1161.32 Lakh identified and worked upon.

EQUALITY OF OPPORTUNITY

Cummins Powers Women



Aim:

A global Cummins strategic program to address gender inequality by partnering with international non-profit organizations for advancement of women and girls.

Till date, this initiative has funded trainings resulting in:



**Over 255
advocacy grants
globally funded**



**32 gender equality
law and policy
changes**



**Benefitted over 26
million girls and
women**



FY 2021-22 Update

- In India, we continue empowering girls and women with our partner, **Rise Up**
- Building on the successes of the first two leadership and advocacy accelerators, **18 advocacy grants were funded**

Local Community Care



Aim:

Partner with organizations to support disadvantaged sections of society such as the hearing impaired, visually impaired, orphans and elderly.

Throughout the Covid-19 pandemic, Cummins continued its support to these NGOs.



FY 2021-22 Impact

Supported
14+ NGOs

Served 1000+
underprivileged and
disabled people

**Installation of
roof top solar
power systems**
at two NGOs

Helped with
significant **savings**
on electrical
charges



ENERGY AND ENVIRONMENT

Inorganic Waste Management –

Ensuring Responsible Recycling of E-waste and Plastic Waste



Aim:

Create mass awareness and change mindsets about handling e-waste, waste containing toxic elements and plastic waste.



FY 2021-22 Impact

- Taking cognizance of the Covid-19 pandemic, door-to-door awareness campaigns and screenings in schools replaced with **strategically developed remote awareness campaigns**
- **More than 4,00,000 citizens** apprised of our zero-contact plastic and e-waste collection program through **social media campaigns**
- **25 e-Waste collection centers** established across Pune city



Organic Festival Waste Management –

Building year-round initiatives from successful programs on festival waste processing



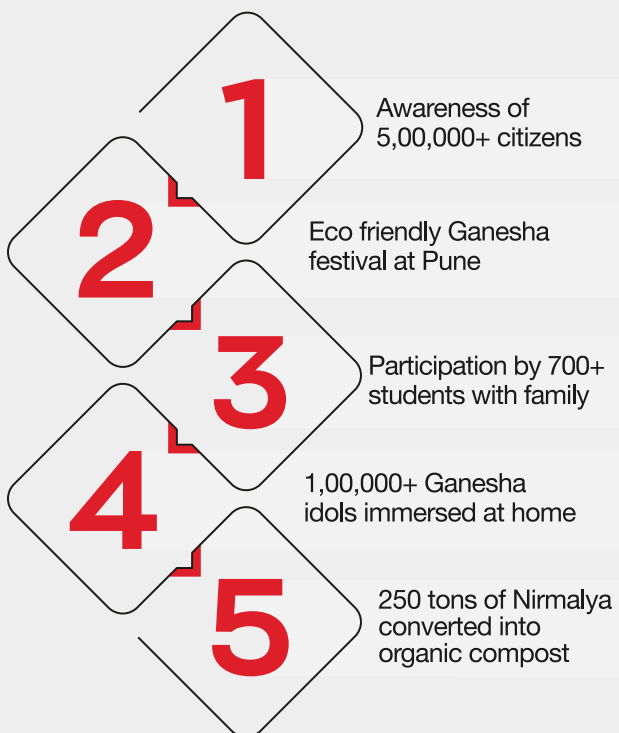
Aim:

Address waste generation during two major annual festivals in Maharashtra, over multiple years through Cummins India's **Nirmalya and Patravali programs**.

Nirmalya: a multi-dimensional, multi-stakeholder level program that involves months of planning, logistics and coordination during the annual Ganesh festival.



FY 2021-22 Impact



Urban Watershed Management



Aim:

Address water shortage and pollution in urban areas by employing scientific approaches, engaging experts and generating awareness among citizens to revive water bodies, improve local biodiversity and prevent water pollution.



FY 2021-22 Impact

1106 million gallons of water conserved through projects at Khadakwasla, Special Reserve Police Force's Wadachiwadi area and Aundh Military area.



TESTIMONIALS



“Sassoon Hospital is treating Covid patients along with other regular patients. We experienced shortfall of PPE for a while. We from BJ Medical College and Sassoon General Hospital, Pune would like to thank Cummins India Foundation for generous contribution of appropriate safety goggles and N95 masks for our Corona warriors in a timely manner. This has helped to keep our doctors and healthcare workers safe while treating Covid-19 suspects and affected patients. This has helped them to go about their daily work without any fear.”

Dr. Pradnya Bhalerao,
Head, Surgical Store,
Sassoon General Hospital,
Pune



“Sagarmitra - friends of ocean - has created a deep impact on my students and their parents. It has taught and created in my students, how to care about society and nature in action. It has also developed in them collective and individual leadership. In over five years, they have truly come under ‘Jal Sanskar’ and have spread this culture to their families and friends. The students and my teachers have become more sensitive towards positive approach of solid waste management. Students have started this drive at their society also.”

Geetanjali Bodhankar, Principal
- MES Bal Shikshan Mandir
English Medium School



“My farming expenditure has drastically reduced from ₹5,700 to ₹1,500 for half an acre of land. I followed cow based organic farming method for the chili crop as per training provided by Cummins and the NGOs. Compared to the conventional farming this time I got 150 kg of more chilies with better quality. Got good price for it with the attractive peppers with good quality. My income from the organic farming method has absolutely doubled.”

Ravindra Manjabapu Waman,
Farmer from Model Village
- Devgaon, near CGT
Ahmednagar



HEALTH, SAFETY AND ENVIRONMENT

We firmly believe that good environmental stewardship begins with our operations, and that everything that we do should lead to a cleaner, healthier environment. **With a 99.996% waste recycling rate**, your company ensures that all sites comply with the Health, Safety and Environment Management System policy, procedures, and initiatives, independent of certification status.



Our Legacy Makes us Proud. And the Future Pulls us Forward.

The Cummins legacy in India is compelling and distinguished. It echoes the truth all our stakeholders understand – that the pursuit of success never rests, that to stand still is to fall behind. Everything we have done for more than 60 years helps define who we are today and how our business will grow. As we celebrate our 60-year legacy this year, we also brace ourselves for the next 60 years of opportunities and challenges, both within our industry and in the communities where we do business and our employees live and work.

Earlier this year, Cummins launched **Destination Zero** - our global strategy to go further, faster to reduce the greenhouse gas (GHG) and air quality impacts of our products and reach net-zero emissions by 2050 in a way that is best for Cummins and all stakeholders. Destination Zero is a 30-year journey and obligates commitment and action from all of us today to achieve zero emissions by 2050.

2022 will be a decisive year for the company.

As a country, we are witnessing steady economic recovery propelled by a robust vaccination drive, an increase in private and power consumption, growth in IT spending, and the Indian government's impetus on 'Make in India'. Covid-19 implications will persist at a global level, and we may continue to see supply chain constraints even in 2022. The recent geopolitical developments may also lead to disruptions in transportation and logistics. However, the demand in different sectors will remain sustained worldwide, and I am confident that 2022 will be a strong, defining year for us.

Once again, I thank all our employees, customers, investors, shareholders, partners, and others before us for embracing and living the Cummins values and our brand promise to power our success every single day.

Thank You,

Ashwath Ram

Board of Directors

Steven M. Chapman
Chairman



Steven M. Chapman worked with Cummins Group for 35 years. Since joining the Group in 1985, he has held various roles across geographies including Director – International Business Development, Vice President – Southeast Asia and China, Vice President – International, President – International Distributor Business, Group Vice President – Emerging Markets and Businesses, and Group Vice President – China and Russia. He has also served on the global Cummins Leadership Team and its predecessors since 2002. Currently, he is also on the board of other public companies and colleges in USA.

Ashwath Ram
Managing Director



Ashwath Ram is the Managing Director of Cummins India Limited since August 2019. He joined Cummins in Columbus, Indiana, USA initially in 1991. He then joined India operations in 2008 and has taken up various roles and won many accolades. He has led Business Unit Operations as well as key strategic transformation for the Engine Business Unit and Power System Business Unit in India, where his key focus areas of the business included strategy, sales, profitability, operations and supply chain. Ashwath is an active member of industry associations such as Confederation of Indian Industry (CII) and Society of Indian Automobile Manufacturers (SIAM) and as the Chairperson of Sustainable Mobility Group, he focuses on improving the air quality issues of India's metropolitan cities.

Rajeev B. Bakshi
Independent Director



Rajeev Bakshi is a Non-Executive Independent Director of Cummins India Limited. He has rich experience in Marketing and Supply Chain Management. He is an alumni of Indian Institute of Management (IIM), Bangalore and a science and economics graduate from St. Stephens College. Rajeev has served on Boards of Marico Limited, ICICI Ventures and currently on Board of Dalmia Bharat Sugar & Industries Limited. Rajeev has also been a member of the CII National Council and National Council of Federation of Indian Chambers of Commerce & Industry (FICCI).

Priya S. Dasgupta
Independent Director



Priya Shankar Dasgupta is a Non-Executive Independent Director of Cummins India Limited. He has been engaged in the practice of Corporate Law since 1978. He worked as a Senior Associate in a reputed solicitor & advocates firm - M/s. J B Dadachanji & Co. for more than 15 years. He is also the Founder and currently the Senior Partner of Asia Law Offices, Solicitor & Advocates. His areas of practice includes conveyancing, Corporate Laws, Foreign Exchange laws, Anti-trust and Mercantile Laws, Corporate litigations, Mergers and Acquisitions. He is a specialist, inter-alia, in structuring and negotiation of Joint Ventures and Foreign Collaborations & devising entry strategies. He also serves on Boards of various national and multinational companies in India.

Nasser M. Munjee
Independent Director



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

Rama Bijapurkar
Independent Director



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

Norbert Nusterer
Non-Executive Director



Norbert Nusterer was appointed to the Board of Cummins India Limited in October 2016. He is the Vice President of Cummins Inc., USA and President of the Power Systems business, which comprises of power generation products, large industrial engines and aftermarket activities associated with both. Most recently, Norbert served as the Vice President of Supply Chain Operations and Parts, where he drove a comprehensive integration of Cummins' global supply chain activities. Under his leadership, his team doubled the size of Cummins' service parts and remanufacturing businesses and transformed them into a global shared service organization supporting all four Cummins global businesses.

Donald Jackson
Non-Executive Director



Donald Jackson is a Non-Executive, Non-Independent Director on the Cummins Board since 2018 and also holds the position of Vice President - Treasury & Tax at Cummins Inc. He has 30 years of experience as a global financial risk management professional. Since May 2015, Donald has headed the Global Corporate Treasury function including Debt Capital Markets, Foreign Exchange & Commodity Risk Management, Bank Relationships, Short Term Liquidity, Corporate Credit and Pension Risk Management at Cummins Inc. Before joining Cummins Inc., he worked with Hewlett-Packard (HP) in various Treasury areas and as a Foreign Exchange Trader in the Capital Markets area at Grupo Financiero Banamex-Accival (a financial institution headquartered in Mexico).

BANKERS :

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

AUDITORS :

Price Waterhouse & Co. Chartered Accountants LLP
7th Floor, Business Bay, Tower A,
Wing - 1, Airport Road, Yerwada,
Pune – 411006

REGISTRAR & TRANSFER AGENT :

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
L.B.S. Marg, Vikroli (West),
Mumbai 430 083
Phone : (022) 49186270
Fax : (022) 49186060
E-mail : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in

CUMMINS INDIA LIMITED

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Website : www.cumminsindia.com

POWERING INDIA'S JOURNEY TO SPACE WITH EXCELLENCE

“On behalf of Woodward India, we wish many congratulations to Cummins on their 60th anniversary in India. We have more than 50 years of association with Cummins global and 30 years of association between Woodward India and Cummins India. Cummins India has always treated Woodward as one of its long term business partners instead of a “supplier”. It helped Woodward to work hand in hand to launch new solutions on Cummins engines so that Cummins India is able to supply leading edge and reliable technology to their customers. The respect and partnering efforts of Cummins India with suppliers are a unique booster for optimum business partnership. We believe with our ongoing relationship and trust built over so many years, we will witness many more success stories for Cummins and Woodward India in the coming years.”

- **Naveen Arora, Customer Account Manager Engine Systems, Woodward India**

Supplier Testimonial



STRENGTHENING INDIA'S DEFENCE SYSTEM WITH DEPENDABILITY

“Bharat Forge (BFL) is proudly associated with Cummins and partners since 1965. Cummins in India and BFL were incorporated in a similar timeframe – in fact, even shared a common project office in early days. BFL proudly supplies critical components in steel and aluminium in machined condition to Cummins in India and globally - USA, UK, EU, Mexico and, to China from time to time.

Over the last 30 years, as Cummins expanded their product offering in India, there were several occasions when BFL was technologically challenged to develop products beyond then operating range of available equipment. BFL has proactively invested from time to time to be able to provide world-class products (1 Kg to 700 Kg) to Cummins Business Units covering the entire Engine offering i.e. MR, HD – including for CES, HHP.

As a part of ‘Atmanirbhar Bharat’, BFL has promoted and used Cummins engines for a range of its defence products. The future is exciting. We are well poised to take our current relationship to new levels, including potential partnerships. BFL is ready for a quantum growth in alignment with Cummins’ strategic plans.”

- Subodh E Tandale, Executive Director, Bharat Forge

Supplier Testimonial



Marine Defense Applications

DIRECTORS' REPORT

The Directors take pleasure in presenting the Sixty-first Annual Report together with *inter-alia* its annexures and audited financial statements (including standalone & consolidated along with respective Auditors Report thereon) for the year ended March 31, 2022. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. FINANCIAL RESULTS:

On Standalone basis:-

During the Financial Year 2021-22, revenue from operations increased to ₹ 614,040 Lacs as compared to ₹ 432,924 Lacs during the previous year (42% higher). Profit after tax increased to ₹ 88,665 Lacs from ₹ 61,787 Lacs recorded for the previous year (44% higher).

On Consolidated basis:-

During the Financial Year 2021-22, revenue from operations increased to ₹ 617,092 Lacs as compared to ₹ 436,008 Lacs during the previous year (42% higher). Profit after tax increased to ₹ 93,374 Lacs from ₹ 63,503 Lacs recorded for the previous year (47% higher).

Financial Summary

	Standalone		Consolidated	
	2021-22 (₹ in Lacs)	2020-21 (₹ in Lacs)	2021-22 (₹ in Lacs)	2020-21 (₹ in Lacs)
APPROPRIATION OF PROFIT:				
Profit before taxation	115,945*	80,796	120,698*	82,500
Net Profit for the year after tax	88,665	61,787	93,374	63,503
Dividend	44,352	38,808	44,352	38,808

*Includes Exceptional Items amounting to ₹ 13,236 Lacs

2. RESERVES:

The closing balance of reserves, including retained earnings, of the Company as at March 31, 2022 was ₹ 479,722 Lacs. During the Financial Year, there was no amount proposed to be transferred to the Reserves.

3. COMPANY'S RESPONSE TO COVID:

Your Company continued to focus its efforts for COVID related support and relief, especially to COVID impacted and frontline warriors. Your Company experienced intense collaboration among its teams, and it focused on safety, health and well-being of its employees including various communities. It continued several health and wellness programs for its employees and stakeholders covering various aspects of physical and emotional wellbeing, counselling, support and awareness. It also focused its efforts in providing equitable access to COVID-19 vaccination to its employees alongside Governmental efforts. Within the Company, vaccination drives were also organized to aid employees and their immediate families to voluntarily get vaccinated for the COVID-19 virus. Following all COVID safety and hygiene protocols, plants at all locations were made fully operational including re-opening of Corporate Office, for regular business for employees.

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

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

5. DIVIDEND:

Your Directors have recommended a final dividend of ₹ 10.50/- per equity share of ₹ 2/- each fully paid-up share in their meeting held on May 26, 2022, in addition to the interim dividend of ₹ 8/- per equity share of ₹ 2/- each fully paid-up share declared on February 10, 2022, aggregating to ₹ 18.50/- (i.e. 925 %) per equity share of ₹ 2/- each fully paid-up share for the year ended March 31, 2022 (previous year ₹15/- per equity share i.e. 750%). The final dividend is subject to approval of the Members at the ensuing Annual General Meeting and shall be subject to deduction of income tax at source.

6. SHARE CAPITAL:

The paid-up share capital of the Company is ₹ 554,400,000/- divided into 277,200,000 equity shares of ₹ 2/- each as on March 31, 2022. Your Company has not come out with any issue (public, rights or preferential) during the year. There is no change in the share capital during Financial Year 2021-22.

7. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:

Your Board is pleased to provide details of the following subsidiary, joint ventures and associates as on March 31, 2022 : -

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

CSSPL, a wholly-owned subsidiary, of the Company focuses on sales of Cummins engines, parts, accessories and providing service support to engines and generators in parts of Northern India close to the National Capital Region (NCR), Delhi. CSSPL generated a revenue of ₹ 10,159 Lacs from its operations for the year ended March 31, 2022, as compared to ₹ 8,672 Lacs during the previous year (17% higher).

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

CRTI is a 50:50 joint venture between Cummins Inc., USA and your Company, which was formed in 2003 with an intent to provide Information Technology enabled Mechanical Engineering development services primarily to Cummins Inc., USA, its subsidiaries and joint ventures in all parts of the world. Since, April 01, 2016, CRTI closed its operations and your Board of Directors decided that the activity carried out by CRTI for your Company, shall be undertaken in-house by absorbing the appropriate number of employees from CRTI in your Company.

The Shareholders of CRTI, in their Extra-ordinary General Meeting held on April 01, 2022, passed a resolution to initiate voluntary winding-up of the CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. Accordingly, the control over and the operations of CRTI are handed over to a registered Insolvency Professional effective from April 01, 2022 in accordance with the applicable statutory provisions.

c) Valvoline Cummins Private Limited (VCPL):

VCPL, a 50:50 joint venture between Valvoline International Inc., USA, a global leader in lubricants and engine oils, and your Company, VCPL generated a revenue of ₹ 169,488 Lacs from its operations for the year ended March 31, 2022, as compared to ₹ 134,104 Lacs during the previous year (26% higher).

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

Your Company owns 48.54% shareholding in the Associate Company namely CGT which is in the business of design, manufacturing, marketing, sales and service of alternators and related spare parts. CGT generated revenue of ₹ 169,488 Lacs from its operations for the year ended March 31, 2022, as compared to ₹ 75,339 Lacs during the previous year (59% higher).

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

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

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

The Company will make the said financial statements and related detailed information of CSSPL available upon the request by any Member of the Company. These financial statements will also be kept open for inspection by any Member at the Registered Office of the Company and of CSSPL. Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate financial statements in respect of CSSPL, are available on the website of the Company.

8. CHANGE IN THE NATURE OF THE BUSINESS:

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

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

No loan or guarantee was given, or investment was made by your Company during the Financial Year 2021-22 pursuant to Section 186 of the Companies Act, 2013.

10. DEPOSITS:

Your Company has not accepted any Public Deposits under Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the Financial Year 2021-22.

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

Pursuance to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018, your Directors confirm that the Company is not defined as a "Large Corporate" as per the framework provided in the said Circular. Moreover, your Company has not raised any fund by issuance of debt securities.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During Financial Year 2021-22, no materially significant related party transactions were entered into by the Company, that may have potential conflict with the interests of Company, at large.

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

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

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

13. CONSERVATION OF ENERGY:

During the Financial Year 2021-22 your Company has strived to imbibe energy conservation principles and initiatives across all its facilities.

During the year, the Company at its Kothrud Engine Plant (KEP) has installed Solar Photovoltaic (PV) and started the operation of 1250 KWp in December 2021, 550 KWp in March 2022 & 1020 KWp in 2020, which has resulted in generation of 18.74 lacs Units of electricity. HHP Rebuild Centre has generated 7.10 lac units of electricity from their 625 KWp Solar Photovoltaic (PV) Plant installed in 2017. CPG SEZ Phaltan has generated 5.15 lac units of electricity from their 150 KWp Solar Photovoltaic (PV) Plant installed in 2017. The Solar PV Plant installed at Pirangut Power Systems Plant in 2020 has generated 1.78 lacs units of electricity in Financial Year 2021-22.

The Company has generated 32.86 Lacs units of electricity in Financial Year 2021-22 from onsite Solar installation.

The other key initiatives across multiple areas are highlighted below –

Heating Ventilation and Air Conditioning (HVAC) – Your Company has undertaken initiatives such as Installation of Variable Frequency Drive (VFD) with solenoid valves for Compressor cooling water system, HVLs fans, replacement of non-efficient motor with energy efficient motors, new energy efficient equipment for effective utilization of compressed air and induction heater for piston heaters.

Lighting – Similar to last year, your Company has continued the initiative to replace old lighting fittings with new-age energy efficient LED fittings within and outside some of our facilities. Also, installation of motion sensors at various locations has helped to reduce the energy consumption at sites.

Awareness Generation – This included improving awareness amongst employees to switch off major energy consuming equipment or units when idle as well as employing an energy review tool and energy balance tool to identify projects. The sites also conduct the unplugged challenge to switch off the equipment on holidays or non-production days, Compressed Air management program and leakages arrest drive.

These key initiatives resulted in annual energy savings of approximately 4.43 Lacs units of electricity in Financial Year 2021-22.

14. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:

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

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

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

A. New Product Development: -

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

1. Rail engine product families to support the growing Rail Business;
2. Marine engine product families to support the increasing commercial Marine Business;
3. Further enhancements of non-diesel product development capability such as use of alternative fuels are being explored in India;
4. Telematics and Analytics capabilities have been developed to improve uptime and fuel efficiency performance of our products; and
5. To enhance the position of Cummins in the Low kVA segment, your Company has introduced a 40 kVA genset with X2.7 litre engine.

Further, your Company continues to strengthen its channel presence through its GOEM partners who have added 12 number of additional sales dealers across various geographies.

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

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

C. Future plans include:-

1. Developing local 'fit-for-market' solutions to meet upcoming emission regulations and market needs on commercial off-highway and power generation segments;
2. Technological innovation to add value to products in the areas of alternate fuels, fuel cells, power electronics, hybrid engines and recycle / re-use;

3. Continued expansion of the product range to serve the needs of both local and global market;
4. Continued focus on indigenization and partnering with suppliers for waste elimination initiatives; and
5. Focused engine development for the Power Generation segment for the upcoming emissions norms.

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

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

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

Particulars	2021-22 (₹ in Lacs)	2020-21 (₹ in Lacs)
Capital	2,093	1,677
Recurring	4,451	5,749
Total	6,544	7,426
Total R&D expenditure as a percentage of total sales turnover	1.07%	1.72%

15. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company continues to be Net Foreign Exchange Earner. During the year under review, your Company exported 8759 engines and 7167 generator sets. Foreign exchange earned in terms of actual inflows during the year 2021-22 and foreign exchange outgo in terms of actual outflows during the year 2021-22 were as follows:-

Particulars	FY 2021-22 (₹ in Lacs)	FY 2020-21 (₹ in Lacs)
Foreign exchange earnings*	249,011	134,025
Foreign exchange outgo*	97,380	106,376

**Equivalent value of various currencies*

16. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT:

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

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

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

17. ANNUAL RETURN:

As per the requirement under Section 92(3) of the Companies Act, 2013, the draft Annual Return for Financial Year 2021-22 is available on the website of the Company at the link: <https://www.cummins.com/en/in/investors/india-annual-reports>. Since the Annual General Meeting is proposed to be held on August 10, 2022, the Company shall upload a copy of Annual Return for Financial Year 2021-22 as soon it has filed the said Annual Return with Registrar of Companies.

18. RISK MANAGEMENT:

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

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

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

19. INTERNAL FINANCIAL CONTROL:

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

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

20. VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

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

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

In addition, your Company has complied with provisions relating to constitution of an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and also has a stabilized well governed ethics investigations process. Regular workshops and awareness programmes against sexual harassment are conducted across the organization. During the year under review, no complaints pertaining to sexual harassment of woman employee was reported to the Committee and therefore no complaints remained unresolved as on March 31, 2022.

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

21. COMPLIANCE WITH THE CODE OF CONDUCT:

All Directors on the Board and Senior Management have affirmed compliance to the Code of Conduct(s) for the Financial Year 2021-22. A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by the Board of Directors and Senior Management for the Financial Year 2021-22 as required under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

22. DIRECTORS' RESPONSIBILITY STATEMENT:

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the Financial Year 2021-22.

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

- (i) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed and there was no material departure from the same;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2022 and of the profit for the period April 01, 2021 to March 31, 2022;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the year; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. DIRECTORS:

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

Appointments and Re-appointments

Mr. Steven Chapman (DIN:00496000) was regularized as Director (Non-Executive and Non-Independent) of the Company in the 60th Annual General Meeting of the Company held on August 12, 2021. Mr. Chapman continued to be Chairman of the Board, as appointed by the Board, effective October 01, 2020.

Mr. Ashwath Ram (DIN: 00149501), was appointed as a Director designated as Managing Director and Key Managerial Personnel, in the 59th Annual General Meeting of the Company held on August 25, 2020, effective August 17, 2019 for term of three years. On recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed re-appointment of Mr. Ashwath Ram as Managing Director of the Company for a period of three years effective from August 17, 2022. A resolution seeking shareholder's approval for his re-appointment forms part of the Notice.

In accordance with the Companies Act, 2013 and Articles of Association of the Company, Mr. Norbert Nusterer (DIN: 07640359), Director (Non-Executive and Non-Independent) of the Company, retires by rotation and is eligible for re-appointment. The proposal seeking shareholder's approval for his re-appointment forms part of the Notice, which is also approved by the Board on the recommendation of Nomination and Remuneration Committee.

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

Cessation

During the year, Mr. Prakash Telang (DIN:00012562) ceased to be Director (Non-Executive and Independent) of the Company effective December 08, 2021 on account of his unfortunate demise.

Ms. Lorraine Alyn Meyer (DIN:08567527) resigned as Director (Non-Executive and Non-Independent) of the Company effective February 15, 2022 on account of retirement from Cummins Group and other personal reasons. She had confirmed that there were no other material reasons for her resignation.

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

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

b) Committees of the Board:

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

- Audit Committee;
- Stakeholders Relationship Committee;
- Nomination and Remuneration Committee;

- Corporate Social Responsibility Committee; and
- Risk Management Committee

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

c) Policy on Director's Appointment and Remuneration:

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

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

d) Board Performance Evaluation Mechanism:

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

e) Inter-se relationships between the Directors:

There are no relationships between the Directors inter-se.

f) Familiarization Programme for Independent Directors:

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

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

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

g) Declarations from the Independent Directors:

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Independent Directors have submitted *inter-alia* declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations. The Independent Directors during the year, have also re-submitted *inter-alia* declarations under the revised Regulation 16(1)(b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021, effective from January 01, 2022.

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

24. NUMBER OF MEETINGS OF THE BOARD:

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

25. KEY MANAGERIAL PERSONNEL:

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

26. PARTICULARS OF EMPLOYEES:

The details in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, is appended as **Annexure '10'** which forms part of this Report. Any shareholder interested in obtaining a copy of the statement, may write to the Company Secretary at the Registered Office address of the Company.

27. INDUSTRIAL RELATIONS:

Industrial relations at all the plants of the Company continue to be cordial during Financial Year 2021-22. Multiple initiatives have been rolled out for our shop, office and field technician employees under 'Advancing our workforce Strategy' (AWS) at all sites across the globe. Key purpose of AWS is to inspire and encourage 'All Employees' to reach their full potential by implementing similar Talent Management policies and processes for all the shop, office and field technician employees like those implemented for our managerial employees. We have introduced a Performance Management System for our Shop, Office & Technician employees. It will help us to reward better performance, help employees to create Individual Development Plans which will help them to grow in the organization. Your Company is also enhancing right environment by creating right spans of control so that it helps manager to spend quality time on employees' developmental needs. We are taking right steps to provide them access to technology with which employees can leverage our online systems. Your Company have also introduced an internal job posting system for all new positions across organization which helps us to grow talent from non-exempt category. In addition, your Company have revised our Domestic Relocation Policy thus enabling seamless movement of talent across all categories encouraging them to take more learning opportunities. All these are steps in the right direction on our journey to help employees reach their full potential.

Your Company had announced a Voluntary Retirement Scheme at its Kothrud Engine Plant, Pune, on May 16, 2022. The Voluntary Retirement Scheme (herein referred to as "Scheme") was applicable to individual employees meeting all the eligibility criteria as stated in (a), (b) and (c) cumulatively –

- a) Permanent employees of the Company who are working in Kothrud Engine Plant in the shopfloor and office category;
- b) Employees who are above 45 years of age and less than 57 years of age as on May 16, 2022;
- c) Employees who are on the permanent rolls of the Company for 10 years and more as on May 16, 2022.

Your Company believed that Scheme upon implementation will help in optimizing the fixed cost structures, build resilient supply chains and increase focus on manufacturing excellence. Intimation pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, regarding

implementation of this Scheme was filed with BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') on May 16, 2022. Further, an update on the financial impact of the Scheme will also be filed with BSE and NSE on conclusion of the Scheme.

28. AUDITORS:

STATUTORY AUDITORS:

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

There are no qualifications, reservations, adverse remarks or disclaimers made by the auditors in the Audit Report for the Financial Year 2021-22.

In terms of the Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors does not require ratification by the shareholders in Annual General Meeting. Accordingly, the Board noted the continued appointment of PWC as the Statutory Auditors of the Company for the Financial Year 2022-23 in its meeting held on May 26, 2022. PWC has informed the Company that their appointment is within the limits prescribed under Section 141 of the Companies Act, 2013.

SECRETARIAL AUDITOR:

M/s Pramod Shah & Associates, (FCS 334), was appointed to conduct the secretarial audit of the Company for the Financial Year 2021-22, as required under Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR-3 and Secretarial Audit Report pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Financial Year 2021-22 is appended as **Annexure '5'** which forms part of this Report. Both the reports do not contain any qualification, reservation or adverse remark.

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

The Board on the recommendation of the Audit Committee has re-appointed M/s Pramod Shah & Associates to conduct the secretarial audit of the Company for the Financial Year 2022-23 in its meeting held on May 26, 2022.

Further, during the Financial Year 2021-22 and two previous financial years, no penalties, strictures were imposed on the Company by stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets.

COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors, on the recommendation of the Audit Committee, had appointed M/s. C S Adawadkar & Co., Cost Accountants (Firm Registration Number: 100401), to audit the cost accounts of the Company for the Financial Year 2021-22 at a remuneration of ₹ 950,000/- plus taxes as applicable and re-imbursement of out of pocket expenses. The remuneration was ratified by shareholders in the 60th Annual General Meeting held on August 12, 2021.

Pursuant to recommendation of the Audit Committee, the Board in its meeting held on May 26, 2022 has appointed M/s C S Adawadkar & Co. (Firm Registration No.: 101542), to audit the cost accounts of the

Company for the Financial Year 2022-23 at a remuneration of ₹ 950,000/- plus taxes as applicable and re-imbursement of out of pocket expenses. As required under the Companies Act, 2013, the shareholders ratification for the remuneration payable to M/s. C S Adawadkar & Co, Cost Auditors, is being sought at the ensuing Annual General Meeting.

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

29. CORPORATE SOCIAL RESPONSIBILITY POLICY AND ITS REPORT:

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

In the ongoing crisis of COVID-19, your Company undertook series of immediate and emergency interventions to address urgent and evolving needs of the communities and various stakeholders. The relief and support initiatives included but were not limited to partnerships with State, Central, Local Government Bodies, donation of life saving equipments, support to frontline COVID warriors and working with Organizations to provide immediate relief etc.

Details about the CSR Policy and initiatives taken by the Company during the year are available on the website at link : <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Annual Report on CSR Activities is appended as **Annexure '11'** which forms part of this Report.

30. BUSINESS RESPONSIBILITY REPORT:

As stipulated under the Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report describes the initiatives taken by the Company from environmental, social and governance perspective, which forms part of the Annual Report and is included after Financial Statements section.

The Company has key policies in place with respect to Environment, Social and Governance (ESG) areas which are made disclosed under the Business Responsibility Report. Your Company also contributes to global sustainability goals of Cummins Inc. (CMI), its Holding Company.

Your Company is further striving towards strengthening its ESG related procedures/policies considering introduction of Business Responsibility and Sustainability Report (BRSR) as a statutory requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective Financial Year 2022-23. Accordingly, comprehensive BRSR will form part of subsequent year(s) Annual Report of the Company, as per applicable laws as amended from time to time.

31. SECRETARIAL STANDARDS:

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

32. DIVIDEND DISTRIBUTION POLICY:

The Board of Directors of the Company have formulated a Dividend Distribution Policy pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which

is appended as **Annexure '9'** and forms part of this Report. The policy is also available on our website <https://www.cummins.com/en/in/investors/india-corporate-governance>.

33. INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

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

Date of Declaration	Type of Dividend	Amount transferred (₹)	No of equity shares transferred
August 01, 2014	Final Equity Dividend	9,109,752	294,714
September 10, 2014	Interim Equity Dividend	5,410,340	5,269

Please refer Note no 18 of AGM Notice for further details pertaining to IEPF.

34. GENERAL:

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

- Issue of equity shares with differential rights as to dividend, voting or otherwise;
- Issue of shares (including sweat equity shares) by the Company to its employees;
- The Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries. Further, the Company had not appointed any other Whole-time Director except the Managing Director;
- No frauds were reported by Auditors under Section 143(12) of the Companies Act, 2013 and rules frame thereunder;
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations. However, Members' attention is drawn to the Statement on Contingent Liabilities, commitments in the notes forming part of the Financial Statement; and
- No material changes and commitments occurred during April 01, 2022 till the date of this Report which would affect the financial position of your Company.

ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors,

Place : Pune
Date : May 26, 2022

Steven Chapman
Chairman
DIN: 00496000

Ashwath Ram
Managing Director
DIN: 00149501

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

Annexures to the Directors' Report

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

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

Part “A”: Subsidiaries:-

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

Sr. No.	Particulars	
1.	Name of the subsidiary :	Cummins Sales & Service Private Limited
2.	The date since when subsidiary was acquired:	October 01, 2015
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period :	Financial Year 2021-22
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries :	Indian Rupees (₹)
5.	Share capital :	₹ 1,200 Lacs
6.	Reserves & surplus :	₹ 790 Lacs
7.	Total assets :	₹ 4,283 Lacs
8.	Total Liabilities :	₹ 2,292 Lacs
9.	Investments :	₹ Nil Lacs
10.	Turnover :	₹ 10,159 Lacs
11.	Profit before taxation :	₹ 126 Lacs
12.	Provision for taxation :	₹ 34 Lacs
13.	Profit after taxation :	₹ 92 Lacs
14.	Proposed Dividend :	Not Applicable
15.	% of shareholding :	100

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

Annexures to the Directors' Report

Part "B": Associates and Joint Ventures:-

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

Name of Associates / Joint Ventures	Cummins Research and Technology India Private Limited	Valvoline Cummins Private Limited	Cummins Generator Technologies India Private Limited
1. Date of the latest audited Balance Sheet	March 31, 2022	March 31, 2022	March 31, 2022
2. Date on which the Associate/ Joint Venture was associated or acquired	June 11, 2003	October 28, 1994 (Please refer note no. 1)	July 05, 2002
3. Shares of Associates / Joint Ventures held by the Company on the year end			
No. of Shares	114,600 equity shares of ₹ 10/- each	9,500,000 equity shares of ₹ 10/- each	779,997 equity shares of ₹ 10/- each
Amount of Investment in Associates / Joint Ventures	₹ 11 Lacs (Please refer note no. 3)	₹ 804 Lacs (Please refer note no. 1)	₹ 1,720 Lacs (Please refer note no. 2)
Extend of Holding %	50%	50%	48.54%
4. Description of how there is significant influence	Joint Venture	Joint Venture	Associate Company with control of more than 20% of total share capital
5. Reason why the associate / joint venture is not consolidated	NA	NA	NA
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 112 Lacs	₹ 14,357 Lacs	₹ 16,959 Lacs
7. Profit/Loss for the year			
i. Considered in Consolidation	₹ 14 Lacs	₹ 6,781 Lacs	₹ 2,247 Lacs
ii. Not Considered in Consolidation	₹ 14 Lacs	₹ 6,780 Lacs	₹ 2,383 Lacs

Notes:-

- The shareholding in Valvoline Cummins Private Limited, valued at ₹ 8.46/- per share, was transferred to the Company and consequently considered as a Joint Venture post amalgamation of Cummins Sales and Service India Limited (erstwhile wholly-owned subsidiary of the Company) w.e.f. April 01, 2008 vide order of Hon'ble High Court of Bombay dated March 20, 2009.
- The Company invested ₹ 220.50/- per share in Cummins Generator Technologies India Private Limited.

3. The Company invested ₹ 9.60/- per share in Cummins Research and Technology India Private Limited.
4. There is neither any Associate Company / Joint Venture which is yet to commence operations nor any Associate Company/ Joint Venture which has been liquidated or sold during the year. However, the Shareholders of CRTI, in their Extra-ordinary General Meeting held on April 01, 2022, passed a resolution to initiate voluntary winding-up of the CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016.
5. Share of profit of Joint Venture and Associate Company have been considered in consolidation.

For and on behalf of the Board of Directors,

Steven Chapman
Chairman
DIN: 00496000

Ashwath Ram
Managing Director
DIN: 00149501

Nasser Munjee
Director
DIN: 00010180

Place : Pune
Date : May 26, 2022

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Ajay S. Patil
Chief Financial Officer
PAN: AAJPP9246Q

Annexures to the Directors' Report

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

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

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

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

No contracts or arrangements or transactions were entered into during the year ended March 31, 2022, which were not at arm's length basis.

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

(₹ in Lacs)				
Nature and Particulars of transactions	Name of the Related Party/s	Nature of Relationship	Salient Terms	Amount of the transaction
Purchase of internal combustion engines, their parts and accessories for the Financial Year 2021-22	Tata Cummins Private Limited (TCPL)	<ul style="list-style-type: none"> - 50-50% joint venture company between Cummins Inc., USA and Tata Motors Limited. Cummins Inc., USA is the Holding company of Cummins India Limited. - Mr. Ashwath Ram, Managing Director of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is Managing Director of TCPL. - Mr. Ajay S. Patil, Chief Financial Officer of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is a Director of TCPL. 	Purchase of B, C & L series internal combustion engines, parts and accessories thereof, in the ordinary course of business based on the Purchase Orders raised from time to time.	₹ 104,429 Lacs

Nature and Particulars of transactions	Name of the Related Party/s	Nature of Relationship	Salient Terms	Amount of the transaction
Purchase of internal combustion engines, gensets, turbochargers, their parts, components and spares for the Financial Year 2021-22	Cummins Technologies India Private Limited (CTIPL)	- CTIPL is a subsidiary of Cummins Inc., USA which is also the Holding Company of the Company	Purchase of internal combustion engines, gensets, turbochargers, their parts, components and spares thereof, in the ordinary course of business based on the Purchase Orders raised from time to time.	₹ 48,422 Lacs
Sale of engines/ gensets, their parts, accessories, and spares for the Financial Year 2021-22	Cummins Limited, UK	- Subsidiary of Cummins Inc., USA which is the Holding Company of the Company	Sale of engines/ gensets, their parts, accessories and spares thereof, in the ordinary course of business based on the Sales Orders raised from time to time.	₹ 56,472 Lacs

Notes:

1. *Material related party transactions (RPTs) i.e. transactions exceeding rupees one thousand crore or ten percent of the annual consolidated turnover as per the last audited financial statements are provided in the above table. As a part of its regular business, the Company transacts with various companies owned or managed under Cummins Group for sale and/ or purchase of different series of internal combustion engines along with parts and accessories. Out of such companies, the transactions with TCPL, CTIPL and Cummins Limited, UK are Material RPTs. During the FY 2020-21, the total annual consolidated turnover of the Company was ₹ 428,749 Lacs. Considering the same read with thresholds prescribed in Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had material party transactions with TCPL of ₹ 104,429 Lacs, with CTIPL of ₹ 48,422 Lacs, and with Cummins Limited, UK of ₹ 56,472 Lacs. The said transactions were approved by the Audit Committee and Board of Directors on January 28, 2021 and February 10, 2022 and by shareholders at the Annual General Meeting held on August 12, 2021 and Extra-ordinary General Meeting held on March 10, 2022.*
2. *Material related party transactions are also expected in the current Financial Year 2022-23. Therefore, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee and the Board of Directors have approved these transactions on February 10, 2022 and May 26, 2022 and shall present the same for approval by the shareholders at the ensuing Annual General Meeting.*

For and on behalf of the Board of Directors,

Place : Pune
Date : May 26, 2022

Steven Chapman
Chairman
DIN: 00496000

Ashwath Ram
Managing Director
DIN: 00149501

Annexures to the Directors' Report

Annexure 3 – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

Economic Trends and Implications

- The year witnessed sharper than expected rebound of the economic activity in India with GDP growth estimated at 8.9% in FY 2021-22.¹ While the social implications of the second wave in the first quarter of FY 2021-22 were severe, economic impact was minimal and swift recovery was seen in subsequent quarters.
- Momentum of economic growth is expected to continue led by gains from the supply side reforms, credit support to MSME sector and government expenditure on infrastructure programmes in the coming years. Private capex cycle is expected to pick-up led by credit growth and incentivising of capital formation through Production Linked Incentive (PLI) Scheme.
- Domestic consumption is likely to pick up in the coming quarters due to higher liquidity, widespread vaccine coverage, higher government spending on social welfare schemes, pick up in investment cycle by corporates and an accelerated vaccination rollout for the younger population.
- The economic recovery faces headwinds from pandemic induced supply chain disruptions, rising crude oil & commodity prices, depreciating currency, and geopolitical risks. However, high foreign exchange reserves, sustained foreign direct investment, and rising export earnings can mitigate some of the downside risk. The uncertainty in the macro environment has led to downward revision of GDP forecast for FY 2022-23 from 7.8% earlier to 7.3%, by the RBI.²
- The year 2021 also witnessed India shifting its focus to greener sources of energy to combat climate change. India has committed to become net carbon neutral by 2070 and meet 50% of energy requirements through renewable energy by 2030. The National Hydrogen Mission envisages to make India a hub for Green Hydrogen by incentivising production and consumption. These developments in the direction of sustainability and green energy are positive for the economy.

Sources:

1. Ministry of Statistics and Programme Implementation (MOSPI)
2. Reserve Bank of India

2. Opportunities and Threats

Key Opportunities

Power Generation

- FY 2021-22 witnessed robust recovery of Power Generation market to pre-pandemic levels of FY 2019-20 driven by strong economic growth across industries and by reopening of commercial hubs. Segments like data centres, infrastructure, manufacturing, healthcare, and rental were responsible for driving the growth in the market.
- While the average power supply deficit at national level continues to remain less than 1%, your Company expects the Power Generation business to follow a growth trajectory led by opportunities arising from segments like infrastructure and manufacturing due to expected higher capital expenditure by the Government. Rising demand in realty sector, gearing up of healthcare facilities and investments by global and domestic players in the data centre market also provided growth opportunities.

- With the emission norms getting more stringent due to the implementation of upcoming CPCB IV+ norms tentatively in FY 2023-24, your Company is focused on developing and bringing best-in class products for its customers.

Industrial

- **Railways:** Indian Railways is set to achieve its ambitious target of 100% track electrification of broad-gauge network by 2023 which is driving demand for Diesel Electric Tower Cars (DETCs) which are used in the installation and maintenance of overhead electric lines. Your Company believes that this will also fuel demand for the electrified propulsion industry in the long term. With expansion of railway network and dedicated freight corridors becoming operational, growth is expected in the track maintenance sector.

As Indian Railways transitions towards eco-friendly options for replacement of powercar to cater to hotel load requirements of the train, your Company has ventured into supply of hotel load converters which will help regain business in auxiliary power sub-segment.

With an objective of moving towards a green economy with net zero emissions, Indian Railways is also evaluating hydrogen fuel cell solutions for Diesel Electric Multiple Unit (DEMU) and other short-distance mainline applications. Cummins is actively exploring ways to partner with Indian Railways on this initiative.

- **Mining:** India achieved record coal production in FY 2021-22 at 777 million tonnes, registering an annual growth of 8.6%. With global geopolitical situation further intensifying the pressure to enhance domestic coal production, commercial coal blocks are being offered to private players to enhance productivity. Growth in domestic coal production is expected to have a favourable impact on the Heavy Earth Moving Machinery (HEMM) market in which your Company is a critical technology supplier.

The market for stone crushers is expected to grow rapidly as the Government plans to construct 25,000 kms of national highway under the PM Gati Shakti initiative. Your Company participates in the market to power electric stone crushers.

- **Marine:** In line with the Indian Navy's fleet expansion plan backed by 'Atmanirbhar Bharat' initiative, there is a strong pipeline of opportunities expected from defence PSU shipyards till 2025. Increased opportunities are expected in the commercial marine segment due to the Government of India's mandate on the use of indigenous vessels for inland water transport and vessels operating in government ports. Fishing Boat segment is yet to recover to pre-covid levels.
- **Oil & Gas:** Share of natural gas in the primary energy mix has increased from 6.3% in 2020 to 6.7% in 2021 and is projected to reach 15% by 2030. Government has planned investment of ₹1.25 lac crore for developing the pipeline infrastructure for the 11th round of CGD network. In line with this, your Company continues to expect strong demand for gas compression engines from the city gas distribution segment.
- **Defence:** Government of India's focus on increasing capital expenditure for equipment upgradation and ban on import of 209 defence equipment is expected to boost production of indigenous defence equipment. Reforms by Government to promote exports of defence equipment and encourage higher participation by domestic players in other markets is giving a boost to product execution capabilities for all defence entities. Your Company is strongly pursuing these emerging growth opportunities.
- **Pumps:** Your Company is looking to export FM / UL certified pump packages to global Original Equipment Manufacturers (OEMs).
- **Construction:** Under "National Infrastructure Pipeline", government has made an investment plan of ₹100 lac crore over five years, whereby more than 60% of infrastructure projects are from

construction intensive sectors like Roads, Railways, Irrigation, Urban infrastructure, and Ports. Under PM Gati Shakti National Master Plan, 25,000 kms of National Highways are planned in FY 2022-23. The same can already be seen in action as the road project awards has increased by 16% in FY 2021-22 & 23% in FY 2020-21.

Your Company is one of the leading engine suppliers in the Construction equipment segment. To cater to the new emission norms for wheeled equipment – Construction Equipment vehicle (CEV) BS IV from April 2021, and for tracked equipment - Construction, Earthmoving, Material Handling and Mining Equipment (CEMM) BS IV under discussion, your Company had launched new 4-cylinder and 6-cylinder engines. With the two new engines, your Company has strengthened its leadership position by leveraging global experience, technology leadership and strong partnerships with all major equipment manufacturers.

**Sources: Various reports, articles published in print form and/or on electronic form on websites etc. with reference to or by Ministry of Railways, IROAF - Indian railways Organization for Alternate fuels, Ministry of Coal, Ministry of Fisheries, Ministry of Petroleum and Natural Gas, Ministry of Defence, Ministry of Road Transport and Highways and India Investment Grid – Government of India.*

Distribution

- Growth is expected in DBU's Powergen line of business on the back of strong demand for maintenance of Data centres and commercial realty as businesses are reviving.
- Your Company expects to maintain its position in the aftermarket for infrastructure sector as utilization of equipment is expected to increase on the back of increased government spending, foreign investments, and product change with the implementation of CEV BSIV emission norms.
- Change in emission norms for off-highway equipment to CEV BSIV is triggering a change in-service support model from OEMs making them prefer Cummins products which result in more aftermarket opportunities.
- Aggressive coal production targets to meet energy needs is driving the growth in mining sector. Private sector participation is expected to increase after 100% FDI was approved by government. This will lead to higher utilization of equipment and demand for HEMM (High Tonnage) vehicles with high horsepower Q Series engines.
- Execution of Dedicated Freight Corridor (DFC) project by Railways and strengthening of track network across the country will lead to higher usage of overhead cranes and track maintenance equipment driving demand for aftermarket services.
- Rapidly developing domestic gas pipeline network under the City Gas Distribution (CGD) initiative in various cities will lead to higher demand and usage for gas compressor engines and parts.
- Focus on the substitution of diesel with natural gas will result in growth of market for dual fuel gas kits for Powergen, On-highway, and Mining segments. Your Company is working towards tapping the opportunities in the emerging space.

Exports

- Strong demand for Powergen and Coolpacs was evidenced in FY 2021-22 and the same is expected to continue from Europe, Latin America, and Middle East regions.
- Rental, Healthcare, Manufacturing and Marine segments are driving growth in key markets.
- Your Company is also tapping into opportunities available in Industrial segments such as Rail and Marine in regions such as Latin America, Africa, and Asia Pacific, building upon our existing presence in the region.

Key Threats

Power Generation

- With the domestic players expanding their product ranges and international players gaining foothold in the region, competition is rising in the Powergen segment.
- Pricing pressure is intensifying across the industry as the products are witnessing significant cost increases driven by rise in commodity prices, geopolitical conflict, and supply constraints.

Industrial

- **Railways:** COVID-19 induced travel restrictions for the public has adversely affected the demand for power car and Diesel Electric Multiple Unit (DEMU). Timely allocation of projects to rail manufacturing units and close coordination of activities by Indian Railways is critical for your Company to execute propulsion system solution for Distributed Power Rolling Stock (DPRS).
- **Mining:** Timely allocation of coal blocks to private players and ramping up of coal production is critical to boost demand for mining equipment.
- **Oil & Gas:** Timely execution of pipeline infrastructure projects is critical for setup of CNG stations in geographical areas of city gas distribution network thereby driving demand for gas engines.
- **Construction:** Your Company is ready and excited to launch best in class products for expected Construction, Earthmoving, Material Handling and Mining Equipment (CEMM) BS IV emission norms. Delay in clarity in norms' implementation timeline could defer the launch of these products.

Distribution

- Growing environment concerns leading to bans on the use of DG sets in Non – Attainment Cities (NACs) and better availability and quality of grid power could result in lower utilization of DG sets.
- Target of 100% Rail electrification by 2023 will limit usage of diesel engines to Diesel Electric Multiple Units (DEMUs) and Power Car applications which will reduce maintenance requirements from customers.

Exports

- IMF has projected Global GDP growth to slow down from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023.
- Despite expected strong demand, there may be volatility due to rising geopolitical uncertainty, supply chain disruption, logistics challenges, and rising commodity prices.
- Economic implications from the war in Ukraine will contribute to a significant slowdown in European Region in 2022 and will add to inflation.
- Your Company is experiencing strong competitive activity in the Powergen segment. Global OEMs as well as Genset assemblers are driving increased competition in the market.

3. Product-wise Performance

Power Generation

- Your Company continues to improve and enhance current product offering across all nodes to bring best-in-class products to our customers.

- A compact, electronic variant of 250 kVA prime genset was launched; powered by the QSB6.7 engine enhancing your Company's offering in this node.
- Your Company launched the largest 'Made in India' Diesel Genset powered by the QSK60-G23 engine delivering power output of 2500-2750 kVA. The local build of this node will shorten the delivery lead time for time sensitive projects.
- Your Company introduced new nodes of 1800 kVA Prime & 2000 kVA Standby ratings powered by K50 mechanical engine, were launched to cater to customer requirements in commercial realty, infrastructure, and manufacturing segments at competitive pricing.

Industrial

- **Railways:** Record shipments for Diesel Electric Tower cars (83% growth as compared to FY21) on account of high demand from Indian Railways and timely execution to meet electrification targets by 2023.
- **Marine:** Your Company strengthened its market presence by supplying customised solutions complying to naval standards, despite Covid-19 supply chain constraints.
- **Oil & Gas:** The segment grew by record 50% in FY 2021-22 due to higher impetus on building the City Gas Distribution (GCD) infrastructure.
- **Defence:** Serial production of key applications such as armored personnel carrier for the Indian Army.
- **Construction:** The Sales in FY 2021-22 got impacted due to COVID-19 Wave II in Q1 & extended monsoon in Q2.

Distribution

- Your Company witnessed growth in the whole goods portfolio due to the strong focus on the opportunity to re-power competition engines by providing a cost-effective solution in segments like Railways, Powergen, and Construction.
- To enable customers to meet the NGT guidelines for in-service DG sets, Dual Fuel Kits were launched for the Powergen segment.
- All Make Filters program was launched for the off-highway segment to cater to the customers' need for filters beyond engine.
- To cater power backup needs of the customers, Li-Ion Batteries were launched which can be used with existing UPS and Inverters to replace the lead-acid batteries.
- To cater to the high-growth On-highway segment, your Company added 1000 SKUs for BSIV engines and expanded its portfolio of allied products like Macas clutches, CNG Kits, Piston and Piston rings beyond Cummins engines.

Exports

- High Horsepower Powergen engines such as K50, V28 and Q50 witnessed increase in demand from intercompany plants.
- Marine engines such as K38 and V28 witnessed robust growth.

4. New Business initiatives for Financial Year 2021-22

Power Generation

- Focusing on customer needs, significant steps were taken to improve the power density of products to reduce the total cost of ownership, lower the maintenance cost and provide the benefit of a smaller installation footprint.
- In the pursuit of continuous improvement of the service and reach of products, your Company expanded its reach with the appointment of 10 new dealerships across the country.
- The new Power Generation emission norms CPCB IV+ (for $\leq 800\text{kW}$) is expected to be implemented from July 01, 2023, by Central Pollution Control Board (CPCB) of India. These emissions standards recommended by CPCB would enforce, ~ 90 % reduction in Particulate Matter (PM), Nitrous oxide and carbon monoxide content in the exhaust as compared to the current CPCB-II norms. In certain kVA nodes, these norms would be stricter than the Tier IV norms prevalent in global markets and hence these emissions standards have been titled CPCB IV+ (CPCB IV plus). The new emission norms are one of the most stringent emission norms across the world for Diesel Genset market. Your Company - through its well-established technology leadership - is preparing for the same and is well equipped to meet the new emission norms.

Industrial

- **Railways:** Your Company has succeeded in design, development, validation, and supply of the first ever 'Made in India' propulsion system for Diesel Electric Tower Cars (DETCs) to Indian Railways.
- **Marine:** Your Company has successfully delivered an integrated marine DG set package for Indian Navy's Survey Vessel Large and Shallow Watercraft project. These are customised solutions to meet stringent norms of shock, noise, and vibrations.
- **Mining:** Your Company continues to innovate and develop fit-for-market products to expand its presence in the stone crusher, dozer, and excavator segments.
- **Pumps:** Your Company has successfully introduced and started supply of new FM / UL certified 6B5.9 and QSB6.7 products for global pumps segment in FY 2021-22.
- **Defence:** Your Company continues to develop fit for market products for India and partnering with OEMs for export orders for wheeled vehicle equipment for defence applications.
- **Construction:** Your Company has launched BSIV certified electronic 4-cylinder and 6-cylinder engine platforms to address the upcoming CEV BSIV emission norms for the Off-highway Wheeled segment in India. The Company is working with key Off-Highway OEMs in India to offer the new 4-cylinder and 6-cylinder engines.

Distribution

- Your Company has introduced "PowerCoins" Scheme, an umbrella program for schemes, rewards, and pay-outs for Dealer Channel to incentivize their efforts to sell the New and ReCon parts.
- Your Company launched a scheme for employees for the Lithium-Ion batteries for Inverter and UPS applications with several benefits such as 60-70% lighter weight, compact design, wall mount feature, faster charging, and 2-3 times higher useful life.
- Your Company launched Dual Fuel Kits for Powergen segment.
- "ConSol", an SFDC (Sales Force Dot Com) based Sales & Service Contract automation tool was launched for service solutions bringing several capabilities together on a single platform. With web

and mobile versions, built-in analytics, it offers a single click solution for end-to-end visibility of service contracts, 360° customer view, leads and opportunities management, service quote and cost sheets generation. It also contributes to Planet 2050 goals by eliminating the use of ~160K papers annually.

- DBU India launched first of its kind attractive new packaging for On-Highway products to increase visibility providing a unique identity and conveying the benefits of buying Genuine Cummins parts.

Exports

- Your Company has undertaken several product improvement initiatives to strengthen its position in the marketplace. This includes enhancements to existing products, cost optimization and launch of Fit-For-Market (FFM) products.
- In addition, your Company is exploring growth opportunities in the Industrial Marine and Rail segments in key markets.

5. Achievements

Power Generation

- Your Company achieved volumes of nearly 21,000 generator sets in FY 2021-22, providing nearly 3,900 MW power to customers across India.
- In the high horsepower segment, your company was awarded the contract for end-to-end deployment of customized gensets for a large hyperscale data centre coming up in India. Hyperscale data centres present a huge business potential and with this prestigious win your Company is well positioned to expand its presence in this segment and meet the stringent customer requirements.

Industrial

- **Railways:** Your Company maintains a strong partnership with Indian Railways to export India-built DEMU to other geographies such as Mozambique and ensure end-to-end project implementation.
- Your Company has won the Safety Award for FY 2021-22 from Integral Coach Factory (ICF) for the third consecutive year for outstanding contribution in on-site safety initiatives and sustainable practices adherence. Record revenue for installation and commissioning of rail applications with an increase of 187% over FY 21.
- **Marine:** The Company continues its long-standing relationship and commitment with the Indian Navy. Your Company has received a major order from Indian Navy for supply of propulsion engines and gensets for Diving Support Craft to be built by Titagarh Wagons Limited (TWL).
- **Mining:** Your Company has made further inroads in Heavy Earth Moving Machinery (HEMM) market (above 100T dump truck) by working with key OEMs.
- **Construction:** Your Company got certified two new engine platforms, 4-cylinder, and 6-Cylinder, for the upcoming CEV BS IV norms for wheeled construction equipment for a timely launch. Your Company has already partnered with multiple OEMs to launch these Best-in-Class fuel efficient engines.

Distribution

- Your Company continued to provide support to its customers during the challenging times of COVID-19. Over 99% of the 7.2 lacs service calls registered during the lockdown period were resolved and the team received appreciation letters from 400 plus customers.

- Your Company achieved a Net Promoter Score (NPS) Score of 86.44% in 2021 despite the suspension of the activities during April'21 - August'21 due to second wave of COVID-19.
- Despite the pandemic, the company focused on increasing its reach to On-highway customers by expanding channel footprint.
- Your Company successfully migrated the dealer management system for channel partners from Cummins Dealer Operating System (CDOS) to AWS VMC (Amazon Web Services VMWare Cloud) cloud infrastructure in line with the strategy to move out from physical data centres to the cloud offering higher performance at lower cost.

Exports

- Your Company continues to launch several products in the market to strengthen its position & penetration in several segments.
- The Low kVA Fit-for-Market products launched in FY 2020-21 are gaining traction in the geographies of Latin America, Africa, Middle East, and Asia Pacific.

6. Outlook and Initiatives for the Current Year and Thereafter

Power Generation

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

Industrial

- Your Company is investing to offer locally built products to customers and support the Government of India's "Make in India" initiative.
- **Railways:** As Indian Railway continues its drive towards 100% electrification of broad-gauge network, your Company is looking to leverage the growth in electric propulsion segment by pursuing opportunities in propulsion system solutions for DPRS.
- **Marine:** Your Company aims to continue its relationship with the Indian Navy and Coast Guard as well as major shipyards to offer integrated propulsion and genset packages for upcoming projects. Your Company also intends to expand its presence in the fishing boats market with fit for market products.
- **Mining:** Your Company continues to invest in new technologies in mining segment for higher Capacity Equipment and Future Emission Regulations (CEMM).
- **Pumps:** Your Company is planning to expand the product portfolio with high-speed engines to increase market presence in fire pump segment for global markets.
- **Defence:** Your Company has received a prestigious order for supply of engines for wheeled vehicle applications (Africa) through a key OEM in India.

- **Construction:** The construction equipment segment is undergoing emission norm changes. Your Company is committed to strengthen its position as technology leader and partner with major equipment manufacturers for their new product launches catering to the CEV BSIV and expected CEMM emission norms changes. Business development is being pursued actively with current and new OEMs to power existing and new applications with Cummins engines.

Distribution

- Your Company is building a service support strategy for data centre customers by forming a dedicated core team of technicians and ensuring availability of special tools and telematics support to all area office coordinators.
- Your Company, along with all industries and markets, continues to experience global supply disruption, impacting many areas of our business in both first fit and aftermarket. We are mitigating these effects by focusing more on supplier recovery, adequate staffing, focus on optimizing logistics and transportation at the Parts Distribution Centre (PDC), and launching initiatives such as Project Restore to support the restoration of our supply chain and address gaps in planning and order management. This will help the Company to normalize customer orders to pre-pandemic times.

Exports

- Your Company is focused on increasing the exports of its products and is positioned strongly in the marketplace across key geographies.
- Focusing on customer needs, your company has taken significant steps to improve the development of Fit for Market products for Latin America, Asia Pacific, Africa and Middle East regions.
- Your Company is working on developing additional products in the Low Horsepower segment that will be introduced later this year.
- Your Company continues to improve the support provided to its customers and distributors located around the world by leveraging the channel-factory synergy.

7. Risks and Concerns

- Your Company's export growth hinges on the increase in demand in partner countries. The Company continues to be cautious about exports business performance due to the ongoing economic uncertainty and aftereffects of the pandemic in partner countries. Because of our international business presence, we are exposed to foreign currency exchange rate risks.
- Throughout FY 2021-22, the Company experienced challenges in its Supply Chain due to lockdowns and business restrictions. A few of the suppliers experienced issues with labour, liquidity, working capital management, and successful re-opening of the businesses. The availability of raw material, Bought-Out-Finished (BOF) parts as well as their movement also got impacted due to the lockdowns. The global container shortage, and port congestion affect export as well as import supply for your Company.

Measures to mitigate risks

- To counter the slowdown in global economic growth and demand, it was imperative to maintain focus and leadership in the domestic market. New product and market development, overall portfolio diversification and better regional penetration for existing products always was and will continue to be the focus areas for your Company.

- Various internal projects combined with cost reduction programs, which leverage Six Sigma approach, such as 'Accelerated Cost Efficiency' (ACE) V, Accelerated Move towards Zero Defects (AMaZE), Accelerated Supply Chain Excellence and Transformation (ASCENT) have had a significant positive influence on your Company's profitability. Continued focus on these efforts will help your Company to maintain cost leadership in the domestic market and will remain the preferred source for exports.
- Your Company is actively working on its Supply Chain for further improvements. Dual sourcing, adjusted payment terms with financially weaker suppliers, Price revisions, Supplier Agreements, Inventory building (areas wherever necessary) are some of the measures that your Company is taking to remove Supply Chain bottlenecks created due to COVID-19, Sensors and Chip shortages and Commodity shortages.

8. Internal Control Systems and its Adequacy

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

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

9. Risk Management

The Board and the Risk Management Committee takes responsibility for the overall process of risk management throughout the organization. The Company's robust Enterprise Risk Management (ERM) framework enables risk identification, risk assessment, risk response planning and actions, risk monitoring and overall risk governance. Through a detailed 5-step ERM process, the Company's Risk Owners/ Sponsors address opportunities and the attendant risks via an institutionalized approach aligned to the Company's objectives. The identified risk is managed through cross functional involvement and communication across businesses. The results of the risk assessment and residual risks are presented to the Senior Management, post which the Risk Management Committee and the Board reviews broad risk areas inter-alia covering leadership & organizational design, operational, sectoral, supply chain, human resources / talent management, hazards / security / environmental, social, and governance, legal & regulatory / information, financial and cyber security on a quarterly basis.

10. Key Financial Ratios

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

Particulars	FY 2021-22	FY 2020-21	Explanation for significant change
Debtor Turnover Ratio	5.29	3.92	Improvement is on account of better collection during the year
Inventory Turnover Ratio	6.38	4.88	Higher sales and better inventory management during the year ended March 31, 2022 contributed in improvement in Inventory Turnover Ratio
Interest Coverage Ratio (Debt Service Coverage Ratio)	121.53	67.49	Improvement is on account of higher revenues and profits during the year March 31, 2022
Current Ratio	2.53	2.95	NA
Debt Equity Ratio	0.08	0.0035	The Company availed working capital loans during the year ended March 31, 2022 resulting in a change in a Debt Equity Ratio as of March 31, 2022.
Operating Profit Margin (%)	16.91%	19.04%	NA
Net profit Margin (%)	12.28%	14.27%	NA

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

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

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Return on Net Worth (%)	16.29%	14.40%	16.36%	14.03%

Return on net worth is computed as net profit divided by average net worth. The details for change in return on net worth are explained in Standalone and Consolidated Financial Statements.

11. Human Resources Development and Industrial Relations

The total number of employees stands at 3,644 as on March 31, 2022.

Leadership Excellence

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

In line with our 'Hire to Develop' philosophy, we continue to invest in our Company sponsorship programs.

- 48 employees were enrolled in the 3.5 years BITS (Pilani) B.Tech. in Manufacturing Technology degree program in November 2021.

- 5 employees were enrolled in the CII – Visionary Leaders for Manufacturing Senior Managers Program in February 2022.
- Virtual contact classes were conducted for these 53 employees pursuing the Company sponsored B.Tech. in Manufacturing Technology offered by BITS Pilani, and VLFM Senior Managers programs by CII.
- 33 employees completed the SPJIMR Post Graduate Executive Management Program in FY 2021-22.
- 62 employees availed education assistance for pursuing higher education programs that were covered in the scope of our Global Education Assistance Policy (GEAP).
- 3 BSO – Leadership conversations virtual workshops were facilitated in FY 2021-22, and a total of 70 Leaders were covered in the program.

Hire-To-Develop and Seamless Talent Deployment

Your Company is continuing with the important initiative of hire-to-develop that presents growth opportunities to employees for self-development by taking up responsibilities across functions and businesses. At least 363 professional employees have moved into different roles or functions within the organisation. There were 6.2% professional employees who were promoted to the next salary grade due to change in their job profiles and relative advancement in career growth.

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

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

Recruitment

Continuing the focus around employing the right and diverse talent at both entry and experienced level and developing them for future roles within the organization, this year, your Company hired 117 entry level professionals supplemented with 321 experienced hires.

At entry level, we hired 81 women talent (63%) and at experience level, we hired 98 women talent (31%) keeping our overall gender diversity hiring at 39% thus showcasing the commitment towards gender equality. Your Company has increased its focus on diversity beyond gender by hiring workforce from diverse backgrounds like People with Disabilities, LGBTQ & North-East region of India.

Your Company invested in Leaders by hiring leaders for critical functional and technical roles.

The Company is now successfully running the 'Partnership and Engagement' program with premier engineering institutes like IITs and NITs to hire top engineering talent thereby continuing our focus on 'Hire to Develop' philosophy.

This year again your Company continued its focus on increasing brand presence on social media platforms viz. LinkedIn, Facebook, and Instagram and will continue to focus on increasing our engagement with the digital media. This will help us enhance our 'Employer Brand Image' on digital platforms and to attract potential talent for your organization.

Diversity, Equity and Inclusion (DE&I)

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

We continue to focus on increasing our gender (female) talent, which is today at 33%. As the next step, your Company is working to achieve gender parity in our workforce, by moving the needle to 50% representation of female talent. In this journey, the **WE Network** (Women Empowerment Network) ERG will continue to be a strong partner with the business. As we continue the hiring primarily through our campus and lateral hiring, we would also focus on the pool of talent who have taken a career break but are now all geared up to restart their career.

'**Wings**', Employee Resource Group, focused on hiring and providing a conducive environment to Persons with Disability, celebrated International Day of Persons with Disabilities (IDPWD) inviting senior India and global leaders to address the audience and had persons with disabilities share their success stories which inspired many. We are also prioritising how we can create a safe and inclusive environment in our Company to also attract the LGBTQ+ talent. '**India Pride**', ERG for LGBTQ+ community worked on creating more awareness, promoting Pride Ally program, and holding training sessions on bursting myths and sensitizing employees. Another key area of focus is under-represented regions of our country in the workforce i.e., talent from Northeast India. Our ERG, '**Ekam**', is concentrating on spreading more awareness about different regions, cuisines, cultures etc through events, webinars, and competitions. In addition, we have an ERG, '**NeXus**', focused on generation awareness. They actively organized Brown bag Lunch and Learn sessions with senior leaders, a quiz contest 'SmarTicus' and a series of podcasts.

Your Company continues to be sensitive to the fact that today's working couples live in nuclear family setups and depend a lot on the Corporate on-site child-care facility. For your Company, on site creches are not just a legal compliance but reiterates our core value of 'Caring'. The Company has taken steps to ensure that the prime focus of these centres is not just to provide a safe and child friendly environment, but also ensure that there are various interventions planned throughout the year that stimulates the child's development and give an opportunity to the parent (employee) in playing an active role in the same, thus making them feel engaged in their child's key growing years. This year, due to pandemic related government regulations, the day care centres were not operational. We are now restarting the day care based on government guidelines.

We strongly feel for your Company to be successful in consistently delivering on its commitment to provide an inclusive environment to a diverse workforce, senior leader's commitment to lead, to advocate and to advise on issues related to diversity and inclusion are critical. This year your Company hosted its first Diversity, Equity and Inclusion Townhall on March 15, 2022, themed Winning with the Power of Difference. In this event, Mr. Ashwath Ram, Managing Director of your Company, shared his personal story and commitment towards DE&I alongside aspirational goals and way forward with all employees. He reiterated his 100% commitment to work towards:

- Achieving our **Gender Representation** goals
- Ensuring strong **regional diversity** with focus on North-East
- Promoting talent from **under-represented groups** with focus on economically poor background
- Transforming lives with dignity **of LGBTQ+** by securing their livelihood and enabling economic empowerment.

This event also consisted of an address by Carolyn Butler-Lee, Vice President – Diversity & Inclusion, Cummins Inc. and a panel discussion witnessing zealous participation from senior leaders of your company.

Megasite Update

At Cummins Megasite, Phaltan, living up to the spirit of 'One Cummins', your Company continues to move talent seamlessly within all the plants based on employee and business needs. Your Company believes in "Hire to Develop" and acts by providing internal opportunities as well as recruitment of fresh talent through campus recruitment. Right talent balance is achieved through hiring special skills from outside to meet business talent needs.

At Cummins Megasite, your Company has achieved 18.5% female representation amongst the shop-floor employees and 14.6% female representation amongst the professional employees. Apart from COVID support in terms of precautions related to social distancing, sanitisation, and use of mask, we have also ensured complete vaccination for employees & their families. As it was challenging to get vaccines in open market as well as Government Hospitals, we extended this vaccination support to our contractual employees & their families as well. This helped us to ensure employee well-being and business continuity. We are actively working on implementing a broad plan to ensure retention & engagement of employees at Megasite. This will be implemented over next few quarters.

Right Environment

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

12. Cautionary Statement

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

Annexures to the Directors' Report

Annexure 4 – CORPORATE GOVERNANCE REPORT

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

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

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

2. BOARD OF DIRECTORS:

a) Composition of the Board of Directors, attendance at Meetings and other details:

Composition: The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors. As on the date of this report, the Board comprises of 8 Directors, with 1 Promoter (Executive) Director, 3 Promoter (Non-Executive) Directors, 4 Independent (Non-Executive) Directors that includes 1 Woman Independent Director. The name and brief profile of Board of Directors of the Company can be accessible on the website of the Company at <https://www.cummins.com/en/in/investors/cummins-india-limited-board-of-directors>.

Mr. Steven Chapman (DIN 00496000), Non-Executive Director is the Chairman of Board of Directors of the Company effective October 01, 2020. Mr. Ashwath Ram (DIN 00149501) is the Managing Director of the Company effective August 17, 2019.

During the Financial Year under review, five Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on May 26, 2021, August 11, 2021, September 01, 2021 (concluded on September 02, 2021), October 27, 2021, and February 10, 2022 for which requisite quorum was present.

All Independent Directors attended the separate meeting of Independent Directors held on February 09, 2022 in compliance with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as SEBI Listing Regulations). The Independent Directors, *inter-alia*, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

The names and categories of the Directors on the Board and their attendance at Board Meetings held during the year under review including attendance at the last Annual General Meeting ("AGM") and the Extra-ordinary General Meeting ("EGM") along with other details as on date of this report are hereunder:

Name of the Director	Date of the Board Meeting(s)						Date of the AGM	Date of the EGM
	26.05.2021	11.08.2021	01.09.2021	02.09.2021	27.10.2021	10.02.2022	12.08.2021	10.03.2022
	(Adjourned Meeting)							
	Chairman (Non-Executive Director)							
Mr. Steven Chapman (DIN: 00496000)	✓	✓	✓	✓	✓	✓	✓	✓
	Managing Director (Executive Director)							
Mr. Ashwath Ram (DIN: 00149501)	✓	✓	✓	✓	✓	✓	✓	✓
	Non-Executive Directors							
Mr. Norbert Nusterer (DIN: 07640359)	✓	x	✓	✓	✓	✓	x	✓
Mr. Donald Jackson (DIN: 08261104)	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Lorraine Alyn Meyer (DIN: 08567527)	✓	✓	x	x	✓	x	✓	NA
	Independent Directors							
Mr. Nasser Munjee (DIN: 00010180)	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Prakash Telang (DIN: 00012562)	✓	✓	x	x	x	NA	✓	NA
Mr. Rajeev Bakshi (DIN: 00044621)	✓	✓	✓	✓	✓	✓	✓	✓
Mr. P.S. Dasgupta (DIN: 0012552)	✓	✓	✓	✓	✓	✓	✓	x
Ms. Rama Bijapurkar (DIN: 00001835)	✓	✓	✓	✓	✓	✓	✓	x

Notes: -

1. Mr. Nasser Munjee, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Audit Committee of the Board of Directors of the Company. Mr. Prakash Telang, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Nomination and Remuneration Committee, Mr. P.S. Dasgupta, Director (Non-Executive and Independent) attended the AGM as the Chairperson of the Corporate Social Responsibility Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. Mr. Rajeev Bakshi, Director (Non-Executive and Independent) attended the AGM as the Chairperson of Risk Management Committee of the Board of Directors of the Company.

2. Mr. Nasser Munjee, Director (Non-Executive and Independent) attended the EGM as the Chairperson of Audit Committee of the Board of Directors of the Company and Mr. Rajeev Bakshi, Director (Non-Executive and Independent) attended the EGM as the Chairperson of Risk Management Committee of the Board of Directors of the Company.
3. Ms. Lorraine Alyn Meyer resigned as Director (Non-Executive and Non-Independent) of the Company effective February 15, 2022 on account of her retirement from Cummins Group and other personal reasons. Further, she had confirmed that there were no other material reasons for her resignation.
4. Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021 on account of his unfortunate demise. Consequently, he also ceased to be Chairperson of the Nomination and Remuneration Committee and Member of Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Audit Committee.
5. Mr. Steven Chapman was regularized as a Director (Non-Executive and Non-Independent) of the Company in the 60th Annual General Meeting of the Company held on August 12, 2021. Mr. Chapman continued as Chairman of the Board as appointed by the Board, effective from October 01, 2020, liable to retire by rotation.
6. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by Ministry of Corporate Affairs ('MCA') and SEBI vide Circulars/notifications, all meetings during the Financial Year were held through Video Conferencing.

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

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, as amended from time to time, the Independent Directors have submitted *inter-alia* declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations. The Independent Directors during the year, have also re-submitted *inter-alia* declarations under the revised Regulation 16(1)(b) SEBI Listing (Third Amendment) Regulations, 2021, effective from January 01, 2022.

Further, the Independent Directors have also confirmed that there has been no change in the circumstances affecting their status as Independent Directors of the Company during the Financial Year and till the date of this report and are independent of Management.

The Independent Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointments and Qualifications of Directors) Rules, 2014. Requisite disclosures have been received from the Directors in this regard.

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

In the opinion of the Board, all the Independent Directors possess requisite qualifications, experience, expertise and hold high standards of integrity for the purpose of Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014.

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

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

b) Details of Directorship and Committee Memberships:

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

Name of Directors	Category	No. of Directorships in other public limited Companies		No. of Committee positions in other public limited Companies***		Directorship in other listed Companies (Category of Directorship)
		Chairman	*Member	Chairman	**Member	
Mr. Steven Chapman (DIN: 00496000)	Promoter, Non-Executive, Non-Independent	-	-	-	-	-
Mr. Ashwath Ram (DIN: 00149501)	Promoter, Executive	-	-	-	-	-
Ms. Rama Bijapurkar (DIN: 00001835)	Non-Executive, Independent	-	6	2	4	1. Sun Pharmaceuticals Industries Limited @ 2. VST Industries Limited @ 3. Apollo Hospitals Enterprises Limited @ 4. Mahindra & Mahindra Financial Services Limited @
Mr. Nasser Munjee (DIN: 00010180)	Non-Executive, Independent	-	5	3	4	1. Ambuja Cements Limited @ 2. The Indian Hotels Company Limited @
Mr. P. S. Dasgupta (DIN: 00012552)	Non-Executive, Independent	-	7	2	3	1. RSWM Limited @ 2. Maral Overseas Limited @ 3. Ester Industries Limited @ 4. Timken India Limited @ 5. Vindhya Telelinks Limited #
Mr. Prakash Telang ¹ (DIN: 00012562)	Non-Executive, Independent	-	-	-	-	-
Mr. Rajeev Bakshi (DIN: 00044621)	Non-Executive, Independent	-	2	-	-	1. Dalmia Bharat Sugar and Industries Limited @
Mr. Donald Jackson (DIN: 08261104)	Promoter, Non-Executive, Non-Independent	-	-	-	-	-
Mr. Norbert Nusterer (DIN: 07640359)	Promoter, Non-Executive, Non-Independent	-	-	-	-	-
Ms. Lorraine Alyn Meyer ² (DIN: 08567527)	Promoter, Non-Executive, Non-Independent	-	-	-	-	-

*Number of Membership of Board includes Chairmanship of Board.

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

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

Category of directorship held:

@Independent and Non-Executive Director

#Additional Director

¹ Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021.

² Ms. Lorraine Alyn Meyer resigned as Director (Non-Executive and Non-Independent) of the Company effective February 15, 2022.

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

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

c) Disclosure of Expertise or Skills of Directors:

The Directors so appointed on the Board are drawn from diverse backgrounds and possess expertise with regard to the industries / fields that they represent. Following are core skills / expertise / competencies identified, as required, in the context of its business and sector(s) for it to function effectively:

Criteria	Particulars
List of core skills / expertise / competencies	The Company inducts eminent individuals from diverse fields as Directors on its Board. The diverse skills / expertise / competencies includes but are not limited to General Management, Corporate Social Responsibility, Distribution, Finance and Accounting, Joint Venture, Licensing and Corporate Laws, Automotive Industry, Operations, Corporate Strategy, Marketing, Supply Chain Management, Public Policy with specific reference to Public Finance and Corporate Affairs, Turnaround Management and Business Process Transformation, Mergers and Acquisitions, Finance and Corporate Treasury, Reorganization and Restructuring, Infrastructural Project Development, Manufacturing, Quality, Purchasing, Engineering, Business Management, Human Resources and Talent Management.

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

Sr. No.	Name of Director	Expertise / Skills in specific functional area
1	Mr. Steven Chapman	General Management, Corporate Strategy, International Business Development
2	Mr. Ashwath Ram	General Management, Automotive Industry, Corporate Strategy and Operations.
3	Mr. Nasser Munjee	Finance and Accounting, Public Policy with specific reference to Public Finance and Corporate Affairs
4	Mr. P.S. Dasgupta	Mergers and Acquisitions, Reorganization & Restructuring, Infrastructural Project Development, Financing, Joint Venture, Licensing and Corporate Laws
5	Mr. Rajeev Bakshi	Marketing and Supply Chain Management
6	Ms. Rama Bijapurkar	Operations and Corporate Strategy, Finance and Accounting, Mergers and Acquisitions and Infrastructural Project Development

Sr. No.	Name of Director	Expertise / Skills in specific functional area
7	Mr. Prakash Telang ¹	Automotive Industry, General Management and Operations
8	Mr. Norbert Nusterer	Supply Chain Management, Turnaround Management and Business Process Transformation
9	Mr. Donald Jackson	Finance and Corporate Treasury
10	Ms. Lorraine Alyn Meyer ²	Human Resources and Talent Management

¹ Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021.

² Ms. Lorraine Alyn Meyer resigned as Director (Non-Executive and Non-Independent) of the Company effective February 15, 2022.

d) Details of equity shares of the Company held by the Directors as on March 31, 2022 are given below:

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

Mr. Prakash Telang, Director (Non-Executive and Independent) on the Board of Directors jointly with Mrs. Anjali Telang held 1,400 fully paid shares of ₹ 2/- each. Mr. Telang ceased to be Director of the Company effective December 08, 2021.

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

3. COMMITTEES OF THE BOARD:

The Composition of the Committees of the Board of Directors as on March 31, 2022 is as stated in the below table:

Sr. No.	Name of Committees	Composition
1	Audit Committee	Mr. Nasser Munjee, Chairperson Mr. P. S. Dasgupta, Member Mr. Rajeev Bakshi, Member Mr. Steven Chapman, Member*
2	Nomination and Remuneration Committee	Ms. Rama Bijapurkar, Chairperson Mr. P. S. Dasgupta, Member Mr. Nasser Munjee, Member Mr. Rajeev Bakshi, Member Mr. Steven Chapman, Member
3	Stakeholders Relationship Committee	Mr. P. S. Dasgupta, Chairperson Ms. Rama Bijapurkar, Member Mr. Rajeev Bakshi, Member Mr. Ashwath Ram, Member
4	Corporate Social Responsibility Committee	Mr. P. S. Dasgupta, Chairperson Mr. Nasser Munjee, Member Ms. Rama Bijapurkar, Member Mr. Ashwath Ram, Member

Sr. No.	Name of Committees	Composition
5	Risk Management Committee	Mr. Rajeev Bakshi, Chairperson Mr. Nasser Munjee, Member Mr. P. S. Dasgupta, Member Ms. Rama Bijapurkar, Member Mr. Ashwath Ram, Member

*Mr. Steven Chapman ceased to be Member of Audit Committee effective May 26, 2022 and Mr. Donald Jackson was appointed as Member of the Audit Committee effective May 26, 2022.

a) AUDIT COMMITTEE:

Composition:

As on the date of this report, the Audit Committee comprised of 4 Directors including 1 Promoter (Non-Executive) Director and Chairman of the Board – Mr. Steven Chapman and 3 Independent Directors – Mr. Nasser Munjee (Chairperson), Mr. P.S. Dasgupta and Mr. Rajeev Bakshi.

Meetings and Attendance at the Audit Committee Meetings for F.Y. 2021-22:

Name of Directors	Dates of Audit Committee Meetings				
	May 26, 2021	August 11, 2021	October 27, 2021	December 20, 2021	February 10, 2022
Mr. Nasser Munjee	✓	✓	✓	✓	✓
Mr. P. S. Dasgupta	✓	✓	✓	✓	✓
Mr. Prakash Telang ¹	✓	✓	x	NA	NA
Mr. Rajeev Bakshi	✓	✓	✓	✓	✓
Mr. Steven Chapman ²	✓	✓	✓	✓	x

¹ Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company and consequently Member of the Audit Committee effective December 08, 2021.

² Mr. Steven Chapman ceased to be Member of Audit Committee effective May 26, 2022 and Mr. Donald Jackson was appointed as Member of the Audit Committee effective May 26, 2022.

The Committee reviewed the audited financial statements for the year ended March 31, 2022 and unaudited financial results for the quarters ended June 30, 2021, September 30, 2021 and December 31, 2021. The Committee also reviewed (i) Appointment and remuneration of Statutory, Secretarial and Cost Auditors of the Company; (ii) Performance of Subsidiary, Joint Ventures & Associates; (iii) Appointment and reports of the Internal Auditor; (iv) Cost Audit Report for the year 2020-21; (v) Acquisition/ sale of assets; (vi) Directors' Responsibility Statement; (vii) Related Party Transactions; (viii) Performance of Statutory and Internal Auditors; (ix) Legal Compliance Reports; (x) Major litigations; (xi) Forex Management Policy; (xii) *Prohibition of Insider Trading Policies and (xiii) Ethics, Cummins Code of Conduct and related matters.

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

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

Broad Terms of Reference of the Audit Committee:

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

The Committee oversees the Company's financial reporting process and internal control system and ensures that the financial statements are correct, sufficient and credible. The Committee reviews the

annual and quarterly financial statements before submission to the Board for approval. The Committee is guided by the Charter, adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Charter is reviewed and reassessed when deemed fit by the Committee and was last amended on May 26, 2021.

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

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

The Committee has been entrusted with following responsibilities:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend appointment, remuneration and terms of appointment of Auditors of the Company and to approve payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- To review with the Management, the annual and quarterly financial statements and Auditor's Report thereon before submission to the Board for approval;
- To review and monitor the auditor's independence, performance, experience, qualification, and effectiveness of audit process along with performance of statutory and internal auditors, and adequacy of the internal control systems;
- To approve transactions of the Company with related parties and/ or any subsequent modification thereof;
- Scrutiny of inter corporate loans and investments to evaluate undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;
- To review compliance and reports as may be applicable, pursuant to the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015;
- To review the adequacy of internal audit function, discuss with Internal Auditors of any significant findings and follow up thereon, review the findings of any internal investigations into matters of a material nature and reporting the matter to the Board;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower Policy and/or Vigil Mechanism;
- To review and recommend the Cost Audit Statements and Cost Audit Report to the Board of Directors;
- To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
- To review utilization of loans and/ or advances from/investment by the holding company in the subsidiary.

b) NOMINATION AND REMUNERATION COMMITTEE:**Composition:**

As on the date of this report, the Committee comprised of 5 Directors including 1 Promoter (Non-Executive) Director and Chairman of the Board - Mr. Steven Chapman and 4 Independent Directors – Ms. Rama Bijapurkar (Chairperson), Mr. P. S. Dasgupta, Mr. Rajeev Bakshi and Mr. Nasser Munjee.

Meetings and attendance at the Nomination and Remuneration Committee Meetings for F.Y. 2021-22:

Name of the Director	Dates of Nomination & Remuneration Committee Meetings						
	May 25, 2021	July 08, 2021	July 21, 2021	August 10, 2021	October 26, 2021	December 06, 2021	February 09, 2022
Mr. Prakash Telang ¹	✓	✓	✓	✓	✗	✗	NA
Mr. P.S. Dasgupta	✓	✓	✓	✗	✓	✗	✓
Mr. Nasser Munjee	✓	✓	✓	✓	✓	✓	✓
Mr. Rajeev Bakshi	✓	✓	✓	✓	✗	✓	✓
Ms. Lorraine Alyn Meyer ²	✓	✓	✓	✗	✓	✓	✗
Mr. Steven Chapman	✓	✓	✓	✗	✓	✓	✗
Ms. Rama Bijapurkar ³	NA	NA	NA	NA	NA	NA	NA

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company and consequently Chairman of the Nomination and Remuneration Committee effective December 08, 2021.

²Ms. Lorraine Alyn Meyer resigned as a Director (Non-Executive and Non-Independent) of the Company and consequently ceased to be a member of Nomination and Remuneration Committee effective February 15, 2022.

³Ms. Rama Bijapurkar (Non-Executive and Independent) was appointed as the Chairperson of Nomination and Remuneration Committee effective February 10, 2022.

The Committee reviews appointment of Directors, Key Managerial Personnel and Senior Management. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director. The Board upon recommendation from the Committee have formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management and other employees of the Company. The Committee is guided by the Nomination and Remuneration Policy adopted by the Board, accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>. The Policy is reviewed and re-assessed as deemed fit by the Committee and was last amended on May 26, 2021.

Broad Terms of Reference of The Nomination and Remuneration Committee:

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

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management;

- To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To facilitate diversity of Board of Directors; and
- To develop a succession plan for the Board and to regularly review the plan.

Performance evaluation criteria for Directors including Independent Directors:

The Committee oversees the evaluation process, undertaken by the Directors, by the Board and by each Committee of the Board to determine their effectiveness and opportunities for improvement. Each Board Member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, value addition, governance and the effectiveness of the whole Board and its various committees in descriptive manner. Feedback on each Director including separate feedback for Chairman is encouraged to be provided as a part of survey. Independent Directors have three key roles – governance, control and guidance. Some of the performance indicators based on which the Independent Directors are evaluated include:

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

The Head - HR contacts each Director annually with respect to performance of the Directors, Board and its Committees and Board dynamics. These comments relate to the broad question of how the Board can improve its key functions of overseeing financials, other major areas of strategy, risk, integrity and governance and based on SEBI's guidance note on Board Evaluation dated January 05, 2017.

The Head – HR then works with the Chairman and the Managing Director to organise the comments received around options for changes at either Director, Board or Committee level. At a subsequent Board and Committee meeting, time is allocated for a discussion of and decisions relating to the actionable items.

Remuneration of Directors:

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

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

Criteria for making payment to Non-Executive Independent Directors:

- Non-Executive Independent Directors may be paid sitting fees (for attending the meetings of the Board and of Committees of which they are Members) and commission as per limits prescribed in the applicable provisions of Companies Act, 2013, as amended from time to time. Quantum of sitting fees may be subject to review on a periodic basis, as may be required.
- The payment of sitting fees and commission shall be recommended by the Nomination and Remuneration Committee and approved by the Board based on the study of comparable companies and within the limits prescribed under the applicable provisions of Companies Act, 2013, as amended from time to time. Overall remuneration practices shall be consistent with recognized best practices.

- In addition to the sitting fees and commission, the Company may pay/reimburse to any Director such fair and reasonable expenditure, as may have been incurred by the Director while performing his/her role as a Director of the Company.

Details of Sitting Fees and Commission to Non-Executive Independent Directors for the year April 01, 2021 to March 31, 2022:

Name of the Director	Sitting fees	Annual Commission	Total (₹)
Mr. Nasser Munjee	9,50,000	15,00,000	24,50,000
Mr. P. S. Dasgupta	9,00,000	15,00,000	24,00,000
Mr. Rajeev Bakshi	8,75,000	15,00,000	23,75,000
Ms. Rama Bijapurkar	7,50,000	15,00,000	22,50,000
Mr. Prakash Telang ¹	4,50,000	10,32,258	14,82,258

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021. Consequent to cessation of Mr. Telang, Ms. Rama Bijapurkar, Director (Non-Executive and Independent) was appointed as Chairperson of the Nomination and Remuneration Committee effective February 10, 2022.

Details of remuneration paid to Managing Director of the Company during the Financial Year April 01, 2021 to March 31, 2022:

								(₹ in Lacs)
Name	Sit-ting fees	Salary	Com-mission	House Rent	Gas/ Elect. / water	Medi-cal	Other Benefits	Total
Mr. Ashwath Ram	-	344.27^	-	-	-	-	-	344.27^

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

Notes: -

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

c) STAKEHOLDERS RELATIONSHIP COMMITTEE:

Composition:

As on date of this report, the Stakeholders Relationship Committee comprised of 4 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram and 3 Independent Directors – Mr. P. S. Dasgupta (Chairperson), Ms. Rama Bijapurkar and Mr. Rajeev Bakshi.

Meetings and Attendance at the Stakeholders Relationship Committee Meetings for F.Y. 2021-22:

Name of Directors	Date of Stakeholders Relationship Committee Meetings			
	May 25, 2021	August 10, 2021	October 26, 2021	February 09, 2022
Mr. P. S. Dasgupta	✓	✓	✓	✓
Mr. Prakash Telang ¹	✓	✓	✗	NA
Mr. Ashwath Ram	✓	✓	✗	✓
Ms. Rama Bijapurkar	✓	✓	✓	✓
Mr. Rajeev Bakshi ²	NA	NA	NA	NA

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company and consequently Member of Stakeholder's Relationship Committee effective December 08, 2021.

²Mr. Rajeev Bakshi (Non-Executive and Independent) was appointed as a Member of Stakeholder's Relationship Committee effective February 10, 2022.

Broad Terms of Reference to the Stakeholders Relationship Committee:

The Committee primarily acts in line with the Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The Committee reviews and advises the Company on any grievance in relation to:-

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

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

The following shareholder complaints were received and resolved during the financial year April 01, 2021 to March 31, 2022:

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

Number of complaints pending with the Company as on March 31, 2022: NIL

Number of pending share transfers with the Company as on March 31, 2022: NIL

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

Prohibition of Insider Trading Code & Fair Disclosure Code: The Company has a separate Code of Conduct to regulate, monitor and report trading by its employees, Connected Persons and Designated Persons in listed securities of the Company, in line with SEBI (Prohibition of Insider Trading) Regulations, 2015 (and amendment thereof). The Code was last amended by the Board of Directors on October 27, 2021. The said Code is applicable to all Directors, Designated Persons and Connected Persons, as defined under the said Regulations. The Code *inter-alia* governs sale and purchase of shares of the Company by Directors, Designated Persons and Connected Persons and disclosure obligations. The trading window is closed during the time of declaration of results and occurrence of any material events, if any as per the Code.

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

d) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Composition:

As on the date of the report, the Corporate Social Responsibility Committee comprised of 4 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram and 3 Independent Directors – Mr. P. S. Dasgupta (Chairperson), Mr. Nasser Munjee and Ms. Rama Bijapurkar.

Meetings and Attendance at the Corporate Social Responsibility Committee Meetings of F.Y. 2021-22:

Name of Directors	Date of Corporate Social Responsibility Committee meetings			
	May 25, 2021	August 10, 2021	October 26, 2021	February 09, 2022
Mr. P. S. Dasgupta	✓	✓	✓	✓
Mr. Prakash Telang ¹	✓	✓	✗	NA
Mr. Nasser Munjee	✓	✓	✓	✓
Ms. Rama Bijapurkar	✓	✓	✓	✓
Mr. Ashwath Ram ²	NA	✓	✗	✓

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company and consequently Member of Corporate Social Responsibility Committee effective December 08, 2021.

²Mr. Ashwath Ram, Managing Director (Executive and Non-Independent) was appointed as a Member of the Corporate Social Responsibility Committee effective May 26, 2021.

Broad Terms of Reference of Corporate Social Responsibility Committee:

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

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

- To identify the areas of CSR activities;
- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in areas or subject, specified in Schedule VII of the Companies Act, 2013 or any amendment thereto read with Government Directives from time to time;
- To formulate and recommend to the Board, an Annual Action Plan, in pursuance to its CSR Policy;
- To recommend the amount of expenditure be incurred on such other activities as decided and permitted under the applicable laws from time to time;
- To implement and monitor the Corporate Social Responsibility Policy of the Company from time to time;
- To coordinate with Cummins India Foundation or any other agencies as may be decided, for implementing programs and executing initiatives as per CSR Policy of the Company;
- To take such necessary steps as may be required to carry out impact assessment of CSR projects, as per applicable laws through an independent agency;
- To carry out any other function as may be delegated by the Board or as may be prescribed under applicable laws from time to time; and
- The Committee may periodically provide necessary updates to the Board.

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

e) RISK MANAGEMENT COMMITTEE:

Composition:

As on date of this report, the Risk Management Committee comprised of 5 Directors including 1 Promoter (Executive) Director – Mr. Ashwath Ram and 4 Independent Directors – Mr. Rajeev Bakshi (Chairperson), Mr. P. S. Dasgupta, Ms. Rama Bijapurkar and Mr. Nasser Munjee.

Meetings and Attendance at the Risk Management Committee Meetings for F.Y. 2021-22:

Name of Directors	Date of Risk Management Committee meetings			
	May 25, 2021	August 10, 2021	October 26, 2021	February 09, 2022
Mr. Rajeev Bakshi	✓	✓	✗	✓
Mr. Nasser Munjee	✓	✓	✓	✓
Mr. P. S. Dasgupta	✓	✓	✓	✓
Mr. Ashwath Ram	✓	✓	✗	✓
Ms. Rama Bijapurkar	✓	✓	✓	✓

Broad Terms of Reference of the Risk Management Committee:

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

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

4. GENERAL MEETING ('GM'):**a) ANNUAL GENERAL MEETING ('AGM'):**

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

	FY 2018-19	FY 2019-20	FY 2020-21
Date and Time	August 07, 2019 At 12 noon	August 25, 2020 At 3.30 P.M.	August 12, 2021 At 3.30 P.M.
Venue	The Multifunctional Hall, Cummins India Office Campus, Survey No. 21, Balewadi, Pune 411 045	Conducted through Video conference. Place of Meeting was construed as Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411 045	Conducted through Video conference. Place of Meeting was construed as Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411 045

	FY 2018-19	FY 2019-20	FY 2020-21
Date and Time	August 07, 2019 At 12 noon	August 25, 2020 At 3.30 P.M.	August 12, 2021 At 3.30 P.M.
Special resolutions passed	At the General Meeting of August 07, 2019, the Members of the Company passed the Special Resolutions for re-appointment of Mr. P. S. Dasgupta, Mr. Venu Srinivasan, Mr. Rajeev Bakshi, Mr. Nasser Munjee and Mr. Prakash Telang as Non-Executive Independent Directors of the Company.	No special resolution was passed	No special resolution was passed

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

During the year, an EGM of the shareholders of the Company was convened on Thursday, March 10, 2022 at 03:30 p.m. (IST) through Video Conference to *inter-alia* consider and approve (i) additional material related party transaction(s) with Cummins Limited, UK; and (ii) material related party transaction(s) with Cummins Technologies India Private Limited.

c) POSTAL BALLOT: No resolution was passed through Postal Ballot during the FY 2021-22 or is being proposed at the ensuing Annual General Meeting.

5. DISCLOSURES:

- The Company does not have materially significant related party transactions (i.e. transactions of the Company of material nature with its Promoters, Directors or the Management, or their subsidiaries or relatives etc.) which may have potential conflict with the interest of the Company at large. The Company has disclosed the policy on dealing with Related Party Transactions on its website and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- The Company has disclosed the Material Subsidiary Policy on its website and is accessible at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- The Company has disclosed all policies, codes and charters, as required to be disclosed and are accessible on the website of the Company at <https://www.cummins.com/en/in/investors/india-corporate-governance>.
- The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/ strictures have been imposed against it in the last 3 years.
- The Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations.
- The Company has not adopted any discretionary requirements mentioned in Regulation 27(1) of the SEBI Listing Regulations.
- The Company follows a Vigil Mechanism Policy (earlier known as Whistle Blower Policy) since Financial Year 2003-04 in line with the SEBI Listing Regulations. No person has been denied access to the Audit Committee under the Vigil Mechanism Policy.

- h) The Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, *inter-alia*, on the accuracy of financial statements and adequacy of internal controls for the financial reporting as required under Regulation 17(8) read with Part B of Schedule II of SEBI Listing Regulations.
- i) Foreign exchange risk and hedging activities:
During the Financial Year 2021-22, the Company has managed foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports. The details of the sensitivity analysis on the foreign currency exposure are disclosed in note no. 43 (a)(i) to the Annual Accounts (Standalone Financial Statement).
- j) The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI) and to the best of its knowledge, there are no deviations in the accounting treatments that require specific disclosure.
- k) There were no recommendations of Committees of the Board, mandatorily required, in a Financial Year which were not accepted by the Board.
- l) Details relating to fees paid to the Statutory Auditors are given in note no. 31 to the Standalone Financial Statements and note no. 31 to the Consolidated Financial Statements.
- m) In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the Management.
- n) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013: The details of number of complaints filed and disposed of during the year and pending as on March 31, 2022 is given in the Directors' Report.
- o) During the Financial year 2021-22, the Company has not granted any 'Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount'.

6. MEANS OF COMMUNICATION:

- a) The quarterly shareholding pattern and quarterly / half-yearly / yearly un-audited / audited financial results were posted on the Company's website www.cumminsindia.com and also on <https://www.nseindia.com/> and <https://www.bseindia.com/>.
- b) The official news releases of the Company were displayed on the Company's website www.cumminsindia.com and also on <https://www.nseindia.com/> and <https://www.bseindia.com/>.
- c) The annual audited and quarterly/ half-yearly unaudited financial results for the year ended March 2021 and quarters ended June, September and December 2021 were duly published in Business Standard (All editions) and Loksatta (Pune Edition).
- d) Transcript of Conference calls with the Analysts held on May 27, 2021, August 13, 2021, October 28, 2021 and February 11, 2022 and the Managing Director's Presentation to the Shareholders made at the Annual General Meeting held on August 12, 2021 were displayed on the Company's website www.cumminsindia.com. Additionally, transcript of 60th Annual General Meeting held on August 12, 2021 and Extra-ordinary General Meeting held on March 10, 2022 were displayed on the Company's website www.cumminsindia.com.
- e) In compliance with the provisions of Section 20 of the Companies Act, 2013 and as a continuing endeavour towards the 'Go Green' initiative by Ministry of Corporate Affairs, the Company proposes to send all correspondence / communications through email to those shareholders who have registered their email-id with their depository participant's / Company's Registrar and Share Transfer Agent.

7. GENERAL SHAREHOLDER INFORMATION:

Registered Office	Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411 045 Maharashtra, India Phone No. : (020) 67067000 Fax No. : (020) 67067015 Website : www.cummins.com/en/in/company/cummins-india						
Annual General Meeting	Date and Time : August 10, 2022 Mode : Video conference and other audio-visual means Venue : Deemed venue shall be Cummins India Office Campus, Survey No. 21, Balewadi, Pune 411045						
Financial Year	The Financial Year of the Company is 1 st April to 31 st March.						
Financial calendar (Tentative)	<ul style="list-style-type: none"> ■ Results for quarter ending June 30, 2022 – By second week of August, 2022 ■ Results for quarter and half year ending September 30, 2022 – By first week of November 2022 ■ Results for quarter and nine months ending December 31, 2022 – By second week of February 2023 ■ Results for the year ending March 31, 2023 – By Fourth week of May, 2023 						
Interim dividend payment date	March 09, 2022						
Record Date	August 03, 2022						
Final Dividend payment date	September 06, 2022 (subject to approval of shareholders in the ensuing Annual General Meeting)						
Listing on Stock Exchanges	<table border="1"> <thead> <tr> <th>Name of Exchange</th><th>Stock Code</th></tr> </thead> <tbody> <tr> <td>1. BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai : 400 001</td><td>500480</td></tr> <tr> <td>2. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai : 400 051</td><td>CUMMINSIND</td></tr> </tbody> </table>	Name of Exchange	Stock Code	1. BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai : 400 001	500480	2. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai : 400 051	CUMMINSIND
Name of Exchange	Stock Code						
1. BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai : 400 001	500480						
2. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai : 400 051	CUMMINSIND						
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both the Stock Exchanges for the Financial Year 2022-23.						

Market price data: High, Low during each month in the FY 2021 – 22:

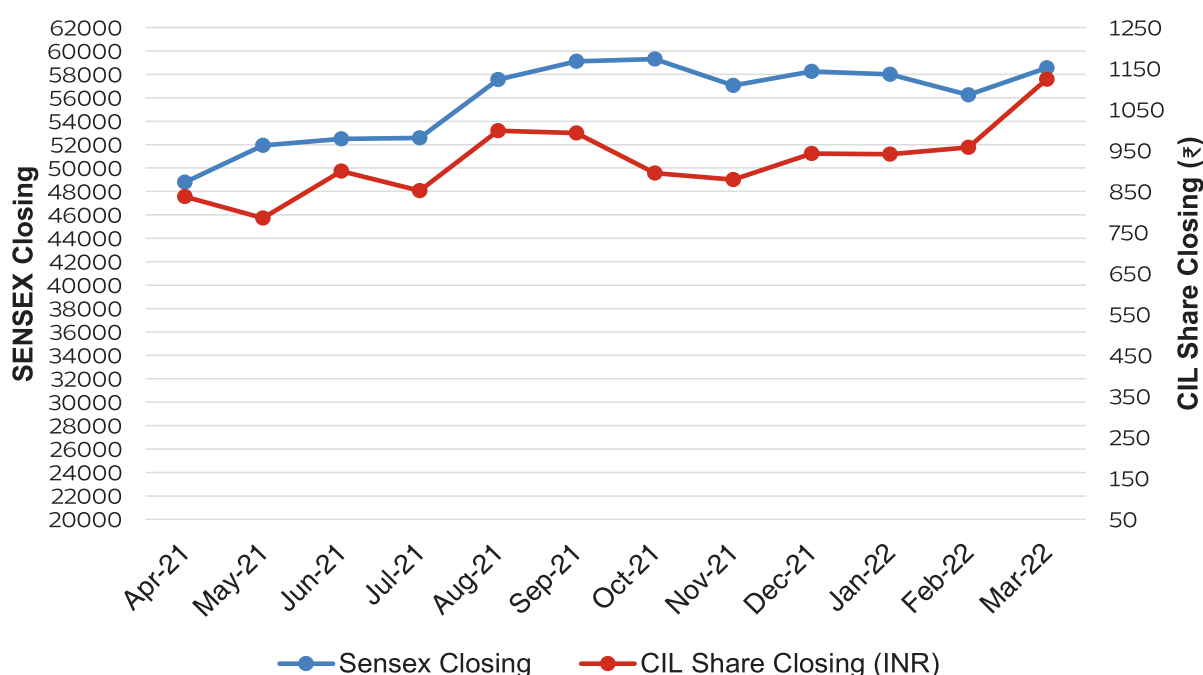
BSE			NSE		
Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April 2021	933.45	797.00	April 2021	934.25	804.00
May 2021	868.60	747.10	May 2021	869.00	747.00
June 2021	904.50	772.00	June 2021	904.85	771.75
July 2021	910.00	822.00	July 2021	910.00	821.60
August 2021	1,033.95	854.90	August 2021	1,034.75	852.95
September 2021	1,065.00	969.50	September 2021	1,064.45	932.00
October 2021	984.05	849.20	October 2021	987.80	849.50
November 2021	938.95	842.65	November 2021	939.00	842.00
December 2021	1,000.10	879.00	December 2021	1,000.95	878.45

BSE			NSE		
Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
January 2022	1,025.00	877.80	January 2022	1,025.85	877.20
February 2022	1,002.80	899.00	February 2022	1,003.00	898.75
March 2022	1,133.35	910.00	March 2022	1,133.90	909.15

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

Chart A depicts the comparable movement of Company's Equity Shares against BSE Sensex, during the year ended March 31, 2022.

Cummins India Limited (monthly closing share price) versus BSE Sensex (monthly closing Sensex) FY 2021-22:



Registrar and Transfer Agent

The Company has appointed Link Intime India Private Limited, Mumbai as its Registrar and Transfer Agent. Share transfers, dematerialisation of shares, dividend payment and all other investor related activities are attended to and processed at the office of the Registrar and Transfer Agent:

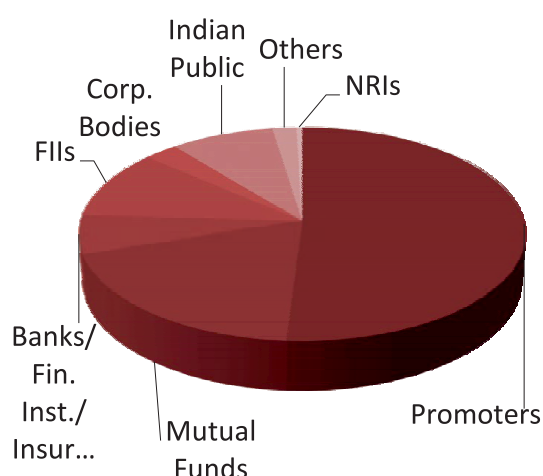
Link Intime India Private Limited
Unit : Cummins India Limited
C-101, 1st Floor, 247 Park,
L.B.S. Marg, Vikhroli (West), Mumbai 400083.
Phone No. (022) 49186270
Fax No. (022) 49186060
Contact Person : Mrs. Sujata Poojary
E-mail: sujata.poojary@linkintime.co.in /
rnt.helpdesk@linkintime.co.in
Time:- 10.00 to 16.00 hours (Mon. to Fri. excl. public holidays)

Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form with effect from April 01, 2019, except in case of request received for transmission or transposition of securities on or before March 31, 2019. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are undertaken by depositories with no involvement of the Company. The Managing Director and certain Company Officials (including Chief Financial Officer and Company Secretary) are authorized by the Board severally, to approve transfers, which are noted at subsequent Board Meetings.

During the year, the Company had obtained, on an annual basis, a certificate, from a Company Secretary in Practice, certifying that all certificates have been issued within thirty days of the date of lodgement of the transfer (for cases lodged prior to April 01, 2019), sub-division, consolidation and renewal as required under Regulation 40(9) of the SEBI Listing Regulations and filed a copy of the said certificate with the Stock Exchanges.

Distribution of shareholding as on March 31, 2022



Category	No. of shares of ₹ 2/- each	% of shareholding
Promoters	141,372,683	51
Mutual Funds	52,665,923	19
Banks/ Financial Institutions/ Insurance Companies	16,423,223	5.93
Foreign Institutional Investors (FIIs)	29,162,873	10.52
Corporate Bodies	7,550,459	2.72
Indian Public	23,332,562	8.42
NRIs	1,310,473	0.47
Others	5,381,804	1.94
TOTAL	277,200,000	100.00

Distribution of shareholding within various categories (as on March 31, 2022)

Category (shares)	No. of shareholders	No. of Shares	% of shareholders to total shareholders	% of shares to total shares
1-1,000	110,677	8,783,638	96.19	3.17
1,001-2,000	1,678	2,326,482	1.46	0.84
2,001-4,000	1,150	3,257,284	1.00	1.17
4,001-6,000	446	2,154,530	0.39	0.78
6,001-8,000	245	1,686,856	0.21	0.61
8,001-10,000	277	2,534,515	0.24	0.91
10,001-20,000	237	3,384,491	0.21	1.22
20,001 and above	354	253,072,204	0.30	91.30
Total	115,064	277,200,000	100.00	100.00

Dematerialisation of shares and liquidity (as on March 31, 2022).	99.31% shares are in demat form.
Sub-divided share certificate in lieu of old certificates	The Company had on February 10, 1987, sub-divided each Equity Share of the face value of ₹ 100/- each into ten Equity Shares of the face value of ₹ 10/- each. Subsequently, on December 04, 2000, the Company sub-divided each Equity Share of the face value of Rs. 10/- each into five Equity Shares of the face value of ₹ 2/- each. The Company has in the past sent reminders to those Shareholders who have not claimed new certificates for sub-divided Shares of the face value of ₹ 2/- each.
Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.
Plant locations	<ol style="list-style-type: none"> 1. Kothrud, Pune – 411 038, Maharashtra. 2. Gat No. 311/1B, at Post Kasar Amboli, Taluka Mulshi Pirangut, District Pune – 412 111, Maharashtra. 3. MIDC Phaltan, Village Survadi, Nandal, Taluka Phaltan, Satara – 415523, Maharashtra. 4. Survey No. 461/2C, Puzhal Village, Saidapet Taluk, Madhavaram Taluk, Thiruvallur District, Chennai – 600 060, Tamilnadu.
Address for correspondence	<p>Cummins India Office Campus, Tower A, 5th Floor, Survey no. 21, Balewadi, Pune – 411 045, Maharashtra, India.</p> <p>Tel: +91 20 6706 7000, 3019 7000 Fax : +91 20 6706 7011</p> <ol style="list-style-type: none"> 1. Ms. Vinaya Joshi, Company Secretary & Compliance Officer E-mail : Cil.Investors@cummins.com 2. Registrar and Transfer Agent: Link Intime India Private Limited Please refer details above for address / contact details etc.

8. COMPLIANCE CERTIFICATE OF THE AUDITORS:

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

9. CERTIFICATE FROM PRACTICING COMPANY SECRETARY:

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

Declaration – Code of Conduct

As per Regulation 26 of the SEBI Listing Regulations, all Board Members and Senior Management personnel of the Company have affirmed compliance with the applicable Code of Conduct for the Financial Year 2021-22.

For Cummins India Limited

Place : Pune
Date : May 26, 2022

Ashwath Ram
Managing Director
DIN: 00149501

Annexures to the Directors' Report

Form No. MR-3

Annexure 5 - SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

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

Dear Sir/Madam,

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31st March, 2022** (review period), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended 31st March, 2022 according to the provisions of:

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

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

- (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended;
- (b) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 & SS-2).

We further report that:

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

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

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

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

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

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

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

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334D000364731

Place: Mumbai
Date: May 23, 2022

Annexures to the Directors' Report

Annexure 5 - ANNUAL SECRETARIAL COMPLIANCE REPORT OF CUMMINS INDIA LIMITED FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

We, Pramod S. Shah & Associates have examined:

- (a) all the documents and records made available to us and explanation provided by Cummins India Limited ("the Listed Entity");
- (b) the filings/submissions made by the listed entity to the stock exchanges;
- (c) the website of the listed entity;
- (d) such other documents/filings, as may be relevant, which has been relied upon to make this certification;

for the year ended 31st March, 2022 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the regulations, circulars, guidelines issued there under; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

Not applicable during the review period;

- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018:

Not applicable during the review period;

- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014:

Not applicable during the review period;

- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008:

Not applicable during the review period;

- (g) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013:

Not applicable during the review period;

- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Any other regulations and circulars/ guidelines issued thereunder; as may be applicable to the Company.

and based on the above examination, we hereby report that, during the Review Period:

- (a) The listed Entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
NIL			

- (b) The listed Entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters / directors / material subsidiaries either by SEBI or by Stock Exchanges *(including under the Standard Operating Procedures issued by SEBI through various circulars)* under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken eg. Fines, warning letter, debarment, etc	Observations/ Remarks of the Practicing Company Secretary
NIL				

- (d) The listed Entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in previous reports	Observations made in the secretarial compliance report for the year ended... <i>(The years are to be mentioned)</i>	Action taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NIL				

We would like to state that we have placed our reliance solely on the records, documents, papers, information, explanation provided to us by the Company and its Officers and agents in electronic form.

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334D000364731

Place: Mumbai
Date: May 23, 2022

Annexures to the Directors' Report

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

I have examined compliance by **Cummins India Limited** (the Company) with the requirements under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, relating to corporate governance requirements for the year ended 31st March, 2022.

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

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

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

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

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334D000364731

Place: Mumbai
Date: May 23, 2022

Annexures to the Directors' Report

Annexure 7 - CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in, as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Directors	Directors Identification Number	Date of Appointment in the Company
1.	Mr. Nasser Mukhtar Munjee	00010180	29/03/2001
2.	Mr. Priya Shankar Dasgupta	00012552	26/02/1998
3.	Mr. Rajeev Bakshi	00044621	20/10/2000
4.	Ms. Rama Bijapurkar	00001835	17/06/2020
5.	Mr. Ashwath Ram	00149501	17/08/2019
6.	Mr. Steven Chapman	00496000	01/10/2020
7.	Mr. Norbert Nusterer	07640359	26/10/2016
8.	Mr. Donald Jackson	08261104	30/10/2018

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

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Place: Mumbai
Date: May 23, 2022

Pramod S. Shah – Partner
Pramod S. Shah & Associates
Membership No: FCS 334
C.P. No: 3804
UDIN: F000334D000365138

Annexures to the Directors' Report

Annexure 8 – NOMINATION AND REMUNERATION POLICY

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

The Board of Directors of Cummins India Limited ("the Company") constituted the "Nomination and Remuneration Committee" at the Meeting held on May 22, 2014 with immediate effect, consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

1. OBJECTIVES OF POLICY

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and applicable regulations of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015. The Key Objectives of the Committee would be:

- 1.1 To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2 To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3 To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4 To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5 To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6 To facilitate diversity of Board of Directors.
- 1.7 To develop a Board succession plan for the Board and to regularly review the plan.

2. DEFINITIONS

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

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

2.4.6 such other officer as may be prescribed.

2.5 Senior Management means personnel of the Company who are members of its core management team excluding the Board of Directors including Functional Heads.

3. ROLE OF COMMITTEE

3.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

3.1.1 Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2 Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.

3.1.3 Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2 Policy for appointment and removal of Director, KMP and Senior Management

3.2.1 Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position and in accordance with the applicable laws wherever required.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2 Term / Tenure

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

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

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.*
- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to such number as may be prescribed under the applicable laws in force.

3.2.3 Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.2.4 Removal

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

3.2.5 Retirement

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

3.3 Policy relating to the Remuneration for the Whole-time Director, KMP, Senior Management Personnel and Other Employees**3.3.1 General:**

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

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

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

a) Overall Remuneration:

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

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

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

3.3.3 Remuneration to Non- Executive / Independent Director:**a) Remuneration / Commission:**

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

b) Sitting Fees:

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

c) Commission:

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

d) Stock Options:

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

4. MEMBERSHIP

- 4.1 The Committee shall consist of a minimum 4 non-executive directors, majority of them being independent.
- 4.2 Minimum three (3) members shall constitute a quorum for the Committee meeting.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

- 5.1 Chairperson of the Committee shall be an Independent Director.
- 5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee.
- 5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4 Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held on quarterly basis.

7. COMMITTEE MEMBERS' INTERESTS

- 7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

- 7.2** The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

- 9.1** Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

- 9.2** In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

- 10.1** Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2** Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Act;
- 10.3** Identifying and recommending Directors who are to be put forward for retirement by rotation;
- 10.4** Determining the appropriate size, diversity and composition of the Board;
- 10.5** Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6** Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.7** Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.8** Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- 10.9** Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.10** Recommend any necessary changes to the Board; and
- 10.11** Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

- 11.1** to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;

- 11.2 to approve the remuneration of the Senior Management including Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- 11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee;
- 11.4 to consider any other matters as may be requested by the Board; and
- 11.5 to maintain professional indemnity and liability insurance for Directors and Senior Management.

12. MINUTES OF COMMITTEE MEETING:

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

13. REVIEW/ AMENDMENT:

The Committee is authorized to review, amend or modify this Policy, in whole or in part, as and when deemed necessary, in line with the applicable laws, rules and regulations ("applicable laws").

Any amendment in the regulatory requirements shall be binding on the Company and shall prevail over this Policy even if not incorporated in the Policy. In any circumstance where the terms of the Policy differ from any applicable law for the time being in force, the provisions of such applicable law shall take precedence over the Policy.

Approved By : Board of Directors
Original Date of approval : August 01, 2014
Last Modified Date : May 26, 2021

Annexures to the Directors' Report

Annexure 9 – DIVIDEND DISTRIBUTION POLICY

[Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Introduction

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

Dividend

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

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

The dividend for any financial year shall normally be paid:

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

Factors affecting dividend declaration

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

internal factors

- profits earned during the year
- distributable surplus available with the Company
- Company's liquidity position, future cash flow requirements for operations and reserve for any contingencies
- capital expenditure requirements for expansion and growth
- history of dividends distributed by the Company
- loan covenants, if any

external factors

- dividends distributed by other comparable companies

- taxation policy and any amendments expected thereof
- cost and availability of alternative sources of financing
- state of economy and nature of industry
- macroeconomic and business conditions in general
- any other relevant factors that the Board may deem fit.

Utilisation of retained earnings

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

Review & modification

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

Disclaimer

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

Annexures to the Directors' Report

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

1. Remuneration paid to the Directors: -

- As on March 31, 2022, the Board of Directors of the Company consists of 1 Promoter (Executive) Director, 3 Promoter (Non-Executive) Directors and 4 Independent (Non-Executive) Directors.
- Details of remuneration paid to Managing Director of the Company :

	Sitting fees	Salary	Comm ission	House rent	Gas / Elect. / Water	Medical	Other Benefits	Total
(₹ In Lacs)								
Mr. Ashwath Ram								
2021-22	-	344.27 [^]	-	-	-	-	-	344.27 [^]
% increase in remuneration during the FY	As per below note#							

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

#The percentage increase includes lat merit increase of 6.5% and also includes an increase on account of market adjustment to the extent of 24%, effective July 01, 2021.

- Details of Sitting Fees and Commission to Non-Executive Independent Directors for the period April 01, 2021 to March 31, 2022:

Name of the Director	FY 2020-21			FY 2021-22			% increase in remuneration over 2021-22
	Sitting fees	Annual Commission	Total	Sitting fees	Annual Commission	Total	
Mr. Nasser Munjee	6.60	13.67	20.27	9.50	15.00	24.50	-
Mr. P. S. Dasgupta	7.20	13.67	20.87	9.00	15.00	24.00	-
Mr. Rajeev Bakshi	7.20	13.67	20.87	8.75	15.00	23.75	-
Ms. Rama Bijapurkar	5.70	10.98	16.68	7.50	15.00	22.50	-
Mr. Prakash Telang ¹	7.20	13.67	20.87	4.50	10.32	14.82	-

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021, on account of his unfortunate demise.

- Other details:

- The median remuneration of employees of the Company during the FY 2021-22 was ₹ 7,19,250/-
- The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22:

Name of the Directors	Designation	Ratio of remuneration to MRE*
Mr. Steven Chapman	Chairman of the Board	-
Mr. Ashwath Ram	Managing Director	47.87
Mr. Nasser Munjee	Independent Director	3.41
Mr. P.S. Dasgupta	Independent Director	3.34
Mr. Rajeev Bakshi	Independent Director	3.30
Mr. Prakash Telang ¹	Independent Director	NA

Name of the Directors	Designation	Ratio of remuneration to MRE*
Ms. Rama Bijapurkar	Independent Director	3.13
Mr. Norbert Nusterer	Non-Executive Director	-
Mr. Donald Jackson	Non-Executive Director	-
Ms. Lorraine Alyn Meyer ²	Non-Executive Director	-

*MRE – Median Remuneration of employees

Rounded-off to two decimals

The ratio of remuneration to MRE is provided only for those Directors who have drawn remuneration from the Company for the full FY 2021.

¹Mr. Prakash Telang ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021 on account of his unfortunate demise.

²Ms. Lorraine Alyn Meyer resigned as Director (Non-Executive and Non-Independent) of the Company effective February 15, 2022 on account of her retirement from Cummins Group and other personal reasons.

- Percentage increase in remuneration of Key Managerial Personnel (Chief Financial Officer and Company Secretary) in the Financial Year 2021-22:

(₹ In Lacs)

Name & Designation of other KMP	Remuneration 2021-22	% increase in remuneration over 2020-21 [#]
Mr. Ajay S. Patil, Chief Financial Officer	337.58 [^]	6.5%
Ms. Vinaya Joshi, Company Secretary	21.81	6.5%

[#]The percentage increase in remuneration is computed based on actual increment on the guaranteed cash component effective July 01, 2021.

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

- In the Financial Year, there was an increase of 7.3 % in the median remuneration of employees and the Key Managerial Personnel excluding Managing Director. This was effective July 01, 2021.
- Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof including any exceptional circumstances for increase in the managerial remuneration.
 - The average percentage increase for Key Managerial Personnel : 6.5 %
 - The average percentage increase of employees other than the managerial personnel : 6.5%
 - The average percentage increase in the salaries is primarily on account of market movement based increase in salaries.
- There were 3,167 permanent employees on the rolls of Company as on March 31, 2022.
- The Profit before Tax for the Financial Year ended March 31, 2022 increased by 27% whereas the % increase in median remuneration of the employees as well as the Key Managerial Personnel (excluding Managing Director) was 6.5%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Annexures to the Directors' Report

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

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

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

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

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

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

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

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

CSR Policy and Projects:

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

Details of various CSR initiatives undertaken by your Company are provided in this report and in the Business Responsibility Report of the Company for FY 2021-22 and are also available at <https://www.cummins.com/en/in/company/corporate-responsibility/global-impact/cummins-india-foundation>.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. P.S. Dasgupta	Chairman of the Committee (Independent Director)	4	4
2	Mr. Nasser Munjee	Member (Independent Director)	4	4
3	Ms. Rama Bijapurkar	Member (Independent Director)	4	4
4	Mr. Prakash Telang*	Member (Independent Director)	4	2
5	Mr. Ashwath Ram**	Member (Managing Director)	4	2

*Mr. Prakash Telang, ceased to be a Director (Non-Executive and Independent) of the Company effective December 08, 2021 on account of his unfortunate demise and consequently ceased to be Member of the Committee.

**Mr. Ashwath Ram, Managing Director was appointed as Member of the Committee effective May 26, 2021.

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

3. Weblink where composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company: <https://www.cummins.com/en/in/investors/india-corporate-governance>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014:

The impact assessment of 'Nurturing Brilliance' programme under 'Education Assistance to Socially and Economically Weaker Sections' in Maharashtra, Madhya Pradesh and Jharkhand is undertaken by an independent agency, Samhita Social Ventures Private Limited and engaged by the Company. Detailed Report can be accessed on the website at <https://www.cummins.com/en/in/investors/india-annual-reports>.

A brief summary of the aforesaid Impact Assessment is given herein below:

Your Company along with Cummins Group Companies in India (collectively referred as 'Cummins') and was jointly running the 'Nurturing Brilliance' scholarship programme. The programme, which began in 2006, is aimed at providing financial support to the economically weaker students, to enable them to continue their education. As one of the Leader in the field of technology, Cummins aimed at nurturing a quality workforce for the engineering industry with this programme. Therefore, the scholarship programme supported engineering and diploma degree students.

Impact of Nurturing Brilliance scholarship programme:

- Since inception, the scholarship programme has supported around 2,100 students, who were from 26 government colleges and 174 private educational institutions in India;

- 88% of the respondents confirmed that mentors supported them to build their confidence;
- 76% attributed their improved decision-making skills to mentorship support;
- 49% of the respondents reported that they were able to successfully identify and pursue their future goals with the support of their mentors;
- 98% of the students who received support from a mentor confirmed that there was an improvement in their English language proficiency;
- Nearly 90% of the students surveyed mentioned that they would not have completed their education successfully without the scholarship support from Cummins.

Approach and Methodology:

The assessment considered scholarship recipients from the years 2018 to 2021 as the study sample. Structured quantitative surveys were undertaken with 185 students randomly sampled to understand the impact the scholarship programme has created. Additionally, in-person qualitative interactions were carried out to glean in-depth perspectives of the programme benefits. Around 40% of the scholarship recipients sampled for the study were first-generation learners.

Support provided under the programme:

The programme offered access to education and mentorship support throughout the academic tenure of the selected students. As part of the scholarship support, tuition fee, university charges, developmental fee, and examination costs were covered for every student including stationery support. In addition to the monetary support, the scholarship programme offered expert mentorship support extended by Cummins employees and capacity building on soft skills and employability skills. In addition to this, the scholarship recipients also benefitted from a lifelong network of scholars and mentors to support their career aspirations.

Overall, the programme's efficiency and effectiveness were found to exceed expectations.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
Not Applicable			

6. **Average net profit of the Company as per section 135(5): ₹ 77,686 Lacs**

7. Total CSR Obligation for the Financial Year:

Sr. No.	Particulars	(Amount in ₹)
(a)	Two percent of average net profit of the Company as per Section 135(5)	155,371,567
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
(c)	Amount required to be set off for the financial year, if any	Nil
(d)	Total CSR obligation for the financial year (7a+7b-7c).	155,371,567

8. CSR Spend:**(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).**		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount in ₹	Date of transfer	Name of the Fund	Amount	Date of transfer
116,131,720*	39,239,847	April 29, 2022	Not Applicable	Nil	Not Applicable

Notes:

*The total spent amount includes administrative expenditure of ₹ 3,987,150/- for FY 2021-22, incurred by CIF.

**Pursuant to the clarifications included in MCA General Circular No. 14 /2021 dated August 25, 2021, the unspent amount of ₹ 39,239,847/- was transferred back by CIF to the Company and a separate Unspent CSR Bank Account under the name of 'Cummins India Limited - Unspent CSR FY 2021-22' was opened by the Company, wherein this unspent amount was credited on April 29, 2022.

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

The CSR activities of the Companies are carried out through implementing agency i.e., Cummins India Foundation (CIF). For the Financial Year 2021-22, the Company had CSR obligation of ₹ 155,371,567/- out of which ₹ 116,131,720/- had been spent on identified ongoing projects and amount of ₹ 39,239,847/- remaining unspent had been transferred to a separate bank account by the Company.

Further, below are the details of the total amount contributed to CIF and it's bifurcation by the CIF into projects:

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (in years)*	Amount allocated for the project (Rs. in Lacs)#	Amount spent in the current financial year (Rs. in Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in Lacs)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				States	Districts						Name	CSR Registration number
1	Edu Assist to Soc. and Eco weaker sec.	(ii)	Yes	Maharashtra, Madhya Pradesh, Jharkhand	Pune, Ahmednagar, Satara, Indore, Jamshedpur	4	16,545,819	8,261,802	8,284,017	No		
2	Women Education and Employability	(ii)	Yes	Maharashtra	Pune, Nagpur	4	8,512,296	8,512,296	-	No		
3	Vocational education	(ii)	Yes	Maharashtra, Madhya Pradesh	Satara, Indore	4	3,986,024	3,986,024	-	No		
4	Afforestation	(iv)	Yes	Maharashtra	Pune, Ahmednagar, Satara	4	4,199,519	4,199,519	-	No		
5	Solid Waste Management	(iv)	Yes	Maharashtra	Pune	4	12,914,847	8,951,500	3,963,348	No		
6	Water Neutrality	(iv)	Yes	Maharashtra	Pune	4	12,569,654	8,731,465	3,838,189	No		
7	Renewable Energy	(iv)	Yes	Maharashtra	Satara	4	1,686,036	1,686,036	-	No		
8	Air Pollution	(iv)	Yes	Maharashtra, Madhya Pradesh	Satara, Indore, Ahmednagar	4	1,177,111	1,177,111	-	No	Cummins India Foundation	CSR000003731
9	Local Community Care	(x)	Yes	Maharashtra, Madhya Pradesh	Pune, Satara, Ahmednagar	4	2,512,045	2,512,045	-	No		
10	Neighborhood Outreach	(x)	Yes	Maharashtra	Mumbai, Thane, Satara	4	784,223	784,223	-	No		
11	Rural Development Projects	(x)	Yes	Maharashtra, Madhya Pradesh	Pune, Ahmednagar, Satara, Indore	4	50,721,759	35,535,880	15,185,879	No		
12	Monsoon Resilient Maharashtra	(iv)	Yes	Maharashtra	Satara	4	9,579,813	5,950,221	3,629,592	No		
13	Cleaner Air Better Life	(iv)	Yes	Madhya Pradesh, New Delhi, Punjab	Indore, New Delhi, Ludhiana, Patiala	4	2,304,119	2,304,119	-	No		
14	Women's Initiatives in India	(iii)	Yes	New Delhi	New Delhi	4	5,294,385	955,563	4,338,823	No		
15	Phaltan Model Town	(iv)	Yes	Maharashtra	Satara	4	8,061,870	8,061,870	-	No		

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (in years)*	Amount allocated for the project (Rs. in Lacs)#	Amount spent in the current financial year (Rs. in Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in Lacs)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				States	Districts						Name	CSR Registration number
16	Employee Led Granting	(x)	Yes	Maharashtra, Madhya Pradesh	Pune, Ahmednagar, Satara, Indore	4	4,869,402	4,869,402	-	No		
17	Cummins Water Works	(iv)	Yes	Maharashtra, Madhya Pradesh	Bhopal, Dewas, Dhar, Indore, Ahmednagar, Aurangabad, Dhule, Jalgaon	4	477,781	477,781	-	No	Cummins India Foundation	CSR000003731
18	COVID-19 Community support	(i)	Yes	Maharashtra, Madhya Pradesh	Pune, Ahmednagar, Satara, Indore	2	5,187,715	5,187,715	-	No		
	Total						151,384,417	112,144,570	39,239,847			

#The allocated amount is for the Financial Year 2021-22.

*These are ongoing projects as defined in Companies (Corporate Social Responsibility Policy) Rules, 2014. The years mentioned includes the Financial Year in which the project was commenced.

Notes:

- 1) In addition to CSR spend of ₹ 112,144,570/- on CSR projects during the financial year, ₹ 3,987,150/- were incurred towards administrative expenditure by the implementing agency, aggregating to total CSR spend of ₹ 116,131,720/- during the year ended March 31, 2022.
- 2) Pursuant to Section 135 of the Companies Act, 2013 and rules made thereunder, the Company had contributed CSR obligation of ₹ 155,371,567/- for Financial Year 2021-22 which was contributed to CIF. After spend of ₹ 116,131,720/- on ongoing projects, CIF had unspent amount of ₹ 39,239,847/- as on March 31, 2022, which had been transferred back by CIF to the Company. The said unspent amount has also been transferred by the Company to a separate bank account in the name of 'Cummins India Limited – Unspent CSR FY 2021-22' on April 29, 2022 as per Section 135(6) of the Companies Act, 2013 read with the MCA General Circular 14/2021 dated August 25, 2021.
- 3) The Company had started contributing towards CSR effective Financial Year 2014-15 through implementing agency, CIF. CIF had unspent amount of ₹ 57,284,492/- as on March 31, 2021, for which CIF had voluntarily opened a separate bank account as on April 30, 2021. Further, CIF had spend this unspent amount of ₹ 57,284,492 in Financial Year 2021-22 towards ongoing projects including administrative expenditure of ₹ 1,966,733/-.

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation -Through Implementing Agency	
				State	District			Name	CSR Registration number
Not Applicable									

(d) Amount spent in Administrative Overheads : ₹ 3,987,150/- (Amount was spent by CIF)**(e) Amount spent on Impact Assessment, if applicable: ₹ 198,843/-****(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 116,131,720/-****(g) Excess amount for set off, if any: Nil**

Sr. No.	Particulars	(Amount in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	155,371,567
(ii)	Total amount spent for the Financial Year	116,131,720
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three Financial Years*:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any	Amount remaining to be spent in succeeding financial years (in ₹)
Not Applicable					

*Refer Note to table no 8(b) above

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding Financial Year(s):

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed/ Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**(a) Date of creation or acquisition of the capital asset(s):** Not Applicable**(b) Amount of CSR spent for creation or acquisition of capital asset:** Not Applicable**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

During the year under review, the Company was required to spend ₹ 155,371,567/- in accordance with Section 135(1) of the Companies Act, 2021. Out of the same, the Company had spent ₹ 116,131,720/- on the ongoing CSR projects during the Financial Year through its implementing agency, Cummins India Foundation (CIF). The unspent amount of ₹ 39,239,847/- was transferred to the unspent account as is mandated under the Act and is allocated to the ongoing CSR projects. These projects will continue to be implemented in Financial Year 2022-23 and onwards as per statutory provisions applicable in this behalf.

Further, during the year, CIF had also spent the entire amount ₹ 57,284,492/- from the Unspent CSR Account for the FY 2020-21 that had been opened by CIF voluntarily.

Due to partial COVID restrictions coupled with practical and on ground challenges in scaling up the projects, the aforementioned amount of ₹ 39,239,847/- had remained unspent and been transferred to the Unspent account opened by the Company. The Company reiterates its commitment to discharge its CSR obligation and shall continue to implement meaningful CSR projects in the CSR areas in accordance with its CSR Policy.

12. Detailed CSR Activities:

Addressing the social, civic and environmental issues, your Company made significant contributions in Financial Year 2021-22 with projects on Education, Rural Development, Watershed Management, Afforestation, Solid Waste Management, Scholarship Program, Cummins Powers Women and Monsoon Resilient Maharashtra. Following are the details of some of these key projects:

Cummins Powers Women is engineering solutions to gender inequality in our communities by partnering with global non-profits organizations to accelerate the advancement of women and girls and reinforcement of Cummins' internal commitment to the prosperity of women around the world. This program represents a multi-million-dollar investment in proven programs designed to create large-scale change in the lives of women and girls, globally. In India, we continue the journey for empowering girls and women steadfast with our partner, 'Rise Up'. Building on the successes of the first two leadership and advocacy accelerators, in 2021, 18 advocacy grants were funded. Besides being supportive of their advocacy causes, Cummins India employees volunteered in various remote and online engagements to support the grantee organizations.

Nurturing Brilliance with a vision to provide financial & non-financial benefits to meritorious/ promising students coming from socio-economically challenged backgrounds, who aim for Higher Education (BE or Diploma), in 2006, Cummins launched a Scholarship Program "Nurturing Brilliance". Commenced at Pune with 13 students getting scholarships, program evolved in every facet. We enhanced the number of scholarship program from 13 to 200. Today the program is virtual, online, and digitized. In this journey of nurturing brilliance, including selections for FY 2021-22, 1739 students have been sponsored so far.

Local Community Care is a CSR initiative with its comprehensive approach towards serving the underprivileged and disabled. Cummins has partnered with organizations focused on disadvantaged sections of society like the ones serving the hearing impaired, visually impaired, orphans and old age-elderly. In the challenging time of ongoing impact of COVID-19 pandemic, Cummins continued support to these NGOs. Activities were aligned to the playbook (standard reference book) and were focused on three primary areas of development: 1) Infrastructure Development & Health and Safety, 2) Conservation of resources and 3) Education, training & process improvement. In the year, Cummins supported 14 NGOs serving more than 1,000 underprivileged and disabled people across all plant locations in India.

Cummins teams helped in improving the infrastructure and safety of the residents. Support was also extended for installation of roof top solar power system to two NGOs which resulted in significant saving on electricity charges.

Monsoon Resilient Maharashtra (MRM) was conceived and undertaken to address the acute scarcity of water in the rural communities of Maharashtra. Droughts are cyclic in Maharashtra and continue to haunt the state bringing acute challenges to the farmers. Farmers in the state heavily depend on the monsoons for their agriculture activity, with very little fall back on other source of income. MRM aims to make these communities resilient to the challenges that come with erratic, inadequate and untimely monsoons. In MRM, concerted effort is made to build capabilities within the community to enhance engagement during the watershed implementation. In FY 2021-22 MRM added 8 villages. It has positively impacted more than 67,000 plus lives. More than 1 billion gallons of additional water has been generated across 44 villages.

Cleaner Air Better Life (CABL) initiative has four taskforces (Clean Fuel, Clean Transport, Biomass Management and Clean Industry) which aim towards solutions for detrimental situations created due to rampant biomass burning, transport services, harmful fuel emissions and industry sources. Suitable interventions for Clean Fuel, Clean Transport, Biomass Management and Clean Industries are recommended through experts by the means of the taskforces. After the success of CABL initiative in Delhi and NCR region, Cummins took the learnings to Indore city and implemented the project in Indore. In FY 2021-22, Cleaner Air Healthy Life project was listed with Verified Carbon Standard for generation of approximately 1.50 Lacs carbon credits based on crop residue management activities in 172 villages. Detailed study undertaken after collocating 30 particulate matter monitors at MPPCB reference grade station in Indore. Reports are being shared with MPPCB and monitors are being moved to locations of actual deployment. Air quality modelling study initiated by IIT Delhi.

Inorganic Waste Management – Ensuring Responsible Recycling of E-waste and Plastic Waste - In FY 2021-22, Cummins and implementing partners taking cognizance of COVID-19 pandemic and its impact, replaced door to door awareness campaigns, screening in schools and strategically developed remote awareness campaigns including digital awareness campaigns, online screening among school students and society members. This resulted into using the social media more than 4,00,000 citizens were made aware of the Zero-Contact plastic and e-waste collection program. Ensuring sustainability through institutionalization, Cummins has helped establish more than 25 Collection centers across the city. This project has grown organically from creating mass scale awareness to changing mind set about handling e-waste which contain toxic elements and plastic waste which has infiltrated our daily lives.

WASH at School - School Readiness amid and post COVID-19 – Post June 2021, schools started reopening struggling to implement water sanitation & health related to COVID-19. As slowly schools began preparations to restart, resource – scarce municipal run schools needed aid to ensure safety of children and staff. To support such schools with students coming from economically lower section of the society, Cummins along with our NGO partners prepared a detailed Standard Operating Process to help schools prepare for a safe and smooth restart. This program covered 40 schools benefiting more than 11,653 students and 469 staff members.

Organic Waste Management – Building year-round initiatives from successful programs on festival waste processing - Our Nirmalya and Patravali programs over multiple years addressed the waste generated during two major festival / religious events that took place every year in the state of Maharashtra. The Nirmalya project is a multi-dimensional, multi-stakeholder level project that involves months of planning, logistics and coordination during the annual Ganesh festival. Around August 2021, even though citizens across India were emerging from strict lockdowns, it still was not safe for people to congregate in large numbers during festival times. Cummins helped Pune Municipal Corporation (PMC) to establish decentralized Nirmalya collection process - moving from immersion ghat to household / society level. More than 5 Lac citizens were made aware, 250 Tons of Nirmalya converted into organic compost, more than 1 Lac Ganesh idols got immersed at home and more than 700 Students with their families participated in Competition for Celebrating eco-friendly Ganesh Festival at home.

Continuing impact of COVID-19 pandemic in FY 2021-22, the year was a challenging for **Zero Waste Slum Project**. During early 2021, this system completely collapsed due to increased COVID-19 cases in the slum as well as in waste pickers' community and focus was shifted to re-establish the waste segregation & door to door collection. The lockdown Phase 2 impacted the Door-to-Door collection & waste segregation system. With continuous focus on monitoring & implementing health & safety measures for waste pickers with our intervention & through different initiatives, door to door coverage maintained at 78% and 2 major chronic spots in the area have been eliminated.

Urban Watershed Management forms a crucial component of Cummins energy and environmental initiatives. The ever-growing demand for water in urban areas is creating water stressed situations and is hampering health & livelihoods of citizens as well as disturbing the sensitive biodiversity equilibrium. Through our scientific approach & engagement of experts, various lakes, check dams & ponds are being revived & rejuvenated along with an increase in local biodiversity. New water bodies are being created by undertaking hydrogeological surveys ensuring their long-term sustainability planning. To prevent water body pollution, awareness generation amongst citizens and the local communities are being undertaken at frequent intervals. Projects at Khadakwasla, Special Reserve Police Force's Wadachiwadi area & Aundh Military area have resulted in conservation of 1106 Million Gallons of water in year 2021.

Phaltan Town Development or Phaltan Model Town (PMT) project was conceived with a vision to make Phaltan the best in its category and size in India by 2030. There are many components of a model town, however, a need assessment of the town indicated that solid waste management required most attention, hence was taken up on priority to be addressed. PMT undertook various new initiatives in FY 2021-22. This financial year was primarily focused on improving the health and hygiene of school students. Our awareness campaign reached more than 45000+ people. We also continued our Red Dot Campaign, installing a sanitary disposal machine in the government hospital.

Cummins commitment towards **holistic rural development** has touched the lives of people in 26 villages in 2021. This program benefits more than 54,000 lives in rural areas. With the support of the village community, partnerships with the expert NGOs and government agencies we have now successfully replicated model village work at all plant locations in India. In Year 2021, Cummins continued support for holistic development of villages with focus in increasing income of families. With help from subject matter experts and scientific approach, Organic Farming and Community Farming program was scaled up. So far 800 Model farmers are developed and have adopted 100% organic farming practice. Organic farming complemented with the use of new equipment has resulted into increased agricultural yield to which doubled income of many families. For increasing income from dairy farming additional 100+ farmers were given training by a Subject matter expert agency. This resulted in significant increase in milk production. Cummins also continued support for water conservation which helped conserving more than 612 Mn Gallons of water through Check dams, desilted of Natural water streams, ponds and percolation tanks. To reduce pandemic impact on school education, Cummins supported more than 25 Schools with 40 Units of Digital and Online Learning devices. This helped students in rural areas to attend the schools through online portals. To provide access to clean and Safe Drinking water, Cummins installed 15 Units of water purification plants and Water ATMs. This initiative has benefited more than 75,000 people with access to clean and safe drinking water. Water ATMs being run and maintained by women Self Help Groups have provided additional income opportunity to more than 140 women in villages. Cummins teams helped 100 families to take benefit of government schemes for bio-gas unit installation. 100 families availed 40% government subsidy for installation of biogas units. Each Biogas unit results in saving expenses of min 1 LPG Cylinder per month. To multiply the model village program impact and reach, Cummins has partnered with NABARD for development of 3 model village projects.

Empower-Her is an initiative for financial inclusion and independence of women at model villages. Under this program, we launched the initiative "Udgam" at Phaltan Megasite which aims at creating awareness about Sanitary Hygiene, usage of sanitary napkins and enabling Entrepreneurship by setting sanitary pads production machine to produce eco-friendly napkin at lower cost. Manufacturing and marketing of the product is done by women self-help group with the support of Anganwadi and Asha workers. This

project has been replicated at Rajoda model village near Dewas in Madhya Pradesh and Nutandih Model village near Jamshedpur in Jharkhand. All the Udgam Centers have resumed operations post COVID. Udgam Centre at Megasite, Dewas and Jamshedpur supplies sanitary pads to Cummins plants.

Cummins College of Engineering for Women (CCEW) was conceptualized and launched in 1991 in Pune with financial support of Cummins India Foundation in partnership with Maharshi Karve Stree Shikshan Samstha. Our collaboration with Cummins College of Engineering for Women, Pune has come a long way with the 25th batch graduating. Cummins' senior executives are deeply involved in this signature project, frequently interacting with the staff and students. COVID-19 impacted every sector known to us in a significant way. Annual Year 2021-22 continued to be a significantly challenging year for education. The whole academic calendar was impacted, prioritizing student's safety there was a paradigm shift in the way of learning. CCEW along with Cummins tackled this challenge strategically and ensured that learning was not affected. Despite many challenges CCEW continued to uphold its high standard in education and effectively and safely welcomed students back for offline classes.

Technical Education for Communities (TEC) - In our effort to reach out to more students under TEC India, we have established four sites in India. Phaltan (collaborating with Government), TSTI Jamshedpur (partnering with customer Tata Steel), Dewas at Indore (partnering with dealer Deccan sales and services and at Kolhapur (bonding with suppliers Shiroli Manufacturers Association Kolhapur). Along with uplifting the vocational education system TEC India is also committed towards nurturing female students and enhance their representation in technical education at our TEC sites.

Employee Led Grants (ELGs) from Cummins build on employees' engagement and help amplify the impact their work has on communities. ELGs supports our work by providing financial support for ongoing projects and partners that align with Cummins' three global priority areas. We gave out 43 grants in financial support.

Cummins Water Works The new global strategic community program focuses on being part of the collective action required to solve the growing global water crisis afflicting communities, with direct negative effects on health, education, gender equity and the growth of entire economies. Today, about 785 million people lack access to basic drinking water, and by 2050 at least one in four people will likely live in a country affected by chronic or recurring water shortages. A problem this large requires coordinated action to effectuate sustainable, innovative and local solutions. Cummins Water Works specifically aims to bring fresh water to 20 million people who will not otherwise have access to it.

As we continue our involvement in these projects with active employee engagement, Six Sigma methodologies, structured processes, community need assessments and a detailed roadmap, we are committed to scale up our employee engagement and spend for such high-impact projects.

During the year, spends were directed towards projects that are scalable, sustainable and which have the potential to be replicated across locations, in the larger interests of the community. As detailed in the above table, projects worth ₹ 155,371,567 were identified and reasonable and judicious spends were made as per project requirements. Your Company is committed to focus on employee engagement across all levels, on high impact community improvement projects, well beyond simply contributing money.

COVID-19 Pandemic

Responding to the pandemic situation of COVID-19, Cummins extended support to more than 40 villages near Cummins plant locations in India. 4,000+ PPE kits were provided to Health workers and Anganwadi workers. Sanitization of Common places was done using 3,500 Liters of sodium hypochlorite in each village. Sanitizers were provided to Village Panchayat along with a setup of Hand wash center. Covid Care Centers in villagers were provided 140 beds, 55 thermometers, 57 Oxy-Pulse meter and other essentials. Cummins Covid Support touched more than 1,07,000 + villagers in FY 2021-22.

Responsibility Statement of the CSR Committee:

In pursuance of the provisions of Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (CSR Policy) Rules, 2014 and amendments thereto, it is stated on behalf of the CSR Committee of the Board of Directors of your Company that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company for the Financial Year 2021-22.

For and on behalf of the Board of Directors,

Place : Pune	Steven Chapman	Ashwath Ram	P.S. Dasgupta
Date : May 26, 2022	Chairman	Managing Director	Chairman of the CSR Committee
	DIN: 00496000	DIN: 00149501	DIN: 00012552

Standalone and Consolidated Financial Statements along with respective Audit Reports 2021-22

INDEPENDENT AUDITOR'S REPORT

To the Members of Cummins India Limited Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Cummins India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of warranty provision (Refer to Note 39 (i) to the standalone financial statements) The Company provides warranty on sale of engines to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period/term of the warranty. In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost.	We have performed following procedures: <ul style="list-style-type: none"> • Understood, evaluated, and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals. • Obtained an understanding of the warranty terms offered by the Company on sale of products. • Assessed management's estimation process by performing a historical trend analysis for warranty cost accruals made in prior years.

Key audit matter

In the case of voluntary extended warranty services offered pursuant to campaigns, management's experts are involved in the estimation of the failure rate during the period of campaign.

The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the standalone financial statements. Accordingly, this has been considered as key audit matter.

How our audit addressed the key audit matter

- Evaluated the method used by management in making the accounting estimates by verifying source data for various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost, and enquiring with management's experts.
- Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations.
- Verified the computation for determining the present value in the case of warranty for periods exceeding one year.
- Verified the adequacy of the disclosures in the standalone financial statements.

Based on the above audit procedures performed, we did not find any material exceptions with regard to the management assessment of provision for warranty costs and the related disclosures thereof.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively

for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

13. The standalone financial statements of the Company for the year ended March 31, 2021, were audited by another firm of chartered accountants under the Act who, vide their report dated May 26, 2021, expressed an unmodified conclusion on those standalone financial statements.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
15. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 36 to the standalone financial statements.

- ii. The Company has long-term contract as at March 31, 2022 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries and

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 22048125AJPYOF5475

Pune

May 26, 2022

Annexure A to Independent Auditors' Report

Referred to in paragraph 15 (f) of the Independent Auditors' Report of even date to the members of Cummins India Limited on the Standalone financial statements for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to Standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Cummins India Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone

financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 22048125AJPYOF5475

Pune

May 26, 2022

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Cummins India Limited on the standalone financial statements as of and for the year ended March 31, 2022

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the Management according to a phased programme designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Note 2.1 and 3 to the standalone financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.
- (ii) (a) The physical verification of inventory excluding stocks with third parties has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- (iii) The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- (iv) The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, professional tax, labour welfare fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities. Also, refer note 36 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of provident fund, employees' state insurance, professional tax, labour welfare fund and which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at balance sheet date which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. In lakhs) #	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand on account of transfer pricing adjustments and other corporate tax disallowances	Rs. 1,209	FY 2014-15	Income tax Appellate Tribunal, Pune
The Maharashtra Sales Tax on Transfer of property in goods involved in the execution of works Contract (Re-enacted) Act, 1989	Demand on account of Purchase Tax/ Works contract Tax and surcharge thereon	Rs. 183	1999-00	High Court, Mumbai
The Central Sales Tax Act, 1956 / Bombay Sales Tax Act, 1959 (B.S.T.) / Maharashtra Value Added Tax Act, 2002	Disallowances of sales tax declaration forms, disallowances of set off and interest thereon, taxation of sales turnover under B.S.T. Act, disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956	Rs. 502 (Net of amount paid under protest of Rs. 50)	2006-07 to 2008-09	Maharashtra Sales Tax Tribunal, Pune
The West Bengal VAT Act, 2003	Levy of VAT under certain transactions.	Rs 5	2005-06	Joint Commissioner (Appeals) at Asansol.
Jharkhand Value Added Tax Act, 2005	Demand on account of sales suppression and difference between road permit value and actual stock transfer value	Rs 11	2010-11	Joint Commissioner (Appeals) at Ranchi
The Madhya Pradesh VAT Act, 2002	Demand on account of disallowances	Rs 221	2015-16	Assisstant Commercial Tax Officer at Singrauli
The Central Sales Tax Act, 1956	Demand on account of disallowances	Rs 13	2015-16	Assisstant Commercial Tax Officer at Singrauli

Name of the statute	Nature of dues	Amount (Rs. In lakhs) #	Period to which the amount relates	Forum where the dispute is pending
The Entry Tax Act, 1976	Demand on account of disallowances	Rs 35	2015-16	Assistant Commercial Tax Officer at Singrauli
Tamil Nadu Value Added Tax Act, 2006	Disallowance of input tax credit on clearance to SEZ unit	Rs. Nil (Net of amount paid under protest of Rs. 160)	2009-10 to 2014-15	Sales Tax Appellate Tribunal, Chennai
The Central Sales Tax Act, 1956/Bombay Sales Tax Act, 1959 (B.S.T.)/Maharashtra Value Added Tax Act, 2002	Disallowances of sales tax declaration forms, disallowances of set off and interest thereon, taxation of sales turnover under B.S.T. Act, disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956	Rs. 435	2017-18	Joint Commissioner of Sales Tax, Appeal - 1, Pune
The Central Sales Tax Act, 1956/Bombay Sales Tax Act, 1959 (B.S.T.)/Maharashtra Value Added Tax Act, 2002	Disallowances of sales tax declaration forms, disallowances of set off and interest thereon, taxation of sales turnover under B.S.T. Act, disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956	Rs. Nil (Net of amount paid under protest of Rs. 50)	2004-05	Joint Commissioner of Sales Tax, Appeal - 1, Pune
Finance Act, 1994	Disallowance of CENVAT credit on input services	Rs 186	FY 2010-11 to FY 2015-16	CESTAT
Finance Act, 1994	Demand for short / non-payment of Service Tax (Demand for service tax on sales commission)	Rs 128	FY 2014-15	CESTAT
Customs Act, 1962	Rejection of duty drawback claim.	Rs 1,296	FY 2005-06 to FY 2009-10	Commissioner Customs

Excluding interest and penalty

- (viii) According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (ix) (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary, associate or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary, joint ventures or associate companies.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (xi) (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.

- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
 - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
 - (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 45 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.
 - (xx) (b) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub-section (5) of Section 135 of the Act pursuant to ongoing project/(s) to a special account in compliance with the provision of sub-section (6) of Section 135 of the Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 22048125AJPYOF5475

Pune

May 26, 2022

BALANCE SHEET AS AT MARCH 31, 2022

₹ Lacs

Particulars	Notes No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	115,362	113,618
Capital work-in-progress (including investment property in progress)	2.3	6,037	7,940
Right-of-use assets	37	2,997	2,851
Investment properties	3	97,903	101,992
Intangible assets	2.2	4,178	67
Intangible assets under development	2.3	41	4,812
Financial assets			
Investments in a subsidiary, joint ventures and an associate	4	3,735	3,735
Other investments	4	-	519
Other non-current financial assets	5	990	1,365
Income tax assets (net)	6	3,850	4,221
Other non-current assets	7	6,335	5,403
		241,428	246,523
Current assets			
Inventories	8	72,879	55,784
Financial assets			
Investments	9	57,754	32,669
Trade receivables	10	124,728	107,445
Cash and cash equivalents	11	17,742	12,152
Other bank balances	12	124,932	84,366
Other current financial assets	13	25,471	13,800
Other current assets	14	15,370	14,968
Assets classified as held for sale	15	207	1,985
		439,083	323,169
TOTAL		680,511	569,692
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	5,544	5,544
Other equity			
Retained earnings	17	363,991	319,684
Other reserves	17	115,731	115,449
		485,266	440,677
Non-current liabilities			
Financial liabilities			
Lease liabilities	37	1,513	1,369
Other non-current financial liabilities	18	2,465	2,510
Provisions	19	7,993	7,166
Deferred tax liabilities (net)	20	9,707	8,233
Other non-current liabilities	21	322	275
		22,000	19,553
Current liabilities			
Financial liabilities			
Borrowings	22	39,331	1,564
Trade payables			
Total outstanding dues from micro and small enterprises	23	4,230	4,249
Total outstanding dues of creditors other than micro and small enterprises	23	95,500	68,680
Lease liabilities	37	392	337
Other current financial liabilities	24	8,281	11,590
Other current liabilities	25	10,920	8,221
Provisions	19	14,591	14,821
		173,245	109,462
		680,511	569,692

The accompanying notes are an integral part of these financial statements.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 26, 2022

Place: Pune
Date: May 26, 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

₹ Lacs

Particulars	Notes No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	26	614,040	432,924
Other income	27	28,750	37,015
Total income		642,790	469,939
Expenses:			
Cost of materials consumed	28.1	359,462	234,455
Purchases of traded goods		54,838	43,466
Change in inventories of finished goods, work-in-progress and traded goods	28.2	(3,621)	(1,862)
Employee benefits expense	29	59,562	49,263
Finance costs	30	1,150	1,617
Depreciation and amortisation expense	2, 3, 37	13,402	12,552
Other expenses	31	55,288	49,652
Total expenses		540,081	389,143
Profit before exceptional items and tax		102,709	80,796
Exceptional items	47	13,236	-
Profit before tax		115,945	80,796
Tax expense			
Current tax	20	26,102	18,775
Deferred tax	20	1,476	234
Tax for earlier years		(298)	-
Total tax expense		27,280	19,009
Profit after tax		88,665	61,787
Other Comprehensive Income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement (loss) / gain on defined benefit plans		(8)	(20)
Income tax effect		2	5
Net other comprehensive (expense) / income not to be reclassified to profit or loss in subsequent periods		(6)	(15)
Other comprehensive (expense) / income for the year, net of tax		(6)	(15)
Total comprehensive income for the year, net of tax		88,659	61,772
Earnings per equity share:			
Basic and diluted earnings per share (₹)	32	31.99	22.29
(Nominal value per share ₹ 2)			

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009
Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA
Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Nasser Munjee
Director
DIN: 00010180
Place: London, UK
Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 26, 2022

Place: Pune
Date: May 26, 2022

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

₹ Lacs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
I. Cash generated from operating activities		
Profit before tax	115,945	80,796
a) Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	13,402	12,552
Finance costs	1,150	1,617
Interest income	(5,856)	(7,594)
Dividend income	(4,456)	(9,667)
Loss/(gain) on assets sold, discarded, etc.	(608)	2,077
(Gain)/loss on redemption /sale of investments (net)	(1,758)	(2,387)
Equity contribution from Holding company	282	217
Unrealised foreign exchange fluctuation (net)	(1,224)	(672)
Mark to market ('MTM') of financial instruments	(50)	35
Provision for doubtful debts (net)	(617)	(146)
Exceptional items	(13,236)	-
	(12,971)	(3,968)
b) Working capital adjustments		
Trade receivables	(16,252)	5,851
Inventories	(17,095)	1,508
Current and non-current financial assets	1,236	775
Other current and non-current assets	(754)	4,931
Trade payables	26,365	3,052
Current and non-current financial liabilities	(3,257)	(6,051)
Other current and non-current liabilities	2,746	3,616
Current and non-current provisions	176	(3,404)
	(6,835)	10,278
Total adjustments (a+b)	(19,806)	6,310
Cash generated from operating activities	96,139	87,106
Tax paid (net of refunds and interest thereon)	(25,433)	(8,321)
Net cash generated from operating activities	70,706	78,785
II. Cash flows (used in) / from investing activities		
Purchase of property, plant and equipment and investment property	(15,187)	(7,783)
Proceeds from sale of property, plant and equipment	17,467	216
Intangible assets under development	4,771	(3,834)
Interest received	5,840	4,038
Dividend received on investments in associate and joint ventures	4,456	9,667

₹ Lacs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Investments		
Sale/(Purchase) of short term investments (net)	(22,824)	47,878
Term deposits with banks	(53,145)	(48,629)
Net cash (used in) / from investing activities	(58,622)	1,553
III. Cash flows (used in) / from financing activities		
Proceeds from borrowings / repayment (net)	37,767	(46,972)
Finance costs	(737)	(1,118)
Payment of principal portion of lease liabilities	(418)	(346)
Dividend paid (including tax on dividend)	(44,352)	(38,808)
Net cash (used in) / from financing activities	(7,740)	(87,244)
IV. Net change in cash and cash equivalents (I+II+III)	4,344	(6,906)
V. Net foreign exchange difference	1,246	916
VI. Cash and cash equivalents at the beginning of the year	12,152	18,142
VII. Cash and cash equivalents at the end of the year (IV+V+VI)	17,742	12,152
Components of cash and cash equivalents		
Cash on hand	1	1
Bank Balances		
In current accounts	17,741	12,151
Total cash and cash equivalents (Refer note 11)	17,742	12,152

The accompanying notes are an integral part of these financial statements
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Pune
Date: May 26, 2022

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 26, 2022

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A) Equity share capital

Particulars	₹ Lacs
As at April 1, 2020	5,544
Changes in equity share capital during the year ended March 31, 2021	-
As at March 31, 2021	5,544
Changes in equity share capital during the year ended March 31, 2022	-
As at March 31, 2022	5,544

B) Other equity

Particulars	Retained earnings (Refer note 17)	Other reserves			Total
		General reserve (Refer note 17)	Capital redemption reserve (Refer note 17)	Equity contribution from Cummins Inc. - Share based payments * (Refer note 17)	
Balance as at April 1, 2020	296,720	114,202	70	960	411,952
Add: Profit for the year	61,787	-	-	-	61,787
Add: Equity contribution during the year	-	-	-	217	217
Other comprehensive income	(15)	-	-	-	(15)
Total comprehensive income for the year	61,772	-	-	217	61,989
Less: Dividends paid					
- Interim dividend	19,404	-	-	-	19,404
- Final dividend for FY 2019-2020	19,404	-	-	-	19,404
Balance as at March 31, 2021	319,684	114,202	70	1,177	435,133
Add: Profit for the year	88,665	-	-	-	88,665
Add: Equity contribution during the year	-	-	-	282	282
Other comprehensive income	(6)	-	-	-	(6)
Total comprehensive income for the year	88,659	-	-	282	88,941
Less: Dividends paid					
- Interim dividend	22,176	-	-	-	22,176
- Final dividend for FY 2020-2021	22,176	-	-	-	22,176
Balance as at March 31, 2022	363,991	114,202	70	1,459	479,722

* Scheme managed and administered by the Holding Company.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 26, 2022

Place: Pune
Date: May 26, 2022

Notes to Standalone Financial Statements for the year ended March 31, 2022

1 Summary of significant accounting policies

a) Corporate information:

Cummins India Limited ('CIL' or 'the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Cummins India Office Campus, Balewadi, Pune. The Company is engaged in the business of manufacturing, trading and selling of engines and allied activities. (CIN : L29112PN1962PLC012276)

The standalone financial statements for the year ended March 31, 2022 were authorised for issue in accordance with the resolution of the directors on May 26, 2022.

b) Basis of preparation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of division II of schedule III to the Companies Act, 2013 (Ind AS compliant schedule III).

The financial statements are prepared on a historical cost basis, except for the following assets and liabilities:

- certain financial assets and financial liabilities (including derivative instruments) which have been measured at fair value,
- assets held for sale are measured at lower of carrying amount or fair value less cost to sell
- defined benefit plans - Plan assets are measured at fair value

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Fair value measurements

The Company measures financial instruments at fair value on initial recognition and at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability,

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to Standalone Financial Statements for the year ended March 31, 2022

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Other fair value related disclosures are given in the relevant notes:

Disclosures for valuation methods, significant estimates and assumptions (Refer note 35 and 44)

Financial instruments (including those carried at amortised cost) (Refer note 4 to 5, 9 to 13)

Investment properties (Refer note 3 and 44)

d) Property, plant and equipment and investment properties

Property plant and equipment, capital work in progress and investment properties are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property plant and equipment/ investment properties are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciate them separately based on their specific useful lives.

Depreciation is computed on straight line method based on useful lives, determined based on internal technical evaluation, as follows:

Assets	Useful life
Roads	10 years
Office building and investment properties	Upto 60 years
Factory building	30 years
Plant and machinery	3 to 15 years
Furniture and fittings	5 to 10 years
Vehicles	8 to 9 years

Notes to Standalone Financial Statements for the year ended March 31, 2022

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Freehold land is carried at cost. Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Leasehold improvements are amortised on straight line basis over the period of lease.

Transfers are made to investment properties only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use (3-5 years), being the estimated useful life as per the management estimate or license term whichever is less. The amortisation period for an intangible asset with finite useful life is reviewed atleast at the end of each reporting period.

Losses arising from the retirement of, and gains and losses arising from disposal of intangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

f) Assets held for sale

Items of property, plant and equipment/ intangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value, and are disclosed as assets held for disposal in the financial statements. Such assets, once classified as held for sale, are not depreciated or amortised. Any expected loss is recognised immediately in the Statement of Profit and Loss.

g) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress : cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Traded goods : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Material cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Material in transit is valued at cost incurred till date.

Notes to Standalone Financial Statements for the year ended March 31, 2022

h) Foreign currency transactions

The Company's financial statements are presented in INR (₹), which is also the functional currency of the Company.

Transactions in foreign currencies are accounted at the functional currency spot rates prevailing on the date of transactions. Monetary foreign currency financial assets and liabilities are translated at functional currency spot rates of exchange at the reporting date. The resulting exchange differences are appropriately recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item.

i) Revenue recognition

i) Revenue from sale of products

Revenue from contracts with customers for sale of products is recognised, generally at a point in time, when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods, excluding taxes or duties collected on behalf of the government e.g. goods and service tax (GST). The Company has generally concluded that it is the principal in its revenue arrangements.

ii) Volume rebates

The Company provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

iii) Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

iv) Sale of services - installation services

The Company provides installation services that can be either sold separately or bundled together with the sale of products to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the product sold.

Contracts for bundled sales of products and installation services are comprised of two performance obligations because the promises to transfer products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative standalone selling prices of the products and installation services. The Company recognises revenue from installation services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from sale of products is recognised at a point in time, generally upon delivery of the products.

Notes to Standalone Financial Statements for the year ended March 31, 2022

v) Sale of services - service contracts

The Company has long-term service contracts with customers. Revenue from service contracts is recognised over time i.e based on the proportionate completion method. Completion is determined as a proportion of costs incurred till date to the total estimated contract costs. Provision is made for any loss in the period in which it is foreseen. The Company considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

In case of other service contracts, revenue is recognized over time, using input/output method, when services are rendered and on receipt of confirmation from customers, as the case may be.

vi) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

vii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

viii) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

- ix) Interest income is recognised using effective interest rate method ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit and Loss.
- x) Rental income is recognised on straight-line basis over the lease term, other than escalations on account of inflation.
- xi) Dividend income from investments is recognised when the right to receive payment is established.

j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "o" impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of offices and warehouses. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising on such leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

k) Employee benefits

The Company operates following post-employment schemes, including both defined benefit and defined contribution plans.

A) Post-employment benefits

i) Defined contribution plans:

A defined contribution plan is a plan under which the Company pays fixed contributions

Notes to Standalone Financial Statements for the year ended March 31, 2022

into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company has defined contribution plans for post employment benefits in the form of superannuation fund for management employees and provident fund for non management employees which is administered by Life Insurance Corporation of India/regional provident fund commissioner. In case of superannuation fund for management employees and provident fund for non management employees, the Company has no further obligation beyond making the contributions. The contributions are accounted for as employee benefit expense when they are due. Prepaid contribution is recognised as an asset to the extent cash refund or reduction in future contribution is available.

ii) Defined benefit plans:

Funded Plan: The Company has defined benefit plans for post-employment benefits in the form of gratuity for all employees, pension for non management employees and provident fund for management employees which are administered through Company managed trust/Life Insurance Corporation of India.

Unfunded Plan: The Company has unfunded defined benefit plans in the form of post retirement medical benefits (PRMB) and ex-gratia benefits as per the policy of the Company.

Liability for above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is Projected Unit Credit method. In case of provident fund for management employees, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's contributions and such shortfall are charged to the Statement of Profit and Loss as and when incurred.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current Service costs, past-Service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

B) Other employee benefit (unfunded)

Liability for compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used for measuring the liability is Projected Unit Credit method. Under this method, projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for active members of the plan. The "projected accrued benefit" is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the "projected accrued benefits" as of the beginning of the year for active members.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Termination benefits are recognized as an expense as and when incurred.

The present value of defined benefit obligation denominated in INR (₹) is determined by discounting the estimated future cash flows by reference to the market yield at the end of the reporting period on the government bonds that have terms approximately equal to the terms of the related obligation.

l) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

m) Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

n) Provisions and contingent liabilities

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not

Notes to Standalone Financial Statements for the year ended March 31, 2022

wholly within the control of the Company or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o) Impairment of non financial assets

The Company tests non financial assets for impairment at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an asset, i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

p) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

r) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is either recorded as deferred income and is recognised as income on a systematic and rational basis over the useful life of the asset, or adjusted against the cost of the asset.

When the Company receives non-monetary grants, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition

Notes to Standalone Financial Statements for the year ended March 31, 2022

of the financial asset. For all subsequent measurements financial assets are classified in following categories:

A) Debt instruments

- i) Debt instruments at amortised cost: Debt instrument is measured at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

- ii) Debt instruments fair value through OCI (FVTOCI): Debt instrument is classified as FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has not classified any financial assets under this category.
- iii) Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVTOCI are classified as FVTPL. The Company has not classified any debt under this category.

B) Equity instruments

Equity instruments held for trading are classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI the subsequent changes in fair value. The Company makes such election on an instrument by instrument basis. If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends are recognized in OCI. There is no recycling of the amount from OCI to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity.

The Company has elected to present all equity instruments, other than those in subsidiary, joint ventures and associate, through FVTPL and all subsequent changes are recognized in Statement of Profit and Loss.

C) Derecognition

A financial asset (or wherever applicable, a part of the financial asset or part of a group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either a) the Company has transferred substantially all risks and rewards of the asset or b) has transferred control of the asset.

D) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, lease receivable and bank balances.

The Company follows simplified approach for recognition of impairment loss allowance on trade

Notes to Standalone Financial Statements for the year ended March 31, 2022

receivables and lease receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Company uses a provision matrix, based on the age of the receivables classified into various age buckets, to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Company has presumed that default doesn't occur later than when a financial asset is 90 days past due.

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'Other Expenses' in Statement of Profit and Loss. The impairment loss is presented as an allowance in the Balance Sheet as a reduction from the net carrying amount of the trade receivable, loan, deposits and lease receivable respectively.

Financial Liabilities

All financial liabilities are initially recognised at fair value. The Company's financial liabilities include trade and other payables, other financial liabilities, loans and borrowings and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as FVTPL or at amortised cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of EIR. EIR amortisation is included as finance cost in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Derivatives

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as

Notes to Standalone Financial Statements for the year ended March 31, 2022

financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Statement of Profit and Loss.

Embedded derivatives: An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reclassification of financial instruments

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

t) Dividend distribution

The Company recognises a liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company.

u) Earning per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the Company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to Standalone Financial Statements for the year ended March 31, 2022

2.1 Property, plant and equipment (PPE)

Particulars	Gross block			Depreciation and Amortisation			Net block
	As at April 1, 2021	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2022	For the year	As at March 31, 2022
Freehold land @	3,612	-	-	-	3,612	-	3,612
Leasehold Improvements	607	-	-	-	607	6	546
Roads	2,993	67	-	-	3,060	126	2,148
Buildings #	83,989	910	13	47	84,865	1,901	16,101
Plant and machinery #	100,984	9,548	4,456	8,852	106,136	5,421	66,711
Furniture and fittings #	5,158	11	5	78	5,096	452	3,138
Vehicles	458	19	(14)	-	463	46	318
	197,801	10,555	4,460	8,977	203,839	7,952	115,362

2.2 Intangible assets

Particulars	Gross block			Depreciation and Amortisation			Net block
	As at April 1, 2021	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2022	For the year	As at March 31, 2022
Software	662	10	470	470	672	33	630
Technical know-how	2,060	-	-	-	2,060	-	2,060
Development Cost	-	4,825	-	-	4,825	689	689
	2,722	4,835	470	470	7,557	722	3,379
							4,178

Notes to Standalone Financial Statements for the year ended March 31, 2022

2.3 Capital work-in-progress and intangible assets under development

Particulars	As at April 1, 2021	Additions		Total Additions	Capitalisation		Total Capitalisation	As at March 31, 2022
		PPE	Intangible assets		PPE	Intangible assets		
Capital work-in-progress	7,940	8,815	-	5	8,820	-	10,723	6,037
Intangible assets under development	4,812	-	64	-	64	4,835	4,835	41
	12,752	8,815	64	5	8,884	4,835	15,558	6,078

2.4 Capital work-in-progress (including investment property in progress) aging schedule *

Projects in progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Tangible assets	4,376	793	765	103	6,037
Intangible assets	41	-	-	-	41
	4,417	793	765	103	6,078

*Capital work-in-progress includes a project amounting to ₹ 902 lakhs which is overdue on account of certain disruptions caused by COVID-19 and will be completed in the next 1-2 years.

NOTES:

- @ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.
2) Includes undivided share of land, on purchase of office premises.

*** includes reclassification to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to Standalone Financial Statements for the year ended March 31, 2022

2.1 Property, plant and equipment (PPE)

Particulars	Gross block				Depreciation and Amortisation				Net block	
	As at April 1, 2020	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2021	As at April 1, 2020	For the year	Adjustment ***	Deductions / Write-off	As at March 31, 2021
Freehold land @	3,612	-	-	-	3,612	-	-	-	-	3,612
Leasehold Improvements	607	-	-	-	607	49	6	-	-	552
Roads	2,729	264	-	-	2,993	1,777	245	-	-	2,022
Buildings #	83,364	632	27	34	83,989	12,062	2,164	13	9	14,230
Plant and machinery # **	105,498	3,716	(1,487)	6,743	100,984	65,535	4,832	(948)	4,559	64,860
Furniture and fittings #	5,163	87	(8)	84	5,158	2,253	551	(4)	70	2,730
Vehicles	474	-	11	27	458	245	52	14	25	286
	201,447	4,699	(1,457)	6,888	197,801	81,921	7,850	(925)	4,663	84,183
										113,618

2.2 Intangible assets

Particulars	Gross block				Depreciation and Amortisation				Net block	
	As at April 1, 2020	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2021	As at April 1, 2020	For the year	Adjustment ***	Deductions / Write-off	As at March 31, 2021
Software	2,375	14	-	1,727	662	2,189	65	-	1,659	595
Technical know-how	2,060	-	-	-	2,060	2,060	-	-	-	2,060
	4,435	14	-	1,727	2,722	4,249	65	-	1,659	2,655
										67

Notes to Standalone Financial Statements for the year ended March 31, 2022

2.3 Capital work-in-progress and intangible assets under development

Particulars	As at April 1, 2020	Additions			Total Additions	Capitalisation			Total Capitalisation	As at March 31, 2021	
		PPE	Intangible assets	Investment properties		PPE	Intangible assets	Investment properties			
Capital work-in-progress	7,025	6,864	-	1,293	-	8,157	4,699	-	2,543	7,242	7,940
Intangible assets under development	978	-	3,848	-	-	3,848	-	14	-	14	4,812
	8,003	6,864	3,848	1,293	-	12,005	4,699	14	2,543	7,256	12,752

2.4 Capital work-in-progress (including investment property in progress) aging schedule

Projects in progress	Amount in CWIP for a period of				Total	₹ Lacs
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Tangible assets	4,465	3,309	132	34	7,940	
Intangible assets	4,812	-	-	-	4,812	
	9,277	3,309	132	34	12,752	

NOTES:

@ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.

2) Includes undivided share of land, on purchase of office premises.

*** includes reclassification to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

** includes write off of certain old unusable tangible assets amounting to ₹ 2,319 lacs (net book value) charged off to other expense (Refer note 31).

Intangible assets under development as at March 31, 2021 includes expenditure for development cost of two products.

Notes to Standalone Financial Statements for the year ended March 31, 2022

3 Investment properties

	Year ended March 31, 2022 ₹ Lacs	Year ended March 31, 2021 ₹ Lacs
Gross		
Opening balance	116,409	113,866
Additions	168	2,543
Closing balance	116,577	116,409
Accumulated Depreciation		
Opening balance	14,417	10,202
Depreciation	4,257	4,215
Closing balance	18,674	14,417
Net	97,903	101,992

Information regarding income and expenditure of investment properties

	Year ended March 31, 2022 ₹ Lacs	Year ended March 31, 2021 ₹ Lacs
Rental income derived from investment properties	11,048	12,227
Direct operating expenses (including repairs and maintenance) generating rental income	1,179	1,046
Profit arising from investment properties before depreciation and indirect expenses	9,869	11,181
Less: Depreciation	4,257	4,215
Profit arising from investment properties before indirect expenses	5,612	6,966

The investment properties consist of office premises and plants. As at March 31, 2022 the fair value of the properties is ₹ 129,329 lacs (As at March 31, 2021: ₹ 122,861 lacs). These fair values are based on valuations performed by a registered valuer as defined under rule 2 of Companies (Registered Valuers and valuation) Rules, 2017. A valuation model as recommended by International Valuation Standards Committee has been applied. The Company considers factors like management intention, terms of rental agreements, area leased out, life of the assets etc. to determine classification of assets as investment properties. The rental income considered in the table above is from the date of rental agreement or date of transfer from property, plant and equipment as applicable.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value disclosures for investment properties are provided in Note 44.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Description of valuation techniques used and key inputs to valuation on investment properties

Valuation technique	Significant unobservable inputs	Range (weighted average) March 31, 2022	Range (weighted average) March 31, 2021
Income approach (Discounted Cash flow (DCF) method)	Estimated rental value per sq ft per month	₹ 31.50 - ₹ 126.88	₹ 31.50 - ₹ 111.55
	Rent growth p.a.	3% - 15% every 3 years or based on market assessment	3% - 15% every 3 years or based on market assessment
	Discount rate	10.50% to 11.68%	11.07% to 12.07%

As per the DCF method, fair value is defined as the present value of future cash flows that can be withdrawn from the Company. To estimate the cash flows available, projected cash flows of the Company are considered for certain future years (explicit forecast period). Based on the projected cash flows, the free cash flows from subject properties are estimated. The Company has discounted the net cash flows to arrive at the present value of free cash flows. After the explicit period, the subject properties will continue to generate cash. In DCF method, therefore, perpetuity value/capitalized value/terminal value is also considered to arrive at the value of the subject properties.

Notes to Standalone Financial Statements for the year ended March 31, 2022

4 Non-current investments

As at		Face value per unit ₹		As at	
March 31, 2022 Units	March 31, 2021 Units			March 31, 2022 ₹ Lacs	March 31, 2021 ₹ Lacs
			Investment in subsidiary, joint- ventures and an associate <i>Unquoted equity instruments (at cost)</i>		
			Investment in subsidiary (fully paid up)		
12,000,000	12,000,000	10	Cummins Sales & Service Private Limited (% Holding: 100%) (Incorporated in India)	1,200	1,200
			Investments in joint ventures (fully paid up)		
9,500,000	9,500,000	10	Valvoline Cummins Private Limited (% Holding: 50%) (Incorporated in India)	804	804
114,600	114,600	10	Cummins Research and Technology India Private Limited (% Holding: 50%) (Incorporated in India) #	11	11
			Investment in associate (fully paid up)		
779,997	779,997	10	Cummins Generator Technologies India Private Limited (% Holding : 48.54%) (Incorporated in India)	1,720	1,720
			Total	3,735	3,735
			Other investments		
			<i>Quoted Government of India Bonds (at amortised cost)</i>		
-	50,000,000	1	8.35% Government of India 2022	-	519
			Aggregate book value / market value of quoted investments	-	519
			Total	-	519

The Board of directors of Cummins Research and Technology India Private Limited ('CRTI') at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. Accordingly, the control over and operations of CRTI have been handed over to a registered Insolvency Professional effective from April 1, 2022, in accordance with the applicable statutory provisions.

Notes to Standalone Financial Statements for the year ended March 31, 2022

5 Other non-current financial assets (carried at amortised cost)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good		
Security deposits	990	1,365
Total	990	1,365

6 Income tax assets (net)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Advance income tax (net of provision for taxation)	3,850	4,221
Total	3,850	4,221

7 Other non-current assets

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good		
Capital advances	2,357	1,777
Balances with statutory/government authorities	3,792	3,389
Others *	186	237
Total	6,335	5,403

* Others include prepaid expenses

8 Inventories

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Raw materials and components (includes goods in transit)	41,643	27,858
Work-in-progress (includes goods lying with third parties)	12,867	13,254
Finished goods (includes goods in transit and lying with third parties) *	16,131	12,278
Traded goods (includes goods in transit)	998	843
Stores and spares	750	728
Loose tools	490	823
Total	72,879	55,784

* During the year ended March 31, 2022 ₹ (29) Lacs (March 31, 2021: ₹ (157) Lacs) was recognised as an expense / (reversal) for inventories carried at net realisable value.

Notes to Standalone Financial Statements for the year ended March 31, 2022

9 Current investments

As at		Face value		As at	
March 31, 2022 Units	March 31, 2021 Units	per unit ₹		March 31, 2022 ₹ Lacs	March 31, 2021 ₹ Lacs
			Current portion of long term investments <i>Quoted Government of India Bonds (at amortised cost)</i>		
50,000,000	-	1	8.35% Government of India 2022	517	-
			Aggregate value of quoted investments	517	-
			Current investments <i>Unquoted mutual funds valued at fair value through profit and loss</i>		
-	154,818	1,000	Axis Liquid Fund - Regular Growth	-	3,519
403,154	-	1,000	Axis Liquid Fund - Direct Growth	9,531	-
683,834	-	100	Aditya Birla Sun Life Money Manager Fund - Growth-Regular Plan	2,026	-
1,479,542	1,374,981	100	Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan	5,037	4,528
24,268	63,971	1,000	HDFC Liquid Fund - Direct Plan - Growth	1,016	2,588
43,501	-	1,000	HDFC Money Market Fund - Direct Plan - Growth Option	2,025	-
-	1,966,222	100	ICICI Prudential liquid Fund - Regular Plan - Growth	-	5,959
665,554	-	100	ICICI Money Market Fund - Growth Regular	2,025	-
2,060,165	-	100	ICICI Prudential liquid Fund - Direct Plan - Growth	6,495	-
233,460	72,746	1,000	Kotak Liquid Direct Plan Growth	10,046	3,026
-	60,337	1,000	Nippon India Liquid Fund - Growth Plan Growth Option	-	3,015
57,797	-	1,000	Nippon India Liquid Fund - Direct Growth Plan Growth Option	3,010	-
225,302	-	1,000	SBI Liquid Fund - Direct Plan - Growth	7,510	-

Notes to Standalone Financial Statements for the year ended March 31, 2022

As at		Face value per unit ₹		As at	
March 31, 2022 Units	March 31, 2021 Units			March 31, 2022 ₹ Lacs	March 31, 2021 ₹ Lacs
30,194	155,370	1,000	Tata Liquid Fund - Regular Plan - Growth	1,006	5,010
215,302	149,819	1,000	UTI Liquid Cash Plan - Regular - Growth Plan	7,510	5,024
			Aggregate value of unquoted investments	57,237	32,669
			Total	57,754	32,669

10 Trade receivables (carried at amortised cost)

	As at	
	March 31, 2022 ₹ Lacs	March 31, 2021 ₹ Lacs
Trade receivables	89,968	83,010
Receivables from related parties (Refer note 41)	34,760	24,435
Total	124,728	107,445
Break up for security details		
Secured, considered good	28,799	25,697
Unsecured, considered good	95,929	81,748
Trade receivable which have significant increase in credit risk	-	520
Trade receivable - credit impaired	749	852
	125,477	108,817
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Provision for impairment	-	(520)
Trade receivable - credit impaired	(749)	(852)
	(749)	(1,372)
Total	124,728	107,445

No trade receivable or advances are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 1,342 lacs (March 31, 2021: ₹ 1,668 lacs). Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions and transactions with related parties refer note 41.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Trade receivables aging schedule

₹ Lacs

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	March 31, 2022	112,364	6,857	2,555	2,031	405	516	124,728
	March 31, 2021	88,967	13,778	2,580	1,462	43	615	107,445
(ii) Undisputed trade receivables - which have significant increase in credit risk	March 31, 2022	-	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	40	480	520
(iii) Undisputed trade receivables - credit impaired	March 31, 2022	24			33	354	338	749
	March 31, 2021	20	18	40	510	65	199	852
Total	March 31, 2022	112,388	6,857	2,555	2,064	759	854	125,477
	March 31, 2021	88,987	13,796	2,620	1,972	148	1,294	108,817

Notes to Standalone Financial Statements for the year ended March 31, 2022

11 Cash and cash equivalents (carried at amortised cost)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Cash on hand	1	1
Bank balances		
In current accounts	17,741	12,151
Total	17,742	12,152

12 Other bank balances

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unpaid dividend account (restricted)	1,219	1,316
Deposits with banks (original maturity more than 3 months but less than 1 year)	123,713	83,050
Total	124,932	84,366

13 Other current financial assets (carried at amortised cost, other than foreign exchange forward contracts)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good:		
Security deposits	1,374	1,254
Deposits with Banks (with residual maturity less than 12 months)	20,790	8,308
Contract assets ^	2,103	2,679
Foreign exchange forward contracts #	50	35
Others *	1,154	1,524
Total	25,471	13,800

^ Contract assets mainly include unbilled revenue accrued against service contracts. The balances vary depending on the volume of services remaining unbilled at the end of the year.

Foreign exchange forward contracts at fair value through profit and loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.

* Others primarily include warranty receivable, royalty receivable from dealers, cross charge etc.

Other current financial assets receivable from firms or private companies in which any director is a partner,

Notes to Standalone Financial Statements for the year ended March 31, 2022

a director or a member amounts to ₹ 625 lacs (March 31, 2021: ₹ 1,122 lacs). Refer note 41 for related party transactions.

14 Other current assets

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good:		
Balances with statutory/government authorities	10,160	10,734
Others *	5,210	4,234
Total	15,370	14,968

* Others include prepaid expenses, government grants receivable, supplier advances, service contracts in progress, etc.

15 Assets classified as held for sale

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Assets held for sale (at lower of cost or fair value less cost to sell)	207	1,985
Total	207	1,985

16 Equity share capital

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Authorised :		
400,000,000 equity shares of ₹ 2 each	8,000	8,000
Issued, subscribed and fully paid-up shares:		
277,200,000 equity shares of ₹ 2 each	5,544	5,544
Total	5,544	5,544

Notes to Standalone Financial Statements for the year ended March 31, 2022

a) Reconciliation of number of shares

Equity shares:	As at		As at	
	March 31, 2022		March 31, 2021	
	Number of Shares	₹ Lacs	Number of Shares	₹ Lacs
Balance as at the beginning and end of the year	277,200,000	5,544	277,200,000	5,544

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

c) Details of shareholding of promoters

Particulars	Nos. of Shares	% of total number of shares	% of change during the year
Cummins Inc. USA - Holding Company	141,372,000	51.00%	0.00%
Kirloskar Industries Limited	683	0.00%*	0.00%

* % is below the rounding off norm

d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at		As at	
	March 31, 2022		March 31, 2021	
	Nos.	%	Nos.	%
Equity shares of ₹ 2 each fully paid				
Cummins Inc. USA - Holding Company	141,372,000	51.00%	141,372,000	51.00%
SBI Blue Chip Fund	10,197,504	3.68%	15,067,261	5.44%
Life Insurance Corporation Of India	9,759,635	3.52%	16,970,534	6.12%

Notes to Standalone Financial Statements for the year ended March 31, 2022

17 Other equity

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Retained earnings	363,991	319,684
	363,991	319,684
Other reserves		
Capital redemption reserve	70	70
General reserve	114,202	114,202
Equity contribution from Holding Company	1,459	1,177
Total	115,731	115,449

a) Retained earnings

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	319,684	296,720
Add: Profit for the year	88,665	61,787
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post employment benefit obligations, net of tax	(6)	(15)
	408,343	358,492
Less:		
Interim dividend paid for the financial years ended March 31, 2022 (₹ 8 per share) and March 31, 2021 (₹ 7 per share)	22,176	19,404
Final dividend paid for the financial years ended March 31, 2021 (₹ 8 per share) and March 31, 2020 (₹ 7 per share)	22,176	19,404
	44,352	38,808
Closing balance as at March 31	363,991	319,684

Dividend not recognised at the end of the reporting period

In addition to the above dividends, since the year end the directors have recommended payment of final dividend of ₹ 29,106 lacs for the year ended March 31, 2022 (March 31, 2021: ₹ 22,176 lacs) which is ₹ 10.50 per fully paid up share (March 31, 2021: ₹ 8 per fully paid up share). This proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

Notes to Standalone Financial Statements for the year ended March 31, 2022

b) Capital redemption reserve

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	70	70
Add: Movement during the year	-	-
Closing balance as at March 31	70	70

c) General reserve

General reserve denotes the amounts transferred from retained earnings on declaration of dividends as per the requirements of erstwhile Companies Act, 1956.

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	114,202	114,202
Add: Movement during the year	-	-
Closing balance as at March 31	114,202	114,202

d) Equity contribution from the holding company

Certain employees are directly paid by the holding company through stock options.

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	1,177	960
Add: Movement during the year	282	217
Closing balance as at March 31	1,459	1,177

Notes to Standalone Financial Statements for the year ended March 31, 2022

18 Other non-current financial liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Non current financial liabilities carried at amortised cost		
Deposits	2,339	2,384
Retention money	126	126
Total	2,465	2,510

19 Provisions

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Provision for post retirement benefit and compensated absences (Refer note 40)	11,622	10,711
Warranties (Refer note 39 (i))	6,197	6,977
Statutory matters (Refer note 39 (ii))	1,698	1,744
New Engine Performance Inspection (NEPI) (Refer note 39 (iii))	3,067	2,555
	22,584	21,987
Current provisions	14,591	14,821
Non-current provisions	7,993	7,166
Total	22,584	21,987

Notes to Standalone Financial Statements for the year ended March 31, 2022

20 Income taxes

a) Deferred tax liabilities (net)

	Balance sheet		Statement of profit and loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Deferred tax assets				
Provision for employee benefits	2,450	2,302	148	381
Other timing differences	1,283	1,378	(95)	(540)
Total deferred tax assets	3,733	3,680	53	(159)
Deferred tax liabilities				
Depreciation	13,349	11,913	1,436	87
Other timing differences	91	-	91	(17)
Total deferred tax liabilities	13,440	11,913	1,527	70
Deferred tax (expense)/income			(1,474)	(229)
Net deferred tax liabilities	9,707	8,233		

- b) The major components of income tax expenses for the years ended March 31, 2022 and March 31, 2021 are:

Statement of Profit and Loss

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Profit and Loss section		
Current income tax:		
Current income tax charge	26,102	18,775
Adjustments in respect of current income tax of previous year	(298)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,476	234
Income tax expenses reported in the Statement of Profit and Loss	27,280	19,009
OCI section		
Tax related to items recognised in OCI during the year	(2)	(5)
Net (gain)/loss on remeasurements of defined benefit plans	(2)	(5)

Notes to Standalone Financial Statements for the year ended March 31, 2022

- c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Accounting profit before tax	115,945	80,796
India's statutory income tax rate	25.17%	25.17%
Tax at full rate	29,181	20,335
Adjustments:		
Dividend income (not subject to tax)	(1,122)	(2,433)
Others (deductible, non-deductible items, net)	(779)	1,107
Total	(1,901)	(1,326)
Income tax expenses reported in the Statement of Profit and Loss for the current year	27,280	19,009

- d) **Deferred tax**

Reconciliation of deferred tax liabilities (net) :

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balances as at April 1	8,233	8,004
Tax expense/(income) during the year recognised in Statement of Profit and Loss	1,476	234
Tax expense/(income) during the year recognised in OCI	(2)	(5)
Closing balance as at March 31	9,707	8,233

Notes to Standalone Financial Statements for the year ended March 31, 2022

21 Other non-current liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Contract liabilities	322	275
Total	322	275

22 Borrowings

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Working capital loan from bank	39,331	1,564
Total	39,331	1,564

The loan is unsecured and repayable within one year. Interest is payable @ 3.75% - 5.65% (T-Bill / MIBOR) adjusted by a reasonable spread p.a. The Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings under interest equalisation scheme is accounted for on net basis.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

23 Trade payables

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Trade payables to micro and small enterprises (Refer note 34)	4,230	4,249
Trade payables other than micro and small enterprises	52,111	32,841
Trade payables to related parties (Refer note 41)	43,389	35,839
Total	99,730	72,929

Trade payables are non interest bearing and are normally settled in 30 to 90 days.

For terms and conditions and transactions with related parties refer note 41.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Trade payables aging schedule

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed - MSME	March 31, 2022	-	4,181	29	17	-	3	4,230
	March 31, 2021	-	4,141	90	10	8	-	4,249
(ii) Undisputed- Others	March 31, 2022	25,243	67,573	1,194	1,151	309	30	95,500
	March 31, 2021	11,857	51,116	2,917	911	232	1,647	68,680
Total		25,243	71,754	1,223	1,168	309	33	99,730
		11,857	55,257	3,007	921	240	1,647	72,929

24 Other current financial liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unpaid dividend	1,219	1,316
Royalty (Refer note 41)	1,289	1,096
Support services payable (Refer note 41)	252	1,822
Retention money	1,083	2,375
Others including salaries, wages, bonus payable	4,438	4,981
Total	8,281	11,590

Other current financial liabilities are non interest bearing and have an average term of 6 months.

Notes to Standalone Financial Statements for the year ended March 31, 2022

25 Other current liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Statutory dues and other payables	8,149	5,583
Contract liabilities ^	2,771	2,638
Total	10,920	8,221

^ Contract liabilities include advances received from customer as well as consideration received before the Company has transferred goods or services to the customer.

26 Revenue from operations

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Sale of products	573,339	404,063
Sale of services	29,217	21,546
	602,556	425,609
Other operating revenue		
Scrap sales	609	401
Export incentives	2,622	1,583
Others *	8,253	5,331
	11,484	7,315
Revenue from operations	614,040	432,924

*Others primarily includes testing income, engineering income, royalty income from dealers, etc.

Notes to Standalone Financial Statements for the year ended March 31, 2022

26 Revenue from operations (Contd.)

Disaggregated revenue information

Set out below is the disaggregation of the Companies revenue from contracts with customers

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Location		
India	449,344	312,045
Outside India	162,074	119,296
Total revenue from contracts with customers *	611,418	431,341
Timing of revenue recognition		
Goods transferred at a point in time	573,948	404,464
Services transferred over time	37,470	26,877
Revenue from contract with customers *	611,418	431,341
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	2,275	2,082
Performance obligations satisfied in previous years	986	720
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	622,790	438,866
Adjustments		
Sales return	(4,163)	(3,776)
Discounts	(5,997)	(2,644)
Liquidated damages	(497)	(577)
Others	(715)	(528)
Revenue from contract with customers *	611,418	431,341

* Excludes export incentives

Notes to Standalone Financial Statements for the year ended March 31, 2022

27 Other income

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Income from investments:		
Interest income from financial assets at amortised cost		
- On bonds (non - current/current investments)	42	42
	42	42
Dividend income		
- On investments in associate and joint ventures carried at cost	4,456	9,667
	4,456	9,667
Gain on sale/redemption of investments		
- On current investments designated at fair value through profit and loss	1,758	2,387
	1,758	2,387
Interest on term deposits and others *	5,814	7,552
Rent (Refer note 3 for rent on investment properties)	13,727	15,100
Exchange gain (net)	699	371
Net gain on fixed assets sold or discarded	112	-
Miscellaneous income	2,142	1,896
	22,494	24,919
Total	28,750	37,015

* includes interest on income tax refund amounting to ₹ Nil lacs (March 31, 2021: ₹ 3,556 lacs).

28.1 Cost of materials consumed

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Inventory at the beginning of the year	27,858	31,395
Add : Purchases	373,247	230,918
Less : Inventory at the end of the year	41,643	27,858
Total	359,462	234,455

Notes to Standalone Financial Statements for the year ended March 31, 2022

28.2 Changes in inventories of finished goods, work-in-progress and traded goods

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Inventories at the end of the year (Refer note 8)		
Work-in-progress	12,867	13,254
Finished goods	16,131	12,278
Traded goods	998	843
Subtotal (A)	29,996	26,375
Inventories at the beginning of the year (Refer note 8)		
Work-in-progress	13,254	12,376
Finished goods	12,278	11,567
Traded goods	843	570
Subtotal (B)	26,375	24,513
(Increase) / Decrease (B-A)	(3,621)	(1,862)

29 Employee benefits expense

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Salaries, wages and bonus (net of amount capitalised)	49,479	41,355
Contribution to provident and other funds (Refer note 40)	6,628	5,388
Staff welfare expenses	3,455	2,520
Total	59,562	49,263

30 Finance costs

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Interest on borrowings and others	578	950
Interest cost on lease liabilities (Refer note 37)	159	168
Total interest expense	737	1,118
Unwinding of discount and effect of changes in discount rate on provisions (Refer note 39)	413	499
Total	1,150	1,617

Notes to Standalone Financial Statements for the year ended March 31, 2022

31 Other expenses

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Commission on sales	34	189
Consumption of stores and spare parts	6,594	4,573
Warranty expenses (Refer note 39)	5,041	3,464
Consumption of tools and gauges	674	525
Repairs to buildings	2,741	1,939
Repairs to machinery	785	840
Other repairs	223	160
Power and fuel	2,452	1,891
Rent (Refer note 37)	188	144
Rates and taxes	1,639	1,685
Insurance	1,162	1,079
Outside processing charges	2,464	2,102
Donations (including expenditure towards corporate social responsibility activities (Refer note 41 and 42))	1,561	1,608
Royalties (Refer note 41)	1,398	1,241
Support services (Refer note 41)	11,478	13,304
Computer and other services	7,094	6,223
Payment to auditors (Refer details below)	142	126
Net (gain) / loss on fixed assets sold or discarded *	(496)	2,077
Bad Debts		
Bad debts written off	6	110
Provision for bad and doubtful debts	(617)	(146)
Amount withdrawn from provisions	(6)	(110)
	(617)	(146)
Other expenses (net of expenses recovered and capitalised) (Refer note 41)	10,731	6,628
Total	55,288	49,652

*includes provision of ₹ 2,319 Lacs on account of certain unusable assets, during the year ended March 31, 2021. An amount of ₹ 496 Lacs out of the above provision has been reversed during the year ended March 31, 2022 on account of revision in estimate.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Payment to auditors:

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Statutory audit (including limited reviews) #	123	107
Other services (including tax audit)	18	16
Reimbursement of expenses	1	3
Total	142	126

including payments made to erstwhile statutory auditors till conclusion of Annual General Meeting held on August 12, 2021.

32 Earning per share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
(a) Profit for the year after taxation (₹ Lacs)	88,665	61,787
(b) Weighted average number of shares outstanding during the year	277,200,000	277,200,000
(c) Earnings per share (Basic and Diluted) (₹)	31.99	22.29
(d) Face value per share (₹)	2	2

33 Capital and other commitments

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Estimated amount of contracts in capital account remaining to be executed (net of capital advances). For other commitments also refer Note 37	9,367	5,679
Total	9,367	5,679

Notes to Standalone Financial Statements for the year ended March 31, 2022

34 Trade payables include:

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Total outstanding dues of micro and small enterprises	4,230	4,249
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
1 Principal Amount	4,230	4,249
2 Interest accrued	-	-
3 Payment made to suppliers (other than interest) beyond the appointed day, during the year	962	1,003
4 Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
5 Interest paid to suppliers under MSMED Act, 2006 (Section 16)	7	11
6 Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
7 Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The Company has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and / or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

35 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Operating lease commitments – Company as lessor

The Company has leased out commercial properties (investment properties) on operating lease. The Company had determined, based on an evaluation of the terms and conditions of the arrangement, such

Notes to Standalone Financial Statements for the year ended March 31, 2022

as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the assets, that it retains all the significant risks and rewards of ownership of these properties, and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimation on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans:

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 40.

Fair value measurements of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets if available, otherwise, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument. Refer note 44 for further disclosures.

Warranty, statutory matters and New Engine Performance Inspection (NEPI)

For estimates relating to warranty, statutory matters and NEPI (refer note 39)

Leases - Estimating the incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate (IBR). The Company uses IBR to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Notes to Standalone Financial Statements for the year ended March 31, 2022

36 Contingent liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
a. Income tax matters*	106	59
b. Central excise duty/service tax matters*	314	314
c. Duty drawback matters	2,604	2,604
d. Sales Tax matters*	3,450	2,316
e. Civil liability / secondary civil liability in respect of suits filed against the Company	173	172
f. Goods and service tax matters	44	44
Total	6,691	5,509

* Excludes interest and penalties if any. The above matters pertain to certain disallowances/demand raised by respective authorities.

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeal process.

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Company has implemented the SC decision prospectively.

The Company has various on-going litigations by/or against the Company with respect to tax and other legal matters, other than those disclosed above. The Company believes that they have sufficient and strong arguments on facts as well as on point of law and accordingly no provision/disclosure in this regard has been considered in the financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2022

37 Leases

Lease commitments as a Lessee

The Company has entered into leases for office premises. These lease arrangements range for a period between 12 and 108 months with lock in period between 36 and 108 months, which include both renewable and non-renewable leases.

Following are the changes in the carrying value of right of use assets during the year ended

Particulars	March 31, 2022			March 31, 2021		
	Category of ROU		Total ₹ Lacs	Category of ROU		Total ₹ Lacs
	Building	Land		Building	Land	
Balance as at the beginning of the year	1,483	1,368	2,851	1,684	1,372	3,056
Additions	617	-	617	219	-	219
Adjustment	-	-	-	(17)	15	(2)
Depreciation	(455)	(16)	(471)	(403)	(19)	(422)
Balance as at the end of the year	1,645	1,352	2,997	1,483	1,368	2,851

Following are the changes in carrying value of lease liabilities during the year ended

Particulars	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	1,706	1,834
Additions	617	219
Interest cost accrued during the period	159	168
Payments	(577)	(515)
Balance as at the end of the year	1,905	1,706
Current portion	392	337
Non-current portion	1,513	1,369

The maturity analysis of lease liabilities is disclosed in note 43(c). Lease liability has been discounted using the lessee's incremental borrowing rate. There are no variable lease payments.

Notes to Standalone Financial Statements for the year ended March 31, 2022

The following are the amounts recognised in statement of profit and loss during the year ended:

Particulars	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Depreciation expense of right-of-use assets	471	422
Interest expense on lease liabilities	159	168
Expenses related to short-term leases (included in other expenses)	-	13
Total amount recognised in statement of profit and loss	630	603

Operating lease commitments as a lessor

The Company has entered into operating leases on its investment properties consisting of buildings and other related assets. These leases have terms between 36 and 120 months.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Within one year	4,919	3,712
After one year but not more than five years	13,672	12,772
More than five years	-	578
Total	18,591	17,062

The Company has not entered into any sub-leases during the year.

38 The total research and development expenses incurred by the Company are as under:

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
On capital account	2,093	1,677
On revenue account	4,451	5,749
Total	6,544	7,426

Notes to Standalone Financial Statements for the year ended March 31, 2022

39 Disclosure on provisions made, utilised and reversed during the year

i) Provision for warranty

Provision for warranty is on account of warranties given on products sold by the Company. The amount of provision is based on historical information of the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	6,977	8,756
Additions / reversal	5,041	3,464
Utilisation	6,144	5,659
Unwinding of discount and changes in the discount rate	323	416
Balance as at the end of the year	6,197	6,977
Classified as non-current	3,677	3,091
Classified as current	2,520	3,886

ii) Provision for statutory matters

Provisions for statutory matters are on account of legal matters where the Company anticipates probable outflow. The amount of provision is based on estimates made by the Company considering the facts and circumstances of each case. The timing and amount of cash flows that will arise from these matters will be determined by the relevant authorities only on settlement of these cases.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	1,744	2,292
Additions / reversal	5	-
Utilisation	51	548
Balance as at the end of the year	1,698	1,744
Classified as non-current	-	-
Classified as current	1,698	1,744

Notes to Standalone Financial Statements for the year ended March 31, 2022

iii) Provision for New Engine Performance Inspection (NEPI)

Provision for New Engine Performance Inspection (NEPI) is on account of checks to be carried out by the Company at specified intervals. The amount of provision is based on historical information of the nature, frequency and average cost of claims and management estimates regarding possible future incidence. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	2,555	2,190
Additions / reversal	1,025	977
Utilisation	603	695
Unwinding of discount and changes in the discount rate	90	83
Balance as at the end of the year	3,067	2,555
Classified as non-current	2,069	1,864
Classified as current	998	691

Notes to Standalone Financial Statements for the year ended March 31, 2022

40 Employee benefit plans

1) Defined contribution plans -

The Company has recognised the following amounts in statement of profit and loss for the year:

	₹ Lacs
	Total
Contribution to employees provident fund	1,320
	998
Contribution to management superannuation fund	1,894
	1,611

2) Defined benefit plans -

The following figures are as per actuarial valuation, as at the balance sheet date, carried out by an independent actuary.

a. Net Balance Sheet position

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Defined benefit obligation	March 31, 2022	19,597	2,827	249	171	31,513
		March 31, 2021	17,900	2,855	75	65	28,458
ii)	Fair value of Plan assets	March 31, 2022	18,082	2,730	-	-	31,513
		March 31, 2021	16,521	2,605	-	-	28,458
iii)	Funded status surplus / (deficit)	March 31, 2022	(1,515)	(97)	(249)	(171)	-
		March 31, 2021	(1,379)	(250)	(75)	(65)	-
iv)	Effect of asset ceiling	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-
Net defined benefit asset / (liability)		March 31, 2022	(1,515)	(97)	(249)	(171)	-
		March 31, 2021	(1,379)	(250)	(75)	(65)	-

Notes to Standalone Financial Statements for the year ended March 31, 2022

b. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening defined benefit obligation	March 31, 2022	17,900	2,854	75	65	28,458
		March 31, 2021	16,381	2,653	71	57	25,270
i)	Current service cost	March 31, 2022	1,376	118	10	2	1,086
		March 31, 2021	1,353	109	3	3	987
ii)	Interest cost	March 31, 2022	1,170	197	17	4	1,675
		March 31, 2021	1,065	172	5	4	2,169
iii)	Settlement / Curtailment (credit) / cost	March 31, 2022	-	-	20	-	-
		March 31, 2021	-	-	-	-	-
iv)	Actuarial (gains) / losses - experience	March 31, 2022	716	1	6	(8)	-
		March 31, 2021	69	(14)	3	4	-
v)	Actuarial (gains) / losses - demographic changes	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-
vi)	Actuarial (gains) / losses - financial assumptions	March 31, 2022	(603)	(299)	(4)	(4)	-
		March 31, 2021	-	112	-	-	-
vii)	Benefits paid	March 31, 2022	(865)	(258)	(48)	(8)	(2,429)
		March 31, 2021	(782)	(177)	(7)	(3)	(2,703)
viii)	Past service cost - plan amendments	March 31, 2022	-	214	173	120	-
		March 31, 2021	-	-	-	-	-
ix)	Other Adjustments	March 31, 2022	-	-	-	-	786
		March 31, 2021	-	-	-	-	141
x)	Acquisitions (credit) / cost	March 31, 2022	(97)	-	-	-	158
		March 31, 2021	(186)	-	-	-	875
xi)	Contributions by employees	March 31, 2022	-	-	-	-	1,779
		March 31, 2021	-	-	-	-	1,719
	Closing defined benefit obligation	March 31, 2022	19,597	2,827	249	171	31,513
		March 31, 2021	17,900	2,855	75	65	28,458

Notes to Standalone Financial Statements for the year ended March 31, 2022

c. Reconciliation of opening and closing balances of the fair value of plan assets

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening fair value of plan assets	March 31, 2022	16,521	2,605	-	-	28,458
		March 31, 2021	13,498	2,062	-	-	25,270
i)	Interest income on plan assets	March 31, 2022	1,119	174	-	-	1,675
		March 31, 2021	973	151	-	-	2,169
ii)	Return on plan asset greater / (lesser) than discount rate	March 31, 2022	(30)	(6)	-	-	-
		March 31, 2021	(13)	(2)	-	-	-
iii)	Actuarial gains / (losses)	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-
iv)	Contribution by the employer	March 31, 2022	1,433	250	-	-	1,086
		March 31, 2021	2,914	591	-	-	987
v)	Benefits paid	March 31, 2022	(865)	(258)	-	-	(2,429)
		March 31, 2021	(782)	(177)	-	-	(2,703)
vi)	Acquisition adjustment	March 31, 2022	(96)	(35)	-	-	158
		March 31, 2021	(69)	(20)	-	-	875
vii)	Contribution by employee	March 31, 2022	-	-	-	-	1,779
		March 31, 2021	-	-	-	-	1,719
viii)	Other adjustments	March 31, 2022	-	-	-	-	786
		March 31, 2021	-	-	-	-	141
	Closing fair value of plan assets	March 31, 2022	18,082	2,730	-	-	31,513
		March 31, 2021	16,521	2,605	-	-	28,458

Notes to Standalone Financial Statements for the year ended March 31, 2022

d. Total defined benefit cost

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2022	1,376	332	203	123	1,086
		March 31, 2021	1,353	109	3	3	987
ii)	Net interest cost	March 31, 2022	51	23	17	4	-
		March 31, 2021	92	21	5	4	-
iii)	Actuarial (gains) / losses recognised in OCI	March 31, 2022	143	(292)	2	(12)	-
		March 31, 2021	82	100	3	4	-
	Total defined benefit cost	March 31, 2022	1,570	63	222	115	1,086
		March 31, 2021	1,527	230	11	11	987

e. Statement of profit and loss

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2022	1,376	332	182	123	1,086
		March 31, 2021	1,353	109	3	3	987
ii)	Settlement / Curtailment cost / (credit)	March 31, 2022	-	-	20	-	-
		March 31, 2021	-	-	-	-	-
iii)	Net interest cost	March 31, 2022	51	23	17	4	-
		March 31, 2021	92	21	5	4	-
	Cost recognised in profit and loss	March 31, 2022	1,427	355	219	127	1,086
		March 31, 2021	1,445	130	8	7	987

All of the above have been included in the line 'Company's contribution to provident and other funds', in note 30 of the statement of profit and loss.

Notes to Standalone Financial Statements for the year ended March 31, 2022

f. Other comprehensive income

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Actuarial (gain) / loss due to DBO experience	March 31, 2022	716	1	6	(8)	-
		March 31, 2021	69	(14)	3	4	-
ii)	Actuarial (gain) / loss due to assumption change	March 31, 2022	(603)	(299)	(4)	(4)	-
		March 31, 2021	-	112	-	-	-
iii)	Return on plan assets (greater) / less than discount rate	March 31, 2022	30	6	-	-	-
		March 31, 2021	13	2	-	-	-
	Actuarial -gain/ loss recognised in OCI	March 31, 2022	143	(292)	2	(12)	-
		March 31, 2021	82	100	3	4	-
	Adjustment for limit of net asset	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-

g. For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets

₹ Lacs

Sr. no.	Particulars	Gratuity		Pension		PF	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
i)	Government of India securities	0.00%	0.00%	0.00%	0.00%	49.41%	49.35%
ii)	Debt instruments and related investments / corporate bonds	0.00%	0.00%	0.00%	0.00%	37.25%	36.66%
iii)	Special deposit scheme	0.00%	0.00%	0.00%	0.00%	5.50%	7.94%
iv)	Insurer managed funds	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%
v)	Mutual Funds	0.00%	0.00%	0.00%	0.00%	7.84%	0.00%
vi)	Equities and related investments	0.00%	0.00%	0.00%	0.00%	0.00%	6.05%
	Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The overall expected rate of return on assets is based on the expectations of the average long term rate of return expected on investments of the fund during the estimated term of obligations.

Notes to Standalone Financial Statements for the year ended March 31, 2022

h. Supplementary information as per Ind AS 19

₹ Lacs

Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Expected employer contribution for next year	March 31, 2022	1,462	97	NA	NA	88
		March 31, 2021	1,433	250	NA	NA	104

i. Following are the principal actuarial assumptions used as at the balance sheet date

₹ Lacs

Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
Discount rate - March 31, 2022		7.00%	7.00%	7.00%	7.00%	7.00%
Discount rate - March 31, 2021		6.70%	6.70%	6.70%	6.70%	6.70%
Expected rate of return on plan assets		7.00%	7.00%	NA	NA	NA
		6.70%	6.70%	NA	NA	NA
Salary escalation rate - management staff		10%	NA	NA	NA	NA
		10%	NA	NA	NA	NA
Salary escalation rate - non-management staff		7%	NA	NA	NA	NA
		7%	NA	NA	NA	NA
Annual increase in healthcare costs - year 2011-2020		NA	NA	NA	NA	NA
		NA	NA	NA	10%	NA
Annual increase in healthcare costs - year 2021- 2025		NA	NA	NA	8%	NA
		NA	NA	NA	8%	NA
Annual increase in healthcare costs - 2026 and thereafter		NA	NA	NA	6%	NA
		NA	NA	NA	6%	NA
Long term EPFO rate 2021-22		NA	NA	NA	NA	8.10%
		NA	NA	NA	NA	8.50%
2022 and thereafter		NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA
Mortality rate	March 31, 2022	Indian Assured Lives Mortality (2006-08) Ultimate				
	March 31, 2021	Indian Assured Lives Mortality (2006-08) Ultimate				

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes to Standalone Financial Statements for the year ended March 31, 2022

j. Expected benefit payment for the next years

₹ Lacs

Particulars	As at	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026	2027- 2031
		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	2026- 2030
Gratuity	March 31, 2022	654	1,252	1,441	1,564	1,802	10,937
	March 31, 2021	684	719	1,181	1,343	1,470	9,088
Pension	March 31, 2022	124	268	359	416	492	2,183
	March 31, 2021	224	151	247	331	384	2,061
Ex-gratia	March 31, 2022	9	9	23	32	36	185
	March 31, 2021	6	4	7	9	11	54
PRMB	March 31, 2022	8	10	13	16	20	124
	March 31, 2021	3	3	3	4	5	41
PF	March 31, 2022	88	197	321	469	639	6,772
	March 31, 2021	104	108	112	113	116	631

k. A quantitative sensitivity analysis for significant assumption is as shown below:

₹ Lacs

Assumptions Sensitivity level	Discount Rate		Future salary increase		Withdrawal Rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Gratuity						
March 31, 2022	(944)	1,022	995	(930)	(1,280)	962
March 31, 2021	(922)	1,001	993	(925)	(1,447)	1,125
Pension						
March 31, 2022	(78)	82	NA	NA	(29)	12
March 31, 2021	(85)	89	NA	NA	(31)	13
Ex-gratia						
March 31, 2022	(7)	7	NA	NA	61	26
March 31, 2021	(2)	2	NA	NA	(19)	8
PF						
March 31, 2022	(22)	24	-	-	-	-
March 31, 2021	(21)	23	-	-	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2022

Assumptions	Discount rate		Medical inflation		Withdrawal rate	
Sensitivity level	0.5% increase	0.5% decrease	1% increase	1% decrease	5% increase	5% decrease
PRMB						
March 31, 2022	(6)	7	12	(11)	(40)	31
March 31, 2021	(2)	3	5	(5)	(16)	7

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

41 Related Party Disclosures

a) Name of the related party and nature of relationship where control exists

Name of related party	Nature of relationship
Cummins Inc.	Holding Company
Cummins Sales & Service Private Limited	Subsidiary

b) Transactions with related parties as per the books of account during the year ended March 31, 2022

			₹ Lacs
Transaction	Name of the party		Total
Purchase of goods	Cummins Inc.	March 31, 2022	16,442
		March 31, 2021	11,525
	Tata Cummins Private Limited	March 31, 2022	104,429
		March 31, 2021	72,180
	Cummins Technologies India Private Limited	March 31, 2022	48,422
		March 31, 2021	17,779
	Others	March 31, 2022	42,887
		March 31, 2021	40,343
Sale of goods	Cummins Limited	March 31, 2022	56,472
		March 31, 2021	38,227
	Cummins Technologies India Private Limited	March 31, 2022	19,150
		March 31, 2021	15,366
	Others	March 31, 2022	59,740
		March 31, 2021	46,262

Notes to Standalone Financial Statements for the year ended March 31, 2022

41 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
Purchase of assets	Cummins Limited	March 31, 2022	71
		March 31, 2021	-
	Cummins Technologies India Private Limited	March 31, 2022	169
		March 31, 2021	41
	Others	March 31, 2022	18
		March 31, 2021	-
Sale of assets	Cummins Technologies India Private Limited	March 31, 2022	1,674
		March 31, 2021	3
	Others	March 31, 2022	17
		March 31, 2021	-
Services rendered (Refer note vi)	Cummins Inc.	March 31, 2022	3,417
		March 31, 2021	1,341
	Valvoline Cummins Private Limited	March 31, 2022	4,776
		March 31, 2021	3,850
	Cummins Technologies India Private Limited	March 31, 2022	13,829
		March 31, 2021	11,189
	Cummins Power Generation Inc.	March 31, 2022	1,432
		March 31, 2021	3,030
Services rendered (Refer note vii)	Others	March 31, 2022	1,971
		March 31, 2021	2,082
	Cummins Sales & Service Private Limited	March 31, 2022	1,261
		March 31, 2021	1,074
	Cummins Technologies India Private Limited	March 31, 2022	2,857
		March 31, 2021	4,176
	Others	March 31, 2022	385
		March 31, 2021	496
Royalty	Cummins Inc.	March 31, 2022	1,398
		March 31, 2021	1,241
Support services	Cummins Inc.	March 31, 2022	10,577
		March 31, 2021	13,061
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2022	901
		March 31, 2021	243

Notes to Standalone Financial Statements for the year ended March 31, 2022

41 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
Reimbursements paid	Cummins Technologies India Private Limited	March 31, 2022	11,401
		March 31, 2021	8,414
	Cummins Inc.	March 31, 2022	1,047
		March 31, 2021	1,475
	Others	March 31, 2022	1,524
		March 31, 2021	1,375
Reimbursements received (Refer note viii)	Cummins Technologies India Private Limited	March 31, 2022	6,386
		March 31, 2021	5,263
	Cummins Generator Technologies India Private Limited	March 31, 2022	968
		March 31, 2021	810
	Tata Cummins Private Limited	March 31, 2022	1,615
		March 31, 2021	1,124
	Others	March 31, 2022	822
		March 31, 2021	778
	Key management personnel	March 31, 2022	704
		March 31, 2021	502
Transfer of export benefits	Cummins Research and Technology India Private Limited	March 31, 2022	-
		March 31, 2021	4
Interest on delayed payment	Cummins Sales and Service Private Limited	March 31, 2022	0*
		March 31, 2021	-
Dividend received	Cummins Generator Technologies India Private Limited	March 31, 2022	-
		March 31, 2021	2,067
	Cummins Research and Technology India Private Limited	March 31, 2022	181
		March 31, 2021	-
	Valvoline Cummins Private Limited	March 31, 2022	4,275
		March 31, 2021	7,600
Dividend paid	Cummins Inc.	March 31, 2022	22,619
		March 31, 2021	19,792
Donations paid	Cummins India Foundation	March 31, 2022	1,554
		March 31, 2021	1,608

Notes to Standalone Financial Statements for the year ended March 31, 2022

41 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
Contributions paid	Cummins India Limited Officers Provident Fund	March 31, 2022	1,320
		March 31, 2021	998
	Cummins Group Employees Superannuation Scheme	March 31, 2022	1,894
		March 31, 2021	1,611
	Cummins Group Officers Gratuity Scheme	March 31, 2022	1,433
		March 31, 2021	2,914
Sitting fees and commission (Refer note i)	Independent Directors	March 31, 2022	110
		March 31, 2021	109
Equity contribution - share based payments	Cummins Inc.	March 31, 2022	282
		March 31, 2021	217

c) Amounts outstanding as at March 31, 2022

			₹ Lacs
Transaction	Name of the party		Total
Trade payables	Cummins Inc.	March 31, 2022	9,040
		March 31, 2021	6,761
	Cummins Limited	March 31, 2022	6,231
		March 31, 2021	5,951
	Cummins Technologies India Private Limited	March 31, 2022	11,335
		March 31, 2021	10,120
	Tata Cummins Private Limited	March 31, 2022	8,525
		March 31, 2021	4,443
	Others	March 31, 2022	8,257
		March 31, 2021	8,564
Other current financial / non-financial liabilities	Cummins Inc.	March 31, 2022	1,424
		March 31, 2021	2,824
	Others	March 31, 2022	118
		March 31, 2021	102

Notes to Standalone Financial Statements for the year ended March 31, 2022

41 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
Trade receivables	Cummins Limited	March 31, 2022	9,902
		March 31, 2021	4,549
	Cummins Technologies India Private Limited	March 31, 2022	8,920
		March 31, 2021	7,626
	Others	March 31, 2022	15,938
		March 31, 2021	12,259
Other current financial assets	Valvoline Cummins Private Limited	March 31, 2022	1,433
		March 31, 2021	1,266
	Tata Cummins Private Limited	March 31, 2022	625
		March 31, 2021	1,122
	Others	March 31, 2022	362
		March 31, 2021	236

Notes to Standalone Financial Statements for the year ended March 31, 2022

41 Related party disclosures (contd.)

- i) The names of the related parties under the appropriate relationship included in notes 41(b) and (c) above are as follows:

Nature of relationship	Name of the party
Fellow subsidiaries (with which there are transactions)	Chongqing Cummins Engine Co Ltd
	CMI TR Mtr Guc Sistemleri Satis Servis Ltd Sirketi
	Consolidated Diesel Company
	Cummins (China) Investment Co. Ltd.
	Cummins Africa Middle East (Pty) Ltd.
	Cummins Arabia FZCO
	Cummins Asia Pacific Pte. Ltd.
	Cummins Belgium NV
	Cummins BLR Limited Liability Company
	Cummins Brasil Ltda
	Cummins Bridgeway LLC
	Cummins C&G Holding Limited
	Cummins Comercializadora S. de R.L. de C.V.
	Cummins Deutschland GmbH
	Cummins DKSH (Singapore) Pte Ltd
	Cummins DKSH (Thailand) Limited
	Cummins DKSH (Vietnam) LLC
	Cummins East Asia Research and Development Company Ltd.
	Cummins Emission Solutions Inc.
	Cummins Engine (Shanghai) Trading & Services Co., Ltd.
	Cummins Filtration Inc.
	Cummins France SA
	Cummins Fuel System (Wuhan) Co. Ltd.
	Cummins Generator Technologies Limited
	Cummins Ghana Limited
	Cummins Holland B.V.
	Cummins Inc.
	Cummins Italia SPA
	Cummins Japan Limited
	Cummins Kuwait Electrical Tools And Equipment Trading And Contracting Wll
	Cummins Limited
	Cummins Maroc SARL

Notes to Standalone Financial Statements for the year ended March 31, 2022

Nature of relationship	Name of the party
	Cummins Middle East FZE
	Cummins Natural Gas Engines, Inc.
	Cummins Norway AS
	Cummins NV
	Cummins Power Generation (China) Co. Ltd.
	Cummins Power Generation Inc.
	Cummins Power Generation Limited UK
	Cummins Qatar LLC
	Cummins Romania SRL
	Cummins Sales and Service Korea Co Ltd
	Cummins Sales and Service Philippines Inc.
	Cummins Sales and Service Private Limited
	Cummins Sales and Service Sdn. Bhd.
	Cummins Sales and Service Singapore Pte Ltd
	Cummins Saudi Arabia Llc
	Cummins South Africa (Pty.) Ltd.
	Cummins South Pacific Pty Ltd
	Cummins Southern Plains LLC
	Cummins Spain SL
	Cummins Technologies India Private Limited
	Cummins U.K. Holdings Ltd.
	Cummins West Africa Limited
	Cummins Western Canada Limited Partnership
	Cummins Westport Inc.
	Distribuidora Cummins Centroamerica Costa Rica, S.de R.L.
	Distribuidora Cummins Centroamerica Guatemala Ltda.
	Distribuidora Cummins Centroamerica Honduras, S.de R.L.
	Distribuidora Cummins de Panama S. de R.L.
	Distribuidora Cummins S.A.
	Distribuidora Cummins S.A. - Sucursal Uruguay
	Distribuidora Cummins Sucursal Paraguay SRL
	OOO Cummins
	Shanghai Cummins Trading Co. Ltd.
	Taiwan Cummins Sales & Services Co. Ltd.

Notes to Standalone Financial Statements for the year ended March 31, 2022

Nature of relationship	Name of the party
Key management personnel	Ashwath Ram - Managing Director
	Ajay Patil - Chief Financial Officer
	Vinaya Joshi - Company Secretary (w.e.f. June 17, 2020)
	Hemiksha Bhojwani - Company Secretary (upto May 11, 2020)
	Steven Chapman - Chairman of the Board (w.e.f. October 1, 2020)
	Mark Levett - Chairman of the Board (upto September 30, 2020)
	Norbert Nusterer
	Donald Jackson
	Antonio Leitao (upto September 1, 2020)
	Lorraine Meyer (upto February 15, 2022)
	Independent Directors
	- Nasser Munjee
	- Prakash Telang (upto December 8, 2021)
	- Priya Dasgupta
	- Rajeev Bakshi
Associate	- Venu Srinivasan (upto September 1, 2020)
	- Anjuly Chib Duggal (upto April 6, 2020)
Joint venture	- Rama Bijapurkar (w.e.f June 17, 2020)
	Cummins Generator Technologies India Private Limited
Enterprise with common key management personnel	Valvoline Cummins Private Limited
	Cummins Research and Technology India Private Limited
	Tata Cummins Private Limited
	Cummins India Foundation
	New Delhi Law Offices Private Limited
	Lokmanya Hospitals Private Limited (upto December 8, 2021)
	Fleetguard Filters Private Limited
Employees benefit plans where there is significant influence	Caltherm Thermostats Private Limited
	Cummins India Limited Officers Provident Fund
	Cummins Group Employees Superannuation Scheme
	Cummins Group Officers Gratuity Scheme

Notes to Standalone Financial Statements for the year ended March 31, 2022

Terms and conditions of transactions with related parties:

- ii) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iii) Liability for post employment benefits, other long term benefits, termination benefits and certain short term benefits such as compensated absences is provided on an actuarial basis for the Company as a whole. Accordingly the amount for above pertaining to key management personnel is not ascertainable and, therefore, not included above.
- iv) Related party transaction, the amount of which is in excess of 10% of the total related party transactions of the same type are disclosed separately.
- v) The information given above has been reckoned on the basis of information available with the Company and relied upon by the auditors.
- vi) Services rendered include renting services, testing and engineering services, business support services, etc.
- vii) Services received include testing and engineering services, solution contract support services, license fees, etc.
- viii) Includes recoveries on account of employee cost, travel costs, training, IT services, etc.

- 42** As set out in section 135 of the Companies Act, 2013, the Company is required to contribute ₹ 1,554 Lacs (March 31, 2021: ₹ 1,608 Lacs) towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Board has approved and the Company has contributed ₹ 1,554 Lacs (March 31, 2021: ₹ 1,608 Lacs) to Cummins India Foundation towards eligible projects as mentioned in Schedule III (including amendments thereto) of the Companies Act, 2013. Apart from the above contribution to Cummins India Foundation, the Company has not made any direct expenditure/contributions of capital nature.

43 Financial risk management objectives and policies

Financial risk factors:

The Company has well written policies covering specific areas, such as foreign exchange risk and investments which seek to minimise potential adverse effects on the Company's financial performance due to external factors. The Company uses derivatives to hedge foreign exchange risk exposures. The Company's senior management oversees the management of these risks. All derivatives and investment activities for risk management purposes are carried out by specialist team that has appropriate skills, experience and supervision. As per the Company's policy no trading in derivatives for speculation purpose may be undertaken. The Board of Directors reviews and approves policies for managing each of these risks.

The Company's activities are exposed to variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

Notes to Standalone Financial Statements for the year ended March 31, 2022

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks as follows:

i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, GBP and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in a currency that is not the entity's functional currency.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from recognised assets and liabilities, the Company uses forward contracts.

The following table demonstrates the sensitivity relating to possible change in foreign currencies with all other variables held constant:

Currency	% change	₹ Lacs	
		March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
USD	1%	136	69
Euro	1%	28	1
Others	1%	7	5
Total		171	75

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and financial assets and liabilities denominated in various currencies. Although the derivatives have not been designated in a hedge relationship, they act as economic hedge and offset the underlying transactions when they occur.

ii) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. In order to optimise the Company's position with regards to interest income and interest expense, treasury team manages the interest rate risk by balancing the portion of fixed rate and floating rate in its total portfolio.

Borrowings of ₹ 39,331 Lacs outstanding as at March 31, 2022 (As at March 31, 2021: ₹ Nil) were at floating rate linked to T-bill + applicable spread.

The following table demonstrates the sensitivity of interest payable:

Currency	% change	₹ Lacs	
		March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Working Capital Loan	0.5%	56	-

Notes to Standalone Financial Statements for the year ended March 31, 2022

iii) Price risk

The Company invests its surplus funds in mutual funds which are linked to debt markets. The Company is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits approved by the Board of Directors.

The following table demonstrates the sensitivity relating to possible change in investment value with all other variables held constant:

₹ Lacs			
Currency	% change	March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Mutual funds	0.5%	286	163

Profit after tax for the year would increase / decrease as a result of gains / losses on mutual funds classified as at fair value through profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily from trade receivables, contract assets, other receivables, deposits with banks and loans given.

Trade receivable and contract assets

Senior management is responsible for managing and analysing the credit risk for each new customer before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 10.

Other receivables, deposits with banks and loans given

Credit risk from balances with banks is managed by the Company's treasury department in accordance with Company's policy approved by the Risk Management Committee. Investments of surplus funds are made within the credit limits and as per the policy approved by the Board of Directors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance of the above assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5, 9, 12 and 13.

Notes to Standalone Financial Statements for the year ended March 31, 2022

c) Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury team monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet the operational needs. Such forecasting takes into consideration the compliance with internal cash management policy.

As per the Company's policy, treasury team invests surplus cash in marketable securities and time deposits with appropriate maturities or sufficient liquidity to provide headroom to meet the operational needs. At the reporting date, the Company held mutual funds of ₹ 57,236 Lacs (March 31, 2021: ₹ 32,669 Lacs) and other liquid assets of ₹ 17,742 Lacs (March 31, 2021: ₹ 12,152 Lacs) that are expected to readily generate cash inflows for managing liquidity risk.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	₹ Lacs			
As at March 31, 2022	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	39,331	-	-
Lease liabilities	-	572	1,671	150
Trade payables	-	99,730	-	-
Royalty and support services	-	1,541	-	-
Unpaid dividend	1,219	-	-	-
Retention money	-	1,083	126	-
Deposits	-	-	2,339	-
Others	-	4,438	-	-

	₹ Lacs			
As at March 31, 2022	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	-	1,564	-	-
Lease Liabilities	-	484	1,369	384
Trade payables	-	72,929	-	-
Royalty and support services	-	2,918	-	-
Unpaid dividend	1,316	-	-	-
Retention money	-	2,375	126	-
Deposits	-	-	2,384	-
Others	-	4,981	-	-

Notes to Standalone Financial Statements for the year ended March 31, 2022

d) Capital management

The Company's objectives when managing capital is to provide maximum returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments in light of changes in economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other reserves attributable to equity shareholders of the Company.

	₹ Lacs	
As at March 31, 2021	March 31, 2022	March 31, 2021
Borrowings	39,331	1,564
Less: Cash and cash equivalents	17,742	12,152
Net debt	21,589	(10,588)
Equity	485,266	440,677
Gearing Ratio (times)	0.04	-

44 Fair values

The following table provides a comparison by class of the carrying amounts and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximations of fair values and investment properties.

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Financial assets				
FVTPL of investments in mutual funds	57,754	32,669	57,754	32,669
Financial liabilities				
FVTPL of Foreign exchange forward contracts	(50)	35	(50)	35
Non-current assets				
Investment properties	97,903	101,992	129,329	122,861

The Management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of investments in mutual funds is based on the price quotation at the reporting date obtained from the asset management companies. The fair value of investments in equity is based on the price quotation at the reporting date derived from quoted market prices in active market. The Company

Notes to Standalone Financial Statements for the year ended March 31, 2022

enters into derivative financial instruments with various counterparties, principally financial institutions. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as defined in accounting policy 1c, and investment properties by valuation method as defined in Note 3

				₹ Lacs
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial assets at FVTPL				
Investments in mutual funds				
March 31, 2022	-	57,754	-	57,754
March 31, 2021	-	32,669	-	32,669
Financial liabilities at FVTPL				
Forward contracts liability				
March 31, 2022	-	(50)	-	(50)
March 31, 2021	-	35	-	35
Non-current assets				
Investment properties				
March 31, 2022	-	-	129,329	129,329
March 31, 2021	-	-	122,861	122,861

There has been no transfer between Level 1 and Level 2 during the year. For details of valuation method, assumption used for valuation of investment properties, refer note 3.

Notes to Standalone Financial Statements for the year ended March 31, 2022

45 Financial Ratios

No.	Name of the Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance %	Rationale for Variance > 25%
1	Current Ratio	Current assets	Current liabilities	2.53	2.95	-14.15%	
2	Debt Equity Ratio	Short term debt + Long term debt	Shareholders funds	0.08	0.00	2183.70%	The Company availed working capital loans during the year ended March 31, 2022 resulting in a change in a Debt Equity Ratio as of March 31, 2022.
3	Debt Service Coverage Ratio	Net profit after taxes + Depreciation + Interest	Interest + Lease payments + Principal repayments	121.53	67.49	80.06%	Improvement in Debt Service Coverage Ratio is on account of higher revenues and profits during the year March 31, 2022.
4	Return on Equity Ratio *	Net profits after taxes	Average shareholders funds	16%	14%	13.14%	
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	6.38	4.88	30.74%	Higher sales and better inventory management during the year ended March 31, 2022 contributed in improvement in Inventory Turnover Ratio.
6	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average trade receivable	5.29	3.92	34.77%	Improvement is on account of better collection during the year ended March 31, 2022.
7	Trade Payable Turnover Ratio	Net credit purchases	Average trade payable	4.32	3.24	33.47%	Higher sales led to increase in operational activities as well as purchases during the year ended March 31, 2022, resulting in improvement in Trade Payable Turnover Ratio
8	Net Capital Turnover Ratio	Revenue from operations (gross)	Current assets - Current liabilities	2.31	2.03	14.02%	
9	Net Profit Ratio *	Net profits after taxes	Revenue from operations (gross)	12%	14%	-13.93%	
10	Return on Capital Employed *	Earning before interest and taxes	Total assets - (Current liabilities + Non-current liabilities)	21%	19%	14.68%	
11	Return on Investment *	Earning before interest and taxes	Total assets	15%	14%	5.72%	

* Exceptional items have been excluded for computation of financial ratios

Notes to Standalone Financial Statements for the year ended March 31, 2022

46 Standards issued but not yet effective

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022.

i Ind AS 16, Property, Plant and Equipment

Proceeds before intended use of property, plant and equipment.

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

ii Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

iii Ind AS 103, Business combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

iv Ind AS 109, Financial Instruments

Fees included in the 10% test for derecognition of financial liabilities.

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- 47** Exceptional Items during the year ended March 31, 2022 comprise gain on sale of property aggregating to ₹ 13,236 lacs (March 31, 2021: ₹ Nil).

48 Segment Information

In accordance with paragraph 4 of Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

49 Relationship with struck off companies

During the year ended March 31, 2022, the Company has not entered into any transactions with the companies whose names were struck off under applicable regulations.

- 50** The company announced a Voluntary Retirement Scheme ('VRS' or the 'Scheme') on May 16, 2022 for eligible employees who meet all the following conditions:

- Permanent employees on the shop floor and in office working at Kothrud Engine, Plant
- Employees between 45 and 57 years of age as on May 16, 2022
- Employees on the permanent rolls of the Company for at least 10 years as on May 16, 2022

No financial impact of the scheme has been recorded in these financial statements.

Notes to Standalone Financial Statements for the year ended March 31, 2022

51 Social Security code

Government of India's Code for Social Security 2020 (the 'Code') received assent from the President in September 2020. However, the date from when the Code will become applicable and the relevant Rules have not yet been notified. The Company will assess the impact of the Code and account for the same once the effective date and the rules are notified.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP

ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani

Partner

Membership Number: 48125

Place: Pune

Date: May 26, 2022

For and on behalf of the Board

Ashwath Ram

Managing Director

DIN: 00149501

Place: Washington, D.C., USA

Vinaya Joshi

Company Secretary

PAN: AMQPJ5216P

Place: Pune

Date: May 26, 2022

Nasser Munjee

Director

DIN: 00010180

Place: London, UK

Ajay Patil

Chief Financial Officer

PAN: AAJPP9246Q

PROPELLING THE WHEELS OF INDIA WITH ADVANCED RAIL TECHNOLOGY

Expertise in the Rail Segment

40+ years

Cummins India's association
with Indian Railways

Keeping you on track always

DETC*, DEMU* and Train
hotel load powered by
Cummins engines

Focus on safety at site

Safety award recieved for 3
consecutive years for I&C#

Make In India

Cummins offering
indigenized solutions

*DETC - Diesel Electric Tower Car | DEMU - Diesel Electric Multiple Unit.
#I&C - Installation and Commissioning



Railways

KEEPING YOUR CONFIDENCE ON WITH BACKUP POWER SOLUTIONS

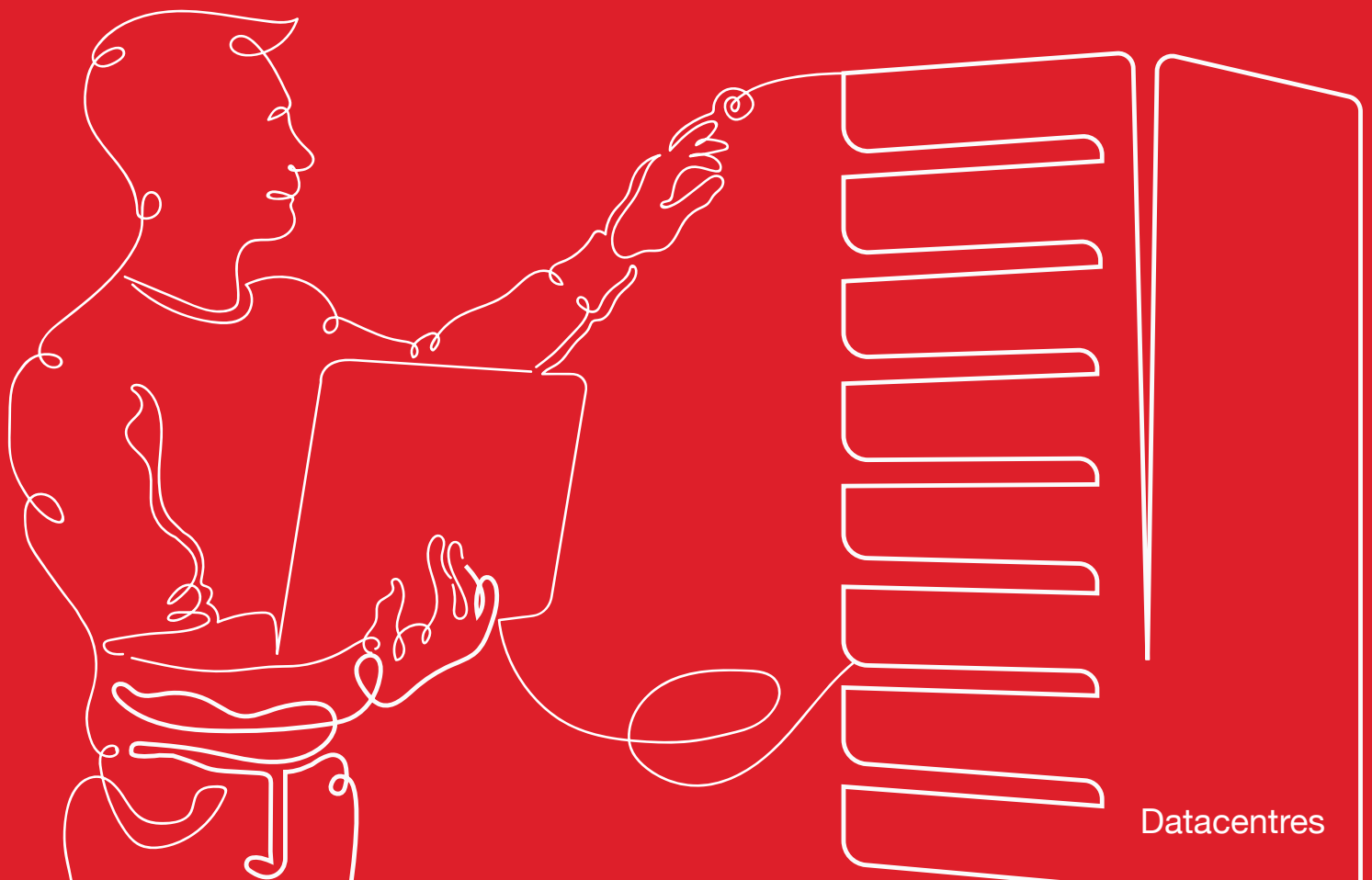
“We wish to confirm that Cummins - Powerica team has Supplied, Installed, Tested & Commissioned 4 Nos. 1250 kVA DG Set package for our Datacentre project at Amaravathi, Vijaywada.

The product is operating as per the designed specifications without any issues.

We thank you and your team for all above and wish to maintain long term and fruitful business association with you.”

- Abhinav Kotagiri
Chief Data Centre Delivery Officer
Pi Datacenters Pvt. Ltd.

Customer Testimonial



INDEPENDENT AUDITOR'S REPORT

To the Members of Cummins India Limited Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Cummins India Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), its associate and joint ventures (refer note 43 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2022, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint ventures as at March 31, 2022, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flow for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraph 16 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of warranty provision	
(Refer to Note 39 (i) to the consolidated financial statements)	We have performed following procedures:

Key audit matter	How our audit addressed the key audit matter
<p>The Company provides warranty on sale of engines to customers and recognizes provision in respect of the costs expected to fulfil the warranty obligation over the period/term of the warranty.</p> <p>In accordance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, the provision towards warranty obligation is estimated by the Company, primarily considering factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost. In the case of voluntary extended warranty services offered pursuant to campaigns, management's experts are involved in the estimation of the failure rate during the period of campaign.</p> <p>The estimation of warranty costs involves significant management judgements and estimates as described above, and the amount is significant to the consolidated financial statements. Accordingly, this has been considered as key audit matter.</p>	<ul style="list-style-type: none"> • Understood, evaluated, and tested the design and operating effectiveness of the controls over estimation of warranty costs and related accruals. • Obtained an understanding of the warranty terms offered by the Company on sale of products. • Assessed management's estimation process by performing a historical trend analysis for warranty cost accruals made in prior years. • Evaluated the method used by management in making the accounting estimates by verifying source data for various input factors such as historical trend, average historical failure rate, estimation of expected pattern of future claims and estimated replacement cost, and enquiring with management's experts. • Verified the computation of provision for warranty costs including testing of completeness, arithmetical accuracy and validity of the data used in the warranty calculations. • Verified the computation for determining the present value in the case of warranty for periods exceeding one year. • Verified the adequacy of the disclosures in the consolidated financial statements. <p>Based on the above audit procedures performed, we did not find any material exceptions with regard to the management assessment of provision for warranty costs and the related disclosures thereof.</p>

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.
6. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 16 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flow, and changes in equity of the group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the group and of its associate and joint ventures are responsible for assessing the ability of the group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the group and of its associate and joint ventures are responsible for overseeing the financial reporting process of the group and of its associate and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group and its associate and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and its associate and joint ventures to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group and its associate and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

15. The consolidated financial statements of the Company for the year ended March 31, 2021, were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated May 26, 2021, expressed an unmodified opinion on those financial statements.
16. The consolidated financial statements also include the Group's share of net profit after tax of Rs. 6,780 lacs and total comprehensive income of Rs. 6,803 lacs for the year ended March 31, 2022 as considered in the consolidated financial statements, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this joint venture and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information in so far as it relates to the aforesaid joint venture, is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

17. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, associate company and joint ventures incorporated in India, none of the directors of the Group companies, its associate company and joint ventures incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associate and joint ventures— Refer Note 36 to the consolidated financial statements.
 - ii. The Group, its associate and joint ventures had long-term contracts as at March 31, 2022 for which there were no material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, associate company and joint ventures incorporated in India.

18. The Group, its associate and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 22048125AJPYMB8981

Pune

May 26, 2022

Annexure A to Independent Auditors' Report

Referred to in paragraph 17 (f) of the Independent Auditors' Report of even date to the members of Cummins India Limited on the consolidated financial statements for the year ended March 31, 2022

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated financial statements of Cummins India Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, its associate company and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary company, its associate company and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

6. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary company, its associate company and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary, one associate and two joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 48125

UDIN: 22048125AJPYMB8981

Pune

May 26, 2022

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

₹ Lacs

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	115,436	113,712
Capital work-in-progress (including investment property in progress)	2.3	6,037	7,940
Right-of-use assets	37	3,332	3,055
Investment properties	3	97,903	101,992
Intangible assets	2.2	4,198	103
Intangible assets under development	2.3	41	4,812
Financial assets			
Investments in joint ventures and an associate	4	31,428	26,720
Other investments	4	-	519
Other non-current financial assets	5	1,117	1,430
Income tax assets (net)	6	4,035	4,376
Other non-current assets	7	6,335	5,403
		269,862	270,062
Current assets			
Inventories	8	73,753	56,421
Financial assets			
Investments	9	57,754	32,669
Trade receivables	10	125,810	108,809
Cash and cash equivalents	11	17,743	12,160
Other bank balances	12	124,932	84,366
Other current financial assets	13	25,546	13,904
Other current assets	14	15,592	15,245
Assets classified as held for sale	15	207	1,985
		441,337	325,559
TOTAL		711,199	595,621
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	5,544	5,544
Other equity			
Retained earnings	17	393,222	344,144
Other reserves	17	115,731	115,449
		514,497	465,137
Non-current liabilities			
Financial liabilities			
Lease liabilities	37	1,788	1,513
Other non-current financial liabilities	18	2,466	2,510
Provisions	19	8,317	7,462
Deferred tax liabilities (net)	20	9,350	7,857
Other non-current liabilities	21	322	275
		22,243	19,617
Current liabilities			
Financial liabilities			
Borrowings	22	39,468	2,022
Trade payables			
Total outstanding dues from micro and small enterprises	23	4,259	4,272
Total outstanding dues of creditors other than micro and small enterprises	23	95,709	68,830
Lease liabilities	37	497	436
Other current financial liabilities	24	8,514	11,798
Other current liabilities	25	11,398	8,663
Provisions	19	14,614	14,846
		174,459	110,867
TOTAL		711,199	595,621

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 26, 2022

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 26, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

₹ Lacs

Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	26	617,092	436,008
Other income	27	24,319	27,378
Total income		641,411	463,386
Expenses			
Cost of materials consumed	28.1	357,429	232,976
Purchases of traded goods		57,145	45,454
Change in inventories of finished goods, work-in-progress and traded goods	28.2	(3,858)	(2,068)
Employee benefits expense	29	61,453	50,977
Finance costs	30	1,216	1,676
Depreciation and amortisation expense	2, 3, 37	13,562	12,719
Other expenses	31	56,117	50,464
Total expenses		543,064	392,198
Profit before exceptional items, share of profit of joint ventures and associate and tax		98,347	71,188
Exceptional items	49	13,236	-
Profit after exceptional items before share of profit of joint ventures and associate and before tax		111,583	71,188
Share of profit of joint ventures and associate after tax		9,115	11,312
Profit before tax		120,698	82,500
Tax expense			
Current tax	20	26,136	18,834
Deferred tax	20	1,490	194
Tax for earlier years	20	(302)	(31)
Total tax expense		27,324	18,997
Profit after tax		93,374	63,503
Other Comprehensive Income (OCI)			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement (loss)/ gain on defined benefit plans		10	23
Income tax effect		(3)	(6)
Net other comprehensive (expense)/income not to be reclassified to profit or loss in subsequent periods		7	17
Share in joint venture's and associate's OCI after tax (net) not to be reclassified to profit or loss in subsequent periods		49	4
Other comprehensive (expense)/income for the year, net of tax		56	21
Total comprehensive income for the year, net of tax		93,430	63,524
Earnings per equity share:			
Basic and diluted earnings per share (₹)	32	33.68	22.91
(Nominal value per share ₹ 2)			

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Pune
Date: May 26, 2022

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 26, 2022

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2022

₹ Lacs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
I. Cash generated from operating activities		
Profit before tax	120,698	82,500
a) Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	13,562	12,719
Finance costs	1,216	1,676
Interest income	(5,867)	(7,601)
Loss/(gain) on assets sold, discarded, etc.	(608)	2,076
(Gain)/loss on redemption /sale of investments (net)	(1,758)	(2,387)
Equity contribution from Holding company	282	217
Unrealised foreign exchange fluctuation (net)	(1,224)	(670)
Mark to market ('MTM') of financial instruments	(50)	35
Provision for doubtful debts and advances (net)	(662)	(96)
Rent concession received from lessor	(5)	(11)
Share of profit of joint ventures and associate	(9,115)	(11,312)
Exceptional Items	(13,236)	-
	(17,465)	(5,354)
b) Working capital adjustments		
Trade receivables	(16,864)	5,818
Inventories	(17,287)	1,275
Current and non-current financial assets	1,213	770
Other current and non-current assets	(729)	4,883
Trade payables	27,316	3,142
Current and non-current financial liabilities	(3,257)	(6,051)
Other current and non-current liabilities	2,805	3,628
Current and non-current provisions	220	(3,347)
	(6,583)	10,118
Total adjustments (a+b)	(24,048)	4,764
Cash generated from operating activities	96,650	87,264
Tax paid (net of refunds and interest thereon)	(25,463)	(8,396)
Net cash generated from operating activities	71,187	78,868
II. Cash flows (used in)/from investing activities		
Purchase of property, plant and equipment and investment property	(15,202)	(7,799)
Proceeds from sale of property, plant and equipment	17,467	216
Intangible assets under development	4,771	(3,834)
Interest received	5,852	4,046

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Dividend received (including received from associate and joint ventures)	4,456	9,667
Investments		
Sale/(Purchase) of short term investments (net)	(22,824)	47,878
Term deposits with banks	(53,145)	(48,629)
Net cash (used in)/from investing activities	(58,625)	1,545
III. Cash flows (used in)/from financing activities		
Proceeds from borrowings/repayment (net)	37,446	(46,905)
Finance costs	(803)	(1,176)
Payment of principal portion of lease liabilities	(516)	(427)
Dividend paid (including tax on dividend)	(44,352)	(38,808)
Net cash (used in)/from financing activities	(8,225)	(87,316)
IV. Net change in cash and cash equivalents (I+II+III)	4,337	(6,903)
V. Net foreign exchange difference	1,246	916
VI. Cash and cash equivalents at the beginning of the year	12,160	18,147
VII. Cash and cash equivalents at the end of the year (IV+V+VI)	17,743	12,160
Components of cash and cash equivalents		
Cash on hand	2	2
Bank balances		
In current accounts	17,741	12,153
Cheque in hand	-	5
Total cash and cash equivalents (Refer note 11)	17,743	12,160

The accompanying notes are an integral part of these financial statements.
As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Pune
Date: May 26, 2022

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 26, 2022

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

A) Equity share capital

Particulars	₹ Lacs
As at April 1, 2020	5,544
Changes in equity share capital during the year ended March 31, 2021	-
As at March 31, 2021	5,544
Changes in equity share capital during the year ended March 31, 2022	-
As at March 31, 2022	5,544

B) Other equity

Particulars	Retained earnings (Refer note 17)	Other reserves			Total
		General reserve (Refer note 17)	Capital redemption reserve (Refer note 17)	Equity contribution from Cummins Inc. - Share based payments * (Refer note 17)	
Balance as at April 1, 2020	319,428	114,202	70	960	434,660
Add: Profit for the year	63,503	-	-	-	63,503
Add: Equity contribution during the year	-	-	-	217	217
Other comprehensive income	21	-	-	-	21
Total comprehensive income for the year	63,524	-	-	217	63,741
Less: Dividends paid					
- Interim dividend	19,404	-	-	-	19,404
- Final dividend for FY 2019- 2020	19,404	-	-	-	19,404
Balance as at March 31, 2021	344,144	114,202	70	1,177	459,593
Balance as at April 1, 2021	344,144	114,202	70	1,177	459,593
Add: Profit for the year	93,374	-	-	-	93,374
Add: Equity contribution during the year	-	-	-	282	282
Other comprehensive income	56	-	-	-	56
Total comprehensive income for the year	93,430	-	-	282	93,712
Less: Dividends paid					
- Interim dividend	22,176	-	-	-	22,176
- Final dividend for FY 2020- 2021	22,176	-	-	-	22,176
Balance as at March 31, 2022	393,222	114,202	70	1,459	508,953

* Scheme managed and administered by the Holding Company.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

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Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

Place: Pune
Date: May 26, 2022

Place: Pune
Date: May 26, 2022

Notes to consolidated financial statements for the year ended March 31, 2022

1 Summary of significant accounting policies

a) Corporate information:

The consolidated financial statements comprise the financial statements of Cummins India Limited ('CIL' or 'the Company') and its subsidiary (together referred to as 'the Group') for the year ended March 31, 2022. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Cummins India Office Campus, Balewadi, Pune. The Group is principally engaged in the business of manufacturing, trading and selling of engines and allied activities.

The consolidated financial statements of the Group for the year ended March 31, 2022 were authorised for issue in accordance with the resolution of the directors on May 26, 2022.

b) Basis of preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of division II of schedule III to the Companies Act, 2013 (Ind AS compliant schedule III).

The consolidated financial statements are prepared on a historical cost basis, except for the following assets and liabilities:

- certain financial assets and financial liabilities (including derivative instruments) which have been measured at fair value;
- assets held for sale are measured at lower of carrying amount or fair value less cost to sell;
- defined benefit plans - Plan assets are measured at fair value.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Principles of consolidation

i) Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Group and are not consolidated from the date that control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation procedure: The financial statements of the Company and its subsidiary have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Intra-group balances and intra-group transactions and resulting unrealised profits/ losses have been eliminated. Ind AS 12, Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions. Profit or loss on each component of OCI are attributed to the equity holders of parent of the Group and to the non- controlling interest.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year end on March 31.

Notes to consolidated financial statements for the year ended March 31, 2022

ii) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values. For this purpose the liabilities assumed include contingent liabilities representing the present obligation and they are measured at their acquisition fair values irrespective of the fact that the outflow of resources embodying economic benefits is not probable.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in such cases where clear evidence of bargain purchase is available, the difference is recognised in OCI and accumulated in equity as capital reserve, else the difference is recognized directly in equity as capital reserve. The goodwill arising on acquisition is tested for impairment annually.

iii) Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint venture companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost. The carrying amount of the investment is adjusted thereafter for the post acquisition changes in the investor's share of net assets of the associate or joint venture.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture. If an entities share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net

Notes to consolidated financial statements for the year ended March 31, 2022

investment in the associate or joint venture), the entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate and joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognised in Statement of Profit and Loss.

The list of entities included in consolidation, relationship with CIL and CIL's shareholding therein is as under:

Name of the Company	March 31, 2022		March 31, 2021	
	Relation-ship	Share-holding	Relation-ship	Share-holding
Cummins Sales & Service Private Limited (Formerly known as "Cummins SVAM Sales & Service Private Limited")	Subsidiary	100%	Subsidiary	100%
Cummins Research and Technology India Private Limited (Refer note 40)	Joint Venture	50%	Joint Venture	50%
Valvoline Cummins Private Limited	Joint Venture	50%	Joint Venture	50%
Cummins Generator Technologies India Private Limited	Associate	48.54%	Associate	48.54%

All the above entities are incorporated in India.

d) Fair value Measurements

The Group measures financial instruments at fair value on initial recognition and at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to consolidated financial statements for the year ended March 31, 2022

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Other fair value related disclosures are given in the relevant notes:

Disclosures for valuation methods, significant estimates and assumptions	Note 35 and 47
Financial instruments (including those carried at amortised cost)	Note 4, 9 to 13
Investment Properties	Note 3 and 47

e) **Property, plant and equipment and investment properties**

Property plant and equipment, capital work in progress and investment properties are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property plant and equipment/ investment properties are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit and Loss during the financial period in which they are incurred.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Depreciation is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Notes to consolidated financial statements for the year ended March 31, 2022

Assets	Useful life
Roads	10 years
Office building and investment properties	upto 60 years
Factory building	30 years
Plant and machinery	3 to 15 years
Furniture and fittings	5 to 10 years
Vehicles	8 to 9 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Freehold land is carried at cost. Losses arising from the retirement of, and gains and losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Leasehold improvements are amortised on straight line basis over the period of lease.

Transfers are made to investment properties only when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful life are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Softwares are amortised over a period of useful lives from the date of purchase/date of completion of development and put to use (3-5 years), being the estimated useful life as per the management estimate or license term whichever is less. The amortisation period for an intangible asset with finite useful life is reviewed atleast at the end of each reporting period.

Losses arising from the retirement of, and gains and losses arising from disposal of intangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

g) Assets held for sale

Items of property, plant and equipment/ intangible assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value, and are disclosed as assets held for disposals in the financial statements. Such assets, once classified as held for sale, are not depreciated or amortized. Any expected loss is recognised immediately in the Statement of Profit and Loss.

h) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Notes to consolidated financial statements for the year ended March 31, 2022

Finished goods and work in progress : cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Traded goods : cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Material cost is determined on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Material in transit is valued at cost incurred till date.

i) Foreign currency transactions

The Group's consolidated financial statements are presented in INR (₹), which is also CIL and subsidiary's functional currency.

Transactions in foreign currencies are accounted at the functional currency spot rates prevailing on the date of transactions. Monetary foreign currency financial assets and liabilities are translated at functional currency spot rates of exchange at the reporting date. The resulting exchange differences are appropriately recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non - monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non- monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in the fair value of the item.

j) Revenue recognition

i) Revenue from sale of products

Revenue from contracts with customers for sale of products is recognised, generally at a point in time, when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, excluding taxes or duties collected on behalf of the government e.g. goods and service tax (GST). The Group has generally concluded that it is the principal in its revenue arrangements.

ii) Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased by them during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer and are reduced from revenue. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract.

iii) Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

iv) Sale of services - installation services

The Group provides installation services that can be either sold separately or bundled together with the sale of products to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the product sold.

Notes to consolidated financial statements for the year ended March 31, 2022

Contracts for bundled sales of products and installation services are comprised of two performance obligations because the promises to transfer products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative standalone selling prices of the products and installation services.

The Group recognises revenue from installation services over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from sale of products is recognised at a point in time, generally upon delivery of the products.

v) Sale of services - service contracts

The Group has long-term service contracts with customers. Revenue from service contracts is recognised over time i.e based on the proportionate completion method. Completion is determined as a proportion of costs incurred till date to the total estimated contract costs. Provision is made for any loss in the period in which it is foreseen. The Group considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

In case of other service contracts, revenue is recognized over time, using input/output method, when services are rendered and on receipt of confirmation from customers, as the case may be.

vi) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

vii) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due when billing has been done) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

viii) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

- ix) Interest income is recognised using effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross amount of the financial asset or to the amortised cost of a financial liability. When calculating EIR the Group, estimates the expected cash flows by considering all the contractual terms of the financial instrument but doesn't consider the expected credit losses. Interest income is included in Other Income in the Statement of Profit and Loss.
- x) Rental income is recognised on straight-line basis over the lease term, other than escalations on account of inflation.
- xi) Dividend income from investments is recognised when the right to receive payment is established.

Notes to consolidated financial statements for the year ended March 31, 2022

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section "p" impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices and warehouses. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising on such leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to consolidated financial statements for the year ended March 31, 2022

I) Employee benefits

The Group operates following post-employment schemes, including both defined benefit and defined contribution plans.

A) Post-employment benefits

i) Defined contribution plans:

A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group has defined contribution plans for post employment benefits in the form of superannuation fund for management employees and provident fund for non management employees which is administered by Life Insurance Corporation of India / Regional Provident Fund Commissioner. In case of superannuation fund for management employees and provident fund for non management employees, the Group has no further obligation beyond making the contributions. The contributions are accounted for as employee benefit expense when they are due. Prepaid contribution is recognised as an asset to the extent cash refund or reduction in future contribution is available.

ii) Defined benefit plans:

Funded Plan: The Group has defined benefit plans for post-employment benefits in the form of gratuity for all employees, pension for non management employees and provident fund for management employees which are administered through Group managed trust / Life Insurance Corporation of India.

Unfunded Plan: The Group has unfunded defined benefit plans in the form of post retirement medical benefits (PRMB) and Ex-gratia benefits as per the policy of the Group.

Liability for above defined benefit plans is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is Projected Unit Credit method. In case of provident fund for management employees, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Group's contributions and such shortfall are charged to the Statement of Profit and Loss as and when incurred.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated Statement of Profit and Loss:

- Service costs comprising current Service costs, past-Service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Notes to consolidated financial statements for the year ended March 31, 2022

B) Other employee benefit (unfunded)

Liability for compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is Projected Unit Credit method. Under this method, projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for active members of the plan. The “projected accrued benefit” is based on the plan’s accrual formula and upon service as of the beginning or end of the year, but using a member’s final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the “projected accrued benefits” as of the beginning of the year for active members.

Termination benefits are recognized as an expense as and when incurred.

The present value of defined benefit obligation denominated in INR (₹) is determined by discounting the estimated future cash flows by reference to the market yield at the end of the reporting period on the government bonds that have terms approximately equal to the terms of the related obligation.

m) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

n) Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, as the case may be.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing and applicable for the relevant assessment year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases in the consolidated financial statements. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are

Notes to consolidated financial statements for the year ended March 31, 2022

recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

o) Provisions and contingent liabilities

A provision is recognised when there is a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

p) Impairment of non financial assets

The Group tests non financial assets for impairment at the close of the accounting period if and only if there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value of an asset, i.e. the net realizable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the asset, the difference is provided for as impairment. However, if subsequently the position reverses and the recoverable amount becomes higher than the then carrying value the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

q) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

s) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, it is either recorded as deferred income and is recognised as income on a systematic and rational basis over the useful life of the asset, or adjusted against the cost of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded at fair value and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans

Notes to consolidated financial statements for the year ended March 31, 2022

or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. For all subsequent measurements financial assets are classified in following categories:

A) Debt instruments

- i) Debt instruments at amortised cost: Debt instrument is measured at amortised cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Group. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees for cost that are an integral part of the EIR. EIR amortisation is included in other income in the Statement of Profit and Loss. This category generally applies to loans and trade and other receivables.

- ii) Debt instruments fair value through OCI (FVTOCI): Debt instrument is classified as FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group has not classified any financial assets under this category.
- iii) Debt instruments at fair value through profit and loss (FVTPL): Debt instruments not classified as amortised cost or FVTOCI are classified as FVTPL. The Group has not classified any debt under this category.

B) Equity instruments

Equity instruments held for trading are classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in OCI the subsequent changes in fair value. The Group makes such election on an instrument by instrument basis. If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends are recognized in OCI. There is no recycling of the amount from OCI to Statement of Profit and Loss. However, the Group may transfer the cumulative gain or loss within equity.

The Group has elected to present all equity instruments, other than those in joint ventures and associate, through FVTPL and all subsequent changes are recognized in Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended March 31, 2022

C) Derecognition

A financial asset (or wherever applicable, a part of the financial asset or part of a Group of similar financial assets) is primarily derecognized when the rights to receive cash flow from the assets have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full to a third party under a pass through arrangement and either a) the Group has transferred substantially all risks and rewards of the asset or b) has transferred control of the asset.

D) Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss and credit risk exposure on the financial assets that are debt instruments measured at amortised costs e.g. loans, deposits, trade receivables, lease receivable and bank balances.

The Group follows simplified approach for recognition of impairment loss allowance on trade receivables and lease receivables. The application of simplified approach does not require the Group to track changes in credit risk. Rather it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period the credit risk reduces since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

As a practical expedient, the Group uses a provision matrix, based on the age of the receivables classified into various age buckets, to determine impairment loss allowance on portfolio of its trade receivables. The matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The Group has presumed that default doesn't occur later than when a financial asset is 90 days past due.

Impairment loss allowance including ECL or reversal recognized during the period is recognized as income/ expense in Statement of Profit and Loss . This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The impairment loss is presented as an allowance in the balance sheet as a reduction from the net carrying amount of the trade receivable, loan, deposits and lease receivable respectively.

Financial Liabilities

All financial liabilities are initially recognised at fair value. The Group's financial liabilities include trade and other payables, other financial liabilities, loans and borrowings and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification as FVTPL or at amortised cost.

All changes in fair value of financial liabilities classified as FVTPL is recognized in the Statement of Profit and Loss. Amortised cost category is applicable to loans and borrowings, trade and other payables. After initial recognition the financial liabilities are measured at amortised cost using EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are integral part on EIR. The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended March 31, 2022

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of the new liability. The difference in the respective carrying amounts is recognized in Statement of Profit or Loss.

Derivatives

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently re measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

Embedded derivatives: An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reclassification of financial instruments

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets, which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Group reclassifies the financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in the business model.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to consolidated financial statements for the year ended March 31, 2022

u) Dividend distribution

The Group recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group.

v) Earning per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holder of the parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to consolidated financial statements for the year ended March 31, 2022

2.1 Property, plant and equipment (PPE)

Particulars	Gross block				Depreciation and Amortisation				Net block
	As at April 1, 2021	Additions	Adjustment ***	Deductions / Write-off	As at April 1, 2021	For the year	Adjustment ***	Deductions / Write-off	
Tangible Assets:									
Freehold land @	3,612	-	-	-	3,612	-	-	-	3,612
Leasehold improvements	719	2	-	-	721	142	12	-	567
Roads	2,993	67	-	-	3,060	2,022	126	-	912
Buildings #	83,989	910	13	47	84,865	14,229	1,900	13	68,766
Plant and machinery #	101,278	9,562	4,456	8,852	106,444	65,108	5,443	1,997	39,461
Furniture and fittings #	5,222	11	5	78	5,160	2,787	456	5	1,961
Vehicles	506	19	(14)	-	511	319	49	(14)	157
	198,319	10,571	4,460	8,977	204,373	84,607	7,986	2,001	115,436

2.2 Intangible assets

Particulars	Gross block				Depreciation and Amortisation				Net block		
	As at April 1, 2021	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2022	As at April 1, 2021	For the year	Adjustment ***	Deductions / Write-off	As at March 31, 2022	
Software	820	10	470	470	830	717	50	169	168	768	62
Technical knowhow	2,060	-	-	-	2,060	2,060	-	-	-	2,060	-
Development Cost	-	4,825	-	-	4,825	-	689	-	-	689	4,136
	2,880	4,835	470	470	7,715	2,777	739	169	168	3,517	4,198

Notes to consolidated financial statements for the year ended March 31, 2022

2.3 Capital work-in-progress and intangible assets under development

Particulars	As at April 1, 2021	Additions			Total Additions	Capitalisation			Total Capitalisation	As at March 31, 2022
		PPE	Intangible assets	Investment properties		PPE	Intangible assets	Investment properties		
Capital work-in-progress	7,940	8,815	-	5	8,820	10,555	-	168	10,723	6,037
Intangible assets under development	4,812	-	64	-	64	-	4,835	-	4,835	41
	12,752	8,815	64	5	8,884	10,555	4,835	168	15,558	6,078

2.4 Capital work-in-progress (including investment property in progress) aging schedule *

Projects in progress	Amount in CWIP for a period of				Total	₹ Laos
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Tangible assets	4,376	793	765	103	6,037	
Intangible assets	41	-	-	-	41	
	4,417	793	765	103	6,078	

* Capital work-in-progress includes a project amounting to ₹ 902 lakhs which is overdue on account of certain disruptions caused by COVID-19 and will be completed in the next 1-2 years.

NOTES:

- @ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.
2) Includes undivided share of land, on purchase of office premises.

*** Includes reclassification to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

Notes to consolidated financial statements for the year ended March 31, 2022

2.1 Property, plant and equipment (PPE)

Particulars	Gross block				Depreciation and Amortisation			Net block	
	As at April 1, 2020	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2021	For the year	Adjustment ***	Deductions / Write-off	As at March 31, 2021
Tangible Assets:									
Freehold land @	3,612	-	-	-	3,612	-	-	-	3,612
Leasehold improvements	719	-	-	-	719	14	-	-	577
Roads	2,729	264	-	-	2,993	245	-	-	971
Buildings #	83,364	632	27	34	83,989	2,163	13	9	69,760
Plant and machinery #**	105,778	3,732	(1,487)	6,745	101,278	4,864	(946)	4,561	36,170
Furniture and fittings #	5,227	87	(8)	84	5,222	558	(4)	70	2,435
Vehicles	522	-	11	27	506	55	14	25	187
	201,951	4,715	(1,457)	6,890	198,319	7,899	(923)	4,665	113,712

2.2 Intangible assets

Particulars	Gross block				Depreciation and Amortisation			Net block	
	As at April 1, 2020	Additions	Adjustment ***	Deductions / Write-off	As at March 31, 2021	For the year	Adjustment ***	Deductions / Write-off	As at March 31, 2021
Software	2,533	14	-	1,727	820	83	-	1,659	103
Technical knowhow	2,060	-	-	-	2,060	-	-	-	-
	4,593	14	-	1,727	2,880	83	-	1,659	103

Notes to consolidated financial statements for the year ended March 31, 2022

2.3 Capital work-in-progress (including investment property in progress)

Particulars	As at April 1, 2020	Additions			Total Additions	Capitalisation		Total Capitalisation	As at March 31, 2021
		PPE	Intangible assets	Investment properties		PPE	Intangible assets		
Capital work-in-progress	7,025	6,880	-	1,293	8,173	4,715	-	7,258	7,940
Intangible assets under development	978	-	3,848	-	3,848	-	14	14	4,812
	8,003	6,880	3,848	1,293	12,021	4,715	14	7,272	12,752

2.4 Capital work-in-progress (including investment property in progress) aging schedule

Projects in progress	Amount in CWIP for a period of				Total	₹ Lacs
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Tangible assets	4,465	3,309	132	34	7,940	
Intangible assets	4,812	-	-	-	4,812	
	9,277	3,309	132	34	12,752	

NOTES:

- @ 1) Includes reservations by Pune Municipal Corporation for Economically Weaker Section (EWS) and Road.
2) Includes undivided share of land, on purchase of office premises.

*** Includes reclassification to assets held for sale

Includes certain assets given on cancellable/ non-cancellable operating lease

** Includes write off of certain old unusable tangible assets amounting to ₹ 2,319 lacs (net book value) charged off to other expense (Refer note 31).

Intangible assets under development as at March 31, 2021 includes expenditure for development cost of two products.

Notes to consolidated financial statements for the year ended March 31, 2022

3 Investment properties

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Gross		
Opening balance	116,409	113,866
Additions	168	2,543
Re-classification from property, plant and equipment	-	-
Closing balance	116,577	116,409
Accumulated Depreciation		
Opening balance	14,417	10,202
Depreciation	4,257	4,215
Re-classification from property, plant and equipment	-	-
Closing balance	18,674	14,417
Net	97,903	101,992

Information regarding income and expenditure of investment properties

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Rental income derived from investment properties	11,048	12,227
Direct operating expenses (including repairs and maintenance) generating rental income	1,179	1,046
Profit arising from investment properties before depreciation and indirect expenses	9,869	11,181
Less: Depreciation	4,257	4,215
Profit arising from investment properties before indirect expenses	5,612	6,966

The investment properties consist of office premises and plants. As at March 31, 2022 the fair value of the properties is ₹129,329 lacs (As at March 31, 2021: ₹ 122,861 lacs). These fair values are based on valuations performed by a registered valuer, as defined under rule 2 of Companies (Registered Valuers and valuation) Rules, 2017. A valuation model as recommended by International Valuation Standards Committee has been applied. The Company considers factors like management intention, terms of rental agreements, area leased out, life of the assets etc. to determine classification of assets as investment properties. The rental income considered in the table above is from the date of rental agreement or date of transfer from property, plant and equipment as applicable.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Fair value disclosures for investment properties are provided in Note 47.

Notes to consolidated financial statements for the year ended March 31, 2022

Description of valuation techniques used and key inputs to valuation on investment properties

Valuation technique	Significant unobservable inputs	Range (weighted average)	Range (weighted average)
		March 31, 2022	March 31, 2021
Income approach (Discounted Cash Flow ('DCF') method)	Estimated rental value per sq ft per month	₹ 31.50 - ₹ 126.88	₹ 31.50 - ₹ 111.55
	Rent growth p.a.	3% - 15% every 3 years or based on market assessment	3% - 15% every 3 years or based on market assessment
	Discount rate	10.50% to 11.68%	11.07% to 12.07%

As per the DCF method, fair value is defined as the present value of future cash flows that can be withdrawn from the Group. To estimate the cash flows available, projected cash flows of the Group are considered for certain future years (explicit forecast period). Based on the projected cash flows, the free cash flows from subject properties are estimated. The Group has discounted the net cash flows to arrive at the present value of free cash flows. After the explicit period, the subject properties will continue to generate cash. In DCF method, therefore, perpetuity value/capitalized value/terminal value is also considered to arrive at the value of the subject properties.

Notes to consolidated financial statements for the year ended March 31, 2022

4 Non-current investments

As at		Face value per unit ₹		As at	
March 31, 2022	March 31, 2021			March 31, 2022	March 31, 2021
Units	Units			₹ Lacs	₹ Lacs
			Investments in joint ventures and an associate		
			<i>Unquoted equity instruments</i>		
			Investments in joint ventures (fully paid up)(Refer note 40)		
9,500,000	9,500,000	10	Valvoline Cummins Private Limited (% Holding: 50%) (Incorporated in India)	14,357	11,829
114,600	114,600	10	Cummins Research and Technology India Private Limited (% Holding: 50%) (Incorporated in India)	112	279
			Investment in associate (fully paid up)(Refer note 41)		
779,997	779,997	10	Cummins Generator Technologies India Private Limited (% Holding : 48.54%) (Incorporated in India)	16,959	14,612
			Total	31,428	26,720
			Other investments		
			Quoted Government of India Bonds (at amortised cost)		
-	50,000,000	1	8.35% Government of India 2022	-	519
			Aggregate book value / market value of quoted investments	-	519
			Total	-	519

Notes to consolidated financial statements for the year ended March 31, 2022

5 Other non-current financial assets (carried at amortised cost)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good		
Security deposits	1,117	1,430
Total	1,117	1,430

6 Income tax assets (net)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Advance income tax (net of provision for taxation)	4,035	4,376
Total	4,035	4,376

7 Other non-current assets

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good		
Capital advances	2,357	1,777
Balances with statutory/government authorities	3,792	3,389
Others *	186	237
Total	6,335	5,403

*Others include prepaid expenses

8 Inventories

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Raw materials and components (includes goods in transit)	41,643	27,858
Work-in-progress (includes goods lying with third parties)	12,867	13,254
Finished goods (includes goods in transit and lying with third parties) *	16,131	12,278
Traded goods (includes goods in transit)	1,872	1,480
Stores and spares	750	728
Loose tools	490	823
Total	73,753	56,421

*During the year ended March 31, 2022 ₹ (26) Lacs (March 31, 2021: ₹ (149) lacs) was recognised as an expense / (reversal) for inventories carried at net realisable value.

Notes to consolidated financial statements for the year ended March 31, 2022

9 Current investments

As at		Face value per unit ₹		As at	
March 31, 2022	March 31, 2021			March 31, 2022	March 31, 2021
Units	Units			₹ Lacs	₹ Lacs
Current portion of long term investments					
<i>Quoted Government of India Bonds (at amortised cost)</i>					
50,000,000	-	1	8.35% Government of India 2022	517	-
			Aggregate value of quoted investments	517	-
Current investments					
<i>Unquoted mutual funds valued at fair value through profit and loss</i>					
403,154	-	1,000	Axis Liquid Fund - Direct Growth	9,531	-
-	154,818	1,000	Axis Liquid Fund - Regular Growth	-	3,519
1,479,542	1,374,981	100	Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan	5,037	4,528
683,834	-	100	Aditya Birla Sun Life Money Manager Fund - Growth-Regular Plan	2,026	-
24,268	63,971	1,000	HDFC Liquid Fund - Direct Plan - Growth	1,016	2,588
43,501	-	1,000	HDFC Money Market Fund - Direct Plan - Growth Option	2,025	-
-	1,966,222	100	ICICI Prudential liquid Fund - Regular Plan - Growth	-	5,959
2,060,165	-	100	ICICI Prudential liquid Fund - Direct Plan - Growth	6,495	-
665,554	-	100	ICICI Money Market Fund - Growth Regular	2,025	-
233,460	72,746	1,000	Kotak Liquid Direct Plan Growth	10,046	3,026
57,797	-	1,000	Nippon India Liquid Fund - Direct Growth Plan Growth Option	3,010	-
-	60,337	1,000	Nippon India Liquid Fund - Growth Plan Growth Option	-	3,015
225,302	-	1,000	SBI Liquid Fund - Direct Plan - Growth	7,510	-

Notes to consolidated financial statements for the year ended March 31, 2022

As at		Face value per unit ₹		As at	
March 31, 2022	March 31, 2021			March 31, 2022	March 31, 2021
Units	Units			₹ Lacs	₹ Lacs
30,194	155,370	1,000	Tata Liquid Fund - Regular Plan - Growth	1,006	5,010
215,302	149,819	1,000	UTI Liquid Cash Plan - Regular - Growth Plan	7,510	5,024
			Aggregate value of unquoted investments	57,237	32,669
			Total	57,754	32,669

10 Trade receivables (carried at amortised cost)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Trade receivables	91,486	84,414
Receivables from related parties (Refer note 43)	34,324	24,395
Total	125,810	108,809
Break up for security details		
Secured, considered good	28,799	25,697
Unsecured, considered good	97,011	83,112
Trade receivable which have significant increase in credit risk	-	520
Trade receivable - credit impaired	811	911
	126,621	110,240
Impairment allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	-
Provision for impairment	-	(520)
Trade receivable - credit impaired	(811)	(911)
	(811)	(1,431)
Total	125,810	108,809

No trade receivable or advances are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 1,342 lacs (March 31, 2021: ₹ 1,668 lacs). Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

For terms and conditions and transactions with related parties refer note 43.

Notes to consolidated financial statements for the year ended March 31, 2022

Trade receivables aging schedule

Particulars	As at	Outstanding for following periods from due date of payment						₹ Lacs
		Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables - considered good	March 31, 2022	112,483	7,528	2,648	2,147	451	553	125,810
	March 31, 2021	89,888	13,873	2,730	1,592	69	657	108,809
(ii) Undisputed trade receivables - which have significant increase in credit risk	March 31, 2022	-	-	-	-	-	-	-
	March 31, 2021	-	-	-	-	40	480	520
(iii) Undisputed trade receivables - credit impaired	March 31, 2022	24	-	4	45	368	365	806
	March 31, 2021	20	18	40	513	79	241	911
(iv) Disputed trade receivables - credit impaired	March 31, 2022	-	-	-	-	1	4	5
	March 31, 2021	-	-	-	-	-	-	-
Total	March 31, 2022	112,507	7,528	2,652	2,192	820	922	126,621
	March 31, 2021	89,908	13,891	2,770	2,105	188	1,378	110,240

Notes to consolidated financial statements for the year ended March 31, 2022

11 Cash and cash equivalents

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Cash on hand	2	2
Bank balances		
In current accounts	17,741	12,153
Cheques in hand	-	5
Total	17,743	12,160

12 Other bank balances

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unpaid dividend account (restricted)	1,219	1,316
Deposits with Banks (original maturity more than 3 months but less than 1 year)	123,713	83,050
Total	124,932	84,366

13 Other current financial assets (carried at amortised cost, other than foreign exchange forward contracts)

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good:		
Security deposits	1,401	1,340
Deposits with Banks (with residual maturity less than 12 months)	20,790	8,308
Contract assets ^	2,103	2,679
Foreign exchange forward contracts #	50	35
Others *	1,202	1,542
Total	25,546	13,904

^ Contract assets mainly include unbilled revenue accrued against service contracts. The balances vary depending on the volume of services remaining unbilled at the end of the year.

Foreign exchange forward contracts at fair value through profit and loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.

* Others primarily include warranty receivable, royalty receivable from dealers, cross charge etc. Other current financial assets receivable from firms or private companies in which any director is a partner, a director or a member amounts to ₹ 625 Lacs (March 31, 2021: ₹ 1,122 Lacs). Refer note 43 for related party transactions.

Notes to consolidated financial statements for the year ended March 31, 2022

14 Other current assets

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unsecured, considered good:		
Balances with statutory/government authorities	10,160	10,749
Others *	5,432	4,496
Total	15,592	15,245

* Others include prepaid expenses, government grants receivable, supplier advances, service contracts in progress, etc.

15 Assets classified as held for sale

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Assets held for sale (at lower of cost or fair value less cost to sell)	207	1,985
Total	207	1,985

16 Equity share capital

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Authorised :		
400,000,000 equity shares of ₹ 2 each	8,000	8,000
Issued, subscribed and fully paid-up shares :		
277,200,000 equity shares of ₹ 2 each	5,544	5,544
Total	5,544	5,544

Notes to consolidated financial statements for the year ended March 31, 2022

a) Reconciliation of number of shares

Equity shares:	As at		As at	
	March 31, 2022		March 31, 2021	
	Number of Shares	₹ Lacs	Number of Shares	₹ Lacs
Balance as at the beginning and end of the year	277,200,000	5,544	277,200,000	5,544

b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in the proportion to their shareholding.

c) Details of shareholding of promoters

Particulars	Nos. of Shares	% of total number of shares	% of change during the year
Cummins Inc. USA - Holding Company	141,372,000	51.00%	0.00%
Kirloskar Industries Limited	683	0.00%*	0.00%

* % is below the rounding off norm

d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at		As at	
	March 31, 2022		March 31, 2021	
	Nos.	%	Nos.	%
Equity shares of ₹ 2 each fully paid				
Cummins Inc. USA - Holding Company	141,372,000	51.00%	141,372,000	51.00%
SBI Blue Chip Fund	10,197,504	3.68%	15,067,261	5.44%
Life Insurance Corporation Of India	9,759,635	3.52%	16,970,534	6.12%

Notes to consolidated financial statements for the year ended March 31, 2022

17 Other equity

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Retained earnings	393,222	344,144
	393,222	344,144
Other reserves		
Capital redemption reserve	70	70
General reserve	114,202	114,202
Equity contribution from holding company	1,459	1,177
Total	115,731	115,449

a) Retained earnings

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	344,144	319,428
Add: Profit for the year	93,374	63,503
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post employment benefit obligations, net of tax	56	21
	437,574	382,952
Less:		
Interim dividend paid for the financial years ended March 31, 2022 (₹ 8 per share) and March 31, 2021 (₹ 7 per share)	22,176	19,404
Final dividend paid for the financial years ended March 31, 2021 (₹ 8 per share) and March 31, 2020 (₹ 7 per share)	22,176	19,404
	44,352	38,808
Closing balance as at March 31	393,222	344,144

Dividends not recognised at the end of the reporting period

In addition to the above dividends, since year end the directors have recommended payment of final dividend of ₹ 29,106 lacs for the year ended March 31, 2022 (March 31, 2021: ₹ 22,176 lacs) which is ₹ 10.50 per fully paid up share (March 31, 2021: ₹ 8 per fully paid up share). This proposed dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

Notes to consolidated financial statements for the year ended March 31, 2022

b) Capital redemption reserve

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	70	70
Add: Movement during the year	-	-
Closing balance as at March 31	70	70

c) General reserve

General reserve denotes the amounts transferred from retained earnings on declaration of dividends as per the requirements of erstwhile Companies Act, 1956.

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	114,202	114,202
Add: Movement during the year	-	-
Closing balance as at March 31	114,202	114,202

d) Equity contribution from the holding company

Certain employees are directly paid by the holding company through stock options

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balance as at April 1	1,177	960
Add: Movement during the year	282	217
Closing balance as at March 31	1,459	1,177

Notes to consolidated financial statements for the year ended March 31, 2022

18 Other non-current financial liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Non current financial liabilities carried at amortised cost		
Deposits	2,340	2,384
Retention money	126	126
Total	2,466	2,510

19 Provisions

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Provision for post retirement benefit and compensated absences (Refer note 42)	11,969	11,032
Warranties (Refer note 39 (i))	6,197	6,977
Statutory matters (Refer note 39 (ii))	1,698	1,744
New Engine Performance Inspection (NEPI) (Refer note 39 (iii))	3,067	2,555
	22,931	22,308
Current provisions	14,614	14,846
Non - current provisions	8,317	7,462
Total	22,931	22,308

Notes to consolidated financial statements for the year ended March 31, 2022

20 Income taxes

a) Deferred tax liabilities (net)

	Balance sheet		Statement of profit and loss	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Deferred tax assets				
Provision for employee benefits	2,537	2,383	154	379
Other timing differences	1,552	1,673	(121)	(507)
Total deferred tax assets	4,089	4,056	33	(128)
Deferred tax liabilities				
Depreciation	13,348	11,913	1,435	87
Other timing differences	91	-	91	(15)
Total deferred tax liabilities	13,439	11,913	1,526	72
Deferred tax income/(expense)			(1,493)	(200)
Net deferred tax liabilities	9,350	7,857		

- b) The major components of income tax expenses for the years ended March 31, 2022 and March 31, 2021 are:

Statement of Profit and Loss

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Profit and Loss section		
Current income tax:		
Current income tax charge	26,136	18,834
Adjustments in respect of current income tax of previous year	(302)	(31)
Deferred tax:		
Relating to origination and reversal of temporary differences	1,490	194
Income tax expenses reported in the Statement of Profit and Loss	27,324	18,997
OCI section		
Tax related to items recognised in OCI during the year	3	6
Net (gain)/loss on remeasurements of defined benefit plans	3	6

Notes to consolidated financial statements for the year ended March 31, 2022

- c) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Accounting profit before tax	120,698	82,500
Less: Share of profit of joint ventures and associate after tax	9,115	11,312
	111,583	71,188
India's statutory income tax rate	25.17%	25.17%
Tax at full rate	28,083	17,917
Adjustments:		
Tax for earlier years	(4)	(31)
Others (deductible, non-deductible items, net)	(755)	1,111
Total	(759)	1,080
Income tax expenses reported in the Statement of Profit and Loss for the current year	27,324	18,997

- d) **Deferred tax**

Reconciliation of deferred tax liabilities (net)

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Opening balances as at April 1	7,857	7,657
Tax expense/(income) during the year recognised in Statement of Profit and Loss	1,490	194
Tax expense/ (income) during the year recognised in OCI	3	6
Closing balance as at March 31	9,350	7,857

Notes to consolidated financial statements for the year ended March 31, 2022

21 Other non-current liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Contract liabilities	322	275
Total	322	275

22 Borrowings

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Working capital loan from bank *	39,331	1,564
Cash credit and demand loan #	137	458
Total	39,468	2,022

* The loan is unsecured and repayable within one year. Interest is payable @ 3.75% - 5.65% (T-Bill / MIBOR) adjusted by a reasonable spread p.a. The Group has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings under interest equalisation scheme is accounted for on net basis.

Cash credit and demand loan availed for working capital financing, being repayable on demand, against hypothecation of stocks and book debts (ageing less than equal to 90 days). Rate of interest is calculated on 365 days basis and ranges between 7% to 9% per annum.

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

23 Trade payables

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Trade payables to micro and small enterprises (Refer note 34)	4,259	4,272
Trade payables other than micro and small enterprises	52,362	33,014
Trade payables to related parties (Refer note 43)	43,347	35,816
Total	99,968	73,102

Trade payables are non interest bearing and are normally settled in 30 to 90 days terms.

For terms and conditions and transactions with related parties refer note 43.

Notes to consolidated financial statements for the year ended March 31, 2022

Trade payables aging schedule

Particulars	As at	Outstanding for following periods from due date of payment						Total
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	March 31, 2022	-	4,210	29	17	-	3	4,259
	March 31, 2021	-	4,164	90	10	8	-	4,272
(ii) Others	March 31, 2022	25,299	67,621	1,297	1,151	309	32	95,709
	March 31, 2021	11,926	51,449	2,664	911	232	1,648	68,830
Total	March 31, 2022	25,299	71,831	1,326	1,168	309	35	99,968
	March 31, 2021	11,926	55,613	2,754	921	240	1,648	73,102

24 Other current financial liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Unpaid dividend	1,219	1,316
Royalty (Refer note 43)	1,289	1,096
Support services payable (Refer note 43)	252	1,822
Retention money	1,083	2,375
Others including salaries, wages, bonus payable	4,671	5,189
Total	8,514	11,798

Other current financial liabilities are non interest bearing and have an average term of 6 months.

Notes to consolidated financial statements for the year ended March 31, 2022

25 Other current liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Statutory dues and other payables	8,209	5,628
Contract liabilities ^	3,189	3,035
Total	11,398	8,663

^ Contract liabilities include advances received from customer as well as consideration received before the Company has transferred goods or services to the customer.

26 Revenue from operations

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Sale of products	574,846	405,721
Sale of services	30,851	23,028
	605,697	428,749
Other operating revenue		
Scrap sales	609	401
Export incentives	2,622	1,582
Others *	8,164	5,276
	11,395	7,259
Revenue from operations	617,092	436,008

* Others primarily includes testing income, engineering income, royalty income from dealers, etc.

Notes to consolidated financial statements for the year ended March 31, 2022

26 Revenue from operations (Contd.)

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Location		
India	452,396	315,130
Outside India	162,074	119,296
Total revenue from contracts with customers *	614,470	434,426
Timing of revenue recognition		
Goods transferred at a point in time	575,455	406,123
Services transferred over time	39,015	28,303
Revenue from contract with customers *	614,470	434,426
Set out below is the amount of revenue recognised from		
Amounts included in contract liabilities at the beginning of the year	2,672	2,483
Performance obligations satisfied in previous years	986	720
Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per contracted price	626,019	442,260
Adjustments		
Sales return	(4,340)	(4,085)
Discounts	(5,997)	(2,644)
Liquidated damages	(497)	(577)
Others	(715)	(528)
Revenue from contract with customers *	614,470	434,426

* Excludes export incentives

Notes to consolidated financial statements for the year ended March 31, 2022

27 Other income

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Income from investments:		
Interest income from financial assets at amortised cost		
- On bonds (non - current/current investments)	42	42
	42	42
Gain on sale/redemption of investments		
- On current investments designated at fair value through profit and loss	1,758	2,387
	1,758	2,387
Interest on term deposits and others *	5,825	7,561
Rent (Refer note 3 for rent on investment properties)	13,727	15,100
Exchange gain (net)	699	371
Net gain on fixed assets sold or discarded	112	-
Miscellaneous income	2,156	1,917
	22,519	24,949
Total	24,319	27,378

* includes interest on income tax refund amounting to ₹ Nil Lacs (March 31, 2021 : ₹ 3,556 Lacs)

28.1 Cost of materials consumed

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Inventory at the beginning of the year	27,858	31,395
Add: Purchases	371,214	229,439
Less: Inventory at the end of the year	41,643	27,858
Total	357,429	232,976

Notes to consolidated financial statements for the year ended March 31, 2022

28.2 Change in inventories of finished goods, work-in-progress and traded goods

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Inventories at the end of the year (Refer note 8)		
Work-in-progress	12,867	13,254
Finished goods	16,131	12,278
Traded goods	1,872	1,480
Subtotal (A)	30,870	27,012
Inventories at the beginning of the year (Refer note 8)		
Work-in-progress	13,254	12,376
Finished goods	12,278	11,567
Traded goods	1,480	1,001
Subtotal (B)	27,012	24,944
(Increase) / decrease (B-A)	(3,858)	(2,068)

29 Employee benefits expense

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Salaries, wages and bonus (net of amount capitalised)	51,200	42,926
Contribution to provident and other funds (Refer note 42)	6,744	5,501
Staff welfare expenses	3,509	2,550
Total	61,453	50,977

30 Finance costs

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Interest on borrowings and others	601	977
Interest cost on lease liabilities (Refer note 37)	202	200
Total interest expense	803	1,177
Unwinding of discount and effect of changes in discount rate on provisions (Refer note 39)	413	499
Total	1,216	1,676

Notes to consolidated financial statements for the year ended March 31, 2022

31 Other expenses

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Commission on sales	34	189
Consumption of stores and spare parts	6,594	4,573
Warranty expenses (Refer note 39)	5,041	3,464
Consumption of tools and gauges	674	525
Repairs to buildings	2,741	1,939
Repairs to machinery	785	840
Other repairs	245	194
Power and fuel	2,470	1,905
Rent (Refer note 37)	237	205
Rates and taxes	1,639	1,685
Insurance	1,208	1,129
Outside processing charges	2,464	2,102
Donations (including expenditure towards corporate social responsibility activities (Refer note 43 and 45))	1,561	1,608
Royalties (Refer note 43)	1,398	1,241
Support services (Refer note 43)	11,478	13,304
Computer and other services	7,094	6,223
Payment to auditors (Refer details below)	154	137
Net loss on fixed assets sold / discarded *	(496)	2,077
Bad debts		
Bad debts written off	17	124
Provision for bad and doubtful debts	(603)	(109)
Amount withdrawn from provisions	(17)	(124)
	(603)	(109)
Other expenses (net of expenses recovered and capitalised) (Refer note 43)	11,399	7,233
Total	56,117	50,464

* includes provision of ₹ 2,319 Lacs on account of certain unusable assets, during the year ended March 31, 2021. An amount of ₹ 496 Lacs out of the above provision has been reversed during the year ended March 31, 2022 on account of revision in estimate.

Notes to consolidated financial statements for the year ended March 31, 2022

Payment to auditors:

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Statutory audit (including limited reviews) #	132	116
Other services (including tax audit)	19	18
Reimbursement of expenses	3	3
Total	154	137

including payments made to erstwhile statutory auditors till conclusion of Annual General Meeting held on August 12, 2021

32 Earning per share (EPS)

Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings are stated below :

	March 31, 2022	March 31, 2021
(a) Profit for the year after taxation (₹ Lacs)	93,374	63,503
(b) Weighted average number of shares outstanding during the year	277,200,000	277,200,000
(c) Earnings per share (basic and diluted) (₹)	33.68	22.91
(d) Face value per share (₹)	2	2

33 Capital and other commitments

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Estimated amount of contracts in capital account remaining to be executed (net of capital advances).	9,367	5,679
For other commitments also refer note 37		
Total	9,367	5,679

Notes to consolidated financial statements for the year ended March 31, 2022

34 Trade payables include:

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Total outstanding dues of micro and small enterprises	4,259	4,272
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
1 Principal Amount	4,259	4,272
2 Interest accrued	-	-
3 Payment made to suppliers (other than interest) beyond the appointed day, during the year	962	1,003
4 Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
5 Interest paid to suppliers under MSMED Act, 2006 (Section 16)	7	11
6 Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	-	-
7 Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	-	-

The Group has compiled this information based on intimations received from the suppliers of their status as Micro or Small Enterprises and / or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

35 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Operating lease commitments – Group as lessor

The Group has leased out commercial properties (investment properties) on operating lease. The Group had determined, based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a major part of the economic life of the commercial property and

Notes to consolidated financial statements for the year ended March 31, 2022

the fair value of the assets, that it retains all the significant risks and rewards of ownership of these properties, and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimation on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans:

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is the parameter most subject to change. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables for India. Mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 42.

Fair value measurements of financial instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets if available, otherwise, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of the financial instrument. Refer note 47 for further disclosures.

Warranty, statutory matters and New Engine Performance Inspection (NEPI)

For estimates relating to warranty, statutory matters and NEPI (refer note 39).

Leases - Estimating the incremental borrowing rate

The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate (IBR). The Group uses IBR to discount lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Notes to consolidated financial statements for the year ended March 31, 2022

36 Contingent liabilities

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
a. Incometax matters*	106	59
b. Central excise duty/service tax matters*	314	314
c. Duty drawback matters	2,604	2,604
d. Sales tax matters*	3,450	2,316
e. Civil liability / secondary civil liability in respect of suits filed against the Group*	173	172
f. Goods and service tax matters	44	44
Total	6,691	5,509

* Excludes interest and penalties if any. The above matters pertain to certain disallowances/demand raised by respective authorities.

The Group is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeal process.

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. The Group has implemented the SC decision prospectively.

The Group has various on-going litigations by/or against the Group with respect to tax and other legal matters, other than those disclosed above. The Group believes that they have sufficient and strong arguments on facts as well as on point of law and accordingly no provision / disclosure in this regard has been considered in the financial statements.

Notes to consolidated financial statements for the year ended March 31, 2022

37 Leases

Lease commitments as a lessee

The Group has entered into leases for office premises. These lease arrangements range for a period between 12 months and 108 months with lock in period between 36 months and 108 months, which include both renewable and non-renewable leases.

Following are the changes in the carrying value of right of use assets during the year ended:

Particulars	March 31, 2022			March 31, 2021		
	Category of ROU		Total	Category of ROU		Total
	Building	Land	₹ Lacs	Building	Land	₹ Lacs
Balance as at the beginning of the year	1,687	1,368	3,055	2,069	1,372	3,441
Additions	867	-	867	219	-	219
Adjustment	(10)	-	(10)	(99)	16	(83)
Depreciation	(564)	(16)	(580)	(502)	(20)	(522)
Balance as at the end of the year	1,980	1,352	3,332	1,687	1,368	3,055

Following are the changes in carrying value of lease liabilities during the year ended:

Particulars	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	1,949	2,251
Additions	857	219
Reduction	-	(83)
Interest cost accrued during the period	202	200
Payments	(718)	(627)
Rent concessions	(5)	(11)
Balance as at the end of the year	2,285	1,949
Current portion	497	436
Non-current portion	1,788	1,513

The maturity analysis of lease liabilities is disclosed in note 46(c). Lease liability has been discounted using the lessee's incremental borrowing rate. There are no variable lease payments.

Notes to consolidated financial statements for the year ended March 31, 2022

The following are the amounts recognised in statement of profit and loss for the year ended:

Particulars	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Depreciation expense of right-of-use assets	580	522
Interest expense on lease liabilities	202	200
Rent concessions	(5)	(11)
Expenses related to short-term leases (included in other expenses)	-	13
Total amount recognised in Statement of Profit and Loss	777	724

Operating lease commitments as a lessor

The Group has entered into operating leases on its investment properties consisting of buildings and other related assets. These leases have terms between 36 months and 120 months. Leases include a clause for upward revision of the rental charge once in 12 months on the basis of prevailing market conditions.

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Within one year	4,919	3,833
After one year but not more than five years	13,672	12,933
More than five years	-	578
Total	18,591	17,344

The Group has not entered into any sub-leases during the year.

38 The total research and development expenses incurred by the Group are as under:

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
On capital account	2,093	1,677
On revenue account	4,451	5,749
Total	6,544	7,426

Notes to consolidated financial statements for the year ended March 31, 2022

39 Disclosure on provisions made, utilised and reversed during the year

i) Provision for warranty

Provision for warranty is on account of warranties given on products sold by the Group. The amount of provision is based on historical information of the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence. The timing and amount of cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	6,977	8,756
Additions / reversal	5,041	3,464
Utilisation	6,144	5,659
Unwinding of discount and changes in the discount rate	323	416
Balance as at the end of the year	6,197	6,977
Classified as non-current	3,677	3,091
Classified as current	2,520	3,886

ii) Provision for statutory matters

Provisions for statutory matters are on account of legal matters where the Group anticipates probable outflow. The amount of provision is based on estimates made by the Group considering the facts and circumstances of each case. The timing and amount of cash flows that will arise from these matters will be determined by the relevant authorities only on settlement of these cases.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	1,744	2,292
Additions	5	-
Utilisation	51	548
Balance as at the end of the year	1,698	1,744
Classified as non-current	-	-
Classified as current	1,698	1,744

Notes to consolidated financial statements for the year ended March 31, 2022

iii) Provision for New Engine Performance Inspection (NEPI)

Provision for New Engine Performance Inspection (NEPI) is on account of checks to be carried out by the Group at specified intervals. The amount of provision is based on historical information of the nature, frequency and average cost of claims and management estimates regarding possible future incidence. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims. Amount expected to be paid in next 12 months is classified as current.

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Balance as at the beginning of the year	2,555	2,190
Additions	1,025	977
Utilisation	603	695
Unwinding of discount and changes in the discount rate	90	83
Balance as at the end of the year	3,067	2,555
Classified as non-current	2,069	1,864
Classified as current	998	691

Notes to consolidated financial statements for the year ended March 31, 2022

40 Investment in joint ventures

The Group has 50% interest in joint ventures namely Cummins Research and Technology India Private Limited (CRTI) and Valvoline Cummins Private Limited (VCPL), both incorporated in India. The Group's interest is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint ventures, based on their Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

Summarised balance sheet

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Valvoline Cummins Private Limited		
<u>Non current assets</u>		
Property, plant and equipment	7,692	8,531
Capital work-in-progress	89	13
Intangible assets under development	65	34
Intangible assets	390	191
Right-of-use assets	2,361	2,049
Other non-current financial assets	1,196	770
Deferred tax assets (net)	72	-
Other non-current assets	1,459	1,914
	13,324	13,502
<u>Current assets</u>		
Inventories	16,952	15,375
Financial assets		
(i) Investments	5,315	-
(ii) Trade receivables	15,348	12,487
(iii) Cash and cash equivalents	5,902	13,604
(iv) Other current financial assets	585	515
Other current assets	3,176	3,233
	47,278	45,214
<u>Non current liabilities</u>		
Lease liabilities	1,865	1,215
Deferred tax liabilities (net)	-	3
	1,865	1,218
<u>Current liabilities</u>		
Borrowings	-	110
Lease liabilities	270	352
Trade payables	23,162	27,575

Notes to consolidated financial statements for the year ended March 31, 2022

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Other financial liabilities	3,481	3,335
Other current liabilities	2,603	1,930
Provisions	497	530
	30,013	33,832
Equity	28,724	23,666
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment *	14,357	11,829
Capital commitments	606	599
Contingent liabilities	2,308	1,530
Cummins Research and Technology India Private Limited		
Non current assets		
Income tax assets (net)	6	8
	6	8
Current assets		
Cash and cash equivalents	220	545
Other current assets	-	14
	220	559
Current liabilities		
Trade payables	2	9
	2	9
Equity	224	558
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment *	112	279

* Adjusted for inter company transactions

The Board of directors of Cummins Research and Technology India Private Limited ('CRTI') at its meeting held on March 21, 2016, had decided to cease operations of CRTI. Accordingly, it ceased its operations from April 1, 2016. The shareholders of CRTI, in their extra-ordinary general meeting held on April 1, 2022, passed a resolution to initiate voluntary winding-up of CRTI under Companies Act, 2013 and Insolvency and Bankruptcy Code, 2016. Accordingly, the control over and operations of CRTI have been handed over to a registered Insolvency Professional effective from April 1, 2022, in accordance with the applicable statutory provisions.

Notes to consolidated financial statements for the year ended March 31, 2022

Summarised statement of profit and loss

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Valvoline Cummins Private Limited		
Revenue from operations	169,488	134,104
Interest income	219	414
Other income	648	293
Cost of raw material and components	106,142	72,552
Depreciation and amortisation expense	1,582	1,576
Finance costs	256	280
Employee benefits expense	8,305	8,001
Other expenses	35,855	30,927
Profit before tax	18,216	21,475
Tax expense	4,655	5,511
Profit for the year	13,561	15,964
Other comprehensive income	46	91
Total comprehensive income for the year	13,607	16,055

Cummins Research and Technology India Private Limited

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Other income	29	28
Other expenses	8	7
Profit before tax	21	21
Tax expense	(7)	5
Profit for the year	28	16
Other comprehensive income	-	-
Total comprehensive income for the year	28	16

Notes to consolidated financial statements for the year ended March 31, 2022

41 Investment in an associate

The Group has a 48.54% interest in Cummins Generator Technologies India Private Limited (CGT), which is involved in the manufacture and sale of alternators and related services. It caters to both domestic and international markets. The Group's interest is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in CGT.

Summarised balance sheet

	As at	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Non current assets	8,200	8,997
Current assets	48,898	39,296
Non current liabilities	1,470	1,605
Current liabilities	20,661	16,404
Equity	34,967	30,284
Proportion of the Group's ownership	48.54%	48.54%
Carrying amount of the investment *	16,959	14,612
Capital commitments	1,304	515
Contingent liabilities	598	696

Summarised statement of profit and loss

	Year ended	
	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs
Revenue from operations	120,044	75,339
Other income	1,196	880
Cost of raw material and components	98,437	52,342
Depreciation and amortisation expense	1,049	1,472
Finance costs	195	158
Employee benefits expense	7,538	6,576
Other expenses	7,669	6,451
Profit before tax	6,353	9,220
Tax expense	1,724	2,382
Profit for the year	4,630	6,838
Other comprehensive income	53	(86)
Total comprehensive income for the year	4,683	6,752

* Adjusted for inter company transactions

Notes to consolidated financial statements for the year ended March 31, 2022

42 Employee benefit plans

1. **Defined contribution plans -** The Group has recognised the following amounts in statement of profit and loss for the year:

	₹ Lacs
	Total
Contribution to employees provident fund	1,420
	1,101
Contribution to management superannuation fund	1,894
	1,611

2. **Defined benefit plans -**

The following figures are as per actuarial valuation, as at the balance sheet date, carried out by an independent actuary.

a. **Net balance sheet position**

		₹ Lacs					
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Defined benefit obligation	March 31, 2022	19,863	2,827	249	171	31,513
		March 31, 2021	18,143	2,855	75	65	28,458
ii)	Fair value of plan assets	March 31, 2022	18,082	2,730	-	-	31,513
		March 31, 2021	16,521	2,605	-	-	28,458
iii)	Funded status surplus/ (deficit)	March 31, 2022	(1,781)	(97)	(249)	(171)	-
		March 31, 2021	(1,622)	(250)	(75)	(65)	-
iv)	Effect of asset ceiling	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	0	-	-	-
Net defined benefit asset / (liability)		March 31, 2022	(1,781)	(97)	(249)	(171)	-
		March 31, 2021	(1,622)	(250)	(75)	(65)	-

Notes to consolidated financial statements for the year ended March 31, 2022

b. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO)

						₹ Lacs	
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening defined benefit obligation	March 31, 2022	18,143	2,855	75	65	28,458
		March 31, 2021	16,620	2,653	71	57	25,270
i)	Current service cost	March 31, 2022	1,415	118	10	2	1,086
		March 31, 2021	1,401	109	3	3	987
ii)	Interest cost	March 31, 2022	1,186	197	17	4	1,675
		March 31, 2021	1,080	172	5	4	2,169
iii)	Settlement / Curtailment (credit) / cost	March 31, 2022	-	-	20	-	-
		March 31, 2021	-	-	-	-	-
iv)	Actuarial (gains) / losses - experience	March 31, 2022	698	1	6	(8)	-
		March 31, 2021	26	(14)	3	4	-
v)	Actuarial (gains) / losses - demographic changes	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-
vi)	Actuarial (gains) / losses - financial assumptions	March 31, 2022	(603)	(299)	(4)	(4)	-
		March 31, 2021	-	112	-	-	-
vii)	Benefits paid	March 31, 2022	(879)	(258)	(48)	(8)	(2,429)
		March 31, 2021	(798)	(177)	(7)	(3)	(2,703)
viii)	Past service cost - plan amendments	March 31, 2022	-	214	173	120	-
		March 31, 2021	-	-	-	-	-
ix)	Other adjustments	March 31, 2022	-	-	-	-	786
		March 31, 2021	-	-	-	-	141
x)	Acquisitions (credit) / cost	March 31, 2022	(97)	-	-	-	158
		March 31, 2021	(186)	-	-	-	875
xi)	Contributions by employees	March 31, 2022	-	-	-	-	1,779
		March 31, 2021	-	-	-	-	1,719
	Closing defined benefit obligation	March 31, 2022	19,863	2,827	249	171	31,513
		March 31, 2021	18,143	2,855	75	65	28,458

Notes to consolidated financial statements for the year ended March 31, 2022

c. Reconciliation of opening and closing balances of the fair value of plan assets

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
	Opening fair value of plan assets	March 31, 2022	16,521	2,605	-	-	28,458
		March 31, 2021	13,498	2,062	-	-	25,270
i)	Interest income on plan assets	March 31, 2022	1,119	174	-	-	1,675
		March 31, 2021	973	151	-	-	2,169
ii)	Return on plan asset greater / (lesser) than discount rate	March 31, 2022	(30)	(6)	-	-	-
		March 31, 2021	(13)	(2)	-	-	-
iii)	Actuarial gains / (losses)	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-
iv)	Contribution by the employer	March 31, 2022	1,433	250	-	-	1,086
		March 31, 2021	2,914	591	-	-	987
v)	Benefits paid	March 31, 2022	(865)	(258)	-	-	(2,429)
		March 31, 2021	(782)	(177)	-	-	(2,703)
vi)	Acquisitions adjustment	March 31, 2022	(96)	(35)	-	-	158
		March 31, 2021	(70)	(20)	-	-	875
vii)	Contribution by employee	March 31, 2022	-	-	-	-	1,779
		March 31, 2021	-	-	-	-	1,719
viii)	Other adjustments	March 31, 2022	-	-	-	-	786
		March 31, 2021	-	-	-	-	141
	Closing fair value of plan assets	March 31, 2022	18,082	2,730	-	-	31,513
		March 31, 2021	16,521	2,605	-	-	28,458

Notes to consolidated financial statements for the year ended March 31, 2022

d. Total defined benefit cost

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2022	1,415	332	203	123	1,086
		March 31, 2021	1,401	109	3	3	987
ii)	Net interest cost	March 31, 2022	67	23	17	4	-
		March 31, 2021	107	21	5	4	-
iii)	Actuarial (gains) / losses recognised in OCI	March 31, 2022	125	(292)	2	(12)	-
		March 31, 2021	39	100	3	4	-
Total defined benefit cost		March 31, 2022	1,606	63	222	115	1,086
		March 31, 2021	1,548	230	11	11	987

e. Statement of profit and loss

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Current and past service cost	March 31, 2022	1,415	332	182	123	1,086
		March 31, 2021	1,401	109	3	3	987
ii)	Settlement / Curtailment cost / (credit)	March 31, 2022	-	-	20	-	-
		March 31, 2021	-	-	-	-	-
iii)	Net interest cost	March 31, 2022	67	23	17	4	-
		March 31, 2021	107	21	5	4	-
Cost recognised in profit and loss		March 31, 2022	1,482	355	219	127	1,086
		March 31, 2021	1,508	130	8	7	987

All of the above have been included in the line 'Contribution to provident and other funds', in note 29 of the Statement of Profit and Loss.

Notes to consolidated financial statements for the year ended March 31, 2022

f. Other comprehensive income

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Actuarial (gain) / loss due to DBO experience	March 31, 2022	698	1	6	(8)	-
		March 31, 2021	26	(14)	3	4	-
ii)	Actuarial (gain) / loss due to assumption change	March 31, 2022	(596)	(299)	(4)	(4)	-
		March 31, 2021	-	112	-	-	-
iii)	Return on plan assets (greater) / less than discount rate	March 31, 2022	30	6	-	-	-
		March 31, 2021	13	2	-	-	-
	Actuarial (gain) / loss recognised in OCI	March 31, 2022	132	(292)	2	(12)	-
		March 31, 2021	39	100	3	4	-
	Adjustment for limit of net asset	March 31, 2022	-	-	-	-	-
		March 31, 2021	-	-	-	-	-

g. For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets

Sr. no.	Particulars	Gratuity		Pension		PF	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
i)	Government of India securities	0.00%	0.00%	0.00%	0.00%	49.41%	49.35%
ii)	Debt instruments and related investments / corporate bonds	0.00%	0.00%	0.00%	0.00%	37.25%	36.66%
iii)	Special deposit scheme	0.00%	0.00%	0.00%	0.00%	5.50%	7.94%
iv)	Insurer managed funds	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%
v)	Mutual Funds	0.00%	0.00%	0.00%	0.00%	7.84%	0.00%
vi)	Equities and related investments	0.00%	0.00%	0.00%	0.00%	0.00%	6.05%
Total		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The overall expected rate of return on assets is based on the expectations of the average long term rate of return expected on investments of the fund during the estimated term of obligations.

Notes to consolidated financial statements for the year ended March 31, 2022

h. Supplementary information as per Ind AS 19

							₹ Lacs
Sr. no.	Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF
i)	Expected employer contribution for next year	March 31, 2022	1,479	97	NA	NA	88
		March 31, 2021	1,452	250	NA	NA	104

i. Following are the principal actuarial assumption used as at the balance sheet date

							₹ Lacs
Particulars	As at	Gratuity	Pension	Ex-gratia	PRMB	PF	
Discount rate - March 31, 2022		7.00%	7.00%	7.00%	7.00%	7.00%	
Discount rate - March 31, 2021		6.70%	6.70%	6.70%	6.70%	6.70%	
Expected rate of return on plan assets		7.00%	7.00%	NA	NA	NA	
		6.70%	6.70%	NA	NA	NA	
Salary escalation rate - management staff		10%	NA	NA	NA	NA	
		10%	NA	NA	NA	NA	
Salary escalation rate - non-management staff		7%	NA	NA	NA	NA	
		7%	NA	NA	NA	NA	
Annual increase in healthcare costs year 2011-2020		NA	NA	NA	NA	NA	
		NA	NA	NA	10%	NA	
Annual increase in healthcare costs year 2021-2025		NA	NA	NA	8%	NA	
		NA	NA	NA	8%	NA	
Annual increase in healthcare costs - 2026 and thereafter		NA	NA	NA	6%	NA	
		NA	NA	NA	6%	NA	
Long term EPFO rate 2021-22		NA	NA	NA	NA	8.10%	
		NA	NA	NA	NA	8.50%	
2022 and thereafter		NA	NA	NA	NA	NA	
		NA	NA	NA	NA	NA	
Mortality rate	March 31, 2022	Indian Assured Lives Mortality (2006-08) Ult					
	March 31, 2021	Indian Assured Lives Mortality (2006-08) Ult					

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes to consolidated financial statements for the year ended March 31, 2022

j. Expected benefit payment for the next years

Particulars	As at	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026	March 31, 2027	2028- 2032
		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026	2027- 2031
Gratuity	March 31, 2022	672	1,275	1,469	1,596	1,835	11,177
	March 31, 2021	702	737	1,204	1,371	1,503	9,328
Pension	March 31, 2022	124	268	359	416	492	2,183
	March 31, 2021	224	151	247	331	384	2,061
Ex-gratia	March 31, 2022	9	9	23	32	36	185
	March 31, 2021	6	4	7	9	11	54
PRMB	March 31, 2022	8	10	13	16	20	124
	March 31, 2021	3	3	3	4	5	41
PF	March 31, 2022	88	197	321	469	639	6,772
	March 31, 2021	104	108	112	113	116	631

k. Quantitative sensitivity analysis for significant assumption is as shown below:

Assumptions Sensitivity level	Discount rate		Future salary increase		Withdrawal rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Gratuity						
March 31, 2022	(956)	1,034	1,007	(941)	(1,296)	990
March 31, 2021	(933)	1,013	1,005	(936)	(1,466)	1,157
Pension						
March 31, 2022	(78)	82	NA	NA	(29)	12
March 31, 2021	(85)	89	NA	NA	(31)	13
Ex-gratia						
March 31, 2022	(7)	7	NA	NA	61	26
March 31, 2021	(2)	2	NA	NA	(19)	8
PF						
March 31, 2022	(22)	24	-	-	-	-
March 31, 2021	(28)	25	-	-	-	-

Notes to consolidated financial statements for the year ended March 31, 2022

Assumptions	Discount rate		Medical inflation		Withdrawal rate	
Sensitivity level	0.5% increase	0.5% decrease	1% increase	1% decrease	5% increase	5% decrease
PRMB						
March 31, 2022	(6)	7	12	(11)	(40)	31
March 31, 2021	(2)	3	5	(5)	(16)	7

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

43 Related party disclosures

a) Name of the related party and nature of relationship where control exists

Name of related party	Nature of relationship
Cummins Inc.	Holding Company

b) Transactions with related parties as per the books of account during the year ended March 31, 2022

			₹ Lacs
Transaction	Name of the party		Total
Purchase of goods	Cummins Inc.	March 31, 2022	16,442
		March 31, 2021	11,525
	Tata Cummins Private Limited	March 31, 2022	104,429
		March 31, 2021	72,180
	Cummins Technologies India Private Limited	March 31, 2022	48,422
		March 31, 2021	17,779
	Others	March 31, 2022	44,206
		March 31, 2021	41,677
Sale of goods	Cummins Limited	March 31, 2022	56,472
		March 31, 2021	38,227
	Cummins Technologies India Private Limited	March 31, 2022	19,173
		March 31, 2021	15,399
	Others	March 31, 2022	54,888
		March 31, 2021	42,288

Notes to consolidated financial statements for the year ended March 31, 2022

43 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
Purchase of assets	Cummins Limited	March 31, 2022	71
		March 31, 2021	-
	Cummins Technologies India Private Limited	March 31, 2022	169
		March 31, 2021	41
	Others	March 31, 2022	21
		March 31, 2021	3
Sale of assets	Cummins Technologies India Private Limited	March 31, 2022	1,674
		March 31, 2021	3
	Others	March 31, 2022	17
		March 31, 2021	-
Services rendered (Refer note vi)	Cummins Inc.	March 31, 2022	3,417
		March 31, 2021	1,341
	Valvoline Cummins Private Limited	March 31, 2022	4,776
		March 31, 2021	3,850
	Cummins Technologies India Private Limited	March 31, 2022	13,833
		March 31, 2021	11,192
	Cummins Power Generation Inc.	March 31, 2022	1,432
		March 31, 2021	3,030
	Others	March 31, 2022	1,873
		March 31, 2021	1,966
Services received (Refer note vii)	Cummins Technologies India Private Limited	March 31, 2022	2,857
		March 31, 2021	4,176
	Others	March 31, 2022	385
		March 31, 2021	496
Royalty	Cummins Inc.	March 31, 2022	1,398
		March 31, 2021	1,241
Support services	Cummins Inc.	March 31, 2022	10,577
		March 31, 2021	13,061
	Cummins Africa Middle East (Pty) Ltd.	March 31, 2022	901
		March 31, 2021	243
Reimbursements paid	Cummins Technologies India Private Limited	March 31, 2022	11,421
		March 31, 2021	8,414

Notes to consolidated financial statements for the year ended March 31, 2022

43 Related party disclosures (contd.)

			₹ Lacs
Transaction	Name of the party		Total
	Cummins Inc.	March 31, 2022	1,047
		March 31, 2021	1,475
	Others	March 31, 2022	1,215
		March 31, 2021	1,082
Reimbursements received (Refer note viii)	Cummins Technologies India Private Limited	March 31, 2022	6,386
		March 31, 2021	5,263
	Cummins Generator Technologies India Private Limited	March 31, 2022	968
		March 31, 2021	810
	Tata Cummins Private Limited	March 31, 2022	1,615
		March 31, 2021	1,124
	Others	March 31, 2022	663
		March 31, 2021	636
	Key management personnel	March 31, 2022	704
		March 31, 2021	502
Transfer of export benefits	Cummins Research and Technology India Private Limited	March 31, 2022	-
		March 31, 2021	4
Dividend paid	Cummins Inc.	March 31, 2022	22,619
		March 31, 2021	19,792
	Cummins India Foundation	March 31, 2022	1,561
		March 31, 2021	1,608
	Cummins India Limited Officers Provident Fund	March 31, 2022	1,320
		March 31, 2021	998
Contributions paid	Cummins Group Employees Superannuation Scheme	March 31, 2022	1,894
		March 31, 2021	1,611
	Cummins Group Officers Gratuity Scheme	March 31, 2022	1,433
		March 31, 2021	2,914
	Independent Directors	March 31, 2022	110
		March 31, 2021	108
Equity contribution - share based payments	Cummins Inc.	March 31, 2022	282
		March 31, 2021	217

Notes to consolidated financial statements for the year ended March 31, 2022

43 Related party disclosures (contd.)

c) Amounts outstanding as at March 31, 2021

			₹ Lacs
Transaction	Name of the party		Total
		March 31, 2021	6,761
	Cummins Limited	March 31, 2022	6,231
		March 31, 2021	5,951
	Cummins Technologies India Private Limited	March 31, 2022	11,337
		March 31, 2021	10,123
	Tata Cummins Private Limited	March 31, 2022	8,525
		March 31, 2021	4,443
	Others	March 31, 2022	8,338
		March 31, 2021	8,537
Other current financial / non-financial liabilities	Cummins Inc.	March 31, 2022	1,424
		March 31, 2021	2,824
	Others	March 31, 2022	118
		March 31, 2021	102
Trade receivables	Cummins Limited	March 31, 2022	9,902
		March 31, 2021	4,549
	Cummins Technologies India Private Limited	March 31, 2022	8,920
		March 31, 2021	7,631
	Others	March 31, 2022	15,501
		March 31, 2021	12,215
Other current financial assets	Valvoline Cummins Private Limited	March 31, 2022	1,433
		March 31, 2021	1,266
	Tata Cummins Private Limited	March 31, 2022	625
		March 31, 2021	1,122
	Others	March 31, 2022	362
		March 31, 2021	236

Notes to consolidated financial statements for the year ended March 31, 2022

43 Related party disclosures (contd.)

- i) The names of the related parties under the appropriate relationship included in notes 43(b) and (c) above are as follows:

Nature of relationship	Name of the party
Fellow subsidiaries (with which there are transactions)	Chongqing Cummins Engine Co Ltd
	CMI TR Mtr Guc Sistemleri Satis Servis Ltd Sirketi
	Consolidated Diesel Company
	Cummins (China) Investment Co. Ltd.
	Cummins Africa Middle East (Pty) Ltd.
	Cummins Arabia FZCO
	Cummins Asia Pacific Pte. Ltd.
	Cummins Belgium NV
	Cummins BLR Limited Liability Company
	Cummins Brasil Ltda
	Cummins Bridgeway LLC
	Cummins C&G Holding Limited
	Cummins Comercializadora S. de R.L. de C.V.
	Cummins Deutschland GmbH
	Cummins DKSH (Singapore) Pte Ltd
	Cummins DKSH (Thailand) Limited
	Cummins DKSH (Vietnam) LLC
	Cummins East Asia Research and Development Company Ltd.
	Cummins Emission Solutions Inc.
	Cummins Engine (Shanghai) Trading & Services Co., Ltd.
	Cummins Filtration Inc.
	Cummins France SA
	Cummins Fuel System (Wuhan) Co. Ltd.
	Cummins Generator Technologies Limited
	Cummins Ghana Limited
	Cummins Holland B.V.
	Cummins Inc.
	Cummins Italia SPA
	Cummins Japan Limited
	Cummins Kuwait Electrical Tools And Equipment Trading And Contracting Wll
	Cummins Limited
	Cummins Maroc SARL
	Cummins Middle East FZE

Notes to consolidated financial statements for the year ended March 31, 2022

Nature of relationship	Name of the party
	Cummins Natural Gas Engines, Inc.
	Cummins Norway AS
	Cummins NV
	Cummins Power Generation (China) Co. Ltd.
	Cummins Power Generation Inc.
	Cummins Power Generation Limited UK
	Cummins Qatar LLC
	Cummins Romania SRL
	Cummins Sales and Service Korea Co Ltd
	Cummins Sales and Service Philippines Inc.
	Cummins Sales and Service Private Limited
	Cummins Sales and Service Sdn. Bhd.
	Cummins Sales and Service Singapore Pte Ltd
	Cummins Saudi Arabia Llc
	Cummins South Africa (Pty.) Ltd.
	Cummins South Pacific Pty Ltd
	Cummins Southern Plains LLC
	Cummins Spain SL
	Cummins Technologies India Private Limited
	Cummins U.K. Holdings Ltd.
	Cummins West Africa Limited
	Cummins Western Canada Limited Partnership
	Cummins Westport Inc.
	Distribuidora Cummins Centroamerica Costa Rica, S.de R.L.
	Distribuidora Cummins Centroamerica Guatemala Ltda.
	Distribuidora Cummins Centroamerica Honduras, S.de R.L.
	Distribuidora Cummins de Panama S. de R.L.
	Distribuidora Cummins S.A.
	Distribuidora Cummins S.A. - Sucursal Uruguay
	Distribuidora Cummins Sucursal Paraguay SRL
	OOO Cummins
	Shanghai Cummins Trading Co. Ltd.

Notes to consolidated financial statements for the year ended March 31, 2022

Nature of relationship	Name of the party
Key management personnel	Taiwan Cummins Sales & Services Co. Ltd.
	Ashwath Ram - Managing Director
	Ajay Patil - Chief Financial Officer
	Vinaya Joshi - Company Secretary (w.e.f. June 17, 2020)
	Hemiksha Bhojwani - Company Secretary (upto May 11, 2020)
	Steven Chapman - Chairman of the Board (w.e.f. October 1, 2020)
	Mark Levett - Chairman of the Board (upto September 30, 2020)
	Norbert Nusterer
	Donald Jackson
	Antonio Leitao (upto September 1, 2020)
	Lorraine Meyer (upto February 15, 2022)
	Independent Directors
	- Nasser Munjee
	- Prakash Telang (upto December 8, 2021)
	- Priya Dasgupta
Associate	- Rajeev Bakshi
	- Venu Srinivasan (upto September 1, 2020)
Joint venture	- Anjuly Chib Duggal (upto April 6, 2020)
	- Rama Bijapurkar (w.e.f June 17, 2020)
Enterprise with common key management personnel	Cummins Generator Technologies India Private Limited
	Valvoline Cummins Private Limited
	Cummins Research and Technology India Private Limited
	Tata Cummins Private Limited
	Cummins India Foundation
	New Delhi Law Offices Private Limited
Employees benefit plans where there is significant influence	Lokmanya Hospitals Private Limited (upto December 8, 2021)
	Fleetguard Filters Private Limited
	Caltherm Thermostats Private Limited
	Cummins India Limited Officers Provident Fund
	Cummins Group Employees Superannuation Scheme
	Cummins Group Officers Gratuity Scheme

Notes to consolidated financial statements for the year ended March 31, 2022

Terms and conditions of transactions with related parties:

- ii) The sales to and purchase from related parties are made on terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.
- iii) Liability for post employment benefits, other long term benefits, termination benefits and certain short term benefits such as compensated absences is provided on an actuarial basis for the Group as a whole. Accordingly the amount for above pertaining to key management personnel is not ascertainable and, therefore, not included above.
- iv) Related party transaction, the amount of which is in excess of 10% of the total related party transactions of the same type are disclosed separately.
- v) The information given above has been reckoned on the basis of information available with the Group and relied upon by the auditors.
- vi) Services rendered include renting services, testing and engineering services, business support services, etc.
- vii) Services received include testing and engineering services, solution contract support services, license fees, etc.
- viii) Includes recoveries on account of employee cost, travel costs, training, IT services, etc.

44 Segment information

On a review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors, which is the Chief Operating Decision Maker ('CODM') and considering the economic characteristics of the operations, the Group is of the view that it operates in two segments viz. 'Engines' and 'Lubes'. Lubes segment comprises of a joint venture viz. Valvoline Cummins Private Limited, which is accounted for as per equity method under relevant Ind AS standard. The CODM evaluates the Group's performance based on an analysis of various parameters. Engine segment comprises of Cummins India Limited and other Group companies, which has been aggregated considering the nature of products, class of customer etc.

Following information is provided to the CODM for Lubes segment for monitoring its performance:

Particulars	Year ended March 31, 2022	Year ended March 31, 2022*	Elimination / Adjustments	₹ Lacs
				Total
	Engines	Lubes		
Sales	605,697	169,375	169,375	605,697
Profit before tax	113,918	18,216	11,436	120,698
Profit after tax *	86,594	13,561	6,780	93,374

Notes to consolidated financial statements for the year ended March 31, 2022

₹ Lacs

Particulars	Year ended March 31, 2021	Year ended March 31, 2021*	Elimination / Adjustments	Total
	Engines	Lubes		
Sales	428,749	134,011	134,011	428,749
Profit before tax	74,518	21,475	13,493	82,500
Profit after tax *	55,521	15,964	7,982	63,503

Notes:

* The above numbers represent full numbers in the Statement of Profit and Loss of Valvoline Cummins Private Limited and are not Group's proportionate share.

For relevant information relating to Engine segment refer consolidated Statement of Profit and Loss and Balance Sheet.

- 45** As set out in section 135 of the Companies Act, 2013, the Group is required to contribute ₹1,554 lacs (March, 31 2021: ₹1,608 lacs) towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Board has approved and the Group has contributed ₹ 1,554 Lacs (March 31, 2021: ₹ 1,608 Lacs) to Cummins India Foundation towards eligible projects as mentioned in Schedule III (including amendments thereto) of the Companies Act, 2013. Apart from the above contribution to Cummins India Foundation, the Group has not made any direct expenditure/contributions of capital nature.

46 Financial risk management objectives and policies

Financial risk factors:

The Group has well written policies covering specific areas, such as foreign exchange risk and investments which seek to minimise potential adverse effects on the Group's financial performance due to external factors. The Group uses derivatives to hedge foreign exchange risk exposures. The Group's senior management oversees the management of these risks. All derivatives and investment activities for risk management purposes are carried out by specialist team that has appropriate skills, experience and supervision. As per the Group's policy, no trading in derivatives for speculation purpose may be undertaken. The Board of Directors reviews and approves policies for managing each of these risks.

The Group's activities are exposed to variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks as follows:

i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, GBP and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities denominated in a currency that is not the Group's functional currency.

Notes to consolidated financial statements for the year ended March 31, 2022

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from recognised assets and liabilities, the Group uses forward contracts.

The following table demonstrates the sensitivity relating to possible change in foreign currencies with all other variables held constant:

Currency	% change	₹ Lacs	
		March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
USD	1%	136	69
Euro	1%	28	1
Others	1%	7	5
Total		171	75

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and financial assets and liabilities denominated in various currencies. Although the derivatives have not been designated in a hedge relationship, they act as economic hedge and offset the under lying transactions when they occur.

ii) Interest rate risk

Interest rate risk is the fair value of future cash flows of a financial instrument which fluctuates because of changes in the market interest rates. In order to optimise the Group's position with regards to interest income and interest expense, treasury team manages the interest rate risk by balancing the portion of fixed rate and floating rate in its total portfolio.

Borrowings of ₹ 39,468 Lacs outstanding as at March 31, 2022 (As at March 31, 2021: ₹ 458 Lacs) were at floating rate linked to T-bill + applicable spread.

The following table demonstrates the sensitivity of interest payable:

	% change	₹ Lacs	
		March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Working Capital Loan	0.50%	57	2

iii) Price risk

The Group invests its surplus funds in mutual funds which are linked to debt markets. The Group is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits approved by the Board of Directors.

Notes to consolidated financial statements for the year ended March 31, 2022

The following table demonstrates the sensitivity relating to possible change in investment value with all other variables held constant:

	% change	₹ Lacs	
		March 31, 2022	March 31, 2021
		Effect on profit before tax and pre-tax equity	Effect on profit before tax and pre-tax equity
Mutual funds	0.50%	286	163

Profit after tax for the year would increase / decrease as a result of gains / losses on mutual funds classified as at fair value through profit or loss.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligation under financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk primarily from trade receivables, contract assets, other receivables, deposits with banks and loans given.

Trade receivable and contract assets

Senior management is responsible for managing and analysing the credit risk for each new customer before standard payment, delivery terms and conditions are offered. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 10.

Other receivables, deposits with banks and loans given

Credit risk from balances with banks is managed by the Group's treasury department in accordance with Group's policy approved by the Risk Management Committee. Investments of surplus funds are made within the credit limits and as per the policy approved by the Board of Directors.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance of the above assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5,9,12 and 13.

c) Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet the operational needs. Such forecasting takes into consideration the compliance with internal cash management policy.

As per the Group's policy, treasury team invests surplus cash in marketable securities and time deposits with appropriate maturities or sufficient liquidity to provide headroom to meet the operational needs. At the reporting date, the Group held mutual funds of ₹ 57,236 lacs (March 31, 2021: ₹ 32,669 lacs) and other liquid assets of ₹ 17,743 lacs (March 31, 2021: ₹ 12,160 lacs) that are expected to readily generate cash inflows for managing liquidity risk.

Notes to consolidated financial statements for the year ended March 31, 2022

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	₹ Lacs			
As at March 31, 2022	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	137	39,331	-	-
Lease liabilities	-	710	1,892	301
Trade payables	-	99,968	-	-
Royalty and support services	-	1,541	-	-
Unpaid dividend	1,219	-	-	-
Retention money	-	1,083	126	-
Deposits	-	-	2,339	-
Others	-	4,671	-	-

	₹ Lacs			
As at March 31, 2021	On demand	Less than 12 months	1-5 years	More than 5 years
Borrowings	158	1,864	-	-
Lease liabilities	-	583	1,513	384
Trade payables	-	73,102	-	-
Royalty and support services	-	2,918	-	-
Unpaid dividend	1,316	-	-	-
Retention money	-	2,375	126	-
Deposits	-	-	2,384	-
Others	-	5,190	-	-

d) Capital management

The Group's objectives when managing capital is to provide maximum returns to shareholders, benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments in light of changes in economic conditions.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus all other reserves attributable to equity shareholders of the holding company.

	₹ Lacs	
As at March 31, 2021	March 31, 2022	March 31, 2021
Borrowings	39,468	2,022
Less: Cash and cash equivalents	17,743	12,160
Net debt	21,725	(10,138)
Equity	514,497	465,137
Gearing ratio (times)	0.04	-

Notes to consolidated financial statements for the year ended March 31, 2022

47 Fair values

The following table provides a comparison by class of the carrying amounts and fair value of the Group's financial instruments other than those with carrying amounts that are reasonable approximations of fair values.

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	₹ Lacs	₹ Lacs	₹ Lacs	₹ Lacs
Financial assets:				
FVTPL of investments in mutual funds	57,754	32,669	57,754	32,669
Financial liabilities				
FVTPL of Foreign exchange forward contracts	(50)	35	(50)	35
Non-current assets				
Investment properties	97,903	101,992	129,329	122,861

The Management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of investments in mutual funds is based on the price quotation at the reporting date obtained from the asset management companies. The fair value of investments in equity is based on the price quotation at the reporting date derived from quoted market prices in active market. The Company enters into derivative financial instruments with various counterparties, principally financial institutions. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations.

Notes to consolidated financial statements for the year ended March 31, 2022

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method as defined in accounting policy 1c and investment properties by valuation method as defined in Note 3

				₹ Lacs
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	Total
Financial assets at FVTPL				
Investments in mutual funds				
March 31, 2022	-	57,754	-	57,754
March 31, 2021	-	32,669	-	32,669
Financial liabilities at FVTPL				
Forward contracts liability				
March 31, 2022	-	(50)	-	(50)
March 31, 2021	-	35	-	35
Non-current assets				
Investment properties				
March 31, 2022	-	-	129,329	129,329
March 31, 2021	-	-	122,861	122,861

There has been no transfer between Level 1 and Level 2 during the year. For details of valuation method, assumption used for valuation of investment properties, refer note 3.

Notes to consolidated financial statements for the year ended March 31, 2022

48 Standards issued but not yet effective

The Ministry of Corporate Affairs has vide notification dated March 23, 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective April 1, 2022.

i Ind AS 16, Property, Plant and Equipment

Proceeds before intended use of property, plant and equipment.

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly).

ii Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

iii Ind AS 103, Business combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

iv Ind AS 109, Financial Instruments

Fees included in the 10% test for derecognition of financial liabilities.

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

49 Exceptional Items during the year ended March 31, 2022 comprise gain on sale of property aggregating to ₹ 13,236 Lacs (March 31, 2021 : ₹ Nil).

Notes to consolidated financial statements for the year ended March 31, 2022

50 Financial Ratios

No.	Name of the Ratio	Numerator	Denominator	Ratio - CY	Ratio P.Y.	Variance %	Rationale for Variance > 25%
1	Current Ratio	Current assets	Current liabilities	2.53	2.94	-13.85%	
2	Debt Equity Ratio	Short term debt + Long term debt	Shareholders funds	0.08	0.00	1664.66%	The Group has availed working capital loans to fund its working capital requirements during FY 2021-22 resulting in a change in a Debt Equity Ratio as of March 31, 2022.
3	Debt Service Coverage Ratio	Net profit after taxes + Depreciation + Interest	Interest + Lease payments + Principal repayments	117.69	65.78	78.90%	Improvement in Debt Service Coverage Ratio is on account of higher revenues and profits during the year March 31, 2022.
4	Return on Equity Ratio *	Net profits after taxes	Average shareholders funds	16%	14%	16.63%	
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	6.31	4.84	30.31%	Higher sales and better inventory management during FY 2021-22 contributed in improvement in Inventory Turnover Ratio.
6	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average trade receivable	5.26	3.90	34.76%	Improvement is on account of better collection during the year.
7	Trade Payable Turnover Ratio	Net credit purchases	Average trade payable	4.29	3.21	33.53%	Improvement in Trade Payable Turnover Ratio is on account of increased operations.
8	Net Capital Turnover Ratio	Revenue from operations (gross)	Current assets - Current liabilities	2.31	2.03	13.86%	
9	Net Profit Ratio *	Net profits after taxes	Revenue from operations (gross)	13%	15%	-10.84%	
10	Return on Capital Employed *	Earning before interest and taxes	Total assets - (current liabilities + non-current liabilities)	21%	18%	16.97%	
11	Return on Investment *	Earning before interest and taxes	Total assets	15%	14%	8.36%	

* Exceptional items have been excluded for computation of financial ratios

Notes to consolidated financial statements for the year ended March 31, 2022

51 Additional information

Statutory group information

Name of the entity in the Group	Net assets i.e. total assets minus total liabilities		Share in profit and (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ Lacs	As % of consolidated profit and loss	₹ Lacs	As % of consolidated other comprehensive income	₹ Lacs	As % of consolidated total comprehensive income	₹ Lacs
Parent								
Cummins India Limited								
Balance as at March 31, 2022	94.32%	485,266	94.96%	88,665	-10.71%	(6)	94.89%	88,659
Balance as at March 31, 2021	94.74%	440,677	97.30%	61,787	-71.51%	(15)	97.24%	61,772
Subsidiary (Indian)								
Cummins Sales & Service Private Limited								
Balance as at March 31, 2022	0.00%	-	0.10%	92	24.71%	14	0.11%	106
Balance as at March 31, 2021	0.41%	1,885	0.16%	102	152.44%	32	0.21%	134
Associate (Indian)								
Cummins Generator Technologies India Private Limited								
Balance as at March 31, 2022	-	34,967	2.41%	2,247	46.27%	26	2.43%	2,273
Balance as at March 31, 2021	-	30,284	5.23%	3,319	-198.36%	(42)	5.16%	3,277
Joint Ventures (Indian)*								
Valvoline Cummins Private Limited								
Balance as at March 31, 2022	-	28,724	7.26%	6,780	41.13%	23	7.29%	6,803
Balance as at March 31, 2021	-	23,666	12.57%	7,982	217.43%	46	12.65%	8,028
Cummins Research and Technology India Private Limited								
Balance as at March 31, 2022	-	224	0.02%	14	0.00%	-	0.02%	14
Balance as at March 31, 2021	-	558	0.01%	8	0.00%	-	0.01%	8
Adjustments arising out of consolidation								
March 31, 2022	5.68%	29,231	-4.74%	(4,424)	-1.40%	(1)	-4.75%	(4,425)
March 31, 2021	4.85%	22,575	-15.27%	(9,695)	0.00%	-	-15.27%	(9,695)
Total for March 31, 2022	100.00%	514,497	100.00%	93,374	100.00%	56	100.00%	93,430
Total for March 31, 2021	100.00%	465,137	100.00%	63,503	100.00%	21	100.00%	63,524

* The net assets of the entity have not been consolidated under the equity method.

Notes to consolidated financial statements for the year ended March 31, 2022

52 Relationship with struck off companies

During the year ended March 31, 2022, the Group has not entered into any transactions with the companies whose names were struck off under applicable regulations.

53 The company announced a Voluntary Retirement Scheme ('VRS' or the 'Scheme') on May 16, 2022 for eligible employees who meet all the following conditions:

- Permanent employees on the shop floor and in office working at Kothrud Engine, Plant
- Employees between 45 and 57 years of age as on May 16, 2022
- Employees on the permanent rolls of the Company for at least 10 years as on May 16, 2022

No financial impact of the scheme has been recorded in these financial statements.

54 Social Security code

Government of India's Code for Social Security 2020 (the 'Code') received assent from the President in September 2020. However, the date from when the Code will become applicable and the Rules have not yet been notified. The Company will assess the impact of the Code and account for the same once the effective date and the rules are notified.

For Price Waterhouse & Co Chartered Accountants LLP
ICAI Firm Registration Number : 304026E/E-300009

Jeetendra Mirchandani
Partner
Membership Number: 48125

Place: Pune
Date: May 26, 2022

For and on behalf of the Board

Ashwath Ram
Managing Director
DIN: 00149501
Place: Washington, D.C., USA

Vinaya Joshi
Company Secretary
PAN: AMQPJ5216P

Place: Pune
Date: May 26, 2022

Nasser Munjee
Director
DIN: 00010180
Place: London, UK

Ajay Patil
Chief Financial Officer
PAN: AAJPP9246Q

EMPOWERING A MORE EQUITABLE INDIA

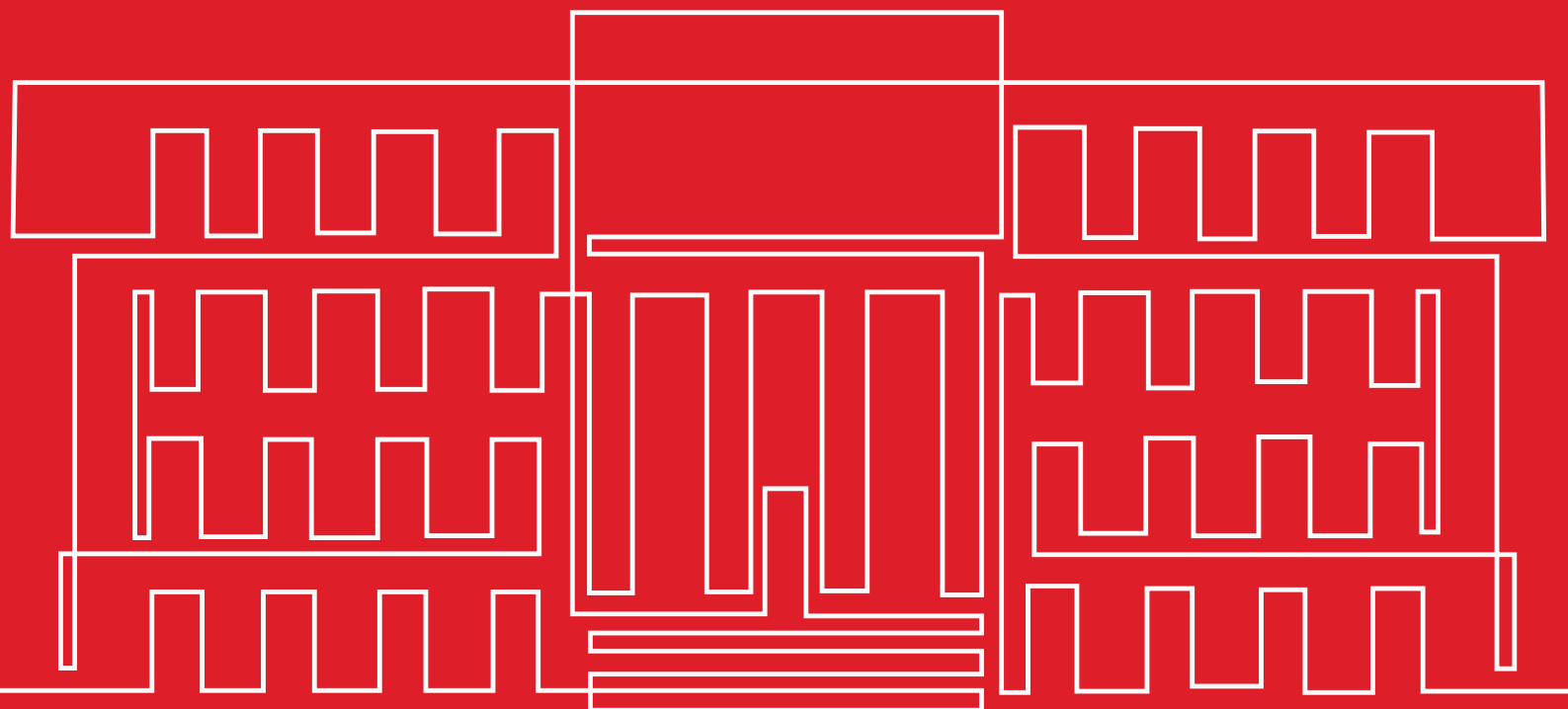
“Cummins has been a long-standing partner of Pune Municipal Corporation since 2010. We have worked on various solid waste management initiatives like zero waste ward, Nirmalya, Patravali, E-Waste and Plastic Waste awareness and collection programs to ensure sustainable solutions to waste management for the city. Every year, through these initiatives, we reach tens of lakhs of people. Cummins was also among the first organizations to offer aid during the Covid pandemic. Till date, 12,000 Personal Protection Kits have been distributed to safai mitras and hand sanitizing material have been made available in more than 200 Arogya Kothis. I am grateful to Cummins for their swift response and providing quality material in this time of crisis. Together, we will overcome this pandemic.”

- **Dnyaneshwar Molak, Jt. Municipal Commissioner**
Solid Waste Management, Pune Municipal Corporation

CR Partner Testimonial

Established in 1991, CCEW was
**India's first engineering
college only for women**

Till date,
9000+ girls
have graduated from CCEW

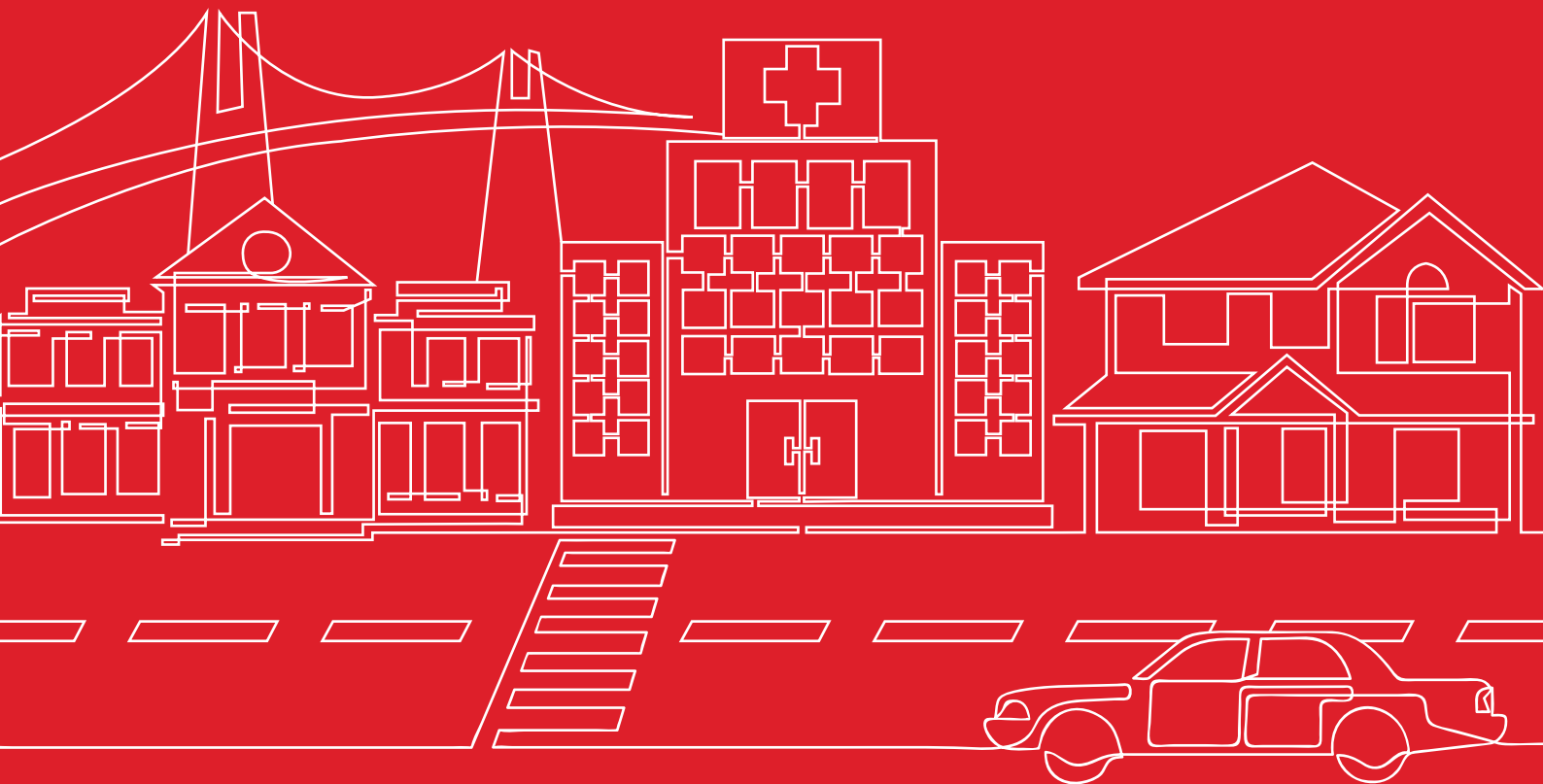


Cummins College of Engineering for Women (CCEW)

REINFORCING INDIA'S INFRASTRUCTURE GROWTH

Power Partner to PNC Infratech for the World Record

PNC Infratech, one of our esteemed clients, established an unparalleled **world record** in a week by creating a new milestone building a **5 Km road** on the **Delhi-Vadodara Highway** by **laying 40,000 MT DBM in 100 hours** during 7-13 March 2022. Cummins is proud to have been their reliable power partner throughout this journey.



Schools, Hospitals, Neighborhoods and Road Infrastructure

BUSINESS RESPONSIBILITY REPORT 2021-22

BUSINESS RESPONSIBILITY REPORT 2021-22

(As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This Business Responsibility Report is a disclosure of adoption of responsible business practices by the Company for all its stakeholders. The Report describes the initiatives taken by the Company from environmental, social and governance perspective. It has been designed to provide basic information about the Company, information related to its performance and processes and information on principles and core elements of the Business Responsibility Reporting.

INTRODUCTION

Vision, Mission, Values and Principles

Mission

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

Vision

Innovating for our customers to power their success

Values

■ Integrity

Doing what you say you will do and doing what is right

■ Diversity and Inclusion

Valuing and including our differences in decision making is our competitive advantage

■ Caring

Demonstrating awareness and consideration for the wellbeing of others

■ Excellence

Always delivering superior results

■ Teamwork

Collaborating across teams, functions, businesses and borders to deliver the best work

Leadership Culture

Inspiring and encouraging all employees to achieve their full potential

Brand Promise

Powering our customers through innovation and dependability

Strategy

Delivering value to all stakeholders

Section A

General Information about the Company

- Cummins India Limited
- Corporate Identity Number (CIN) L29112PN1962PLC012276
- Registered Office Address:
Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune 411045
- Website : www.cumminsindia.com
- Email id : cil.investors@cummins.com
- Financial Year reported 2021-22

BUSINESS SECTORS:

Cummins India Limited was established in 1962 and is one of the leading manufacturer of diesel and natural gas engines, generator sets and related services.

The Company comprises of three businesses – Engine Business (serving the Construction and Compressor segments with Heavy, Medium and Light Duty engines), Power Systems Business (serving Mining, Marine, Rail, Oil & Gas, Defense, Pumps and Power Generation) and Distribution Business (provides products, services, and solutions for ensuring uptime of Cummins equipment and engines).

A. Engine Business:

The Engine Business manufactures and markets diesel engines for off-highway applications. Starting from 50 hp spanning up to 600hp. These engines power construction and compressor equipment including repowering opportunities in these segments.

B. Power Systems Business:

The Power Systems Business helps customers meet their critical business power requirements assuring they remain #AlwaysON. It serves a wide customer base of individual as well as institutional customers, from key segments such as Data Centers, Manufacturing, Infrastructure, Healthcare, Hospitality and rental. It also provides customized integrated power solutions for Railways, Mining, Marine, Pumps, Oil and Gas and Defense sectors. The business also manufactures and exports low kilowatt generator sets from its production unit located at Cummins Megasite in Phaltan, Maharashtra.

C. Distribution Business:

The Distribution Business provides products, services, and solutions for ensuring uptime of Cummins equipment and engines. The business is engaged in providing after-market support to customers across India, Nepal, and Bhutan. Over the years, the business has grown from strength to strength and has successfully established itself as a 'dependable' after-sales service support arm of the Company. At present, it supports more than 5,09,975 engines* in the field covering more than 2.27 lac customers.

The Distribution Business has a country-wide network of 18 dealerships with over 450 service touchpoints supported by a pool of more than 3,500 trained engineers and technicians. This network possesses the necessary infrastructure and adequate technical capability to meet the Company's service standards and is constantly upgraded as per changing product and customer needs.

**The active engine population commissioned in the field from the year 2000 onwards*

Key Products of the Company as per Balance Sheet

The Company's primary products are Compression Ignition Internal Combustion Engines, Generator Sets and Component or Parts thereof.

Locations from where business activity is undertaken by the Company

The Company has its operations spread across the country with its registered and corporate office in Pune. Additionally, the Company has four zonal offices in Pune, Gurgaon, Kolkata and Bangalore and has area offices at 14 locations across India. The operations are carried out at multiple facilities situated in Pune, Chennai, Pirangut and the Megasite in Phaltan.

Markets served by the Company

The Company serves domestic markets in India, Nepal and Bhutan and also exports its products to various countries with USA, Europe, Mexico, Africa, Middle East and China being the top destinations.

Section B

Financial details of the Company as on March 31, 2022

Paid-up Capital	:	₹ 5,544 Lacs
Total Turnover	:	₹ 602,556 Lacs
Total Profit after Taxes	:	₹ 88,665 Lacs

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SPEND

Cummins has a long history of corporate social responsibility, based on the framework of linking the impact on our stakeholders to responsible business operations. Our employees have also invested talent, passion and resources trying to solve problems in our communities and society since the parent company's inception in USA in 1919. This heritage is reflected in a statement made by former Cummins Inc., Chairman J. Irwin Miller more than 40 years ago: "Business has a very large stake in the quality of the society within which it operates. We flourish only as we are rooted in a society which is healthy, orderly, just and which grants freedom and scope to individuals and their lawful enterprises".

Far more than just complying with the law of the land or philanthropy, Cummins Corporate Responsibility means not only making responsible business decisions, but affirmatively reaching out to help our communities and engage our workforce in addressing community needs.

Cummins believes a company is only as healthy as the communities where it does business. Acting responsibly will contribute to the company's health, growth, profitability and sustainability. This includes:

- Decision making that considers our responsibility to a full array of stakeholders.
- Setting a high standard for all aspects of corporate citizenship.
- Using our values, talents, resources and global position to drive improvement in our communities and the world.

The Company focuses its resources on three global priority areas: Higher Education, Energy and Environment and Equality of Opportunity while also undertaking strategic projects.

- **Higher Education:** Improving quality and alignment of educational systems to ensure students of today are ready for the workforce of tomorrow.

Cummins provides a development platform for students through its various programs like Education Assistance to Socially and Economically Weaker Sections, Women Education and Employability supported by Cummins College of Engineering and Vocational Education- Technical Education for Communities (TEC).

- **Energy and Environment:** Ensuring that everything Cummins does leads to a cleaner, healthier and safer environment.

The opportunity to pursue a better life should be available to everyone. Cummins has a long history of reaching out to those denied access to opportunity. As a company, we are committed to ensuring that everyone in our workforce has equal access to opportunity.

Cummins' employees have a wealth of experience in reducing negative environmental impact – both in its products and facilities. Cummins takes that knowledge and commitment outside of their walls, thus working towards giving power to 'ALL'. With support of the local government bodies, skilled and experienced NGOs and academia, Cummins has worked actively in projects in the areas of Afforestation, Solid Waste Management, Water Conservation, Air Pollution and Renewable Energy

- **Equality of Opportunity:** Increasing opportunity and equity for those most in need.

It is one of our most deeply held values. As we work to improve communities throughout the world, likewise, we are committed to help remove barriers that may prohibit people from achieving their full potential. In each Cummins community, we seek to support the groups that are marginalized with the belief that when anyone is unable to access basic economic or social opportunities, the entire community is impacted. While committed to the holistic development of villages, your Company also has partnered with several non-profit institutions, compatible organizations serving disabled and underprivileged, with an intent of providing better life to their residents. During occurrences of natural disasters, the Company aims to reach out to affected communities to provide necessary relief and rehabilitation.

- **Strategic Projects:**

In an effort to accelerate the achievement across a diverse range of social, developmental and environmental goals for our communities, Cummins has placed strategic focus on projects – Cummins Powers Women, Phaltan Model Town, Cleaner Air Better Life, Monsoon Resilient Maharashtra and Employee Led Grant under the umbrella of its CSR projects.

The focus areas, their underlying themes and strategic projects are owned and driven by the leadership team who play an instrumental role in setting the vision and direction for various initiatives. Employee engagement in the CSR initiatives also contributes significantly towards strengthening the communities.

In addition to CSR activities undertaken by the Company, Cummins employees also participate in Corporate Social Responsibility through the Company's Every Employee Every Community (EEEE) program. EEEEC enables each employee to use at least four work hours to contribute to local projects and successfully leverages and unleashes their unique skillsets. Employees are encouraged to bring their family and friends to volunteer in projects of their choice thereby becoming brand ambassadors for the specific project's cause. At Cummins, Community Involvement Teams (CITs) are formed through whom organized, employee driven structures through which CSR initiatives are carried out in communities in which the Company operates.

For details related to CSR activities undertaken by the Company and total spend on CSR activities, kindly refer Annexure 11 attached to the Directors' Report for Financial Year 2021-22.

Section C

Other Details

To enhance the distribution capabilities, the Company has a wholly-owned subsidiary Cummins Sales & Service Private Limited (formerly known as Cummins Svam Sales & Service Private Limited).

The Company continues to own 50% equity shares respectively in Cummins Research and Technology India Private Limited (under voluntary liquidation) and Valvoline Cummins Private Limited and 48.5% in Cummins Generator Technologies India Private Limited.

The Company engages in business with various Cummins entities in India that also actively participate in the Business Responsibility (BR) initiatives of the Company in a collaborative manner. However, entities outside of Cummins, like its suppliers, distributors, etc. are not included in the BR initiatives of the Company.

Section D

BR Information

1. Details of Director/ BR Head responsible for BR:

DIN Number : 00149501

Name : Mr. Ashwath Ram

Designation : Managing Director

Telephone : 020 6706 7000

Email ID : cil.investors@cummins.com

2. Principle wise (as per NVGs) BR Policy

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business NVGs released by Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These are as follows:

Principle 1:

Business should conduct and govern themselves with ethics, transparency and accountability.

Principle 2:

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3:

Businesses should promote the well-being of all employees.

Principle 4:

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5:

Businesses should respect and promote human rights.

Principle 6:

Businesses should respect, protect and make efforts to restore the environment.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8:

Businesses should support inclusive growth and equitable development.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N):

Replies to the questions on above Principles, are stated in this Matrix		Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for-	Y	Y*	Y	Y	Y*	Y	N	Y	Y*
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	-	Y	Y	-	Y	-	-	-
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	-	N	N	-	N	-	Y	-
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	-	Y	Y	-	Y	-	Y	-
6.	Indicate the link for the policy to be viewed online?	#	-	-	-	-	-	-	##	-
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y**	-	Y**	Y**	-	Y**	-	Y**	-
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	-	Y	Y	-	Y	-	Y	-
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	-	Y	-	Y	-
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	-	N	N	-	Y	-	N	-

* The policies relate to safe and sustainable products, Human Rights and Customer Relations and are embedded in the Company's Vision, Mission, Values, Strategic Principles, the Cummins Operating System and the Company's Code of Conduct.

** Policies are communicated to internal stakeholders and the same are available on the Company's intranet. Wherever required, the policies are also communicated to the external stakeholders.

Ethics Helpline

The Company has an ethics helpline where employees can place anonymous complaints against ethics violations observed or are victims themselves as per the policy of the Company. The ethics helpline can be reached through the following modes:

- Online: ethics.cummins.com
- Ethics Hotline: 000 800 100 1071 and 000 800 001 6112 (anonymous report is possible and the report can be filed in Hindi as well)
- QR Code displayed in offices and plants
- Contact Ethics and Compliance: Email to ethicsandcompliance@cummins.com
- Contact entity Line HR Leader or India Master Investigator: Email to fp023@cummins.com

The CSR Policy can be accessible on the website of the Company at link <https://www.cummins.com/en/in/investors/india-corporate-governance>

Replies to the questions on above Principles, are stated in this Matrix		Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Indicate the link for the policy to be viewed online	-	-	-	-	-	-	-	-	-
7.	Any other reason (please specify)	-	-	-	-	-	-	#	-	-

The Company has a track record of pioneering achievements, long experience and is one of the leaders in the engine and power generation business and initiates dialogue with the government through various industry bodies and associations. However, no need for a formal policy has been felt so far.

3. Governance Related to BR

The Board of Directors of the Company review the BR performance of the Company on a regular basis, but at the least, annually. The Managing Director reviews the BR activities of the Company on a regular basis. The Company publishes the Business Responsibility Report annually, which forms part of the Annual Report.

The hyperlink for viewing this report is: <https://www.cummins.com/en/in/investors/india-annual-reports>

Section E

Principle-wise Performance

Principle 1: Business should conduct and govern themselves with ethics, transparency and accountability.

The Company has designed and implemented a well-defined Ethics Policy which covers its employees as well as employees of its subsidiaries, joint ventures, affiliated companies, and distributors. Additionally, in the Board Meeting held on January 28, 2005, the Board of Directors have adopted the Code of Conduct which is devised in order to enable the Directors to strive to perform their duties according to the highest standards of honesty, integrity, accountability, confidentiality and independence.

The Company's view on ethics and fostering the right environment is reflected in the following statement from India Leadership team where they mention, "Cummins is committed to fostering a physically and psychologically safe, integrity based, respectful, inclusive, high performance culture that breaks down hierarchies and organizational boundaries, and engaging the full talents of our diverse employees to delight all our stakeholders (employees, customers, partners, shareholders, suppliers, communities) consistently."

The Cummins Code of Business Conduct applies to all employees worldwide, officers, and Directors. In addition, the Cummins Code of Business Conduct is also applicable to the subsidiaries, joint ventures and its employees, vendors, customers and business associates. All employees are required to follow the Code of Business Conduct and other important areas of compliance on or off company property when they are on Cummins business or acting as an agent or on behalf of Cummins.

At Cummins, several principles under the Cummins Code of Business Conduct are implemented effectively to drive ethical behavior at all levels. The Cummins Code of Business Conduct covers ten basic principles:

- We will follow the law everywhere
- We will embrace diverse perspectives and backgrounds and treat all people with dignity and respect
- We will compete fairly and honestly
- We will avoid conflicts of interest
- We will demand that everything we do leads to a cleaner, healthier and safer environment
- We will protect our technology, our information and our intellectual property
- We will demand that our financial records are accurate and that our reporting processes are clear and understandable
- We will strive to improve our communities
- We will communicate honestly and with integrity
- We will create a culture where all employees take responsibility for ethical behavior

Cummins is dedicated to exceeding customer expectations by always being first to market with the best products and this goal, in part, is accomplished through partnership with suppliers who share Company's commitment to quality and value and who operates under a philosophy that focuses on integrity and "doing the right thing." To support this philosophy, Cummins has a Supplier Code of Conduct (elaborated under Principle 4) which applies to all businesses that produce goods or provide services for Cummins and to its subsidiaries, joint ventures, divisions or affiliates.

Cummins has adopted the following guidelines: -

- We do not bribe anyone for any reason
- We get business because our products, services and people are the best
- We do not use the confidential information of others to gain an improper advantage
- We do not mislead others or compromise our integrity to gain an advantage

Cummins is committed to transparency in its financial reports. Cummins cooperates fully with its auditors and under no circumstances withholds information from them. At Cummins, a robust system of financial controls and processes is maintained to ensure the accuracy and timeliness of its financial reporting. The accuracy of Cummins financial reports is critical to its credibility and no fraud, false or misleading financial entries or statements are tolerated.

Cummins ensures that each of its employees have a stake in living the Code of Business Conduct and enforcing the rules and principles enshrined in the same. These principles are intended to guide Cummins employees' treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

The Cummins Code of Business Conduct is implemented and monitored on a regular basis through several mechanisms:

- New Hire Global Onboarding (GOB) Program, on-going trainings like Right Environment Every Time (REET), Prevention of Sexual Harassment (POSH) Training and online global core policy trainings
- Annual Ethics Certification
- Ethics Help-line, Organizational Support and Vigil Mechanism Policy
- Townhalls and all employee communications done by Leaders
- Regular updates to Senior Management

New Hire Global Onboarding (GOB) Program, on-going trainings like Right Environment Every Time (REET), Prevention of Sexual Harassment (POSH) Training and online global core policy trainings

Cummins puts its ethics and compliance principles into practice through various training programs like the new hire Global Onboarding (GOB) program, REET training, POSH training and also multiple online global trainings on core policies targeted at appropriate employee groups in order to promote ethical behavior. Cummins has a policy describing how employees are supposed to treat each other at work. All employees are required to attend the 'Treatment of Each Other at Work Policy' training course and complete refresher courses, as needed from time to time. It applies to all employees, customers and suppliers. All suppliers working closely with employees are expected, in their contracts, to understand and comply with this policy. It also applies to employees away from the Company property when they are on Company business or acting as an agent of Cummins.

A training module on the Anti-Bribery Policy was introduced in 2015, to ensure strengthening of the knowledge on the subject and awareness among employees. Refresher courses are conducted, as needed from time to time. The Insider Trading Code ('Code') was launched in May 2015, for regulating, monitoring and reporting the Insider Trading by the Directors, Designated Persons being Company employees and other connected persons. The Company also conducts several mandatory online training courses such as Careful Communications at Work, Doing Business Ethically, Data Privacy, Information Classification and Protection, Preventing Workplace Violence, Conflicts of Interest etc on the Cummins Learning Center, Cummins' in-house learning management system.

Annual Ethics Certification

Cummins Employees in certain grades and key positions are also required to complete the Annual Ethics Certification form. The Annual Ethics Certification process reinforces commitment to Cummins' ethical policies and the Code of Business Conduct, promoting an ethical culture.

Ethics Help-line, Organizational Support and Vigil Mechanism Policy

All Cummins employees worldwide, regardless of their position, are expected to observe high ethical standards. Employees whose actions can bind the Company or set the tone for others have a specific responsibility. Therefore, each employee is expected to follow the Cummins Code of Business Conduct.

Considering violations of Cummins' ethical policies could lead to corporate or personal liability, it is of utmost importance that each of us understands, adheres to and remains familiar with these policies.

Cummins has a robust and well-governed ethics investigation process. All ethics concerns are reported through the ethics website, the ethics helpline or through the Master Investigator, HR or Manager. All cases get assigned to trained in-house investigators for investigation and appropriate actions are recommended after approval from senior leaders.

Cummins has a Vigil Mechanism Policy which is strictly enforced to ensure more employees feel free to reach out and report likely issues.

The Company has also constituted an Internal Committee (IC) across all its locations in India under POSH.

At Cummins, employees have several different options to report ethics related issues. Besides being able to reach out to Managers or HR, employees have the option to anonymously report issues through four separate channels, details of which are mentioned below and further included on the website:

- Regularly monitored voice mail box
- Online at ethics.cummins.com
- Toll-free number
- QR Code

Statistics (April 01, 2021 – March 31, 2022):

Under the Ethics, Conflict of Interest, Disrespectful Communication, Improper Supplier or Contractor Activity, Prejudice/ Bias/ Discrimination, Theft, Unprofessional Conduct, Unsafe Working Conditions, Violence or Threat categories, the Company received and closed 30 complaints during the year.

The Internal Committee formed as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') received no complaints during the year.

Townhalls and all employee communications done by Leaders

Senior Leaders, in their regular town halls and all employee meetings, sensitize employees about the importance of creating the right environment, creating an ethical organization, awareness about ethics policies and examples of ethics cases and their actions which helps in increasing awareness and driving accountability amongst employees at all levels.

Regular updates to Senior Management

The Senior Management is highly involved in all matters related to Ethics at Workplace. They are responsible for closely monitoring the implementation of the policies. Each quarter, the Senior Management receives an

update on matters reported in their business or function, and the actions taken thereafter. Additionally, the same is also placed before the Audit Committee of the Board of Directors on a quarterly basis.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company continued to focus on sustainability initiative like waste recycling, GHG reduction, solar PV installations, regenerative dynos, water conservation and reuse of treated water in process, water neutrality, green supply chain, returnable packaging etc.

Cummins's commitment to Health, Safety and Environment continued in financial year 2021-22, reinforcing its responsibility towards employees, natural resources and the environment. Following is the incident rate recorded in 2021-22. While there is a significant decrease in the employee incident rate, the incident rate for contractors has increased. Sites have taken efforts through various projects and have focused on trainings to strengthen the safety culture.

Safety	Employees		Contractors	
	2020-21	2021-22	2020-21	2021-22
Incident Rate	0.456	0.077	0.072	0.161

Cummins has established health and safety Committees at its Plant's locations to continuously monitor the health and safety of Employees at its Plants. The Company also has defined mechanism to oversee implementation of its HSE Policy. All operational facilities of the Company diligently monitored and tracked the quantity and quality of their emissions/wastes generation as per their consent requirement and have been reporting it to the concerned Pollution Control Boards on an annual basis in the form of Environment Statement. The Company has also complied with the latest Plastic Waste Management (Amendment) Rules, 2022 and have set up a system to take back pre-consumer and post-consumer waste as a part of the extended producer responsibility.

Cummins is driving environment awareness initiatives across all its plants. Under these initiatives, the Company had a monthlong celebration of Environment Day (June Environment Month) to reinforce its commitment to the environment. The Health, Safety and Environmental (HSE) department continues to focus on developing people on environment aspects, identify improvement opportunities, undertake Greenhouse Gases (GHG) reduction projects and train people on pollution prevention, water conservation etc. as a part Cummins PLANET 2050 sustainability goals and 2030 targets, as a part of environmental commitment globally. Cummins is committed to making people's lives better by powering a more prosperous world which includes strong communities, robust business, and environmental sustainability. The Action Committee for Environmental Sustainability (ACES) team has benchmarked best-in-class and sector sustainability plans and reviewed the United Nations Sustainable Development Goals (SDGs) – and its list of more than 160 key performance indicators and targets – to inform its thinking and plan development. Cummins goals and targets align closely with 12 of the 17 UN Sustainable Development Goals.

The six principles behind PLANET 2050 sustainability goals are:

1. Develop innovative technology solutions that result in sustainable outcomes
2. Partner to solve complex problems
3. Design out waste and pollution
4. Reuse resources at their highest value for as long as possible
5. Connect inspired employees with meaningful action
6. Advocate for regulations that are tough, clear, and enforceable

All the environmental performance parameters are tracked in an IT software where data on GHG, waste and water are tracked as Key Performance Indicator (KPI) and every year targets are set on baseline.

Your Company worked on various environmental projects on the principle of use less, use better and use again. As a result, your Company generated 16,120 metric tons of Green House Gases (GHG), consumed 28,460 kilo gallons of water and generated 4211.99 metric tons of waste. This includes Distribution Business Office locations. Out of the total waste generated, 4211.82 Metric tons of waste is recycled. Your Company's recycling rate is 99.996%.

Your Company also participated in several renowned external award competitions. The CPG SEZ Plant participated in the Sustainable Development Foundation awards, a unit of EK KAM DESH KE NAAM (EKDKN) and won the platinum award in February 2022. The CPG SEZ plant also received various recognitions in Kaizen & Single Minute Exchange of Die (SMED) competition at Quality Circle Forum of India - Pune Chapter (QCFI), 3 Projects under Gold & 2 Projects under Silver Award Category. The Kothrud Engine Plant (KEP) received an external Award from Greentech Foundation for "Outstanding Achievements in Effective Safety Culture". KEP also participated in the Supply Chain and Operations Club from Symbiosis College of Human Resource Management & Development (SCMHRD) and won the Gold Award in Corporate Excellence in 2021.

Product safety is a key priority at Cummins. Certain substances such as asbestos, cadmium and mercury can never be used in Cummins products. These rules apply to all Cummins entities and all direct or indirect suppliers around the world. Cummins has been working on supply chain transformation that focuses on eliminating waste in supply chain operations and transforming it into a green supply chain. This includes exhaustive work on introducing returnable packaging, reducing transit lead time to procure parts and bundling shipment through milk run. Further, there has been a continuous effort in reducing premium freight.

Sustainable risk management is more than just protecting the critical assets of the Company. It is actively managing risks to protect the Company's business, its people and its reputation. Risk management is also about taking acceptable risks to pursue opportunities that allow a company to deliver business objectives and strategies and increase stakeholder value. Business Continuity Planning allows site leaders to recognize key risks in advance and prepare for major events that could impact their sites, employees, and ultimately their ability to serve the customers. The goal of Business Continuity Planning is to limit business exposure to risks and speed recovery to normal operation. Cummins Security is chartered to protect employees, facilities and information assets by implementing risk reduction strategies across the globe. Achieving this requires a sustainable security program that is collaborative in nature and delivers services that are aligned with the Company's strategic growth objectives.

The Company works extensively to continuously improve procurement procedure to ensure sustainability of its suppliers. The procedure includes seven separate areas of Sourcing, Contract Development and Negotiation, Procure to Pay, Supplier Management, Risk Management, Change Management and Supplier Quality Improvement. The procedure also includes the adherence to Supplier Code of Conduct (SCOC) by the suppliers which requires them to follow key ethical principles set forth by Cummins including the Supplier being required to protect the environment.

The Company believes strongly in ensuring that the waste generated in its facilities is disposed in compliance with all local rules and regulations. Cummins globally and in India has developed its strategy on the principle of 'nothing wasted' which includes following key waste reduction initiatives:-

Packaging waste reduction

- Elimination of single use plastic
- Returnable packaging
- Sustainable / Alternate packaging material
- Build-to Ship-to packaging

- Reuse of waste as raw material

- Packaging avoidance

Process derived waste reduction

- Compactor
- Sludge dewatering
- Paint sludge reduction and reuse.

Liquid waste recycling & reuse

- Oil recycling
- Coolant recycling

The Company meticulously abides by all the Health, Safety and Environmental (HSE) laws and has developed a HSE policy applicable to all groups and communicated to all suppliers and vendors. Cummins has comprehensive policies and procedures, governed by the dedicated HSE department, which covers the Company, Contractors, Dealerships, Group Joint Ventures, and Suppliers etc. to implement and monitor the same.

The Company understands the importance of adopting a proactive approach to address issues like climate change and global warming.

On the operations front, the Company continued energy conservation programs with more projects observed this year for reducing GHG footprint off site and promoting energy efficiency. These initiatives are driven through Six Sigma projects on energy conservation, unplugged challenge, energy audits and environment champions training.

Energy saving initiatives like unplugged challenge, compressed air optimization, replacement of non-energy efficient motor with energy efficient motors, replacement of light fixtures with LED lamps , etc. have been undertaken to reduce the energy consumption in plants. Your Company has worked towards enhancing the utilization of renewable energy at site by installing solar PV plant of 1800 kWp at Kothrud Engine Plant, Pune in the Financial Year 2021-22.

In the Financial Year 2021-22, your Company had focused on following energy saving initiatives that are in line with the Planet 2030 targets. The critical X projects were as follows:

- Develop energy monitoring and dashboard strategy.
- Implement Pilot program
- Replacement of legacy MFG equipment's with Advance technology
- Provide 10% electricity through onsite Solar PV

Your Company has also undertaken various water conservation initiatives like xeriscaping, leak detections, adiabatic cooling towers, dry paint booths etc in Financial Year 2021-22 and same will be carried forward, as well.

Principle 3: Businesses should promote the well-being of all employees

Your Company is committed to building the right leadership skills at all levels of the organization which in turn contributes significantly towards building the right environment at the workplace. With a strong emphasis

on 'Hire to Develop', the Company provides Sponsored Educational programs and various Leadership Development programs to develop both functional expertise and people skills respectively.

All sponsored education programs are consciously designed in partnership with prestigious institutes in India and offered as formal degree/certification to the employees. The sponsored education programs inter-alia include:

- General Management program: Two-year Executive MBA programs at different levels of leadership roles in partnership with institute like S.P. Jain Institute of Management and Research – Mumbai.
- Technical Development program: Two-year degree course in Masters in Automotive Engineering & a 3.5-year Bachelors in Technology course in partnership with BITS Pilani.
- PhD program for professional employees in the Engineering function from IITs in India and IISc, Bengaluru.
- Visionary Leaders for Manufacturing (VLFM) Senior Manager Programme offered by Confederation of Indian Industry (CII)

Your Company also offers an education assistance policy to employees who are interested in pursuing formal education as a part of their self-development or upgrading their functional capabilities.

Leadership Development programs include Global Leadership Development Program, Authentic Leadership Program, Building Success in Others, Front Line Leadership Development Program and Building Success in You program. Furthermore, Cummins also encourages job moves across functions, entities and locations to ensure varied exposure and growth of its employees.

Diversity, Equity & Inclusion (DE&I)

Diversity, Equity and Inclusion is in the DNA of Cummins through its core values. We had launched five (5) Employee Resource Groups (ERGs) focusing on the primary dimensions of diversity namely: **Gender, Generation, Culture, Person with Disability (PwD), and LGBTQ**. While promoting the Organization's Diversity, Equity and Inclusion agenda, these ERGs work on initiatives that contribute in making the Organization's environment 'Inclusive' in every sense so that the employees bring in their full potential at workplace. Projects and initiatives undertaken by these ERGs includes revisiting internal policies and processes, introducing new policy or guidelines to support a diverse dimension, rolling out effective workshops and awareness events focusing on 'inclusion', conducting infrastructural audits and recommending workplace adjustments, amongst others. We continue to focus on increasing our gender (female) talent, which is today at 33%. As the next step, Cummins is working to achieve gender parity in our workforce, by moving the needle to 50% representation of female talent. In this journey, the WE Network (Women Empowerment Network) ERG will continue to be a strong partner with business. As we continue the hiring primarily through our campus and lateral hiring, we would also focus on the pool of talent who have taken a career break but are now all geared up to restart their career.

Reiterating Mr. J Irwin Miller's (Cummins Inc., Chairman, 1951-1977) famous quote "Character, ability and intelligence are not concentrated in one sex over the other, nor in persons with certain accents or in certain races or in persons holding degrees from universities". In our Diversity & Inclusion philosophy, Cummins is also focusing on hiring Person with Disability (PwD) talent and also looking at how we can create a safe and inclusive environment in our Company to also attract the LGBTQ+ talent.

Cummins continues to be sensitive to the fact that today's working couples live in nuclear family setups and depend a lot on the Corporate on-site child-care facility. The Creche facility at all our sites are in demand and demonstrates on how much trust our employees have on the operations of these centers. For Cummins, creches are not just a legal compliance but reiterates our core value 'Caring'. The company has taken steps to ensure that the prime focus of these centers is not just to provide a safe and child friendly environment, but also ensure that there are various interventions planned throughout the year that stimulates the child's development and also gives opportunity to the parent (employee) in participating and playing an active role in the same, thus

making them feel engaged in their child's key growing years. These onsite creche facilities contribute greatly in attracting and retaining talent. Since March 24, 2020, due to pandemic and government regulations, the day care centres were not operational. We are now restarting the day care based on government guidelines.

We strongly feel for our company to be successful in consistently delivering on its commitment to provide an inclusive environment to a diverse workforce, senior leader's commitment to lead, to advocate and to advise on issues related to diversity and inclusion are critical. This year we hosted first Diversity, Equity and Inclusion (DE&I) Townhall on March 15, 2022, themed "Winning with the Power of Difference". In this event, Mr. Ashwath Ram, Managing Director of our company, shared his personal story and commitment towards DE&I alongside aspirational goals and way forward with all employees. He also reiterated his 100% commitment to work towards:

- Achieving our gender representation goals
- Ensuring strong regional diversity with focus on North-East region
- Promoting talent from under-represented groups with focus on economically poor background
- Transforming lives with dignity of LGBTQ+ by securing their livelihood and enabling economic empowerment.

Cummins Health and Wellness Program

The Health and Wellness (H&W) of our employees and their families has always been an important element for Cummins. The H&W Team continued its journey by rolling out multiple programs/initiatives in-line with Cummins overall wellbeing strategy. COVID-19 pandemic has changed our way of life. The pandemic, lockdown, and work from home scenario impacted businesses and physical, mental/emotional health, our social connect, and our overall work-life balance. The pandemic highlighted how critical it is to develop and sustain our overall health, benefitting self, family and the organization too.

The year 2021, as it termed as a "Year of Restart" on aspects like business & economic recovery, H&W Team continuously worked on theme 'Create 2021 Plan'. In line with this theme, various initiatives through emails or online webinars were rolled out to all the employees which primarily included:

Via Emails:

- World Mental Health Day – Lets address #TheElephantInTheRoom
- Awareness emailer on importance of Calcium, Vitamin B12, Vitamin E & its Benefits, Osteoporosis, Nutrition for Skin etc.
- Emailers on 'Your attitude can make all the difference', Good Vibes Only, Chief Happiness Officer - this could be you!, Enhance Your Well-Being Countering Virtual Fatigue, Dealing with Social Media Bullies, Addicted to social media? This is for you!, Give someone hope by showing that you care etc.
- Continuous awareness emailer on COVID -19 and its variants.
- Myths & Facts About Counselling
- International Self-Care Day: Your #SelfCarePromise

Various Webinars conducted included:

- Identifying Mental Illness and promoting good Mental health
- Importance of Counselling
- Sleep and it's benefits

- Importance of COVID vaccination

- Omicron-The new variant

You Company conducted two 21 days challenge on 'Digital Detox' and 'Meditation'. Your Company's "It's OK" global campaign addressed mental health issues & provided for Employee Assistance Program (EAP). "It's OK" campaign provided materials and various reference sources for Managers to have deeper connect / conversations with their team(s). The materials were available in Hindi & Marathi languages, in addition to English language.

Cummins has also been partnering with '1to1help since 2015' for providing professional counselling services in mental health space for our employees across all our locations in India. It's a confidential service which equips and supports an individual in dealing with life's challenges.

With the intent of creating more awareness and increasing EAP utilization, we revamped our offering:

- Enhancement in definition of dependents i.e. siblings* are included. Scope of services extended beyond employees, parents/inlaws, spouse/partner, children.
- Sending frequent mailers to all employees for enhancing awareness
- Conducting theme-based webinars through professional counsellors on monthly basis
- Conducting awareness session in regional language for employees

*(*Included in case of unmarried employees)*

COVID Vaccination and related support:

Cummins worked with the local government authorities, private hospitals and health care partners to arrange onsite vaccination camps for our eligible employees & their family members. Across India, we arranged around 45+ onsite vaccination drives and covered around 32,500+ vaccine beneficiaries. We also extended this support to our contractual workforce and their family members, suppliers, dealers & our business partners like Fleetguard & Valvoline. Around 900 volunteers participated in these vaccination drives across all the sites.

Several Team(s) across Cummins worked together for developing/ monitoring internal vaccination portal with limited access to Medical Team, which helped us in manage vaccination slots for the vaccine beneficiaries effectively without causing any chaos and following all COVID appropriate measures. It also helped us in following the vaccination coverage of our employees; site wise, location wise, and department wise. The medical team also approached reluctant employees and counselled/ encouraged employees to get vaccinated.

Today, we have around 99% vaccine coverage across all India sites including group Companies. 99.5% of the total workforce of Cummins in India, is fully vaccinated & 0.25% are partially vaccinated. Less than 1 % of the employees are yet to get vaccinated mainly due to other medical reasons.

COVID pandemic support continued in entire year 2021. The support initiatives included supporting employees, their dear ones with medical teleconsultations, helping in hospitalization when needed, following up with treating doctors for timely and appropriate medical treatment and post COVID consultations to take care of the post COVID sequel.

We also procured few oxygen concentrators which can be used by our employees or their family members in case of emergency which were useful in few of the instances.

Periodic Health Check-Up Policy updates:

This year your Company revised its periodic health check-up policy with one single vendor with tie-up with multiple hospitals & diagnostic centres across India. A portal was developed where employees can log in and book their health check for themselves or their family members in the hospital of their choice across India

from the list of tie-up hospitals & diagnostic centres. When the employee book the appointment for the family member, the employees pay for the package with the Cummins discounted rates.

This has considerably reduced the administrative work of line HR(s) & the Medical Team and of the employees which in turn led to saving time & efforts. The vendor also supports in conducting pre-employment health check-ups in the cities where Cummins does not have their presence & making the hospital payments for employment injuries medical treatment.

Insurance Benefits to employees and parents/in-laws were also enhanced from August 2021 onwards.

Paternity Leave Policy: Company introduced lexible options in availing the paternity leave.

As on March 31, 2022, the Company had around 3,167 permanent employees out of whom, around 672 are women employees. The Company also had 343 student category apprentices and 134 temporary employees, which took the total employee strength to 3,644 which also includes 1 permanent employee with disabilities.

Apart from this, the Company also had around 632 contractual employees as on March 31, 2022.

The Company has never engaged any child/ forced/ involuntary labors in any of its facilities and there have been no complaints pertaining to discriminatory employment during the financial year. Safety, skill up-gradation and mandatory trainings to ensure value alignment, is conducted for various categories of employees. In order to establish proper control measures and to ensure compliance to the law and internal processes, the Company is continuing with automated time and attendance system as well as quarterly audit of Contract Labor Management process.

The Company has a recognized Trade Union. As on as on March 31, 2022, approximately 32% of production and staff associates forms part work force who are members of the Trade Union.

Demonstrating Cummins' core value of Diversity and Inclusion, the organization strongly believes and advocates embracing the diverse perspectives of all people and honoring them with dignity and respect. The various steps taken by Cummins will go a long way in improving gender representation for the organization and set a definitive benchmark for industries in the Automotive Sector. These steps have been introduced after complete compliance with legal requirements as well as absolute adherence to the safety and security of women, further reinforcing Cummins as a 'great and safe place to work'.

Sr. No.	Category	No. of complaints filed during the Financial Year (April 2021 – March 2022)	No. of complaints pending as on the end of the Financial Year (April 2021 – March 2022)
1.	Child labor/ forced labor/ involuntary labor	NIL	NIL
2.	Sexual Harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

While Cummins' Code of Business Conduct ("Code") protects and promotes the ethical behavior that makes it a great place to work, Cummins' Supplier Code of Conduct applies to all businesses that provide product or services to Cummins and its partners, joint ventures, divisions or affiliates. The Supplier Code of Conduct helps the Company to ensure that it is doing business with other companies around the world that share the same values as Cummins.

The Supplier Code of Conduct is built around seven principles:

1. Suppliers must obey the law everywhere

2. Suppliers must treat people with dignity and respect
3. Suppliers must avoid conflicts of interest
4. Suppliers must provide a safe and healthy workspace
5. Suppliers must protect Cummins technology, information and intellectual property
6. Suppliers must protect the environment and conserve natural resources
7. Suppliers must assist Cummins in enforcing this Code

Each principle includes compliance guidelines to make the Supplier Code of Conduct more user-friendly. For example, under Principle No. 2 regarding treating people with dignity and respect, the Code states: “Suppliers should have formal policies prohibiting harassment, discrimination and ensuring fair treatment of all employees.” It also states suppliers must respect employees’ right to bargain collectively and ban forced or child labor.

Under Principle No. 6 dealing with protecting the environment and conserving natural resources, the Code states: “Suppliers should comply with all applicable environmental laws, regulations and standards. Suppliers should establish procedures for notifying community authorities in case of an accidental discharge or release of hazardous materials into the environment, or in case of any other environmental emergency”. It also states that “Suppliers should implement an audit program for compliance to applicable environmental regulation and standards, including a means to ensure corrective actions, minimal environmental impact and avoidance of recurrence”.

Aligned to its Mission, Vision, Core Values and eight Leadership behaviors, Cummins continues its focus on the well-being of all its stakeholders including shareholders, customers, vendors, employees and the communities it is part of.

Laying a special emphasis on groups which are disadvantaged, marginalized and vulnerable, Cummins strives to improve their lives focusing mainly in the areas of education and empowering under privileged to lead safe and healthy life in a greener environment among other initiatives.

Even though vaccine rolled out across the world, most communities are still recovering from the global human and economic devastation that COVID-19 pandemic has wrought. As life returns to the new normal, the impacts of the pandemic will take a long time to fully recover from.

Right from the beginning of the outbreak, Cummins has responded to the COVID-19 crisis through a series of immediate and emergency interventions addressing urgent and evolving needs on the ground.

Through the crisis, we engaged with our partner organizations – governmental and non-governmental, to care for our communities. Through shared experiences of the pandemic, together, we discovered new and more meaningful ways to serve those who were most in need.

The purpose of our actions to respond to community needs amid the COVID-19 pandemic had been to provide support and relief through interventions that directly impacts –



Frontline COVID-19 warriors – groups engaged directly in fighting the pandemic – doctors, nurses, paramedics, health & sanitation workers



Socially & Economically Disadvantaged – most impacted by the economic fallout of the pandemic are daily wage earners and migrant laborers in our communities



Resource scarce communities – villages and slums in our communities which are vulnerable



Through Cummins India Foundation (CIF), these efforts are channeled by - partnerships with State, Central, Local Government Bodies to provide relief to those in urgent need



Working with Organizations on the ground with a plan and structure in place to give immediate relief



Partnerships with large industry associations who are amplifying and channelizing resources to quickly provide support directly to the hospitals and people working on the frontlines



Leveraging internal and partner organizations' technical expertise to source scarce medical equipment

Responding to the pandemic situation of COVID-19, Cummins extended support to more than 40 villages near Cummins plant locations in India. 4,000+ PPE kits were provided to Health workers and Anganwadi workers. Sanitization of Common places was done using 3,500 Liters of sodium hypochlorite in each village. Sanitizers were provided to Village Panchayat along with a setup of Hand Wash Center. Covid Care Centers in villagers were provided 140 beds, 55 thermometers, 57 Oxy-Pulse meter and other essentials. Cummins Covid Support touched more than 1,07,000 + villagers in FY 2021-22.

Nurturing Brilliance – Cummins Scholarship Program

With a vision to provide financial & non-financial benefits to meritorious/ promising students coming from socio-economically challenged backgrounds, who aim for Higher Education (BE or Diploma), in 2006, Cummins launched a Scholarship Program “Nurturing Brilliance”.

Commenced at Pune with 13 students getting scholarships, program evolved in every facet. Number of scholarships offered were enhanced from 13 to 200. Now, scholarships are available at Pune, Phaltan, Nagpur, Ahmednagar, Indore, and Jamshedpur. Selection process of offering scholarship emanates from six sigma methodology. Selection process continues to be robust and transparent and it's our endeavor to attract talent and enrich lives of communities. In this journey of nurturing brilliance, so far, 1739 students have been sponsored.

With the support from cross functional teams, the program for 2021-22 was executed virtually. This helped us to offer all benefits under the Nurturing Brilliance to the needy students while keeping them protected from COVID. All the phases of selection i.e. application, aptitude test and personal interviews were virtually designed, viz. creating awareness, reimbursement process, mentoring & e-learning of soft skills. We accomplished modus operandi successfully for the two years in a row (AY 2020-21 & 2021-22). This has been a novel and unique to our program.

Digitization of Nurturing Brilliance has reduced fuel consumption and GHG emissions as Scholars are no longer required to travel to local Cummins offices for document submission. Reduced usage of at least 18,000 papers per annum created an impact of Carbon Footprint Avoidance of 29.81 MTCO₂ / Year.

Beyond providing financial assistance, Cummins also entrusts these scholars to its experienced Senior Leader, who as Mentors provide guidance through the entire duration of the course. Our mentorship program looks at providing each scholar with a mentor who helps to make the right career choices, provide scholars with relevant exposure to the industry and guide them in decisions which will shape their careers. Many of our experienced employees and leaders are assimilated with Mentoring program.

To improve soft skills of our scholars from FY 2020-21 onwards, CIF has introduced e-learning of Soft skills module. This module supports students in enhancing their employability skills.

The impact assessment of ‘Nurturing Brilliance’ program was also undertaken by an independent agency, Samhita Social Ventures Pvt. Ltd., further details of which are made available in Annexure 11 annexed to the Directors’ Report of FY 2021-22.

Local Community Care

In line with comprehensive approach towards serving the underprivileged and disabled, Cummins has partnered

with organizations focused on disadvantaged sections of society like the ones serving the hearing impaired, visually impaired, orphans and old age-elderly. Activities are aligned to the playbook (standard reference book) and are focused on three primary areas of development: 1) Infrastructure Development & Health and Safety, 2) Conservation of resources and 3) Education, training & process improvement. Cummins employees along with its partners work relentlessly towards providing these groups a healthy environment, safe infrastructure, multiple recreation facilities and good education.

Cummins has supported the residents with better and safe infrastructure which also includes improving natural lighting in the premises, proper ventilation, recreation facilities etc. Use of LED bulbs, biogas, kitchen garden and use of Solar energy has helped in significant reduction in operating expenses and has encouraged the use of renewable resources of energy. Continuous employee engagement helps in process improvements and replication of best practices.

In the challenging time of COVID-19 pandemic, Cummins continued its support to these NGOs. In the year 2021, Cummins supported 14 NGOs serving 1,000 underprivileged and disabled people across all plant locations in India. To safeguard residents at NGOs, Cummins teams remotely monitored project progress. Active employee participation and leadership involvement has enabled a successful project implementation across NGOs.

Principle 5: Businesses should respect and promote Human Rights

Respect for Human Rights is fundamental to the sustainability of Cummins and the communities in which we operate. In our Company and with our partners, we are committed to ensuring that people are treated with dignity and respect. Your Company believes that the organization gets stronger because of the diversity of its employees and as a Company serving customers globally, it needs a work environment that is welcoming and allows employees to best use their unique talents and diverse perspectives so ideas and innovation can flourish.

The Company strictly forbids discrimination, harassment, retaliation and strives to provide equal opportunity and fair treatment for all. Cummins prohibits discrimination or harassment based on an individual's race, color, religion, gender, gender identity and/or expression, national origin, disability, union affiliation, sexual orientation, age, veteran status, citizenship or other status protected by applicable law.

The Company supports human rights around the world and strives towards complying with all applicable laws regarding treatment of the employees and other stakeholders. The Company has zero tolerance policy on bonded, child or forced labour. The Company respects employees' freedom of association, right to bargain collectively and all other workplace human rights.

The Company is committed to quality and value which also extends to its joint ventures, suppliers and other partners. Cummins makes sure that its suppliers and partners treat their stakeholders in ways that reflect Cummins values and Supplier Code of Conduct. Cummins does business only with those suppliers and partners that share its passion for sustainable practices and policies.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

Cummins firmly believes the companies that are successful in future will deliver more value to customers with lesser environmental impacts. Cummins intends on being one of those companies. Environmental sustainability is an interconnected systems concept – our communities and our business depend on our collective response to improve the health of the planet.

Following are the details of few key projects that the Company supports in this area:

The Monsoon Resilient Maharashtra (MRM)

The "Monsoon Resilient Maharashtra" project was conceived and undertaken to address the acute scarcity of water in the rural communities of Maharashtra. Droughts are cyclic in Maharashtra and continue to haunt the

state bringing acute challenges to the farmers. Farmers in the state heavily depend on the monsoons for their agriculture activity, with very little fall back on other source of income. MRM aims to make these communities resilient to the challenges that come with erratic, inadequate and untimely monsoons.

From the very beginning, emphasis of the project was water budgeting or appropriate use of available water. With this goal in mind, there is focus on both sides, the supply side i.e., improving the quantity of water available to the community, and the demand side, which focusses on judicious use of water by instituting protocols and improved agricultural practices. After tirelessly working for four years on improving the supply side of water, the project progressed to managing demand side of water i.e., ensuring efficient utilization of available water through improved agricultural practices, and sustainable alternate livelihoods. In demand side management, MRM imparts extensive hands on training and through external field visits, ensures implementation of the said practices.

Cummins has developed, piloted, and scaled up the unique MRM model to address scarcity of water in Maharashtra. The four-pronged approach of a ridge to valley watershed development aided with Hydrogeology, remote sensing data and including community participation has been established. A third-party impact assessment report recorded substantial growth in the predefined indicators.

In MRM, concerted effort is made to build capabilities within the community to enhance engagement during the watershed implementation. In FY 2021-22 MRM added 8 more villages, extending its reach to a total of 44 villages in just a span of 5 years. It has positively impacted more than 67,000 plus lives. More than 1 billion gallons of additional water has been generated across 44 villages, 50+ water reservoirs have been desilted 0.3 Million m³ sand removed from these reservoirs and increase in water percolation through surface area treatment of 0.6 Million m³ area. Sustainable agriculture trainings to 2000+ farmers across 44 villages resulted in 23% productivity improvement and 10% reduction in cost. The project also led to cumulative additional annual income for women farmers through goat rearing and poultry. Livestock reproduction will further help to increase the annual income of these farmers in the coming years.

Cummins Water Works

The new global strategic community program focuses on being part of the collective action required to solve the growing global water crisis afflicting communities, with direct negative effects on health, education, gender equity and the growth of entire economies. Today globally, about 785 million people lack access to basic drinking water, and by 2050 at least one in four people will likely live in a country affected by chronic or recurring water shortages. A problem this large requires coordinated action to effectuate sustainable, innovative and local solutions. Cummins Water Works specifically aims to bring fresh water to 20 million people who will not otherwise have access to it.

Cleaner Air Better Life (CABL)

In Delhi, poor quality air irreversibly damages the lungs of 2.2 million or 50 percent of all children. India has the world's highest death rate from chronic respiratory diseases and asthma, according to the WHO. The primary sources of smoke are stubble burning, lit garbage, road dust, power plants, factories, and vehicles. In 'Cleaner Air Better Life' initiative Cummins in partnership with CII, NITI Aayog started working towards engaging business, civil society and government to learn from peers and take actionable steps to improve the air quality in cities which have reached crisis levels like Delhi-NCR.

Under this initiative four taskforces were formed (Clean Fuel, Clean Transport, Biomass Management and Clean Industry) which aim towards solutions for detrimental situations created due to rampant biomass burning, transport services, harmful fuel emissions and industry sources. Suitable interventions for Clean Fuel, Clean Transport, Biomass Management and Clean Industries is recommended through experts by the means of the taskforces. During the peak pollution period in November 2018, more than 1800 primary schools had to be shut down in the region for the first time. One the major reason was the practice of stubble burning by the farmers in and around Delhi and NCR cities. Thus, under the task force on 'Biomass Management', a pilot on 'Crop Residue Management' project was rolled out to curb the practice of crop residue burning in the North-Western States. Based on solutions identified by Biomass Management Report, the pilot project supported farmers undertake sustainable agricultural practices in the region. It also incentivized farmers for

'in-situ' treatment of paddy-straw. Various awareness sessions and campaigns were conducted promoting sustainable residual management process. Various universities and colleges participated to help train farmers adopt these practices.

After the success of CABL initiative in Delhi and NCR region, Cummins took the learnings to Indore city and implemented the project in Indore. In FY 2021-22 Cleaner Air Healthy Life project listed with Verified Carbon Standard for generation of approximately 1.50 Lacs carbon credits based on crop residue management activities in 172 villages. Detailed study undertaken after collocating 30 particulate matter monitors at MPPCB reference grade station in Indore. Report being shared with MPPCB and monitors are being moved to locations of actual deployment. Air quality modelling study initiated by IIT Delhi.

Enabling Sustainable and Integrated Waste Management in our communities

India generates 62 Million Tones waste / year of which only 27% is being treated . Several health, social, economic and environmental impacts are consequences of improper waste management. People's participation, availability of the right resources, systems and technology form key factors in ensuring proper waste management right from generation to disposal in any community, town or city. Strong social awareness and will are the foundational pillars to the right waste management behaviors.

To address these gaps, Cummins has been working closely with local government authorities since 2010 to promote behavioral change and introduce sustainable waste management in our communities. Through extensive employee participation under the EEEEC initiative along with strong collaboration with partners, in 2019, many of the core programs were scaled to greater heights and some new partners were onboarded on this journey. Need was felt for creating 'Zero Waste Slums'; – an area largely underserved and wrought with many challenges.

Creating Zero Waste Slums

As the city of Pune is growing in scale, the problem of its waste generation is also increasing exponentially. Today, Pune generates approximately 2100 tons of solid waste per day¹. Rapidly growing city population has led to strained infrastructure causing a major waste management and disposal issue. In addition, unscientific disposal of heterogeneous solid waste in the overflowing landfills is polluting environment and causing health disorders.

Zero Waste is a philosophy that encourage redesign of resource life cycles so that all products are reused and that no trash is sent to Landfills or incinerators. This project was started with Pune Municipal Corporation back in the year 2012 at Katraj ward where Cummins volunteers spent months together to spread awareness about the benefits of segregation of waste. This model was replicated at Baner-Balewadi and Kothrud wards.

Building on the successes of these initiatives, in 2019, the focus turned to creating zero waste slum at Laxmi Nagar slum in Kothrud. Close to forty percent of the population in Pune live in slums, where the waste management systems are severely lacking collection levels are poor, segregation are almost non-existent and riddled with many socio-economic challenges that drive the behavior on a day-to-day basis. Launched in 2019 along with Pune Municipal Corporation, the Kothrud slum project explores the ways and means for creating an ecosystem of behavioral change in more than 1200 families, with a holistic approach to waste management. Considering women as change agents for health & hygiene in slum, the focus has been on to upgrade vocational, marketing & entrepreneur skills of Women Self Help Group which resulted into income generation for 20 women.

Continuing the Covid-19 pandemic in FY 2021-22, the year was a challenging for Zero Waste Slum Project. During early 2021, this system completely collapsed due to increased COVID-19 cases in the slum as well as in waste pickers' community and the project focus was increased to re-establish the waste segregation & door to door collection. The lockdown phase 2 impacted the Door to Door collection & waste segregation system.

¹ Various reports/articles published in print form and/or on electronic form on websites etc.

Swachata Mitra (sanitation worker) has been our front-line workers ever since the pandemic broke down. Cummins made safety as the first priority and ensured that we took all possible safety measures for our Swachta Mitras. Each of our workers were provided with face shields, hand gloves, masks, gum boots, full body PPE suit and yellow bags for collection of segregated waste.

With continuous focus on monitoring & implementing health & safety measures for waste pickers with our intervention & through different initiatives, door to door coverage maintained at 78% and 2 major chronic spots in the area have been eliminated. In addition, it also led to an increase in the collection fee, major source of income generation for waste picker every month. About 394 Metric Tons of waste collected, diverted from landfills and sanitized before recycling, leading to an equivalent carbon footprint avoidance of close to 269 MT.

Inorganic Waste Management – Ensuring Responsible Recycling of E-waste and Plastic Waste

E-Waste: Discarded electronic and electrical items are considered as E-Waste. This is the fastest growing stream of waste in the country. In 2016, As per a report² India was the 5th largest producer of e-waste in the world and less than 30% of the population is aware of the need for and the right methods of E-Waste management. Considering the growth rate in consumption of electronic items over the next 3 years, the situation has become alarming and hence a need to address the issue.

Plastic Waste: India generates ~26,000 Tons of plastic every day – of which at least ~10,000 Tones remains uncollected ending up in landfills or oceans. It is estimated that by 2050, the amount of plastic in seas and oceans will outweigh the fish³.

In the light of above facts, Company perceived an urgent need to address this issue and has undertaken projects in the area of Inorganic Waste Management in Pune.

Cummins partnered with various NGOs, schools and local communities to create awareness on e-waste and plastic waste. Teams from Cummins and PMC are working with authorized recyclers for ensuring Eco-friendly processing of E-Waste and Plastic Waste. Cummins has been powering sustainable and end to end Electronic and Plastic management solutions since 2014 through an integrated approach, which is innovative, inclusive, collaborative, replicable and scalable.

In Financial Year 2020-21 and 2021-22, Cummins and implementing partners taking cognizance of COVID-19 pandemic, replaced door to door awareness campaigns, screening in schools and strategically developed remote awareness campaigns including digital awareness campaigns, online screening among school students and society members. This resulted into –

- With use of the social media, more than 4,40,000 citizens were made aware of the Zero-Contact plastic and e-waste collection program.
- Online sessions conducted for 53 schools covering 1,75,000+ students.
- “Zero Contact Collection Drives” were organized in about 200+ housing societies and community spaces to enable safe and environmentally friendly disposal of E-Waste and Plastic Waste.
- Enabled Sustainability by instituting systems and processes for safe collection and disposal of close to 68 MT of E-Waste and 156 MT of Plastic Waste, by conducting 100 drives and establishing permanent centers in partnership with authorized recyclers.
- Cummins along with NGO partners & PMC organized a “Mega Drive” which ran 300 Collection centers on a single day across the city.

² An article in Business Standard dated May 25, 2016 with subject ‘India is 5th largest producer of e-waste in world: Study’

³ Various reports/ articles published in print form and/or on electronic form on websites etc.

Ensuring sustainability through institutionalization, Cummins has helped establish more than 25 Collection centers across the city. This project has grown organically from creating mass scale awareness to changing mindset about handling e-waste which contain toxic elements and plastic waste which has infiltrated our daily lives.

WASH at School - School Readiness amid and post COVID-19

Every year, many of our interventions across Pune city takes us to hundreds of local schools frequently. To name a few, Be it the Friends of the Oceans project, E Waste drives, Nirmalya initiative or Coach them Young. Children are considered as the most effective change agents. Many of our interventions are centered around nurturing awareness and reinforcing the importance of environment conservation while enabling them to become brand ambassadors in their communities.

Early in 2020, COVID-19 pandemic triggered a strict lockdown which meant our interventions with the schools had to be paused.

From June 2021 as slowly, schools began preparations to restart, resource-scarce municipal run schools needed aid to ensure safety of children and staff. To support such schools with students coming from economically lower section of the society, Cummins along with our NGO partners prepared a detailed Standard Operating Process to help schools prepare for a safe and smooth restart. This program covered 40 schools benefiting more than 11,653 students and 469 staff.

Staff and student safety revolved around two key targets –

- **Social Distancing**
- **Sanitation and Hygiene**

The detailed implementation plan involved the following elements –

- **Infrastructure upgradation** - Social distance marking, foot operated water taps, foot operated sanitizer stand, liquid soap stands, isolation room with beds and other requirements.
- **Disinfection/ Sanitation** - Sodium hypochlorite, sanitizer & liquid soap bottles, Personal Protection Equipment (PPE), exhaust fans, mask & hand gloves etc were made available.
- **Screening Process** - Screening gun, screening location selection, screener PPE, screener training was completed.
- **Waste management** - Fixing COVID-19 waste storage location and establishing COVID-19 waste disposal process
- **Communication and Awareness** - Communication Plan/schedule, Awareness training modules, Signages on safety etc were provided.

Organic Waste Management – Building year-round initiatives from successful programs on festival waste processing

Our Nirmalya and Patravali programs over multiple years addressed the waste generated during two major festival / religious events that took place every year in the state of Maharashtra. The Nirmalya project is a multi-dimensional, multi-stakeholder level project that involves months of planning, logistics and coordination during the annual Ganesh festival.

It revolved around creating a mindset transformation among citizens to not pollute water bodies by immersing Ganesh idols and Nirmalya (organic material like flowers, coconut, spices which are offerings). The Nirmalya so collected at immersion points is composted and this organic and fertile compost is distributed to the farmers in the area.

Around August 2020, even though citizens across India were emerging from strict lockdowns, it still was not safe for people to congregate in large numbers during festival times. Cummins helped PMC to establish decentralized Nirmalya collection process, moving from immersion ghat to household /society level and the same was continued in 2021.

SWaCH waste pickers were provided separate bags for door-to-door collection of Nirmalya which was later sent to central place for composting. Cummins helped PMC by designing awareness creatives, pamphlets, banners and 2,00,000 printed posters for “Celebrating Eco-friendly & Safe Ganesh Festival” during COVID-19. Moving from immersion ghat to household /society level. More than 5 Lac citizens were made aware, 250 Tons of Nirmalya converted into organic compost, more than 1 Lac Ganesh idols got immersed at home and more than 700 Students with their families participated in Competition for Celebrating Eco-friendly Ganesh Festival at home.

Year-round compost generation from temple flower waste: Building on the success of the Nirmalya project, a year-round composting program of temple flower waste was kickstarted in 2019-20. After its successful pilot in with three wards of Pune, this project aims to compost around 20 Tons of flower waste daily and to create additional income opportunity for at least 6 people of disadvantaged section of the society. Nirmalya project was continued in FY2021-22 as well. Based on the success of this project, the plan is to further replicate it in other wards of the city.

Creating incense sticks from temple flower waste: This initiative serves the dual objectives of women empowerment and responsible waste management; it was launched in 2019. As part of the pilot initiative, 6 tribal women have been provided income generating opportunity to convert temple flower waste into incense sticks. The plan is to scale it to other wards and to provide continuous support on market linkages. In 2021, the product been introduced on e-commerce platform such as Amazon for customers.

Urban Watershed Management Initiatives – ensuring water security & conservation of biodiversity:

Being one of the fastest growing cities in Asia Pacific region, Pune is witnessing booming economics, population growth and rapid urbanization. This is increasing the overall demand for water in its urban areas. Ironically, less water is available where more people live. Ground water is being extracted at unprecedented levels due to high need for irrigation, domestic and industrial usage. The rate of replenishment with rainwater is lesser than the extraction rates. Flora and fauna biodiversity has been bearing the brunt due to depleting quality of urban water bodies.

Cummins has been implementing water shed management projects with the help of water experts and implementing partners. The approach includes increasing the capacity of existing water bodies and preventing pollution by creating awareness in our communities. Cummins is also restoring the lost biodiversity of these urban water bodies and ensuring their sustainability through long term partnerships.

The projects at Khadakwasla, Special Reserve Police Force's Wadachiwadi & Aundh Military area have resulted in conservation of over 1106 Mn Gallon of water in 2021. Detailed hydrogeological survey has been carried out at all the locations to plan and execute robust interventions for a period of three years and ensure sustenance. Due to Cummins intervention at the lakes, check dams, ponds and spring boxes, local biodiversity has been rejuvenated. The desilting and continuous contour trenches on hills by Cummins have ensured ground water recharge and availability of water during peak summer seasons for the urban communities.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

For Cummins, the major advocacy areas are related to emissions for automotive, power generation and off-highway equipment sectors. Cummins had major success on the power generation advocacy front with the Government launching lower emission, India Genset Emission Standards-IV+ generator emissions. Every year, Cummins works with respective associations to encourage better and tighter emission norms to improve the quality of air in the country. This is also Cummins' contribution to society aligned to its belief that advanced technologies can lead to cleaner air.

The Company partners with respective industry associations on various advocacy initiatives related to the industry. The Society of Indian Automobile Manufacturers (SIAM) takes up issues related to the auto sector with the Government, NGOs and think-tanks. Cummins advocates issues on the automotive segment along with SIAM as a partner. On broader issues relating to the business, environment and society, Cummins works very closely with Confederation of Indian Industries (CII). Similarly, for issues on power generation, Cummins works with the Indian Diesel Engines Manufacturers Association (IDEMA) and Indian Construction Equipment Manufacturers' Association (ICEMA) for construction industry related issues.

The Company also encourages fuel economy as that not only conserves precious fossil fuels but also lowers consumption and provides a lower carbon footprint on the environment. All these efforts are done under the aegis of one or more industry associations.

Principle 8: Businesses should support inclusive growth and equitable development

Cummins is an Equal Opportunity Employer. Extending this belief, your company constantly tries to increase opportunity and equity for those who are in utmost need through its various Corporate Social Responsibility projects that address social justice issues.

Cummins Powers Women is engineering solutions to gender inequality in our communities by partnering with global non-profits organizations to accelerate the advancement of women and girls and reinforcement of Cummins' internal commitment to the prosperity of women around the world. This program represents a multi-million-dollar investment in proven programs designed to create large-scale change in the lives of women and girls globally. The program seeks scaled solutions wherever possible by partnering with a network of global nonprofit organizations that have existing, outcome-based programs focused on areas where significant barriers exist to the advancement of girls and women. Cummins' investment supports a range of effective programs, including grassroots teaching and mentoring, financial stability through entrepreneurship, leadership training and strategic guidance to non-profit leaders.

This initiative has funded training resulting in funding of over 255 advocacy grants globally, resulting in 32 gender equality law and policy changes, benefitting over 26 million girls and women.

In India, we continue the journey for empowering girls and women steadfast with our partner, 'Rise Up'. Building on the successes of the first two leadership and advocacy accelerators, in 2021, with 18 advocacy grants funded. Besides being supportive of their advocacy causes, Cummins India employees volunteered in various remote and online engagements to support the grantee organizations. In Mumbai, with cohort leader, Pukar, Girls Voices Initiative was launched in 2021 - Girls' Voices Initiative, helps build a pipeline of engaged girl leaders creating change in their communities. This program supports adolescent girls to become leaders and speak out for their right to stay healthy, finish school, live safe from violence, and say no to child marriage. This girl-centered approach combines experiential learning with training in planning advocacy activities to engage policymakers and decision-makers using storytelling, communications campaigns, public forums and strategic meetings. Rise Up supports girls and their allies to create advocacy campaigns to utilize their newly honed skills and present their issues to decision-makers who have the power to address them by making real-world changes at local and national levels. 134 girls participated in this initiative from marginalised communities of Mandala, Dharavi and Kaula Bandar slums in Mumbai.

One of the interventions included the initiative, "Gift of Learning" - Starting November 2020, Cummins employees engaged with NGO, work for equality (Cummins – Rise Up partner non-profit) to ensure that even though schools were closed, learning wouldn't stop. Cummins employees began with academic subjects of Mathematics and Science for students from Grade 5 to 10 and expanded to personality development topics like Goal Setting, Spoken English, Online Art Sessions, and other creativity-related topics to students of all age groups. The program is not helping students with their academic subjects, but also helping older students completing their graduation to converse in English and improve on their communication skills to further their career prospects.

Over the course of the next year, we will continue to collaborate with Leaders on their advocacy projects to advance gender equity in their communities. Our program envisions the enabling, over time, 200 such

visionaries across the country and thereby catalyze them to create large-scale positive impact towards empowering women and girls in India.

Phaltan Town Development

This project was conceived with a vision to make Phaltan the best in its category and size in India by 2030. There are many components of a model town, however, a need assessment of the town indicated that solid waste management required most attention, hence was taken up on priority to be addressed.

In this journey Cummins' role is of a catalyst, mostly collaborating with the local community to provide the much-needed support to tackle the waste in the town. Cummins along with the implementing partner has created awareness for systematic segregation and door to door collection of waste. In both respects there has been a drastic improvement in cleanliness, resulting in a visible change in the town.

A concerted effort led to improved hygiene of the town. Round the clock monitoring of chronic waste spots was done to ensure sustenance and few of the spots were beautified and convert into usable spaces.

In our effort to make Phaltan a clean and green town, PMT undertook various new initiatives in FY 2021-22. To improve sanitation and hygiene amongst students to effectively tackle COVID-19 and other health related issues, handwash station were installed in schools, positively impacting more than 18,000 students. To reduce waste going to landfills from various wards, Self Sufficient Wards were launched to promote waste recycle and tackling waste at source. Around 29,200 kgs of waste were diverted from going to landfills.

Employee led Grants (ELGs) from the Cummins build on employees' engagement and help amplify the impact their work has on communities. ELGs support our work by providing financial support for ongoing projects and partners that align with Cummins' three global priority areas. 43 grants were given during FY 2021-22 in financial support.

Holistic Rural Development Program

Cummins commitment towards holistic rural development started with one village in 2010, and its journey has come a long way as it touched the lives of people in 26 villages in 2021. This program benefits more than 54,000 lives in rural areas. With the support of the village community, partnerships with the expert NGOs and government agencies we have now successfully replicated model village work at all plant locations in India.

To scale up model village project impact, Cummins has partnered with NABARD for 3 model village projects by signing an MOU of 50:50% funding partnership. Availability of partial funding through partnership helped Cummins to take up additional villages. This partnership will help Cummins to reach out to more villages in upcoming years.

Efforts put in water shed development and water conservation helped the villages conserve ~ 612 Mn Gallons of water every year. This was done through check dams, Ponds, desilting, contour trenches, soak pits etc. This ensured availability of water for drinking and irrigation throughout the year. To uplift the educational infrastructure and provide quality education, Cummins upgraded schools by providing toilets, classrooms, clean drinking water, benches, theme painting, playground, compound wall etc. To minimize impact of the pandemic and support to digital and online learning, Cummins provided 40 units of Digital Learning devices to 25 Schools. This resulted in improved learning and reduction in dropout rate. During the pandemic Cummins implemented various relief initiatives. For reducing waterborne diseases and improving health, Cummins installed 15 water purification plants and ATMs. This has providing access safe and clean drinking water to more than 75,000 villagers. Cummins also supported all model villagers for sanitization and providing PPEs to Health workers.

In year 2021, Cummins continued support for holistic development of villages with focus in increasing income of families. With help from subject matter experts and scientific approach, Organic Farming and Community Farming program was scaled up. So far 803 Model farmers are developed and have adopted 100% organic farming practice. Organic farming complemented with the use of new equipment has resulted into increased agricultural yield to which doubled income of many families. For increasing income from dairy farming, 60+

farmers were given training by a subject matter expert agency. This resulted in significant increase in milk production.

Empower-Her

It is an initiative for financial inclusion and independence of women at model villages. Under this program, we launched the initiative “Udgam” at Phaltan Megasite in 2017 which aims at creating awareness about Sanitary Hygiene, usage of sanitary napkins and enabling Entrepreneurship by setting sanitary pads production machine to produce eco-friendly napkin at lower cost. Manufacturing and marketing of the product is done by women self-help group with the support of Anganwadi and Asha workers. Project provides additional income beyond agriculture to women in villages.

This program was quite successful and gained good response from villagers at our three sites in Phaltan, Jamshedpur and Dewas. Post reviewing the success and impact, this project was replicated at 2 more locations in partnership with Cummins Suppliers in Maharashtra. Cummins Medical team and Subject Matter Experts were key pillars in successful execution and replication of this project. This helped to have best practices for health awareness, improved manufacturing, procure mandatory certification from approved laboratory. Subject matter expert team from Cummins is also helping Udgam Program in establishing external marketing linkages. This project addresses an important aspect of women health in rural areas which remained neglected. With the best community impact and high replication potentials, Cummins plan to replicate “Udgam” program in partnership with stakeholder/ supplier/s at various locations in India.

Empower HER initiative has so far benefitted more than 1600 women with additional income opportunity to support their families. Women Entrepreneurship developed through women self-help groups (SHG) for setting up small enterprises like Water ATM, Back yard Poultry, milking machine etc. Water ATMs have sustained with the increased awareness on clean drinking water and maintenance of the water ATM done by women self-help group. So far Cummins has installed and sustained Water ATMs in 7 villages providing clean and safe drinking water to villagers. Cummins continued to support women SHGs for setting up back yard poultrys. Many women have enhanced their back-yard poultrys to find additional income.

Responding to the pandemic situation of COVID-19, Cummins extended support to all 40+ model villages in India. More than 4,000 PPE kits were provided to Health workers and Anganwadi workers. Sanitization of Common places was done using 3,500 Liters of sodium hypochlorite in each village. Sanitizers were provided to Village Panchayat along with a setup of Hand wash center. Covid Care Centers in villages were provided 140 beds, 55 thermometers, 57 Oxy-Pulse meter and other essentials. Cummins Covid Support touched more than 1,07,000 + villagers in 2021.

Cummins College of Engineering for Women (CCEW)

Cummins College of Engineering for women was conceptualized and launched in 1991 in Pune with financial support of Cummins India Foundation in partnership with Maharshi Karve Stree Shikshan Samstha.

Our collaboration with Cummins College of Engineering for Women, Pune has come a long way with the 25th batch graduating. Cummins’ senior executives are deeply involved in this signature project, frequently interacting with the staff and students. COVID-19 impacted every sector known in a significant way.

Academic Year 2021-22 continued to be a significantly challenging year for education. The whole academic calendar was impacted, prioritizing student’s safety there was a paradigm shift in the way of learning. CCEW along with Cummins tackled this challenge strategically and ensured that learning was not affected. Despite many challenges CCEW continued to uphold its high standard in education and effectively and safely welcomed students back for offline classes.

Technical Education for Communities (TEC)

The globalized world today requires right skills to convert the growth opportunities into jobs. Fundamentally there is a void when it comes to the content and context of the education which generally phase lags with the need of rapidly changing manufacturing industries across the globe.

Cummins global initiative TEC (Technical Education for Communities) aims at bridging the skill gap and increasing the access of good jobs for students through its comprehensive five pillar framework comprising of 1. Market Relevant skills 2. Quality curriculum 3. Effective Teachers 4. Workplace & Classroom learning 5. Career Guidance.

Cummins is addressing this opportunity globally through TEC: Technical Education for Communities. TEC provides a comprehensive education framework and set of tools to strengthen school programs and improve the job prospects of students.

In our effort to reach out to more students under TEC India, we have established TEC sites at Indore in partnership with dealers (Deccan sales and services), which is in addition to our two existing TEC associations with it is in Phaltan, Jamshedpur and Kolhapur.

Along with uplifting the vocational education system, TEC India is also committed towards nurturing female students and their representation in technical education at our TEC sites.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The Company is dedicated to serving the customers in the best possible way. Cummins continues to strengthen customers relationships, support and engagement through:

- Formation of key account management structure
- Standard sales process for the channel
- Dealer engagement
- Service penetration improvement

The introduction of the Cummins CARE mobile application in the year 2017 was another step towards providing increased value to the customer and improving customer satisfaction. The application enables customers to raise service requests instantly, track the real-time progress of service, see service history and provide feedback with the convenience of their own smartphones. Through this initiative, the Company has been able to take huge strides in providing best in class service and support. With customer feedback, the Company continually enhances and evolves the functionality of Cummins CARE.

The Distribution Business continues to leverage savings due to Six Sigma projects and has successfully executed 4 Customer Focused Six Sigma Projects. Most projects are aligned to key business initiatives for driving improvement in customer support, supply chain, business growth and channel management.

The Net Promoter Score (NPS), a measure of customer loyalty strengthened to 86.44% (for Q4 of FY 2021-22) resulting in the Distribution Business in India to be on top in the global NPS scores across Cummins sites. For context, the channel served over seven lacs service requests in this period.

Cummins provides a 24 X 7 India Cummins Care to its customers to reach out through a Toll-Free number or e-mail to register their grievances. In the Financial Year 2021-22, 1353 complaints were registered, 1334 were resolved and 19 of which were under resolution on March 31, 2022. There were 9 active consumer litigations at the end of March 2022, with 1 case resolved during the year.

Cummins displays product information on the product label as mandated as per local laws. Cummins recognizes and respects consumer rights under various Acts (e.g. Sale of Goods Act) and does not restrict the freedom of choice and free competition in any manner while designing, promoting and selling its products.



Business Responsibility Report 2021-2022

Executive Summary

This document summarizes the Business Responsibility Report and reflects Cummins' broad view on sustainability, including safety, diversity and inclusion, people development and engagement in addition to the company's environmental initiatives, efforts to nurture innovation and its community improvement programs.



RIGHT ENVIRONMENT STATEMENT

“Cummins is committed to fostering a physically and psychologically safe, integrity-based, respectful, inclusive, high-performance culture that breaks down hierarchies and organizational boundaries, engaging the full talents of our diverse employees to delight all our stakeholders (employees, customers, partners, shareholders, suppliers, communities) consistently.”

- Cummins India Leadership Team



COVID-19 COMMUNITY SUPPORT

1,00,000+ people from **40 villages** near Cummins plant locations in India received aid or assistance from Cummins Covid support in FY 2021-22

4,000+
PPE KITS

provided to healthcare workers and Anganwadi workers

3,500
LITERS

of sodium hypochlorite used to sanitize common places in each village



Sanitizers provided to Village Panchayats



Hand wash centers set up

140 BEDS, 55 THERMOMETERS, 57 OXY-PULSE METERS
(other essentials provided to Covid Care Centers in the villages)



Cummins believes that a company is only as healthy as the communities where it does business. Supporting a wide array of community initiatives in India since 1962, the company focuses its resources on:

THREE GLOBAL PRIORITIES CRITICAL TO HEALTHY COMMUNITIES



EQUALITY OF OPPORTUNITY

Cummins Powers Women



Launched **Globally on International Women's Day in 2018**



Aim: A global Cummins strategic program to address gender inequality by partnering with international non-profit organizations for the advancement of women and girls.



Till date, this initiative has funded trainings resulting in:

- Funding of over **255 advocacy grants globally**
- **32 gender equality law and policy changes, benefitting over 26 million girls and women**



FY 2021-22 Update

- In India, we continue empowering girls and women with our partner, **Rise Up**
- Building on the successes of the first two leadership and advocacy accelerators, **18 advocacy grants** were funded



Local Community Care



Launched in **Pune in 2016**

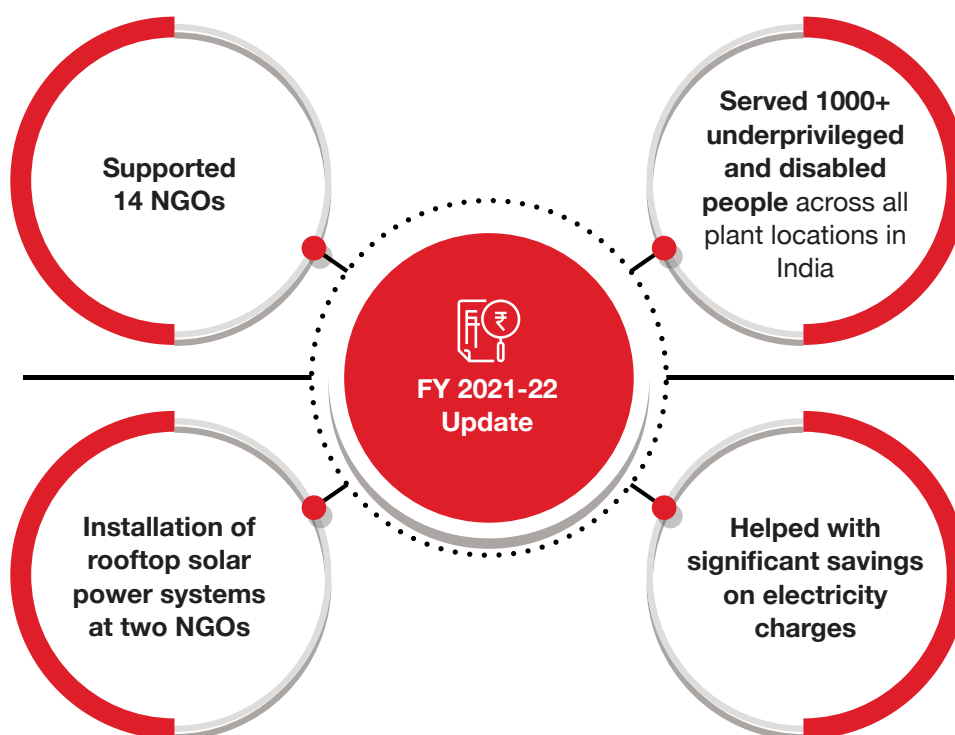


Aim: Cummins has partnered with organizations focused on disadvantaged sections of society such as the hearing impaired, visually impaired, orphans and elderly.

In the challenging times of the Covid-19 pandemic, Cummins continued its support to these NGOs.

Cummins' activities are aligned to the playbook (standard reference book) and focused on:

- Infrastructure Development & Health and Safety
- Conservation of Resources
- Education, Training and Process Improvement



HIGHER EDUCATION



Nurturing Brilliance - Cummins Scholarship Program



Launched in **Pune in 2006**



Aim: To provide financial and non-financial benefits to meritorious students belonging to socio-economically challenged backgrounds, who aspire to pursue Higher Education (BE or Diploma).

1739 students received scholarships from the program till date.

Technical Education for Communities (TEC)



Launched in **2012**

**Mission:**

- To train low-income youth in employable technical skills and connect them to good jobs through school-based, industry-supported skills training
- To nurture female students and enhance their representation in technical education across Cummins TEC sites



Cummins TEC Sites:

1

**Phaltan
Maharashtra**
*in collaboration
with Government*

3

**Jamshedpur
Jharkhand**
*in partnership with
Technical Institute
of a large steel
manufacturing company*

2

**Dewas, Indore
Madhya Pradesh**
*in partnership with
our trusted dealers*

4

**Kolhapur
Maharashtra**
*in partnership with our
reliable suppliers*



FY 2021-22 Update

Projects worth ₹ **1161.32 Lakh** were identified, and reasonable and judicious spends were made as per the requirements.

ENERGY AND ENVIRONMENT

Inorganic Waste Management

Ensuring Responsible Recycling of E-waste and Plastic Waste



Launched in **Pune in 2014**



Aim: To create mass awareness and change mindsets about handling e-waste, waste containing toxic elements and plastic waste.



FY 2021-22 Update



Taking cognizance of the Covid-19 pandemic, door-to-door awareness campaigns and screenings in schools replaced with **strategically-developed remote awareness campaigns:** digital awareness campaigns, online screening of school students and society members, etc.



Leveraged social media for large scale awareness: More than **4,00,000 citizens apprised** of our zero-contact plastic and e-waste collection program



25 e-Waste Collection Centers established across Pune city

Urban Watershed Management



Launched in **Pune in 2015**



Aim: Address water shortage and pollution in urban areas by employing scientific approaches, engaging experts and generating awareness among citizens to revive water bodies, like check dams, ponds, etc., improve local biodiversity and prevent water pollution.



FY 2021-22 Update



1106 million gallons of water conserved

through projects at Khadakwasla, Special Reserve Police Force's Wadachiwadi area and Aundh Military area

Organic Festival Waste Management

Building year-round initiatives from successful programs on festival waste processing



Launched in **Pune in 2011**



Aim: Address waste generation during two major annual festivals in Maharashtra, over multiple years through Cummins India's **Nirmalya** and **Patravali** programs.

Nirmalya: a multi-dimensional, multi-stakeholder level program that involves months of planning, logistics and coordination during the annual Ganesh festival.



FY 2021-22 Update



Eco-friendly Ganesh Festival:

Cummins India helped Pune Municipal Corporation (PMC) to establish a decentralized Nirmalya collection process - moving the immersion of Ganesh idols from ghats to society/neighborhood levels.

5,00,000+ citizens made aware



250 tons of Nirmalya converted into organic compost

1,00,000+ Ganesh idols got immersed at home



700+ students with their families participated in competitions held around celebrating Eco-friendly Ganesh Festival at home

ENERGY AND ENVIRONMENT

Phaltan Town Development



Aim:

To make Phaltan a Model Town, best in its category and size in India by 2030.

Solid waste management was taken up on priority to be addressed at Phaltan.



FY 2021-22 Impact

- Various new initiatives launched to improve the health and hygiene of school students
- **45,000+ people** reached through awareness campaign

Monsoon Resilient Maharashtra (MRM)

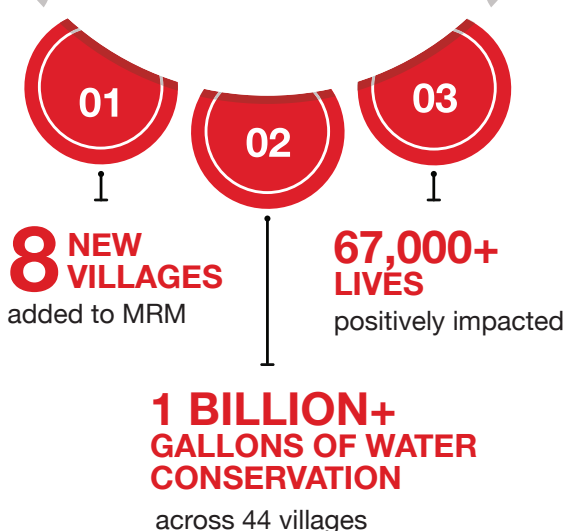


Aim:

Address acute water scarcity among rural communities of Maharashtra impacted by cyclical droughts, bringing forth acute challenges to farmers who heavily depend on the monsoons for their agriculture activity.



FY 2021-22 Impact



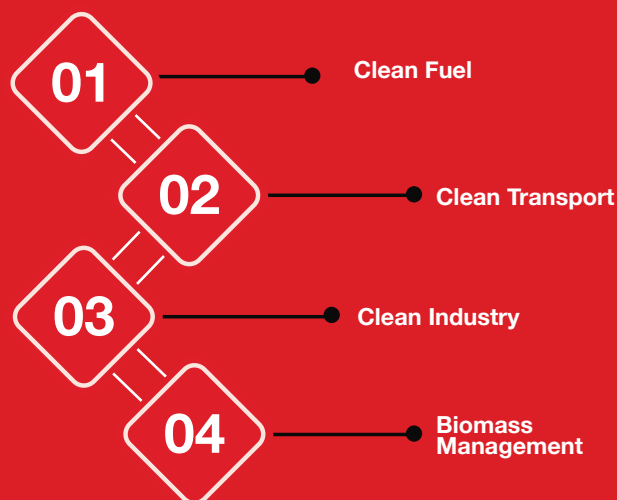
Cleaner Air Better Life (CABL) Initiative



Aim:

Build solutions for detrimental air quality due to rampant biomass burning, transport services, harmful fuel emissions and industry sources.

Suitable interventions recommended through experts through four taskforces:



The CABL initiative was successfully implemented in Delhi and NCR region in 2018-20.



FY 2021-22 Impact

- CABL implemented in Indore, Madhya Pradesh
- 'Cleaner Air. Better Life.' project listed with Verified Carbon Standard for generating approximately 1.50 Lakh carbon credits based on crop residue management activities in 172 villages

HEALTH, SAFETY AND ENVIRONMENT

We firmly believe that good environmental stewardship begins with our operations, and that everything that we do should lead to a cleaner, healthier environment.

With a 99.996% waste recycling rate, your company ensures that all sites comply with the Health, Safety and Environment Management System policy, procedures, and initiatives, independent of certification status.

HEALTH AND WELLNESS

7 Levers of a Healthy Lifestyle



“While some still argue that business has no social responsibility, we believe that our survival in the very long run is as dependent upon responsible citizenship in our communities and in the society, as it is on responsible technological, financial and production performance.”

- J. Irwin Miller
Former CEO, Cummins Inc.

”

Cummins India Limited

Who We Are

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



Founded in

1962



India Headquarters
Cummins India Office
Campus, Pune

Cummins India Facilities

Over **3,167**
employees across India

5
world class
factories

1
parts
distribution
center

450+
4s service
touch points
103
retail touch
points

Markets We Serve



Serves markets in **India, Nepal and Bhutan** and exports its products to various countries across the globe with USA, Europe, Mexico, Africa, Middle East and China being the top destinations



Caters to end markets such as construction, compressor, mining, marine, railway, oil and gas, pumps, defense and power generation

All factories and offices demonstrate the

5 five principles of sustainability



Safe



Clean



Diverse



Lean



Green



Cummins India Limited

Registered Office:

Cummins India Office Campus,
Tower A, 5th Floor,
Survey No. 21, Balewadi,
Pune - 411 045, Maharashtra, India
Tel : +91 20 67067000
Fax : +91 20 67067015
CIN : L29112PN1962PLC012276

www.cumminsindia.com
cil.investors@cummins.com





Cummins India Limited

Registered Office: Cummins India Office Campus, Tower A, 5th Floor,
Survey No. 21, Balewadi, Pune 411 045
(CIN: L29112PN1962PLC012276)
Telephone: 020 67067000 Fax: 020 67067015
Website: www.cumminsindia.com
E-mail: cil.investors@cummins.com

NOTICE OF THE 61ST ANNUAL GENERAL MEETING

To,

The Members of Cummins India Limited,

NOTICE is hereby given that the Sixty-first Annual General Meeting of the Members of Cummins India Limited will be held on Wednesday, the 10th day of August 2022, at 12 Noon Indian Standard Time (I.S.T.) through Video Conference ("VC") / Other Audio Visual Means ("OAVM") facility, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the Financial Year ended March 31, 2022, the reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the Financial Year ended March 31, 2022 and the report of the Auditors thereon.
3. To declare final dividend on equity shares for the Financial Year ended March 31, 2022 and to confirm the payment of interim dividend for the Financial Year 2021-22.
4. To appoint a Director in place of Mr. Norbert Nusterer (DIN: 07640359), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To approve re-appointment of Mr. Ashwath Ram as the Managing Director of the Company

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 provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V of the Act and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), relevant provisions of the Articles of Association of the Company, as recommended by Nomination and Remuneration Committee and approved by Board of Directors, subject to such sanctions/approvals as may be necessary, approval of the Members be and is hereby accorded for the re-appointment of Mr. Ashwath Ram (DIN: 00149501) as the Managing Director of the Company, for a period of three years effective from August 17, 2022 to August 16, 2025 upon the terms and conditions of appointment including remuneration as set out in the Explanatory Statement annexed to the Notice.

RESOLVED FURTHER THAT the Board of Directors, be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration to the extent it may deem appropriate, subject to the same not exceeding the overall limits specified under Section 197 read with Schedule V of the Act (including any statutory modifications or re-enactments thereof, for the time being in force) and/or any guidelines prescribed by the Government from time to time.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to this resolution."

6. To ratify remuneration payable to the Cost Auditor, M/s. C S Adawadkar & Co., for the Financial Year 2022-23

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 provisions of Section 148 and other applicable provisions, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration not exceeding ₹ 9,50,000/- (Rupees Nine Lacs Fifty Thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses payable to the Cost Auditor, M/s. C S Adawadkar & Co, Cost Accountants for the year ending March 31, 2023, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified.”

7. To approve material related party transaction(s) with Cummins Limited, UK

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

“RESOLVED THAT pursuant to provisions of Section 188 of Companies Act, 2013 (“the Act”) read with the Rules framed thereunder, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof, for the time being in force), Company’s Policy on Related Party Transactions, and such other applicable provisions and as recommended by Audit Committee and approved by Board of Directors, approval of the Members be and is hereby accorded for the Company to enter into Material Related Party Transaction(s)/ Contract(s)/ Arrangement(s)/ Agreement(s) with **Cummins Limited, UK**, a related party under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for Financial Year 2022-23 upto maximum aggregate value of ₹ 81,100 Lacs (Rupees Eighty One Thousand One Hundred Lacs only) in the ordinary course of business and at arm’s length basis, in the nature of:

- a) sale of engines/gensets, their parts, accessories, and spares by the Company;
- b) purchases of engines/ gensets, their parts, accessories or spares by the Company, availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations (‘Other RPTs’);

on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between the Company and related party.

RESOLVED FURTHER THAT the Board or Key Managerial Personnel of the Company, be and is hereby authorised to sign, execute, alter and/or negotiate all such deeds, agreements, contracts, transactions, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company and to do all such acts, deeds, matters and things including delegation of such authority, as it may deem fit at its absolute discretion to give effect to this Resolution and for resolving all such issues, questions, difficulties or doubts, whatsoever that may arise in this regard, without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.”

8. To approve material related party transaction(s) with Tata Cummins Private Limited

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

“RESOLVED THAT pursuant to provisions of Section 188 of Companies Act, 2013 (“the Act”) read with the Rules framed thereunder, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory modification(s) or re-enactment thereof, for the time being in force), Company’s Policy on Related Party Transactions, and such other applicable provisions and as recommended by Audit Committee and approved by Board of Directors, approval of the

Members be and is hereby accorded for the Company to enter into Material Related Party Transaction(s)/ Contract(s)/ Arrangement(s)/ Agreement(s) with **Tata Cummins Private Limited**, a related party under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for Financial Year 2022-23 upto maximum aggregate value of ₹ 200,700 Lacs (Rupees Two Lacs Seven Hundred Lacs only) in the ordinary course of business and at arm's length basis, in the nature of:

- a) purchase of internal combustion engines, their parts and accessories thereof by the Company;
- b) sale of internal combustion engines, their parts and accessories thereof by the Company, availing/ rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs');

on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between the Company and related party.

RESOLVED FURTHER THAT the Board or Key Managerial Personnel of the Company, be and is hereby authorised to sign, execute, alter and/or negotiate all such deeds, agreements, contracts, transactions, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company and to do all such acts, deeds, matters and things including delegation of such authority, as it may deem fit at its absolute discretion to give effect to this Resolution and for resolving all such issues, questions, difficulties or doubts, whatsoever that may arise in this regard, without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

9. To approve material related party transaction(s) with Cummins Technologies India Private Limited

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

"RESOLVED THAT pursuant to provisions of Section 188 of Companies Act, 2013 ("the Act") read with the Rules framed thereunder, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof, for the time being in force), Company's Policy on Related Party Transactions, and such other applicable provisions and as recommended by Audit Committee and approved by Board of Directors, approval of the Members be and is hereby accorded for the Company to enter into Material Related Party Transaction(s)/ Contract(s)/ Arrangement(s)/ Agreement(s) with Cummins Technologies India Private Limited, a related party under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for Financial Year 2022-23 upto maximum aggregate value of ₹ 155,800 Lacs (One Lac Fifty-five Thousand Eight Hundred Lacs only) in the ordinary course of business and at arm's length basis, in the nature of:

- a) purchase of engines, gensets, turbochargers, their parts, components and spares by the Company;
- b) sale of engines/gensets, their parts, accessories, and spares by the Company;
- c) availing / rendering of any kind of service(s), reimbursements received / paid, purchase / sale / exchange / transfer / lease of business asset(s) and / or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs');

on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between the Company and related party.

RESOLVED FURTHER THAT the Board or Key Managerial Personnel of the Company, be and is hereby authorised to sign, execute, alter and/or negotiate all such deeds, agreements, contracts, transactions, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company and to do all such acts, deeds, matters and things including delegation of such authority, as it

may deem fit at its absolute discretion to give effect to this Resolution and for resolving all such issues, questions, difficulties or doubts, whatsoever that may arise in this regard, without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

10. To approve material related party transaction(s) with Cummins Inc., USA

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

"RESOLVED THAT pursuant to provisions of Section 188 of Companies Act, 2013 ("the Act") read with the Rules framed thereunder, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment thereof, for the time being in force), Company's Policy on Related Party Transactions, and such other applicable provisions and as recommended by Audit Committee and approved by Board of Directors, approval of the Members be and is hereby accorded for the Company to enter into Material Related Party Transaction(s)/ Contract(s)/ Arrangement(s)/ Agreement(s) with **Cummins Inc., USA**, a related party under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations for Financial Year 2022-23 upto maximum aggregate value of ₹ 67,300 Lacs (Sixty Seven Thousand Three Hundred Lacs only) in the ordinary course of business and at arm's length basis, in the nature of:

- a) purchase of engines, gensets, turbochargers, their parts, components and spares by the Company;
- b) sale of engines/gensets, their parts, accessories, and spares by the Company;
- c) availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs').

on such terms and conditions as detailed in the explanatory statement to this Resolution and as may be mutually agreed between the Company and related party.

RESOLVED FURTHER THAT the Board or Key Managerial Personnel of the Company, be and is hereby authorised to sign, execute, alter and/or negotiate all such deeds, agreements, contracts, transactions, applications, documents, papers, forms and writings that may be required, for and on behalf of the Company and to do all such acts, deeds, matters and things including delegation of such authority, as it may deem fit at its absolute discretion to give effect to this Resolution and for resolving all such issues, questions, difficulties or doubts, whatsoever that may arise in this regard, without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects."

Registered Office:
Cummins India Office
Campus, Tower A,
5th Floor, Survey no. 21,
Balewadi,
Pune 411 045

By Order of the Board,
For Cummins India Limited,

Place: Pune
Date: July 16, 2022

Vinaya Joshi
Company Secretary
Membership No.: A25096

NOTES:

- A.** The Statement of additional information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in respect of Item Nos. 4 to 10 and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), in respect of Special Business at Item Nos. 5 to 10 of the Notice, is annexed hereto.
- B.** Additional information in respect of Director seeking appointment/ re-appointment at the 61st AGM is annexed to the Notice.
- C. General instructions to the Members participating in the 61st AGM through VC / OAVM facility:**
1. In compliance with the various circulars issued by Ministry of Corporate Affairs ("MCA") i.e. circular dated May 05, 2022 read with circulars dated January 13, 2021, December 14, 2021, April 08, 2020, April 13, 2020 and May 05, 2020 (collectively referred to as "MCA Circulars") and SEBI vide its Circular dated May 13, 2022 (referred to as "SEBI Circular") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In accordance with the MCA Circulars and SEBI Circular, Companies are permitted to conduct their AGM on or before December 31, 2022 in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 dated May 05, 2020. In compliance with the provisions of the Act, SEBI Listing Regulations, MCA Circulars and SEBI Circular, the 61st AGM of the Company is being held through VC / OAVM facility, without the physical presence of Members at a common venue. The deemed venue for the 61st AGM shall be the Registered Office of the Company.
 2. In terms of the MCA Circulars and SEBI Circular, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 61st AGM. Hence, the Proxy Form and Attendance Slip are not annexed to the Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-voting and / or for participation in the 61st AGM through VC / OAVM facility and e-voting during the 61st AGM.
 3. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the 61st AGM through VC / OAVM facility on its behalf and to vote either through remote e-voting or during the AGM. The said resolution/authorization should be sent electronically through their registered email address to the Scrutinizer at info@csladda.com with a copy marked to cil.investors@cummins.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
 4. Members attending the AGM through VC / OAVM facility shall be counted for the purpose of reckoning the quorum for 61st AGM as per Section 103 of the Act.
 5. Since the AGM will be held through VC / OAVM facility, the Route Map is not annexed to the Notice.
 6. National Securities Depository Limited ("NSDL") will be providing facility for voting through remote e-voting, for participation in the 61st AGM through VC / OAVM facility and e-voting during the 61st AGM.
 7. In line with the MCA Circulars and SEBI Circular, the Notice of the 61st AGM along with the Annual Report for FY 2021-22 is being sent by electronic mode to the members on their registered email ID with the Depositories / RTA, unless any Member has requested for a physical copy of the same. Member may note that the same will also be available on the Company's website www.cumminsindia.com, on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL at www.evoting.nsdl.com.

8. Members may join the 61st AGM through VC / OAVM facility by following the procedure as mentioned in Point 'D'. The facility for joining the meeting shall open for Members from 11.45 a.m. IST i.e., 15 minutes before the time scheduled to start the 61st AGM and the Company may close the window for joining the VC / OAVM facility 15 minutes after the scheduled time to start the 61st AGM.
9. Members may note that the VC / OAVM facility, provided by National Securities Depository Limited (NSDL) allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e., shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 61st AGM without any restriction on account of first-come first-served principle.
10. The Company has fixed Wednesday, August 03, 2022 as the 'Cut- off Date' for the purpose of remote e-voting and as 'Record Date' for determining entitlement of Members to final dividend for the Financial Year ended March 31, 2022, if approved at the 61st AGM.
11. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the Record Date only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM. A person who is not a Member as on the Cut- off date should treat this Notice for information purposes only.
12. 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.
13. Pursuant to MCA Circulars and SEBI Circulars dated May 05, 2020, and May 13, 2022, the Notice of the 61st AGM along with the Annual Report for FY 2021-22 are being sent only by email to the Members, whose email addresses are registered with the Company/ Depositories. Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the 61st AGM and the Annual Report for FY 2021-22 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below:
 - (i) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by email to the Company's email address cil.investors@cummins.com. All these details can be uploaded on the given link in one go https://web.linkintime.co.in/EmailReg/Email_Register.html
 - (ii) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
14. 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-101, 1st Floor, 247 Park
 L.B.S. Marg, Vikhroli (West)
 Mumbai 400083, Maharashtra
 Phone No.: (022) 49186270
 Fax No.: (022) 49186060
 Contact person: Mr. Jayprakash VP
 E-mail : rnt.helpdesk@linkintime.co.in

15. The Board of Directors of the Company in their meeting held on May 26, 2022, has recommended Final Dividend of Rs. 10.50/- per equity share. The Record Date for final dividend for the Financial Year 2021-22 will be Wednesday, August 03, 2022. The final dividend once approved, by the Members in the ensuing AGM, will be paid on September 06, 2022, electronically through various online transfer modes to those Members who have updated their bank account details. For Members who have not updated their bank account details, dividend warrants/ demand drafts/ cheques will be dispatched to their registered address by post subject to availability of the postal services. To avoid delay in receiving the dividend, shareholders are requested to update their Bank account details along with the documents mentioned therein, at: https://linkintime.co.in/emailreg/email_register.html.
16. Pursuant to Finance Act, 2020, dividend income is taxable in the hands of Members w.e.f. April 01, 2020, and the Company is required to deduct tax at source from dividend paid to Members at the prescribed rates. For Resident Members, taxes shall be deducted at source under Section 194 of the Income Tax Act, 1961, as follows –

Shareholders having valid PAN	10% or as notified by the Government of India
i. Shareholders not having PAN / valid PAN or ii. A shareholder who has not furnished (both filed and verified) income tax return for the immediately preceding financial year for which the time limit for furnishing the income tax return (as per Section 139(1) of the Income Tax Act, 1961) has expired and TDS in this case exceeds ₹ 50,000 in the said financial year. List of such cases to be provided by validation through the Income Tax Department's utility to the Company (As per Section 206AB of the Income Tax Act, 1961)	20% or as notified by the Government of India

A Resident Individual Member with PAN will not be liable to pay income tax if the total dividend to be received during Financial Year 2021-22 does not exceed ₹ 5,000 and also in case where the Member provides a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source, on the given link: <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

Non-resident shareholders can avail beneficial rates of withholding under tax treaty between India and their country of residence, subject to providing necessary documents i.e. copy of PAN (if available), No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F and any other document which may be required to avail the tax treaty benefits, on the given link: <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html>.

Pursuant to the Finance Act, 2021 as amended vide Finance Act, 2022, Section 206AB of Income Tax Act, 1961 is also applicable to non-resident shareholders who have not furnished (both filed and verified) their income tax return for the immediately preceding financial year for which the time limit for furnishing return of income as per Section 139(1) has expired and:

- if such shareholders have a Permanent establishment in India; and
- Tax deducted at source in their case exceeds ₹ 50,000 in the said financial year.

According to Section 206AB of Income Tax Act, 1961, tax would be deducted at twice the rate applicable to the respective non-resident shareholder satisfying the above conditions.

The last date for submission of required documentation for the purpose of final dividend for the Financial Year ended March 31, 2022 is Wednesday, August 03, 2022. Please note that submission

of documents post August 03, 2022, shall not be considered for the purpose of final dividend to be declared in the 61st AGM.

17. Dividend, subject to deduction of tax at source, will be preferably paid through National Electronic Clearing Services (NECS), under separate intimation to the Members, wherever the facility is available. In other cases, Dividend will be paid by account payee or non-negotiable banking instruments, through postal services subject to availability. To ensure timely payment of dividend, the Members are requested to correctly update their respective bank account details either with Depository Participant or Registrar and Transfer Agent, from time to time.

18. Transfer of Unclaimed / Unpaid amounts to the Investor Education and Protection Fund (IEPF):

Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed / unpaid dividend, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, were required to be transferred to the IEPF. Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from September 07, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed / unpaid dividend remaining unclaimed / unpaid for a period of seven (7) years from the date of transfer to the Company's Unpaid Dividend Account, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

As per Section 124(6) of the Act read with the IEPF Rules as amended, all the shares in respect of which dividend has remained unpaid/unclaimed for seven (7) consecutive years or more are required to be transferred to an IEPF Demat Account. Accordingly, all the shares in respect of which dividend has remained unclaimed / unpaid for seven (7) consecutive years or more, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the shares so transferred.

In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from IEPF Authority by submitting an online application in the prescribed Form IEPF- 5 available on the website: www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5. The procedure for claiming the unpaid dividend and equity shares transferred to the IEPF Authority is provided on the following link: <http://www.iepf.gov.in/IEPF/refund.html>. The Members are requested to contact RTA in case of any queries on the same. The details of the unclaimed dividends are available on the website of the Company at <https://www.cummins.com/en/in/investors/india-dividend> and Ministry of Corporate Affairs at www.iepf.gov.in.

19. Unclaimed dividends for the Financial Year 2014-15, 2015-16 and those declared thereafter can be claimed from the Company by completing the requisite formalities. To claim final dividend for the Financial Year 2014-15 and interim dividend for the Financial Year 2015-16, the requisite formalities are required to be completed prior to September 05, 2022, and March 06, 2023, 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 of unclaimed dividend(s), the Members are requested to write to Link Intime India Private Limited, Mumbai, at the above given address.
20. 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, if not given already. Members holding shares in physical form can submit their PAN to the Company / Link Intime India Private Limited.
21. In accordance with the proviso to Regulation 40(1) of the Listing Regulations, effective from April 01, 2019, transfer of shares in physical mode is prohibited and mandates holding in demat except in case of transmission and transposition. Accordingly, Members are requested to convert physical

holding to demat through depository participant. Members may contact the Company/ RTA for any assistance in the said process of physical to demat of shares.

22. 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. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent or from the Company at <https://www.cummins.com/en/in/investors/india-investors-notice>.

Registration of nomination makes easy for dependents to access your investments and set out proportion of your benefits to the nominees. Registration and/or updation of bank mandate ensures the receipt of dividend and/or any other consideration timely, faster and easier and more important avoids fraudulent encashment of warrants. Members are requested to submit their bank registration documents i.e., request letter, cancelled cheque and self-attested photocopy of PAN Card and address proof with the Company and/or Depository Participants.

23. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal / exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/ folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://www.cummins.com/en/in/investors/india-investors-notice> and on the website of the Company's Registrar and Transfer Agents, Link Intime India Private Limited at <https://www.linkintime.co.in>. It may be noted that any service request can be processed only after the folio is KYC Compliant.
24. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or Link Intime India Private Limited, for assistance in this regard.
25. The Company had on February 10, 1987, sub-divided each Equity Share of the face value of ₹ 100/- each into ten Equity Shares of the face value of ₹ 10/- each. Subsequently, on December 04, 2000, the Company sub-divided each Equity Share of the face value of ₹ 10/- each into five Equity Shares of the face value of ₹ 2/- each. The Company has in the past sent reminders to those Members who have not claimed new certificates for sub-divided Shares of the face value of ₹ 2/- each. Members 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.
26. The Company on September 26, 2011, allotted Bonus shares in the ratio of 2:5. Members holding shares in physical form, to whom shares certificates were sent by post and but returned unclaimed by postal authorities are requested to contact the Registrar and Transfer Agent of the Company immediately.
27. Members requiring information on the audited financial statement for the year ended March 31, 2022 are requested to write to the Company on email address cil.investors@cummins.com at least seven (7) days before the date of the meeting to enable the Company to furnish the information in suitable manner.
28. During the 61st AGM, Members may access the statutory registers and electronic copy of the documents referred to in the accompanying Notice of the AGM and the Explanatory Statement electronically under the 'AGM Documents' available on the link <https://www.evoting.nsdl.com/>. Members seeking to inspect such documents before the AGM can send an email request on cil.investors@cummins.com.

29. Mr. Pramodkumar Ladda (Membership No. FCS 7326 and CP No. 8006) Partner of M/s Ladda Bhutada & Associates, Company Secretaries, Pune, has been appointed as the Scrutinizer to scrutinize the e-voting process and vote casted through remote e-voting and voting at the meeting, in a fair and transparent manner. Members may note that the scrutinizer will provide consolidated report for the votes casted through remote e-voting and voting at the meeting.

D. Instructions for voting through electronic means by Members:

1. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the provisions of Regulation 44 of SEBI Listing Regulations, and in terms of SEBI vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 in relation to the 'e-Voting Facility to be provided by Listed Entities', the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by National Securities Depository Limited ("NSDL") on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (remote e-voting).
2. The remote e-voting period commences on Sunday, August 07, 2022 (9.00 a.m. IST) and ends on Tuesday, August 09, 2022 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the Cut-off Date i.e., Wednesday, August 03, 2022, may cast their votes electronically as per the process detailed in this Notice. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.
3. The details of the process and manner for login and remote e-Voting are explained herein below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-Voting system.

Details on Step 1 are mentioned below:

I. Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

Pursuant to SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 in relation to the 'e-Voting Facility to be provided by Listed Entities', e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process.

Shareholders are advised to update their mobile number and email ID with their DPs in order to access e-Voting facility.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<p>A. NSDL IDeAS facility</p> <p>If you are already registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Visit the e-Services website of NSDL. Open the web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. Once the homepage of e-Services home page is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section.

Type of shareholders	Login Method
	<ol style="list-style-type: none"> 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services under the value added services. 4. Click on “Access to e-Voting” appearing on the left hand under e-Voting services and you will be able to see e-Voting page. 5. Click on options available against the Company name or e-Voting service provider - NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-voting during the meeting.

If you are not registered, follow the below steps:

1. Option to register is available at <https://eservices.nsdl.com>.
2. Select “**Register Online for IDeAS Portal**” or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>.
3. Please follow steps given in points 1-5 above.

‘NSDL Speede’ : NSDL Mobile App

Members may download the mobile app “**NSDL Speede**” by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on

 App Store  Google Play



B. e-Voting website of NSDL

1. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile phone.
2. Once the home page of e-Voting system is launched, click on the icon “**Login**” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID (*i.e. your sixteen digit demat account number held with NSDL*), Password/OTP and a Verification Code as shown on the screen.
4. After successful authentication, you will be redirected to NSDL website wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their user ID and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e., NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the User can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e., NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> You can also login using the login credentials of your Demat Account through your DP registered with NSDL/CDSL for e-Voting facility. Once logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against the Company Name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login Type	Helpdesk Details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 224 430
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

II. Login method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

Steps to Log-in to NSDL e-Voting website:

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “**Login**” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e., IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS Login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e., Cast your vote electronically.

5. Your User ID details are given below :

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 123456 then user ID is 123456001***

6. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you by NSDL. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox from evoting@nsdl.com. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8-digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- ii) If case you have not registered your email ID with the Company/ Depository, please follow the instructions mentioned below in the notice.
7. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
8. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
9. Now, you will have to click on “Login” button.
10. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of the Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/ modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Members:

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

2. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) and e-voting user manual available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 224 430 or send a request to Mr. Amit Vishal at evoting@nsdl.co.in.
3. Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing Demat Account Number / Folio Number, Client Master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained above.
4. The instructions for members for e-Voting on the day of the AGM are mentioned in Point 'D'.

E. Instructions for Members for attending the AGM through VC:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through NSDL e-Voting system. Members may access the meeting by following the steps mentioned above for access to NSDL e-Voting system. After successful login, you can see link of VC/OAVM link placed under “**Join Meeting**” menu against the Company Name. Members are requested to click on the VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.

Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM i.e., 11.45 a.m. IST and shall be closed after the expiry of 15 minutes after such scheduled time.
3. Members are encouraged to join the Meeting through Laptops for better experience. Further, Members will be required to grant access to the web-cam/ camera to enable two way video conferencing.
4. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
5. During the AGM, the Chairman will announce the start of voting through e-voting facility provided at the AGM.
6. Members who need assistance before or during the AGM, can contact Mr. Amit Vishal, Assistant Vice President or Ms. Pallavi Mhatre, Senior Manager, NSDL on email ID: evoting@nsdl.co.in or call on Toll-free Nos.: 1800 1020 990 and 1800 224 430.
7. Members who would like to express their views or ask questions during the AGM may post their queries in the window ‘**Ask Your Question**’, by mentioning their name and demat account number/ folio number.
8. In addition to the above-mentioned step, the Members may register themselves as a speaker for the AGM to express their views / ask questions during the AGM. Accordingly, the Members may follow the steps as mentioned in Point ‘D’ under “Step 1: Access to NSDL e-Voting system” between Sunday, August 07, 2022 (9.00 a.m. IST) and Tuesday, August 09, 2022 (5.00 p.m. IST) i.e., the remote e-voting period. After successful login, Members will be able to register themselves as a speaker shareholder by clicking on the Speaker registration link available against the EVEN (116375) of Cummins India Limited and entering their contact details. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of the time at the AGM.

F. Voting at the Annual General Meeting: Those Members who are present in the Meeting through VC/OAVM facility and have not casted their vote on the resolutions through remote e-voting, can vote through e-voting facility available at the Meeting. Members who have already cast their votes through remote e-voting are eligible to attend the Meeting. However, those Members are not entitled to cast their vote again at the Meeting.

G. Other instructions:

1. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cut-off Date i.e., Wednesday, August 03, 2022.
2. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at **Cil. Investors@cummins.com**. The same will be replied by the Company suitably.
3. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after the dispatch of notice but on or before the Cut-off Date for e-voting i.e. Wednesday, August 03, 2022, may obtain the User ID and Password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if the Member is already registered with NSDL for remote e-voting, then existing User ID and Password can be used for casting votes. Members who have forgotten the User ID and Password can reset their Password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free nos. 1800 1020 990 and 1800 224 430. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after the dispatch of notice but on or before the Cut-off Date for e-voting i.e., Wednesday, August 03, 2022 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
4. The Scrutinizer will submit his consolidated Report to the Chairman after the completion of scrutiny and the result of the voting will be declared within two working days of conclusion of the meeting. The declared results along with the Scrutinizer Report will also be displayed on the website of the Company at www.cumminsindia.com and will simultaneously be communicated to BSE Limited and National Stock Exchange of India Limited where equity shares of the Company are listed.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and statement of additional information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) with respect to following items of the Notice:

Item No. 4

To appoint a Director in place of Mr. Norbert Nusterer (DIN: 07640359), who retires by rotation and being eligible, offers himself for re-appointment.

Mr. Norbert Nusterer (DIN: 07640359) joined the Board of Cummins India Limited on October 26, 2016.

Mr. Nusterer (aged 53 years) holds Bachelor’s Degrees in Business Administration from Vienna University of Economics and in Electrical Engineering from the University of State of the Brittany in France. He also holds Master’s Degree in Business Administration from the University of Michigan in Ann Arbor, Michigan, United States and an executive MBA from Stanford University.

Mr. Nusterer is Vice President – Cummins Inc., USA and President of the Power Systems business, which comprises power generation products, large industrial engines and aftermarket activities associated with both. Mr. Nusterer has also served as the Vice President of Supply Chain Operations and Parts, where he drove a comprehensive integration of Cummins’ Global Supply Chain activities. Under his leadership, his team doubled the size of Cummins’ service parts and remanufacturing businesses and transformed them into a global shared service organization supporting all four Cummins global businesses.

The details of directorship or membership of Committees of Mr. Norbert Nusterer forms part as Annexure to the Notice. For Mr. Nusterer’s attendance at the meetings of the Board of Directors, Members may refer to the Corporate Governance Report appended as Annexure ‘4’ to the Directors’ Report for Financial Year 2021-22.

The Nomination and Remuneration Committee and Board of Directors of the Company have approved re-appointment of Mr. Norbert Nusterer at their meeting held on May 25, 2022 and May 26, 2022 respectively and proposed the same for the approval of the Members of the Company.

The Company has received the relevant disclosures from Mr. Norbert Nusterer *inter-alia* including the following:

- (i) consent in writing to act as a 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 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Mr. Nusterer does not hold any shares in the Company and is not related to any directors, managers or Key Managerial Personnel in the Company.

Except Mr. Nusterer, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 4 of the Notice for approval by the Members.

Item No. 5

To approve re-appointment of Mr. Ashwath Ram as the Managing Director of the Company

Mr. Ashwath Ram (DIN: 00149501) was appointed as the Managing Director of the Company for a period of 3 years effective from August 17, 2019 till August 16, 2022, not liable to retire by rotation, and the said appointment was approved by the Shareholders at the 59th Annual General Meeting held on August 25, 2020.

Mr. Ram holds Bachelor of Engineering in Industrial Engineering from Purdue University and an MBA from Indiana University’s Kelley School of Business. While studying at Purdue, he also worked at Cummins as a Co-op student.

Considering the significant contribution made by Mr. Ashwath Ram towards the growth of the Company during last three years, the Board of Directors of the Company at its meeting held on May 26, 2022 has basis the recommendations of the Nomination and Remuneration Committee ('NRC') and subject to the approval of the Shareholders, re-appointed Mr. Ashwath Ram as Managing Director of the Company for term of three years with effect from August 17, 2022 up to August 16, 2025, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors.

The Board, while re-appointing Mr. Ashwath Ram as Managing Director of the Company, considered his background, experience and significant contribution made towards the growth of the Company.

Mr. Ashwath Ram joined Cummins in Columbus, Indiana, USA initially in 1991. He then joined India operations in 2008 and has taken up various roles and won many accolades. He has led Business Unit Operations as well as key strategic transformation for the Engine Business Unit (EBU) and Power System Business Unit (PSBU) in India, where his key focused areas of the business included strategy, sales, profitability, operations and supply chain. He was instrumental in implementing Six Sigma processes with respect to business, people and leadership development, VPI and Project management improvements: materials, quality, cost and manufacturing functional excellence. This included relationship management with large Original Equipment Manufacturers (OEMs), suppliers and other key stakeholders. Mr. Ram also serves as Managing Director of Tata Cummins Private Limited, nominated as such by Cummins Inc. being one of the Joint Venture partners in pursuance of the Joint Venture Agreement, without any remuneration.

Mr. Ashwath Ram is an active member of industry associations such as Confederation of Indian Industry (CII) and Society of Indian Automobile Manufacturers (SIAM) and as the Chairperson of some of their initiatives, he focuses on improving the air quality issues of India's metropolitan cities.

Prior to Cummins, Mr. Ram has worked with CV Designers, Affinity Express and VP Technologies and Business Development.

Mr. Ashwath Ram has vast experience in the automobile industry. With his in-depth knowledge in areas of general management and corporate governance, he provides strategic guidance to the Company and steers the Board functioning in the Company's best interests.

Broad particulars of the terms of re-appointment of and remuneration payable to, Mr. Ashwath Ram are as under:

- **Period of re-appointment:**

For 3 years effective from August 17, 2022 upto August 16, 2025.

- **Salary:**

Basic Salary Rs. 10,702,502/- per annum

Basic salary increase shall be as per India salary structure, basis performance rating for each year and approved increase % for each year by the NRC and Board upto a consolidated salary not exceeding Rs. 8 Crores per annum till the tenure of this appointment including:

- i) Annual increment which will be effective July 01, each year and will be approved by the Board based on the recommendations of the Nomination and Remuneration Committee (NRC), from time to time;
- ii) Annual variable pay which may vary maximum between variable compensation payout factor 0 to 2. The variable pay is decided on the ROANA (Return on Average Net Assets) performance of Cummins Inc. for the previous year. Until financial results of Cummins Inc. are finalised, audited and published, the payout factor is not confirmed for payment;

- **Performance Linked Incentives/ Grants:** Cummins Long Term Retention Grant (LTG) as per policy of Cummins Inc. cost includes the following elements:

1. Performance cash: 30% of target LTG to be borne by Cummins India Ltd.
2. Performance shares: 70% of target LTG to be borne by Cummins Inc.

- **Benefits, perquisites, and allowances:** The perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any other rules thereunder or any statutory modifications and/or re-enactments thereof. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost. In addition to salary, Mr. Ashwath Ram will be entitled for the following perquisites:

1. Life Insurance and Directors & Officers Liability Insurance (D&O) Policy for self, as per Rules of the Company.
2. Medical Insurance for self and family members, as per Rules of the Company.
3. Free use of Car: One Company maintained car with driver for Company's business.
4. Statutory Deductions: Contribution to Provident Fund, and Gratuity Fund, as per the Rules of the Company.

In addition to the statutory deductions, contribution to Superannuation Fund would also form part of overall remuneration.

5. Leave encashment: Mr. Ram shall be entitled to leave in accordance with the Rules of the Company. Privilege Leave earned but not availed by him would be encashable in accordance with the Rules of the Company.

Subject to statutory ceiling/s, the Managing Director may be given any other allowances, performance pay, perquisites, benefits, incentives and facilities in line with those extended to other employees within Cummins Group and as may be approved by the NRC/ the Board of Directors from time to time.

- **Other Terms of re-appointment:**

The terms and conditions of re-appointment of Managing Director also include clauses pertaining to adherence to the Cummins Code of Conduct, protection and use of intellectual property, non-competition, non-solicitation and maintenance of confidentiality.

All Personnel Policies of the Company and the related rules of employment which are applicable to other employees of the Company shall also be applicable to the Managing Director unless specifically provided otherwise.

- **Minimum Remuneration:**

The above remuneration shall be subject to limits laid down under Sections 196 and 197 of the Companies Act, 2013 ('the Act') including any statutory modifications and/or re-enactments thereof.

In the absence of inadequacy of profits, in any year, the remuneration payable to Mr. Ashwath Ram by way of salary, allowances and perquisites shall not exceed the limits prescribed under Schedule V of the Companies Act, 2013 and rules made thereunder or any statutory modifications and/or re-enactment thereof.

The overall remuneration payable each year to Mr. Ashwath Ram, by way of salary, perquisites and allowances, incentives/bonus/performance linked incentives, remuneration based on net profits etc, as the case may be shall not exceed in aggregate the percentage as prescribed under the Act, of the net profits, as computed in the manner laid under Section 198 of the Act including any statutory modifications and/or re-enactments thereof.

Mr. Ashwath Ram's re-appointment as Managing Director of the Company is by virtue of his employment in the Company and his appointment will be subject to the provisions of Sections 167(1), 197, 198, 203 and other applicable provisions of the Companies Act, 2013, read with Rules thereunder and Schedule V to the said Act or any modifications or re-enactment for the time being in force. So long as Mr. Ashwath Ram continues to occupy the position of Managing Director, he will not be a director liable to retire by rotation.

The details of directorship or membership of Committees of Mr. Ashwath Ram forms part as Annexure to the Notice. For Mr. Ram's attendance at the meetings of the Board, Members may refer to the Corporate Governance Report appended as Annexure '4' to the Directors' Report for Financial Year 2021-22.

The Company has received the relevant disclosures from Mr. Ashwath Ram *inter-alia* including the following:

- (i) consent in writing to act as a 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 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

Mr. Ashwath Ram holds 13,757 shares in the Company and is not related to any Directors, Managers or Key Managerial Personnel in the Company.

The Notice read with Explanatory Statement should be considered as written Memorandum setting out the terms of appointment and remuneration of Mr. Ashwath Ram as Managing Director as required under Section 190 of the Companies Act, 2013.

Except Mr. Ashwath Ram, no other Director or Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the Members.

Item No. 6

To ratify remuneration payable to the Cost Auditor, M/s. C S Adawadkar & Co., for the Financial Year 2022-23

The Board of Directors of the Company on the recommendation of the Audit Committee, have approved the appointment of M/s. C S Adawadkar & Co., Pune, to conduct the audit of the cost records of the Company for the Financial Year 2022-23 at the remuneration not exceeding ₹ 950,000/- (Rupees Nine Lacs Fifty Thousand only) plus applicable taxes and re-imbursement of out of pocket expenses.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company.

The Board is of the opinion that the fees quoted by M/s. C S Adawadkar & Co., Pune, are reasonable and in line with the rates prevailing in the market for the similar assignment.

No Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item No. 6 of the Notice for approval by the Members.

Item Nos. 7, 8, 9 and 10

To approve material related party transaction(s) with Cummins Limited, UK, Tata Cummins Private Limited, Cummins Technologies India Private Limited and Cummins Inc., USA

Pursuant to Section 188 of Companies Act, 2013 ('the Act') and the applicable rules framed thereunder read with Regulation 23 of the Listing Regulations, all Related Party Transactions ('RPTs') shall require prior approval of the Audit Committee and all material Related Party Transactions shall require prior approval of the Shareholders.

SEBI vide its notification dated November 09, 2021, has notified SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 ('Amendments'). Accordingly, the threshold for determination of Material Related Party Transactions under Regulation 23(1) of the Listing Regulations has been reduced with effect from April 01, 2022. The amended definition of the term 'Material' is 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 rupees one thousand (1000) crore or ten percent of the annual consolidated turnover of the company as per the last Audited Financial Statements of the Company."

Amongst the transactions that Company enters into with its related parties, the estimated value of the contract(s)/ arrangement(s)/ transaction(s) with Cummins Limited, UK ('CL'), Tata Cummins Private Limited ('TCPL'), Cummins Technologies India Private Limited ('CTIPL') and Cummins Inc., USA ('CMI'), may exceed the threshold limits of Material Related Party Transactions during Financial Year 2022-23 within the meaning of amended Regulation 23(1) of the Listing Regulations w.e.f. April 01, 2022.

The proposed transactions, being of operational and critical nature, play a significant role in Company's business and help the Company achieve economies of scale. Further, the objectives of the above RPTs are as follows:

- Achieving synergies and economies of scale;
- Bring efficiency in operational and logistics costs;
- Strengthen sustainability;
- Stronger opportunities for talent growth and retention;
- Leverage knowledge pool across functions;

Therefore, in order to secure continuity of operations, the Company is proposing to seek approval of the Shareholders for the potential quantum of transactions with CL, TCPL, CTIPL and CMI, as mentioned below:

(₹ in Lacs)	
Category of Transactions	Cummins Limited, UK ('CL')
Sale of engines/gensets, their parts, accessories, and spares by the Company	80,000
Other RPTs*	1,100
Total	81,100

*as specified in Ordinary Resolution set out as Item No. 7 of the Notice.

(₹ in Lacs)	
Category of Transactions	Tata Cummins Private Limited ('TCPL')
Purchase of internal combustion engines, their parts and accessories thereof by the Company	195,000
Other RPTs*	5,700
Total	200,700

*as specified in Ordinary Resolution set out as Item No. 8 of the Notice.

(₹ in Lacs)

Category of Transactions	Cummins Technologies India Private Limited ('CTIPL')
Purchase of engines, gensets, turbochargers, their parts, components and spares by the Company	80,000
Sale of engines/ gensets, their parts, accessories, and spares by the Company	27,000
Other RPTs*	48,800
Total	155,800

*as specified in Ordinary Resolution set out as Item No. 9 of the Notice.

(₹ in Lacs)

Category of Transactions	Cummins Inc., USA ('CMI')
Purchase of engines, gensets, turbochargers, their parts, components and spares by the Company	23,000
Sale of engines/ gensets, their parts, accessories, and spares by the Company	18,500
Other RPTs*	25,800
Total	67,300

*as specified in Ordinary Resolution set out as Item No. 10 of the Notice.

Members may importantly note that the Company has been undertaking such transactions of similar nature with the said related parties in the past financial years, in the ordinary course of business and on arms' length after obtaining requisite approvals from the Audit Committee, Board of Directors and Shareholders of the Company, wherever applicable. The maximum annual value of the proposed transactions with aforesaid related parties is estimated on the basis of Company's current transactions with them and future business projections for the Financial Year 2022-23.

Details of the transactions and other particulars thereof as per Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 188 the Act, as amended till date and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021:

Sr. No.	Name of Related Party/ Particulars	Cummins Limited, UK ('CL')	Tata Cummins Private Limited ('TCPL')	Cummins Technologies India Private Limited ('CTIPL')	Cummins Inc., USA ('CMI')
1.	Nature of relationship	Subsidiary of Cummins Inc., USA which is the holding company of the Company	50:50 joint venture company between Cummins Inc., USA and Tata Motors Limited, India	Subsidiary of Cummins Inc., USA which is also the holding company of the Company	Holding company of the Company
2.	Name of Director(s) or Key Managerial Personnel who is related, if any	<p>None of the Directors, Key Managerial Personnel of the Company or their respective relatives is concerned or interested financially or otherwise in Item no. 7 to 10 of the Notice.</p> <p>The Company has the following Director/ KMP as Directors of TCPL:</p> <ul style="list-style-type: none"> - Mr. Ashwath Ram, Managing Director of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is Managing Director of TCPL. - Mr. Ajay S. Patil, Chief Financial Officer of the Company (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) is a Director of TCPL 			

Sr. No.	Name of Related Party/ Particulars	Cummins Limited, UK ('CL')	Tata Cummins Private Limited ('TCPL')	Cummins Technologies India Private Limited ('CTIPL')	Cummins Inc., USA ('CMI')
3.	Type, material terms, tenure and particulars of the proposed transaction	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. sale of engines/ gensets, their parts, accessories, and spares by the Company; 2. purchases of engines/ gensets, their parts, accessories or spares by the Company, availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'); 	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of internal combustion engines, their parts and accessories thereof by the Company; 2. sale of internal combustion engines, their parts and accessories thereof by the Company, availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'); 	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of engines, gensets, turbochargers, their parts, components and spares by the Company; 2. sale of engines/ gensets, their parts, accessories, and spares by the Company; 3. availing/rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs'); 	<p>As part of regular business operations:</p> <ol style="list-style-type: none"> 1. purchase of engines, gensets, turbochargers, their parts, components and spares by the Company; 2. sale of engines/ gensets, their parts, accessories, and spares by the Company; 3. availing/ rendering of any kind of service(s), reimbursements received/ paid, purchase/ sale/ exchange/ transfer/ lease of business asset(s) and/ or equipment(s), purchase and sale of export incentive licenses or any other transaction(s) for transfer of resources, services, technology, or obligations ('Other RPTs');
These transactions are proposed to be undertaken during Financial Year 2022-23, depending on business operations.					
4.	Value of the proposed transaction	₹ 81,100 Lacs	₹ 200,700 Lacs	₹ 155,800 Lacs	₹ 67,300 Lacs

Sr. No.	Name of Related Party/ Particulars	Cummins Limited, UK ('CL')	Tata Cummins Private Limited ('TCPL')	Cummins Technologies India Private Limited ('CTIPL')	Cummins Inc., USA ('CMI')
5.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Approximately 13% of annual consolidated turnover of the Company for the Financial Year 2021-22	Approximately 33% of annual consolidated turnover of the Company for the Financial Year 2021-22	Approximately 26% of annual consolidated turnover of the Company for the Financial Year 2021-22	Approximately 11% of annual consolidated turnover of the Company for the Financial Year 2021-22
6.	Details about valuation/ arm's length and ordinary course of business	All contracts with related party defined as per Section 2(76) of the Act are reviewed for arm's length testing internally basis the international and domestic transfer pricing study. Further, all the transactions are in the ordinary course of business of the Company and at arm's length.			
7.	Rationale, benefit/ justification as to why the transaction with respective related parties are in the interest of the Company	Cummins India Limited is a subsidiary of Cummins Inc., USA and a part of the Cummins Group comprising of eight legal entities in India (including one entity under voluntary liquidation). Purchase and Sale RPTs within group companies helps your Company leverage economies of scale and aids to improve quality of products and meet demand/ customer expectations for the Company. Other RPTs brings in operational efficiencies/ synergies in business. These transactions will mainly be on the basis of regular business requirements.			
8.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary	Not Applicable for proposed transaction			
9.	Any advance paid or received for the contract or arrangement, if any	Nil			
10.	Any other information that may be relevant	All relevant / important information forms a part of this Explanatory statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013.			

All transactions entered/to be entered into are in the ordinary course of business and are on arm's length basis.

The Audit Committee and the Board of Directors of the Company have approved the said material related party transactions at their meeting held on February 10, 2022 and May 26, 2022 and proposed the same for approval of the Members of the Company.

The RPTs carried out with the above said related parties will be reported and reviewed on a quarterly basis to the Audit Committee and the Board of Directors of the Company.

The Members' approval to the above material related party transactions is sought in terms of Regulation 23(4) of Listing Regulations.

Except Mr. Ashwath Ram, Managing Director and Mr. Ajay S. Patil, Chief Financial Officer, being interested in the TCPL ongoing transactions at Item No. 8 as Managing Director of TCPL and Director of TCPL, no other Director, Key Managerial Personnel or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 7, 8, 9 and 10 of the Notice.

The Board recommends the Ordinary Resolution as set out at Item Nos. 7, 8, 9 and 10 of the Notice for approval of the Members.

Registered Office:
Cummins India Office
Campus, Tower A,
5th Floor, Survey no. 21,
Balewadi,
Pune 411 045

Place: Pune
Date: July 16, 2022

By Order of the Board,
For Cummins India Limited,

Vinaya Joshi
Company Secretary
Membership No.: A25096

Additional information as required under the Companies Act, 2013 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-II in respect of the directors' appointment/ re-appointment is provided below:

Name	Age (Years)	Educational Qualifications	Experience (including expertise in specific functional area)/ Brief Resume	Relationship with other Directors/ Key Managerial Personnel (KMP)	Directorships and No. of Membership/ Chairmanship of Committees in other entities* as on March 31, 2022	Shareholding as on March 31, 2022
Mr. Norbert Nusterer	53	Holds Bachelor's Degrees in Business Administration from Vienna University of Economics and in Electrical Engineering from the University of Statement of the Brittany in France. He also holds Master's Degree in Business Administration from the University of Michigan in Ann Arbor, Michigan, United States and an executive MBA from Stanford University	Refer Item no. 4 of the explanatory statement of the Notice convening this meeting	Not related to any Director/ KMP	NIL	NIL

Name	Age (Years)	Educational Qualifications	Experience (including expertise in specific functional area)/ Brief Resume	Relationship with other Directors/ Key Managerial Personnel (KMP)	Directorships and No. of Membership/ Chairmanship of Committees in other entities* as on March 31, 2022	Shareholding as on March 31, 2022
Mr. Ashwath Ram	53	Holds a bachelor's degree in science and Industrial Engineering from the Purdue University, West Lafayette, Indiana (USA) and a master's degree from the IU Kelley School of Business, Indiana University (USA)	Refer Item no. 5 of the explanatory statement of the Notice convening this meeting	Not related to any Director/ KMP	NIL	13,757 Equity shares of ₹ 2 each

* Listed entities/ Public Companies in India

Notes on Terms and conditions of appointment or re-appointment including remuneration:

- Mr. Norbert Nusterer, Non-Executive and Non-Independent Directors is liable to retire by rotation and not entitled to any remuneration from the Company.
- Mr. Ashwath Ram, Managing Director is not liable to retire by rotation and entitled to receive remuneration from the Company, as provided in the explanatory statement of this Notice.