

# Dependability

People

Products

Services



## Cummins India Limited

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Annual Report 2006

## Cummins India Limited

A n n u a l R e p o r t 2 0 0 6

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

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## Respected Shareholders,

In fiscal 2005-2006, macroeconomic trends continued positively and clearly reflected that economic growth in India is reaching sustainable levels in which consumption-led growth was balanced by strong investment. In this positive environment, Cummins India took many significant steps to better execute our strategic business plans and focus on faster growth. We are in the process

of reshaping the company into what we are calling the ***"New Cummins-A More Dependable Cummins"***. We are demonstrating our dependability through our people, our products and our services. The New Cummins is less cyclical, more diversified, more result-oriented and committed to turning a greater share of our sales into profits.



Anant Talaulicar  
Chairman and  
Managing Director

We made visible progress in terms of profitable growth for shareholders while moving with a sense of purpose on a values-based path that is consistent with our Vision of ***"Making People's Lives Better by Unleashing the Power of Cummins"***. In midst of a dynamic business environment, this Vision glues us together and guides all our actions at Cummins as we progress from being a "Good To A Great" company. This Vision statement is supported by six core values, a specific company personality and five mission statements. They are a key part of our DNA and are critical for our long term success. Our Six Core Values are **Integrity, Delivering Superior Results, Innovation, Diversity, Global Involvement and Corporate Responsibility**. Our Personality is Decisive, Driven To Win, Agile, Passionate and Caring. Our Mission statements are as follows:

## Motivating People to Act like Owners Working Together

We strengthened our organization structure by creating the Automotive Business Unit (ABU) to participate vigorously in the profitable growth opportunities in this exciting market. The customer focused ABU knits together Cummins diesel and natural gas engines and related technologies such as filtration, exhaust, turbo technologies, fuel systems and lubrication to serve truck customers better. Based out of Pune, the ABU has taken a lead role in supporting the development of CNG and electronic engines for Automotive OEMs in India. This organization is in addition to the already existing two interdependent, customer focused business units - the Industrial Engine Business Unit (EBU) and the Power Generation Business Unit (PGBU). Our two engine businesses, automotive and industrial draw from four manufacturing facilities - two in Pune, one in Jamshedpur and one in Daman. They

market these products via increasing OEM partnerships and also directly to major end users.

The PGBU conducted its manufacturing operations from our factory in Daman and continued marketing generators and power systems via exclusive and strategic partnerships with three GOEMs - Powerica Ltd., Sudhir Gensets Ltd. and Jakson Ltd. PGBU successfully grew its solutions businesses which are the Energy Solutions Business, the Rental Business and the Power Consulting Business. The Energy Solutions Business designs, constructs and operates diesel and natural gas/producer gas power plants. The Rental Business consists of the largest national rental fleet of generators and the Power Consulting Business enabled customers to reduce their energy costs.



IR Compactor ISD 150 powered by 6BT



JS 200 Excavator with Cummins 6BT engine

Each of our three business units comprise of a number of “performance cells” made up of diverse, cross-functional teams that work together seamlessly towards common objectives. Their performance is measured by clearly identified quantitative and

qualitative targets which they own. This is being institutionalized by the implementation of on-line Cummins Performance Management System (CPMS) that documents the employee objectives

and provides a mechanism for regular feedback discussions

between supervisors and employees. All employees in the company have a significant component of their compensation tied to individual and team based performance targets. The compensation structure in the last fiscal year was restructured by modernizing and monetizing certain benefits. An annual Chairman Awards forum was successfully deployed for recognizing exceptional individual and team performance. This has fostered a performance driven entrepreneurial culture which is closely aligned with customer needs within a large company environment.



Chairman's Award 2004

**Exceeding Customer Expectations By Always Being**

**First To Market With The Best Offerings**

We continue to work closely with all our major customers in developing new and innovative products. This included launch of the C series engine at 300 hp, the B series stoichiometric natural gas 110 hp Bharat Stage III engine, the 230 hp BGI Bharat Stage III lean burn natural gas engine for High Capacity Buses in the medium and heavy duty commercial vehicle sector. The C series engine was uprated to 250 kVA for power generation applications. This node provides the best power density among generators in the country. The B series engine was also uprated to 140 kVA for generator applications with greater fuel efficiency and adherence to emission regulations. Significant progress was made in developing power generating technologies using renewable, non-fossil biomass materials in collaboration with the Indian Institute

of Science (IISc). We expect this technology will also be applicable to rural industries in India as well as other similar markets such as Africa and Latin America.

During the year, Cummins India successfully developed prototypes for the Marine KTA38M0/M1 product and the KTA19G4 generator drive engine for exports. It also became the worldwide source for KTA38 generator drive engines for power generation applications. The AC-SCR drill rig application was completed for the ONGC in a record time of 2



K 50 Series - 16 cylinder 'K' series 'V' configuration engines perform with maximum durability and economy

months. Highly customized 80 kW and 100 kW generators were also developed for Indian Coast Guard vessels. Our engineers diligently worked with our dealer and the Northern Railway to successfully develop a dual fuel engine using

both natural gas and diesel - the first of its kind in India for the Railways. We continued to expand our product range by introducing new models in 60-150 hp range for construction equipment and portable compressors.

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Atlas Copco XAH - 210 portable compressor powered with Cummins 6BTA.



BH 120E powered by K38



KTA 1150 powered water well rig

## Partnering With Our Customers

## To Make Sure They Succeed

Accomplishing this means that we care about improving the performance, quality and cost of the vehicle or equipment and not just the engine and components supplied by us. It means that we care more about not only the availability of end user equipment but also that the equipment operates in a way that enables our customers to conduct their business successfully. At Cummins India this begins with understanding the customer voices in a data based manner through our Voice of the Customer (VOC) and Six Sigma initiatives. As a part of the VOC initiative we invite a customer along with the involved Cummins dealer and OEM to address a wide group of Cummins managers about their experiences (both good and bad) with us, and suggestions on how we can further improve. This program is now in its fifth year.

This is complemented by formation of cross-functional Key Account Management teams for key end customers such as Coal India Limited and OEMs such as BEML. The teams



"Cummins" powered  
Lexia luxury coach



Cummins line of Lean Burn Gas  
generator sets range from the  
QSK 19 G with an output of  
315 KWe to QSV 91 G with  
an output of 2 MW



help us understand their needs better, respond quickly with a full range of high quality offerings ranging from development of new applications to satisfying customer needs for service and spare parts. Our focus is on measurable improvements in things that matter most to our customers. We apply Six Sigma as the primary approach to making sustainable improvements to address important issues faced by customers.

I will quote from one of our satisfied customers, who sent us a letter of appreciation: *"The mechanism that was put into motion by Cummins network worldwide immediately on receiving our request is impressive and the timely service offered to the ship further strengthens our faith in the Cummins support network. I would like to place on record our deep*

*appreciation of the efforts put in by Cummins Diesel Sales and Service India.*

**- Gopal Bharati,**

Commodore, Principal Director of Marine Engineering, Integrated Headquarters of Ministry of Defence (Navy), "C" Wing, Sena Bhavan, New Delhi, 110011."

This has not only helped in reducing lead time for development and improvement programs but also higher brand loyalty, increased market share and improved profitability.



The 'X' series Ready-To-Use gensets with 2 and 3 cylinder inline configuration diesel engines are the most compact, light weight and easy to service products

## **Demanding That Everything We Do Leads To a Cleaner, Healthier and Safer Environment**

India will continue to embrace new and more stringent emissions, noise and safety regulations in line with global trends. Cummins as a global leader of 'state of the art' engine and related systems technologies is extremely well positioned to help our OEM partners and end users to meet these tougher norms with the lowest total cost of ownership impact. Your senior management at Cummins India actively participates in policy development forums regarding the roadmap in industry bodies such as IDEMA and SIAM to attempt to find the best solutions for Indian society.

In early 2005, Cummins led the industry in its readiness to meet the new emissions norms for



BGI engine for High capacity (CNG) buses



Low floor BS III compliant CNG buses for metropolitan cities powered by Cummins B Gas International (BGI) engines

the on highway and power generation sectors. We are also getting ready to launch Bharat Stage III compliant environmentally friendly CNG engines for High Capacity Buses in both stoichiometric as well as lean burn versions. The lean burn version is being developed in conjunction with Cummins-Westport.

We also introduced Wind Ventilators at our Kothrud facility to not only reduce energy and fuel usage but also to create a cleaner working environment.