

Cummins India Limited



# WE ARE CUMMINS YOU CAN DEPEND ON US



Annual Report 2007

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

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# WE ARE CUMMINS

## YOU CAN DEPEND ON US

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### DEPENDABILITY

• PEOPLE • PRODUCTS • SERVICES

# Respected Shareholders,

PEOPLE



SERVICES

I am very pleased to report that 2006-2007 has been another year wherein Cummins India Limited (CIL) has delivered record results. Macroeconomic conditions in India were positive and this certainly had a positive impact on our business. Cummins employees worked very effectively to take full advantage of these market conditions. CIL's annual sales grew by 26 percent to Rs. 18,410 million and the corresponding profit before tax grew by 41 percent to Rs. 3,460 million. Our domestic business grew by 33 percent to Rs. 12,358 million, and exports grew by 14 percent to Rs. 6,050 million.

We have made significant progress in establishing ourselves as 'The New Cummins - A More Dependable Cummins,' which is less cyclical, more diversified, more result-oriented and



committed to turning a greater share of sales into profits. We believe in demonstrating DEPENDABILITY through our people, products and services. Our new branding and logo is already visible across the country. All Cummins entities in India now carry the new Cummins branding - reflecting our global strategy of presenting '**One Face to the Customer.**'

Our aftermarket sales and service support subsidiary 'Cummins Diesel Sales & Service

(India) Limited' has changed its name to 'Cummins Sales & Service India Limited.' This change reflects our offerings which are not limited to diesel technology but embrace various Cummins technologies including natural gas and alternate fuels, filtration systems, fuel systems, turbo technologies, lubrication, power generation technologies etc.

As always, we have grown our business profitably while keeping in mind our Vision of 'Making people's lives better by unleashing the

*Power of Cummins.*' This Vision together with our Mission Statements, Values and Company Personality have been the bedrock for guiding us towards sustaining success. I am very proud to state that Cummins is a value based institution and our Core Values are - *Integrity, Innovation, Delivering Superior Results, Diversity, Global Involvement and Corporate Responsibility.* The company personality that we aspire to achieve is *Decisive, Driven to Win, Agile, Passionate and Caring.* I will touch on some key progress areas that highlight our mission statements:

## Motivating People to Act like Owners Working Together



PRODUCTS

SERVICES

We sustained our 4 business unit structure, as the primary approach of creating a sense of ownership within employees, for customers and results.

The Automotive Business worked closely with the Tata Cummins Jamshedpur plant as well as the CIL plants in Daman & Pune; to offer an unmatched line up of diesel and natural gas engines along with related systems to commercial vehicle OEMs in India. This business doubled during the fiscal year.

The Industrial Engine Business made significant improvement in productivity, which enabled us to increase engine output from 2,002 to 2,788 engines per year with minimal capital.

The Power Generation Business grew by 40 percent.

The Distribution Business through Cummins Sales & Service India Ltd. grew its service business by 26.65 percent.

Aside from our organization structure which promotes a sense of employee ownership, Six Sigma is another major approach towards creating a sense of ownership via cross-functional improvement teams, working across all functions and areas of the company. In addition to helping us reduce costs, this approach is our primary method of building leadership skills across the organization and creating a more data



18th launch of Six Sigma Training

based & analytical performance driven culture. We now have 4 Six Sigma Master Black Belts, 9 Black Belts and over 200 Green Belts in the company. We executed 122 Six Sigma projects in the fiscal year.

We continued our journey of motivating employees by investing in their capability building with particular emphasis on leadership skills. For example, we partnered closely with the **Indiana University Kelly School** to pioneer in launching an International eMBA Programme.

We achieved 100% online Cummins Performance Management System (CPMS) compliance to ensure a performance-oriented work environment. Our CPMS assessment confirmed the use of online system with documented work plans, individual development

plans and a healthy working relationship with supervisors. Our Annual Employee Satisfaction Survey had excellent participation and showed improved trends as well as certain areas of concern which are being addressed.

The 'CMD Awards' for 2006 which is the highest level of recognition within the company was held with much excitement. Over 200 employees were recognized in the presence of their families,



'CMD Awards' for 2006

## PEOPLE



## SERVICES



'CMD Awards' for 2006

as the best examples of displaying Cummins Core Values and conducting Six Sigma projects, as they relate to helping our customers.

We are convinced that business success rests not merely by being an equal opportunity employer but by consciously promoting visible and invisible employee diversity in our company. Our global experience of more than 85 years demonstrates the value of diversity to produce

superior business results. Diversity embraces differences in gender, region and age along with invisible differences in experiences, styles, religions etc. to bring diverse perspectives and knowledge to solve today's complex problems more effectively. Over the fiscal we have significantly improved the participation of women and employees from all parts of the country. Our results bear testimony to the success of this approach.

# Exceeding Customer Expectations By Always Being First To Market With The Best Offerings

Our 3 business units - Power Generation, Industrial Engine Business and Automotive Engine Business made significant progress in increasing their market shares by introducing new products and aligning product offerings to customer demand. For example, we introduced the Lean Burn Natural Gas bus engine on various OEM applications with successful indigenization and at competitive prices.

The company made several investments in capacity expansion to enable business units to meet their growth plans. Our Kothrud plant achieved its target of increasing its KV engine capacity from 10 to 12 per day in January this year.

We are setting up a new plant for small generators & generator drives at Pirangut near Pune, which will more than triple the capacity available at the current Daman location. The civil



*Proposed plant for small generators & generator drives at Pirangut*

work for the new facility has commenced. We plan to commission the Export Oriented Units (EOU) section of this facility in the 3rd quarter of the current fiscal.

The new C 250 kVA product launched for power generation applications has made strong inroads by providing the best power density package in the country for this node. Export of generator sets has expanded to over 30 countries. The Confederation of Indian Industry (CII) bestowed



PRODUCTS

SERVICES



C 250 kVA

the '**National Award for Innovative Energy Saving Product**' to RealComp - our product for Real Time Power Factor Correction cum Harmonic Filtration System. This breakthrough product helps customers save significantly on their energy costs.

The Industrial Engine Business grew across market segments. The Rail Business saw high demand for Power Cars, Diesel Electric Multiple Units, new LHB type Rajdhani & Shatabdi trains



Chief Guest, Shri. Thiru Arcot N Veeraswami, Hon'ble Minister for Electricity and Rural Industries, Govt of Tamil Nadu (C) presenting the award to CPG's Rampraveen Swaminathan (L) and S. Ravichandran (R)



J&K HHP DEMU powered with our KTA50L for traction and engine



*Indian Navy's Project "P-15A" - Cummins 1 MW DG set undergoing tilt test at Kothrud plant*

and shunting locomotives. Old engine models for the pump and compressor segments were phased out and new models were introduced that offered better value to customers. Several



*Crawler Drill Package powered by Cummins 6CTA8.3C*

projects were successfully executed for the Indian Navy and Coast Guard. Several mining tender orders were received from local OEMs some of which included exports to African countries. ONGC's Rig revamp program boosted the Oilfield segment performance.

Our Automotive business undertook product quality improvements to ensure customer satisfaction. For example, work was done on the CNG Stoichiometric Engine Cylinder Head to make it more fuel and maintenance efficient. We started selling BS III compliant CNG engines and the BS II compliant 300 HP C-series engines.



*Excavator powered by Cummins 6BT*