



POWERING WHAT'S NEXT.

Futuristic Technologies. Innovative Products. Smarter Workforce.



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Our Story

Our Mission

Making people's lives better by powering a more prosperous world.

Our Vision

Innovating for our customers to power their success.

Our Values

Integrity, Diversity & Inclusion, Excellence, Caring and Teamwork.

Top 3 Priorities



Health and safety of our employees is paramount at all times.



We continue to serve our customers, who are providing critical elements to the economy.



Our Company continues into the future, it's really important that we continue.

Mark Levett

Chairman,
Cummins India Limited

Dear Shareholders,

This annual letter is intended to provide a review of 2019, which was a year of mixed sentiments for Cummins India Limited. I want to start by thanking you for all you did. The year marked Cummins Inc.'s centennial anniversary and we successfully celebrated this remarkable achievement in India with our employees, families, customers, suppliers, and community partners.

While 2019 will always remain a memorable year, it was also a difficult one in many ways. In the second half of the year, Cummins began to experience a decline in sales due to market challenges in much of the world. Demand for our on-highway products deteriorated faster and more severely than anticipated. Weakness was also evident in our off-highway businesses, where global power generation, construction and mining sales started to weaken as well.

In response, we worked towards restructuring several of the Company's operations to reduce costs, streamline operations and match capacity with market demand. Responding effectively to the challenges of market cycles has helped us perform steadily during periods of downturns.

As of this writing, several of our India plants and offices are temporarily closed or at reduced capacity and our community is being impacted in so many ways by the COVID-19 global pandemic. We had planned for 2020 to be a difficult year with decreased demand in most of our major markets, and that planning is serving us well as we now navigate additional pandemic-related challenges. Unfortunately, the worst is not over yet and this challenging situation will continue for longer than initially expected.

Cummins has always viewed challenges as opportunities and has successfully tackled these head-on with resilience and determination. As we look inwards towards improving our operational efficiencies that have a lasting impact, we also continue executing our strategy for long-term growth, investing in new technologies and



our core, which will position us to outperform our peers when markets come back. We have been through several downturns in the past and Cummins has a great track record of navigating the downturns and emerging even stronger.

While doing so, our commitment to our communities does not waiver. For example, in 2019, the Company surpassed our 80 percent employee participation goal in Cummins' community engagement program, with India achieving 83 percent. Employees took part in impactful work like the Monsoon Resilient Maharashtra project that addresses water scarcity and helps local communities, particularly farmers, be less dependent on monsoons. The Cummins Powers Women program, which focuses on accelerating gender equality, trained non-profit leaders in India through a partnership with Rise Up and has plans in place to continue this work in 2020.

In closing, Cummins has always been focused on powering a more prosperous world, be it financial stability or sustainability for our stakeholders. That focus and position of strength gives me great confidence in our ability to navigate all that lies ahead. I would like to take this opportunity to express my gratitude to all our shareholders for bestowing their trust on us and providing us with their support and foresight to help us grow profitably. I also hope that this note finds you and your families healthy and safe.

In closing, Cummins has always been focused on powering a more prosperous world, be it financial stability or sustainability for our stakeholders.

Thank You,
Mark Levett

Ashwath Ram
Managing Director,
Cummins India Limited



Dear Shareholders,

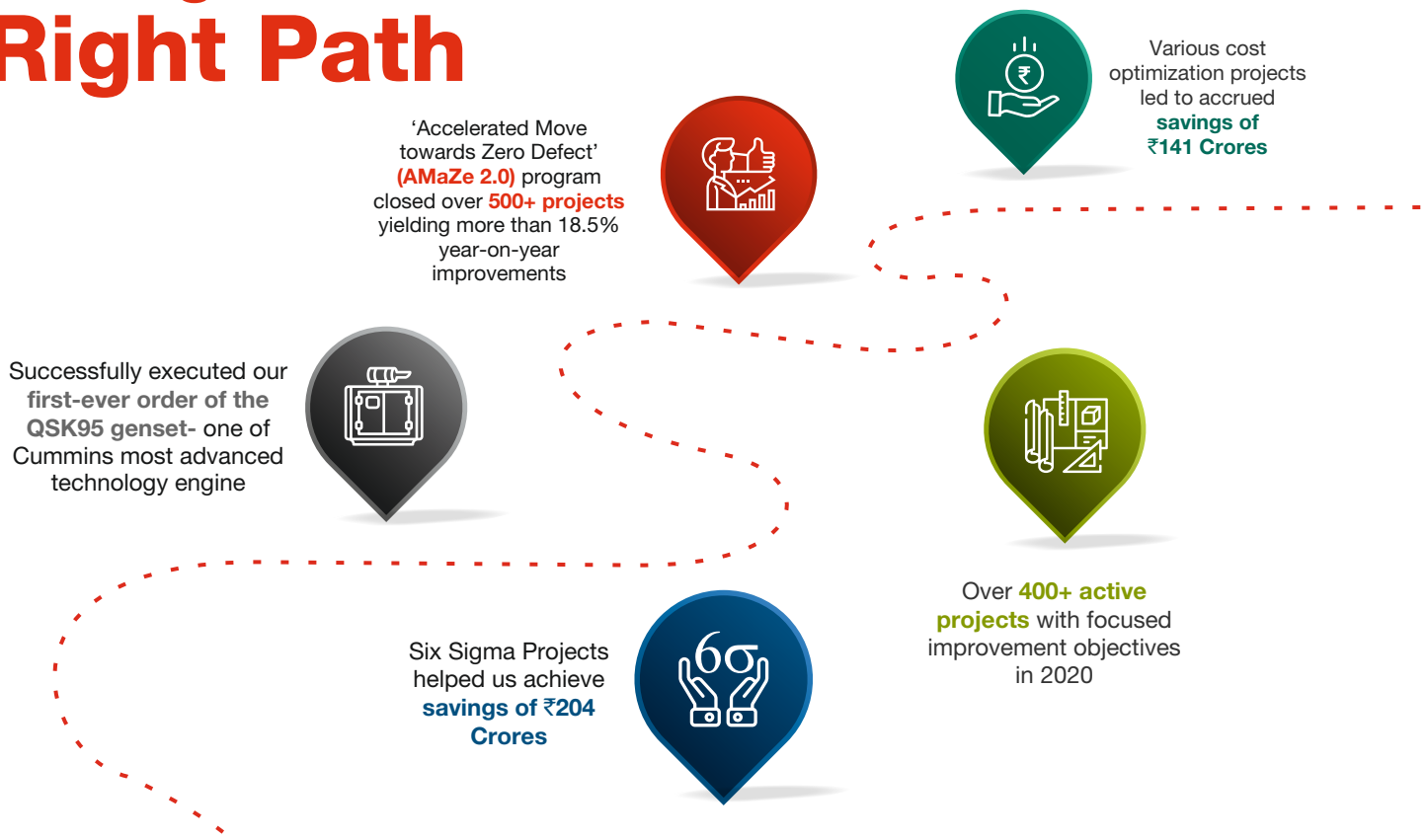
2019 has been a challenging year, with the slowing of economic growth rates across the globe. The Indian economy witnessed a major slowdown with domestic risks such as declining demand, the poor health of the banking sector, the liquidity crunch impacting businesses and, more recently, the COVID-19 global pandemic.

To manage these challenges and emerge a winner, we focused on successfully balancing the needs and interests of all our stakeholders - an approach that has been central to our strategy for success. That's why, despite the current market environment, your Company was able to demonstrate dependable performance in a year marked with economic uncertainties. While we monitored the impacts of these economic changes closely, we worked hard to

respond to the economic headwinds ahead of us and ensure that our investments were tightly aligned with current and future revenue opportunities. We undertook several global business optimization and cost-reduction actions that included combining teams, restructuring our workforce, targeted headcount actions, optimizing operations, eliminating non-core projects, and reducing discretionary spends.

In the current scenario, the COVID-19 pandemic has significantly impacted the global economy,

Taking the Right Path



operations, people, and communities. I would like to share that even during the stringent lockdown phases, Cummins did what it does best-making people's lives better. We achieved this by providing aftermarket support to critical essential services, as well as helping communities fight this crisis. Our sales and services teams went above and beyond to make this possible. From ensuring that hospital and medical services were always on to enabling the priority servicing of goods trains transporting essential commodities across India to offering timely support to the telecommunications segment, they worked round-the-clock to support our customers. In our community relief efforts, we

adopted a multi-pronged approach by partnering with industry bodies and local governments in the distribution of Personal Protective Equipment to frontline warriors, partnering with non-government organizations to provide police personnel near our facilities, and creating awareness about health and hygiene.

These are indeed difficult times and, while there is great uncertainty facing us, I am confident that as a nation and as a Company, we will get past this challenge.

Your Company's passion for best-in-class products and processes backed by our Mission, Vision, and Values translated into many awards and recognitions for Cummins.



Inclusive Workplace Award
at Excon Women Building India Awards



Active Customer Engagement Award
Confederation of Indian Industry



Ranked 50th out of the top 100 companies
listed by FUTUREScape in Sustainability and CSR



Golden Peacock Occupational Health and Safety Award
Innovative Environmental project title at Confederation of Indian Industry (CII) Environmental Best Practice Awards, 2019
Cummins Power Generation SEZ plant



Greentech Environment award for their 2018 environmental performance
India Parts Distribution Center

Financial Performance

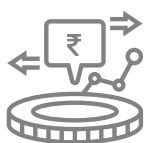
2019-20



Net Sales

In the fiscal year 2019-20, net sales for your Company were at

₹5,062 Crores



Net Profit Before Tax

Net profit before tax (excluding exceptional items) at

₹779 Crores



Net Cash Generated from Operations

₹599 Crores

Revenue for the year ended March 31, 2020 at ₹5,062 Crores declined 8% over the sales of ₹5,526 Crores recorded during same period last year.

Domestic sales for the year ended March 31, 2020 at ₹3,771 Crores were lower by 3% over the sale of ₹3,873 recorded during same period last year.

Exports sales for the year ended March 31, 2020 at ₹1,291 Crores declined 22% over the export sales of ₹1,652 Crores recorded during last year.

Profit before tax (excluding exceptional items) was recorded at ₹779 Crores is 24% lower as compared to ₹1,030 Crores recorded during last year.

An interim dividend of ₹7 per fully paid-up equity share of ₹2 each (350%) was disbursed in FY 2019-20. The 2019-20 financial year concluded with the Board recommending a final dividend of ₹7 per share of ₹2 fully paid-up (350%) aggregating to ₹14 per share of ₹2 each fully paid-up (700%), subject to your approval at the Annual General Meeting.

Delivering Value to all Stakeholders

Your Company continued to deliver value successfully to its stakeholders by strengthening partnerships and launching innovative products and services to help customers win in their markets.



Industrial Business

We fortified partnerships and our presence in different markets strategically.

Indian Railways (IR)

Continuing our strong partnership with Indian Railways (IR).

- Your Company delivered record shipments of Power Car DA sets and power packs for Diesel Electric Tower Cars (DETCs) to various rail factories, winning appreciation for exemplary performance in project execution for the second consecutive year.
- We delivered Power Cars equipped with remote monitoring system capabilities for their generator sets in alignment with their digitization initiatives.
- Our 28-liter engine successfully powered the locomotive for a narrow-gauge heritage train intended for steep gradients and heavy haulage.

Mining

Strengthening our presence in different markets.

- We continued to make inroads into the high tonnage dump truck market.
- We entered a new segment in the Construction market by supplying power packs for the stone crusher application.

Marine

Maintaining key partnerships with a focus on upcoming projects.

- We maintained our strong partnership with major shipyards as well as the Indian Navy and Coast Guard to offer our main propulsion engines and diesel generator set offerings for upcoming naval projects.

Construction

Improving market share through customer partnerships and product development.

- Despite weak markets, we improved our market share through strong customer partnerships and focus on new product developments to meet market requirements.
- To address the onset of BSIV emission norms in April

2021 for Construction Equipment Vehicle (CEV) applications, we are looking to enhance our product offerings from mechanical to new generation electronic 4-cylinder and 6-cylinder engines. These new engines will be powered by Cummins' best-in-class globally-proven technology and will ensure higher uptime, installation simplicity, and cleaner emissions to deliver superior value to end-users.

- This will also help us establish our readiness for the emission norms in Construction, Earthmoving, Material Handling, and Mining Equipment (CEMM), which are likely to come into effect a couple of years down the line. (GSR notification awaited). These technologically-superior engines are expected to generate a higher revenue per unit, accelerating our growth in this segment.

Compressor

Catering to increased demand in the water well rigs market.

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

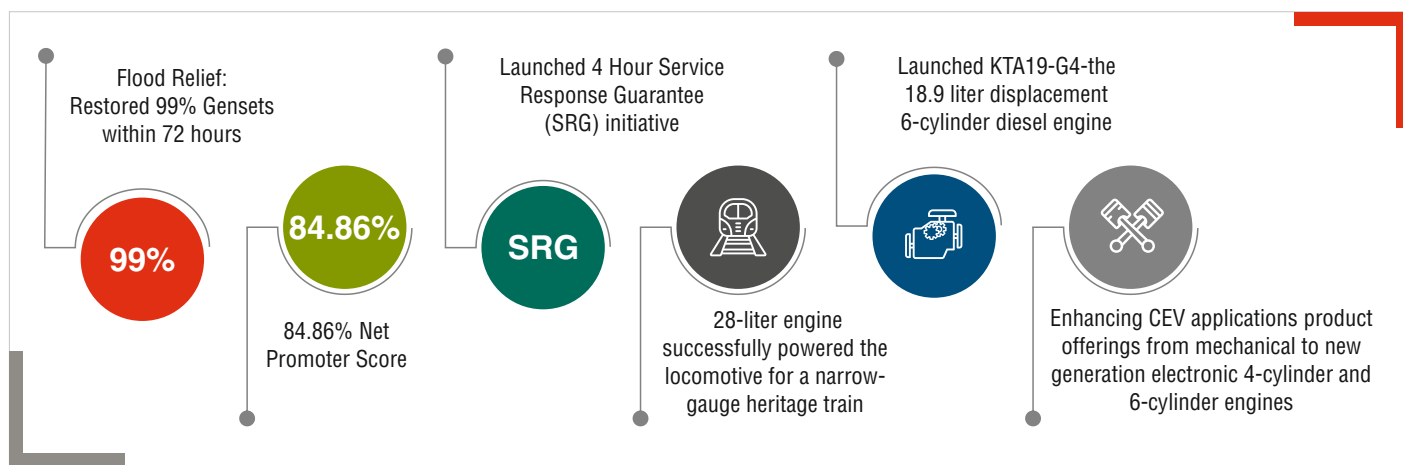


Power Generation

Your Company continued to deliver on its brand promise of innovation and dependability by introducing improved products that deliver better value to our customers across fast-growing segments.

Though the power deficit in the country continues its declining trend, the dependence on reliable power continues to increase. The strengthening macroeconomic fundamentals and increased investments in Infrastructure, Data Centers, and Commercial Realty will further drive the demand for backup power.

- In the Low Horsepower segment, we launched the new 40kVA generator to provide high power-density and reduced total cost of ownership (TCO) through significant footprint reduction.
- In the High Horsepower segment, we successfully executed our first-ever order of the QSK95 genset-one



of Cummins' most advanced technology engines-which offers advantages including a lower capital cost, a more compact installation, and exceptional fuel efficiency compared to other engines in this class.

- In an endeavor to leverage technology, we invested in the enhancement of digital controls technology and introduced the MLD (Masterless Load Demand) feature, enabling a cost-effective and technically-superior way for customers to manage multiple gensets in parallel.
- To strengthen our channel presence, we added 8 sales dealers pan India.

Exports Business

Meeting the needs of specific power generation markets.

- Your Company launched KTA19-G4-the 18.9 liter displacement 6-cylinder diesel engine for specific Power Generation markets. The product is based on the world-renowned Cummins K-series family, recognized for its robustness. It delivers a fit-for-market solution through a simple mechanical design for customers located in markets such as Africa and the Middle East.
- We also launched RoHS (Restriction of Hazardous Substances)-compliant low kVA products that meet the requirement of eliminating designated hazardous material from the products.



Distribution Business

Demonstrating dependability and enhancing process efficiencies

- Through significant efforts in leveraging technology, demonstrating dependability, and enhancing process efficiencies, we earned a Net Promoter Score (NPS) of 84.86%-an increase of almost 3% over last year.

Customer Support

- Living up to our brand promise of dependability, our service teams rendered unconditional support during Cyclone Fani and flash floods in Karnataka,

Maharashtra, and Kerala by proactively reaching out to over 850 flood-impacted customers. With hospitals, banks, and residential areas given priority, 99% generator sets were restored to working condition within 72 hours.

- Striving to enhance customer support using technology, we moved from 'break-fix' to 'predictive and preventive' maintenance for select customers for the immediate diagnosis of their equipment's system fault alert, using a convenient mobile app, email, or web portal.
- In addition to this, we leveraged technology using advanced remote diagnosis tools that enable hands-free, real-time data visualization, and collaboration to address critical issues on the ground.
- As a process improvement measure, we introduced automated, analytics-based sales and service reporting to enable efficient and real-time decision-making.
- Taking our service excellence to the next level, we launched the 4 Hour Service Response Guarantee (SRG) initiative to ensure a rapid response to service requests. The '24X7 Cummins Care India' initiative launched last year was centrally-integrated with our installed remote monitoring systems to enable better coordination and support for customers.

Our focus on the Construction, Ports, and Compressor segments yielded penetration improvement and enhanced engagement through customized product and service offerings. Initiatives around re-introducing gas engines as products for the automotive bus segment resulted in an increase in volumes. We successfully utilized our application engineering and project management capabilities to offer repowering services by providing cost-effective integrated solutions in different segments. This led to growth in the whole goods portfolio. We also ventured into servicing the growth-oriented, price-sensitive private Mining segment by launching competitively-priced value-added rebuild and parts packages that generated growth. To accelerate retail sales, we unveiled a range of retail products like clutches, coolants, Diesel Exhaust Fluid (DEF), and batteries for e-Rickshaw and inverters.

Focus on Continuous Improvement

Continuing steadfast in its journey towards delivering operational excellence, our next generation 'Accelerated Move towards Zero Defect' (AMaZe 2.0) program closed over **500+ projects** yielding more than **18.5% year-on-year improvements** across key quality performance indicators. With our supplier partners playing an integral role in our growth, we successfully outreached 23 of our key supplier partners for the adoption of AMaZe as their continuous improvement lever across their value chain. With over **400+ active projects** with focused improvement objectives in 2020, we will continue to cultivate a 'Preventive and Predictive' approach so as to achieve world-class quality standards.

Various cost-optimization projects undertaken to reduce the total cost of ownership for direct materials led to accrued savings of **₹141 Crores** (excluding JVs-VCPL & FFPL) through the implementation of 412 cost reduction projects.

The cornerstone of our cost reduction efforts, Six Sigma helped us achieve **savings of ₹204 Crores** with a conscious focus on fewer but superior quality projects. **We completed over 370 projects.**

Apart from driving the value chain to deliver on new emission requirements, our returnable packaging initiatives yielded a **CO₂ reduction of 327 tons** and amounted to cost savings of over **₹1 Crore.**

Your Company is constantly looking for ways to make a positive environmental impact while delivering economic value to its stakeholders. Your Company's plants and sales office locations generated **19,814 metric tons** of greenhouse gases (GHG), consumed **32,741 kilo gallons** of water, and generated 5,502 metric tons of waste. Out of the total waste generated, **5,030 metric tons** of waste have been recycled with a **recycling rate of over 91%.** Your Company ensures that all its sites comply with Health, Safety, and Environment Management System policies, procedures, and initiatives independent of certification status.

19,814 metric tons of Green House Gases (GHG), consumed 32,741 kilo gallons of water and generated 5,502 metric tons of waste.

Living Our Values

At Cummins, Corporate Responsibility is not just philanthropy. It is about playing our rightful role as responsible members of society in a way that is also beneficial to the Company. Far more than money, it involves the passion, time, and active involvement of our employees on a consistent basis in various sustainable initiatives in three focus areas of Higher Education, Energy & Environment, and Equality of Opportunity.

Higher Education

In our commitment to bridging the skill gap through our global **TEC (Technical Education for Communities)** initiative, we partnered with two vocational education institutes at Indore and Jamshedpur, in addition to our sites at Kolhapur and Phaltan.

Energy and Environment

To expand our reach in making farmers resilient against monsoon vagaries, the **Monsoon Resilient Maharashtra (MRM)** project scaled to 19 villages in Maan Taluka, a significantly drought-prone zone. The project touched a total of 45,000 lives with a focus on marginalized sections, ensuring water efficiency through watershed management and sustainable, improved agricultural practices.

In the Phaltan Town Development project, with a vision to make **Phaltan a "livable model town" by 2030**-the best in its category and size in India-we maintained our focus on solid waste management. A concerted effort was made to clean **70 chronic dumping spots, and 30 selected spots were beautified** and converted into usable spaces, which led to the overall improved hygiene of the town.

Model Village
Water Management

