

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@notes.cummins.com

NOTICE OF THE MEETING

To

The Members of Cummins India Limited

NOTICE is hereby given that the Fifty Fourth Annual General Meeting of Cummins India Limited will be held at the Multifunctional Hall, Cummins India Office Campus, Survey no. 21, Balewadi, Pune 411 045 on Thursday, the 6th day of August, 2015, at 12.00 noon, to transact the following business:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2015 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare final dividend on equity shares and to ratify the interim dividend declared by the Board of Directors.
3. To appoint a Director in place of Mr. Casimiro Antonio Vieira Leitao (DIN 05336740), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Edward Phillip Pence (DIN 06577765), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Ms. Suzanne Wells (DIN 6954891), who was appointed as an Additional Director by the Board of Directors of the Company on August 22, 2014, pursuant to Article 110 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting under Section 161 (1) of the Companies Act, 2013 and in respect of whom the Company has received a notice from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company".
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules thereunder, Messrs Ajay Joshi and Associates, Cost Accountants be paid ₹ 900,000/- (Rupees Nine Lacs only) as the remuneration plus service tax as applicable and re-imbursment of out of pocket expenses for carrying out the cost audit of the Company for the Financial Year 2015-16".
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that approval of the Company be and is hereby accorded in respect of material related party transaction(s) for sale of internal combustion engines, their parts and accessories by the Company to Cummins Limited, UK on arm's length basis for a consideration estimated at ₹ 124,600 Lacs for the Financial Year 2015-16".

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that approval of the Company be and is hereby accorded in respect of material related party transaction(s) for purchase of B and L series internal combustion engines, parts and accessories there of by the Company from Tata Cummins Private Limited on arm’s length basis for a consideration estimated at ₹ 101,000 Lacs for the Financial Year 2015–16”.

By Order of the Board,

Mumbai
May 28, 2015

K. Venkata Ramana
Group Vice President
Legal & Company Secretary

NOTES:

- a. The information pursuant to Clause 49 of the Equity Listing Agreement with the Stock Exchanges in respect of Item Nos. 3 & 4 and the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”), in respect of Special Business at Item Nos. 6 to 9 of the Notice set out above is annexed hereto.

- b. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- c. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 1, 2015 to Thursday, August 6, 2015 (both days inclusive). If the final dividend as recommended by the Board of Directors is declared at the ensuing Annual General Meeting of the Shareholders of the Company, payment of such dividend will be made to those Shareholders whose names appear on the Register of Members and records of the Depositories respectively, as at the end of business hours on July 31, 2015.

- d. Members requiring information on the audited Statement of Profit and Loss for the year ended March 31, 2015 and the Balance Sheet as at that date are requested to write to the Company at least Seven (7) days before the date of the meeting to enable the Company to furnish the information.

- e. 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-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai: 400 078
Phone No.: (022) 2594 6970
Fax No. : (022) 2594 6969
Contact person: Mrs. Maheshwari Patil
E-mail: maheshwari.patil@linkintime.co.in / rnt.helpdesk@linkintime.co.in

- f. Unclaimed dividends for the Financial Years 2007-08 and 2008-09 can be claimed from the Company by completing the requisite formalities. To claim final dividend for the Financial Year 2007-08, Special Equity Dividend for the Financial Year 2008-09 and interim dividend for the Financial Year 2008-09, the requisite formalities are required to be completed prior to August 27, 2015, January 6, 2016 and March 1, 2016 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 on unclaimed dividend(s), members are requested to write to Link Intime India Private Limited, Mumbai at the above address.
- g. The Securities and Exchange Board of India (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. Members holding shares in physical form can submit their PAN to the Company / Link Intime India Private Limited.
- h. 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.
- i. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- j. Members / Proxies / Representatives are requested to bring the attendance slip enclosed to the Annual Report / Notice for attending the Meeting.
- k. 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 4, 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 Shareholders who have not claimed new certificates for sub-divided Shares of the face value of ₹ 2/- each. Shareholders 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.
- l. The Company on September 26, 2011, allotted Bonus shares in the ratio of 2:5. Shareholders holding shares in physical form who have not yet claimed the Bonus share certificates are requested to contact the Registrar and Transfer Agent of the Company immediately.
- m. The Company encourages members to intimate / update their e-mail addresses to receive the Annual Report and other communication electronically in support of the "Go Green" initiative of the Ministry of Corporate Affairs (MCA). Members may intimate / update their e-mail address by sending a mail to cummingsogreen@linkintime.co.in with their name and folio details. Members holding shares in demat may please update their e-mails with the respective depository participant. The Company will send all communication including the Annual Report via e-mail to the members who have provided their e-mail addresses to the Company/ Depositories. A copy of the Annual Report will be available on the Company's website www.cumminsindia.com. A printed copy of the report will be furnished free of cost upon receipt of a request for the same.
- n. The relevant documents as referred to in Item Nos. 6 to 9 of the Notice and the Explanatory Statement attached here to will be kept open for inspection by the Members at the Registered Office of the Company on any working day (Monday to Friday) between 10.00 a.m. to 12.00 noon.
- o. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 & Rule 21 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the electronic facility to exercise their right to vote at the Annual General Meeting (AGM). The business at the AGM may be transacted through e-voting services provided by Central Depository Services Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it's discretion, subject to compliance with the instructions prescribed below:

The procedure/ instructions for e-voting are as under:

A. In case of members receiving e-mail:

- a. Log on to the e-voting website www.evotingindia.com
- b. Click on “Shareholders” tab.
- c. Now Enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- d. Enter the Image Verification as displayed and Click on Login.
- e. If you are holding shares in demat form and had voted on an earlier voting of any company by logging on to www.evotingindia.com, then your existing password is to be used.
- f. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <p># Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in point c.</p>

- g. After entering all details appropriately, click on “SUBMIT”.
- h. Members holding shares in physical form will be directed to the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Click on the EVSN for the relevant business of Cummins India Limited on which you choose to vote.
- k. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option ‘YES’ or ‘NO’, as desired. The option ‘YES’ implies that you assent to the Resolution and option ‘NO’ implies that you dissent to the Resolution.
- l. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- m. After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- n. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- o. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

- p. If Demat account holder has forgotten the existing password then “Enter the User ID” and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- B. In case of Institutional shareholders:
- a. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - b. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cDSLindia.com.
 - c. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - d. The list of accounts should be mailed to helpdesk.evoting@cDSLindia.com and on approval of the accounts they would be able to cast their vote.
 - e. Institutional shareholders should upload a scanned copy of the Board Resolution and Power of Attorney (POA), which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- C. In case of members receiving the physical copy:
- a. Please follow all steps from sl. no. A.a. to A.p. above to cast vote.
- D. The e-voting period begins on August 3, 2015 (9.00 a.m. IST) and ends on August 5, 2015 (6.00 p.m. IST). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 31, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cDSLindia.com.
- F. General:
- a. In case of any queries regarding e-voting you may refer to the ‘user manual for shareholders to cast their votes’ available at www.evotingindia.com under ‘HELP’.
 - b. If you are already registered with CDSL for e-voting then you can use your existing user ID and password for casting your vote.
 - c. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of July 31, 2015.
 - d. Mr. S V Deulkar, Practicing Company Secretary, Pune, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - e. The Scrutinizer shall within a period of not exceeding Three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least Two (2) witnesses not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- p. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
- q. 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.

ANNEXURE TO THE NOTICE

Information as per Clause 49 of the Listing Agreement with the Stock Exchanges -

Item No. 3

Re-appointment of Mr. Casimiro Antonio Vieira Leitao

Mr. Casimiro Antonio Vieira Leitao joined the Board of Cummins India Limited on August 3, 2012. Mr. Leitao is a Bachelor of Science in Electrical Engineering and Masters in Business Administration. Mr. Leitao possesses expertise in Sales and Marketing and has a deep understanding of customer needs and channel dynamics in Power Products Business. Mr. Leitao is on the Board of Cummins Northeast, LLC. Mr. Leitao does not hold any shares in the Company and is not related with any other Director of the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Leitao :

- (i) consent in writing to act as 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.

The shareholders' approval is solicited for the resolution at Item No. 3 of the accompanying Notice. Except Mr. Leitao, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 3 of the Notice.

Item No. 4

Re-appointment of Mr. Edward Phillip Pence

Mr. Edward Phillip Pence joined the Board of Cummins India Limited on May 10, 2013. Mr. Pence is a Bachelor of Arts in English and Communications and has pursued Executive Programme from Stanford University. Mr. Pence possesses expertise in Automotive Business and Automotive Field Marketing. Mr. Pence does not hold any shares in the Company and is not related with any other Director of the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013 from Mr. Pence :

- (i) consent in writing to act as 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.

The shareholders' approval is solicited for the resolution at Item No. 4 of the accompanying Notice. Except Mr. Pence, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 4 of the Notice.

Explanatory Statement as required under Section 102 of the Companies Act, 2013

Item No. 6

Appointment of Ms. Suzanne Wells as a Director of the Company

The Board of Directors appointed Ms. Suzanne Wells as an Additional Director with effect from August 22, 2014, under Article 110 of the Articles of Association of the Company. Under Section 161 of the Companies Act, 2013, Ms. Wells holds office of the Additional Director till the date of the forthcoming Annual General Meeting. A notice has been received from a member, as required under Section 160 of the Companies Act, 2013, along with required deposit of ₹ 1 Lac, proposing the candidature of Ms. Wells for office of the Director.

Ms. Wells has completed her Bachelors in Industrial and Systems Engineering from the Ohio State University and Masters in Business Administration from the Kelley School of Business - Indiana University. In addition to her expertise in Marketing and Sales, her additional functional expertise lies in Manufacturing, Quality, Purchasing, Finance and General Management. Ms. Wells does not hold any shares in the Company and is not related with any other Director of the Company.

The Company has received the following documents in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164 (2) of the Companies Act, 2013 from Ms. Wells :

- (i) consent in writing to act as 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.

The shareholders' approval is solicited for the resolution at Item No. 6 of the accompanying Notice. Except Ms. Wells, no other Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 6 of the Notice.

Item No. 7

Remuneration to Cost Auditor

The Board of Directors of the Company on the recommendation of the Audit and Risk Management Committee, approved the appointment of Messrs Ajay Joshi and Associates, Pune, to conduct the audit of the cost records of the Company for the Financial Year 2015-16.

In terms of the provisions of Section 148(3) 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 fixed by the Members of the Company.

The Board is of the opinion that the fees quoted by Messrs Ajay Joshi and Associates, Pune are reasonable and in line with the rates prevailing in the market for similar assignment.

The shareholders' approval is solicited for the resolution at Item No. 7 of the accompanying Notice. No Director or Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 7 of the Notice.

Item No. 8

Related Party Transaction of material nature

Under Clause 49 (VII) of the Equity Listing Agreement with the Stock Exchanges, all Related Party Transactions shall require prior approval of the Audit Committee and all Material Related Party Transactions shall require approval of the shareholders by a Special Resolution. The said Clause further provides for definition of the term 'Material' 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 ten percent of the annual consolidated turnover of the company as per the last Audited Financial Statements of the Company.”

As a part of its regular business, the Company sells the internal combustion engines to Cummins Limited, UK at arms' length basis under the Purchase Orders raised from time to time amounting to the aggregate approx. of ₹ 124,600 Lacs in Financial Year 2015-16 (“on-going transaction”). It may be noted that during the Financial Year 2013-14, the total turnover of the Company was ₹ 397,667 Lacs and that the Company had transactions with Cummins Limited, UK of ₹ 76,381 Lacs (*that is*, of 19.20%). Cummins Limited, UK is a subsidiary of Cummins Inc. USA which is the parent company of the Company.

The Audit and Risk Management Committee of the Board of Directors of the Company reviewed the on-going transaction and approved the same in their Meeting held on May 28, 2015. The Board of Directors, also, in their Meeting held on May 28, 2015, reviewed the on-going transaction and proposed the same to be placed before the shareholders for their approval.

No Director, Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item no. 8 of the Notice.

The shareholders' approval is solicited for the resolution at Item No. 8 of the accompanying Notice as a Special Resolution.

Item No. 9

Related Party Transaction of material nature

Under Clause 49 (VII) of the Equity Listing Agreement with the Stock Exchanges, all Related Party Transactions shall require prior approval of the Audit Committee and all Material Related Party Transactions shall require approval of the shareholders by a Special Resolution. The said Clause further provides for definition of the term 'Material' 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 ten percent of the annual consolidated turnover of the company as per the last Audited Financial Statements of the Company.”

As a part of its regular business, the Company purchases B and L series internal combustion engines, their parts and accessories from Tata Cummins Private Limited, Jamshedpur ('TCPL') on arms' length basis under the Purchase Orders raised from time to time amounting to the aggregate approx. of ₹ 101,000 Lacs in Financial Year 2015-16 ("on-going transaction"). It may be noted that during the Financial Year 2013-14, the total turnover of the Company was ₹ 397,667 Lacs and that the Company had transactions with TCPL of ₹ 32,807.31 Lacs (*that is*, of 8.23 %).

TCPL is 50-50% joint venture company between Cummins Inc. USA and Tata Motors Limited. Cummins Inc. USA is the parent company of Cummins India Limited. Mr. Anant J. Talaulicar, Chairman & Managing Director (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) of the Company is also the Managing Director of TCPL. Mr. Rajiv Batra, Chief Financial Officer (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) of the Company is also a Director of TCPL.

The Audit and Risk Management Committee of the Board of Directors of the Company reviewed the on-going transaction and approved the same in their Meeting held on May 28, 2015. The Board of Directors, also, in their Meeting held on May 28, 2015, reviewed the on-going transaction and proposed the same to be placed before the shareholders for their approval.

No Director, Key Managerial Personnel, or their respective relatives are in any way, concerned or interested, financial or otherwise, in the resolution set out at Item No. 9 of the Notice.

The shareholders' approval is solicited for the resolution at Item No. 9 of the accompanying Notice as a Special Resolution.

By Order of the Board,

Mumbai
May 28, 2015

K. Venkata Ramana
Group Vice President
Legal & Company Secretary



Cummins India Limited Annual Report 2014-15

Making People's Lives Better Globally.
People. Products. Services.

PEOPLE



PRODUCTS



SERVICES



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To Our Shareholders

2014-15 has been another solid year of progress for Cummins India Limited and I am taking the opportunity to share the performance of your Company and the many initiatives during the year that have contributed to this performance. In summary, continuing to be guided by our Vision, Mission and six Core Values, the four businesses of your Company – Industrial, Automotive, Power Generation and Distribution, continued to unleash the power of their people, products and services, in order to make lives better, across the globe.



Anant J. Talaulicar
Chairman and
Managing Director,
Cummins India Limited

2014-15 Financial Performance

In the fiscal year 2014-15, net sales for your Company at ₹4,321 crores, represented an increase of 11 percent over the last year. Net profit before tax (excluding exceptional items and sale of investments) was ₹855 crores, representing a 5 percent increase over the previous year. We feel good about being able to grow the Company profitably despite the sluggish economic conditions in India. The Company generated significant amounts of cash, strengthened its balance sheet and financial position and aligned to our Mission to create wealth for all stakeholders, continued to return value to its shareholders. Your Company had disbursed an interim dividend of ₹5 per fully paid-up equity share of ₹2 each (250 percent) in October 2014. The 2014-15 financial year concluded with the Board recommending a final dividend of ₹9 per share of ₹2 fully paid-up (450 percent of share capital) aggregating to ₹14 per share of ₹2 each fully paid-up

(700 percent of share capital), subject to your approval at the Annual General Meeting. Over the last five fiscal years, the total return has been 22 percent on a compounded annual growth basis.

Dependable Products and Technologies for the World

During the year, your Company continued to demonstrate its dependability by being the first to market with the best products and technologies. Evaluating several technologies and products, your Company developed 'fit for market' solutions to best meet market requirements, while investing in the next generation technologies and products that would allow our customers to be more productive.

The Power Generation Business launched the indigenized 'fit-for-market' series of the QSK50 generator for the 1750 kVA to 1975 kVA segment. With the highest power to weight ratio

and a 36 percent smaller foot print, this engine also offers 7 percent more fuel-efficiency than the nearest competitor. Following the notification of the new emission norms laid out by the Central Pollution Control Board in India (CPCB-2) in July 2014, the business successfully launched 42 prime power and 15 stand-by ratings across 17 engine platforms.



Fit-for-market: The newly launched indigenized 'fit-for-market' series of the QSK50 engine (50 litres) offers the highest power to weight ratio, a smaller footprint and more fuel-efficiency for the 1750 kVA to 1975 kVA segment in the power generation and industrial markets.

The Industrial Engine Business developed the QSK60 engine for a commercial marine main propulsion application such as the 42-ton bollard pull tug and the 1.2 MWe DG application for the Indian Navy Survey vessel. For similar future marine projects, the localized version of this engine will be used, which is currently

in production for the power generation application and represents an expansion in our product range at the upper end. With tremendous potential for the future, these examples demonstrate your Company's capability of further strengthening its leadership position in its key segments.

Your Company continued to delight the rail segment customers with the introduction of the first compressed natural gas-fuelled Diesel Electrical Multiple Unit (DEMU). Developed by the Indian Railway Organization for Alternate Fuels (IROAF) in partnership with your Company, this DEMU manufactured at Integral Coach Factory (ICF), Chennai, runs on a dual fuel engine, using CNG as an alternative to diesel. With a unique CNG cascade room at the rear with 40 cylinders, this eco-friendly technology allows significant reduction in emissions.

Last year, I spoke to you about the new ISLe 8.9 litre engine, which provides high performance, strong acceleration and low operating costs. In partnering with customers to ensure that our products and technologies support their success, this engine powered all the twelve new-generation Tata Motors

'Powering' where trucking meets racing: Showcasing endurance and reliability, the Cummins ISLe 8.9 litre engine powered all the twelve new-generation Tata Motors 4038.S tractor trailers competing in the second season of the T1 PRIMA Truck Racing Championship held in Noida.





Witnessing the foundation for future technology development: Gearing to become a sourcing hub for advanced technology development, the Cummins Technical Center India (CTCI), being established in Kothrud, Pune, is slated to become the largest research and development center for Cummins globally. Seen here are Cummins Inc. Board members and senior leaders at the construction site during their visit to India.

4038.S tractor trailers racing against each other in the second season of the T1 PRIMA Truck Racing Championship. The engines with 370 BHP at 2,100 revolutions per minute (RPM) delivered high performance in all three areas - acceleration, reliability and durability. With engines configured especially for the race to achieve top speeds, the trucks raced at speeds exceeding 130 kilometres per hour, superseding last years' top speed limit of 110 kilometres per hour, making this season ever more exciting for approximately 40,000 racing enthusiasts.

In addition to products, your Company is gearing to become a sourcing hub for technology research and development as well. Focussing on developing India as a global engineering hub for undertaking research and development for Cummins worldwide, the Cummins Technical Center India (CTCI), is being established in Kothrud, Pune. The largest research and development center for Cummins globally, CTCI will provide engineering services as well as business specific development capabilities and global solutions to all of Cummins businesses, while leveraging the large talent pool of high skilled and diverse employees in India. The four-level building will co-locate laboratories, engineering facilities and engineers from across India. Employing over 2,250 engineers, CTCI

will house more than 36 engine test cells, engine build and tear down areas and other spaces essential to technology, product development, verification and validation work across various generator and component technologies. CTCI is expected to become fully operational in 2016.

With the growing significance of analytics based decisions, this expertise is becoming increasingly more critical across our various businesses and functions. Aligned to this, we have recently commenced work at the Global Analytics Center (GAC), a knowledge processing hub for supporting business functions/processes across different regions. Based out of the Cummins India Office Campus (IOC) in Balewadi, Pune, the GAC supports non-engineering functions and will cater to the analytics needs of various global businesses in an integrated manner. This will help in optimizing cost, speeding up decision making and improving competitiveness.

At the Cummins Megasite in Phaltan, we currently have eight manufacturing plants operational. Of these, the HHP Rebuild Center, the India Parts Distribution Center and the Phaltan MidRange Upfit Center (PMUC) at the Domestic Tariff Area, and the Low Horsepower Generator Set plant at the Special

Economic Zone (SEZ) are a part of your Company. During the year, the low horsepower generator set plant at the SEZ exported 14,786 units to Africa, Europe, Middle East and South Pacific, generating a revenue of ₹828 crores. I am pleased to share that the plant is now CE (Conformité Européenne) certified, which indicates the plant's capability to be able to export to the European Union member states. Noise testing that was previously undertaken at our plants in the UK and USA, can now be conducted in India, thus reducing the time taken for product development.

Also at the Megasite are two world-class Training Centers, one for general employee training and the second, a Technical Training Center to support the Distribution Business. Reiterating our commitment to make Cummins a 'great place to work', your Company has completed the construction of Phase-1 of the residential complex for employees working at the Megasite. The residential complex will be ready for occupation in the third quarter of 2015 and will provide safe and clean housing for employees at Phaltan.

Dependable Services for the World

Alongside serving the world with dependable products and technologies, your Company also recognizes how crucial it is to understand the need

to serve our customers ensuring their operating success.

Customer Support Excellence (CSE) continues to be a critical initiative to help our customers succeed, while further strengthening our relationships with them. I am happy to share that a third-party survey has regarded your Company as having the most effective service network in India; significantly ahead of its closest competitor. An example highlighting this are a series of initiatives taken by the Distribution Business to stock parts and build service capability, in the implementation of CPCB-2 compliant generator sets.

Our progress in CSE, best measured via the Net Promoter Score (NPS), clearly gives an indication of where our customer loyalty levels stand and measures customer satisfaction and their advocacy of our products and services. The transactional NPS improved from 65 percent in 2013-14 to 70 percent in 2014-15.

As your Company looks to leverage from the recently implemented Common Dealer Operating System (CDOS), benefits in the form of improved channel profitability and speed to serve customers are already being realized. In order to bring incremental improvements in our customer service capabilities,

New entrants at the Megasite: Two world-class training centers, one for the general employee training and the other as a technical training center to support the Distribution Business, are being launched this year at the Megasite.



we further augmented your Company's service engineer capacity across India by recruiting a central pool of engineers and establishing a deployment mechanism for managing peak service demand across our service channel.

Dependable Processes for the World

Your Company's journey to becoming a zero-defect organization continues with integrating Six Sigma in all aspects of our business. This year, 706 projects were completed by 1,142 Six Sigma trained belts of your Company, contributing to cost reduction and savings of approximately ₹147 crores. Of these, 112 projects were focussed on customers and 68 on suppliers. Of the 112 Customer Focussed Six Sigma projects closed during the year, the majority were aligned to key business initiatives like supply chain transformation and service process improvements. Ten projects from India were announced winners of the Cummins Inc. Chairman's Quality Award, which recognizes the best Six Sigma projects world-wide, on the basis of the positive impact it has to our business goals and objectives, and the benefits they deliver to our customers.

Six Sigma continues to have a multi-fold impact on enhancing the dependability of our processes. With Six Sigma proving its benefits not only to the organization but also to individuals by way of building and enhancing leadership skills that are critical to achieving great results for themselves and the organization, Six Sigma skills are also a key performance expectation for qualifying as a high performer.

A new initiative named AMaZe (Accelerated Move towards Zero-defects) was launched across Cummins in India this year to focus more heavily on improving quality. Focussing on strengthening quality through improvements in the five areas pertaining to Design Quality, Supplier Quality, Plant Quality, Product Quality & Reliability, and Service Quality, this initiative will help

us deliver products right the first time. I look forward to the transformation that this initiative will bring in delighting the customer.

We also continued our focus on reducing the Total Cost of Ownership for direct materials by leveraging our 'Accelerated Cost Efficiency' (ACE) program. Originally started in 2005, we completed the third phase (ACE III) by closing 1541 projects, generating savings of ₹448 crores over three years. ACE IV, launched in July 2014, which will run over three years, has so far seen the completion of 204 projects, generating savings of approximately ₹70 crores. The other cost reduction program, TRIMS, launched in 2010, to reduce the Total Cost of Ownership for indirect materials and services, generated savings of ₹7.2 crores for your Company. The program continues to help us consolidate the supply base of indirect materials and services while better leveraging our expenditure.

Another business critical initiative that we had embarked upon last year, Synchronized Business Planning (SBP) and Foundation of Planning and Control (FPC), are now being deployed across the majority of the businesses of the Cummins group in India. The scope of the deployment is maturing to include our extended supply-chain partners, first for the short-term planning (FPC) followed by the long-term planning (SBP). In this effort, we have benchmarked the turbo business, which has already reached the maturity stage for both these initiatives.

Dependable People for the World

Your Company understands that strong performance is dependent as much on sound business strategies and their flawless execution, as on creating an environment that allows employees to unleash their full potential. During the year, continuing on our commitment to building a 'great place to work', many long-term strategic initiatives coupled with new programs were launched for the employees.

Taking the Health and Wellness program, launched in 2013, a step further, we started initiatives such as Case and Disease Management - a structured intervention program to address chronic ailments such as Diabetes, Hypertension and Obesity amongst our employees. We harmonized medical processes for pre-employment health check-up and periodic health check-up. Understanding the role of a healthy mind and body in an individual's happiness and productivity, we instituted training sessions on Healthy Living, educating employees on the essentials of Diet, Exercise, Rest/ Relaxation, Stress-Management and De-addiction. Yoga has also been introduced voluntarily to help our employees realize the benefits of this age old discipline.

At the Megasite, the Anaemia Eradication Program for women was launched which included medicines distributed free of cost from primary health care centers under the National Anaemia Control Program, and supportive treatment and dietary education from our in-house doctors. All known cases of anaemia have been successfully eradicated through this initiative that involved awareness sessions, personalized and group consultation and periodic follow-ups.

Recognizing the financial security needs of our shop-floor employees, we introduced a comprehensive Life Insurance Cover for them with the option of purchasing self-funded additional cover. This initiative received an overwhelming response with over 80 percent employees opting for additional Life Cover.

The Health Care Centers across our locations, are key to the success of our Health and Wellness program as they ensure easy and quick access to medical facilities, advice and support. The fully operational Health Care Centers at the Megasite and India Office Campus, and the upcoming one at the Cummins Technical Center India have been planned thoughtfully keeping in mind all the three tenets of health care, namely, preventive care, curative care and supportive



Diverse perspectives: Dedicated efforts and focussed initiatives to attract, retain and grow female employees, has seen a dramatic increase in women representation across all levels of the organization.

care. I am pleased to share that our Health Care Centers are state-of-the-art facilities facilitating high quality health check-ups in-house in a seamless manner. To address Emotional Wellness, we introduced the Employee Assistance Program (EAP) which provides an avenue to employees and their families to discuss a wide range of issues such as relationships, work related stresses, self-development, etc., in complete confidence with a counsellor. This initiative also covers Legal, Financial and Wellness Services, apart from a host of online resources which employees can refer to anytime.

We also introduced Health Risk Assessment and Biometrics at highly negotiated rates for families of our employees. This initiative provides employees and their loved ones an accurate picture of the current state of their health, which helps in detecting ailments early before they become life-threatening.

Given the positive impact of Diversity in solving today's complex problems and making better business decisions, your Company continued to focus on improving gender representation across the organization. Dedicated efforts and focussed initiatives to attract, retain and grow very talented and enterprising women employees, has increased women representation and grown women in leadership roles, especially in middle and senior management roles. Our efforts of the past eight years in increasing representation and greater inclusion of women in our workplace at all levels of the group, is more visible now than ever, with 28 percent representation in the professional category.

Another initiative to creating the 'Right Environment', was an updated Ethics training module - Right Environment Every Time (REET), which was introduced during the year to update all employees on our policy on 'Treatment of Each Other at the Workplace', and 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. This training module was imparted to 100 percent of our employees across the Cummins group in India. There is already a fully-functional and effective Ethics Committee which reviews and monitors all reported or observed violations, and an Internal Complaints Committee established as per the above Act for reviewing and monitoring sexual harassment incidents. These measures reaffirm your Company's commitment to creating and fostering the right environment for its employees.

For employees, both on the shop-floor and in the professional category, we undertook eight employee engagement projects based on the Global Employee Engagement Survey namely; Ensuring Balanced Workload, Reinforcing the Role of a Manager, Empowerment and Decision Making, Opportunities for

Career Growth and Development, and Improving Understanding of Departmental Work Plans and Linkages. The recommendations from these projects are being implemented in phases.

In last year's Annual Report, I had mentioned about the India Office Campus (IOC) and the value that collaborative workspaces are bringing to foster diversity and innovation. During the year, employees moved into the second tower of the IOC. With two towers being occupied, there are close to 3,000 employees co-located at IOC, benefitting from collaborative synergies.

Continuing to build Leadership Excellence, we began cascading three of the five critical Leadership Skills; Coach and Develop, Fostering Open Communication and Talent Management (the other two being Diversity Management and Strategic Thinking) to 700, 751 and 318 managers, respectively. In addition, 482 managers underwent the Leadership Conversations sessions which are intended to raise the awareness of our expectations of the role of Managers as they begin managing people.

Twice the Innovation and Collaboration: Construction of the second tower of the new corporate office of the Cummins Group, India Office Campus (IOC) at Balewadi, Pune, is completed and more than 1,300 employees occupy the tower. With both the towers occupied, the IOC houses close to 3,000 employees.



During the year, in addition to our existing partnerships with educational institutions such as the Kelley School of Business, Indiana University in the US and IIM-Ahmedabad, S.P. Jain and ARAI-Vellore Institute of Technology in India, we also introduced the MTech program with specialization in Electronics. We sponsored higher education for 55 of our employees, of which 47 enrolments were for the MTech program.

Continuing our focus around employing the right talent at the entry level and developing them for future roles within the organization, this year, we hired 177 employees from Engineering, Chartered Accountancy, MBA and MTech fields. In presenting growth opportunities to employees to enable their development, we moved 381 professional employees across functions and businesses. This initiative is the core of our 'Hire-to-Develop' philosophy.

To honour instances of exemplary allegiance to the six Core Values of your Company, we recognized employees for demonstrating these values at the tenth annual Chairman and Managing Director (CMD) Awards.

We also rolled out the new Technical Salary grade structure which better aligns with the market. The global payroll solution, 'OnePay', was launched effectively for payroll related processes, and for eliminating compliance risk, increasing transparency, reporting and self-serve capabilities, and improving SOX controls and common audit procedures.

As a result of all of the above and work done in the preceding years, your Company is now transforming itself into a place that is conducive for sourcing great, diverse talent.

Staying committed to the Mission of ensuring that 'everything we do leads to a cleaner, healthier and safer environment', I am proud to share our achievements in the Safety and Environment area.

Continuing to drive zero-defect in Safety, a Health, Safety and Environment (HSE) Summit was hosted for all site HSE managers and plant leaders to inculcate the discipline of effective consistent communication and a three-pronged approach to develop a suitable environment that would improve Behavior Based Safety, contractor safety and two-wheeler safety, considering the vast number of our employees who use this mode of transport when commuting to work.

In the environment area, your Company is working on conserving the most essential natural resources – water and energy, and on reducing waste. Dedicated efforts to offset water consumption have led to the Kothrud facility becoming water neutral. At the Cummins Megasite too, and the neighbouring villages of Phaltan, we have embarked on an extensive project to identify sustainable and impactful watershed management techniques, thereby accomplishing water neutrality through a three-fold approach of water conservation within the plant, community and in public water bodies. As water neutrality continues to be a focus area for your Company, efforts will be directed in continued association with the village community, village council and irrigation department, in order to focus on watershed management at the village level, driving the importance of water conservation within the community and creating awareness about water conservation amongst farmers and students.

Great savings in energy are being generated year-on-year at the Megasite. High energy consumption areas have been identified and multiple projects have been undertaken to conserve energy. To share an example, at the India Parts Distribution Center, greenhouse gas emissions have been reduced 26.4 percent by using natural light alone. The plant has installed solar panels to heat water for the cafeteria and dishwashing. These measures have helped achieve yearly savings to the tune of 4,200 units. The plant has also installed solar streetlights,

resulting in savings of 1,183 units per year. Motion sensing lights installed in the plant, both in the operations area as well as in the office areas, have helped save 128,855 units of energy per year.

Owing to the many energy saving initiatives undertaken by your Company, we achieved approximately 15 percent reduction in greenhouse gases, 20 percent reduction in water consumption and 43 percent reduction in total waste disposal. I am also pleased to share that all the plants of your Company comply with the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard and Environment Management System (EMS) 14001 standard.

Today, all our manufacturing and non-manufacturing facilities exhibit Cummins' strong commitment to sustainability by demonstrating the five philosophies, namely; Safe, Green, Clean, Lean and Diverse.



While we continued to make the lives of our many stakeholders better, I am extremely happy to share that our commitment to the communities has been equally strong. Owing to our strategic approach, high levels of involvement by the senior leadership and 100 percent of our employees contributing a minimum of four fully-paid hours towards the projects of their choice, under the focus areas of Higher Education, Energy & Environment, and Social Justice and Infrastructure, we improved lives of many communities in extremely meaningful ways. Employees across the Cummins group collectively devoted 46,246 hours to the EEEEC Program in 2014.

Under Higher Education, our Signature project, the Cummins College of Engineering for Women (CCEW) in Pune, encouraged students to apply for patents for their innovative ideas. The students also did themselves proud at the SAE Baja India 2015 event, by showcasing the all-terrain vehicle that they themselves had designed and assembled. From the 120 teams that participated, CCEW stood 19th overall and 8th in the track event. I am glad to see more global

Engineered for success: The participating team from Cummins College of Engineering for Women (CCEW), Pune, with the all-terrain vehicle that they themselves had designed and assembled for the SAE-Baja 2015. From the 120 teams that participated, CCEW stood 19th overall and 8th in the track event.



and Indian companies recruiting from CCEW, which is an indication that the college is increasing its brand presence. The College is also starting to get featured in surveys conducted on top engineering colleges by The Times of India, Outlook and The Week, indicating that our close engagement with the college as our Signature Project is helping the college move forward in its journey of becoming one of the top most institutions in the country.

The Cummins Scholarship Program has to date, awarded scholarships to 589 meritorious and diverse students from socially and economically weak backgrounds. This year, another 125 scholarships were granted to students to pursue degree and diploma in Engineering and any other professional course. Of the number of students awarded the scholarship, 64 were female. Using Six Sigma methodologies, we have further enhanced the Program, equipping us to ramp up the intake next year.

Another important program that we have embarked on, is Technical Education for Communities (TEC), where we focus on vocational education by taking our experience of supporting the Industrial Training Institute at Phaltan to other locations across the country.

Some of the other noteworthy work being done under Corporate Responsibility includes -

- Seven more villages around the Megasite have been selected to replicate the success and learnings from Nandal Model village transformation project. Work has already commenced in five villages.
- Our efforts for preserving the green canopy on the hills at Chaturshrungi, Warje, Hanuman Tekdi and Baner have benefitted the community through creation of oxygen hubs.
- The 'Catch them Young' initiated in 2012, reached out to 75,000 students educating them about the ill-effects of water and waste pollution. Led by our

Distribution Business and supported by our dealers, OEMs, JVs and suppliers, the reach of the program, renamed as 'Coach them Young' has been scaled up to cover from 200,000 students in 2013 to 430,000 students in 2014 across 80 cities of India.

- On water neutrality, among the many projects, one of the biggest is the Khadakwasla dam de-silting project which started in 2012 in association with NGO, GreenThumb. The project aims to increase the capacity of the dam, the primary source of water for residents of Pune. In 2014, with a resolve to make a larger impact, Cummins showcased this project in the CR forum of the Confederation of Indian Industry (CII) where leading corporates and organizations of the industry met to address various issues concerning Pune city. This project was well received by the forum and your Company has partnered with corporates like Tata Motors and Praj to scale up and sustain the de-silting efforts.

Our work for the communities stems from a strong desire and genuine intent to make lives better, and not so much for the awards that follow. Nonetheless, the awards are a testimony to our contribution to the society in India, where there is tremendous opportunity to give and serve. The impact of our projects in improving the communities is evident from the recognition that has come our way, in 2014:

1. Of the 100 firms selected by the Economic Times for Ranking India's top companies on CSR, Cummins was ranked 29th.
2. Cummins received the Runners-Up Trophy for 'Excellence in Corporate Social Responsibility', at the 3rd Manufacturing Today Conference and Awards 2014.
3. Cummins India's 'Water Neutrality' initiatives were presented the 'Best Project Award' under Lakshya's CSR initiative – Sparsha at the 5th Edition of the Annual Corporate confluence of National Institute of Industrial Engineering (NITIE).
4. Yet again, from a total of 20 awards given worldwide by Cummins Inc., seven of nine



Make in India...for the world: During the Cummins Inc. Board visit to India, Tom Linebarger, Chairman and Chief Executive Officer, Cummins Inc., along with Board member Alexis Herman, and Anant Talaulicar, Chairman and Managing Director, Cummins India Limited, met Prime Minister, Shri Narendra Modi. The ensuing discussion was on a variety of subjects that are important to India and Cummins, including emission regulations, increased infrastructure investments, streamlining impediments to trade, simplifying the taxation system and creating incentives to do more research and development in India.

projects submitted from India won the 2014 Environmental Challenge.

Note - Information on the many other projects undertaken during the year to improve the environment and communities has been published in the Business Responsibility Report.

Cummins Inc. Board visits India

In early 2015, the Cummins Inc. Board of Directors, accompanied by the global Cummins Leadership Team, visited India to review Cummins India's dramatic transformation over the last few years, while evaluating further investments in the country. Select few members also had the opportunity to meet with Prime Minister, Shri Narendra Modi, and discuss a variety of subjects important to India and your Company, including emission regulations, increased infrastructure investments, streamlining impediments to trade, simplifying the taxation system and creating incentives to do more research and development in India. This being only their third visit to the country, in Cummins India's 53-year history, the board and the leaders left the country feeling extremely confident in your Company's ability to make lives better around the world, with our people, products and services.

In Closing

Our disciplined investments, a stable, strong and diverse leadership team and the immense talent

residing within Cummins, positions your Company to capitalize on the early revival in domestic and global economies.

Looking back at our accomplishments of 2014, I feel immensely proud and privileged to be able to continue unleashing the power of Cummins for all stakeholders – you, our shareholders, customers, employees, suppliers and community.

I remain thankful to our Board of Directors, whose support, experience and foresight is helping us gear up to take advantage of the immense opportunities that the improving markets have to offer. I am also grateful to the Leadership team and the employees for all that has been achieved through the year. Above all else, I remain thankful to you for your unstinted confidence in our capabilities.

As we continue to develop dependable people, products and services for the world, I recommit and rededicate myself and my entire team at Cummins India Limited to continue unleashing the power of Cummins to improve the many lives associated with it.

Sincerely,
Anant J. Talaulicar

BOARD OF DIRECTORS



Anant J. Talaulicar
Chairman and
Managing Director



Antonio Leitao
Director



Edward Pence
Director



Suzanne Wells
Director



Mark Smith
Director



Nasser Munjee
Independent Director



P. M. Telang
Independent Director



P. S. Dasgupta
Independent Director



Rajeev Bakshi
Independent Director



Venu Srinivasan
Independent Director



J. M. Barrowman
Alternate Director
to Edward Pence



Pradeep Bhargava
Alternate Director
to Mark Smith

BANKERS :

State Bank of India
HDFC Bank Limited
Citibank, N.A.
Bank of America
ICICI Bank Limited

AUDITORS :

PRICE WATERHOUSE
Chartered Accountants
Tower A - Wing 1, 7th Floor,
Business Bay,
Airport Road, Yerwada,
Pune 411 006

REGISTRAR & TRANSFER AGENT :

Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
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Cummins India Limited

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Email : cil.investors@notes.cummins.com
Website : www.cumminsindia.com

Financial Summary - 5 Years

₹ Crores

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Total income	4,692.38	4,154.38	4,796.10	4,240.55	4,122.90
Raw material	2,722.47	2,424.11	2,887.43	2,645.42	2,580.38
Employee cost	393.60	339.62	338.62	303.94	254.63
Mfg. exps. and overheads	284.07	287.25	342.12	299.98	282.23
Adm.,selling and other exps.	270.61	228.96	186.33	170.63	161.90
Finance Cost	4.52	4.18	4.61	5.41	4.75
Depreciation	79.72	52.75	47.25	41.98	36.64
Net profit before tax	937.39	817.49	989.74	773.19	802.37
Exceptional Item	—	—	61.59	51.44	—
Tax provision on income (Net of Excess/Short provision for prior years)	151.54	217.49	287.22	233.36	211.38
Net profit after tax	785.85	600.02	764.11	591.27	590.99
Dividend	388.08	360.36	360.36	304.92	297.00
Additional Income tax on dividend	74.34	61.24	60.17	49.47	48.72
Earnings in foreign exchange	1,774.22	1,258.31	1,315.97	1,236.16	1,089.75
Dividend % *	700.00	650.00	650.00	550.00	750.00
Earning per share (Face value of ₹ 2) #	28.35	21.65	27.57	21.33	21.32

Previous year's figures have been regrouped/reclassified wherever necessary.

* Dividend percentage for FY 2011-12 is calculated based on the enhanced share capital.

Earnings Per Share (EPS) have been restated for the previous year's, in accordance with Accounting Standard (AS) 20.

"Earnings Per Share" notified under Section 133 of the Companies Act, 2013.

DIRECTORS' REPORT

The Directors take pleasure in presenting the Fifty Fourth Annual Report together with the audited financial statements for the year ended March 31, 2015.

1. FINANCIAL RESULTS :

During the Financial Year 2014-15, net revenue from operations was ₹ 440,580 Lacs as compared to ₹ 397,667 Lacs during the previous year (11% higher). Exports and other foreign exchange earnings stood at ₹ 177,422 Lacs as compared to ₹ 125,831 Lacs during the previous year (41% higher). Profit after tax increased to ₹ 78,585 Lacs from ₹ 60,002 Lacs recorded for the previous year (31% higher).

	2014-2015 (₹ in Lacs)	2013-2014 (₹ in Lacs)
APPROPRIATION OF PROFIT :		
Profit before taxation	93,739	81,751
Net Profit for the year after tax but before tax on proposed dividend	78,585	60,002
Tax on proposed dividend	7,434	6,124
Proposed Dividend	38,808	36,036
Transferred to General Reserve	NIL	6,000

2. DIVIDEND :

Your Directors have recommended a final dividend of ₹ 9/- per equity share of ₹ 2/- each fully paid-up, in addition to the interim dividend of ₹ 5/- per equity share of ₹ 2/- each fully paid-up share declared on September 10, 2014, aggregating to ₹ 14/- (i.e. 700%) per equity share of ₹ 2/- each fully paid-up share for the year ended March 31, 2015 (last year ₹ 13/- per equity share i.e. 650%). The final dividend payout is subject to approval of the Members at the ensuing Annual General Meeting.

3. JOINT VENTURES AND ASSOCIATES :

While there is no company which has become / ceased to be joint venture or associate during the Financial Year 2014-15, the Company has following joint ventures and associate as on March 31, 2015 : -

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

The net revenue from the operations of Cummins Research and Technology India Private Limited (CRTI), a 50:50 joint venture between Cummins Inc., U.S.A. and your Company, for the year ended March 31, 2015 was ₹ 3,372 Lacs as compared to ₹ 6,329 Lacs during the previous year (47% lower). CRTI has a Research and Technology Center at Pune and is engaged in providing Information Technology enabled Mechanical Engineering development services primarily to Cummins Inc., U.S.A., its subsidiaries and joint ventures in all parts of the world. CRTI is converted from a Public Company limited by shares in to a Private Company limited by shares under the Companies Act, 2013 with effect from December 10, 2014.

b) Valvoline Cummins Private Limited (VCL) :

VCL, a 50:50 joint venture with Valvoline International Inc., U.S.A., a global leader in lubricants and engine oils, generated net revenue of ₹ 100,614 Lacs from its operations for the year ended March 31, 2015 as compared to ₹ 100,923 Lacs during the previous year. VCL is converted from a Public Company limited by shares in to a Private Company limited by shares under the Companies Act, 2013 with effect from October 14, 2014.

c) Cummins SVAM Sales & Service Private Limited (CSSSL) :

CSSSL is a 50:50 joint venture with SVAM Power Plants Private Limited, a dealer of your Company. CSSSL focuses on sales and service of Cummins engines and generator sets in parts of Northern India. CSSSL generated net revenue of ₹ 6,940 Lacs from its operations for the year ended March 31, 2015 as compared to ₹ 6,584 Lacs during the previous year (5% higher). CSSSL is converted from a Public Company limited by shares in to a Private Company limited by shares under the Companies Act, 2013 with effect from February 3, 2015.

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

Your Company owns approx. 48.5% shareholding in the Associate Company namely CGT which is in the business of manufacturing, marketing, sales and service of alternators and related spare parts. CGT generated net revenue of ₹ 51,565 Lacs from its operations for the year ended March 31, 2015 as compared to ₹ 49,722 Lacs during the previous year (4% higher). CGT is converted from a Public Company limited by shares in to a Private Company limited by shares under the Companies Act, 2013 with effect from December 10, 2014.

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

4. INITIATIVES AT PHALTAN :

Currently various manufacturing plants are operational at Megasite at Phaltan, such as the HHP Rebuild Center, the India Parts Distribution Center, the Phaltan MidRange Upfit Center (PMUC) at the Domestic Tariff Area and the Low Horsepower Generator Set plant at the Special Economic Zone (SEZ).

While the common facilities like the Crèche, Administration Office and Health Center have commenced operations since August 2014, the facility for Area Business Office Training Center including an Auditorium having sitting capacity for 250 people has become functional since June 2015.

A Technical Training Center (at Phaltan), to support the Distribution Business, is expected to commence its operations by September 30, 2015. This Center has a capacity to train more than 550 engineers and 300 customers on special programs on controls, alternators etc.

In addition to manufacturing and related facilities, construction of a residential campus facility for employees of the Company near the Megasite, Phaltan, is expected to be completed by September 30, 2015 which comprises of four buildings with 500 rooms, a cafeteria and a club house.

5. INDIA OFFICE CAMPUS (IOC) :

Your Board of Directors are pleased to inform that the India Office Campus at Balewadi, Pune has become fully functional and currently houses all professional employees of the Company and its group companies located across various offices in Pune.

The Company proposes to shift its present Registered Office from Kothrud, Pune 411038 Maharashtra India to Cummins India Office Campus, Tower A, 5th Floor, Survey No. 21, Balewadi, Pune 411045 with effect from July 1, 2015.

Up to March 31, 2015, your Company has incurred total capital expenditure of ₹ 68,308 Lacs for the first and second towers of the IOC premises and an additional expenditure of ₹ 27,200 Lacs is proposed for the third tower.

6. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS :

Other than the unsecured loan given to Cummins Technologies India Private Limited (which is a subsidiary of Cummins Inc., U.S.A.) in 2011 in compliance with the Companies Act, 1956 and Rules thereunder, no other loan or guarantee is given or investment is made by your Company during the Financial Year 2014-15.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :

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 and dealings with related party transactions as approved by the Board may be accessed on the Company's website at the link: '<http://www.cumminsindia.com/MAIN/corporate.html>'.

8. CONSERVATION OF ENERGY :

Your Company continued to undertake various energy conservation initiatives during the year, some of which are given below:

Industrial Engine Business Unit Plants (Kothrud) :

- Reduction in 20% of power consumption in BU04 against standard machining hours;
- Reduction in Energy Consumption of new KV upfit from 179 kWh per engine to 143 kWh per engine by automation of blower line pumps;
- Implementation of energy saving project by replacing reciprocating type compressor by scroll type in Engineering AC plant; and
- Implementation of automated tools for energy review and balancing for identifying energy saving opportunities.

Power Generation Business Unit Plant, Pirangut and Phaltan Special Economic Zone (SEZ) :

- Use of LED fittings and natural sky lights on roofs to ensure minimal use of lights on the shop floor during day time;
- Maintaining a unity power factor and improving the power factor;
- Efficient load sharing between the distribution transformers leading to energy savings;
- Reduction in compressor energy consumption by 5% by way of efficient operation, leakage elimination, use of air guns, demand-based pressure control at Pirangut.

Distribution Business Unit Plants (Erandwane, Pune and HHP Rebuild Center, Phaltan) :

- Installation of HVLS Fan with VFD for shop floor to reduce use of wall mounting fans and improve air flow;
- Maintaining a unity power factor at the HHP Rebuild Center;
- Alternate switching off, of the street lights after duty hours;
- Use of VRV air conditioners for Administrative Building at Phaltan, thereby achieving energy savings;
- Maintaining AHU with additional screen filters and resulted in better efficiency with power saving;
- Use of sky lights on roofs to ensure minimal use of lights on the shop floor during day time; and
- Optimum utilization of dedicated air conditioning units instead of centralized AC system.

India Parts Distribution Center, Phaltan :

- Installation of Solar water heater for dish cleaning at cafeteria. Quarterly preventive maintenance plan is place to validate effectiveness;
- Use of motion activated sensors in the racking aisles and the office area and dock station. Quarterly preventive maintenance plan is to check working conditions of all sensors;
- Use of sky lights in the plant to reduce need for lighting during daytime;
- Use of motion sensors in rest rooms to reduce electricity consumption;
- Monitoring power off schedule and surprise audit by the Security Team and Safety Point Leaders which ensures optimum usage of available electrical equipment;
- Use of pull cords installation at offices and at packaging areas to reduce the lighting load consumption;
- Use of dual circuit motion sensors in meeting rooms;
- Use of VRV air conditioners for the administrative block;
- Use of energy efficient T-5 tubes at ware house to achieve energy savings;
- Use of solar LED street lights at certain locations namely, internal connecting roads, Admin Block, Hill top area etc. to reduce energy consumption; and
- Area Specific Energy dash board created, monthly release to entire plant team to ensure area specific focus remain intact.

Phaltan Midrange Upfit Center, Phaltan :

- Reduction of 10% Electrical Energy Consumption for all External Utility lights which saved 200 units per month; and
- Reduction of 5% Electrical Energy Consumption for Plant Lights and Fans.

Major initiatives undertaken during the previous year and continued during the year are as follows : -

- Efficient load sharing between the distribution transformers leading to energy savings;
- Maintaining unity power factor by reducing line energy losses;
- Use of natural sky lights on roofs to ensure minimal use of lights on the shop floor during day time;
- Use of energy efficient VRV air conditioners for the administrative building;
- Occupancy based control for AC and electricity and use of LED/ T-5 Lights;
- Use of 5-star rated air conditioners for ground floor and first floor at office area;
- Use energy efficient HVLS fan for shop floor ventilation;
- Use of dry type transformers to minimize energy loss; and
- Use of pull cords installation at offices and at packaging areas to reduce the lighting load consumption.

Your Company has made an overall capital investment of ₹ 755 Lacs on energy conservation equipment at various plants as on March 31, 2015.

IMPACT OF THE ABOVE MEASURES :

The above initiatives resulted in savings of about ₹ 107 Lacs in addition to Greenhouse Gas (GHG) emission reduction by 20% compared to FY 2013-14. The energy units saved during the year were about 12,60,450 kWh.

9. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :

With a view to satisfy legislative, customer and market needs, your Company is committed to introducing new products and improving existing products to have better performance levels, lower life cycle costs, excellent safety and recyclability characteristics and meet stringent emission norms and, is geared towards meeting specific needs of the Indian customer.

The Technical Center of your Company continues in its endeavour to indigenize components and develop the next generation of components and systems in collaboration with the parent company - Cummins Inc., to reduce costs, improve fuel-efficiency, improve safety, enhance recyclability, and enhance performance and durability of its products. In order to improve technical productivity, new methodologies and technologies have been introduced and enhancements in capabilities are being continuously pursued to reduce the costs associated with new product development and customer support. Continued implementation of Six Sigma initiatives resulted in significant cost savings and improved operating efficiency.

To ensure the health and safety of employees, the Technical Center also pursued several initiatives to help drive towards the goal of zero-recordable incidents.

A. New Product Development :-

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

1. Emissions recipe to meet BSIII, BSIV and OBDII emission regulations for On Highway Commercial Vehicle ratings.
2. Advanced BSIII electronic products to enhance competitiveness in the Automotive segment and drive towards lower fuel consumption and higher power density product offerings for customers.
3. Multiple stationary engine families to meet the upcoming CPCB II Power Generation regulations up to 800 kW.
4. Key Industrial engine product families to support the growing Industrial Business.
5. Key Marine engine product families to support the increasing commercial Marine Business.
6. Fundamental electronics capability to help develop products that comply with OBD II (On Board Diagnostics) legislation.
7. Further enhancement of non-diesel product development capability.
8. Improved capability in intake air characteristic measurements to enhance understanding and control of the combustion process.

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

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

C. Future plans include :-

1. Developing local 'fit for market' solutions to meet upcoming emission regulations, local and rural market needs.
2. Technological innovation to add value to the products in the areas of alternate fuels, recycle / re-use and hybrid engines.
3. Continued expansion of the product range to serve the local and global market needs.
4. Providing energy-efficient solutions to reduce carbon footprint and improve recyclability.
5. Continued focus on indigenization and partnering with suppliers for waste elimination initiatives.
6. Alternate source development for various engine components.
7. Expanding the coverage of our engine development for the Power Generation market.
8. Advanced common rail electronic fuel systems to meet market needs for upcoming BS IV emission norms in Commercial Vehicle market aimed at delivering better performance through globally tested Cummins Fuel Systems technology.

D. Your Company continues to draw benefits from Cummins Inc.'s technical capabilities and advanced technology. With continued support from Cummins Inc., your Company is committed to develop advanced fuel-efficient and emission-compliant engines that work on a variety of fuel sources and comply with forthcoming domestic and global emission regulations, to help reduce Greenhouse Gas emission, whilst also enabling the products to deliver superior performance, reliability, durability and recyclability.

E. Expenditure on R & D :-

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

	2014-2015 (₹ in Lacs)	2013-2014 (₹ in Lacs)
Capital	1,138	790
Recurring	1,639	4,220
Total	2,777	5,010
Total R&D expenditure as a percentage of total sales turnover	0.63%	1.26%

10. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Your Company continues to be Net Foreign Exchange Earner. During the year under review, your Company exported 8,088 engines and 11,099 generator sets thereby achieving total export earnings of ₹ 172,677 Lacs.

Foreign Exchange earnings and gross outgo (including royalty, dividend etc.) during the year under review were as follows:-

	2013-2014 (₹ in Lacs)	2012-2013 (₹ in Lacs)
(a) Earnings	177,422	125,831
(b) Outgo –		
- Raw Materials/components	58,113	47,689
- Capital equipment	611	1,419
- Others	35,334	32,122
	94,058	81,230

11. MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT :

As per clause 49 of the Equity Listing Agreement with Stock Exchanges, the Management Discussion and Analysis Report and the Corporate Governance Report is appended as **Annexure '3'** and **'4'** respectively which form part of this Report.

The Company has obtained a Certificate from the Statutory Auditors confirming compliance with conditions of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is appended as **Annexure '5'** which forms part of this Report.

12. EXTRACT OF THE ANNUAL RETURN :

Extract of the annual return as prescribed under Section 92 (3) of the Companies Act, 2013 is appended as **Annexure '6'** which forms part of this Report.

13. RISK MANAGEMENT :

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. As a process, the risks associated with the business are identified and prioritized based on Severity, Likelihood and Effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing the risk mitigation through Six Sigma Projects.

During the year, your Directors have re-constituted the Finance and Audit Committee of the Board of Directors of the Company as 'Audit and Risk Management Committee' additionally entrusting the Committee with the responsibility to assist the Board in (a) Overseeing and approving the Company's enterprise wide risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

14. INTERNAL FINANCIAL CONTROL :

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

15. VIGIL MECHANISM / WHISTLE BLOWER POLICY :

The Company has a 'Whistle Blower' Policy which provides adequate safeguards against victimization of persons who may blow whistle. In addition, the Company also has constituted Internal Complaints Committee (under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013) and an Ethics Committee comprising of senior executives of the Company. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or letter to the Chairman & Managing Director of the Company or Letter to the Chairman of Audit and Risk Management Committee. Whistle Blower Policy may be accessed on the Company's website at the link: '<http://www.cumminsindia.com/MAIN/corporate.html>'. Details of number of complaints filed and resolved by the Internal Complaints Committee during the year are provided in the Business Responsibility Report of the Company.

16. CODE OF CONDUCT COMPLIANCE :

A declaration signed by the Chairman & Managing Director affirming compliance with the Company's Code of Conduct by the Directors and Senior Management for the Financial Year 2014-15 as required under Clause 49 of the Equity Listing Agreement with Stock Exchanges is included in the Corporate Governance Report which is appended as **Annexure '4'** and forms part of this Report.

17. DIRECTORS' RESPONSIBILITY STATEMENT :

In pursuance of the provisions of Section 134 (5) of the Companies Act, 2013, your Directors make the following statement:

- (i) that in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards have been followed and there was no material departure from the same;
- (ii) that the Directors 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, 2015 and of the profit for the period April 1, 2014 to March 31, 2015;
- (iii) that the Directors 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) that the Directors have prepared the annual accounts on a going concern basis;
- (v) that the Directors 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) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. DIRECTORS :

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

During the year, Mr. Mark Smith (DIN 06852777) and Ms. Suzanne Wells (DIN 06954891) were appointed as Additional Directors of the Company w.e.f. May 23, 2014 and August 22, 2014 respectively. Mr. Pradeep Bhargava (DIN 00525234) has been appointed as an Alternate Director to Mr. Mark Smith w.e.f. May 23, 2014. Subsequently, Mr. Mark Smith is appointed as a Director, liable to retire by rotation, in the Annual General Meeting held on August 1, 2014.

The Board, at its Meeting held on August 1, 2014, noted the presence of Mr. Edward Pence (DIN 06577765) in India during July 30, 2014 to August 3, 2014 and consequent cessation of Mr. J. M. Barrowman (DIN 00668324) as an Alternate Director of Mr. Edward Pence effective July 30, 2014. The Board confirmed appointment of Mr. J. M. Barrowman as an Alternate Director to Mr. Edward Pence effective August 4, 2014 upon return of Original Director (Mr. Edward Pence) to the U.S.A.

In its Meeting held on September 10, 2014, the Board of Directors noted the presence of Mr. Mark Smith in India during September 9, 2014 to September 13, 2014 and consequent cessation of Mr. Pradeep Bhargava as an Alternate Director to Mr. Mark Smith effective September 9, 2014. The Board, at its Meeting dated September 10, 2014 confirmed appointment of Mr. Pradeep Bhargava, as an Alternate Director to Mr. Mark Smith effective September 14, 2014 upon return of Original Director (Mr. Mark Smith) to the U.S.A.

The Board, at its Meeting held on November 6, 2014, noted the presence of Mr. Edward Pence in India during November 4, 2014 to November 7, 2014 and consequent cessation of Mr. J. M. Barrowman as an Alternate Director of Mr. Edward Pence effective November 4, 2014. The Board confirmed appointment of Mr. J. M. Barrowman as an Alternate Director to Mr. Edward Pence effective November 8, 2014 upon return of Original Director (Mr. Edward Pence) to the U.S.A.

Mr. Patrick Ward (DIN 02871925) and Mr. Rajasekhar Menon (DIN 03074942) stepped down as Directors of the Company w.e.f. May 22, 2014 and August 2, 2014 respectively, due to their personal reasons. Mr. Pradeep Bhargava, Alternate Director to Mr. Ward also ceased to be a Director consequent to resignation of Mr. Ward. The Board of Directors placed on record their appreciation for the contribution made by Mr. Menon, Mr. Ward and Mr. Bhargava.

In accordance with the Companies Act, 2013 and Articles of Association of the Company, Mr. Casimiro Antonio Vieira Leitao and Mr. Edward Phillip Pence, Directors of the Company, retire by rotation and are eligible for re-appointment.

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 Equity Listing Agreement with the Stock Exchanges:-

- Audit and Risk Management Committee;
- Stakeholders Relationship Committee;
- Nomination and Remuneration Committee; and
- Corporate Social Responsibility Committee.

Details of the constitution, 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) Appointment of Key Managerial Personnel :

At their Meeting held on June 27, 2014 of the Board of Directors of the Company, Mr. Anant J. Talaulicar, Chairman & Managing Director and Mr. Rajiv Batra, Chief Financial Officer were formally designated as 'Key Managerial Personnel' under Section 203 of the Companies Act, 2013.

Mr. K. Venkata Ramana, Group Vice President – Legal and Company Secretary was appointed as 'Key Managerial Personnel' of the Company effective December 11, 2014.

d) 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 Act, adopted by the Board is appended as **Annexure '7'** which forms part of this Report. Details of the remuneration paid to the Board of Directors are provided in the Corporate Governance Report. We affirm that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

e) Board Performance Evaluation Mechanism :

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance and the Directors 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.

f) Familiarization Programme for Independent Directors :

The Independent Directors of the Company are associated with the Company for many years and are very familiar with the Company. During the year, the Management provided various documents, background notes etc. to have a better insight of the Company. The Chairman & Managing Director also has a one-to-one discussion with the newly appointed Directors. Details of initiatives for the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/ her to effectively fulfil his/ her role as a Director of the Company are available at '<http://www.cumminsindia.com/MAIN/corporate.html>'.

g) Declarations from the Independent Directors :

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Clause 49 of the Equity Listing Agreement with the Stock Exchanges.

19. PARTICULARS OF EMPLOYEES :

The table containing the names and other particulars of employees in accordance with the provisions of Section 197 (12) of the Act, read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure '8'** which forms part of this Report.

A statement containing the names of every employee employed throughout the Financial Year and in receipt of remuneration of ₹ 60 Lacs or more, or employed for part of the year and in receipt of ₹ 5 Lacs or more per month under Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and is available on your Company's website at <http://www.cumminsindia.com/MAIN/annual.reports.html>. Any shareholder interested in obtaining a copy of the statement, may write to the Company Secretary at the Registered Office of the Company.

20. INDUSTRIAL RELATIONS :

Industrial relations at the Company's plants continue to be cordial.

21. AUDITORS :

STATUTORY AUDITORS :

The Auditors, Price Waterhouse, Chartered Accountants, retire and hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment under the Companies Act, 2013. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment. As required under Clause 49 of the Listing Agreement, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

SECRETARIAL AUDITOR :

Dr. K. R. Chandratre, Company Secretary in practice was appointed to conduct the secretarial audit of the Company for the Financial Year 2014-15, as required under Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR-3 for Financial Year 2014-15 is appended as **Annexure '9'** which forms part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS :

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors had, on the recommendation of the Audit and Risk Management Committee, appointed Messrs Ajay Joshi and Associates, Pune to audit the cost accounts of the Company for the Financial Year 2015-16 on a remuneration of ₹ 9 Lacs. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a general meeting for their determination. Accordingly, a Resolution seeking Member's determination for the remuneration payable to Messrs Ajay Joshi and Associates, Cost Auditors is included at Item No. 7 of the Notice convening the Annual General Meeting.

22. CORPORATE SOCIAL RESPONSIBILITY POLICY AND ITS REPORT :

Your Company is an early adopter of the corporate social responsibility ('CSR') initiatives. Corporate Responsibility is one of the six core values of your Company, 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 Social Justice (including Local Community Infrastructure Development).

Details about the CSR Policy and initiatives taken by the Company during the year are available on our website '<http://www.cumminsindia.com/CIF/about.us.html>'. The Annual Report on our CSR Activities, is appended as **Annexure '10'** which forms part of this Report.

23. BUSINESS RESPONSIBILITY REPORT :

As stipulated under the Equity Listing Agreement with Stock Exchanges, the Business Responsibility Report describing the initiatives taken by the Company from environmental, social and governance perspective is attached as part of the Annual Report.

24. GENERAL :

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Details relating to deposits covered under Chapter V of the Act;
- b. Issue of equity shares with differential rights as to dividend, voting or otherwise;
- c. Issue of shares (including sweat equity shares) to employees of the Company under any scheme;
- d. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries;
- e. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations; and
- f. No material changes and commitments occurred during April 1, 2015 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 workers.

On behalf of the Board of Directors,

Anant J. Talaulicar
Chairman & Managing Director
DIN: 00031051

Mumbai: May 28, 2015

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 Act read with Rule 5 of Companies (Accounts) Rules, 2014 – Form AOC 1]

Part "A": Subsidiaries : - Your Company does not have any subsidiary.

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 Associate/ Joint Ventures	Cummins Research and Technology India Private Limited	Valvoline Cummins Private Limited	Cummins SVAM Sales & Service Private Limited	Cummins Generator Technologies India Private Limited
1. Date of the latest audited Balance Sheet	March 31, 2015	March 31, 2014	March 31, 2014	March 31, 2015
2. Shares of Associate/ Joint Ventures held by the Company on the year end				
No.	1,14,600 equity shares of ₹ 10/- each	95,00,000 equity shares of ₹ 10/- each	60,00,000 equity shares of ₹ 10/- each	7,79,997 equity shares of ₹ 10/- each
Amount of Investment in Associates/ Joint Venture	₹ 11,46,000	₹ 9,50,00,000	₹ 6,00,00,000	₹ 77,99,970
Extend of Holding %	50%	50%	50%	48.5%
3. Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Associate Company with control of more than 20% of total share capital
4. Reason why the associate/joint venture is not consolidated	Please refer the Note 1 below.			
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 225,644,432	₹ 2,631,967,000	₹ 95,337,267	₹ 1,630,757,124
6. Profit/ Loss for the year				
i. Considered in Consolidation	Not Applicable	Not Applicable	Not Applicable	Not Applicable
ii. Not Considered in Consolidation	Refer note 1 below	Refer note 1 below	Refer note 1 below	Refer note 1 below

Notes: -

1. By virtue of the notification issued by the Ministry of Corporate Affairs, Delhi on October 14, 2014, since your Company does not have any subsidiary, it does not require to consolidate its financial statements in respect of its associate company or joint ventures for the FY 2014-15.
2. There is neither any associate company/ joint venture which is yet to commence operations nor any associate/ joint venture which has been liquidated or sold during the year.

For and on behalf of the Board

Anant J. Talaulicar
Chairman & Managing Director
DIN : 00031051

Nasser Munjee
Director
DIN : 00010180

K. Venkata Ramana
Group Vice President Legal & Company Secretary
PAN : AEJPR9444L

Rajiv Batra
Chief Financial Officer
PAN : AAFPB4485K

Mumbai
May 28, 2015

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 Act 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 entered into during the year ended March 31, 2015, which were not at arm's length basis.

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

Nature and Particulars of transactions	Name of the Related Party/s	Nature of Relationship	Salient Terms	Amount of the proposed transaction (₹ in Lacs)
Sale of internal combustion engines, their parts and accessories by the Company for the Financial Year 2015-16	Cummins Limited, UK	Cummins Limited, UK and Cummins India Limited both are subsidiaries of Cummins Inc. USA	Exports in the ordinary course of business based on the Purchase Orders raised from time to time	124,600
Purchase of internal combustion engines, their parts and accessories for the Financial Year 2015-16	Tata Cummins Private Limited	<ul style="list-style-type: none"> - 50-50% joint venture company between Cummins Inc. USA and Tata Motors Limited. Cummins Inc. USA is the parent company of Cummins India Limited. - Mr. Anant J. Talaulicar, Chairman and Managing Director (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) of the Company is also the Managing Director of TCPL. - Mr. Rajiv Batra, Chief Financial Officer (also, the Key Managerial Personnel as per Section 203 of the Companies Act, 2013) of the Company is also a Director of TCPL. 	Purchase of B & L series engines, their parts and accessories in the ordinary course of business based on the Purchase Orders raised from time to time.	101,000

* Material Related Party Transactions, i.e. transactions exceeding 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 Cummins Limited, UK and Tata Cummins Private Limited, Jamshedpur are Material RPTs. It may be noted that during the Financial Year 2014-15, the total turnover of the Company was ₹ 440,580 Lacs and that the Company had transactions with Cummins Limited, UK of ₹ 68,663.83 Lacs (that is, of 15.58%) and that with Tata Cummins Private Limited of ₹ 41,302.61 Lacs (that is, of 9.37%). While similar trend of transactions with Cummins Limited, UK is expected in the current year, it is likely that the transactions with Tata Cummins Private Limited may exceed 10% of the annual turnover of the Company. Therefore, in compliance with the equity Listing Agreement with the Stock Exchanges, the Audit and Risk Management Committee and the Board of Directors have approved these transactions on May 28, 2015 and have presented the same for approval by the shareholders at the ensuing Annual General Meeting.

On behalf of the Board of Directors,

Mumbai
May 28, 2015

Anant J. Talaulicar
Chairman & Managing Director
DIN: 00031051

Annexures to the Directors' Report

Annexure 3 – MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

Economic Trends and Implications

- According to the Economic Survey, the Indian economic growth rate is in the range of ~7.5%¹⁾ in FY 2014 – 15. The overall economic outlook is improving due to a number of reasons such as government reforms, favorable external environment and improved investor sentiments.
- The government has taken concrete steps such as the increase in FDI cap in defence to 49%, reform in coal sector via auctions, faster environmental clearances, etc. The government also passed the mining bill which will help mining industry to increase production.
- The government has proposed steps for its 'Make-in-India' campaign to promote local manufacturing. The government's commitment and efforts to improve the manufacturing scenario in India should help manufacturing companies in the medium to long term.
- In the long term, India's growth story remains intact, supported by a positive demographic dividend, rapid urbanization and increasing domestic consumption driven by a growing middle class.

Note:

- 1) At 2011-12 market prices as per the Ministry of Finance, Dept. of Economic Affairs

2. Opportunities and Threats

Key Opportunities

Power Generation

- Renewed thrust on industry and infrastructure will lead to increase in power demand and hence backup power requirement.
- New global products launched especially in the telecom segment have resulted in additional export opportunities. With the product from India gaining confidence globally, your Company is receiving repeat orders from its global customers.

Industrial

- The increase in budget allocation towards infrastructure over the last year is likely to help in the overall infrastructure development in the medium term.
- Tax-free infrastructure funds have been proposed for projects in road, rail and irrigation industries. These would have positive implications for the construction market since more funding will be less expensive.
- The railway budget indicated an investment of ₹ 8,686 crores, an increase of 84% in capital allotment as compared to FY 2013-14. This increase is for commissioning 1,200 km of railway lines as well as increase in focus on gauge conversion. This is expected to boost the demand for track maintenance machines. Additionally, the focus on increasing last mile connectivity will provide growth in the Diesel Electric Multiple Unit (DEMU) segment.
- Increase in Defense expenditure over last year is likely to translate into growth for Naval and Defense business in FY 2015 – 16.
- As the government is focusing on the Oil & Gas market providing increasing clarity in gas pricing, the market is expected to see an upsurge in gas compression market in future years, thus generating business opportunities for the Oil & Gas segment.

Automotive

- The M&HCV market (Medium and Heavy Commercial Vehicles - GVW >7.5 Ton) grew by 22% in FY 2014 – 15 over the previous financial year after two years of sharp declines. This was mainly driven by GDP growth, lower interest rates & lower fuel prices which helped replacement demand.
- Excise duty reduction from 12% to 8% provided in the interim budget of 2014 lasted about 9 months in the financial year helped prevent a further decline in the M&HCV Market.
- OEMs have been launching electronic products in the market in order to deliver a better performance and experience to the end customer.
- There also have been 4 cylinder engine launches in the traditional 6 cylinder engine arenas in the 12-16 tonne range which would open new sub-segments if successful.
- Your Company is working on launching more electronic engines in the market.

Distribution

- Your Company continues to focus on improving customer support & engagement through segment prioritization, key account & territory management.
- Introduction of the CRM system called Common Dealer Operating System (CDOS) was completed in all dealerships across India. This should enhance customer experience & also improve our dealer operational performance.
- Development of training infrastructure is a key enabler for your Company's plans to deliver customer support excellence. The scheduled completion of state of the art Cummins Technical Training Center at Phaltan is expected by September 2015.

Exports

- Working with Cummins Inc., your Company implemented the opportunity with Japan for rail application. Considering the success of supplying quantum series engines for rail, new opportunities are being explored to supply the same to other geographies.
- Demand for G-Drives to various Cummins Power Generation locations have improved.
- Your Company further strengthened the relationship to supply fuel system components to China. The Company is working towards identifying opportunities to supply more components to China, UK and USA Fuel System manufacturing locations.

Key Threats

Automotive

- The M&HCV space witnessed increasing competition both from Indian and global OEMs expanding their presence in multiple segments.

Power Generation

- The market has shown limited willingness to absorb the significant price increase post implementation of CPCB-II norms effective July 1, 2014. The result was a price war in the domestic market.
- In the genset business, leading international players are establishing their footprint in India, thus intensifying competition and leveraging local manufacturing.

Distribution

- The power deficit in India has been hovering around 3-5% levels during 2014. Reduced power deficit levels leading to increased stand-by use of diesel gensets would result in lower demand for after-market products & services.

3. Product-wise Performance

Power Generation

- Lower demand for power & CPCB-II led to a challenging FY 2014–15 for the domestic business, leading to a drop in domestic sales revenue. Your Company focused on cost reduction initiatives, quality improvements and on time delivery.
- Exports business witnessed significant growth over FY13-14 in light of Company's extended product range including mobile and telecom application products.

Industrial

- Revenue in the Industrial Business Unit experienced a marginal decline in FY 2014 – 15 over FY 2013 – 14, mainly due to the cyclical nature of Compressor business.
- Mining and Railway declined marginally in FY 2014 – 15 over FY 2013 – 14.
- Marine, Oil & Gas segment experienced growth in revenue in FY 2014 – 15 over FY 2013 – 14 owing to timely and effective execution of orders.
- Other segments which contributed to the revenues were Pumps and Construction - which grew due to increase in indirect exports.

Automotive

- Volumes declined in spite of the market growth mostly on account of poor performance from the mining sector which is a major contributor to your customers' volumes.

Distribution

- The Distribution Business remained flat in FY 2014 – 15. The spare parts business remained flat due to continued slow economic growth and reduced engine utilization by key power generation customers. On the other hand, the Service Solutions business grew on account of long term mining contracts. Rebuilt Engines, New Engines and ancillary parts contracted due to softness in the economy.

Exports

- Your Company exported the first QSK60 unit and added this product in portfolio for regular supplies.
- Your Company expanded the parts portfolio for exports, providing an opportunity for the Company to increase the contribution in this sector in the coming years.

New Business Initiatives for FY 2014 – 15

Power Generation

- Building on its potential as the key global hub for low horsepower generators, your Company, extended its production capabilities (up to 330 kVA) from its dedicated Export facility at the Megasite SEZ & has launched a number of new offerings for global distributors such as telecom application product and mobile gensets.

Industrial

- Your Company launched a 14 litre electronic engine for a major OEM in the water well Compressor segment.
- Your Company successfully entered a new application for 1.2MWe, powered by the 60 litre engine, for the Indian Naval segment.
- Your Company launched 110HP engine to expand exports with in the Construction segment.
- Your Company continued to focus on customer satisfaction and engagement by strongly directed initiatives towards integrated account management and end user management.
- Your Company executed major orders for the Indian Defense segment for new applications. This will provide an opportunity to further grow the defense business.

Automotive

- Your Company is leveraging relationships with its existing customers for new products in order to enable their growth in the M&HCV market.
- Your Company is also exploring business opportunities with new customers in both existing and new segments.

Distribution

- Your Company has reorganized the sales structure to a more customer centric approach with segment wise focus on key accounts, dealer accounts and retail accounts.
- Your Company has undertaken a pan-India customer reach improvement project with the dealerships to improve post warranty customer engagement.

Exports

- As part of the initiative to add new geographies, your Company supplied 14 litre engines to Japan.
- In an initiative to leverage the available capacities, your Company started export of components to various Cummins engine manufacturing facilities with increased focus to become preferred supplier of components.

Achievements

Power Generation

- Your Company launched CPCB-II compliant range of engines which were well received in the market. These products are designed to fit the market requirements with a lower footprint, TCO improvement, and better block loading for majority of the portfolio.
- The SEZ export plant ramped up production to meet the increase in exports demand & achieved payback within a year.
- Your Company launched the QSK50 & QSK95 products for the domestic market.
- New products were launched for new customers in the Telecom Market mainly in Africa and Rest of Asia Region.

Automotive

- Cummins participated in the T1 Truck Racing event organized by Tata Motors Limited – the leading market player in M&HCV. All the trucks used in the event were powered by Cummins. The event received great response and showcased latest technologies.

Industrial

- Your Company was able to achieve record billing in the Marine segment paving the way for a stronger order book in FY 2015–16.
- FY 2014-15 saw an increase in Construction segment sales in spite of a slowdown in infrastructure projects, with increased demand for indirect exports and improved market share in the compactor segment.
- Due to implementation of MB Lal Committee Report to deploy Fire Protection Systems at Oil Depots across the country, your Company observed record sales of fire pumps in the Pumps segment.
- Your Company developed CPCB - II emission norm compliance for 19 litres mechanical engine for Power cars in the Rail Segment.
- Your Company successfully entered the Emergency Diesel Genset segment for an offshore application. This will provide an opportunity for further success in this application in FY 2015–16.

Distribution

- The Net Promoter Score, a measure of customer loyalty improved from 65% in FY 2013-14 to 71% in FY 2014–15. Contributors to this improvement were : -
- Capturing every service event and tracking through our Common Dealer Operating System (CDOS) is helping your Company in improving the response levels to the Customers. CDOS also contributed significantly in reducing the stock of out of service parts in the dealership as the parts stock replenishment is automatically done based on market demand and safety stocks are always maintained.
- Focus on Customer Loyalty and Customer Support Matrix, working with Dealerships on actions derived from Customer Voices, Customer Focused Six Sigma projects, Customer Experience Improvement Activities at dealerships by our trained Teams have contributed in Customer Loyalty improvement.
- The Distribution Business Unit of your Company further strengthened the nation-wide campaign, ‘Catch Them Young’ it started in 2013. The program aimed at reinforcing awareness amongst the future citizens of our country about how important it is to protect the environment in a sustainable manner, covered 435,000 students this year in 80 locations across the country.
- The Distribution Business Unit has achieved savings worth ~USD 1.4 Million from Six Sigma projects with the execution of 37 Customer Focused Six Sigma Projects. Most projects were aligned to key business initiatives such as Customer Support Excellence, Supply Chain Transformation, Profitable Growth, Business Process Improvements and Partnering with Channel partners to make them succeed. Two Six Sigma Projects from DBU India won the prestigious Cummins Inc. Chairman’s Award for Six Sigma Projects 2014.

4. Outlook and Initiatives for the Current Year and Thereafter

Power Generation

- Domestic market sentiments continue to be weak for capital goods in the short term. The domestic power generation business while remaining subdued is likely to see volume increase in the forthcoming financial year. However, with the increased export offerings, your Company is more optimistic about its low kVA exports business.
- In the long term your Company expects the power deficit to remain low leading to a shift in usage pattern. However, with the renewed push on infrastructure & industry development your Company is optimistic about the future of the power generation business.

Industrial

- Your Company is expected to sustain leadership in Water Well Compressors and Portable Compressors segment.
- Coal India production is expected to grow to nearly 1 billion ton by FY 2019-20 (from 494 tons in FY 2014-15) by ramping up the output and productivity. This paves way for new business opportunities for higher tonnage equipment in the mining segment.
- Strong Indian Navy order board and new tenders from the Coast Guard are expected in FY 2015-16 fueled by the drive to modernize the Indian fleet.
- New opportunities are expected to be created in the defense sector with impetus on 'Make-in-India' by the central government.
- In Oil & Gas, your Company will launch new projects to enter the upstream application segment.

Automotive

- Revival in the M&HCV market is expected in the coming year at the back of positive factors such as stronger economic growth, rise in freight rates and decrease in diesel prices – improving the profitability of transporters. However, to sustain demand, government policies to boost infrastructure need to be implemented.
- Though mining bans have been lifted in some regions, its full impact is yet to be seen.
- Your Company will continue to support its key customers through its range of products in a highly competitive market.

Distribution

- Your Company's performance in the FY 2014-15 has been consistent in spite of a sluggish economic environment.
- Based on the expectation of a resurgent FY 2015-16, your Company is targeting better revenue performance through focus on Mining, Railway and Construction segments.
- One of the key initiatives of the Distribution Business Unit is to improve pan-India customer reach through its dealerships for the Power Generation segment.

Exports

- Your Company is focused on increasing the exports of its products. Your Company is positioned strongly in all its export markets. There have been substantial business development initiatives to diversify into new territories with new and existing products. Your Company has identified profitable opportunities to supply parts to various Cummins engine plants.

5. Risks and Concerns the Management Perceives

- Inflationary pressures are likely to continue. Industrial activity continues to be slow due to the retrenchment in both consumption and investment demand.
- Export growth hinges on growth in demand in partner countries which needs to be closely monitored.
- Further tightening of the global liquidity as US tapers its bond-buying program could be a likely risk to the Indian economy.

Measures to mitigate risks

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

- Continued focus on our efforts to reduce direct material cost, with initiatives such as 'Accelerated Cost Efficiency' (ACE) and Six Sigma will help maintain cost leadership in the domestic market and enable your Company to remain the preferred source for exports.

6. 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.

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, 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 Management reviews. All audit observations and follow up actions thereon are tracked for resolution by the Internal Audit and Business Control function and reported to the Audit and Risk Management Committee.

7. Discussion on Financial Performance with respect to Operational Performance

Financial Review

The financial statements have been prepared in accordance with the requirements of the Companies Act, 2013 (Revised Schedule III) and Generally Accepted Accounting Principles (GAAP). There are no material departures in adoption of the prescribed accounting standards.

The estimates and judgments relating to the financial statements have been made on a reasonable basis, so that the financial statements reflect the form and substance of transactions in a true and fair manner, and reasonably represent the Company's state of affairs and profit for the year.

Income

Your Company's net revenue from operations increased by 11% to ₹ 440,580 Lacs and profit before tax increased by 15% to ₹ 93,739 Lacs.

Total employee cost was ₹ 39,360 Lacs as compared to ₹ 33,962 Lacs during the previous year. The depreciation charge increased from ₹ 5,275 Lacs during the previous year to ₹ 7,972 Lacs during the year under review. Finance Cost (including bank charges) decreased to/ increased by ₹ 452 Lacs as compared to ₹ 418 Lacs in the previous year.

Fixed Assets

Additions to the Fixed Assets block during the year ended March 31, 2015 were ₹ 39,869 Lacs (₹ 48,263 Lacs in the previous year). The addition of ₹ 39,869 Lacs consists mainly of buildings amounting to ₹ 30,573 Lacs, Plant and machinery worth ₹ 4,639 Lacs and Freehold land worth ₹ 2,160 Lacs. The depreciation block as of March 31, 2015 was ₹ 64,905 Lacs as compared to ₹ 59,283 Lacs as at March 31, 2014. The deductions/ disposals during the year amounted to ₹ 623 Lacs as compared to ₹ 1,212 Lacs in the previous year. Consequently, the net fixed asset block increased to ₹ 123,396 Lacs as of March 31, 2015 as compared to ₹ 91,915 Lacs as at March 31, 2014.

The estimated amount of contracts remaining to be executed on capital account and not provided for, as of March 31, 2015 was ₹ 19,651 Lacs, and your Company believes that it will be able to fund them internally.

Investments

Investments decreased to ₹ 46,504 Lacs in March 31, 2015 from ₹ 49,535 Lacs as on March 31, 2014. We maintained a dividend distribution to our shareholders at 700% which absorbed ₹ 46,242 Lacs after dividend distribution tax.

8. Human Resources Development and Industrial Relations

The total number of employees stands at 4,097 as on March 31, 2015.

Leadership Excellence

In building Leadership Excellence across the organization, your Company has continued to cascade the five critical Leadership Skills (Coaching, Fostering Open Communications, Managing Diversity, Managing Talent and Strategic Thinking), covering 700 managers in the Coach and Develop session, and 751 managers in the session on Fostering Open Communications and 318 managers in Talent Management sessions. In addition, 482 managers underwent the 'Leadership Conversations – Building Success in Others' programme. This year, 102 employees are continuing sponsorship for higher education, at your Company's partner institutions such as The Kelley School of Business at the Indiana University in the US, IIM-Ahmedabad as well as S. P. Jain post graduate management programs and the Masters level program in Engineering at the ARAI-Vellore Institute of Technology.

Hire-To-Develop and Seamless Talent Deployment

To help develop talent in a more integrated manner, your Company has launched the Global Internal Moves policy and iRecruit. These are automated systems that allow your Company's employees to view growth opportunities in India and other parts of the world. Another important initiative under Hire-to-Develop philosophy involves presenting growth opportunities to employees to develop themselves by taking on responsibilities across functions and businesses. Approximately 453 professional employees moved into different roles or functions, within the group.

Campus Hiring

Continuing the focus around employing the right talent at the entry level and developing them for future roles within the organization, this year, your Company hired 186 employees from Engineering, CA, MBA and MTech fields in 2014. Over 93 engineers went through the Young Managers Development Program (YMDP). Around 93 women were hired in 2014 (which is 54% of total hires in 2014), thus showcasing the commitment towards gender equality. Your Company also continued to hire diverse workforce from other regions of India (East, South and North) thus endorsing your Company's inclusive culture.

Your Company also strengthened partnerships with distinguished MBA and Engineering colleges such as S.P. Jain Institute of Management and Research (S. P. Jain), Narsee Monjee Institute of Management Studies (NMIMS), Indian Institute of Technology Bombay (IIT-Bombay), Indian Institute of Technology Madras (IIT-Madras), Symbiosis Centre of Management and Human Resource Development (SCMHRD), College of Engineering Pune (CoEP), Symbiosis Institute of Business Management (SIBM), Xavier Labour Relations Institute (XLRI) Jamshedpur, National Institute of Industrial Engineering (NITIE) Mumbai, Tata Institute of Social Sciences (TISS), Symbiosis Institute of Operations Management (SIOM) – Nashik, by appointing senior leaders as 'Sponsors' to take up the responsibility to engage with these colleges at various levels including participating in guest lectures, symposiums, college events, event-sponsorships, tech shows, case studies, etc.

In addition to the above mentioned colleges, your Company has also tied-up with the Indian School of Business (ISB) – Hyderabad, one of India's premiere business schools, to hire talented students and groom them for leadership roles.

Employee Engagement

- Your Company designed The Global Employee Engagement Survey to understand what drives engagement of the employees. This was designed to gather feedback which will help in understanding what your Company does well in driving engagement and where further improvements are needed.
- Your Company's Engagement Index is 84, versus the India industry benchmark of 79, which is one of the highest scores as compared to other global companies of similar size. It is encouraging that your Company's employees feel a high level of engagement within Cummins as a whole, and also within India.
- To improve the engagement levels of your Company's employees, based on the survey results, your Company has taken up 3 projects for the professional employee segment and 5 projects for the shop employee segment to drive improvements to create the right environment.
- Action to improve engagement levels were identified and phase one implementation of these actions are under execution.

Diversity

Given the impact of diversity as a powerful business driver, your Company has continued to focus on diversity as a Core Value. Improving Gender Representation, especially in the Middle and Senior Management group, has been chosen as an area of focus. Last year extensive work was carried out with a group of leaders to prepare a comprehensive roadmap for Improving Women Leadership Representation. Your Company is careful not to encourage any entitlement system and all selections are made on the basis of merit. The efforts of the past eight years in increasing representation and greater inclusion of talented, hard working women at the workplace at all levels of the organization are more visible with representation at professional levels at ~30%.

Your Company has invested in the Cummins Collaborative Workplace (CCW) Project at the new India Office Campus (IOC). This concept allows employees with the flexibility of occupying any space on any given day, to collaborate with colleagues across different functions and business units. There are minimal private offices, and more meeting rooms. Over 2,000 employees have moved to the new campus.

Megasite Update

At the Cummins Megasite, living up to the spirit of 'One Cummins', your Company continues to invest in Team Based Work Systems (TBWS), which create an inclusive environment in all its plants. In order to strengthen team spirit among the shop-floor employees at the Megasite, TBWS Day was celebrated. Your Company has achieved 20% percent female representation amongst the shop-floor employees at the Megasite.

The Women's Affinity Group at the Megasite organized various sessions on self-defence, health and fitness, pre-marital counselling, contraception, early pregnancy support, awareness of various chronic ailments, stress management and leadership. This was in addition to the periodical Focus Group Discussions and interactive inter-entity competitions encouraging creativity among the employees. A rally on Environment Protection was organised at Phaltan on the occasion of the second anniversary of the Megasite Foundation Day. In alignment with ensuring performance-driven culture at the Megasite, Performance Management System (PMS) was rolled out for associates. TBWS Benchmarking visits are being conducted in alignment with creating an agile workforce. Infrastructure facilities such as the Learning Center, Creche and Health Center are already in place.

Right Environment

During the course of the year, your Company honored instances of exemplary allegiance to the six Core Values - Integrity, Innovation, Delivering Superior Results, Diversity, Global Involvement and Corporate Responsibility, along with Six Sigma, Customer Support Excellence and Health, Safety and Environment. The winners were recognized at the CMD (Chairman & Managing Director) Awards Function, an annual event which is now in its tenth year. During this year, your Company hosted the third Management Conference and held a dedicated communication session for more than 350 senior leaders across your Company. This session facilitated greater understanding and alignment to our global strategies and how they apply to India. This has enabled us to continue to achieve great results for your Company. Our efforts to have all employees understand and commit to the 'Cummins Code of Business Conduct' and 'Treatment of Each Other at Work' Policy continues. This remains the core in creating and sustaining the right environment for all our stakeholders, both inside and outside the organization.

9. Cautionary Statement

The Management Discussion and Analysis Report contains forward looking statements based upon the data available with the Company, assumptions with regard to global economic conditions, the government policies, etc. The Company cannot guarantee the accuracy of assumptions and perceived performance of the Company in future. Therefore, it is cautioned that the actual results may materially vary from those expressed or implied in the Report.

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 other stakeholders. Integrity, transparency and compliance with regulations in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of good corporate governance.

Your Company believes good governance is foundational for a truly sustainable company. The commitment to do what is right and to do what we will 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. That's why your Company constantly updates the policies and procedures guiding not only employee conduct, but the conduct of the companies that supply to the Company. Cummins' 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 :

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors including one woman Director and comprises of 10 Directors, with 1 Promoter (executive) Director, 4 Promoter (non-executive) Directors and 5 Independent (non-executive) Directors.

Mr. Anant J. Talaulicar (DIN 00031051), Managing Director is Chairman of the Board of Directors of the Company, effective April 25, 2003.

Changes during the year in the composition of the Board of Directors :

Appointments:

During the year, Mr. Mark Smith (DIN 06852777) and Ms. Suzanne Wells (DIN 06954891) were appointed as Additional Directors of the Company w.e.f. May 23, 2014 and August 22, 2014 respectively. Mr. Mark Smith is appointed as a Director, liable to retire by rotation, in the Annual General Meeting held on August 1, 2014. Mr. Pradeep Bhargava (DIN 00525234) has been appointed as an Alternate Director to Mr. Mark Smith w.e.f. May 23, 2014.

The Board, at its Meeting held on August 1, 2014, noted the presence of Mr. Edward Pence (DIN 06577765) in India during July 30, 2014 to August 3, 2014 and consequent cessation of Mr. J. M. Barrowman (DIN 00668324) as an Alternate Director of Mr. Edward Pence effective July 30, 2014. The Board confirmed appointment of Mr. J. M. Barrowman as an Alternate Director to Mr. Edward Pence effective August 4, 2014 upon return of Original Director (Mr. Edward Pence) to the U.S.A. In its Meeting held on September 10, 2014, the Board of Directors noted the presence of Mr. Mark Smith in India during September 9, 2014 to September 13, 2014 and consequent cessation of Mr. Pradeep Bhargava as an Alternate Director to Mr. Mark Smith effective September 9, 2014. The Board, at its Meeting dated September 10, 2014 confirmed appointment of Mr. Pradeep Bhargava, as an Alternate Director to Mr. Mark Smith effective September 14, 2014 upon return of Original Director (Mr. Mark Smith) to the U.S.A. The Board, at its Meeting held on November 6, 2014, noted the presence of Mr. Edward Pence in India during November 4, 2014 to November 7, 2014 and consequent cessation of Mr. J. M. Barrowman as an Alternate Director of Mr. Edward Pence effective November 4, 2014. The Board confirmed appointment of Mr. J. M. Barrowman as an Alternate Director to Mr. Edward Pence effective November 8, 2014 upon return of Original Director (Mr. Edward Pence) to the U.S.A.

Cessations :

Mr. Patrick Ward (DIN 02871925) and Mr. Rajasekhar Menon (DIN 03074942) stepped down as Directors of the Company w.e.f. May 22, 2014 and August 2, 2014 respectively. Mr. Pradeep Bhargava, Alternate Director to Mr. Patrick Ward, also ceased to be a Director, consequent to resignation of Mr. Patrick Ward.

b) Board Meetings :

- i. During the Financial Year, the Board of Directors met six times on May 22, 2014, June 27, 2014, August 1, 2014, September 10, 2014, November 6, 2014 and February 2, 2015.

The independent directors held one meeting on February 2, 2015 without the attendance of non-independent directors and members of management.

ii. Attendance at the Board Meetings and Annual General Meeting ('AGM') :

Name of Directors	Dates of Meeting						Date of AGM
	May 22, 2014	Jun. 27, 2014	Aug. 1, 2014	Sept. 10, 2014	Nov. 6, 2014	Feb. 2, 2015	Aug. 1, 2014
Mr. Anant J. Talaulicar	✓	✓	✓	✓	✓	✓	✓
Mr. Antonio Leitao	X	X	✓	X	✓	X	✓
Mr. Edward Pence	X	X	✓	X	✓	X	✓
Mr. Mark Smith	NA	X	X	✓	X	X	X
Mr. Patrick Ward	X	NA	NA	NA	NA	NA	NA
Mr. Rajasekhar Menon	X	X	✓	NA	NA	NA	✓
Ms. Suzanne Wells	NA	NA	NA	X	✓	X	NA
Mr. Nasser Munjee	✓	✓	✓	X	✓	✓	✓
Mr. P. S. Dasgupta	X	✓	✓	✓	✓	✓	✓
Mr. Prakash Telang	✓	✓	✓	✓	X	✓	✓
Mr. Rajeev Bakshi	✓	✓	X	✓	✓	✓	X
Mr. Venu Srinivasan	X	✓	X	X	✓	X	X
Mr. J. M. Barrowman	✓	X	NA	X	NA	✓	NA
Mr. Pradeep Bhargava	✓	X	✓	NA	✓	✓	✓

Notes : -

- Mr. Nasser Munjee, Mr. P. S. Dasgupta, Mr. Prakash Telang and Mr. Rajeev Bakshi attended the separate meeting of Independent Directors' held on February 2, 2015 in compliance with clause 49 II (B) (6) of Listing Agreement. Mr. Venu Srinivasan could not attend the Meeting due to medical reasons.
- Mr. Prakash Telang, Independent Director attended the Annual General Meeting in capacity as the Chairman of Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.
- Mr. J. M. Barrowman, Alternate Director attended the AGM by special invitation.

c) **Category of Directors and details of other Boards or Board Committees in which they are Members or Chairpersons :**

Name	Category	No. of other Directorships		No. of other committee memberships	
		Chairman	Member	Chairman	Member
Mr. Anant J. Talaulicar	Promoter Executive	—	1	—	1
Mr. Antonio Leitao	Promoter Non-executive	—	—	—	—
Mr. Edward Pence	Promoter Non-executive	—	—	—	—
Mr. Mark Smith	Promoter Non-executive	—	—	—	1
Ms. Suzanne Wells	Promoter Non-executive	—	—	—	—
Mr. Nasser Munjee	Independent Non-executive	2	7	4	1
Mr. P. S. Dasgupta	Independent Non-executive	—	8	2	5
Mr. Prakash Telang	Independent Non-executive	1	10	4	4
Mr. Rajeev Bakshi	Independent Non-executive	—	3	—	1
Mr. Venu Srinivasan	Independent Non-executive	4	4	—	1
Mr. J. M. Barrowman	Alternate Director to Mr. Edward Pence	—	—	—	—
Mr. Pradeep Bhargava	Alternate Director to Mr. Mark Smith	—	4	2	3

Notes :-

- As on March 31, 2015, Mr. Prakash Telang jointly with Mrs. Anjali Telang held 1,400 fully paid shares of ₹ 2/- each in the equity share capital of the Company.
- Directorships in Foreign Companies, Private Limited Companies and companies under Section 8 of the Companies Act, 2013 are excluded in the above table.
- For the purpose of reckoning the limit, membership of Audit Committee and Stakeholders Relationship Committee has been considered.
- As per the records available with the Company, none of the directors holds the office of independent director in more than seven listed companies.

3. COMMITTEES OF THE BOARD :

a) AUDIT AND RISK MANAGEMENT COMMITTEE (EARLIER, 'FINANCE AND AUDIT COMMITTEE') :-

The Audit and Risk Management Committee consists of 5 Independent Directors – Mr. Nasser Munjee (Chairman), Mr. P. S. Dasgupta, Mr. Rajeev Bakshi, Mr. Prakash Telang and Mr. Venu Srinivasan; 1 Promoter/ Executive Director – Mr. Anant J. Talaulicar and 1 Promoter/ Non-Executive Director – Mr. Mark Smith. Post resignation of Mr. Patrick Ward from the Committee w.e.f. May 22, 2014, Mr. Mark Smith was appointed as a Member of Audit and Risk Management Committee w.e.f. May 23, 2014.

Name of Directors	Date of Audit and Risk Management Committee Meeting					
	May 22, 2014	Jun. 27, 2014	Aug. 1, 2014	Sept. 10, 2014	Nov. 6, 2014	Feb. 2, 2015
Mr. Anant J. Talaulicar	✓	✓	✓	✓	✓	✓
Mr. Mark Smith	NA	X	X	✓	X	X
Mr. Patrick Ward	X	NA	NA	NA	NA	NA
Mr. Nasser Munjee	✓	✓	✓	X	✓	✓
Mr. P.S. Dasgupta	X	✓	✓	✓	✓	✓
Mr. Prakash Telang	✓	✓	✓	✓	X	✓
Mr. Rajeev Bakshi	✓	✓	X	✓	✓	✓
Mr. Venu Srinivasan	X	✓	X	X	✓	X

The Committee reviewed the audited financial statement for the year ended March 31, 2014 and un-audited financial results for the quarters ended June 30, 2014, September 30, 2014 and December 31, 2014. The Committee also reviewed (i) appointment of Statutory, Internal and VAT Auditors of the Company; (ii) performance of Joint Ventures & Associates; (iii) reports of the Internal Auditor; (iv) Cost Audit Report for the year 2013-14; (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) Monitoring of the Code of Conduct; (xii) Forex Management Policy and (xiii) Ethics and related matters.

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

Recommendations of the Committee are accepted by the Board of Directors from time to time.

Broad terms of reference to the Audit and Risk Management Committee in brief :

The Committee primarily act in line with the Section 177 of the Companies Act, 2013 and Clause 49 (III) D of the Equity Listing Agreement. 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 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 Transaction Policy of the Company is available at '<http://www.cumminsindia.com/MAIN/corporate.html>'.

The Committee has been entrusted with the responsibility of reviewing Internal Audit findings and ensuring adequacy of internal control systems. The Committee recommends to the Board, appointment of external auditors and payment of fees. The Committee holds regular discussions with the Internal, Statutory and Cost Auditors about their scope of audit and holds post audit discussions with the Auditors. The Statutory and Cost Auditors, Internal Auditor, the Chief Operating Officer, the Chief Financial Officer and the Business Unit Heads of the Company are invited for the meetings of the Committee.

b) NOMINATION AND REMUNERATION COMMITTEE :

The Nomination and Remuneration Committee consists of 3 Independent Directors – Mr. Prakash Telang (Chairman), Mr. P. S. Dasgupta and Mr. Nasser Munjee and 1 Promoter/ Executive Director – Mr. Anant J. Talaulicar.

Name of Directors	Date of Nomination and Remuneration Committee Meeting			
	May 22, 2014	Aug. 1, 2014	Nov. 6, 2014	Feb. 2, 2015
Mr. Prakash Telang	✓	✓	X	✓
Mr. P.S. Dasgupta	X	✓	✓	✓
Mr. Nasser Munjee	✓	✓	✓	✓
Mr. Anant J. Talaulicar	✓	✓	✓	✓

The Committee reviews appointment of directors and key managerial persons. 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 and other employees. The Nomination and Remuneration Policy of the Company is available at '<http://www.cumminsindia.com/MAIN/corporate.html>'.

The Committee oversees the following self-evaluation process, used 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 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.

At least annually, the Head - HR contacts each director soliciting comments with respect to performance of the directors, Board and its committees on which the director serves as well as director performance and board dynamics. These comments will relate to the large question of how the Board can improve its key functions of overseeing financials, other major issues of strategy, risk, integrity and governance.

The Head – HR then works with the Chairman & 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 to a discussion of and decisions relating to the actionable items.

REMUNERATION OF DIRECTORS :

The Non-Executive Independent Directors are paid sitting fees and commission. Commission is paid on equal basis to all Non-Executive Independent Directors. The Chairman & Managing Director is paid remuneration as approved 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.

Details of Sitting Fees and Commission to Non-Executive Independent Directors for the year April 1, 2014 to March 31, 2015 :

₹ in Lacs

Name of the Director	Sitting fees	Commission	Total
Mr. Nasser Munjee	2.85	5.00	7.85
Mr. P. S. Dasgupta	3.30	5.00	8.30
Mr. Prakash Telang	3.00	5.00	8.00
Mr. Rajeev Bakshi	2.00	5.00	7.00
Mr. Venu Srinivasan	0.90	5.00	5.90

Details of remuneration paid to Mr. Anant J. Talaulicar, Chairman & Managing Director for the year April 1, 2014 to March 31, 2015 :

₹ in Lacs

	Sitting fees	Salary	Comm- ission	House rent	Gas/Elect./ water	Medical	Other Benefits	Total
Mr. Anant J. Talaulicar	—	0.12	—	16.50	0.11	1.18	4.85	22.76

Notes : -

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

c) STAKEHOLDERS RELATIONSHIP COMMITTEE (EARLIER, 'SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE')

The Stakeholders Relationship Committee consists of 3 Independent Directors – Mr. Prakash Telang (Chairman), Mr. P. S. Dasgupta and Mr. Venu Srinivasan and 1 Promoter/ Executive Director – Mr. Anant J. Talaulicar.

Name of Directors	Date of Stakeholders Relationship Committee Meeting			
	May 22, 2014	Aug. 1, 2014	Nov. 6, 2014	Feb. 2, 2015
Mr. Anant J. Talaulicar	✓	✓	✓	✓
Mr. Prakash Telang	✓	✓	X	✓
Mr. P.S. Dasgupta	X	✓	✓	✓
Mr. Venu Srinivasan	X	X	✓	X

The Committee reviews and advises the Company on any grievance in relation to (a) Non-transfer of shares (b) Non-receipt of Annual Report (c) Non-receipt of dividend/ interest warrants and (d) Any other investors' grievance raised by any shareholder.

Compliance Officer : Mr. K. Venkata Ramana, Group Vice President – Legal & Company Secretary

The following shareholder complaints were received and resolved during the year April 1, 2014 to March 31, 2015:

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

Number of complaints pending with the Company : **NIL**

Number of pending share transfers: **NIL**

Insider Trading Code : The Company has a separate Insider Trading Code in line with SEBI (Prohibition of Insider Trading) Regulations, 2015. The said Code is applicable to all Directors and Connected Persons as defined under the said Regulations. The Code governs sale and purchase of shares of the Company by Directors and Connected Persons. In terms of this Code, Directors and Connected Persons can deal in shares of the Company only when the Trading Window is open and not otherwise, except with the prior approval of the Compliance Officer appointed under the Code i.e. Chief Financial Officer.

4. ANNUAL GENERAL MEETINGS ('AGMs') :

a) Location and Time, where previous three (3) AGMs held

Particulars	FY 2011 – 2012	FY 2012 – 2013	FY 2013 – 2014
Date and Time	02.08.2012 At 12 noon	01.08.2013 At 12 noon	01.08.2014 At 12 noon
Venue	Hotel Le Meridien, Raja Bahadur Mill Road, Pune 411 001	Yashada, MDC Auditorium, Baner Road, Pune 411 007	Yashada, MDC Auditorium, Baner Road, Pune 411 007

b) Special resolutions passed at previous three (3) AGMs :

At its Annual General Meeting held on August 2, 2012, the members of the Company passed a Special Resolution for payment of sum, in addition to sitting fees, by way of remuneration in the form of commission to the Independent Directors, who are not in the whole-time employment of the Company not exceeding one percent of the net profits of the Company, calculated in accordance with the provisions of sections 198, 349 and 350 of the Act for a period of 5 years effective April 1, 2011.

At its Annual General Meeting held on August 1, 2013, the members of the Company passed a Special Resolution for appointment of Mr. Pradeep Bhargava, Alternate Director as an advisor to the Company on retainership basis pursuant to Section 314 of the Companies Act, 1956 on an aggregate remuneration of not exceeding ₹ 40,00,000/- [Rupees Forty Lacs only] for a period starting from April 1, 2013 to April 30, 2014.

At its Annual General Meeting held on August 1, 2014, the members of the Company passed the Special Resolutions for following matters :

- a) Appointment of Mr. Pradeep Bhargava, Alternate Director to Mr. Mark Smith, for rendering professional services on a retainership basis for a period of 27 months starting from May 1, 2014 until July 31, 2016 for an honorarium of ₹ 1,50,000/- per month pursuant to Section 188 of the Companies Act, 2013;

- b) Approval for material related party transaction(s) for sale of internal combustion engines, their parts and accessories by the Company to Cummins Limited, UK on arm's length basis for a consideration estimated at ₹ 76,381 Lacs for the Financial Year 2014-2015 pursuant to Clause 49 (VII) of the Equity Listing Agreement;
- c) Approval for the Related Party Transactions not in ordinary course of business (which is letting out or giving on rent, lease, leave and license or any other similar arrangement basis, the premises of the Company to Cummins Technologies India Limited, Cummins Generator Technologies India Limited, Cummins Research and Technology India Limited and Tata Cummins Limited) on arm's length basis, pursuant to the applicable provisions of Section 188 and any other provisions of the Companies Act, 2013 and Rules framed thereunder;
- d) Approval for payment of sum, in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, not exceeding in aggregate one percent of the net profits of the Company in accordance with Section 198 of the Companies Act, 2013 for each of Three (3) financial years commencing from April 1, 2014.

Postal Ballot: No resolution was passed through Postal Ballot during the Financial Year 2014-15 or is being proposed at the ensuing Annual General Meeting.

5. DISCLOSURES :

- a) 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 <http://www.cumminsindia.com/MAIN/corporate.html>
- b) 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.
- c) None of the Directors of the Company are related to each other.
- d) The Company has complied with the mandatory Corporate Governance requirements of Clause 49 of the Listing Agreement and has not adopted any non-mandatory requirements.
- e) The Company released a Whistle Blower Policy during the Financial Year 2003-2004 as per Clause 49 of the Listing Agreement. No person has been denied access to the Audit and Risk Management Committee under the Whistle Blower Policy.
- f) 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.

6. MEANS OF COMMUNICATION :

- a) The quarterly shareholding pattern and quarterly/ half-yearly/ yearly unaudited/ audited financial results were posted on the Company's website www.cumminsindia.com.
- b) The official news releases of the Company were displayed on the Company's website www.cumminsindia.com.
- c) The annual audited and quarterly/ half-yearly unaudited financial results for the year ended March 2014 and quarters ended June, September and December 2014 were published in Business Standard and Maharashtra Times.
- d) Transcript of Conference calls with the Analysts held on May 23, 2014, August 1, 2014, November 7, 2014 and February 3, 2015 and the Chairman's Presentation to the Shareholders made at the AGM held on August 1, 2014 were displayed on the Company's website www.cumminsindia.com.

7. GENERAL SHAREHOLDER INFORMATION:

Registered Office	Kothrud, Pune 411 038 Maharashtra India (To be shifted to Cummins India Office Campus, Tower A, 5th Floor, Survey no. 21, Balewadi, Pune 411 045 Maharashtra India w.e.f. July 1, 2015) Phone No. : (020) 67067000 Fax No. : (020) 067067015 Website : www.cumminsindia.com	
Annual General Meeting	Date and Time : August 6, 2015 at 12:00 noon Venue : The Multifunctional Hall, 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	<ul style="list-style-type: none"> ■ Results for quarter ending June 30, 2015 – By first week of August, 2015 ■ Results for quarter and half year ending September 30, 2015 – By second week of November, 2015 ■ Results for quarter and nine months ending December 31, 2015 – By first week of February, 2016 ■ Results for the year ending March 31, 2016 – By second week of May, 2016 	
Dates of Book Closure	August 1, 2015 to August 6, 2015 (both days inclusive).	
Interim dividend payment date	September 10, 2014	
Final Dividend payment date	September 3, 2015 (subject to approval of shareholders)	
Listing on Stock Exchanges	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 2015-16.	

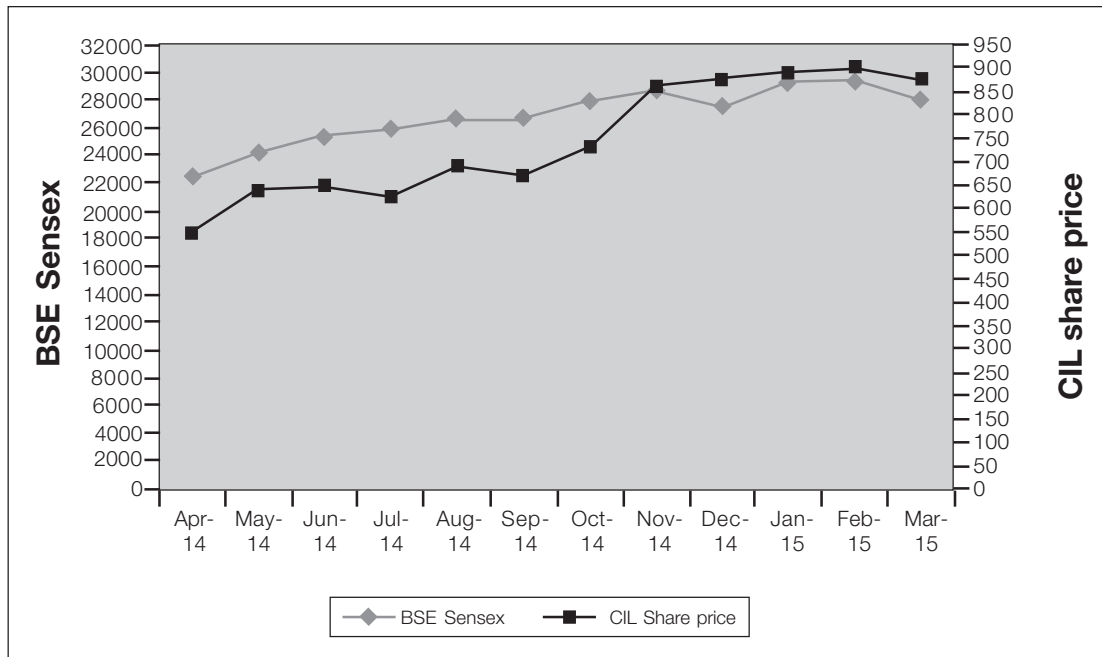
Market price data: High, Low during each month in the Financial Year 2014-15

BSE			NSE		
Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April 2014	613.20	526.00	April 2014	615.00	543.35
May 2014	674.40	508.25	May 2014	674.80	510.00
June 2014	679.00	580.00	June 2014	679.10	627.50
July 2014	705.80	612.00	July 2014	705.00	618.00
August 2014	708.90	584.00	August 2014	709.30	580.65
September 2014	718.00	655.00	September 2014	720.00	652.70
October 2014	736.15	646.80	October 2014	737.00	645.25
November 2014	952.45	722.40	November 2014	955.60	721.35
December 2014	932.75	810.00	December 2014	933.80	810.00
January 2015	960.00	867.05	January 2015	960.65	865.00
February 2015	935.00	873.00	February 2015	924.00	871.65
March 2015	927.00	862.85	March 2015	927.00	829.15

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

Chart A depicts the comparable movement of Cummins India Limited's Equity Shares against BSE Sensex, during the year ended March 31, 2015.

Cummins India Limited (monthly closing share price) versus BSE Sensex (monthly closing Sensex) - 2014-15



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-13, Pannalal Silk Mills Compound
 L. B. S. Marg, Bhandup (West)
 Mumbai 400 078
 Phone No. (022) 25946970
 Fax No. (022) 25946969
 Contact Person : Mrs. Maheshwari Patil
 E-mail:maheshwari.patil@linkintime.co.in / rnt.helpdesk@linkintime.co.in
 Time:- 1000 to 1600 hours (Monday to Friday excluding public holidays)

Share Transfer System

Share Transfer requests in physical form are processed within 15 days from the date of receipt. The requests for dematerialisation of shares are confirmed within 21 days from the date of receipt.

Distribution of shareholding as on March 31, 2015	Category	No. of shares of ₹ 2/- each	% of shareholding
	Promoters	141,372,683	51.00%
	Mutual Funds	29,463,845	10.63%
	Banks/ Financial Institutions/ Insurance Companies	18,502,197	6.67%
	Foreign Institutional Investors (FII)	49,930,327	18.01%
	Corporate Bodies	10,037,064	3.62%
	Indian Public	26,983,930	9.75%
	NRIs	909,954	0.32%
	TOTAL	277,200,000	100.00

Distribution of shareholding within various categories (as on March 31, 2015)

Category (shares)	No. of shareholders	No. of Shares	% of shares to total shares
1- 500	38,514	3,649,983	1.32
501-1,000	2,908	2,059,027	0.74
1,001- 5,000	3,649	8,142,757	2.94
5,001-10,000	864	6,497,072	2.34
10,001- 50,000	490	10,419,355	3.76
50,001- 100,000	83	5,823,864	2.10
100,001 and above	157	240,607,942	86.80
Total	46,665	277,200,000	100.00

Dematerialisation of shares and liquidity (as on March 31, 2015).	98.73% 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 4, 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 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 2. Plot No. 206/2, Off. Nagar Road, Haveli, Pune-411 014 3. Gat No. 311/B&1B, Kasar Amboli 412 111 Dist. Pune, Maharashtra. 4. 35A/1/2 Erandwane, Pune 411 038 5. MIDC Phaltan, Village Survadi, Dist. Satara, Maharashtra
Address for correspondence	<p>Kothrud, Pune 411038 Maharashtra India (To be shifted to Cummins India Office Campus, Tower A, 5th Floor, Survey no. 21, Balewadi, Pune 411 045 Maharashtra India w.e.f. July 1, 2015)</p> <p>Tel: +91 20 67067000, 30197000 Fax : +91 20 67067011</p> <ol style="list-style-type: none"> 1) Mr. Pradip Phansalkar, Sr. Manager, Secretarial E-mail – pradip.s.phansalkar@cummins.com 2) Ms. Priyanka Shetye, Exe. Manager – Legal & Assistant Company Secretary E-mail – priyanka.p.shetye@cummins.com 3) Mr. K. Venkata Ramana, Group Vice President - Legal & Company Secretary E-mail – venkat.ramana@cummins.com <p>Registrar and Transfer Agent :</p> <p>Link Intime India Private Limited Please refer details above for address/ contact details etc.</p>

8. COMPLIANCE CERTIFICATE OF THE AUDITORS :

The Company has obtained a Certificate from the Statutory Auditors confirming compliance with conditions of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is appended as **Annexure '5'** to the Directors' Report.

Declaration – Code of Conduct

As per Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed compliance with the applicable Code of Conduct for the Financial Year 2014-15.

For Cummins India Limited

Anant J. Talaulicar
 Chairman & Managing Director
 DIN : 00031051

Mumbai : May 28, 2015

Annexures to the Directors' Report

Annexure 5 – AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

[Pursuant to Clause 49 of the Equity Listing Agreement with the Stock Exchanges]

To the Members of Cummins India Limited

We have examined the compliance of conditions of Corporate Governance by Cummins India Limited, for the year ended March 31, 2015, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number 43229

Mumbai
May 28, 2015

Annexures to the Directors' Report

Annexure 6 – EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014– Form MGT 9]

I. Registration and other details

i) CIN:	L29112PN1962PLC012276
ii) Registration Date:	17.02.1962
iii) Name of the Company:	Cummins India Limited
iv) Category / Sub-Category of the Company: (Company Limited by shares/ Indian Non-Government Company)	Company Limited by shares
v) Address of the Registered office and contact details	Kothrud, Pune 411 038
vi) Whether listed company (Yes / No):	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Phone : (022) 25946970 Fax: (022) 25946969

II. Principal business activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company are :-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Engines	281	82%
2.	Generator Sets	271	18%

III. Particulars of holding, subsidiary and associate companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Cummins Inc. 500 Jackson Street, Columbus, State of Indiana, IN 47201 United States of America	Foreign Company	Holding	51%	2(46)
2.	Cummins SVAM Sales & Service Private Limited D-165, Okhla Industrial Area, Phase – I New Delhi 110020 India	U29190DL2012PTC230162	Associate	50%	2(6)
3.	Valvoline Cummins Private Limited 50/8, 1st Floor, Tolstoy Lane, Janpath, New Delhi 110001 India	U74899DL1994PTC062425	Associate	50%	2(6)

Sr. No.	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
4.	Cummins Research and Technology India Private Limited Cummins India Office Campus, Tower B, 4 th Floor, Survey No. 21, Balewadi, Pune 411045 Maharashtra India	U73100PN2003PTC018025	Associate	50%	2(6)
5.	Cummins Generator Technologies India Private Limited Cummins India Office Campus, Tower A, 5 th Floor, Survey No. 21, Balewadi, Pune 411045 Maharashtra India	U31101PN1991PTC061456	Associate	48.5%	2(6)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	6 8 3	0	6 8 3	0.00	6 8 3	0	6 8 3	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	6 8 3	0	6 8 3	0.00	6 8 3	0	6 8 3	0.00	0.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	141,372,000	0	141,372,000	51.00	141,372,000	0	141,372,000	51.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	141,372,000	0	141,372,000	51.00	141,372,000	0	141,372,000	51.00	0.00
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	141,372,683	0	141,372,683	51.00	141,372,683	0	141,372,683	51.00	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	27,264,903	6,950	27,271,853	9.84	29,463,845	0	29,463,845	10.63	0.79
b) Banks / FI	20,486,071	16,675	20,502,746	7.40	221,810	12,895	234,705	0.08	-7.32
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s).	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	18,267,492	0	18,267,492	6.59	6.59
g) FIs	51,050,285	5,635	51,055,920	18.42	49,924,692	5,635	49,930,327	18.01	-0.41
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	98,801,259	29,260	98,830,519	35.65	97,870,889	25,480	97,896,369	35.31	-0.34

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2.Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
a) Bodies Corp.	9,555,595	235,685	9,791,280	3.53	9,802,429	234,635	10,037,064	3.62	0.09
b) i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,652,663	3,262,479	23,915,142	8.63	21,008,481	3,070,789	24,079,270	8.68	0.05
ii) Individual shareholders holding nominal share capital in excess of ₹ 1lakh	1,561,445	142,590	1,704,035	0.61	2,164,958	142,590	2,307,548	0.83	0.22
c) Others (specify)									
i. Clearing Member	433,881	0	433,881	0.16	262,580	0	262,580	0.10	-0.06
ii. Market Maker	3,015	0	3,015	0.00	4,556	0	4,556	0.00	0.00
iii. NRI- Repatriable	258,347	0	258,347	0.09	288,040	0	288,040	0.10	0.01
iv. NRI- Non-Repatriable	493,296	43,195	536,461	0.19	621,914	0	621,914	0.22	0.03
v. HUF	326,545	0	326,545	0.12	284,752	0	284,752	0.10	-0.02
vi. Trusts	28,092	0	28,092	0.01	45,224	0	45,224	0.02	0.01
Sub-total (B)(2):-	33,312,879	3,683,919	36,996,798	13.35	34,439,769	3,491,179	37,930,948	13.68	0.33
Total Public Shareholding (B)=(B)(1)+(B)(2)	132,114,138	3,713,179	135,827,317	49.00	132,310,658	3,516,659	135,827,317	49.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	273,486,821	3,713,179	277,200,000	100.00	273,683,341	3,516,659	277,200,000	100.00	0.00

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding During the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / Encumbered to total shares	
1.	Kirloskar Industries Limited	683	0.00	0.00	683	0.00	0.00	0.00
2.	Cummins Inc.	141,372,000	51.00	0.00	141,372,000	51.00	0.00	0.00
	Total	141,372,683	51.00	0.00	141,372,683	51.00	0.00	0.00

iii) Change in Promoters' Shareholding (please specify, if there is no change) –

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	No change during the year		No change during the year	
2.	Date wise Increase/ Decrease in Promoters, Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	No change during the year		No change during the year	
3.	At the end of the year	No change during the year		No change during the year	

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
1.	Life Insurance Corporation of India	17,927,497	6.47	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	-500	Market sale	17,926,997	6.47
				11-Apr-14	-62,324	Market sale	17,864,673	6.44
				18-Apr-14	-115	Market sale	17,864,558	6.44
				06-Jun-14	-1,231	Market sale	17,863,327	6.44
				13-Jun-14	-1,164	Market sale	17,862,163	6.44
				20-Jun-14	-5,000	Market sale	17,857,163	6.44
				04-Jul-14	-37,000	Market sale	17,820,163	6.43
				25-Jul-14	-234	Market sale	17,819,929	6.43
				01-Aug-14	-104,963	Market sale	17,714,966	6.39
				08-Aug-14	-305,799	Market sale	17,409,167	6.28
				15-Aug-14	-125,000	Market sale	17,284,167	6.24
				22-Aug-14	-280,770	Market sale	17,003,397	6.13
				05-Sep-14	-59,410	Market sale	16,943,987	6.11
				12-Sep-14	-66,359	Market sale	16,877,628	6.09
				19-Sep-14	-250,873	Market sale	16,626,755	6.00
				30-Sep-14	-65,584	Market sale	16,561,171	5.97
				24-Oct-14	-89,644	Market sale	16,471,527	5.94
				14-Nov-14	-17,257	Market sale	16,454,270	5.94
				31-Dec-14	-280,046	Market sale	16,174,224	5.83
				02-Jan-15	-57,311	Market sale	16,116,913	5.81
				09-Jan-15	-75,347	Market sale	16,041,566	5.79
				16-Jan-15	-165,232	Market sale	15,876,334	5.73
				23-Jan-15	-27,865	Market sale	15,848,469	5.72
				27-Feb-15	-125,673	Market sale	15,722,796	5.67

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				06-Mar-15 13-Mar-15 20-Mar-15	-235,135 -299,812 -59,414	Market sale Market sale Market sale	15,487,661 15,187,849 15,128,435	5.59 5.48 5.46
		15,128,435	5.46					
2.	Reliance Capital Trustee Company Limited	8,325,452	3.00	01-Apr-14 04-Apr-14 18-Apr-14 25-Apr-14 02-May-14 09-May-14 16-May-14 23-May-14 30-May-14 06-Jun-14 13-Jun-14 20-Jun-14 30-Jun-14 04-Jul-14 11-Jul-14 18-Jul-14 25-Jul-14 01-Aug-14 08-Aug-14 22-Aug-14 29-Aug-14 05-Sep-14 19-Sep-14 30-Sep-14	NA -56,000 5,015 -11,446 -39,000 50,000 199,968 131,938 338,935 50,000 140,000 499,100 115,000 174,900 147,000 190,036 -5,000 50,000 322,000 9,343 -1,374,767 1,506,500 9 18,500	NA Market sale Market Purchase Market sale Market sale Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market Purchase Market sale Market Purchase Market Purchase Market Purchase Market sale Market Purchase Market Purchase Market Purchase	NA 8,269,452 8,274,467 8,263,021 8,224,021 8,274,021 8,473,989 8,605,927 8,944,862 8,994,862 9,134,862 9,633,962 9,748,962 9,923,862 10,070,862 10,260,898 10,255,898 10,305,898 10,627,898 10,637,241 9,262,474 10,768,974 10,768,983 10,787,483	NA 2.98 2.99 2.98 2.97 2.98 3.06 3.10 3.23 3.24 3.30 3.48 3.52 3.58 3.63 3.70 3.70 3.72 3.83 3.84 3.34 3.88 3.88 3.89

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				17-Oct-14	-95	Market sale	10,787,388	3.89
				31-Oct-14	-10,328	Market sale	10,777,060	3.89
				14-Nov-14	130	Market Purchase	10,777,190	3.89
				21-Nov-14	-65,744	Market sale	10,711,446	3.86
				28-Nov-14	-309,449	Market sale	10,401,997	3.75
				05-Dec-14	-247,495	Market sale	10,154,502	3.66
				12-Dec-14	-146,440	Market sale	10,008,062	3.61
				19-Dec-14	-2,478	Market sale	10,005,584	3.61
				31-Dec-14	-75,491	Market sale	9,930,093	3.58
				02-Jan-15	306	Market Purchase	9,930,399	3.58
				09-Jan-15	-22,994	Market sale	9,907,405	3.57
				16-Jan-15	-50,450	Market sale	9,856,955	3.56
				23-Jan-15	-93,270	Market sale	9,763,685	3.52
				30-Jan-15	-24,377	Market sale	9,739,308	3.51
				06-Feb-15	-99,196	Market sale	9,640,112	3.48
				20-Feb-15	-48	Market sale	9,640,064	3.48
				27-Feb-15	-99,660	Market sale	9,540,404	3.44
				06-Mar-15	136	Market Purchase	9,540,540	3.44
				13-Mar-15	-19,864	Market sale	9,520,676	3.43
				20-Mar-15	121	Market Purchase	9,520,797	3.43
				27-Mar-15	27,169	Market Purchase	9,547,966	3.44
				31-Mar-15	170	Market Purchase	9,548,136	3.44
		9,548,136	3.44					
3.	Fraklin Templeton Investment Funds	2,158,328	0.78	01-Apr-14	NA	NA	NA	NA
				25-Apr-14	1,050,000	Market Purchase	3,208,328	1.16
				09-May-14	151,672	Market Purchase	3,360,000	1.21
				23-May-14	248,400	Market Purchase	3,608,400	1.30
				08-Aug-14	41,600	Market Purchase	3,650,000	1.32
				22-Aug-14	500,000	Market Purchase	4,150,000	1.50
				05-Sep-14	880,000	Market Purchase	5,030,000	1.81
				12-Sep-14	100,000	Market Purchase	5,130,000	1.85
				31-Oct-14	54,502	Market Purchase	5,184,502	1.87

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				07-Nov-14	31,043	Market Purchase	5,215,545	1.88
				14-Nov-14	-428,115	Market sale	4,787,430	1.73
				21-Nov-14	-7,885	Market sale	4,779,545	1.72
				27-Mar-15	423,000	Market Purchase	5,202,545	1.88
				31-Mar-15	670,000	Market Purchase	5,872,545	2.12
		5,872,545	2.12					
4.	Birla Sun Life Trustee Company Private Limited	4,561,543	1.65	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	117,700	Market Purchase	4,679,243	1.69
				11-Apr-14	-1,500	Market sale	4,677,743	1.69
				25-Apr-14	26,000	Market Purchase	4,703,743	1.70
				02-May-14	-5,190	Market sale	4,698,553	1.70
				09-May-14	25,000	Market Purchase	4,723,553	1.70
				16-May-14	68,114	Market Purchase	4,791,667	1.73
				23-May-14	50,000	Market Purchase	4,841,667	1.75
				30-May-14	-11,983	Market sale	4,829,684	1.74
				13-Jun-14	-8,823	Market sale	4,820,861	1.74
				20-Jun-14	-100,000	Market sale	4,720,861	1.70
				30-Jun-14	3,210	Market Purchase	4,724,071	1.70
				04-Jul-14	124,297	Market Purchase	4,848,368	1.75
				11-Jul-14	5,200	Market Purchase	4,853,568	1.75
				18-Jul-14	3,400	Market Purchase	4,856,968	1.75
				25-Jul-14	10,000	Market Purchase	4,866,968	1.76
				01-Aug-14	34,500	Market Purchase	4,901,468	1.77
				08-Aug-14	51,835	Market Purchase	4,953,303	1.79
				05-Sep-14	-8,918	Market sale	4,944,385	1.78
				30-Sep-14	50,793	Market Purchase	4,995,178	1.80
				03-Oct-14	1,800	Market Purchase	4,996,978	1.80
				17-Oct-14	-3,835	Market sale	4,993,143	1.80
				24-Oct-14	10,304	Market Purchase	5,003,447	1.80

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				31-Oct-14	-168,607	Market sale	4,834,840	1.74
				07-Nov-14	30,900	Market Purchase	4,865,740	1.76
				14-Nov-14	-475	Market sale	4,865,265	1.76
				21-Nov-14	51,000	Market Purchase	4,916,265	1.77
				28-Nov-14	-5,000	Market sale	4,911,265	1.77
				05-Dec-14	6,034	Market Purchase	4,917,299	1.77
				12-Dec-14	6,000	Market Purchase	4,923,299	1.78
				19-Dec-14	-32,536	Market sale	4,890,763	1.76
				31-Dec-14	36,531	Market Purchase	4,927,294	1.78
				16-Jan-15	-5,000	Market sale	4,922,294	1.78
				23-Jan-15	-292	Market sale	4,922,002	1.78
				30-Jan-15	-18,500	Market sale	4,903,502	1.77
				13-Feb-15	61,255	Market Purchase	4,964,757	1.79
				20-Feb-15	28,400	Market Purchase	4,993,157	1.80
				06-Mar-15	218,010	Market Purchase	5,211,167	1.88
				13-Mar-15	1,746	Market Purchase	5,212,913	1.88
				20-Mar-15	100,000	Market Purchase	5,312,913	1.92
				31-Mar-15	64,738	Market Purchase	5,377,651	1.94
		5,377,651	1.94					
5.	Pinebridge Investments Asia Limited A/c Pinebridge Investments GF Mauritius Ltd.	307,768	0.11	01-Apr-14	NA	NA	NA	NA
				13-Jun-14	30,000	Market Purchase	337,768	0.12
				20-Jun-14	39,420	Market Purchase	377,188	0.14
				30-Jun-14	35,000	Market Purchase	412,188	0.15
				18-Jul-14	35,000	Market Purchase	447,188	0.16
				08-Aug-14	57,307	Market Purchase	504,495	0.18
				29-Aug-14	1,614	Market Purchase	506,109	0.18
				19-Sep-14	300,000	Market Purchase	806,109	0.29
				30-Sep-14	47,543	Market Purchase	853,652	0.31

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				03-Oct-14	1,280	Market Purchase	854,932	0.31
				10-Oct-14	221,958	Market Purchase	1,076,890	0.39
				17-Oct-14	9,904	Market Purchase	1,086,794	0.39
				05-Dec-14	42,412	Market Purchase	1,129,206	0.41
				31-Dec-14	40,000	Market Purchase	1,169,206	0.42
				02-Jan-15	25,945	Market Purchase	1,195,151	0.43
				23-Jan-15	93,508	Market Purchase	1,288,659	0.46
				30-Jan-15	216,465	Market Purchase	1,505,124	0.54
				20-Feb-15	326,618	Market Purchase	1,831,742	0.66
				27-Feb-15	500,000	Market Purchase	2,331,742	0.84
				06-Mar-15	160,000	Market Purchase	2,491,742	0.90
				13-Mar-15	47,588	Market Purchase	2,539,330	0.92
				20-Mar-15	210,179	Market Purchase	2,749,509	0.99
				27-Mar-15	600,000	Market Purchase	3,349,509	1.21
		3,349,509	1.21					
6.	UTI Mutual Fund	2,507,686	0.90	01-Apr-14	NA	NA	NA	NA
				16-May-14	4,468	Market Purchase	2,512,154	0.91
				23-May-14	2,450	Market Purchase	2,514,604	0.91
				30-May-14	50,000	Market Purchase	2,564,604	0.93
				13-Jun-14	-15,000	Market sale	2,549,604	0.92
				01-Aug-14	25,000	Market Purchase	2,574,604	0.93
				08-Aug-14	45,684	Market Purchase	2,620,288	0.95
				15-Aug-14	4,000	Market Purchase	2,624,288	0.95
				22-Aug-14	56,000	Market Purchase	2,680,288	0.97
				05-Sep-14	125,000	Market Purchase	2,805,288	1.01

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				12-Sep-14	45,000	Market Purchase	2,850,288	1.03
				19-Sep-14	15,000	Market Purchase	2,865,288	1.03
				17-Oct-14	23,795	Market Purchase	2,889,083	1.04
				24-Oct-14	15,000	Market Purchase	2,904,083	1.05
				21-Nov-14	-45,540	Market sale	2,858,543	1.03
				05-Dec-14	1,800	Market Purchase	2,860,343	1.03
				19-Dec-14	-527	Market sale	2,859,816	1.03
				31-Dec-14	-36,000	Market sale	2,823,816	1.02
				02-Jan-15	-223	Market sale	2,823,593	1.02
				16-Jan-15	13,301	Market Purchase	2,836,894	1.02
				30-Jan-15	18,000	Market Purchase	2,854,894	1.03
				06-Feb-15	14,184	Market Purchase	2,869,078	1.04
				27-Feb-15	-5,000	Market sale	2,864,078	1.03
				06-Mar-15	24,282	Market Purchase	2,888,360	1.04
				13-Mar-15	2,579	Market Purchase	2,890,939	1.04
				20-Mar-15	39,000	Market Purchase	2,929,939	1.06
				27-Mar-15	-21,536	Market sale	2,908,403	1.05
		2,908,403	1.05					
7.	General Insurance Corporation of India	2,950,000	1.06	01-Apr-14	NA	NA	NA	NA
				20-Jun-14	-50,000	Market sale	2,900,000	1.05
		2,900,000	1.05					
8.	Blackrock Global Allocation Fund, Inc.	6,048,170	2.18	01-Apr-14	NA	NA	NA	NA
				11-Jul-14	-151,759	Market sale	5,896,411	2.13
				24-Oct-14	-58,593	Market sale	5,837,818	2.11
				31-Oct-14	-99,462	Market sale	5,738,356	2.07
				28-Nov-14	-14,361	Market sale	5,723,995	2.06
				05-Dec-14	-71,747	Market sale	5,652,248	2.04
				31-Dec-14	-160,706	Market sale	5,491,542	1.98
				02-Jan-15	-40,625	Market sale	5,450,917	1.97
				23-Jan-15	-33,397	Market sale	5,417,520	1.95
				30-Jan-15	-121,530	Market sale	5,295,990	1.91
				06-Feb-15	-118,549	Market sale	5,177,441	1.87

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				13-Feb-15	-155,147	Market sale	5,022,294	1.81
				20-Feb-15	-643,895	Market sale	4,378,399	1.58
				27-Feb-15	-472,604	Market sale	3,905,795	1.41
				06-Mar-15	-415,235	Market sale	3,490,560	1.26
				13-Mar-15	-176,386	Market sale	3,314,174	1.20
				20-Mar-15	-390,013	Market sale	2,924,161	1.05
				27-Mar-15	-400,378	Market sale	2,523,783	0.91
		2,523,783	0.91					
9.	Franklin Templeton Mutual Fund	2,477,318	0.89	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	-134,718	Market sale	2,342,600	0.85
				25-Apr-14	500,000	Market Purchas	2,842,600	1.03
				02-May-14	-3,885	Market sale	2,838,715	1.02
				09-May-14	400,000	Market Purchase	3,238,715	1.17
				16-May-14	175,000	Market Purchase	3,413,715	1.23
				23-May-14	15,000	Market Purchase	3,428,715	1.24
				13-Jun-14	-25,000	Market sale	3,403,715	1.23
				20-Jun-14	-300,000	Market sale	3,103,715	1.12
				30-Jun-14	-9,485	Market sale	3,094,230	1.12
				04-Jul-14	-185,515	Market sale	2,908,715	1.05
				11-Jul-14	-108,016	Market sale	2,800,699	1.01
				18-Jul-14	-59,484	Market sale	2,741,215	0.99
				30-Sep-14	15,000	Market Purchase	2,756,215	0.99
				10-Oct-14	7,500	Market Purchase	2,763,715	1.00
				14-Nov-14	-200,000	Market sale	2,563,715	0.92
				21-Nov-14	-15,000	Market sale	2,548,715	0.92
				23-Jan-15	-4,950	Market sale	2,543,765	0.92
				20-Feb-15	-100,000	Market sale	2,443,765	0.88
				31-Mar-15	25,000	Market Purchase	2,468,765	0.89
		2,468,765	0.89					
10.	Axis Mutual Fund Trustee Limited	981,072	0.35	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	-9,600	Market sale	971,472	0.35
				11-Apr-14	22,000	Market Purchase	993,472	0.36
				25-Apr-14	-8,000	Market sale	985,472	0.36
				09-May-14	30,500	Market Purchase	1,015,972	0.37

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				16-May-14	10,579	Market Purchase	1,026,551	0.37
				23-May-14	5,000	Market Purchase	1,031,551	0.37
				30-May-14	-7,500	Market sale	1,024,051	0.37
				30-Jun-14	37,000	Market Purchase	1,061,051	0.38
				04-Jul-14	10,000	Market Purchase	1,071,051	0.39
				11-Jul-14	-7,250	Market sale	1,063,801	0.38
				18-Jul-14	25,000	Market Purchase	1,088,801	0.39
				25-Jul-14	155,000	Market Purchase	1,243,801	0.45
				01-Aug-14	11,000	Market Purchase	1,254,801	0.45
				08-Aug-14	263,964	Market Purchase	1,518,765	0.55
				29-Aug-14	50,000	Market Purchase	1,568,765	0.57
				05-Sep-14	18,500	Market Purchase	1,587,265	0.57
				12-Sep-14	3,500	Market Purchase	1,590,765	0.57
				30-Sep-14	65,000	Market Purchase	1,655,765	0.60
				10-Oct-14	10,000	Market Purchase	1,665,765	0.60
				24-Oct-14	3,000	Market Purchase	1,668,765	0.60
				31-Oct-14	25,000	Market Purchase	1,693,765	0.61
				07-Nov-14	2,500	Market Purchase	1,696,265	0.61
				14-Nov-14	-5,400	Market sale	1,690,865	0.61
				12-Dec-14	-6,000	Market sale	1,684,865	0.61
				19-Dec-14	-9,850	Market sale	1,675,015	0.60
				31-Dec-14	85,000	Market Purchase	1,760,015	0.63
				09-Jan-15	75,000	Market Purchase	1,835,015	0.66
				16-Jan-15	25,000	Market Purchase	1,860,015	0.67
				23-Jan-15	50,000	Market Purchase	1,910,015	0.69
				30-Jan-15	-34,800	Market sale	1,875,215	0.68
				06-Feb-15	100,000	Market Purchase	1,975,215	0.71

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				27-Feb-15	35,000	Market Purchase	2,010,215	0.73
				06-Mar-15	20,000	Market Purchase	2,030,215	0.73
				13-Mar-15	15,000	Market Purchase	2,045,215	0.74
				20-Mar-15	10,000	Market Purchase	2,055,215	0.74
				27-Mar-15	50,000	Market Purchase	2,105,215	0.76
		2,105,215	0.76					
11.	Government Pension Fund Global	3,755,899	1.35	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	-26,634	Market sale	3,729,265	1.35
				30-May-14	-114,056	Market sale	3,615,209	1.30
				13-Jun-14	-11,603	Market sale	3,603,606	1.30
				04-Jul-14	-133,176	Market sale	3,470,430	1.25
				11-Jul-14	-80,231	Market sale	3,390,199	1.22
				18-Jul-14	-61,022	Market sale	3,329,177	1.20
				25-Jul-14	-109,794	Market sale	3,219,383	1.16
				01-Aug-14	-55,000	Market sale	3,164,383	1.14
				08-Aug-14	-108,011	Market sale	3,056,372	1.10
				29-Aug-14	-252,748	Market sale	2,803,624	1.01
				05-Sep-14	-1,530,235	Market sale	1,273,389	0.46
				12-Sep-14	-154,825	Market sale	1,118,564	0.40
				19-Sep-14	-135,632	Market sale	982,932	0.35
				30-Sep-14	-4,565	Market sale	978,367	0.35
				10-Oct-14	-174,082	Market sale	804,285	0.29
				14-Nov-14	-27,664	Market sale	776,621	0.28
				21-Nov-14	-776,621	Market sale	0	0.00
		0	0.00					
12.	T. Rowe Price New Asia Fund	2,999,032	1.08	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	-255,971	Market sale	2,743,061	0.99
				11-Apr-14	-144,097	Market sale	2,598,964	0.94
				01-Aug-14	-34,863	Market sale	2,564,101	0.93
				08-Aug-14	-624,857	Market sale	1,939,244	0.70
				15-Aug-14	-24,158	Market sale	1,915,086	0.69
				22-Aug-14	-408,781	Market sale	1,506,305	0.54
				24-Oct-14	38,904	Market Purchase	1,545,209	0.56
				31-Oct-14	18,793	Market Purchase	1,564,002	0.56
				19-Dec-14	-11,728	Market sale	1,552,274	0.56
				02-Jan-15	-18,299	Market sale	1,533,975	0.55

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				06-Feb-15	60,452	Market Purchase	1,594,427	0.58
				13-Feb-15	42,492	Market Purchase	1,636,919	0.59
				06-Mar-15	18,623	Market Purchase	1,655,542	0.60
				13-Mar-15	40,764	Market Purchase	1,696,306	0.61
				20-Mar-15	13,993	Market Purchase	1,710,299	0.62
				27-Mar-15	25,704	Market Purchase	1,736,003	0.63
		1,736,003	0.63					
13.	Reliance Life Insurance Company Limited	2,555,429	0.92	01-Apr-14	NA	NA	NA	NA
				04-Apr-14	66,608	Market Purchase	2,622,037	0.95
				11-Apr-14	-24,283	Market sale	2,597,754	0.94
				18-Apr-14	-15,118	Market sale	2,582,636	0.93
				25-Apr-14	-18,926	Market sale	2,563,710	0.92
				02-May-14	-21,031	Market sale	2,542,679	0.92
				09-May-14	12,679	Market Purchase	2,555,358	0.92
				16-May-14	-1,245	Market sale	2,554,113	0.92
				23-May-14	-11,954	Market sale	2,542,159	0.92
				30-May-14	-95,619	Market sale	2,446,540	0.88
				06-Jun-14	-47,372	Market sale	2,399,168	0.87
				13-Jun-14	-53,843	Market sale	2,345,325	0.85
				20-Jun-14	-19,781	Market sale	2,325,544	0.84
				30-Jun-14	-65,060	Market sale	2,260,484	0.82
				04-Jul-14	-968	Market sale	2,259,516	0.82
				11-Jul-14	34,650	Market Purchase	2,294,166	0.83
				18-Jul-14	-53,341	Market sale	2,240,825	0.81
				25-Jul-14	-41,678	Market sale	2,199,147	0.79
				01-Aug-14	-27,524	Market sale	2,171,623	0.78
				08-Aug-14	-13,050	Market sale	2,158,573	0.78
				15-Aug-14	-30,959	Market sale	2,127,614	0.77
				22-Aug-14	-32,647	Market sale	2,094,967	0.76
				29-Aug-14	-80,043	Market sale	2,014,924	0.73
				05-Sep-14	-29,268	Market sale	1,985,656	0.72
				12-Sep-14	-59,164	Market sale	1,926,492	0.69
				19-Sep-14	-97,596	Market sale	1,828,896	0.66
				30-Sep-14	-52,184	Market sale	1,776,712	0.64
				03-Oct-14	-9,325	Market sale	1,767,387	0.64
				10-Oct-14	-14,046	Market sale	1,753,341	0.63

Sr. No.	Name	Shareholding		Dates	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at 01.04.2014 or 31.03.2015	% of total shares of the company				No. of Shares	% of total shares of the company
				17-Oct-14	-11,181	Market sale	1,742,160	0.63
				24-Oct-14	-1,952	Market sale	1,740,208	0.63
				31-Oct-14	-30,414	Market sale	1,709,794	0.62
				07-Nov-14	-35,966	Market sale	1,673,828	0.60
				14-Nov-14	-6,820	Market sale	1,667,008	0.60
				21-Nov-14	-34,403	Market sale	1,632,605	0.59
				28-Nov-14	10,203	Market Purchase	1,642,808	0.59
				12-Dec-14	-21,974	Market sale	1,620,834	0.58
				19-Dec-14	-1,714	Market sale	1,619,120	0.58
				31-Dec-14	-13,554	Market sale	1,605,566	0.58
				02-Jan-15	1,476	Market Purchase	1,607,042	0.58
				09-Jan-15	-9,359	Market sale	1,597,683	0.58
				16-Jan-15	2,741	Market Purchase	1,600,424	0.58
				23-Jan-15	-4,028	Market sale	1,596,396	0.58
				30-Jan-15	-347	Market sale	1,596,049	0.58
				06-Feb-15	-33,082	Market sale	1,562,967	0.56
				13-Feb-15	741	Market Purchase	1,563,708	0.56
				20-Feb-15	3,024	Market Purchase	1,566,732	0.57
				27-Feb-15	-10,181	Market sale	1,556,551	0.56
				06-Mar-15	-1,782	Market sale	1,554,769	0.56
				13-Mar-15	6,524	Market Purchase	1,561,293	0.56
				20-Mar-15	-6,547	Market sale	1,554,746	0.56
				27-Mar-15	-22,277	Market sale	1,532,469	0.55
				31-Mar-15	26,991	Market Purchase	1,559,460	0.56
		1,559,460	0.56					

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For Each of the Directors and KMP*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Prakash Telang	1,400	0.0005	1,400	0.0005

* Except Mr. Telang, no other Director or KMP holds any share of the Company.

V. Indebtedness -

Indebtedness of the Company including interest outstanding/accrued but not due for payments :
Not Applicable

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Not Applicable	Not Applicable	Not Applicable	Not Applicable
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. Remuneration of Directors and Key Managerial Personnel -

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Mr. Anant J. Talaulicar Chairman & Managing Director	Total amount (₹ In Lacs)
1.	Gross salary		22.67
	(a) Salary as per Provisions contained in section 17(1) of the Income Tax Act, 1961	12,012	
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	22,54,616	
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	—	
2.	Stock Option	—	
3.	Sweat Equity	—	
4.	Commission - as % of profit -others, specify	—	
5.	Others, please specify	9,700	0.10
	Total (A)		22.77
	Ceiling as per the Act		39.29

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹ in Lacs)
		Mr. Nasser Munjee	Mr. P. S. Dasgupta	Mr. Prakash Telang	Mr. Rajeev Bakshi	Mr. Venu Srinivasan	
3.	Independent Directors Fee for attending board / committee meetings	2.85	3.30	3.00	2.00	0.90	12.05
	Commission	5.00	5.00	5.00	5.00	5.00	25.00
	Others, please specify	—	—	—	—	—	—
	Total(1)						37.05
4.	Other Non-Executive Directors Fee for attending board / committee meetings	—	—	—	—	—	—
	Commission	—	—	—	—	—	—
	Others, please specify	—	—	—	—	—	—
	Total(2)						—
	Total(B)=(1+2)						37.05
	Total Managerial Remuneration	—	—	—	—	—	76.34
	Overall Ceiling as per the Act	—	—	—	—	—	86.44

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary	NA	125	190	315
	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 Value of perquisites u/s 17(2) of the Income Tax Act, 1961 Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission- as % of profit- others, specify.	—	—	—	—
5.	Others, please specify	—	—	—	—
	Total	NA	125	190	315

VII. Penalties / Punishment/ Compounding of offences - NIL

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
C. Other officers in default					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

Annexures to the Directors' Report

Annexure 7 – NOMINATION AND REMUNERATION POLICY

[Pursuant to Section 178 of the Act and Clause 49 (IV) B 4 of the Equity Listing Agreement with the Stock Exchanges]

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. OBJECTIVE

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 Clause 49 under the Listing Agreement. 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 devise a policy on Board diversity.
- 1.7. To develop a 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** 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; and
 - 2.4.5. such other officer as may be prescribed.
- 2.5. **Senior Management** means 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.
- 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) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive 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 seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

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 and Senior Management Personnel

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) 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) Fixed pay:

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.

- 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

and if it is not able to comply with such provisions, with the previous approval of the Central Government.

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 or without the prior sanction of the Central Government, where required, 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 unless permitted by the Central Government.

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 Committees 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 Chairperson 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 the service contract.

10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.10 Recommending 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 meeting.

Annexures to the Directors' Report

Annexure 8 – INFORMATION AS REQUIRED UNDER THE PROVISIONS OF SECTION 197 (12) OF THE ACT, READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. Remuneration paid to the Directors : -

- The Board of Directors of the Company consists 1 Promoter (executive) Director, 4 Promoter (non-executive) Directors and 5 Independent (non-executive) Directors.
- Details of remuneration paid to Mr. Anant J. Talaulicar, Chairman & Managing Director for the year April 1, 2014 to March 31, 2015 :

	₹ in Lacs							
	Sitting fees	Salary	Comm- ission	House rent	Gas/Elect./ Water	Medical	Other Benefits	Total
Mr. Anant J. Talaulicar	—	0.12	—	16.50	0.11	1.18	4.85	22.76

- Details of Sitting Fees and Commission to Non-Executive Independent Directors for the year April 1, 2014 to March 31, 2015 :

	₹ in Lacs		
Name of the Director	Sitting fees	Commission	Total
Mr. Nasser Munjee	2.85	5.00	7.85
Mr. P. S. Dasgupta	3.30	5.00	8.30
Mr. Prakash Telang	3.00	5.00	8.00
Mr. Rajeev Bakshi	2.00	5.00	7.00
Mr. Venu Srinivasan	0.90	5.00	5.90

- Other details : -

- The median remuneration of employees of the Company during the Financial Year was ₹ 5.51 Lacs.
- In the Financial Year, there was an increase of 9% in the median remuneration of employees as well as the Key Managerial Personnel.
- There were 4,097 permanent employees on the rolls of Company as on March 31, 2015.
- The Profit before Tax for the Financial Year ended March 31, 2015 increased by 11.5% whereas the increase in median remuneration of the employees as well as the Key Managerial Personnel was 9%. The average increase in median remuneration was in line with the performance of the Company. The remuneration paid to the Chairman & Managing Director is ₹ 22.76 Lacs as on March 31, 2015 whereas for 2013-14, the total remuneration was ₹ 24.53 Lacs. There is no variable component in the remuneration paid to the Chairman & Managing Director related to performance of the Company.
- For the Financial Year under consideration, Mr. Anant J. Talaulicar, Chairman & Managing Director was paid the highest remuneration which is ₹ 22.76 Lacs. There are 248 other employees who received remuneration in excess of Mr. Talaulicar. The ratio of total remuneration received by such employees to the remuneration received by the Chairman & Managing Director is 0.24%.
- Variations in the market capitalization of the Company : The market capitalization as on March 31, 2015 was ₹ 2,432,152.80 Lacs and ₹ 1,652,112 Lacs as on March 31, 2014.
- Price Earnings ratio of the Company was 30.9 as at March 31, 2015 and was 29.1 as at March 31, 2014.
- Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year -
The Company had come out with initial public offer (IPO) in 1962. An amount of ₹ 1,000 invested in the said IPO would be worth ₹ 162 Lacs as on March 31, 2015 indicating a Compounded Annual Growth Rate of 20%. This is excluding the dividend accrued thereon and benefit on account of shares received at the time of issue of bonus shares.
- It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.

Annexures to the Directors' Report

Annexure 9 – SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to Section 204 (1) of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 – Form MR 3]

To:

The Members,
Cummins India Limited,
Kothrud, Pune 411 038
Maharashtra, India.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Cummins India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015 ('Audit 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) 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;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(Not applicable to the Company during the Audit Period);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**
- (vi) No law is specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not applicable to the Company during the Audit Period)**; and
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.

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

I 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 Meetings, agenda and detailed notes on agenda were generally 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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place : Pune
Date : May 28, 2015

Dr. K R Chandratre
FCS No. 1370, C P No: 5144

Annexures to the Directors' Report

Annexure 10 – ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Act and the Companies (Corporate Social Responsibility Policy Rules, 2014)]

Introduction: -

Corporate Responsibility is one of the six core values of your Company, which focusses on 'serving and improving the communities in which we live'. Your Company is committed to this core value through the active involvement and participation of its employees.

Through the 'Every Employee Every Community' (EEEC) initiative, each employee is encouraged to dedicate a minimum of four working hours per year towards any of the projects undertaken under three broad focus areas viz. Higher Education, Energy and Environment and Social Justice (including Local Community Infrastructure Development).

Corporate citizenship is a natural extension of the Cummins values. For a brand that is all about Dependability, your Company recognizes the symbiotic relationship with 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.

At Cummins, Corporate Responsibility is aligned to its vision of 'Making people's lives better by unleashing the Power of Cummins'. Your Company is focused on working on projects that have a high impact on the communities in which we live and operate. Cummins has been working on high impact projects under identified themes which broadly fall under three focus areas of Higher Education, Energy and Environment and Social Justice (including Local Community Infrastructure Development). With the success of projects implemented at a location, Cummins works towards growing and replicating the same across locations where it is present.

Under the focus areas and the themes, Cummins has identified and is investing in various projects aligned to bigger social, environmental and civic issues. Projects like zero garbage, water neutrality, afforestation, model village, scholarships for economically and socially backward sections of the society, vocational education etc. have been successfully implemented and have the potential to be replicated and grown across locations.

Corporate Social Responsibility (CSR) Committee: -

The Board of Directors of your Company constituted the "Corporate Social Responsibility Committee" at the Meeting held on May 22, 2014, consisting of following Independent Directors, except Mr. Anant J. Talaulicar, as Members : -

1. Mr. Prakash M. Telang – Chairman
2. Mr. P. S. Dasgupta – Member
3. Mr. Nasser Munjee – Member
4. Mr. Anant J. Talaulicar – Member

CSR Policy and Projects: -

The Committee has formulated a Corporate Social Responsibility Policy indicating the activities to be undertaken by your Company as per the Companies Act, 2013. The Committee reviews and recommends the amount of expenditure to be incurred on the activities to be undertaken by your Company. It monitors the CSR Policy of your Company from time to time. Details of the Policy of your Company are available at '<http://www.cumminsindia.com/MAIN/corporate.html>'. Also, details of various CSR initiatives undertaken by your Company are provided in the Business Responsibility Report of the Company for the year 2014-15 and are also available at '<http://www.cumminsindia.com/CIF/aboutus.html>'.

CSR Spend: -

(₹ in Lacs)

Sr. No.	Particulars	Status
1.	Average Net Profit of the Company for Financial Years 2012-13, 2013-14 and 2014-15	79,480
2.	Prescribed CSR Expenditure (<i>that is</i> , 2 % of the amount mentioned above)	1,590
3.	Details of the CSR Spent during the Financial Year 2014-15	
	a. Total amount spent for the Financial Year	810
	b. Amount unspent, if any	780

Your Company manages the CSR activities through the implementing agency namely, Cummins India Foundation ('the Foundation'). Incorporated in 1990, the Foundation is a Public Charitable Trust registered under the Bombay Public Trusts Act, 1950, the Income Tax Act, 1961 and the Foreign Contribution (Regulation) Act, 2010. The Foundation is dedicated towards serving the communities we live in and improving the lives of people. The Foundation does not accept donation from public at large.

During the Financial Year 2014-15, the Foundation has spent ₹ 5.50 Crore, details of which are as follows:-

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Amount Outlay (Budget) Project or Program-wise (₹)	Amount spent on the Projects or Programs (₹)		Cumulative Expenditure up to end of the year	Manner in which the amount is spent on the Projects or Programs (₹)	
				Direct Expenditure on Projects or Programs	Overheads		Direct	Through independent NGOs
1	Education Assistance to Socially and Economically Weaker Sections	Higher Education	8,02,00,000	1,42,22,314	3,00,000	1,45,22,314	1,24,72,314	20,50,000
2	Vocational Education	Higher Education	1,70,00,000	68,06,875	—	68,06,875	45,10,959	22,95,916
3	Women Education and Employability	Higher Education	4,27,00,000	25,41,288	—	25,41,288	5,95,646	19,45,642
4	Afforestation	Energy & Environment	67,68,750	39,76,475	—	39,76,475	86,925	38,89,550
5	Solid Waste Management	Energy & Environment	1,37,87,500	55,54,273	1,64,500	57,18,773	29,07,310	28,11,463
6	Renewable Energy	Energy & Environment	1,50,000	1,20,026	—	1,20,026	—	1,20,026
7	Water Neutrality	Energy & Environment	2,51,37,500	64,12,741	74,022	64,86,764	—	64,86,764
8	NGO Development	Local Infrastructure Development & Social Justice	2,10,67,500	98,36,705	7,04,700	1,05,41,405	—	1,05,41,405
9	Rural Development	Local Infrastructure Development & Social Justice	2,76,87,500	38,18,161	—	38,18,161	13,48,254	24,69,907
10	PWD (People with Disabilities)	Local Infrastructure Development & Social Justice	19,81,250	4,37,438	—	4,37,438	4,37,438	—
11	Indoor Air Pollution	Energy & Environment	4,68,750	—	—	—	—	—
12	Outdoor Pollution	Energy & Environment	9,37,500	—	—	—	—	—
13	Women Entrepreneur Development	Local Infrastructure Development & Social Justice	4,68,750	—	—	—	—	—
		TOTAL	23,83,55,000	5,37,26,296	12,43,222	5,49,69,519	2,23,58,846	3,26,10,673

As we continue our involvement in these projects with active employee engagement, Six Sigma methodologies, structured processes, community need assessments and a detailed road map, there is a potential to increase our spend for such high-impact projects.

Spends are 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 above table, the projects worth ₹ 24 Crores have already been identified and, reasonable and judicious spends are made as per the project requirements. In fact, we strongly believe that your Company plays a very significant role in improving the quality of the society within which it operates and the Company can flourish only if it operates in a society that is healthy, orderly, just and which grants freedom and scope to individuals and their lawful enterprises. Your Company is committed to spend recommended amount over a period of time as it scales up its initiatives and the supporting infrastructure. Your Company will continue to spend its resources very judiciously as it does in all areas, and will focus on leader and employee engagement on high impact community improvement projects well beyond simply donating money.

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 (Corporate Social Responsibility Policy) Rules, 2014, it is stated on behalf of the Corporate Social Responsibility 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 2014-15.

Anant J. Talaulicar
Chairman & Managing Director
DIN : 00031051

Prakash M. Telang
Chairman of the CSR Committee
DIN : 00012562

Place: Mumbai

Date: May 28, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Cummins India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Cummins India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) 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, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements – Refer Note 27 to the financial statements for the year ended March 31, 2015;
 - ii) The Company has long-term contracts as at March 31, 2015 for which there are no material foreseeable losses. The Company does not have any long-term derivative contracts as at March 31, 2015;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Mumbai
May 28, 2015

Sharmila A. Karve
Partner
Membership Number 43229

Annexure to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Cummins India Limited on the financial statements as of and for the year ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two 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 fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory, excluding stocks with third parties, has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Act, 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 provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, service-tax, duty of customs and duty of excise which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, and value added tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount under dispute not yet deposited (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Demand on account of transfer pricing adjustments, other disallowances and interest thereon	6,215	2004-2005, 2007-2008 to 2009-2010	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	183	1999-2000	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 claimed under rule 41D and 42H and interest thereon, taxation of sales turnover under B.S.T. Act and disallowance of claim of VAT set-off and inter-state sale u/s 3(a) of C.S.T. Act, 1956	5,306	1999-2000 to 2008-2009	Joint Commissioner of Sales Tax (Appeal)/ Maharashtra Sales Tax Tribunal, Mumbai

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.

- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank; nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. 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 on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number 43229

Mumbai
May 28, 2015

Financial Statements 2014-15

Balance Sheet as at March 31, 2015

₹ Lacs

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	5,544	5,544
Reserves and Surplus	3	283,108	250,971
		<u>288,652</u>	<u>256,515</u>
Non-current Liabilities			
Deferred Tax Liabilities (Net)	4	6,308	4,651
Other Long-term Liabilities	5	1,830	2,019
Long-term Provisions	6	12,651	11,709
		<u>20,789</u>	<u>18,379</u>
Current Liabilities			
Trade Payables (Note 26)		61,343	48,511
Other Current Liabilities	7	22,023	18,567
Short-term Provisions	8	39,367	35,301
		<u>122,733</u>	<u>102,379</u>
	TOTAL	<u>432,174</u>	<u>377,273</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	9	122,460	91,752
Intangible Assets	9	936	163
Capital Work-in-progress		17,061	9,576
Non-current Investments	10	4,572	5,339
Long-term Loans and Advances	11	46,336	68,795
		<u>191,365</u>	<u>175,625</u>
Current Assets			
Current Investments	12	41,932	44,196
Inventories	13	68,226	55,134
Trade Receivables	14	93,554	78,203
Cash and Bank Balances	15	7,986	8,649
Short-term Loans and Advances	16	28,381	13,939
Other Current Assets	17	730	1,527
		<u>240,809</u>	<u>201,648</u>
	TOTAL	<u>432,174</u>	<u>377,273</u>

Summary of significant accounting policies 1

The notes are an integral part of these financial statements.
In terms of our report of even date

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board

Sharmila A. Karve
Partner
Membership Number 43229

Anant J. Talaulicar
Chairman & Managing Director
DIN : 00031051

Nasser Munjee
Director
DIN : 00010180

K. Venkata Ramana
Group Vice President Legal & Company Secretary
PAN : AEJPR9444L

Rajiv Batra
Chief Financial Officer
PAN : AAFPB4485K

Mumbai
Date: May 28, 2015

Mumbai
Date: May 28, 2015

₹ Lacs

Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note No.	Year Ended March 31, 2015	Year Ended March 31, 2014
Revenue from operations (gross)	18	470,821	432,510
Less : Excise duty		30,241	34,843
Revenue from operations (net)		440,580	397,667
Other income	19	28,658	17,771
Total Revenue		469,238	415,438
Expenses:			
Cost of materials consumed (Note 35)		265,796	228,084
Purchases of traded goods (Note 36)		11,710	14,843
Change in inventories of finished goods, work-in-progress and traded goods	20	(5,259)	(516)
Employee benefits expense	21	39,360	33,962
Finance costs	22	452	418
Depreciation and amortization expense		7,972	5,275
Other expenses	23	55,468	51,621
Total expenses		375,499	333,687
Profit before tax		93,739	81,751
Tax expense			
MAT / Current tax [including (excess)/short provision of tax relating to earlier years (₹ Nil) (March 31, 2014; ₹ 433 lacs)]		17,592	20,377
MAT credit entitlement		(4,201)	—
Net current tax		13,391	20,377
Deferred tax (including reversal of deferred tax asset of ₹ Nil (March 31, 2014; ₹ 454 lacs))		1,763	1,372
Total Tax Expense		15,154	21,749
Profit after Tax		78,585	60,002
Basic and diluted Earnings per share (₹) (Nominal value per share ₹ 2)	25	28.35	21.65

Summary of significant accounting policies

1

The notes are an integral part of these financial statements.
In terms of our report of even date

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board

Sharmila A. Karve
Partner
Membership Number 43229

Anant J. Talaulicar
Chairman & Managing Director
DIN : 00031051

Nasser Munjee
Director
DIN : 00010180

K. Venkata Ramana
Group Vice President Legal & Company Secretary
PAN : AEJPR9444L

Rajiv Batra
Chief Financial Officer
PAN : AAFPB4485K

Mumbai
Date: May 28, 2015

Mumbai
Date: May 28, 2015

Cash Flow Statement for the year ended March 31, 2015

	₹ Lacs	₹ Lacs	Previous Year ₹ Lacs
I. Cash flows from operating activities :			
Cash generated from operations	68,643		59,188
Tax paid (net of refunds)	(18,528)		(23,081)
Net cash provided by operating activities		50,115	36,107
II. Cash flows from investing activities :			
Fixed assets			
Purchase	(33,864)		(47,179)
Sale	829		396
Interest received	2,350		5,423
Dividend received	9,583		6,010
Investments			
Purchase	(119,510)		(172,858)
Sale/redemption	132,465		187,751
Investment in bank deposits (having original maturity of more than three months)	—		(2,520)
Redemption / Maturity of bank deposits (having original maturity of more than three months)	2,520		28,501
Net cash used for investing activities		(5,627)	5,524
III. Cash flows from financing activities :			
Finance costs	(452)		(418)
Dividend paid (including tax on dividend)	(42,160)		(42,160)
Net cash used for financing activities		(42,612)	(42,578)
IV. Net change in cash and cash equivalents (I+II+III)		1,876	(947)
V. Cash and cash equivalents at the beginning of the year		5,672	6,619
Cash and cash equivalents at the end of the year (IV+V)		7,548	5,672

Cash Flow Statement for the year ended March 31, 2015 (Contd.)

	₹ Lacs	₹ Lacs	Previous Year ₹ Lacs
1) Cash generated from operations has been arrived at as follows :			
Profit before tax		93,739	81,751
Adjustments for -			
a) Non cash item /items required to be disclosed seperately :-			
Depreciation and amortization	7,972		5,275
Finance costs	452		418
Interest income (gross)	(2,173)		(4,735)
Dividend earned (gross)	(9,583)		(6,010)
Net (gain) / loss on fixed assets sold or discarded	(724)		20
Gain on redemption /sale of investments (net)	(9,924)		(1,672)
Provision for doubtful debts	300		207
		(13,680)	(6,497)
b) Changes in working capital and other provisions :-			
Trade receivables	(15,652)		7,089
Inventories	(13,092)		(2,099)
Loans and advances	(337)		(13,825)
Other current assets	621		1,786
Trade payables	12,832		(6,423)
Long term liabilities	(189)		105
Other current liabilities	3,475		(1,892)
Provisions	926		(807)
		(11,416)	(16,066)
Total adjustments (a+b)		(25,096)	(22,563)
Cash generated from operations		68,643	59,188

- 2) Purchase of fixed assets include payments for items in capital work in progress and advances for purchase of fixed assets.

Adjustments for increase/decrease in liabilities related to acquisition of fixed assets have been made to the extent identified.

Cash Flow Statement for the year ended March 31, 2015 (Contd.)

	₹ Lacs	₹ Lacs	₹ Lacs
	2014-15	2013-14	2012-13
3) Cash and cash equivalents comprise :			
Cash in hand	2	3	4
Balances with bank on current account	7,546	5,669	6,615
Total	7,548	5,672	6,619

4) The figures in brackets represent outflows of cash and cash equivalents.

5) Previous year's figures have been regrouped/reclassified, wherever necessary.

In terms of our report of even date

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number 43229

Mumbai
Date: May 28, 2015

For and on behalf of the Board

Anant J. Talaulicar
Chairman & Managing Director
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Mumbai
Date: May 28, 2015

Nasser Munjee
Director
DIN : 00010180

Rajiv Batra
Chief Financial Officer
PAN : AAFPB4485K

Notes to Financial Statements for the year ended March 31, 2015

1. Summary of Significant accounting policies

a) Basis of preparation of financial statements

- (i) These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation with and recommendations of the National Financial Reporting Authority, the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, as amended (the 'Rules'), continue to be applicable, accordingly, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Rules and other relevant provisions of the Companies Act, 2013.
- (ii) 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 the 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.
- (iii) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognised prospectively in current and future periods.

b) Fixed assets and depreciation

- (i) Tangible assets are stated at cost of acquisition or construction less accumulated depreciation. All significant costs relating to the acquisition and installation of Tangible assets are capitalised. Subsequent expenditures related to an item of Fixed Asset are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standard of performance.

Depreciation is computed on straight line method based on useful lives, determined based on internal technical evaluation and are in line with the useful lives specified by Schedule II to the Companies Act, 2013. Consequent to this, where the Company has changed the estimate of useful life, the carrying amount of the asset as on April 1, 2014 is depreciated over the remaining useful life of the asset. Further where remaining useful life of an asset as on April 1, 2014 was Nil, the carrying amount of the asset after retaining the residual value has been recognised in the opening balance of retained earnings.

Leasehold land is amortised on the straight line method over period of the lease.

- (ii) Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortized over their respective useful lives ranging between three years to seven years.
- (iii) Loss arising from the retirement of, and gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (iv) Items of fixed 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 classified under other current assets in financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

c) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments (excluding current portion of long-term investments) are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of investments.

d) Inventories

Inventories are stated at lower of cost and net realisable value after providing for obsolescence. The material costs are determined on weighted average basis and the valuation of finished goods and work in progress represents the combined cost of material, labour and all manufacturing overheads. Net realisable value is estimated

Notes to Financial Statements for the year ended March 31, 2015

selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Material in transit is valued at cost incurred till date.

e) **Foreign currency transactions**

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of transactions. Monetary foreign currency current assets and liabilities are translated at the year-end exchange rates. The resulting exchange differences are appropriately recognised in the Statement of Profit and Loss.

The Company uses forward exchange contracts to cover its foreign currency cash flow risks, arising from exposures from exports and imports, against movements in foreign exchange rates. Forward exchange contracts are not used for trading or speculation purpose. The premium or discount arising at the inception of forward exchange contracts entered into, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

f) **Revenue recognition**

(i) Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of sales tax/value added tax and excise duty.

(ii) Revenue from Long Term Service Contracts is recognized using the proportionate completion method, and recognised net of service tax. Completion is determined as a proportion of cost incurred till date to the total estimated contract cost. Provision is made for any loss in the period in which it is foreseen. Billing in excess of contract revenue has been reflected as 'Unearned Revenue' under 'Liabilities' in the Balance Sheet. In case of other Service contracts, revenue is recognized when services are rendered or on receipt of confirmation from customers, as the case may be.

(iii) Dividend income from investments is recognised when the right to receive payment is established.

(iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(v) Rental income is recognised on a straight-line basis over the lease term.

(vi) Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

g) **Lease charges under operating leases**

Lease charges under operating leases are recognised as expense on straight-line basis over the lease term.

h) **Product warranty and New Engine Performance Inspection (NEPI) fees**

Product warranty costs and New Engine Performance Inspection fees are accrued in the year of sale of products, based on past experience.

The Company periodically reviews the adequacy of above provisions and adjusts, if necessary, the accrued provision, based on actual experience.

i) **Employee benefits**

(i) **Post-employment Benefits**

a) **Defined Contribution Plans:**

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 / 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.

b) **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 (LIC).

Unfunded Plan: The Company has unfunded Defined Benefit plans in the form of Post Retirement

Notes to Financial Statements for the year ended March 31, 2015

Medical Benefits 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 independent actuary. The actuarial method used for measuring the liability is the 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.

(ii) Other Long-term Employee Benefits (Unfunded):

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by independent actuary. The Actuarial valuation method used for measuring the liability is the 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 at the end of the year for active members.

(iii) Termination benefits are recognized in the Statement of Profit and Loss as an expense as and when incurred.

(iv) The Actuarial gains and losses arising during the year are recognized in the Statement of Profit and Loss of the year without resorting to any amortization.

j) Research and development costs

Revenue expenditure incurred for research activities is expensed off in the year in which it is incurred.

k) Income Tax

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.

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. 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 arising from unabsorbed depreciation or carry forward of losses under tax laws are recognised only to the extent that there is virtual certainty of realization supported by convincing evidence. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realization.

Minimum Alternate Tax

Minimum Alternate Tax ('MAT') credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

l) Provisions and Contingent Liabilities

A provision is recognised when there is a present 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 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.

m) Impairment of Asset

The Company tests for impairments 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.

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
2. Share Capital		
Authorised :		
400,000,000 (March 31, 2014 : 400,000,000) equity shares of ₹ 2 each	<u>8,000</u>	<u>8,000</u>
Issued, Subscribed and Fully paid-up shares :		
277,200,000 (March 31, 2014 : 277,200,000) equity shares of ₹ 2 each (fully paid up)	<u>5,544</u>	<u>5,544</u>
Total	<u>5,544</u>	<u>5,544</u>

a. Reconciliation of number of shares

Equity shares :	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ Lacs	No. 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 one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per share held. 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. Shares held by holding company

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Equity shares:		
141,372,000 (March 31, 2014: 141,372,000) shares are held by Cummins Inc. USA, the Holding Company	2,827	2,827

d. Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2015		As at March 31, 2014	
	Nos.	%	Nos.	%
Equity shares:				
Cummins Inc. USA, the Holding Company	141,372,000	51.00%	141,372,000	51.00%
Life Insurance Corporation of India (Through various schemes)	15,128,435	5.46%	17,927,497	6.47%

e. Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2015) :

Equity shares allotted as fully paid up bonus shares by capitalization of Free Reserves	Year	No. of Shares
	March 31, 2015	—
	March 31, 2014	—
	March 31, 2013	—
	March 31, 2012	79,200,000
	March 31, 2011	—

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
3. Reserves and surplus		
Capital Redemption Reserve Account	70	70
General Reserve		
Balance as at the beginning of the year	114,202	108,202
Add: Transferred from surplus in Statement of Profit and Loss during the year	—	6,000
Balance as at the end of the year	114,202	114,202
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	136,699	124,857
Less: Adjustment on account of transitional provision relating to depreciation as per Schedule II of the Companies Act, 2013 (Net of deferred tax - ₹ 106 lacs)	206	—
Balance as at the beginning of the year (Net)	136,493	124,857
Profit for the Year	78,585	60,002
Less: Appropriations		
Proposed Dividend (₹ 9 per share (March 31, 2014: ₹ 8 per share))	24,948	22,176
Interim Dividend (₹ 5 per share (March 31, 2014: ₹ 5 per share))	13,860	13,860
Dividend Distribution Tax	7,434	6,124
Transfer to General Reserve	—	6,000
Total appropriations	46,242	48,160
Balance as at the end of the Year	168,836	136,699
Total	283,108	250,971
4. Deferred Tax Liabilities (net)		
Deferred tax assets		
Provision for employee benefits	1,267	1,119
Other timing differences	1,027	781
Total Deferred Tax Asset (A)	2,294	1,900
Deferred tax Liabilities		
Depreciation	8,602	6,551
Total Deferred Tax Liability (B)	8,602	6,551
Net Deferred Tax Liabilities (B-A)	6,308	4,651
5. Other Long-term Liabilities		
Dealer Deposit	1,154	1,209
Unearned revenue	332	528
Others	344	282
Total	1,830	2,019

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
6. Long-term Provisions		
Provision for employee benefits		
Post retirement benefit and leave entitlement (Note 42)	6,116	3,887
	<u>6,116</u>	<u>3,887</u>
Other provisions (Note 32)		
Warranties	4,298	5,590
Statutory matters	1,769	1,670
New Engine Performance Inspection (NEPI)	468	562
	<u>6,535</u>	<u>7,822</u>
Total	<u><u>12,651</u></u>	<u><u>11,709</u></u>
7. Other Current Liabilities		
Unearned revenue	416	552
Unpaid Dividend	438	457
Statutory Dues including tax deducted at source	1,824	1,374
Advances from Customers	439	2,344
Royalty and cess thereon	5,806	4,759
Support services payable	2,827	1,466
Others including salaries, wages and bonus payable	10,273	7,615
Total	<u><u>22,023</u></u>	<u><u>18,567</u></u>
8. Short-term Provisions		
Provision for employee benefits		
Post retirement benefit and leave entitlement (Note 42)	578	558
	<u>578</u>	<u>558</u>
Other provisions		
Warranties (Note 32)	7,741	7,618
New Engine Performance Inspection (NEPI) (Note 32)	1,021	1,180
Proposed dividend	24,948	22,176
Dividend distribution tax on proposed dividend	5,079	3,769
	<u>38,789</u>	<u>34,743</u>
Total	<u><u>39,367</u></u>	<u><u>35,301</u></u>

Notes to Financial Statements for the year ended March 31, 2015

9. Fixed Assets

Particulars	Gross block (at cost)			Depreciation and Amortisation			Net block	
	As at April 1, 2014	Additions	Deductions / Write-off	As at April 1, 2014	For the year (#)	Deductions / Write-off	As at March 31, 2015	As at March 31, 2014
Tangible Assets:								
Land								
- Freehold @	2,804	2,160	39	—	—	—	4,925	2,804
- Leasehold **	1,564	—	—	39	16	—	1,509	1,525
Leasehold Improvements	609	3	—	15	6	—	591	594
Roads	2,199	1	6	152	340	1	1,703	2,047
Buildings	52,932	30,573	148	3,538	1,519	127	4,930	49,394
Plant and machinery	82,667	4,639	369	49,858	5,522	351	55,029	32,809
Furniture and fittings	2,852	1,316	42	488	458	26	920	2,364
Vehicles	426	37	19	211	56	14	253	215
	146,053	38,729	623	54,301	7,917	519	61,699	91,752
	(99,002)	(48,263)	(1,212)	(50,044)	(5,053)	(796)	(91,752)	(—)
Intangible Assets:								
Software	942	1,140	—	942	204	—	1,146	—
Technical Knowhow	2,060	—	—	1,897	163	—	2,060	163
Global Sourcing Consideration	2,143	—	2,143	2,143	—	2,143	—	—
	5,145	1,140	2,143	4,982	367	2,143	3,206	163
	(5,145)	(—)	(—)	(4,760)	(222)	(—)	(163)	(—)

NOTES:

@ 1) Includes reservations by Pune Municipal Corporation for Garden, Economically Weaker Section (EWS), Maternity Home and Road.

2) Includes undivided share of land, on purchase of office premises

** Includes land for which lease deed is pending finalisation with MIDC

Refer Note 1 (b) (i). In accordance with transitional provision relating to depreciation as per Schedule II of the Companies Act, 2013, the carrying amount of assets aggregating to ₹ 312 Lacs has been recognised in the opening balance of retained earnings. Pursuant to the change in the estimate of useful life, depreciation expense for year ended March 31, 2015 is higher by ₹ 1,361 lacs.

Figures in brackets are in respect of the previous year.

Notes to Financial Statements for the year ended March 31, 2015

10. Non Current Investments :

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Long-term Investments					
Trade Investments (valued at cost)					
Unquoted equity instruments					
Investments in Joint Ventures : (refer note no. 33)					
9,500,000	9,500,000	10	Valvoline Cummins Private Limited	804	804
114,600	114,600	10	Cummins Research and Technology India Private Limited	11	11
6,000,000	6,000,000	10	Cummins Svam Sales and Services Private Limited	600	600
Investment in Associates :					
779,997	779,997	10	Cummins Generator Technologies India Private Limited (% Holding : 48.54%)	1,720	1,720
				3,135	3,135
Other Investments (valued at cost unless stated otherwise)					
a) Quoted equity instruments					
—	5,155,163	2	KPIT Technologies Limited	—	201
—	9,811	2	Kirloskar Oil Engines Limited * #	—	0
—	913	10	Kirloskar Industries Limited * #	—	0
				—	201
b) Unquoted equity instruments					
1,000	1,000	25	The Shamrao Vithal Co-operative Bank Limited *	0	0
1,000	1,000	10	The Saraswat Co-operative Bank Limited *	0	0
				0	0
Carried forward				3,135	3,336

Notes to Financial Statements for the year ended March 31, 2015

10. Non Current Investments : (Contd.)

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
			Brought forward	3,135	3,336
			c) Quoted Government of India Bonds		
50,000,000	50,000,000	1	8.35% Government of India 2022	631	631
55,000,000	55,000,000	1	7.49% Government of India 2017	654	654
—	50,000,000	1	7.38% Government of India 2015 #	—	566
				1,285	1,851
			d) Quoted Corporate Bonds		
12	12	1,250,000	6.68% Power Grid Corporation of India 2019	152	152
				152	152
			Total	4,572	5,339
			Aggregate cost of quoted investments	1,437	2,204
			Aggregate cost of unquoted investments	3,135	3,135
				4,572	5,339
			Aggregate market value of quoted investments	1,203	9,942

* Amount is below the rounding off norm adopted by the Company

Classified as current portion of Long term investments

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
11. Long-term Loans and Advances		
Unsecured, considered good		
Capital advances	7,172	20,661
Security deposits	831	1,199
Loan and advances to related parties (Note 28)	12,977	14,601
Other Loans and Advances:		
Balances with government authorities	14,010	26,196
Advance income-tax (net of provision for taxation ₹170,692 Lacs (March 31, 2014: ₹157,302 Lacs)	7,005	6,069
MAT credit entitlement	4,201	—
Others	140	69
Total	46,336	68,795

Notes to Financial Statements for the year ended March 31, 2015

12. Current Investments :

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Current portion of Long term investments					
At Cost or market value whichever is lower					
a) Quoted Mutual Funds					
Fixed Maturity Plan (Growth Option)					
—	5,000,000	10	Birla Sun Life Fixed Term Plan - Series KK (367 days) - Direct Plan- Growth	—	500
—	5,000,000	10	DSP BlackRock FMP - Series 104 -12M - Direct Plan - Growth Option	—	500
—	5,000,000	10	DSP BlackRock FMP Series 145 - 12M - Direct Plan - Growth	—	500
—	2,000,000	10	DWS Fixed Maturity Plan - Series 34 - Direct Plan - Growth	—	200
—	5,000,000	10	DWS FIXED MATURITY PLAN - SERIES 48 - DIRECT PLAN -GROWTH	—	500
—	5,000,000	10	DWS FIXED MATURITY PLAN - SERIES 51 - DIRECT PLAN -GROWTH	—	500
—	5,000,000	10	HDFC FMP 370D February 2014 (1) - Direct Option-Growth Option	—	500
—	5,000,000	10	HDFC FMP 370D March 2014 (1)- Direct Option-Growth Option	—	500
—	5,000,000	10	HDFC FMP 371D July 2013 (1)- Direct Option-Growth Option	—	500
—	10,000,000	10	ICICI Prudential Fixed Maturity Plan- Series 68-369 Days Plan I - Direct Plan - Cumulative	—	1,000
—	5,000,000	10	ICICI Prudential Fixed Maturity Plan- Series 72-366 Days Plan K - Direct Plan - Cumulative	—	500
—	2,000,000	10	ICICI Prudential Fixed Maturity Plan- Series 72-368 Days Plan A - Direct Plan - Cumulative	—	200
—	5,000,000	10	ICICI Prudential Fixed Maturity Plan- Series 73-368 Days Plan D - Direct Plan - Cumulative	—	500
—	5,000,000	10	IDFC FTP - S 27 (369 days)_Direct Plan Growth	—	500
—	5,000,000	10	IDFC FTP S-59(370 Days)_Direct Plan_Growth	—	500
			Carried forward	—	—

Notes to Financial Statements for the year ended March 31, 2015

12. Current Investments : (Contd.)

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
			Brought forward	—	—
—	5,000,000	10	IDFC FTP S-69(370 Days)_Direct Plan_ Growth	—	500
—	10,000,000	10	Kotak FMP Series 105 Direct Growth	—	1,000
—	5,000,000	10	Kotak FMP Series 106 Direct Growth	—	500
—	5,000,000	10	Kotak FMP Series 110 Direct Growth	—	500
—	5,000,000	10	Kotak FMP Series 138 (370 Days) - Direct Growth	—	500
—	5,000,000	10	Kotak FMP Series 143 (370 Days) - Direct Growth	—	500
—	5,000,000	10	Kotak FMP Series 144 (371 Days) - Direct Growth	—	500
—	10,000,000	10	SBI DEBT FUND SERIES - 366 DAYS - 33 - DIRECT PLAN - GROWTH	—	1,000
—	5,000,000	10	SBI DEBT FUND SERIES - 366 DAYS - 53 - DIRECT PLAN - GROWTH	—	500
—	10,000,000	10	Tata FMP Series 46 Scheme L - Direct Plan Growth Option	—	1,000
—	10,000,000	10	UTI FTIF Series XV -IX (366 DAYS)- Growth Option - Direct	—	1,000
—	10,000,000	10	UTI FTIF Series XV -VIII (368 DAYS) - Growth Option - Direct	—	1,000
—	5,000,000	10	UTI FTIF Series XVI - I (366 DAYS) - Growth Option - Direct	—	500
—	5,000,000	10	UTI FTIF Series XVII XIII (369 DAYS)- Growth Option - Direct	—	500
				—	16,900
			b) Quoted Government of India Bonds		
50,000,000	—	1	7.38% Government of India 2015	499	—
				499	—
			c) Quoted equity instruments		
9,811	—	2	Kirloskar Oil Engines Limited *	0	—
913	—	10	Kirloskar Industries Limited *	0	—
				0	—
			Total Current portion of Long Term Investments	499	16,900

Notes to Financial Statements for the year ended March 31, 2015

12. Current Investments : (Contd.)

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Current Investments					
At Cost or market value whichever is lower					
Quoted Mutual Funds					
—	10,000,000	10	SBI DEBT FUND SERIES A - 8 DIRECT - GROWTH	—	1,000
				—	1,000
Unquoted Mutual Funds					
Liquid Fund (Dividend)					
—	4,725,002	10	HDFC Income Fund-Dividend	—	538
2,403,395	—	100	ICICI Prudential Flexible Income - Direct Plan - Daily Dividend	2,541	—
19,986,533	—	10	IDFC-Money Manager Fund-Treasury Plan-Regular Plan-Daily Div.	2,013	—
199,160	—	1,000	SBI Magnum Insta Cash Fund - Liquid Floater - Direct Plan - Daily Dividend	2,011	—
99,541	—	1,000	SBI Magnum Insta Cash Fund - Liquid Floater - Regular Plan - Daily Dividend	1,005	—
101,139	—	1,000	Tata Floater Fund- Plan A- Daily Dividend	1,015	—
151,857	—	1,000	UTI - Treasury Advantage Fund - Institutional -Daily Dividend	1,522	—
101,718	—	1,000	UTI - Treasury Advantage Fund - Institutional -Daily Dividend - Direct	1,020	—
150,207	50,252	1,000	Axis Banking Debt Fund - Daily Dividend Option	1,510	505
3,915,027	7,069,169	100	Birla Sun Life Floating Rate - Short Term - Daily Dividend	3,916	7,071
155,986	—	1,000	DSP BlackRock Liquidity Fund - Direct Plan - Daily Dividend	1,560	—
100,501	—	1,000	DSP Blackrock Liquidity Fund- Institutional Plan-Daily Dividend	1,005	—
3,077,462	—	100	DWS Insta Cash Plus Fund-Daily Dividend	3,087	—
—	14,748,209	10	DWS Treasury Fund Investment Plan Regular Dividend option	—	1,508
37,726,305	—	10	HDFC Cash Management Fund - Savings Plan -Daily Dividend Option	4,013	—
			Carried forward	—	1,000

Notes to Financial Statements for the year ended March 31, 2015

12. Current Investments : (Contd.)

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹		As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
			Brought forward	—	1,000
128,097	—	10	HDFC CM Savings -Direct Plan - Daily Dividend Option	14	—
—	5,367,780	10	HDFC Liquid Fund -Direct Plan - Daily Dividend Option	—	547
—	19,634,193	10	HDFC Liquid Fund-Dividend - Daily	—	2,002
—	4,935,661	10	ICICI Prudential Banking and PSU Debt Fund - Direct Plan - Daily Dividend	—	507
3,014,380	2,000,812	100	ICICI Prudential Liquid - Regular Plan - Daily Dividend	3,016	2,002
879	54,682	1,000	IDFC Cash Fund -Direct Plan-Daily Dividend	9	547
353,660	199,963	1,000	IDFC Cash Fund -Regular Plan-Daily Dividend	3,538	2,000
—	15,029,723	10	IDFC Banking Debt Fund-Regular Plan- Daily Dividend	—	1,505
10,030,502	9,971,678	10	Kotak Banking and PSU Debt - Daily Dividend Reinvestment	1,006	1,003
5,502,780	—	10	Kotak Banking and PSU Debt - Direct Daily Dividend Reinvestment	554	—
248,840	—	1,000	Kotak Liquid-Plan A -(Daily Dividend)	3,043	—
—	187,815	1,000	L&T Cash Fund - Direct Plan- Daily Dividend Option	—	2,000
100,924	49,666	1,000	L&T Liquid Fund - Daily Div Reinv	1,021	502
49,856	—	1,000	L&T Liquid Fund -Direct Plan-Daily Div Reinv	505	—
—	9,883,604	10	L&T Ultra Short Term Fund- Daily Dividend	—	1,005
50,576	—	1,000	Reliance Liquidity Fund - Direct Plan Daily Dividend Reinvestment Option	506	—
—	4,982,754	10	SBI Magnum Income Fund - Fr - Long Term - Regular Plan - Daily Dividend	—	502
199,548	49,882	1,000	SBI Premier Liquid Fund - REGULAR PLAN - Daily Dividend	2,002	500
—	151,957	1,000	UTI- Liquid Fund-Cash Plan-INST - Income	—	1,549
—	5,006,035	10	UTI Banking & PSU Debt Fund- Dividend Option - Direct	—	503
				41,432	26,296
			Total	41,932	44,196

Notes to Financial Statements for the year ended March 31, 2015

12. Current Investments : (Contd.)

March 31, 2015 Units	March 31, 2014 Units	Face value per unit ₹	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
			499	17,900
			41,432	26,296
			41,932	44,196
			530	18,581

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
13. Inventories		
Raw materials and components (includes in transit ₹ 5,068 lacs (March 31, 2014: ₹ 2,883 lacs))	36,350	28,451
Work-in-progress	11,883	8,605
Finished goods (includes in transit ₹ 1,195 lacs (March 31, 2014: ₹ 528 lacs))	18,482	16,904
Traded goods (including stock-in-transit ₹ 30 lacs (March 31, 2014: ₹ 39 lacs))	791	388
Stores and spares	367	470
Loose tools	353	316
Total	<u>68,226</u>	<u>55,134</u>
14. Trade Receivables		
Secured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	2	44
Others	3,137	2,805
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	4,497	1,944
Others	85,917	73,410
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for payment	764	578
Others	—	10
Less: Provision for doubtful debts	(764)	(588)
Total	<u>93,554</u>	<u>78,203</u>

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
15. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	2	3
Bank Balances		
In current accounts	<u>7,546</u>	<u>5,669</u>
Sub-Total	7,548	5,672
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	—	2,520
Unpaid dividend account (restricted)	<u>438</u>	<u>457</u>
Sub-Total	438	2,977
Total	<u>7,986</u>	<u>8,649</u>
16. Short-term Loans and Advances		
Unsecured, considered good:		
Security deposits	793	430
Other Loans and Advances		
Balances with government authorities	19,813	8,079
Others	<u>7,775</u>	<u>5,430</u>
Total	<u>28,381</u>	<u>13,939</u>
17. Other Current Assets		
Unsecured, considered good:		
Unbilled revenue	691	1,311
Interest accrued on investments	<u>39</u>	<u>216</u>
Total	<u>730</u>	<u>1,527</u>

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
18. Revenue from operations		
Sale of products (Note 34)	441,476	404,516
Sale of services (Note 34)	20,875	20,238
Other operating revenue		
Scrap sales	737	860
Export incentives	3,824	2,724
Others	3,909	4,172
Revenue from operations (gross)	470,821	432,510
19. Other income		
Income from investments:		
Interest Income		
- On Bonds (Long Term Investments)	130	141
- On Fixed Deposits with Banks	56	2,103
	186	2,244
Dividend Income		
- On Current Investments	1,582	2,026
- On Long Term Investments in Associates and Joint Ventures	8,001	3,984
	9,583	6,010
Gain on sale/redemption of investments		
- On Current Investments	1,661	1,672
- On Long Term investments	8,263	—
	9,924	1,672
Interest on Inter-corporate deposit, income tax refunds, and other interest	1,987	2,491
Exchange gain (net)	1,384	1,315
Net gain on fixed assets sold or discarded	724	—
Miscellaneous income	4,870	4,039
Total	28,658	17,771

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
20. Change in inventories of finished goods, work-in-progress and traded goods		
Inventories at the end of the year		
Work-in-progress	11,883	8,605
Finished goods	18,482	16,904
Traded goods	791	388
Subtotal (A)	31,156	25,897
Inventories at the beginning of the year		
Work-in-progress	8,605	8,119
Finished goods	16,904	16,815
Traded goods	388	447
Subtotal (B)	25,897	25,381
(Increase) / Decrease (B-A)	(5,259)	(516)
21. Employee benefits expense		
Salaries, wages and bonus	31,723	28,144
Contribution to provident and other funds	4,723	3,193
Staff welfare expenses	2,914	2,625
Total	39,360	33,962
22. Finance costs		
Bank charges	326	317
Others	126	101
Total	452	418

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
23. Other expenses		
Commission on sales	1,975	2,494
Consumption of stores and spare parts	5,088	4,989
Warranty Expenses (Note 32)	6,056	7,698
Tools and gauges	590	462
Repairs to buildings	1,441	877
Repairs to machinery	596	644
Other repairs	449	357
Power and fuel consumed	3,760	3,416
Rent (Note 30)	487	931
Rates and Taxes	1,037	745
Insurance	633	698
Outside Processing charges	1,994	1,804
Donation - Expenditure towards corporate social responsibility (CSR) activities (Note 46)	810	—
Royalties	6,276	6,083
Support Services	7,045	5,670
Computer and other services	6,889	6,237
Payment to Auditors (Refer details below)	118	114
Net loss on fixed assets sold / discarded	—	20
Other expenses (Note 29)	10,224	8,382
Total	55,468	51,621
Payment to Auditors:		
Statutory Audit (including Limited Reviews)	82	78
Other services	34	34
Reimbursement of expenses	2	2
Total	118	114

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015	Year ended March 31, 2014
24. 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 :		
(a) Profit for the year after taxation (₹ Lacs)	78,585	60,002
(b) Weighted average number of shares outstanding during the year	277,200,000	277,200,000
(c) Earnings per share (Basic and Diluted) (₹)	28.35	21.65
Face value per share (₹)	2	2

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
25. Capital and other commitments		
Estimated amount of contracts in capital account remaining to be executed (net of capital advances)	19,651	30,900
26. Trade payables include:		
Total outstanding dues of micro and small enterprises	3,785	6,235
Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 are as under:		
1. Principal Amount	3,785	6,235
2. Interest accrued	—	—
3. Payment made to suppliers (other than interest) beyond the appointed day, during the year	1,696	2,253
4. Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	—	—
5. Interest paid to suppliers under MSMED Act, 2006 (Section 16)	6	6
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.

Notes to Financial Statements for the year ended March 31, 2015

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
27. Contingent liabilities		
a. Bills discounted not matured*	1,465	0
b. Income Tax matters	14,927	10,923
c. Central excise duty/service tax matters	1,023	267
d. Duty drawback matters (excludes interests, if any)	2,604	2,604
e. Sales Tax matters	8,380	8,650
f. Claims against the Company not acknowledged as debts (excludes interests, penalties if any, and claims which cannot be quantified)	9	9
g. Civil liability / secondary civil liability in respect of suits filed against the Company	51	21
Total	<u>28,459</u>	<u>22,474</u>

* Amount below rounding off norm adopted by the Company

28. Inter corporate deposit includes an amount of ₹ **12,977 lacs** (March 31, 2014; ₹ 14,601 Lacs) placed with Cummins Technologies India Private Limited, a fellow subsidiary. Maximum amount due during the year ₹ **14,626 lacs** (March 31, 2014; ₹ 14,601 lacs)

29. Other expenses include provision for doubtful debts ₹ **300 lacs** (March 31, 2014; ₹ 207 lacs)

30. Operating Leases

The company has entered into non-cancellable operating leases for warehouse, office and residential premises. These lease arrangements range for a period between 12 months and 60 months with lock in period between 3 months and 24 months, which include both renewal and non-renewal leases. These leases also include escalation clauses.

The minimum lease payments recognised in the Statement of Profit and Loss (included under 'Rent' in note no. 23) for the year amount to ₹ **487 lacs** (March 31, 2014; ₹ 931 lacs).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Within one year	58	42
After one year but not more than five years	19	5
Total	<u>77</u>	<u>47</u>

31. The total research and development expenses incurred by the Company are as under :

a. On capital account	1,138	790
b. On revenue account	1,639	4,220
Total	<u>2,777</u>	<u>5,010</u>

Notes to Financial Statements for the year ended March 31, 2015

32. Disclosure on Provisions made, utilised and reversed during the year as per AS-29

(i) Provision for Warranty

The provision for warranty is on account of warranties given on products sold by the Company. The 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 1 year is classified as Current.

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Balance as at the beginning of the year	13,208	13,125
Additions	7,377	8,231
Utilisation	7,225	7,615
Reversal	1,321	533
Balance as at the end of the year	12,039	13,208
Classified as Non-current:	4,298	5,590
Classified as Current:	7,741	7,618

(ii) Provision for Statutory Matters

The 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, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Balance as at the beginning of the year	1,670	1,670
Additions	137	—
Utilisation	38	—
Reversal	—	—
Balance as at the end of the year	1,769	1,670
Classified as Non-current:	1,769	1,670
Classified as Current:	—	—

Notes to Financial Statements for the year ended March 31, 2015

(iii) Provision for New Engine Performance Inspection (NEPI)

The provision for New Engine Performance Inspection (NEPI) is on account of checks to be carried out by the Company at specified intervals. The 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 1 year is classified as Current.

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Balance as at the beginning of the year	1,742	1,774
Additions	864	1,167
Utilisation	570	570
Reversal	547	629
Balance as at the end of the year	1,489	1,742
Classified as Non-current:	468	562
Classified as Current:	1,021	1,180

33. The Company has 50% interest in Joint Ventures namely Cummins Research and Technology India Private Limited, Cummins Svam Sales & Services Private Limited, and Valvoline Cummins Private Limited incorporated in India. The following represents the Company's share of Assets and Liabilities as at March 31, 2015 and Income and Expenses for the year ended on that date, based on management accounts.

	As at March 31, 2015 ₹ Lacs	As at March 31, 2014 ₹ Lacs
Interest in Joint Ventures :		
Assets	22,887	26,197
Liabilities	8,118	8,899
Income	55,737	57,238
Expenses (including provision for tax)	50,513	53,371
Contingent Liabilities	2,138	1,160
Capital and other commitments	80	98

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
34. Details of Sales (Net of excise duty)		
Finished goods:		
Internal Combustion Engines	249,460	235,985
Generating sets (including semi finished generating sets) powered by Internal Combustion Engines	77,506	42,523
Traded goods:		
Engines	9,600	14,280
Spare parts, accessories and components*	74,669	76,884
Sale of Services:		
Revenue from Service Contract	20,875	20,238
Total	432,110	389,910
* includes sale of traded parts		

35. Details of materials consumed

i) Castings - various	1,807	2,346
ii) Forgings - various	2,146	2,286
iii) Components	208,684	168,320
iv) Engines	30,242	31,611
v) Others including semi-finished components	22,917	23,521
Total	265,796	228,084

Item (iii) includes the cost of accessories sold and cost of purchased components sold as spare parts (for the goods manufactured and sold by the Company), this activity being ancillary to the Company's manufacturing activity.

36. Details of purchase of Traded goods

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
Engines	7,256	10,364
Others	4,454	4,479
Total	11,710	14,843

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
37. Value of imported and indigenous raw materials and components consumed		
Imported	56,787	50,894
%	21%	22%
Indigenously procured	209,009	177,190
%	79%	78%
Total	<u>265,796</u>	<u>228,084</u>
38. Value of imports calculated on CIF basis		
a) Raw materials	7,978	5,216
b) Components	50,135	42,473
c) Machinery spares	149	92
d) Capital goods	611	1,419
e) Tools, stores, etc.	110	96
Total	<u>58,983</u>	<u>49,296</u>
39. Expenditure in foreign currency (subject to deduction of tax where applicable) on accrual basis:		
a) Royalty	6,276	6,083
b) Support Services	7,045	5,670
c) Others (including IT Service charges, Customer Support Charges, travelling, subscriptions, membership fees, commission on exports, foreign bank charges, etc.)	3,376	1,802
Total	<u>16,697</u>	<u>13,555</u>
40. Remittances during the year in foreign currency on account of dividend to non-resident Shareholders were as follows:		
Number of shareholders	1	1
Number of equity shares (shares of ₹ 2 each)	141,372,000	141,372,000
Amount remitted:		
For the year ended 31st March, 2015 (Interim)	7,068	
For the year ended 31st March, 2014 (Final)	11,310	
For the year ended 31st March 2013 (Final)		11,310
For the year ended 31st March, 2014 (Interim)		7,068

Notes to Financial Statements for the year ended March 31, 2015

	Year ended March 31, 2015 ₹ Lacs	Year ended March 31, 2014 ₹ Lacs
41. Earnings in foreign exchange		
Export on FOB basis	172,677	121,220
Other income (assembly and testing charges, development charges, recovery of certification charges, refund of claims, etc.)	4,745	4,611
Total	177,422	125,831

42. Disclosures in Accordance with Revised AS-15 on “Employee Benefits”

1. Defined Contributions Plans - The Company has recognised the following amounts in statement of Profit and loss for the year :

Particulars	Total ₹ Lacs
Contribution to Employees Provident Fund	621 (658)
Contribution to Management Superannuation Fund	1,191 (1,081)

2. Defined Benefits Plans -

The following figures are as per actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary.

a. A reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation (DBO):

Sr. No.	Particulars	Gratuity	Pension	Ex-Gratia	PRMB	PF
	Opening DBO as on 01 st April 2014	7,213 (6,964)	1,286 (1,447)	49 (55)	51 (65)	11,753 (10,436)
i)	Current Service Cost	634 (634)	54 (59)	2 (2)	2 (2)	2,131 (2,295)
ii)	Interest Cost	631 (540)	111 (102)	4 (4)	4 (5)	945 (912)
iii)	Actuarial - Gains / Losses*	1,326 (-296)	156 (20)	7 (-2)	0 (-13)	-18 (-243)
iv)	Benefits Paid	(706) (-629)	(156) (-342)	(9) (-10)	(6) (-8)	(1,622) (-1,647)
v)	Past Service Cost	— (—)	— (—)	— (—)	— (—)	— (—)
vi)	Acquisitions/ Transfer out	(169) (—)	— (—)	— (—)	— (—)	— (—)
vii)	Plan Amendments	— (—)	— (—)	— (—)	— (—)	— (—)
	Closing DBO as on 31 st March 2015	8,929 (7,213)	1,451 (1,286)	53 (49)	51 (51)	13,189 (11,753)

Notes to Financial Statements for the year ended March 31, 2015

b. A reconciliation of the opening and closing balances of the fair value of plan assets:

₹ Lacs						
Sr. No.	Particulars	Gratuity	Pension Ex-Gratia	PRMB	PF	
	Opening Fair Value of Plan Assets	6,601 (5,315)	1,634 (1,835)	— (—)	— (—)	11,729 (10,210)
i)	Expected Return on Plan Assets	538 (486)	132 (141)	— (—)	— (—)	949 (921)
ii)	Actuarial Gains / -Losses	— (—)	— (—)	— (—)	— (—)	— (—)
iii)	Contribution to the Fund	612 (1,647)	0 (—)	— (—)	— (—)	2,127 (2,245)
iv)	Benefits Paid	(706) (-629)	(156) (-342)	— (—)	— (—)	(1,622) (-1,647)
v)	Acquisition/Transfer out	(460) (-218)	— (—)	— (—)	— (—)	— (—)
	Closing Fair Value of Plan Assets	6,585 (6,601)	1,610 (1,634)	— (—)	— (—)	13,183 (11,729)

c. Amount recognized in Balance Sheet including a reconciliation of the present value of the defined obligation in (a) and the fair value of the plan assets in (b) to the assets and liabilities recognized in the balance sheet for current year and last 4 years :

₹ Lacs						
Sr. No.	Particulars	Gratuity	Pension Ex-Gratia	PRMB	PF	
i)	Present value of Funded Obligations	8,929 (7,213) (6,964) (6,010) (5,658)	1,451 (1,286) (1,447) (1,510) (1,831)	0 (0) (0) (0) (0)	0 (0) (0) (0) (0)	13,189 (11,753) (10,436) (8,720) (7,764)
ii)	Fair value of Plan Assets	-6,585 (-6,601) (-5,315) (-5,392) (-3,973)	-1,610 (-1,634) (-1,835) (-2,057) (-2,212)	0 (0) (0) (0) (0)	0 (0) (0) (0) (0)	-13,183 (-11,729) (-10,210) (-8,719) (-7,764)
iii)	Amount not recognized as an asset, because of the limit in para 59(b)	(0) (0) (0) (0) (0)	210 (248) (260) (0) (130)	0 (0) (0) (0) (0)	0 (0) (0) (0) (0)	(0) (0) (0) (0) (0)
iv)	Present Value of Unfunded Obligations	0 (0) (0) (0) (0)	0 (0) (0) (0) (0)	53 (49) (55) (60) (73)	51 (51) (65) (70) (55)	6 (24) (226) (191) (7)
v)	Net Liability/ -Asset recognized in Balance Sheet	2,344 (612) (1,649) (618) (1,686)	51 (-100) (127) (-547) (-251)	53 (49) (55) (60) (73)	51 (51) (65) (70) (55)	6 (24) (226) (191) (7)
vi)	Experience Gain/ -Loss adjustments on plan Liabilities	-339 (-381) (-183) (-341) (-516)	-24 (-119) (32) (160) (-24)	-3 (0) (-1) (4) (-2)	2 (8) (6) (-19) (7)	18 (243) (0) (0) (0)

Notes to Financial Statements for the year ended March 31, 2015

						₹ Lacs
Sr. No.	Particulars	Gratuity	Pension	Ex-Gratia	PRMB	PF
vii)	Experience Gain/ -Loss adjustments on plan Assets	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
		(-53)	(28)	(0)	(0)	(0)
		(-80)	(0)	(0)	(0)	(0)
		(94)	(35)	(0)	(0)	(0)
viii)	Actuarial Gain/ -Loss due to Change on assumptions	(987) (677)	(132) (99)	(4) (2)	(2) (5)	0 (0)
		(-680)	(-46)	(-1)	(-2)	(0)
		(292)	(41)	(2)	(3)	(0)
		(-529)	(18)	(1)	(-3)	(0)

d. The total expense recognised in the statement of Profit and Loss:

						₹ Lacs
Sr. No.	Particulars	Gratuity	Pension	Ex-Gratia	PRMB	PF
i)	Current Service Cost	634 (634)	54 (59)	2 (2)	2 (2)	851 (984)
ii)	Interest Cost	631 (540)	111 (102)	4 (4)	4 (5)	945 (912)
iii)	Expected Return on Plan Assets	(538) (-486)	(132) (-141)	0 (0)	0 (0)	(949) (-921)
iv)	Actuarial -Gains / Losses	1,326 (-296)	156 (20)	7 (-2)	0 (-13)	-18 (-243)
v)	Past Service Cost	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
	Total	2053 (392)	189 (40)	13 (4)	6 (-6)	829 (733)

All of the above have been included in the line 'Company's contribution to provident and other funds', in Note 21 of the Statement of the Profit and Loss.

e. 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	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
i)	Government of India Securities	0.00%	0.00%	0.00%	0.00%	43.57%	40.66%
ii)	Corporate Bonds	0.00%	0.00%	0.00%	0.00%	48.28%	45.18%
iii)	Special Deposit Scheme	0.00%	0.00%	0.00%	0.00%	8.15%	14.16%
iv)	Insurer Managed Funds	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%
	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.

f. The Actual Return on Plan Assets is as follows:

						₹ Lacs
Sr. No.	Particulars	Gratuity	Pension	PF		
i)	Actual return on plan assets	538 (486)	132 (141)	949 (921)		

Notes to Financial Statements for the year ended March 31, 2015

g. Following are the Principal Actuarial Assumption used as at the balance sheet date:

Sr. No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	PF		
i)	Discount Rate	7.80%	7.80%	7.80%	7.80%	7.80%		
		9.20%	9.20%	9.20%	9.20%	9.20%		
ii)	Expected Rate of Return on Plan Assets	8.50%	8.50%	NA	NA	NA		
		8.50%	8.50%	NA	NA	NA		
iii)	Expected return on assets for exempt PF fund							
		2015-16	NA	NA	NA	NA	8.75%	
			NA	NA	NA	NA	8.75%	
		2016-17	NA	NA	NA	NA	8.60%	
			NA	NA	NA	NA	8.60%	
		2017 and thereafter	NA	NA	NA	NA	8.60%	
			NA	NA	NA	NA	8.60%	
		iv)	Salary Escalation Rate - Management Staff	10%	NA	NA	NA	NA
				10%	NA	NA	NA	NA
		v)	Salary Escalation Rate - Non-Management Staff	7%	NA	NA	NA	NA
				7%	NA	NA	NA	NA
		vi)	Annual Increase in Healthcare Costs - First 10 years	NA	NA	NA	10%	NA
NA	NA			NA	10%	NA		
vii)	Annual Increase in Healthcare Costs - Next 5 years	NA	NA	NA	8%	NA		
		NA	NA	NA	8%	NA		
viii)	Annual Increase in Healthcare Costs - Thereafter	NA	NA	NA	6%	NA		
		NA	NA	NA	6%	NA		
ix)	Long term EPFO rate							
		2014-15	NA	NA	NA	NA	8.75%	
			NA	NA	NA	NA	8.75%	
		2015 and thereafter	NA	NA	NA	NA	8.60%	
			NA	NA	NA	NA	8.60%	

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Notes to Financial Statements for the year ended March 31, 2015

- h. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in assumed medical care cost trend rates on:

₹ Lacs			
Sr. No.	Particulars	One percentage point increase	One percentage point decrease
i)	The aggregate of the current service cost and interest cost Components of net periodic post - employment medical costs; and	0.59 (0.59)	-0.52 (-0.52)
ii)	The accumulated post-employment benefit obligation for medical costs	4.34 (3.90)	-3.87 (-3.47)

- i. Expected contribution to the fund in the next year

		₹ Lacs
Particulars		Total
	Contribution to Gratuity Fund	2,344 (612)
	Contribution to Pension*	0 (0)
	Contribution to PF	780 (743)

* Amount is below the rounding off norm adopted by the Company.

Figures in brackets are in respect of the previous year.

Notes to Financial Statements for the year ended March 31, 2015

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, 2015

		₹ Lacs
Transaction	Name of the Party	Total
Purchases of goods	Cummins Inc.	19,543 (16,782)
	Tata Cummins Private Limited	41,303 (32,807)
	Cummins Limited, UK	15,763 (8,923)
	Others	28,242 (23,987)
Sale of goods	Cummins Limited, UK	68,664 (61,104)
	Others	66,156 (38,967)
Services Rendered	Cummins Inc.	2,896 (2,065)
	Valvoline Cummins Private Limited	1,080 (944)
	Cummins Technologies India Private Limited	3,141 (1,537)
	Others	1,229 (2,031)
Remuneration Paid (Refer note (ii) below)	Anant Talaulicar	23 (25)
	Mahesh Narang	128 (163)
	Sandeep Sinha	33 (—)
Services Received	Cummins Technologies India Private Limited	2,366 (2,382)
	Cummins Research and Technology India Private Limited	744 (602)
	Cummins Power Generation Limited, Kent	452 (226)
	Others	324 (113)

Notes to Financial Statements for the year ended March 31, 2015

		₹ Lacs
Transaction	Name of the Party	Total
Support Services	Cummins Inc.	7,045 (5,670)
Computer and other Services	Cummins Technologies India Private Limited	6,376 (5,957)
Reimbursements paid	Cummins Inc.	1,453 (1,060)
	Cummins SVAM Sales and Service Private Limited	738 (—)
	Cummins Technologies India Private Limited	1,449 (744)
	Others	158 (43)
Reimbursements received	Cummins Generator Technologies India Private Limited	762 (604)
	Cummins Inc.	1,079 (40)
	Cummins Technologies India Private Limited	2,609 (1,753)
	Others	861 (724)
Royalty	Cummins Inc.	6,276 (6,046)
	Cummins Westport Inc.	— (37)
Inter Corporate Deposits Given	Cummins Technologies India Private Limited	— (15,866)
Inter Corporate Deposits Recovered	Cummins Technologies India Private Limited	1,500 (1,500)
Interest on Inter Corporate Deposit	Cummins Technologies India Private Limited	1,371 (934)
Interest-Other	Cummins SVAM Sales and Service Private Limited	9 (—)
Dividend Received	Cummins Generator Technologies India Private Limited	546 (859)
	Cummins Research and Technology India Private Limited	805 (750)
	Valvoline Cummins Private Limited	6,651 (2,375)
Dividend paid	Cummins Inc.	18,378 (18,378)
Donations paid	Cummins India Foundation	810 (—)

Notes to Financial Statements for the year ended March 31, 2015

		₹ Lacs
Transaction	Name of the Party	Total
Contributions paid	Cummins India Ltd. Officers Provident Fund	743 (814)
	Cummins Group Employees Superannuation Scheme	1,191 (1,081)
	Cummins Group Officers Gratuity Scheme	612 (1,647)
c) Amounts outstanding as at March 31, 2015		
		₹ Lacs
Particulars	Name of the Party	Total
Trade Payables	Cummins Inc.	6,844 (3,572)
	Cummins Limited, UK	4,962 (1,859)
	Cummins Technologies India Private Limited	6,313 (1,534)
	Others	5,655 (5,097)
Other Current Liabilities	Cummins Inc.	8,349 (—)
	Others	220 (7,006)
Trade Receivables	Cummins Limited, UK	11,418 (12,933)
	Cummins West Africa Limited	3,555 (—)
	Others	17,454 (11,358)
Advances recoverable	Tata Cummins Private Limited	287 (1,609)
	Valvoline Cummins Private Limited	575 (454)
	Cummins Inc.	1,174 (205)
	Cummins Technologies India Private Limited	457 (291)
	Others	80 (241)
Other Current Assets	Cummins Technologies India Private Limited	164 (—)
	Tata Cummins Private Limited	485 (—)
Inter Corporate Deposit	Cummins Technologies India Private Limited	12,977 (14,601)

Notes to Financial Statements for the year ended March 31, 2015

Notes:

- 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
Holding Company	Cummins Inc.
Fellow subsidiaries (with which there are transactions during the year)	Cummins East Asia Research & Development Co. Ltd. Cummins (China) Investment Co. Ltd. Cummins Angola Ltd. Cummins Asia Pacific Pte. Ltd. Cummins Brasil Ltda Cummins Caribbean, Llc Cummins Comercializadora S. De R.L. De C.V. Cummins Czech Republic S.R.O Cummins Deutschland Gmbh Cummins Diesel Italia Spa Cummins NV Cummins Dksh (Singapore) Pte. Ltd. Cummins Dksh (Thailand) Ltd. Cummins Energy Solutions Nigeria Ltd. Cummins Filtration, Inc. Cummins Fuel Systems Wuhan Co. Ltd. Cummins Ghana Ltd. Cummins Hong Kong Ltd. Cummins Japan Ltd. Cummins Ltd. Cummins Makina Sanayi ve Ticaret Limited Sirketi Cummins Middle East Fze Cummins Natural Gas Engines, Inc. Cummins Power Generation (China) Co., Ltd. Cummins Power Generation (S) Pte. Ltd. Cummins Power Generation Inc. Cummins Power Generation Ltd., Kent Cummins Power Systems Llc Cummins Qatar Llc Cummins Rocky Mountain Llc Cummins Romania Srl Cummins Sales & Service Philippines, Inc. Cummins Sales And Service Korea Co., Ltd.

Notes to Financial Statements for the year ended March 31, 2015

Nature of Relationship	Name of the Party
	Cummins Scott + English Malaysia Sdn. Bhd. Cummins South Africa Pty. Ltd. Cummins South Pacific Pty. Ltd. Cummins Spain S.L. Cummins Technologies India Pvt. Ltd. Cummins Turbo Technologies Limited Cummins West Africa Ltd. Cummins Westport Inc. Distribuidora Cummins Centroamerica Costa Rica, S. De R.L. Distribuidora Cummins Centroamerica El Salvador, S.de R.L. Distribuidora Cummins Centroamerica Honduras, S. De R.L. Distribuidora Cummins De Panama S.De R. L. Distribuidora Cummins S A Komatsu Cummins Chile, Ltda. Ooo Cummins Shanghai Cummins Trading Co. Ltd.
Key Management Personnel	Anant J. Talaulicar- Chairman & Managing Director Mahesh Narang (upto 31-Dec-2014)- Chief Operating Officer Sandeep Sinha (w.e.f. 01-Jan-2015)- Chief Operating Officer
Associate	Cummins Generator Technologies India Private Limited
Joint Venture	Valvoline Cummins Private Limited Cummins SVAM Sales and Services Private Limited Cummins Reseach and Technology India Private Limited
Enterprise with common Key Management Personnel (Anant Talaulicar)	Tata Cummins Private Limited Cummins India Foundation
Employees Benefit plans where there is Significant influence	Cummins India Ltd. Officers Provident Fund Cummins Group Employees Superannuation Scheme Cummins Group Officers Gratuity Scheme

- ii) The Chairman and Managing director and some senior employees are also entitled to participate in the Employees Stock Option plan of Cummins Inc. (the holding company), the cost of which is borne by Cummins Inc.
- iii) The information given above, has been reckoned on the basis of information available with the Company and relied upon by the auditors.
- iv) Figures in brackets are in respect of the previous year.

Notes to Financial Statements for the year ended March 31, 2015

44. Segment Information

a. Primary Segment

On a review of all the relevant aspects including, in particular, the system of internal financial reporting to the Board of Directors and Managing Director, the relative "risks and returns" governing the operations and products & its related services, the Company is of the view that it operates in a single segment viz. 'Engine Business Segment'. This is in accordance with Accounting Standard 17, 'Segment Reporting' issued under Companies (Accounting Standards) Rules, 2006.

b. Secondary Segment

Two secondary segments have been identified based on the geographical locations of customers: within India and outside India.

	₹ Lacs		
Information about geographical segments (Secondary Segments)	Within India	Outside India	Total
Segment revenue	259,433 (268,690)	172,677 (121,220)	432,110 (389,910)
Segment assets	277,550 (233,079)	42,091 (30,849)	319,641 (263,928)

Notes:

- i) The Company's tangible assets are located entirely in India.
- ii) Figures in brackets are in respect of the previous year.

45. Derivatives - Forward Contracts

a) Forward Contracts outstanding as at Balance Sheet date

Currency Amount US \$ Sell Cross Currency

				(Amount in Lacs)			
March 31, 2015				March 31, 2014			
Currency	Amount	Sell/Buy	Cross Currency	Currency	Amount	Sell/Buy	Cross Currency
USD	533	Sell	₹	USD	406	Sell	₹
EURO	8	Sell	₹	EURO	11	Sell	₹

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

				(Amount in Lacs)			
As at March 31, 2015				As at March 31, 2014			
		Foreign Currency	₹			Foreign Currency	₹
Receivables							
USD	175	10,933		135		8,067	
Euro	16	1,088		5		396	
GBP*	0	24		2		174	
Payables							
USD	285	17,833		130		7,776	
Euro	1	68		1		72	
GBP	12	1,150		1		149	
JPY	4	2		12		7	
THB*	0	1		—		—	

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended March 31, 2015

- 46.** As set out in section 135 of the Companies Act, 2013, the Company is required to contribute ₹ 1,590 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 Company has contributed ₹ 810 lacs to Cummins India Foundation towards the eligible projects as mentioned in Schedule VII (including amendments thereto) of the Companies Act, 2013.
- 47.** Previous year's figures have been regrouped / reclassified, wherever necessary.

Signatures to the notes 1 to 47

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Sharmila A. Karve
Partner
Membership Number 43229

Mumbai
Date: May 28, 2015

For and on behalf of the Board

Anant J. Talaulicar
Chairman & Managing Director
DIN : 00031051

K. Venkata Ramana
Group Vice President Legal & Company Secretary
PAN : AEJPR9444L

Mumbai
Date: May 28, 2015

Nasser Munjee
Director
DIN : 00010180

Rajiv Batra
Chief Financial Officer
PAN : AAFPB4485K

Business Responsibility Report

Introduction

Vision, Mission, Values and Principles

Vision

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

Mission

We unleash the Power of Cummins by

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

Values

- **Integrity**
Strive to do what is right and what we say we will do.
- **Innovation**
Apply the creative ingenuity necessary to make us better, faster, first.
- **Deliver Superior Results**
Exceed expectations, consistently.
- **Corporate Responsibility**
Serve and improve the communities in which we live.
- **Diversity**
Embrace the diverse perspectives of all people and honor both with dignity and respect.
- **Global Involvement**
Seek a world view and act without boundaries.

Strategic principles

■ Leverage Complementary Businesses

Cummins is organized into distinct but complementary businesses that create value for our customers by leveraging relationships and applying innovative technology across business boundaries.

■ Increase Shareholder Value

Cummins' financial success is measured by growth in shareholder value. The Company will continue to focus on ROE/ROANA and Earnings growth (not revenue growth) as the principal drivers of shareholder value.

■ Seek Profitable Growth

Cummins will seek profitable growth by leveraging our assets and capabilities to grow in market segments with favourable industry dynamics and where Cummins can establish an advantage.

■ Relentlessly Pursue Cost Leadership

Cummins will pursue an operational strategy of cost leadership.

■ Lead in Critical Technologies

Cummins will be the market leader in technologies most critical to the customers' success and the Company's performance.

■ Create the Right Work Environment

Cummins will assure that the physical and cultural work environment is conducive to excellent performance and continuous improvement.

Personality

- Decisive
- Driven to win
- Agile
- Passionate
- Caring

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 : venkat.ramana@cummins.com
- Financial Year reported : 2014 – 2015

BUSINESS SECTORS:

Cummins India Limited was established in 1962 and is a leading manufacturer of diesel and natural gas engines, generator sets and related services. The Company comprises of four business units as follows:

A. Industrial Engine Business:

The Industrial Engine Business caters to almost the entire gamut of diesel engine requirements for the industrial sector. Starting from 65 HP spanning up to 3500 HP, the offerings are meant to power the following market segments – Construction, Mining, Compressors, Marine, Rail, Pumps, Gas Compression, Oilfield and Defence including repowering opportunities in these segments. The Industrial Engine Business has the unique advantage of an in-house facility to design specifically tailored engines along with significant power train accessories. The quality, Six Sigma, Kaizen, ERP processes to name a few, demonstrate the commitment to continuously deliver best-in-class products to all its customers.

B. Power Generation Business:

The Power Generation Business is the leading manufacturer and market leader of diesel, natural gas, producer gas and bio-gas generator sets. It provides a single window for innovative power

solutions, offering top-of-the-line products and services, right from design to execution, operations and service support.

The business caters to the power requirements of a wide range of individual and institutional customers in various segments viz. Telecom, Construction, IT/ITES, Realty, Hospitality, Textiles, Auto and Auto Ancillaries, Food Processing, Data Centre, Infrastructure, Pharma and Manufacturing.

The business also manufactures and exports the open and enclosed low kilowatt generator sets from its unit located in the Special Economic Zone at the Cummins Megasite, Phaltan.

The business specializes in the design and manufacture of pre-integrated generator sets, transfer switches, paralleling equipment and controls for use in standby, prime and continuous rated systems. All major components viz. the engine, alternator and control systems are manufactured by Cummins entities which ensure that each element of the generator set is designed to work in harmony. Cummins Power Generation brings the Power of One™, which guarantees simple installation and minimal problems during commissioning and maintenance of generator sets. The Power of One™ ensures that the customer gets the added benefit of components created to work together viz. designed, built, pre-integrated and serviced by Cummins Power Generation for reliability, optimum performance and minimum cost.

C. Automotive Business:

The Automotive Business caters to the growing commercial vehicle segment in India with its range of engine platforms and related technologies along with parts and services. It has a strong presence in the 6-cylinder market of medium and heavy commercial

vehicles with a product portfolio varying from 5.9 litres to 8.9 litres.

Partnering with key customers, the business has been developing dependable engine technology for medium and heavy-duty automotive markets, meeting norms and demonstrating superior performance and lower emissions. The Automotive Business acts as a focal point for all Cummins engines for automotive applications in India and continues to support its OEM customers who are the major players in the Indian market.

D. Distribution Business:

The Distribution Business, operating under the brand name Cummins Sales and Service India (CSS) provides products, services and solutions for uptime of Cummins equipment. The Distribution Business is engaged in providing after-market support and in the business of sale of engines to customers in 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 Cummins. At present, it supports more than 3,00,000 engines out in the field covering more than 62,000 customers.

The Distribution Business has a country-wide network of 31 authorized dealerships with over 450 service touch points that cater to the service needs, which have necessary infrastructure and adequate technical capability to meet the Cummins service standards and are constantly upgraded as per changing products and customer needs.

Key Products of the Company as per Balance Sheet

The Company's primary products are Compression ignition internal combustion engines and Component Parts thereof, bearing ITC Code No. 8408.90 and

8409.99 respectively.

Locations from where business activity is undertaken by the Company

The Company has its operations spread all across the country, with its registered office and corporate office in Pune. Additionally, the Company has four zonal offices in Mumbai, Gurgaon, Kolkata and Bangalore and has area offices at 19 locations across India. The manufacturing operations are carried out from seven different plants situated in Pune, Pirangut and the Megasite in Phaltan.

The Company inaugurated its new corporate office 'Cummins India Office Campus', in Pune, in 2014. The new office located at Baner-Balewadi, co-located all non-manufacturing professional employees, who were up until now working from multiple locations scattered across the city, in one campus. The collaborative workspaces at the new office foster diversity and innovation, while ensuring continued commitment to energy saving and sustainability. During the year, employees moved into the second tower at IOC. With two towers being occupied, there are close to 3,000 employees co-located at IOC, benefiting from collaborative synergies.

Apart from these, the Company's group entities have administrative offices at Pune, Gurgaon, Delhi, Rudrapur, Noida, Bareilly and Ghaziabad, and manufacturing plants at Ahmednagar, Ranjangaon, Dewas, Pithampur, Jamshedpur, Rudrapur, Nandur, Hosur, Ambarnath and the Megasite at Phaltan.

Markets served by the Company

The Company serves the domestic markets in India, Nepal and Bhutan and also exports its products to various countries across the globe with USA, UK, Mexico, Singapore and China being the top five destinations.

Section B

Financial Details of the Company

Paid-up Capital: ₹5,544 Lacs

Net Sales: ₹3,89,911 Lacs

Total Profit after Taxes: ₹78,585 Lacs

Corporate Social Responsibility (CSR) and Spend

Corporate Responsibility is one of the six core values of the Company, which focuses on 'serving and improving the communities in which we live'.

A form of enlightened self-interest as noted by former CEO J. Irwin Miller, who understood the importance of Corporate Responsibility decades ago. In the words of Mr. J. Irwin Miller, "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".

Founded in 1990, Cummins India Foundation (CIF) carries on the motive of bringing together the efforts of all the Cummins India group entities and benefiting the society at large. Various projects were initiated in the financial year 2014-15 and the existing ones have been taken to the next level, reflecting the values of the Company and commitment towards the society (as detailed in this Report). All of the initiatives, for strengthening the communities where the Company operates, fall under three key focus areas of:

■ Higher Education

Providing opportunities for higher education to empower and enhance employability

■ Energy and Environment

Channelizing technical expertise and knowledge in driving sustainable solutions leading to a cleaner, healthier and safer environment

■ Social Justice and Infrastructure

Bringing grass root level improvements in social justice and infrastructure

At Cummins, Corporate Responsibility is not

philanthropy but about playing the rightful role as a responsible citizen of society in a way that is also beneficial to the Company. Far more than money, Cummins involves the passion, time, expertise, talents and active involvement of its employees on a consistent basis through various meaningful, sustainable initiatives in the three focus areas of Higher Education, Energy and Environment and Social Justice and Infrastructure.

In their Meeting held on May 22, 2014, the Board of Directors have constituted the Corporate Social Responsibility Committee under the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder, which consists of the following Directors:

Mr. Prakash Telang

Independent Director (DIN 00012562)

Mr. Nasser Munjee

Independent Director (DIN 00010180)

Mr. P. S. Dasgupta

Independent Director (DIN 00012552)

Mr. Anant J. Talaulicar – Member

Chairman and Managing Director (DIN 00031051)

The Company is committed towards the key focus areas in the future in pursuance of its Business Responsibility Policy.

Section C

Other Details

The Company does not have any subsidiaries as on date. However, the Company owns 50% equity shares respectively in Cummins Research and Technology India Private Limited, Valvoline Cummins Private Limited and Cummins SVAM Sales and Service Private Limited, and 48.5% in Cummins Generator Technologies India Private Limited.

The Company engages in business with various Cummins entities in India and they, in turn, take active participation in the Business Responsibility initiatives of the Company. However, the various entities outside Cummins, viz. suppliers, distributors etc., are not included in the BR initiatives of the Company and generally do not participate in the same.

Section D

BR Information

1. Details of Director responsible for BR:

a. Details of Director responsible for implementation of the BR policy:

DIN Number : 00031051

Name : Mr. Anant J. Talaulicar

Designation : Chairman and Managing Director

b. Details of the BR Head :

Name : Mr. K. Venkata Ramana

Designation : Group Vice President – Legal &
Company Secretary

Telephone : 020 6706 7000

Email ID : venkat.ramana@cummins.com

2. Principle wise (as per NGVs) BR Policy

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business NGVs 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
Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Do you have a policy/policies for-	Y	Y*	Y	Y	Y*	Y	N	Y	Y*
Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	-	Y	Y	-	Y	-	-	-
Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	-	N	N	-	Y	-	Y	-
Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	-	Y	Y	-	Y	-	Y	-
Indicate the link for the policy to be viewed online?	#	-	-	-	-	-	-	-	-
Has the policy been formally communicated to all relevant internal and external stakeholders?	Y**	-	Y**	Y**	-	Y**	-	Y**	-
Does the Company have in-house structure to implement the policy/policies?	Y	-	Y	Y	-	Y	-	Y	-
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	-
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 as per the policy of the Company. The ethics helpline can be reached in the following ways:

■ Online: ethics.cummins.com

- Ethics Hotline: 000 800 100 11071 and 000 800 001 6112 (Anonymous report is possible and the report can be filed in Hindi as well)
- Contact Ethics & Compliance: Email to ethicsandcompliance@cummins.com OR legal.department@cummins.com

Wherever the answer to Sr. No. 1 against any principle, is 'No', explanation is given below:

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
Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
Indicate the link for the policy to be viewed online	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	#	-	-

#: The Company has a track record of pioneering achievements, long experience and is a leader 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.

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 Chairman and 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:
http://www.cumminsindia.com/annual_reports.html

Section E

Principle-wise Performance

Principle 1: Business should conduct and govern themselves with ethics, transparency and accountability.

Cummins has designed and implemented a well-defined Ethics Policy which covers its employees as well as employees of its joint ventures, associate

companies, and distributors. Not only this, in their 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 Anant J. Talaulicar, Chairman and Managing Director, Cummins India Limited, where he states, "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 Conduct applies to all its employees, customers and business associates. In addition, the Cummins Code of Conduct is also applicable to the joint ventures and its employees, customers and business associates. All employees are expected to follow the Code of Conduct on and 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 Conduct are implemented effectively to drive ethical behaviour at all levels. The Cummins Code of 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 behaviour.

Cummins' commitment to fair treatment also extends to its joint ventures, suppliers and other partners. At Cummins, it is made sure that the suppliers and partners treat their stakeholders in a way that is consistent with Cummins values through the Cummins Supplier Code of Conduct (elaborated under Principle 4).

Cummins has adopted the following competition 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.
- We do not disparage our competitors or their products and we truthfully talk about the advantages of Cummins.

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 has 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 Conduct is implemented and monitored on a regular basis through several mechanisms:

- New Hire and On-going Training and Compliance Certification.
- Ethics Help-line, Organizational Support and Whistle Blower policy.
- Regular updates to Senior Management.

New Hire and On-going Training and Compliance Certification

Cummins puts its ethics and compliance principles into practice through a comprehensive compliance training program targeted at appropriate employee groups in order to promote ethical behaviour. 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.

Cummins has a policy describing how we are supposed to treat each other at work. 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.

All employees are expected to have been through the Treatment of Each Other at Work Policy Training course and refreshers as needed. New employees are explained this course at the New Hire Orientation and are required to complete the course within their first three months of employment.

In 2014, the Company released two new mandatory online training courses – Careful Communications at Work and Doing Business Ethically – on the Cummins Learning Center, Cummins' in-house learning management system. Doing Business Ethically combined separate courses on conflicts of interest, export controls and fair competition, while Careful Communications addressed social media usage for the first time, as well as document retention policies and safe handling of intellectual properties.

Starting May 15, 2015, the Company has formulated a new code of conduct related to insider trading ('Code') for regulating, monitoring and reporting the Insider Trading by the Company employees and other connected persons. They are governed under special rules that prohibit them from buying/selling the Company shares. In fact, they can only buy/sell during Trading Window Open Period and only after following approval process as set out in the Code (details of the Code are available on www.cumminsindia.com).

Ethics Help-line, Organizational Support and Whistle Blower Policy

All Cummins employees worldwide, regardless of position, are expected to observe high ethical standards. Employees whose actions can bind the Company or set the tone for others have a particular responsibility. Therefore, each employee is expected to follow the Cummins Code of Business Conduct, and officers and others in 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.

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 Whistle Blower Policy which is strictly enforced to ensure more employees feel free to reach out and report likely issues. Cummins India Limited has an Ethics Committee chaired by the Chairman and Managing Director which involves the Vice Presidents of HR, Legal and Internal Audit. All

ethics cases are investigated and resolved by this committee.

Internal Complaints Committee: Cummins has also constituted an Internal Complaints Committee with effect from April 1, 2013 which consists of Sudha Dhar (Chief Information Officer as the Presiding Officer), K. Venkata Ramana (Group Vice President– Legal & Company Secretary), Vikas Thapa (Vice President – HR), Qureish Shipchandler (Audit Director), Anjali Pandey (India Business Country Leader for Cummins Turbo Technologies) and Adv. Vaishali Bhagwat (External Member).

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 three separate channels:

- Regularly monitored voice mail box
- Online at ethics.cummins.com
- Toll-free number

Statistics*:

Under the Ethics, Bribery and Corruption category, Cummins received 55 complaints during the year, out of which 52 complaints were resolved and the balance 3 complaints were under investigation.

Under the Treatment of Each Other at Work Policy, Cummins received 99 complaints during the year, out of which 89 complaints were resolved and the balance 10 complaints were under investigation. The Internal Complaints Committee received 5 complaints during the year and all of them were resolved.

** Note: Data as on March 31, 2015*

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 issues reported in their business or function, and the action taken thereafter. Additionally, the same is also placed before Audit and Risk Management 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.

One out of our three principles for Corporate Responsibility is on supporting Environmental sustainability and to work on clean development mechanism.

Cummins continued to initiate waste reduction efforts during the year through several initiatives such as training on prevention of pollution, waste reduction/ recycling specific environment management programs, 'Just do it' projects and Six Sigma projects to identify more opportunities on waste reduction. Increasing opportunities to recycle waste is one of the many ways to address reduction in disposal waste.

As a result of the continual efforts, the Company has shown a remarkable improvement of 56% reduction in hazardous waste per million man hours worked in 2014 as against the 2013 baseline.

The Company recognizes that it is its responsibility as a good corporate citizen to also be a good steward of air, land and water. During the year, the Company got the opportunity to work on projects addressing social or environmental concerns. Some of the Projects are as listed below:

1. Development of 25 kWe genset with Rice Husk

(Biomass) gasification: To address remote rural electrification requirements, the Company has developed a 25 kWe genset which uses locally available agricultural waste viz. rice husk (renewable) for meeting remote rural electrification requirements.

2. Development of 40 kWe genset with Wood (Biomass) gasification: To address remote rural electrification requirements, the Company uses locally available agricultural waste viz. wood waste (renewable) for meeting remote rural electrification requirements.
3. Development of 400 kWe genset with Wood (Biomass) gasification: To address use of renewable energy source for power generation, the Company uses locally available agro waste viz. wood waste (renewable) for electrical power generation.

Compliance with CPCB II Norms:

Following the notification of the new emission norms laid out by the Central Pollution Control Board in India (CPCB-2) in July 2014, the Company successfully launched 42 prime power and 15 stand-by ratings across the 17 engine platforms.

Product safety is a top 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 wastes in supply chain operations. 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 recover normal operations, speedily. 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.

Cummins has worked extensively to develop a detailed procurement procedure to ensure sustainability of its suppliers. The procedure is currently being implemented in India. 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 includes steps to eliminate Lead in all products supplied to Cummins. The procedure also includes the Supplier Code of Conduct (SCOC) which requires that the supplier follows key ethical principles set forth by Cummins including the Supplier being required to protect the environment.

The Company continued to initiate waste reduction efforts during the year through several initiatives such as training on prevention of pollution, Six

Sigma projects specifically on waste management and a proposed waste management strategy at a global and regional level.

Cummins 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 three strategic target areas to reduce waste:

- Reduce Waste
- Increase Waste Reuse/Reduce Waste Disposed
- Increase 'Zero' Waste Sites

Cummins meticulously abides by all the Health, Safety and Environmental (HSE) laws and has developed a common HSE policy applicable to all groups and communicated to all suppliers and vendors. Cummins has comprehensive policies and procedures, governed by a 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. GHG emission, water consumption and waste generation was set as the Company's leading environment indicators which provide a representative picture of environmental conditions and pressures on the environment. Every plant has now developed Energy Champions and taken up several projects on carbon footprint reduction. The Kothrud plant of the Company is under implementation of ISO 50001 system at site. A total of 17 energy projects have been completed at Kothrud, in order to achieve GHG emission reduction.

All Environmental Performance Indicators are adequately reported and updated on a quarterly

basis. The environmental data of all facilities are collated and used for tracking of performance against the set target. For greenhouse gases, Cummins Inc. has extended its reduction goal from 28 percent reduction achieved in 2010 to a 40 percent reduction by 2015, against the 2005 baseline. In line with the requirements from Cummins Inc., the Company has achieved 31% reduction in emissions in 2010 from 2005 baseline. To further achieve the next target set by Cummins Inc., the Company has followed progressive targets of 5% reduction in total emissions on year-on-year basis. Further to achieving 31% reduction till 2010, we have achieved 10% more GHG emission reduction till 2014. As a result of continual efforts, the Company had achieved approximately 15% reduction in greenhouse gases per million man hours worked in 2014 as against the 2013 baseline.

Since all of our operational facilities are EMS (IS 14001) and OHSAS (IS 18001) certified as a part of system implementation, each site has developed an HSE policy and identified its significant environmental risks in form of aspects and impact studies. The identification of the environmental aspects is an ongoing process that determines the past, current and potential impact (positive or negative) of an organization's activities on the environment. This study is carried out for procuring every new equipment introduced in the plants. The environmental impact study is a dynamic document where all management changes are captured while conducting this study.

The Company focused on promoting environmental sustainability through green buildings. As the RT&E section was getting separated, the Company checked all environment traces through due diligence process and confirmed that the site was compliant with local regulations.

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, energy audits and energy champions training. ISO 50001 is the new international energy management standard released in 2011. The Kothrud plant is now working for its certification in 2015. Through this, the Company's energy efficiency processes will be converted into a standard practice across all sites. The main focus is on power management and lighting system. For better power management, the main focus is to identify high energy consuming equipment and to work on heating and cooling systems to reduce power losses.

The Company saved 19.22% reduction in water consumption per million man hours worked in 2014 as against the 2013 baseline.

All operational facilities of the Company religiously monitored and tracked the quantity and quality of their emissions/waste 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.

Though the Company has received few show causes from the Pollution Control Board in the last financial year, all these were closed satisfactorily.

Cummins Inc. is driving environment awareness all across its plants globally. Under this drive, Cummins India Limited, is focusing on Environment Day/Earth Day and is celebrating Environment Week. The HSE department continues to focus on training its people on environmental aspects, identify improvement opportunities, undertake GHG reduction projects,

as well as train people on pollution prevention, water conservation etc. All the environmental performance is tracked in an environment software where data on GHG, waste and water as a KPI are tracked and every year targets are set on baseline.

Cummins supports local and small producers including the community around itself. Currently, Cummins procures direct and indirect material from 1961 medium and small scale suppliers. Of this, 457 are utilized for direct purchases and 1436 are utilized for indirect purchases.

Chairman and Chief Executive Officer of Cummins Inc., Tom Linebarger says, "Going forward, Cummins will continue to be a catalyst for environmental action. Our Vision and Mission demand it, our business success depends on it, and the ingenuity and energy of our employees can make it happen."

Principle 3: Businesses should promote the well-being of all employees

Cummins Health and Wellness Program

The area of Health and Wellness continued to be exciting and eventful throughout 2014-2015. The Health and Wellness strategy aims at offering appropriately designed programs to support the four pillars of wellness i.e. Physical, Emotional, Financial and Workplace.

This strategy rests on three components: Education, Self-Awareness, Improvement and Maintenance. Apart from a written, documented Vision statement and long-term strategy, the Wellness initiatives were renamed as the **MyWellness Program**. This should serve as a significant driver to the success of the overall Wellness program.

In the area of Education and Self-Awareness, the

Healthy Living Module sessions for employees were introduced, which cover wellness essentials like Diet, Exercise, Stress Management, Rest/Relaxation and De-addiction. Nearly 6,000 employees across the group Companies in India have benefited from this session thus far and it has received an overwhelming response from all.

The mammoth exercise of Health Risk Assessment (HRA) and Biometrics that was completed in 2013, identified Diabetes, Hypertension and Obesity as key chronic/lifestyle driven ailments which pose a threat to the long-term health prospects of our employees. It identified 13% of the workforce to be at an immediate risk of developing complications in the absence of any interventions or corrective actions. Consequently, the Case and Disease Management initiative was introduced for employees. A structured intervention program run by a third party (Vantage Health & Benefits Consulting Pvt. Ltd.) to ensure confidentiality, this program aimed at providing supportive treatment in the form of individual counselling with experts, small group counselling and workshops. This initiative has touched the lives of over 550 employees so far.

Yoga for employees based out of the India Office Campus was also introduced, which led to close to 200 employees benefiting from it. Tower B at the India Office Campus has a dedicated Yoga Center where these classes are conducted regularly.

The processes relating to Health Check-up of employees was standardized and harmonized by introducing two new policies i.e. Pre-employment Health Check-up Policy for prospective employees and the Periodic Health Check-up Policy for existing employees.

The Anaemia Eradication Program for the female

workforce was launched at the Megasite. Anaemia is the most common disease found among women and about 55% of the female workforce at the Megasite was found to be anaemic. This initiative comprised of Primary Treatment through medicines (distributed free of cost from primary health care centers under the National Anaemia Control Program) and Supportive Treatment from Cummins' in-house doctors, which involved awareness sessions, one-on-one consultations, group talks and follow-ups. All known cases of anaemia have been successfully eradicated through this initiative.

Recognizing the financial security needs of the shop-floor employees, a comprehensive Life Insurance Cover was introduced for employees with the option of purchasing self-funded additional cover. This initiative received an overwhelming response with over 80% employees opting for additional Life Cover.

The Health Care Centers across different Cummins locations ensure easy and quick access to medical facilities, advice and support to employees and is a key element of the Wellness Program. The Health Care Centers at the Megasite, India Office Campus (fully operational) and the upcoming Cummins Technical Center India have been planned thoughtfully, keeping in mind all the three tenets of Medical Care, namely Preventive Care, Curative Care and Supportive Care. Health Care Centers at the three locations mentioned above have state-of-the-art facilities to ensure that health check-ups are carried out in a seamless manner in-house. These Centers also have facilities to perform special check-ups such as ophthalmic check-ups, drivers' check-ups and check-ups for food handlers that are required for certain job functions. They also have a state-of-the-art facility for individual consultation and counselling.

To cater to the needs of Emotional Wellness, the Employee Assistance Program (EAP) was launched. This program provides a platform to employees and their families to discuss a wide range of issues encompassing topics such as relationships, work stress, self-development etc. in complete confidence with a trained counsellor. This initiative also covers Legal, Financial and Wellness Services, apart from a host of online resources which employees can refer to anytime.

Health Risk Assessment and Biometrics for families of employees were introduced at highly negotiated rates. This initiative is aimed at helping the employees better understand the current health of their loved ones, by providing an opportunity to detect ailments early on before they become life threatening.

Cummins ensures that Health Safety and Environment (HSE) related training is imparted to all relevant stakeholders at regular intervals. For this purpose, the Company conducts workshops to train employees with sessions targeted at shop-floor employees.

The Company has a structured process to identify potential in order to confer rewards and recognition. The Company organizes sports activities for its employees to promote employee health and morale. Career development is supported through enlightened human resource interventions.

Child or forced labor is not tolerated at Cummins and Cummins does not do business with any company which engages in child or forced labor. The Company employs around 3,789 persons out of whom, around 731 are women employees and two permanent employees with partial disabilities. Apart from this, the Company also employs

around 1,222 temporary/contractual/casual basis employees. 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 and skill up-gradation training to various categories of employees are rendered as per the training policy of the Company.

The Company has recognized Trade Unions for production and staff associates at one of its plants, and the unionized work force forms approximately 26% of the permanent employees of the Company.

Category	No. of complaints filed during the Financial Year	No. of complaints pending as on the end of the Financial Year (April 2014 - March 2015)
Child labor/ forced labor/ involuntary labor	NIL	NIL
Sexual Harassment	5	NIL
Discriminatory employment	NIL	NIL

As mentioned in the earlier Report, Cummins has developed work-life balance policies that enable our employees to give their best to the Company, grow within the Company and at the same time attend to their personal exigencies, maintaining a sensible balance of work and life obligations/commitments. The various work-life balance policies at the Company are:

- Flexi-work hour Policy – flexibility to come in and leave at a convenient time, but ensuring that the stipulated hours of work are completed and team work is not disrupted.
- Maternity and New Mothers Policy – a lady

employee who has given birth to a child or adopted a child who is less than one year of age is entitled to maternity leave of up to 12 weeks, extended Maternity Leave, Part-time work as well as flexi-work hours to support her as a new mother.

- Part-time work Policy – an employee can work on a reduced work plan to be able to balance a personal exigency.

Additionally, the Company continues to provide crèche facilities at all its plants and at the Corporate Office to support working mothers.

The Women's Affinity Group (WAG) is an employee-led group devoted to recruitment, retention and career development of women at Cummins. The Mission observed by WAG is to:

- Provide an inclusive environment for diverse work teams to come together cohesively in order to achieve business objectives.
- Ensure a safe and equal workplace for women, thus fostering higher attraction, retention and growth in Cummins India.

WAG aims at improving communication about the WAG initiatives through advocacy, focusing on inclusion of hourly workers in WAG, identifying barriers to women at Cummins and expanding support initiatives geared towards working parents. With strong leadership in place, and a large, active membership, WAG shall continue to champion women for years to come. WAG, in collaboration with the Megasite Leadership continues to work ensuring that the following are provided for the gender diverse workforce on the shop-floor:

- Anaemia prevention program
- Health awareness sessions – Special sessions that cover diet and pre-marital counselling, and awareness on anaemia, breast cancer, contraceptives etc. at office premises and at

women hostels

- Hostel facilities and Residential Campus for Megasite employees – Five rented properties (as hostels) are available at Phaltan for women employees with 24 x7 security and a Hostel Rector. Construction of a Residential Campus near the Megasite, Phaltan is expected to be completed by September 2015. This Campus comprises of 4 buildings with 240 rooms along with a cafeteria and club house.
- Women's Day celebration – A cultural event which includes talent showcase across entities and businesses.
- Need-based counselling on personal issues for women.

Cummins has women shop-floor employees who work on a contractual basis under the 'learn and earn' scheme while pursuing their studies.

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 Conduct protects and promotes the ethical behavior that makes Cummins a special place to work, Cummins' Supplier Code of Conduct applies to all businesses that provide products or services to Cummins and its partners, joint ventures, divisions or affiliates. The Supplier Code of Conduct helps Cummins ensure that it is doing business with other companies around the world that share Cummins' values for sustainable practices.

The Supplier Code of Conduct is built around seven principles:

- Suppliers must follow the law.
- Suppliers must treat all people with dignity and respect.

- Suppliers must do business fairly and honestly and avoid conflicts of interest.
- Suppliers must protect the environment.
- Suppliers must provide a safe and healthy working environment.
- Suppliers must protect Cummins technology, information and intellectual property.
- Suppliers must assist Cummins in enforcing this Code.

Each principle includes compliance guidelines to make the Code 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 bans forced or child labor.

Under Principle No. 4 dealing with protecting the environment, the Code states: "Suppliers should establish means by which they understand the identity and quantity of the chemicals and compounds used in their operations and products." It also states that "Suppliers should develop robust means by which they monitor, measure and validate their use of materials and resources, and discharges and emissions to understand and reduce their impact on the environment."

More than a decade ago, Cummins set out to clearly define and articulate its Vision, Mission and Core Values so that they might guide the Company in its journey towards sustained excellence in all it does. One of the key Mission statements for Cummins includes 'Creating wealth for all stakeholders'. Cummins focuses on the well-being of all its stakeholders including shareholders, customers, vendors, employees and the communities which it is a 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 the underprivileged to lead a safe and healthy life in a greener environment among other initiatives.

Nurturing Brilliance: Cummins Scholarship Program

At Cummins, the belief is that education is a necessary tool and a foundation to uplift the weaker sections of society. Education provides a platform for individuals to succeed and a skilled workforce that Cummins and many other employers need. Opportunities for advancement of the weaker sections increase when education systems are aligned with workforce needs. Special scholarship programs have been put in place to empower needy students with educational and financial assistance. What distinguishes the Cummins Scholarship Program is that it aims for gender equality by providing girls a platform to opt for higher education in the stream of engineering, medicine, teaching, nursing, etc. The scholarship also entails mentorship of the selected students by employees of Cummins.

The Cummins Scholarship Program was launched in the year 2006 in Pune, with 13 students being awarded scholarships. In just over a couple of years, the Scholarship program has become immensely successful and expanded to Cummins' other locations like Jamshedpur, Daman, Dewas, Ahmednagar and Phaltan. We now grant scholarships to 125 students each year. The program offers:

- Scholarship which includes college fee, stationery reimbursement and laptops
- Communication with schools, junior colleges, engineering colleges, diploma institutions, NGOs and Trusts offering educational assistance



Catalyst for stress-free and debt-free education: The Cummins Scholarship Program has touched the lives of more than 550 young aspiring students, till date. Focussed on supporting education for as many girls as possible, this Scholarship enables students from socially and economically weak backgrounds to pursue higher education in Engineering or other professional streams.

- Zero liability on students in terms of bond or any other condition for repayment of the scholarship
- Mentorship projects and internship opportunities

This program contributes in a large way to the organization's initiative of Every Employee Every Community (EEEC) which mandates an employee to devote minimum four hours of their working time towards any community-related project undertaken by Cummins.

Employees participate by:

- Generating awareness in different schools and colleges
- Conducting telephonic and personal round of interviews to gauge:
 - Academic Knowledge
 - Attitude / Maturity / Adaptability
 - Communication / Interpersonal Skills-verbal and non-verbal
 - Enthusiasm and Confidence
 - Potential for growth
 - Making verification calls with parents / guardians of shortlisted students to ascertain family details
 - Stepping in as mentors

- Monitoring students' performance every semester

What started with a modest 13 students being awarded scholarships in 2006, has grown significantly since then with plans to grow even further in the future, making education accessible to many more.

Empowering the Underprivileged: NGO Development Program

"Our inner strengths, experiences, and truths cannot be lost, destroyed, or taken away. Every person has an inborn worth and can contribute to the human community. We all can treat one another with dignity and respect, provide opportunities to grow toward our fullest lives and help one another discover and develop our unique gifts. We each deserve this and we all can extend it to others." - Author Unknown

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. It is one of the most deeply held values. As Cummins works to improve communities where it operates, the Company is committed to

helping remove barriers that may prohibit people from achieving their full potential. Cummins seeks 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 diminished.

With this belief, Cummins supports institutions that support people with disabilities, elderly and orphans. Cummins has partnered with institutions such as Apla Ghar (home for orphan children), Poona Blind School Trust (institute for blind girls), Mahatma Shikshan Sansthan (institute for hearing disabled), Swayam Siddha and Apang Vikas Kendra (home for people with physical disability and mentally challenged), Matoshree (old age home), Maharashtra Arogya Mandal (institute for tribal girls) to name a few, with a mission to improve the quality of life of people with disadvantages.

Spreading Light in a World of Darkness at the Poona Home and School for Blind Girls

The Poona School and Home for the Blind has been a pioneer institution in Pune. This eight-decade old institution was started by Dr. S.R. Machave, a practicing eye specialist himself, working specifically for the cause of the visually impaired. It had a humble beginning in 1934 in rented premises at Somwar Peth, Pune.

Forty years after the inception of the school, a separate school for blind girls came into existence in 1974. Soon thereafter, a vocation training center for girls was established, in order to make them self-sufficient in the world. They are trained for self-employment and rehabilitation. Poona Blind School is Pune's first school for blind girls who are mainly from the low income strata of society. Cummins' association with the Poona School and Home for the Blind Trust started in 1976. Situated near Kothrud,

the Blind School for girls is situated in close proximity to the Company's oldest manufacturing facility in Pune.

Bringing joy and purpose to the parentless children at Apala Ghar, Pune

Apala Ghar, an NGO managed by Vaibhav Phalnikar Memorial Foundation, established in 2001 by Mr. Vijay Phalnikar and Mrs. Sadhana Phalnikar in memory of their only son Late Vaibhav who died of cancer, started in a small way by providing free ambulance service for the benefit of the economically backward section of the society. Subsequently, Apala Ghar was formed which houses around 40 parent-less children at two locations in Pune - Warje and Donje, providing them with shelter, food and education. The children attend regular schools affiliated to the Maharashtra State Board for Secondary and Higher Secondary Education. Children get trained in various vocations like stitching, printing, handicraft, carpentry, electrical wiring etc. Children also participate in various social activities that are organized at the Center which inculcate social, moral and cultural values in them.

Cummins began its association with Apala Ghar in 2008, which has grown stronger through each passing year. Cummins employees undertook the project of creating a framework to holistically develop such NGOs that support the underprivileged across the society in a sustainable manner by focusing on energy conservation, health, safety and development initiatives for the residents. Globally, this project has won the Cummins Inc. Environment Challenge Award 2014.

Various initiatives under the framework include:

Health and Safety

- The large premises around the Blind school,



Fruitful Engagements: At the Poona School and Home for the Blind, employees of Cummins have replaced weeds with a beautiful kitchen garden, providing the residents with a safer outdoor space in addition to fresh vegetables. Similar kitchen gardens are being created across many other homes and institutions to whom Cummins extends support.

covered in weeds, used to be breeding grounds for insects and reptiles, posing a danger for the students. Identifying a permanent solution to this, Cummins employees replaced the weeds with a beautiful kitchen garden which also took care of vegetable needs in-house. This solution brought about a two-fold benefit to the school – firstly, the students were now safe, and secondly, due to the kitchen garden, the expenditure on purchase of vegetables reduced drastically. The idea of kitchen garden was replicated at Apala Ghar as well.

- The Blind School and Apala Ghar premises used to have open electrical wiring all over the premises. This too, presented many safety hazards for the residents, especially since they are visually impaired. Cummins employees conducted an electrical audit, and after the implementation of the findings, now the residents

can move about freely without any risk of an electrical hazard.

- The roof at the Blind school was covered with asbestos which posed a health hazard for the students. This was replaced with transparent sheets, not only eliminating the health hazard but also eliminating the need for using artificial lighting during day time. This has brought down the monthly electricity bill in addition to providing students ample fresh air.
- At Apala Ghar, basic infrastructure reconditioning was done of the roof and the lobby of the main building to prevent water leakages. Central area cementing was done to prevent slip, trip or fall during rainy season.

Energy Conservation

- One of the major focus areas in Cummins' association with both the institutes has been to

make them self-sustained. In this endeavour, efforts have been channelized towards environment and energy conservation.

- While kitchen garden played a part in the conservation area, there have been many other initiatives as well. First among those was the bio-gas plant which has been made operational by the dedicated efforts of Cummins employees. This offered an alternative source of energy for cooking purposes. Apart from having clean source of energy for cooking, this has reduced consumption of external LPG cylinders significantly.
- One of the main woes of the institution, was the dependency on the Pune Municipal Corporation for their water needs. To overcome this issue, Cummins dug a bore-well which has resulted in zero dependency on the Municipality for water, even during summers. Going a step ahead to conserve water, drip irrigation and sprinkler systems were installed apart from water audits being conducted in which leakages were fixed and taps were changed.
- Commitment towards water conservation was taken a step ahead by introducing water harvesting techniques.

Education and Training development for the children

- In the large open space available in the premises, Cummins employees worked to develop a kitchen garden to meet the vegetable needs of the institute. The remaining space was converted into a much needed playground for the children where they could play various sports without fearing reptiles or other obstructions. With the playground prepared, the children could practice for the various sports tournaments that they participate in.
- Through another initiative, Cummins improved the infrastructure of the library by providing high quality benches, tables and cupboards.

- The Blind school has a center of skill development and sustenance where the students are taught various skills. Here, Cummins brought in some technological enhancements with Braille Press (printer), and a computer software that assists the blind children in using the computer.
- To help bring about sustenance for the residents, Cummins also assists in sale of various items like bags, candles, greeting cards, decorative articles, envelopes etc. made here by the residents by facilitating exhibition-cum-sales stalls in the factory premises. This helps in the overall development of the school inhabitants and helps them become independent while making them capable of taking on challenges in the real world.
- At Apala Ghar, Cummins also conducted a music program for the children and subsequently music classes were started for the children. The classes are in progress for those children who have shown inclination to music. Cummins has also donated a set of musical instruments to facilitate this venture.

A deep connect has been established over the years between Cummins and these institutions and Cummins employees are committed to forging the relationships in the years to come through continuous improvements.

Ushering hope for differently abled children with the use of Assistive Technology

People with disabilities represent 15% of the world's population. People with disabilities tend to face poor health, higher rate of poverty, less economic participation and isolation from others. Only 5-15% people in low-middle income countries who need assistive technology have access to them.

After a detailed search, Cummins zeroed in on a research institution called 'The Society for the Welfare of the Differently Abled Persons

Education and Research Centre' located 15 kms from the Kothrud plant in Pune. The institution was established with an aim to rehabilitate the orthopedically challenged children between the 6 – 18 years age group from below poverty line, through provision of assistive aids, free residential education and vocational training for their self-sustenance.

After interacting with the officials and students of the institute, Cummins employees identified following needs.

- Insufficient floor space for housing resident students
- Difficulty in boarding the conventional bunker bed
- Difficulty in boarding school bus for a student on a wheel chair
- Broken calipers and non-operational equipment

On analysing the above needs, engineers from Cummins embarked on the journey to design and develop bunker beds and safe bus boarding devices using their technical expertise, Six Sigma methodology and analysis-led design approach. This ensured that the equipment is safe and reliable for the students.

The project involved the following methodology:

- ALD (Analysis Led Design) validated designs of new assistive equipment
- Identification of vendor for prototyping
- Manufacturing and testing of prototype (low cost, low maintenance and easy to operate)

In addition to the above, engineers from Cummins repaired the physiotherapy lab instruments such as parallel bar, wrist exerciser, quadriceps exercise table and elbow C.P.M. Non-operational callipers and crutches were repaired and made available to the students.

All of the above resulted in:

- Positive impact on the lives of the specially abled people by enhancing their level of confidence and making them independent
- Enhancement in their way of living by infusing a sense of independence and inclusiveness
- Sense of belonging to society
- Increased the level of awareness about this issue in society
- ALD validated low cost, low maintenance device design is now available for entrepreneurs to manufacture, thus ensuring scalability

Providing food and other ration for Disaster relief:

Cummins extended support to the Jammu and Kashmir (J&K) Flood Disaster in 2014. Cummins partnered with a renowned NGO – 'Save the Children', which was working for the victims in J&K. 'Save the Children' is an international organisation working for children's rights in 120 countries. In India, they work across 15 states to ensure that every child has a happy and healthy childhood. Children are the worst affected victims of natural disasters. 'Save the Children' is committed to reducing children's vulnerability to emergencies, ensuring their right to survival and development after an emergency and providing the support they and their families need to quickly recover and re-establish their lives, dignity and livelihoods.

Their goal is to mount emergency responses that are timely, at appropriate scale and scope, and providing high quality programming, efficiently, effectively, safely and securely for the most vulnerable children and their families. Their aim is to increase preparedness of children and their families for emergency situations in the aftermath of natural disasters through child-centred and community-based approaches.

Principle 5: Businesses should respect and promote human rights

At Cummins, efforts continue to be inclusive and ensure that employees and other stakeholders are always treated with dignity and respect. Cummins believes that the organization gets stronger because of the diversity of its employees and as a global Company, 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.

Cummins strictly forbids discrimination, harassment and 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 complies with all applicable laws regarding treatment of the employees and other stakeholders. The Company does not tolerate child or forced labour anywhere and does not do business with any company that does. The Company respects employees' freedom of association, right to bargain collectively and all other workplace human rights.

Cummins is committed to fair treatment which also extends to its joint ventures, suppliers and other partners. Cummins makes sure that its suppliers and partners treat their stakeholders in a way consistent with Cummins' values through the Supplier Code of Conduct. Cummins does business only with those suppliers and partners that share its passion for sustainable practices and policies.

Cummins Inc. was awarded a perfect score for the tenth consecutive year in the 2015 Corporate Equality Index by the Human Rights Campaign, the largest U.S. civil rights organization for lesbian, gay, bisexual and transgender employees. The Company was recognized for offering equivalency in spouse and partner benefits, health coverage for transgender individuals and more.

Cummins Inc. was named one of the Top 50 companies for Diversity by DiversityInc. magazine for the eighth consecutive year, in 2014. Cummins ranked 15th on the magazine's list for a second year in a row.

Principle 6: Businesses should respect, protect and make efforts to restore the environment

At Cummins, our Mission demands that "Everything we do leads to a cleaner, healthier and safer environment." The Company understands that it is our responsibility as a good corporate citizen to also be a good steward of our air, land and water. One out of our three focus areas for Corporate Responsibility is supporting environmental sustainability.

Environmental problems such as global warming and diminishing natural resources demand action, not only from government and individuals, but from the business as well. Cummins demonstrates its commitment to the environment by producing the technology and products that reduce harmful emissions around the globe, and by reducing its own environmental footprint.

Cummins employees have a wealth of experience in reducing negative environmental impact, both in its products and facilities, providing an opportunity to take that knowledge and commitment outside of

our walls to ensure that everything we do leads to a cleaner, healthier and safer environment.

1. 'Zeroing' in on waste

Improper solid waste management deteriorates public health, degrades quality of life, and pollutes air, water and land resources. It also causes global warming and climate change and impacts the entire planet. Improper waste management is also identified as a cause for 22 human diseases and results in numerous premature deaths every year. In a city like Pune (today, an industrial and educational hub), with a population of over 4.1 million people and growing at an alarming rate, the increasing population has resulted in straining the infrastructure and limiting the availability of resources in the city and surrounding areas while highlighting the grave lack of municipal planning and effective waste management.

Until recently, the civic authorities were handling garbage collection and dumping it at a landfill located close to Pune. Suddenly, with the scale at which garbage was growing and the alarming levels of environmental pollution from that area, which was a cause of concern for the neighbouring residents, the civic authorities decided to stop collection of wet garbage. This would leave people with no option but to segregate waste and engage in building compost pits to convert wet garbage into manure. With over 1,600 tons of solid waste being generated each day, the city had to do something to address the growing garbage problem.

Acting on Cummins' Mission of 'demanding that everything we do leads to a cleaner, healthier and safer environment', the Company has been working in this area since 2011, in collaboration with various NGOs and civic authorities on the Zero-Garbage project, which seeks to convert

biodegradable waste into energy and recycle the non-biodegradable waste. With the successful implementation of the project at the Katraj ward and its subsequent deployment at Baner-Balewadi ward, located close to the Cummins India Office Campus, Cummins has developed a self-sustainable process, which can be deployed across the city and the country.

The zero garbage model involves partnerships with NGOs and civic authorities and has an innovative approach towards solid waste management. It engages employees in organized rallies and door-to-door campaigns to create basic awareness on waste segregation. Meetings with various housing societies, encouraging households to restart compost pits present within the society for decomposing wet waste, adequate training to the society staff on operating compost pits, and converting wet waste into biogas are some of the measures that have been taken to address this issue at hand.

Cummins engineers also launched a Community Impact Six Sigma Project and using analysis-led-design, developed a low-cost push-cart with better ergonomics. These push-carts have improved the conditions of the waste-collectors and simplified the process for collection of waste. The prototype for this push-cart has been developed by Cummins and the design has been shared with the PMC to be replicated across the various wards in the city for better waste collection.

Through these efforts, there has been a 35% improvement in segregation of waste at household level over 2013 and wet waste composting at societies of more than 4.66 tons/day. By extending the coverage of households, the overall impact of this project has been 28.9 tons/day.

In 2014, the zero-garbage project extended to e-waste across the city. E-waste in Pune is generated to the tune of 4,078 tons per annum. The concerns regarding e-waste disposal is caused from material contents such as lead, cadmium and mercury which have both environmental and health impacts. Awareness rallies included specific mention of e-waste and training on how to handle it. Training was also given to employees to further propagate this in housing societies. With the success of the Katraj and Baner-Balewadi models, Cummins is now ready with a holistically developed model which can be replicated across different demographics within the city.

Additionally, through the Nirmalya project, which uses an annual festival as a key opportunity to promote recycling, Cummins employees have successfully prevented river pollution from immersion of idols and other offerings like flowers, fruits, spices, honey, coconuts etc. All this collected in separate tanks has led to 156 tons of compost being created. Solid waste management projects have paved the way to significant results in and around Pune and are on the way to being replicated across communities in India, where Cummins operates.

School Children in India Become 'Super Heroes' for the Environment through Education Project

Cummins believes that the first step in change management is education. School children are the ideal propagators as they are the future torchbearers and have significant capability to learn, adapt and implement. With this thought, in 2012, a nationwide environmental education campaign called "Catch Them Young" was launched.

This campaign started in partnership with iVolunteer, a social enterprise that promotes India's social development by bringing volunteers and organizations together. Children at 200 schools in 51 cities watched a video and pledged to 'Be a True Super Hero' by protecting their environment from waste and pollution.

This impact on 75,000 children was in fact, only the beginning. By using the vast network of the Distribution Business, the project reached to over 2,00,000 students across 71 cities in 2013.

Each year, the program has grown in size. In 2014, under a new name, 'Coach Them Young' emphasizing on active leadership involvement, it reached 4,30,000 students in 80 cities. The project team worked with iVolunteer, to coordinate the 1,600 educational sessions at 700 schools. Partnering with joint ventures, dealers, suppliers and customers also led to the project's expanded outreach. But more than just a new name and new partners, the program has turned towards a new direction. The focus in 2014 was on conservation of natural resources, and students were shown practical ways to do this, such as closing the tap while brushing their teeth, etc.

The hope is that students will not only take personal actions but also become brand ambassadors – superheroes – inspiring their families, friends and neighbours to join them.

Big Problems Demand Simple Solutions

Water is fundamental to life and health. Since 1981, population of Pune city has grown over 60 times. Whereas, the capacity of Khadakwasla dam, one of the main sources of water for Pune, has reduced by 50% through intense siltation. Silting is a process

in which soil accumulates on the bed of the dam reservoir thereby decreasing its capacity to hold water. Due to the deforestation in the catchment area, the top soil has been washed off into the dam over the years. Dam de-silting removes soil from the dam, thereby increasing its capacity to withhold and store water. In this resolve to increase capacity of the Khadakwasla dam, Cummins has been working closely with NGO Green Thumb, since 2012, to help in its de-siltation. As part of the Every Employee Every Community (EEEC) initiative, Cummins employees have been passionately working together with the NGO to de-silt the dam. More than 70,000 truckloads of silt has been re-purposed for farms and tree plantation.

In 2014, Cummins had an opportunity to showcase this project in the CSR forum of Confederation of Indian Industry, where leading corporates and organizations met to address various issues concerning Pune city. This project was well received by the forum and Tata Motors was the first organization to join Cummins and NGO Green Thumb, in scaling up the project.

In January 2015, Cummins partnered with Tata Motors, to work together in de-silting the dam while increasing its water retention capacity. Cummins India Foundation (CIF) and the Sumant Moolgaokar Development Foundation (SMDF), the Corporate Responsibility arm of Tata Motors, signed a

Sustained efforts make a large impact: As part of Cummins' water neutrality efforts, employees participate in the Khadakwasla dam de-silting project to increase its water capacity.



memorandum of understanding (MoU) along with NGO Green Thumb, to enhance the capacity of the Khadakwasla Dam, in Pune.

The ultimate goal is to de-silt the entire 22-km stretch of Khadakwasla Dam making the city of Pune self-sufficient for its water needs throughout the year.

This is a novel, yet simple solution for solving our water needs. This has the potential to be replicated across nearly 1,800 dams in Maharashtra and more than 5,000 dams across India.

Creating Oxygen Hubs

Destruction of forests creates numerous environmental catastrophes, including altering local rainfall patterns, accelerating soil erosion, flooding rivers and threatening millions of species of plants, animals and insects with extinction.

Addressing the impacts of rapid urbanization and industrialization, Cummins has partnered with various NGOs to create oxygen hubs and increase the green cover by planting and maintaining more than 45,000 trees at various manufacturing locations of Cummins across India.

NGOs with expertise on important aspects of tree plantation like native trees, site adaptability, seed sources, germination and nursery requirements, need for fertilization and techniques for planting and tending trees are considered so as to have a long-term sustainable impact.

Not restricting to plantation and maintenance of trees, the project aims at building oxygen hubs around the communities where Cummins operates. This process involves tree plantation, rain water

harvesting, adding organic elements to increase soil fertility and building nesting structures to attract birds, which in turn attracts wildlife, thus creating a full-fledged ecosystem.

Cummins has already seen some significant impacts through this project including restricting land encroachment, increase in green cover, reduction in carbon and particulate matter, replenishment of soil nutrients and water table retention.

In the coming years, the aim is to create more such oxygen hubs around all Cummins locations.

Innovative and eco-friendly way of dissolving plaster of Paris idols during festival times

Each year, across India, the festival of Ganesh Chaturthi is celebrated on a large scale. Towards the end of this festival, beautifully carved and decorated idols are immersed into water bodies such as rivers, ponds, lakes and the sea, or are land filled. The idols of deities are made of plaster of Paris which is non-biodegradable. There is a serious impact of this immersion on the environment, as it disturbs the ecological balance by polluting water and adversely affecting the flora and fauna.

Recognizing the urgent need for a solution to minimize the environmental impact of this practice, engineers from Cummins succeeded in dissolving plaster of Paris material. To further optimize the process in terms of the time and chemicals required, Cummins partnered with premier national research institute, National Chemical Laboratory, and collaborated with the local civic body, Pune Municipal Corporation.

Civic authorities witnessed the prototype to evaluate the feasibility of mass scale deployment. Results from the demonstration successfully showed that synergy between industry, research institutes and civic bodies can deliver an innovative solution with a huge impact on the community. Also, the solution can help solve a social issue in an ecofriendly way while respecting religious sentiments of people at large. The solution was reached without hampering existing livelihood opportunities for idol makers and the byproduct of this solution can be used gainfully without any adverse impact to the environment. This solution has great potential to be replicated across the nation, which will eventually have a huge positive impact on the environment.

Cummins Water Conservation critical to Environment and Business sustainability - Water Neutrality

In addressing water shortage in Phaltan and its neighbouring villages, in addition to off-setting water being consumed by the manufacturing plants operating at the Cummins Megasite, the Company has embarked on an extensive project to identify sustainable and impactful watershed management techniques, not only at the Megasite but also across the many villages and communities surrounding the Megasite. Cummins has sought to accomplish water neutrality through a three-fold approach: water conservation within the plant, within the community, and in public water bodies.

Through 2014, the Cummins Megasite consumed 14.05 million gallons of water. With the worsening condition of the neighbouring villages due to scarcity of water, the Company decided to address the root cause of the many problems plaguing these villages; that of water availability.

Cummins employees spoke to villagers, farmers

and rural government bodies in order to understand the root cause of the problem. In spite of the area receiving an average of 450 mm of rainfall, this was not sufficient for the villagers and farmers. Lack of proper maintenance of water bodies along with no ground water percolation, was leading to rain water not being sufficient to support agriculture. Though the villagers had enough land, lack of water was plaguing their progress and affecting their income. These farmers were left with no choice but to engage in labor activities, thus impacting agriculture in a big way.

Cummins commenced work with the village council and the irrigation department and eventually concentrated its efforts in three areas:

1. Water conservation at the Megasite through usage of treated water, arresting leakages, use of drip irrigation in the gardens, harvesting rain-water and use of low flow water taps to maintain flow etc.
2. Creation and maintenance of water bodies in and around the villages near the Megasite
 - a. In Nandal, which has been adopted in order to develop it as a Model Village, Cummins aided the building of two check dams of 38,600 metric cube, which would store a total 10.26 million gallons of water.
 - b. De-silting of percolation tank resulted in 10.58 million gallons of water being made available to the village.
 - c. Creating awareness on water-body pollution during festivals and on maintenance of water channels and water preservation tanks. This led to enough water being provided for the villages in addition to ground water recharge. Consequently, 34 hectares of land has been brought under cultivation this year, with farmers opting for the second crop within a year.

- d. Dependence on supply of water through water-tankers has reduced significantly.
- e. With bore wells recharged and drinking water available all through the season, the next logical step was to conserve water.
- f. Two farmers were trained to adopt a model farm concept and implement drip irrigation on their six-acre land. Drip irrigation has led to almost 50% water conservation.
- g. The Corporate Responsibility team has horizontally deployed this model and identified seven more villages where check dams can be constructed. Work on the check dam construction is close to completion in one more village.

3. Water conservation in the community and schools around the Megasite
 Cummins employees dedicated significant time in creating awareness amongst the villagers on cleaning up of percolation tanks for better water storage and maintenance of check dams. Cummins collaborated with local schools in order to sensitize about 30,000 students on the negative impact of water body pollution and the need for water conservation techniques. Through all these techniques, almost 20.89 million gallons of water was created for the Phaltan community. These initiatives, driven by leaders, involved active employee participation from across entities and functions. The civic

Being responsible citizens: Taking water neutrality to the next level, Cummins employees participate in an environmental awareness rally to educate residents of Phaltan on reducing water consumption and improving its storage.



authorities are now realizing the impact of released water from the nearby dam.

Water neutrality will continue to be a focus area and Cummins India will now direct their energy towards -

- Continuing its association with the village community, village council and irrigation department, in order to focus on watershed management at the village level.
- Driving the importance of water conservation in the community.
- Creating awareness about water conservation amongst farmers and students.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Cummins works on various advocacy initiatives with the respective industry associations as partners. All the issues that we work on are related to the industry. For example, the Society of Indian Automobile Manufacturers (SIAM) takes up issues related to the Auto sector with the Government, NGOs and think tanks. So, our advocacy issues on Auto are with SIAM as a partner. Similarly, for issues on power generation, we work with the Indian Diesel Engines Manufacturers Association (IDEMA). On broader issues relating to environment and society, we work with CII, FICCI and Assocham.

Our major advocacy focus is on issues related to emissions for automotive, power generation and off-highway equipment sectors. We had a major success this year on the power generation advocacy side with the government launching lower emission, Europe-like CPCB II generator emissions. Every year, we work with respective associations to encourage better and tighter emission norms to improve the quality of air in the country. This is also our contribution to society as we believe that

advanced technologies can lead to cleaner air.

We also encourage 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. Our targets for the future are better and cleaner engines running on cleaner fuel, and focus on better technology for higher emissions.

Principle 8: Businesses should support inclusive growth and equitable development

Driven by a deep rooted belief that the opportunity to pursue a better life should be available to everyone, Cummins constantly tries to increase opportunity and equity for those most in need through our targeted recruitment effort as well as via various Corporate Responsibility projects that address social justice issues.

Creating Model Villages

“Serve and improve the communities in which we live”, is a Cummins value that is engrained within the employees and is well demonstrated in rural development area where the Company has embarked on a journey to create model villages.

The journey of creating a model village started in 2011, when the Company initiated a holistic sustainable project for the growth and development of Nandal village, a village in close proximity to the Cummins Megasite in Phaltan. A framework on village development was created which addressed needs of the village in the areas of water and agriculture, education, health and sanitation, livelihood opportunities and social engineering.

Through the many years of engagement with this village, Cummins, with the partnership of the

resilient members of the village, has brought many transformational changes within the community.

Water and Agriculture

Nandal was a water scarce village and is in the rain-shadow region. Whatever little rainfall it received, it would run-off, as there was no way to conserve the rain water. It was understood that water was the most basic need of the village, since for many years, the village was dependent on water tankers. With an aim to make this village 'tanker-free', Cummins employees started working towards watershed management at Nandal. Three check dams were built over the years and Cummins collaborated with the government to clean a percolation tank, which contributed towards making water available throughout the village. This helped in storage of rainwater as well as recharge of groundwater and wells. This resulted in more water being available for agriculture, converting more land under cultivation. Slowly, the village has started prospering.

Health and Sanitation

Public health and sanitation has national importance

and are directly linked to the nation's development. Towards improving the health and sanitation conditions of Nandal, many initiatives such as construction of toilets at households and schools, conducting medical camps and tie-up with hospitals were undertaken by Cummins.


Education

Committed to holistic development of the village, emphasis was next laid on improving education facilities. By improving the basic infrastructure and by installing e-learning software in the village, the children now learn at leisure which makes their fundamentals strong, increasing their confidence and quality of learning.

Over the last four years, the collective efforts of Cummins employees towards the villagers, is evident from the multi-fold benefits and the sustained positive impact of the Model Village Program. Over time, Nandal has been transformed into a sustainable, largely self-sufficient village, setting a 'model' example for many other villages to follow.

A 'dam' good solution: At Nandal village near the Megasite, Cummins is involved in de-silting the dam to increase its capacity. This will help in storing rainwater as well as recharging groundwater and wells.





A career built on top training: Cummins' partnership with the Industrial Training Institute (ITI) at Phaltan, has channelized the vast potential, otherwise left unutilized, of youngsters like Akshay (seen here). In doing so, Cummins has made vocational training accessible to many such youngsters, thus enhancing their employability skills.

the industry, increased diversity in student intake and created a four-year development plan and master layout. The Company is now focussing on enhancing students' and staff development and has introduced 5S, Kaizen concepts, Health and Safety Practices and set up a Finishing School to help students develop English speaking skills. Going forward, the intention is to replicate the ITI success story at other locations.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Cummins serves with care. The Distribution Business of Cummins is dedicated to serving the customers in the best possible way. For Cummins, it is top priority to take care of all the customers' after-market needs related to Cummins products. Every single person in the organization is committed to ensuring that Cummins' customer needs are fulfilled. The Company provides after-market service for its products to the end-users through 31 dealers established across the country. The dealers are provided with trained manpower through Training Centers set up by the Company across the country. The dealers support the after-market needs of the customers in a timely manner. All issues registered with the dealers in the warranty time period are

tracked. The information is used to ensure that the Company is able to improve the quality of its products and reduce the issues faced by its end users.

Cummins Quick Serve launched in 2011 is similar to the customer's own maintenance department available on demand! This initiative builds key skills and establishes a common business process designed to improve customer satisfaction and service business performance. It stands as the foundation for creating a reputation of legendary service for the customers.

The Company works closely with OEMs and supports its customers and end-users in a responsible manner, through developing high quality state-of-the-art products and providing regular after-market service. It designs and supplies its products based on a good understanding of customer requirements and makes appropriate product modifications to further support their needs. The Company also engages with the end-users of the products to ensure it can provide high-quality products with a low total cost of operation. As an example, the Company has started supplying reconditioned parts to its end-users to reduce their total cost of operation.

The Company's customers / consumers lodge their complaints / provide feedback to the Company through the Company portal, dealerships and regional offices. The Company also has an online platform 'Oracle Siebel based Issue Tracking System' to register complaints, feedback.

In addition, customers/consumers can use-

Toll free number: 1800-233-2000

Fax number: 020 2543 9490

Email ID: powermaster-india@cummins.com

Hyperlink: http://www.cumminsindia.com/DBU/cust_assnt_cell.html

Customer assistance cell is a single point information and source of assistance for the customer. The Company's aim is to provide a single access point to provide expert advice, technology information, technical guidance, queries, processes and feedback.

To standardize our dealer processes to have – 'One face to Customer' with a view to improve customer experience by aiming at 'Best in class service', the Distribution Business undertook the Common Dealer Operating System (CDOS) Project in 2012-13 and has now successfully implemented CDOS at all dealerships covering over 212 locations. This IT system provides clear information about parts availability and our service response in data based ways that can drive targeted process improvements.

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. As at the end of Financial Year 2014-15, a total of 40 consumer cases are pending before various forums and the same are sub-judice.





Cummins India Limited
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cil.investors@notes.cummins.com

Sr. No.	Resolutions	Vote (Optional see Note 2)* (Please mention no. of shares)		
		For	Against	Abstain
4.	Appointment of a director in place of Mr. Edward Phillip Pence, who retires by rotation and being eligible, seeks re-appointment			
5.	Appointment of Auditors of the Company			
	SPECIAL BUSINESS			
6.	Appointment of Ms. Suzanne Wells, as a director liable for retire by rotation			
7.	Determination of remuneration payable to the Cost Auditors of the Company			
8.	Approval on material Related Party Transactions			
9.	Approval on material Related Party Transactions			

Signed this _____ day of _____ 2015.

Please affix revenue stamp of not less than ₹ 0.15/-
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Signature of the member

Signature of the proxy holder(s)

Note :

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, explanatory statement and notes, please refer to Notice of the 54th Annual General Meeting.
3. *It is optional to indicate your preference. If you leave the 'For', 'Against' or 'Abstain' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.



FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Cummins India Limited
2.	Annual financial statements for the year ended	March 31, 2015
3.	Type of Audit observation	Unqualified/Matter of Emphasis
4.	Frequency of observation	Not Applicable
5.	To be signed by:	
	Mr. Anant J. Talaulicar Managing Director	
	Mr. Rajiv Batra Chief Financial Officer	
	Mr. Nasser Munjee Non-Executive Director (Independent) Audit Committee Chairman	
	Sharmila A. Karve Partner Membership No. 43229 Price Waterhouse Firm Registration Number: 301112E Chartered Accountants	

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