



Earnings Update – Q1 FY04

PUNE, JULY 29, 2003

Financial results of Cummins India Limited (CIL) for the quarter ended 30 June 2003 include the results of Power Systems India Limited (PSIL) and Cummins Power Solutions Limited (CPSL), the erstwhile wholly owned subsidiaries of the Company hence the figures for the previous quarter may not be comparable.

Results Highlights for the quarter ended 30 June 2003

- Robust domestic market coupled with better than expected export performance resulted in 47% increase in sales at Rs 2,125 million over Q1 FY03 (17% on a like-to-like basis)

Income Growth for Q1, FY04

	<i>% growth over Q1, FY03</i>
Domestic Powergen Business	12%
Industrial Business	30%
Exports Business	41%
Spares Business	(2%)
CNG Business	4%
Sales – Cummins India (Standalone)	17%
Other Income	177%

Income in Q1 FY04 includes PSIL and CPSL revenues of Rs 376 million and Rs 53 million respectively. Comparable income figures for PSIL and CPSL in Q1 FY03 are Rs 322 million and Rs 48 million respectively. The above percentages are calculated after taking into account comparable figures for Cummins India and include the revenues of PSIL & CPSL.

- **Other Income** of Rs 169 million showed an increase of 177%. This includes an interim dividend of Rs 60 million from CDS&S (previous year Nil)
- A VRS implemented during the quarter resulted in an outflow of Rs 96 million (debited to the profit & loss account) and a reduction of 178 employees including 159 associates
- **Operating profit** of Rs 356 million was up by 51% over the corresponding quarter of the previous year
- **Interest** expense for the quarter was Rs 4 million (Rs 2 million in the corresponding quarter last year); **Depreciation** for the quarter increased by 16% to Rs 70 million
- **Profit Before Tax** at Rs 282 million increased by 64%
- **Profit After Tax** at Rs 222 million grew by 92% over Q1 FY03 and **EPS** (not annualized) at Rs 1.12 was higher by 92%



Sales of Cummins India Limited & Subsidiary

Sales in the Quarter ending June '03	Rs million		
	Q1 FY04	Q1 FY03	% growth
Cummins India Limited	2,125	1,812	17%
CDS&S	908	971	(6)%
CASL	57	37	54%

The above are comparable figures for Cummins India and include the revenues of PSIL & CPSL

Business Highlights

- CIL has been improving performance in the domestic market over the past year – both the Power generation and Industrial business segments have shown significant growth over last year and we expect this trend to continue in the year ahead
- The export strategy of relying not only on engines, but also on complete gensets, components and services is beginning to yield dividends – the company is witnessing recovery in it's export market. In the year ahead, the management expects to continue with the recovery. This will be aided by the recent decision at Cummins Inc. to source 'K-38' engines for it's Power Generation business from Cummins India
- The company continues to make investments in new products, services and solutions to preserve and extend its market leadership – the 'X' series (15-25 kVA engines launched as "commodity" gensets a few months ago) and the yet to be launched 'C' series engines have already been certified as emissions compliant by the authorities in addition to other engines. The development of the QSK 38 Lean Burn Gas engines is continuing on schedule and will be introduced into the market in due course
- The aggressive campaign of cost reduction being implemented through TurboKaizen, Six Sigma and Kaizen programs is starting to show results – profitability is steadily increasing; while supplier consolidation, outsourcing and indigenization are helping to reduce material costs and offset the higher initial cost of new products
- Cummins India Limited looks forward to sustaining and improving its performance through the current financial year



Cummins India Limited
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About Cummins

Cummins India Limited, in Pune since 1962, is the country's largest manufacturer of diesel engines. CIL has produced more than 1,67,000 engines to date in its state-of-the-art manufacturing facilities in Pune. The company manufactures on an average, nearly 10,000 engines per year.

Cummins is a global leader in engine technology and service solutions across Power Generation, Industrial and Automotive applications. Its technology and pioneering initiatives are bringing innovative solutions and reliable services at the best possible value to users across the country. Its high performance outlook is based on customer focus, integrity and capability of its people.

Part of the USD 8.4 billion Cummins Inc, Cummins in India is a group of 9 companies across 200 locations in the country with a combined turnover of over Rs. 2000 crore and employing more than 4000 people.

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