

## DIRECTORS' REPORT

The Directors of Cummins Diesel Sales and Service (India) Limited present their fifty-second Annual Report with Audited Accounts for the financial year ended March 31, 2003.

### FINANCIAL RESULTS:

	April 1, 2001 to March 31, 2002 (Rs.'000)	<i>April 1, 2002 to March 31, 2003 (Rs.'000)</i>
1. Income	3,311,086	<i>3,905,387</i>
2. Profits		
a) Profit before Interest & Tax	235,745	<i>422,886</i>
b) Profit before tax	218,403	<i>404,419</i>
c) Profit after tax	155,635	<i>262,172</i>
3. Appropriations		
a) Dividend	9,000	<i>—</i>
b) Interim Dividend	—	<i>160,000</i>
c) General Reserve	146,635	<i>30,179</i>

### OPERATIONS:

Your Directors are happy to inform that despite the noticeable fall in overall economy and severe recession further aggravated in automobile, heavy engineering and construction sectors, your company has posted a modest rise in income and profitability. The Company recorded an increase of 17.95% in the total income of Rs. 3905.39 millions (Rs. 390.54 crores) as against Rs. 3311.09 millions (Rs. 331.10 crores) of last year.

During the year under report, in view of the significant financial performance and overall profitability, the Board of Directors declared and rewarded the shareholders with first interim dividend @ 85%, second interim dividend @ 85% and third interim dividend @ 96.67%, the total dividend being Rs. 16 Crores (266.67%). Considering the overall business and financial performance during the year and financial projects for the next financial year, the Board of Directors recommend to confirm the total interim dividend paid out @ 266.67% as the final dividend for the year ended March 31, 2003 to the shareholders.

The Company has renewed its focus on service related issues but at the same time laid equal emphasis on spares business including the growth projects. Customer satisfaction has been the thrust throughout the year of operation and the same has shown results in terms of the profitability even in the recession hit economy. During the year, Company has entered into strategic alliances with number of companies, Reliance being the prominent amongst them, to provide Operations & Maintenance Contract. This will not only bring additional revenue but will also bring in streamlined efforts in the direction of customer service orientation.

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### **Cummins Diesel Sales and Service (India) Limited**

During the year under review, the Company has undertaken various initiatives to strengthen the dealership operations to improve on the operations & viability of the dealerships. These include, inter alia, training to the dealers' engineers in various applications; support in terms of channel financing programme, offering growth opportunities through major role in executing strategic contracts like Reliance, ICICI Bank, etc., creation of positions like Dealer Account Managers for better coordination at dealership, implementation of Dealer Score Card, financial incentive to dealers based on score card performance, successful implementation of pilot Call Center at Delhi, etc. which would bring about overall improvement in dealership capability and infrastructure. During the year company also formulated systematic processes for selection of new dealerships. This is expected to bring in cohesive decision making in dealership improvement plans.

During the year under review, the Company has undertaken and completed six different projects under Six-Sigma, implemented Kaizen at Head Office and in ReCon Unit. This has resulted in saving of upto Rs. 1.5 crores, bringing increased productivity, process improvement and cost reduction.

During the year, IT Division of the company successfully implemented the project for electronic connectivity of all the 7 Parts Depots and Jaipur Service Centre which will enable on-line connectivity with V-Sat Technology. This will result in better and effective control on the inventory movement in and out of Parts Depots and Jaipur Service Centre.

#### **Future Projects**

In line with Cummins policy of offering Service Guarantee for the services rendered, company is formulating the policy and document offering Service Guarantee to the customers, subject to various operational mechanisms, regulatory provisions, etc. Similarly, company is also working in the direction of offering contractual services to corporate houses to maintain their equipment's in the form of Operations & Maintenance Contracts. This is expected to bring in additional business opportunities with added customer satisfaction.

#### **SUBSIDIARIES :**

##### **Cummins Auto Services Limited**

Cummins Auto Services Limited (CASL) for the year ended March 31, 2003 has achieved an income of Rs.157.04 millions (Rs. 15.70 crores ) and posted a loss of Rs. 86.90 millions (Rs. 8.69 crores) as against the income of Rs. 70.96 millions (Rs.7.09 crores) and loss of Rs 43.23 millions (Rs.4.32 crores) for the year ended March 31, 2002.

Considering the long term implementation period of the project, in the opinion of management the strategic & long term investment made by the company in the equity capital of CASL does not require any provision for diminution in the networth of CASL as at March 31, 2003.

#### **JOINT VENTURE COMPANY :**

##### **Valvoline Cummins Limited**

The total investment of your company in Valvoline Cummins Limited (VCL) as on March 31, 2003 stands at Rs.78.78 millions (Rs.7.88 crores) The demand and supply position for VCL branded oils and lubricants during the year under review increased significantly. During the year VCL strengthened its market share in the oil & lubricants market. This has resulted in VCL achieving an income of Rs. 155 crores and profit after tax of Rs. 3.48 crores.

## **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**

During the year under review, as a result of various energy conservation measures such as effective utilisation of power factor controller unit, rationale use of electricity, the Company has been able to save 179,614 units of power as compared to the corresponding period for the previous year.

## **DIRECTORS :**

Ms Pamela Carter was appointed on the Board as an Additional Director of the Company effective August 17,2002. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice proposing the name of Ms Pamela Carter to be appointed as Director in the ensuing Annual General Meeting of the Company.

Mr Anant Talaulicar was appointed on the Board as an Additional Director of the Company effective March 20, 2003. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice proposing the name of Mr Anant Talaulicar to be appointed as Director in the ensuing Annual General Meeting of the Company.

Mr Antant Talaulicar was appointed as Whole Time Director of the Company effective March 20, 2003 subject to the approval from the shareholders in the ensuing Annual General Meeting and from the Central Government pursuant to the relevant provisions of the Companies Act, 1956.

Mr. Vinod Dasari was appointed on the Board as an Additional Director of the Company effective June 03, 2003. Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice proposing the name of Mr. Vinod Dasari to be appointed as Director in the ensuing Annual General Meeting of the Company.

Dr. Ajoy Kumar resigned as Director of the Company effective February 18, 2003.

During the year, Mr S S Phadke, Director retires by rotation and being eligible for re-election opts for re-election as Director.

## **AUDIT COMMITTEE :**

During the year, Two (2) meetings of the Audit Committee took place.

## **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors report that :

- a) In the preparation of annual accounts, the applicable accounting standards had been followed and there was no material departure from the accounting standards;
- b) Your Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2002-03 and of the profits of the Company for that period;

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- c) Your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) Your Directors had prepared the annual accounts for the year under review on a going concern basis.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign exchange earnings and outgo during the year under review were as follows :

	(Rs.'000)
1. Foreign exchange earnings	3,847/-
2. Foreign exchange outgo	216,295/-

#### AUDITORS:

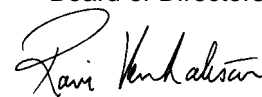
The Board of Directors recommend the appointment of M/s Price Waterhouse, Chartered Accountants, as the Auditors of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

#### PARTICULARS OF EMPLOYEES:

As required under Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, a statement giving the required information relating to employees covered thereunder is attached.

Pune : June 3, 2003

For and on behalf of the  
Board of Directors



Ravi Venkatesan  
Chairman

## Annexure to the Directors' Report

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' report for the year ended 31st March, 2003

Sr. No.	Name of Employee	Age Exp.	Qualifications Designation / Nature of Duties	Date of Joining	Remuneration Received		Particulars of last employment held Organisation, Designation & Experience
					Gross Rs.	Net Rs.	
1	Dr. Ajoy Kumar	39 2	M.B.B.S. CHIEF EXECUTIVE OFFICER	19-02-2001	3,815,549	2,465,793	TATA SONS LTD. GENERAL MANAGER, GROUP HR 2-Yrs.
2	* ACHAR R	42 23	DME BUSINESS MANAGER - CUSTOMER CARE CENTRE BARODA	02-12-1980	984,727	849,622	KUDREMUH IRON & ORE CO.LTD OCTM - GRADE - 12-Yrs.
3	* AGASHE B V	54 34	B.COM. SM, PARTS SALES(DEALERS)	01-11-1969	849,580	763,800	—
4	* BALAKRISHNAN R P	52 27	B.E.(MECH) GENERAL MANAGER, SERVICE	17-04-1976	1,599,270	1,243,253	VAK ENGINEERING PVT LTD. ENGINEER 1-Yr.
5	* BALLAL V V	41 19	DME MANAGER SERVICE SUPPORT	08-09-1984	524,530	495,734	—
6	* BELLAD A V	53 28	B.COM. SENIOR MANAGER, STORES	04-08-1975	811,775	734,020	M S E B CLERK 3-Yrs.
7	* BHATT B	52 31	M.A. CLERK/TYPIST	18-12-1972	583,486	582,920	—
8	* BODKE M S	59 37	BELOW 10TH STD. DRIVER	01-02-1966	157,819	157,437	—
9	* CHANDORKAR A B	56 37	SSC CLERK/TYPIST	10-10-1966	490,483	489,503	KIRLOSKAR CUMMINS LTD. TURNER 2-Yrs.
10	* CHANDRAN L R	46 25	AMIE/MBA SENIOR MANAGER, MARKETING	14-10-1978	770,520	705,626	LARSEN & TOUBRO LTD TRAINEE 3-Yrs.
11	* CHHETRY C K	52 13	BELOW 10TH STD. OFFICE BOY	01-12-1990	223,766	223,700	—
12	* D'MELLO W	54 25	DME/DEE MANAGER, FIELD SERVICES, MUMBAI	04-09-1978	662,585	628,997	BOMBAY MUNICIPAL CORPN. SALES ENGINEER 7-Yrs.
13	* DALVI G K	49 29	BELOW 10TH STD. PACKER	30-01-1974	542,818	541,684	—
14	* DHOLE P M	55 35	B.COM. SENIOR STENOGRAPHER	13-08-1968	558,180	558,088	OGALE GLASS WORKS LTD STENO TYPIST 1-Yr.
15	* DIKSHIT S W	54 27	B.SC. MANAGER WARRANTY ADMINISTRATION (MTTR)	19-07-1976	664,741	630,915	A G ENGINEERING SERVICESACCOUNTS CLERK 2-Yrs.
16	* DIXIT S S	44 22	M.COM./MPM EXECUTIVE, HUMAN RESOURCES	02-11-1981	737,517	648,332	KIRLOSKAR CUMMINS LTD MANAGEMENT TRAINEE 1-Yr.
17	* FERNANDES R V	51 22	SSC RECEIPTIONIST CUM TELEPHONE OPERATOR	11-11-1981	429,372	429,291	HOTEL AIRPORT PLAZA, BOMBAY RECEPTIONIST 1-Yr.
18	* GADGIL S D	42 23	DME SENIOR MANAGER, SERVICE SUPPORT (INDUSTRIAL)	05-12-1980	683,886	653,238	—
19	* GAIKWAD R J	55 34	BELOW 10TH STD. DRIVER	25-09-1969	534,957	533,380	—

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## Cummins Diesel Sales and Service (India) Limited

### Annexure to the Directors' Report (Contd.)

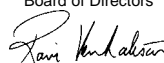
Sr. No.	Name of Employee	Age Exp.	Qualifications Designation / Nature of Duties	Date of Joining	Remuneration Received		Particulars of last employment held Organisation, Designation & Experience
					Gross Rs.	Net Rs.	
20	* GOGOI R K	51 23	B.COM. JUNIOR ASSISTANT	02-06-1980	484,392	484,308	HINDUSTAN ENGG SERVICES SALES EXECUTIVE 1-Yr.
21	* HAVELE S N	54 19	DEE/DIS SAFETY OFFICER	03-09-1984	564,131	535,499	INDIAN AIR FORCE INSTRUMENT MECHANIC 16-Yrs
22	* JADE V V	57 37	BELOW 10TH STD. PACKER	06-10-1966	487,672	486,996	—
23	* JAWLE S B	59 36	BELOW 10TH STD. HELPER	01-06-1967	117,300	116,915	—
24	* JHA A	58 22	SSC DRIVER	01-07-1981	306,349	306,275	G K BANSAL & CO. DRIVER 10-Yrs
25	* JOGLEKAR V N	53 33	SSC MANAGER JOB WORK COMPONENT	26-11-1970	779,430	713,367	—
26	* KARANDE U S	58 20	P.D.COM. JUNIOR ASSISTANT	03-10-1983	274,962	274,883	KIRLOSKAR OIL ENGINES LTD. SR. CLERK 10-Yrs.
27	* KOLHATKAR D D	55 37	SSC/GCD SENIOR STENOGRAPHER	14-12-1966	557,583	556,744	—
28	* KONDHARE B B	54 37	BELOW 10TH STD. HELPER	07-10-1966	588,995	587,420	—
29	* KUCHEKAR R L	55 28	BELOW 10TH STD. WATCHMAN	27-04-1975	526,556	526,483	—
30	* KULKARNI B S	40 20	DME AREA MARKETING MANAGER, MUMBAI	10-08-1983	530,519	503,730	—
31	* KULKARNI C Y	55 34	B.COM./MBA MANAGER DESPATCHES (RECT)	05-12-1969	457,736	413,610	—
32	* KULKARNI P V	55 32	SSC CLERK/TYPIST	22-04-1971	543,062	541,958	—
33	* LAL SINGH	58 34	BELOW 10TH STD. OFFICE BOY	01-12-1969	285,368	285,093	BOMBAY ENGG. GROUP SPR-1440225 6-Yrs
34	* MAKASARE V C	56 36	SSC CLERK/TYPIST	07-02-1967	540,013	539,690	—
35	* MALVADKAR S M	55 33	B.E.(MECH) DGM, CUSTOMER QUALITY ASSURANCE	17-08-1970	841,696	720,900	—
36	* MONICKA-VASAGAM S T	50 25	DME AREA PARTS MANAGER, CHENNAI	01-09-1978	665,703	630,013	SUNDARAM MOTORS TECHNICAL ASSTT 2-Yrs
37	* NADKAR N S	54 26	DME MANAGER SUB CONTRACTING	01-06-1977	762,412	704,431	AUTOMOTIVE SERVICES SR SUPERVISOR 7-Yrs
38	* NAIK K S	57 31	P.D.COM. JUNIOR ASSISTANT	01-03-1972	504,099	498,664	PUBLIC WORKS DEPT JUNIOR CLERK 2-Yrs
39	* NATH A K	57 32	P.D.COM. SENIOR STENOGRAPHER	01-06-1971	508,757	504,514	CONTINENTAL TRADERS STENOGRAPHER 1-Yr.
40	* PADEKAR P R	54	BELOW 10TH STD. DRIVER	05-08-1974	525,006	524,931	POONA MOTORS VEHICLE MECHANIC 7-Yrs
41	* PALAV A G	48 25	DME MANAGER, FIELD SERVICES PUNE AREA	01-09-1978	651,175	616,311	BEST, TRAINEE 1-Yr.

## Annexure to the Directors' Report (Contd.)

Sr. No.	Name of Employee	Age Exp.	Qualifications Designation / Nature of Duties	Date of Joining	Remuneration Received		Particulars of last employment held Organisation, Designation & Experience
					Gross Rs.	Net Rs.	
42	* PHADALE T K	53 37	SSC SEMI-CLERK	11-10-1966	583,121	583,043	—
43	* PITALE D S	44 23	DME AREA SERVICE MANAGER, BARODA	17-12-1980	682,390	646,114	—
44	* PRASAD C	40 12	P.D.COM./SSC OFFICE BOY	01-10-1991	210,463	210,397	—
45	* RAJA T M	52 28	B.SC./DMIT-AUTO ENGG. AREA SERVICE MANAGER, PANJIM	01-01-1975	876,940	777,817	KIRLOSKAR CUMMINS LTD LINE MANAGER 2-Yrs
46	* RANAUT K R	52 26	HSC PACKER	01-04-1977	489,207	489,133	—
47	* SANE B L	54 30	SSC SENIOR CLERK	03-10-1973	552,064	549,083	M B KETKAR & CO SITE SUPERVISOR 5-Yrs
48	* SENTHILKUMARAN T K	45 19	B.E.(MECH) SM, CUSTOMER ASSISTANCE CELL	01-10-1984	552,709	523,075	—
49	* SHELAR S S	55 30	BELOW 10TH STD. CARPENTER	12-10-1973	442,506	442,432	—
50	* SHENOY U V	55 25	DME REGIONAL MANAGER, CHENNAI	20-09-1978	1,022,510	862,191	BAJAJ AUTO LTD SERVICE ENGR. 5-Yrs
51	* TAMBE B S	54 26	BELOW 10TH STD. HELPER	01-02-1977	482,428	482,356	—
52	* TAMHANKAR M R	56 35	SSC MANAGER RECEIPTS	15-07-1968	265,991	223,139	—
53	* THAKUR R D	42 18	DME MANAGER, FIELD SERVICES, NOIDA	07-09-1985	427,324	407,038	—
54	* VISHNU L	54 23	SSC CLERK/TYPIST	04-04-1980	451,546	451,469	—
55	* VESANE S K	47 25	DME AREA SERVICE MANAGER, HUBLI	01-09-1978	703,295	493,860	—

### Notes :

- \* Against a name indicates that the employee was in service only for a part of the year.
- Designation of the employee indicates the nature of his duties.
- All appointments are contractual.
- The gross remuneration comprises of salary, allowances, incentive and perquisites, the monetary value of which is as per Income-tax Act and company's contribution to provident fund and superannuation fund, wherever applicable.
- Net remuneration is arrived at by deducting from the gross remuneration income-tax, Company's contribution to provident fund and superannuation fund wherever applicable.
- The company has contributed an appropriate amount based on 'actuarial valuation' to the 'gratuity fund'. The amount has not been included in gross remuneration as no separate figures are available for individual employee.
- Other terms and conditions are as per rules of the Company.
- None of the employees is a relative of any director of the Company.
- Employees from Sr. No 2 to Sr. No. 54 were in service only for a part of the year and have availed Voluntary Retirement Scheme of the Company.

and on behalf of the  
Board of Directors  
  
Ravi Venkatesan  
Chairman

Pune : June 3, 2003



# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### AUDITORS' REPORT

#### TO THE MEMBERS OF CUMMINS DIESEL SALES AND SERVICE (INDIA) LIMITED.

1. We have audited the attached Balance Sheet of Cummins Diesel Sales and Service (India) Limited as at March 31, 2003, the related Profit and Loss Account for the year ended on that date and the cash flow statement for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The accounts of the Company for the year ended March 31, 2002 were audited and reported by another firm of Chartered Accountants vide their unqualified opinion dated July 23, 2002. The balances as at March 31, 2002 as per the audited accounts, regrouped / reclassified where necessary, have been considered as opening balances for the purpose of these financial statement.
4. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
  - (e) On the basis of written representations received from the directors as on March 31, 2003 and taken on record by the Board of Directors, we report that no director of the Company is disqualified as on March 31, 2003 from being appointed as a director as referred to in Section 274(1)(g) of the Act;



- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereon and Schedules 1 to 11 annexed thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2003;
  - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
Chartered Accountants

Place : Pune  
Date : June 3, 2003

Vasant Gujarathi  
Partner

## **FIFTY-SECOND ANNUAL REPORT - 2003**

### **Cummins Diesel Sales and Service (India) Limited**

#### **Annexure referred to in paragraph 4 of Auditors' Report of even date to the members of Cummins Diesel Sales and Service (India) Limited on the accounts for the year ended March 31, 2003.**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of all fixed assets. As explained to us the management conducted a physical verification of majority of the assets during the year other than in respect of certain assets with third parties from whom confirmations have been received. No material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account. In our opinion, the frequency of physical verification of fixed assets is reasonable.
2. The fixed assets of the Company have not been revalued during the year.
3. Physical verification of stock-in-trade and service stocks has been conducted by the management at reasonable intervals.
4. In our opinion, the procedures of physical verification of stock-in-trade and service stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on such verification between the physical stocks and the book records were not material and these have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock-in-trade is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of Section 370 are not applicable to a Company on or after the commencement of The Companies (Amendment) Act, 1999, of India.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. In terms of sub-section (6) of Section 370 of the Act, provisions of Section 370 are not applicable to a Company on or after the commencement of The Companies (Amendment) Act, 1999, of India.
9. The employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts, as stipulated or as rescheduled, and are regular in the payment of interest, where applicable.
10. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchases of stock-in-trade, plant and machinery, equipment and other assets and for the sale of goods.
11. There are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements as is evident from the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000 or more in respect of each party.
12. Since the Company does not have any raw materials, stores or own manufactured finished goods, the question of determination of unserviceable or damaged stores, raw materials or finished goods and provision thereof does not arise.

13. In our opinion, the Company has complied with the provisions of section 58A of the Act, and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. As explained to us, the Company's activities do not generate any by-products.
15. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
16. The requirement of maintenance of cost records, prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, is not applicable to the Company.
17. The Company has been regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities in India.
18. There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty as at March 31, 2003, which were outstanding for more than six months from the date they became payable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses of employees or directors which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations and / or accepted business practices.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 of India.

In respect of service activities of the Company:

21. The Company has a reasonable system of recording receipts, issues and consumption of materials and stores, commensurate with the size and nature of its business and such system provides for a reasonable allocation of materials.
22. Although allocation of man-hours utilised is not made to relative jobs, in our opinion, control is exercised on total labour utilised on the jobs.
23. The Company has a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the Company and the nature of its business, on issue and allocation of stores as stated in paragraph 21 above. Although allocation of labour to relative jobs is not made, in our opinion, control is exercised on total labour utilised on the jobs.

In respect of trading activities of the Company:

24. With regard to trading activities of the Company, in our opinion, damaged goods have been determined by the Company and necessary provision has been made in the accounts for the loss arising on the items so determined.

For Price Waterhouse  
Chartered Accountants

Place : Pune  
Date : June 3, 2003

Vasant Gujarathi  
Partner

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## Cummins Diesel Sales and Service (India) Limited

### BALANCE SHEET AS AT 31ST MARCH, 2003

	Schedule Number	As at 31st March, 2003 Rupees '000	As at 31st March, 2003 Rupees'000	As at 31st March, 2002 Rupees '000
<b>SOURCES OF FUNDS:</b>				
<b>Shareholders' funds:</b>				
Share capital	1	60,000		60,000
Reserves and surplus	2	984,827		882,655
			1,044,827	942,655
<b>Loan funds:</b>				
Unsecured loans	3	327		100,609
			327	100,609
			1,045,154	1,043,264
<b>APPLICATION OF FUNDS:</b>				
<b>Fixed assets:</b>				
Gross block	4	357,604		367,438
Less: depreciation		141,246		127,089
Net block			216,358	240,349
<b>Investments</b>	5		231,984	201,738
<b>Current assets, loans and advances :</b>				
Inventories		492,069		658,480
Sundry debtors		580,918		572,725
Cash and bank balances		143,230		138,917
Other current assets		30,973		45,453
Loans and advances		62,038		121,339
		1,309,228		1,536,914
<b>Less: Current liabilities and provisions:</b>				
Current liabilities	7	676,634		897,211
Provisions		40,546		45,536
		717,180		942,747
<b>Net current assets</b>			592,048	594,167
<b>Deferred tax asset / (liability)</b>	8		4,764	7,010
			1,045,154	1,043,264

#### NOTES:

Note: Schedules 1 to 8 and 11 are an integral part of the balance sheet

In terms of our report of even date

For PRICE WATERHOUSE  
Chartered Accountants

VASANT GUJARATHI  
Partner

Pune : June 3, 2003

RAVI VENKATESAN  
Chairman

J M RUGG  
Director

S M JAGTAP  
Assistant Company Secretary  
& Incharge Legal Cell

Pune : June 3, 2003

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003**

	Number	Rupees '000	Rupees '000	Previous Year Rupees '000
<b>INCOME :</b>	<b>9</b>			
Sales and services		3,809,150		3,199,662
Other income		96,237		111,424
			3,905,387	3,311,086
<b>EXPENDITURE:</b>				
Cost of sales and other expenses	<b>10</b>	3,453,601		3,026,666
Lumpsum compensation under voluntary retirement scheme		1,602		21,449
Depreciation	<b>4A</b>	27,298		27,226
<b>Interest:</b>				
on fixed loans		—		54
others		18,467		17,288
			18,467	17,342
			3,500,968	3,092,683
<b>PROFIT BEFORE TAX</b>			404,419	218,403
<b>PROVISION FOR TAX :</b>				
Current tax (refer note 20, schedule 11)		140,000		65,477
Deferred tax		2,247		(2,709)
			142,247	62,768
<b>NET PROFIT FOR THE YEAR</b>			262,172	155,635
Balance carried forward from last balance sheet			88,007	88,007
Amount available for appropriation			350,179	243,642
<b>APPROPRIATIONS:</b>				
i) Proposed dividend				9,000
ii) Interim dividend - First		51,000		
- Second		51,000		
- Third		58,000		
			160,000	—
iii) Transferred to General Reserve			30,179	146,635
Balance carried to balance sheet			160,000	88,007
<b>Earnings per Share</b> (refer note 21, schedule 11)				
Basic and Diluted ( in Rupees)			436.95	259.39

**Notes :**

**11**

Note: Schedules 9 to 11 are an integral part of the profit and loss account

In terms of our report of even date

For PRICE WATERHOUSE  
Chartered Accountants

VASANT GUJARATHI  
Partner

Pune : June 3, 2003

RAVI VENKATESAN  
Chairman

J M RUGG  
Director

S M JAGTAP  
Assistant Company Secretary  
& Incharge Legal Cell

Pune : June 3, 2003

# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees '000	As at 31st March, 2003 Rupees '000	As at 31st March, 2002 Rupees '000
<b>SCHEDULE NO. 1</b>			
<b>SHARE CAPITAL :</b>			
<b>Authorised :</b>			
1,200,000 (previous year 1,200,000) equity shares of Rs 100 each		120,000	120,000
<b>Issued and subscribed :</b>			
600,000 ( previous year 600,000) equity shares of Rs 100 each fully paid		60,000	60,000
Of the above equity shares :			
i) 410,000 shares of Rs.100 each have been allotted as fully paid bonus shares by capitalisation of Rs. 41,000,000 from General reserve			
ii) 599,990 ( <i>previous year 599,970</i> ) shares of Rs.100 each are held by the holding company, Cummins India Limited and its nominees. Balance 10 shares are held by Nelson Engine Systems India Limited, ( <i>previous year 30</i> ); 10 shares each held by Cummins Infotech Limited, Cummins Power Solutions Limited and Nelson Engine Systems India Limited)			
<b>SCHEDULE NO. 2</b>			
<b>RESERVES AND SURPLUS :</b>			
<b>General reserve:</b>			
Balance as per last account	794,648		643,712
Add : Adjustment of net cumulative effect of recognition of deferred tax asset upto 31st March, 2001			4,301
	794,648		648,013
Add : transferred from profit and loss account	30,179		146,635
		824,827	794,648
<b>Profit and loss account</b>		160,000	88,007
		984,827	882,655
<b>SCHEDULE NO. 3</b>			
<b>UNSECURED LOANS:</b>			
Short term loan from a scheduled bank		—	100,000
Fixed deposits Including unclaimed deposits Rs.201,000 ( <i>previous year Rs 369,000</i> ) and interest accrued and due Rs 126,249 ( <i>previous year Rs 184,727</i> ).		327	609
		327	100,609

## SCHEDULES FORMING PART OF THE BALANCE SHEET

### SCHEDULE NO. 4

#### FIXED ASSETS : (see note 2, schedule 11)

( Rupees '000 )

Particulars	<i>Gross block (at cost) as at 31st March, 2002</i>	Additions	Deductions	Gross block (at cost) as at 31st March, 2003	Depreciation as per schedule 4 A	Net block as at 31st March, 2003
Land						
– Freehold	2,289	—	—	2,289	—	2,289
– Leasehold	3,014	—	—	3,014	33	2,981
Roads	831	—	—	831	504	327
Buildings	39,833	1,025	2,225	38,633	10,757	27,876
Plant and machinery	268,390	9,107	20,360	257,137	107,996	149,141
Furniture and fittings	22,384	5,330	3,468	24,246	10,450	13,796
Vehicles	30,464	4,330	3,370	31,424	11,506	19,918
	<u>367,205</u>	<u>19,792</u>	<u>29,423</u>	<u>357,574</u>	<u>141,246</u>	<u>216,328</u>
	<u>(339,165)</u>	<u>(33,693)</u>	<u>(5,653)</u>	<u>(367,205)</u>	<u>(127,089)</u>	<u>(240,116)</u>
Capital work in progress including advance for capital expenditure				30 (233)		30 (233)
				<u>357,604</u>	<u>141,246</u>	<u>216,358</u>
				<u>(367,438)</u>	<u>(127,089)</u>	<u>(240,349)</u>

Figures in brackets are in respect of previous year.

### SCHEDULE NO. 4A

#### DEPRECIATION :

(Rupees '000)

Particulars	<i>Depreciation upto 31st March, 2002</i>	Depreciation for the year	Depreciation on deductions	Total Depreciation upto 31st March, 2003
Land - Leasehold	30	3	—	33
Roads	476	28	—	504
Buildings	11,512	840	1,595	10,757
Plant and machinery	93,501	22,636	8,141	107,996
Furniture and fittings	10,977	1,137	1,664	10,450
Vehicles	10,593	2,654	1,741	11,506
	<u>127,089</u>	<u>27,298</u>	<u>13,141</u>	<u>141,246</u>
	<u>(102,289)</u>	<u>(27,226)</u>	<u>(2,426)</u>	<u>(127,089)</u>

Figures in brackets are in respect of previous year.



# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees '000	As at 31st March, 2003 Rupees '000	<i>As at 31st March, 2002 Rupees '000</i>
<b>SCHEDULE NO. 5</b>			
<b>INVESTMENTS :</b>			
<b>LONG TERM (at cost)</b>			
<b>Quoted :</b>			
<b>Trade</b>			
2,000 ( previous year 2,000 ) equity shares of Rs.10 each of Kirloskar Oil Engines Limited, fully paid		29	29
<b>Others :</b>			
Tax free Redeemable Non Convertible bonds of Rs. 1,000 each fully paid :			
Nil ( previous year 10,000 ) 10.5% bonds of Housing & Urban Development Corporation Limited	—		10,375
10,000 (previous year 10,000 ) 10.5% bonds of Konkan Railway Corporation Limited	10,160		10,160
		10,160	20,535
<b>Unquoted :</b>			
<b>Trade</b>			
Nil (previous year 240,000) equity shares of Rs 10 each of Newage Electricals India Limited, fully paid	—		2,400
Nil (previous year 100) equity shares of Rs.10 each of Cummins Power Solutions Limited, fully paid	—		1
Nil (previous year 100) equity shares of Rs.10 each of Cummins Infotech Ltd fully paid	—		1
100 (previous year 100) equity shares of Rs.10 each of Nelson Engine Systems India Limited, fully paid	1		1
		1	2,403
carried forward		10,190	22,967

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees '000	As at 31st March, 2003 Rupees '000	<i>As at 31st March, 2002 Rupees '000</i>
<b>SCHEDULE NO. 5 (Contd.)</b>			
brought forward		10,190	<i>22,967</i>
<b>Investment in Joint Venture</b>			
9,310,000 ( previous year 9,310,000 ) equity shares of Rs.10 each of Valvoline Cummins Limited, fully paid.		78,775	<i>78,775</i>
<b>Investments in subsidiary companies</b>			
9,999,800 (previous year 9,999,600) equity shares of Rs. 10 each of Cummins Auto Services Limited, fully paid		99,998	<i>99,996</i>
<b>Units of Mutual Funds</b>			
<b>Income Funds</b>			
388,433 (Previous year Nil) units of Birla Income Plus of Rs.10 each	10,005		—
699,405 (Previous year Nil) units of HDFC Income Fund of Rs.10 each	10,004		—
904,397 (Previous year Nil) units of Standard Chartered Grindlays Income Fund of Rs.10 each	13,007		—
927,219 (Previous year Nil) units of Templeton Income Fund of Rs.10 each	10,005		—
		43,021	—
		231,984	<i>201,738</i>
Aggregate cost of quoted investments		10,189	<i>20,564</i>
Aggregate cost of unquoted investments		221,795	<i>181,174</i>
		231,984	<i>201,738</i>
Aggregate market value of quoted investments		10,556	<i>20,768</i>

# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

#### SCHEDULE NO. 5 (Contd.)

**Notes :**

	Nos.	Face value	Cost
A) Investments sold during the year (long term)			
1) Equity shares of Rs.10 each of Newage Electricals India Limited, fully paid	240,000	2,400,000	2,400,000
2) 10.50% Bonds of Housing and Urban Development Corporation of Rs.1,000 each.	10,000	10,000,000	10,375,000
3) Equity shares of Rs 10 each of Cummins Auto Services Limited, fully paid	100	1,000	1,000
4) Equity shares of Rs 10 each of Cummins Power Solutions Limited, fully paid	100	1,000	1,000
5) Equity shares of Rs 10 each of Cummins Infotech Limited, fully paid	100	1,000	1,000
B) Investments purchased and sold during the year (current)			
<b>Units of mutual fund</b>			
<b>Short Term</b>			
Birla Bond Plus	3,303,410	33,034,099	41,051,327
DSP Merrill Lynch Short Term Fund	1,661,441	16,614,409	17,000,000
HDFC Short Term Plan	929,714	9,297,137	10,000,000
Prudential ICICI Short Term Plan	2,343,999	23,439,985	28,032,478
Templeton India Short Term Income Plan	42,368	42,367,719	49,025,557
<b>Liquid Fund</b>			
Birla Cash Plus	3,587,276	35,872,762	57,500,000
DSP Merrill Lynch Liquidity Fund	3,639,818	36,398,183	53,000,000
HDFC Liquid Fund	7,072,933	70,729,327	84,000,000
IDBI Principal Cash Management Fund	859,409	8,594,092	10,000,000
ILFS Liquid Fund	1,969,729	19,697,291	22,000,000
Prudential ICICI Liquid Plan	5,422,025	54,220,249	67,500,000
GCFC Grindlays Cash Fund	1,172,037	11,720,370	13,000,000
Templeton India Treasury Management Account	20,383	203,829	30,000,000

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

**SCHEDULE NO. 5 (Contd.)**

	<b>Nos.</b>	<b>Face value</b>	<b>Cost</b>
C) Investments purchased during the year			
1) Equity shares of Rs.10 each of Cummins Auto Services Limited, fully paid	300	3,000	3,000
2) Unit of Mutual Funds			
Income Funds			
Birla Income Plus	388,433	3,884,330	10,004,985
HDFC Income Fund	699,405	6,994,049	10,004,638
Standard Chartered Grindlays Income Funds	904,397	9,043,973	13,006,681
Templeton Income Fund	927,219	9,272,192	10,004,788

# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	Rupees '000	Rupees '000	As at 31st March, 2003 Rupees '000	<i>As at 31st March, 2002 Rupees '000</i>
<b>SCHEDULE NO. 6</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>INVENTORIES :</b>				
Stock-in-trade		430,873		592,748
Goods in transit		15,958		22,305
Service stocks		<u>45,238</u>		<u>43,427</u>
			492,069	<u>658,480</u>
<b>SUNDRY DEBTORS :</b>				
(see note 4(a), schedule 11)				
<b>Secured: considered good</b>				
Over six months	10,304			4,573
Others	<u>80,730</u>			<u>71,973</u>
		91,034		<u>76,546</u>
<b>Unsecured :</b>				
Over six months				
Considered good	55,163			50,936
Considered doubtful	<u>27,229</u>			<u>19,267</u>
				<u>70,203</u>
Others				
Considered good	434,721			445,243
Considered doubtful	<u>—</u>			<u>1,542</u>
	517,113			<u>516,988</u>
Less : Provision for doubtful debts	<u>27,229</u>			<u>20,809</u>
		<u>489,884</u>		<u>496,179</u>
			580,918	<u>572,725</u>
<b>CASH AND BANK BALANCES :</b>				
Cash on hand		181		460
Cheques on hand		17,055		30,599
Balances with scheduled banks :				
on current accounts	124,830			106,647
on deposit accounts	<u>1,164</u>			<u>1,211</u>
		<u>125,994</u>		<u>107,858</u>
			<u>143,230</u>	<u>138,917</u>
carried forward			1,216,217	<u>1,370,122</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	Rupees '000	Rupees '000	As at 31st March, 2003 Rupees '000	As at 31st March, 2002 Rupees '000
brought forward			1,216,217	1,370,122
<b>OTHER CURRENT ASSETS :</b>				
Interest accrued :				
on investments		1,247		1,326
on bank deposits		80		272
Other receivables		29,646		43,855
			30,973	45,453
<b>LOANS AND ADVANCES (Unsecured, considered good) :</b>				
Advances recoverable in cash or in kind or for value to be received: (see note 4(b), schedule 11)		52,866		67,686
Advance income tax, net of provisions		9,172		53,653
			62,038	121,339
			1,309,228	1,536,914
<b>SCHEDULE NO. 7</b>				
<b>CURRENT LIABILITIES AND PROVISIONS :</b>				
<b>Current liabilities:</b>				
Sundry creditors ( see note 5, schedule 11 )		431,118		599,987
Advances from customers		4,262		17,082
Dealers' deposits		114,372		112,471
Other liabilities		126,882		167,671
			676,634	897,211
<b>Provisions :</b>				
Leave encashment		28,567		19,877
Others		11,979		16,659
Proposed dividend		—		9,000
			40,546	45,536
			717,180	942,747

# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31st March, 2003 Rupees '000	<i>As at 31st March, 2002 Rupees '000</i>
<b>SCHEDULE NO. 8</b>		
<b>DEFERRED TAX ASSET / LIABILITY</b>		
<b>Deferred tax assets</b>		
Provision for doubtful debts	9,899	<i>7,428</i>
Provision for leave encashment	3,160	<i>7,193</i>
Current liabilities	24,758	<i>21,855</i>
Employee separation under VRS	6,306	<i>2,633</i>
	44,123	<i>39,109</i>
<b>Deferred tax liabilities</b>		
Fixed assets - excess of net block over written down value as per the provisions of the Income Tax Act, 1961	39,359	<i>32,099</i>
	39,359	<i>32,099</i>
Net Deferred tax asset	4,764	<i>7,010</i>

### SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Rupees '000	Rupees '000	<i>Previous Year Rupees '000</i>
<b>SCHEDULE NO. 9</b>			
<b>SALES AND SERVICES</b>			
<b>Sales and services</b> ( see note 13, schedule 11 )	3,912,657		<i>3,283,760</i>
Less : Commission	103,507		<i>84,098</i>
		3,809,150	<i>3,199,662</i>
<b>Other income</b>			
Interest from customers (tax deducted at source Rs.1,196,282; previous year Rs.2,577,336)	16,412		<i>12,634</i>
Other interest (tax deducted at source Rs.21,150; previous year Rs.852,034)	3,451		<i>13,159</i>
Miscellaneous income ( including refund from Customs Department Rs.3,271,840 previous year Rs.57,697,546)	10,225		<i>68,512</i>
Net gain on sale/redemption of long term investments	50,145		<i>—</i>
Net gain on sale of current investments	1,660		<i>—</i>
Interest on investments (tax deducted at source Rs.Nil; previous year Rs. 32,500)	2,100		<i>2,262</i>
Dividend from trade investments	6		<i>12,607</i>
Provision (net) no longer required written back	2,627		<i>2,250</i>
Net profit on assets sold or discarded	9,611		<i>—</i>
		96,237	<i>111,424</i>
		3,905,387	<i>3,311,086</i>



**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	Rupees '000	Rupees '000	<i>Previous Year Rupees '000</i>
<b>SCHEDULE NO. 10</b>			
<b>COST OF SALES AND OTHER EXPENSES :</b>			
Cost of sales and services		3,069,803	2,614,877
<b>Payments to and provision for employees :</b>			
Salaries, wages and bonus	175,907		173,844
Company's contribution to provident, gratuity and other funds	33,163		15,720
Welfare expenses	19,236		17,167
		228,306	206,731
<b>Operation and other expenses :</b>			
Power and fuel	7,851		8,196
Rent	11,121		9,976
Repairs to buildings	12,134		7,928
Repairs to plant and machinery	1,673		1,619
Other repairs	2,737		2,466
Insurance	8,136		6,076
Rates and taxes	1,769		1,509
Communication	14,222		14,680
Travelling and conveyance	30,482		24,946
Legal & professional charges	4,701		47,467
General expenses	46,648		69,592
Discounts	14,018		9,822
Net loss on assets sold or discarded	—		781
		155,492	205,058
		<u>3,453,601</u>	<u>3,026,666</u>

# FIFTY-SECOND ANNUAL REPORT - 2003

## Cummins Diesel Sales and Service (India) Limited

### NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.

#### SCHEDULE NO. 11

#### 1. Significant accounting policies :

##### a) Basis of accounting :

The financial statements are prepared in accordance with the requirement of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India as referred to in Section 211 (3C) of the Companies Act, 1956, under historical cost convention on an accrual basis.

##### b) Fixed assets and depreciation :

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All significant costs relating to acquisition and installation of fixed assets are capitalised.
- (ii) Depreciation is provided using the straight line method in the manner specified in Schedule XIV to the Companies Act, 1956 and at rates prescribed therein or based on the useful life of assets, whichever is higher. Computers and related assets are depreciated over four years. Leasehold land is amortised over the period of lease.

##### c) Investments :

Long term investments are stated at cost, less any provision for permanent diminution in value. Current investments are stated at the lower of cost and fair value.

##### d) Inventories :

Inventories are stated at the lower of cost and net realisable value. The material costs are determined on weighted average basis and include costs incurred to bring the inventories to their present location and condition.

##### e) Foreign currency transactions :

Transactions in foreign currencies are accounted at the exchange rates prevailing on the date of transaction. Current assets and current liabilities are translated at the year end exchange rates and where applicable, at the exchange rates under related forward exchange contracts. The resulting profits and losses are appropriately recognised in the Profit and Loss Account except exchange differences arising on foreign currency liabilities attributable to acquisition of fixed assets, which are adjusted to cost of fixed assets.

##### f) Revenue recognition :

Sale of goods are recognised on shipment to customers. Sales exclude amounts recovered towards sales tax. Income under job contracts is recognised upon completion of service and delivery to customer. Income from rentals is recognised proportionately over the period of contract. Income from services is recognised either proportionately over the period of contract or on completion of services as per the terms of specific contracts.

Profits from certain long term composite supply and service contracts are recognised proportionately over the period of contract based on the contracted revenues and estimated cost to completion.

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

**g) Retirement benefits :**

Retirement benefits to employees comprise of payments to gratuity, superannuation and provident funds as per approved schemes of the Company. Annual contributions to gratuity funds and liabilities towards superannuation are determined based on the actuarial valuation by an independent actuary and/or confirmation as on the balance sheet date by Life Insurance Corporation of India.

**h) Leave encashment entitlements :**

Liability for leave encashment has been determined as at the year end, based on an actuarial valuation by an independent actuary.

**i) Income-tax :**

Provision for current income tax is made on the assessable income at the tax rate applicable to 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 realisation. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realisation.

2. (a) Out of the total land admeasuring 17,199.93 sq. meters, 4,636.93 sq. meters has been reserved by Pune Municipal Corporation.
- (b) Leasehold land includes 5 unquoted shares of Rs.50 each fully paid, at cost, in National Co-operative Housing Society Limited.
- (c) Buildings include:
- (i) 5 unquoted shares of Rs.50 each fully paid, at cost, in High Landmark Co-operative Housing Society Ltd., Mumbai
- (ii) 10 unquoted shares of Rs.200 each fully paid, at cost, of Sesa Ghor Premises Holders' Co-operative Society Limited, Goa.
- (d) Plant and machinery includes assets given on operating lease as follows :

	As at March 31, 2003 Rupees '000	<i>As at March 31, 2002 Rupees '000</i>
At cost	75,311	<i>84,254</i>
Accumulated depreciation	24,042	<i>17,702</i>
Net Block	51,269	<i>66,552</i>

## FIFTY-SECOND ANNUAL REPORT - 2003 Cummins Diesel Sales and Service (India) Limited

### NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.

#### SCHEDULE NO. 11 (Contd.)

	2003 Rupees'000	<i>Previous year Rupees'000</i>
(e) Depreciation for the year on plant and machinery given on operating lease	7,769	<i>8,942</i>
	<i>As at 31<sup>st</sup> March,2003 Rupees '000</i>	<i>As at 31<sup>st</sup> March,2002 Rupees '000</i>
3. Capital Commitments	—	<i>2,234</i>
4. (a) Sundry Debtors, unsecured ,others considered good, include Rs. 1,087,528 (previous year Rs. 1,445,079) due from Cummins Auto Services Limited, a subsidiary of the company.		
(b) Advances recoverable in cash or in kind include amount due from director/officer Rs. 265,247(previous year Rs.285,162), maximum amount due during the year was Rs. 371,084 (previous year Rs.324,496).		
5. (a) Sundry creditors include ,Rs.80,965; unclaimed interest on matured deposits to be credited to Investor Education and Protection Fund vide notification G.S.R.762(E) dated 13 <sup>th</sup> November, 2002.		
	<i>As at 31<sup>st</sup> March,2003 Rupees '000</i>	<i>As at 31<sup>st</sup> March,2002 Rupees '000</i>
(b) Sundry creditors include amounts due to small scale industrial undertakings	2,910	<i>3,937</i>

The small scale industrial undertakings to whom the Company owes sums which are outstanding for more than 30 days at year end are as follows:

A.A.Enterprises  
Anagha Enterprises  
Belose Industries  
Continuous Stationery Pvt.Ltd.  
Economic Transport Organisation  
The Indian Electric Company  
Indian Gaskets and Shims  
Jai Suprabha Protective Products Pvt.Ltd.  
Kishor Multi Services

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

Mahesh Ncode Software systems  
 Poona Radiator and Oil Coolers  
 Suyash Electricals  
 Ciseler Engineering  
 Deoraj Enterprises  
 Ramps Engineers  
 Urmi Enterprises  
 Somamshu  
 Suprabha Protective Products  
 Spectrum Communications  
 Box Pack Paper company  
 Shree J Printers  
 Suchi Enterprises  
 Divya Electro Technica Pvt.Ltd.  
 Peripheral Services  
 Millenium India  
 Shri Metal Products  
 Venkatesh Enterprises  
 UPM Industries

The small scale industrial undertaking status has been reckoned on the basis of information available with the Company.

**6. Contingent liabilities :**

	As at 31 <sup>st</sup> March, 2003 Rupees '000	<i>As at 31<sup>st</sup> March, 2002 Rupees '000</i>
(a) Claims against the Company not acknowledged as debt	500	<i>500</i>
(b) Bills discounted with bankers	38,353	<i>60,260</i>
(c) Taxation matters pending in appeal	568	<i>568</i>
(d) Guarantees given on behalf of third parties- maximum liability restricted to	10,000	<i>5,000</i>
(e) The arbitration matter between Company and Hindustan Shipyard Ltd. (HSL) is subjudice in the court of Principal Senior Civil Judge at Visakhapatnam. In the event the matter is finally decided in favour of HSL, the Company would have to pay the sum of Rs.1,944,321 with interest @ 8% per annum and also waive recovery of Rs.330,304 from HSL.		

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### NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.

#### SCHEDULE NO. 11 (Contd.)

#### 7. Related party disclosures

(a) Name of the related party and nature of relationship where control exists

<u>Name of the related party</u>	<u>Nature of Relationship</u>
Cummins Inc.	Holding Company
Cummins India Limited	Holding Company
Cummins Auto Services Limited	Subsidiary Company

(b) Transactions with related parties as per the books of account during the year ended 31<sup>st</sup> March 2003

(Rs.'000)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Enterprise with common Key Management personnel	Joint Venture	Total
Purchases of goods	1,841,933 (1,872,837)	12 (11,751)	218,943 (227,971)	— (—)	10,813 (942)	9,264 (5,397)	2,080,965 (2,118,898)
Sale of goods	26,722 (286)	1,521 (455)	3,933 (12,892)	— (—)	1 (—)	— (1)	32,177 (13,634)
Purchase of fixed assets	366 (154)	54 (—)	— (—)	— (—)	— (—)	— (—)	420 (154)
Sale of fixed assets	788 (336)	— (—)	— (188)	— (—)	— (—)	— (—)	788 (524)
Sale of investment	2 (35,000)	— (—)	52,920 (—)	— (—)	— (—)	— (—)	52,922 (35,000)
Rent received	1,714 (—)	— (537)	— (891)	— (—)	— (—)	— (—)	1,714 (1,428)
Remuneration paid	— (—)	— (—)	— (—)	3,461 (2,935)	— (—)	— (—)	3,461 (2,935)
Interest received on intercorporate deposit	— (—)	— (670)	— (—)	— (—)	— (—)	— (—)	— (670)
Rendering of services	110,020 (56,201)	— (3,913)	11,736 (216)	— (—)	— (—)	9,068 (6,812)	130,824 (67,142)
Intercorporate deposit given	— (—)	— (10,000)	— (—)	— (—)	— (—)	— (—)	— (10,000)

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

Intercorporate deposit received back	— (—)	— (17,000)	— (—)	— (—)	— (—)	— (—)	— (17,000)
Equity Participation	— (—)	— (59,996)	— (—)	— (—)	— (—)	— (—)	— (59,996)
Purchase of Investment	2 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	2 (—)
Paid for services	410 (10,539)	— (—)	192 (—)	— (—)	— (—)	— (—)	602 (10,539)
Leasing income	15,985 (—)	— (—)	— (17,539)	— (—)	— (—)	— (—)	15,985 (17,539)
Interest paid	1,813 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1,813 (—)

**(c) Amounts outstanding as at 31<sup>st</sup> March, 2003**

Particulars	Holding Company	Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Enterprise with common Key Management personnel	Joint Venture	Total
Sundry Debtors	— (—)	1,088 (1,445)	2,475 (22,281)	— (—)	— (—)	4,817 (6,378)	8,380 (30,104)
Sundry Creditors	298,796 (480,756)	— (—)	13,561 (46,134)	— (151)	1,205 (942)	— (—)	313,562 (527,983)
Loans and Advances	221 (2,351)	— (—)	— (—)	— (—)	— (—)	— (—)	221 (2,351)

**Notes :**

(i) The names of the related parties under the appropriate relationship included in 7(b) & (c) above are as follows:

- |                    |                               |
|--------------------|-------------------------------|
| 1. Holding Company | i. Cummins Inc.               |
|                    | ii. Cummins India Limited     |
| 2. Subsidiaries    | Cummins Auto Services Limited |



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## Cummins Diesel Sales and Service (India) Limited

### NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.

#### SCHEDULE NO. 11 (Contd.)

- |    |   |  |
|----|---|--|
| 3. | Fellow Subsidiaries                             | <ul style="list-style-type: none"> <li>i. Cummins Diesel Sales Corporation</li> <li>ii. Fleetguard Inc.</li> <li>iii. Wuxi Newage Alternator</li> <li>iv. Holset Engineering Co. Limited</li> <li>v. Onan Corporation</li> <li>vi. Newage Electrical India Limited</li> <li>vii. Nelson Engines System India Limited</li> <li>viii. Cummins Diesel, Australia</li> <li>ix. Cummins Power Generation, U.K.</li> <li>x. Cummins Power Generation, Australia</li> <li>xi. Cummins Power Generation, U.S.A.</li> </ul> |
| 4. | Key Management Personnel                        | <p>Mr. Ravi Venkatesan<br/>           Dr. Ajoy Kumar (Upto 18<sup>th</sup> February,2003)<br/>           Mr. Anant J.Talaulicar (From 20<sup>th</sup> March,2003)</p>  |
| 5. | Enterprise with common Key Management Personnel | Tata Cummins Limited   |
| 6. | Joint Venture                                   | Valvoline Cummins Limited  |
|    | (ii)  | Reimbursement of expenses incurred by related parties for and on behalf of Company and vice versa have not been included above.  |
|    | (iii)   | The information given above have been reckoned on the basis of information available with the Company.   |
|    | (iv)  | Previous year's figures are shown in brackets.   |
| 8. | Segmental Information                           |  |
|    | Primary Segment                                 |  |
|    |   | The Company's operations predominantly relate to sales and services of engines and its spare parts (Engines business segment), accounting for approximately 98% of the total revenue for the year ended March 31, 2003.  |
|    | Secondary Segment                               |  |
|    |   | Two secondary segments have been identified based on the geographical locations of customers: domestic and export.   |

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

Information about business segments :  
(Primary segments)

	Engine Business Rs.'000	Others Rs.'000	Total Rs.'000
i) Segment revenue	3,851,300	61,357	3,912,657
	(3,220,790)	(62,970)	(3,283,760)
ii) Segment result	307,513	19,136	326,649
	(100,193)	(24,128)	(124,321)
Other Income			96,237
Interest			(111,424)
Profit before tax			18,467
			(17,342)
Provision for tax			404,419
Current tax			(218,403)
Deferred tax			140,000
			(65,477)
			2,247
			((2,709))
Net profit for the year			262,172
			(155,635)
<u>Other information</u>			
iii) Segment assets	1,687,659	60,739	1,748,398
	(1,838,682)	(86,666)	(1,925,348)
iv) Segment liabilities	710,165	7,015	717,180
	(919,868)	(22,879)	(942,747)
Comman liabilities			327
			(100,609)
Enterprises liabilities			717,507
			(1,043,356)
v) Capital expenditure	19,589		19,589
	(26,340)		(26,340)
Depreciation	19,529	7,769	27,298
	(18,284)	(8,942)	(27,226)

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### NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.

#### SCHEDULE NO. 11 (Contd.)

Information about geographical Segments :  
(Secondary segments)

	Domestic	Export	Total
vi) Segment revenue	3,909,098	3,559	3,912,657
	(3,283,760)	(—)	(3,283,760)

Note :

- i) The Company's tangible assets are located entirely in India.
- ii) Previous year's figures are shown in brackets.

9. The net exchange differences (gain/(losses)) arising during the year are:

- i) Appropriately recognised in profit and loss account Rs.266,940 (previous year Rs. 168,793).
- ii) Adjusted to the carrying amount of fixed assets Rs.Nil (previous year Rs. 1,51,240).

10. (a) **Managerial Remuneration :**

	2003 Rupees ' 000	Previous year Rupees ' 000
Salary	1,484	1,491
Perquisites	1,977	1,444
<b>Total</b>	<b>3,461</b>	<b>2,935</b>

(b) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and is therefore not included above.

11. Appointment of Mr.Anant J. Talaulicar as a Wholetime Director with effect from 20th March, 2003, is subject to approval of the shareholders and of Central Government in terms of provisions of schedule XIII (Part I-condition(e)) to the Companies Act, 1956 and no remuneration during the year has been paid/provided in the accounts.

	2003 Rupees ' 000	Previous Year Rupees ' 000
12. <b>Remuneration to auditors :</b>		
Audit fees	809	809
Other services	—	473
Reimbursement of out-of-pocket expenses	9	61
	<b>818</b>	<b>1,343</b>

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

**13. Turnover :**

	2003		<i>Previous year</i>	
	Nos.	Rupees '000	Nos.	<i>Rupees '000</i>
Engines	418	438,789	178	<i>197,953</i>
Acoustic enclosures and heat recovery systems	185	41,064	111	<i>35,438</i>
Spare parts for engines		2,599,276		<i>2,276,754</i>
Job contracts		597,853		<i>596,590</i>
Rentals		20,293		<i>27,532</i>
Commission on engine sales		58,102		<i>27,776</i>
Gross income from services rendered		157,280		<i>121,717</i>
		<u>3,912,657</u>		<u><i>3,283,760</i></u>

**14. Lease Income from operating lease :**

The company has provided equipment under operating lease arrangements at stipulated rentals for a period of five years. The future minimum lease payment under these leases as of March 31, 2003 is as follows :

	(Rs.'000)		
	Due within 12 months	Due between 12-60 months	Total amount due
Minimum Lease Payments	14,785	22,178	36,963
	(16,541)	(41,352)	(57,893)

**15. The Company has 49% interest in a Joint Venture, Valvoline Cummins Limited, incorporated in India. The following represent the Company's share of assets and liabilities as at 31<sup>st</sup> March 2003 and Income and Expenses for the year ended on that date :**

	Rupees '000
Assets	195,083
Liabilities	84,539
Income	774,817
Expenses (including provision for taxation)	757,720
Contingent liabilities as on 31 <sup>st</sup> March, 2003	66,875
Capital commitments as on 31 <sup>st</sup> March, 2003	160

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**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

**16. Details of Purchase of goods for resale , opening and closing stock:**

	Purchases		Opening stocks		Closing stocks	
	Nos.	Rupees ' 000	Nos.	Rupees ' 000	Nos.	Rupees ' 000
Engines	396 (202)	397,053 (236,278)	24 (—)	35,957 (—)	2 (24)	1,409 (35,957)
Acoustic enclosures & heat recovery system	185 (111)	34,597 (29,628)	— (—)	— (—)	— (—)	— (—)
Spare parts for Engines		2,438,228 (2,152,271)		579,096 (631,179)		439,826 (579,096)
		<u>2,869,878</u> <u>(2,418,177)</u>		<u>615,053</u> <u>(631,179)</u>		<u>441,235</u> <u>(615,053)</u>

Notes :

- There are no individual items of spare parts which exceed 10% of the value of stocks, purchases and sales.
- Previous year's figures are shown in brackets.

	2003 Rupees '000	Previous Year Rupees '000
17. Value of imports calculated on C I F basis :		
Components and spare parts	215,147	157,261
Capital goods	—	4,083
	<u>215,147</u>	<u>161,344</u>

	2003 Rupees '000	Previous Year Rupees '000
18. Expenditure in foreign currency (subject to deduction of tax, where applicable), on accrual basis :		
Travelling, subscriptions etc.	1,148	957

**NOTES TO THE BALANCE SHEET AS AT 31ST MARCH, 2003 AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON THAT DATE.**

**SCHEDULE NO. 11 (Contd.)**

19. Earnings in foreign exchange (on accrual basis):

Exports	3,559	—
Servicing & repairs	288	2,919
	3,847	2,919
	3,847	2,919

20. Current taxation provision is net of excess provision of earlier years Rs. Nil ; (previous year Rs. 17,842,677).

21. Earnings Per Share

As at 31 <sup>st</sup> March,2003 Rupees '000	As at 31 <sup>st</sup> March,2002 Rupees '000
---	---

a) 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 :

b) Profit for the year after taxation	262,172	155,635
Weighted average number of shares outstanding during the year	600,000	600,000
c) Earnings per share (Basic and Diluted)(Rupees)	436.95	259.39
Face value per share (Rupees)	100.00	100.00

22. Considering the long term implementation period of the project of its subsidiary, Cummins Auto Services Limited (CASL), in the option of management, the strategic and long term investment made by the Company in the equity capital of CASL does not require any provision for diminution in the net worth of CASL as at March 31, 2003.

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## Cummins Diesel Sales and Service (India) Limited

### 23. BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

Statement showing particulars as prescribed in the amendment to Schedule VI to the Companies Act, 1956, vide notification no. G.S.R.388(E) dated 15<sup>th</sup> May, 1995

#### I. REGISTRATION DETAILS :

Registration no.	:	14972
State code	:	11
Balance Sheet date	:	31 <sup>st</sup> March, 2003

#### II. CAPITAL RAISED DURING THE YEAR ENDED 31<sup>ST</sup> MARCH,2003 :

	Rupees '000
Public issue	—
Right issue	—
Bonus issue	—
Private placement	—
	<u>—</u>

#### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31<sup>ST</sup> MARCH,2003 :

	Rupees '000
Total Liabilities	1,045,154
Total Assets	1,045,154
<b>Sources of Funds -</b>	
Paid – up Capital	60,000
Reserves and Surplus	984,827
Secured Loans	—
Unsecured loans	327
Total	<u>1,045,154</u>
<b>Application of Funds -</b>	
Net fixed assets	216,358
Investments	231,984
Net deferred tax asset	4,764
Net Current assets	592,048
Total	<u>1,045,154</u>



**22. BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE  
(Contd.)**

**IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH,2003**

i) Turnover (Sales and Services and other income)	3,905,387
ii) Total Expenditure	3,500,968
iii) Profit before tax	404,419
iv) Profit after tax	262,172
v) Earnings per share (in Rs.); (See note 3 below) (Face value of Rs.100)	436.95
vi) Dividend rate (%)	266.67

**V. Generic names of Three Principal Products/Services of company :(As per monetary terms)**

Item code no. (ITC Code)	Product description
8409.99	Component parts of internal combustion engines
N.A.	Job contracts-Repairs/Overhaul of diesel engines and its components

**Notes :**

- Total liabilities include share capital Rs.60 millions and reserves and surplus Rs.984.83 million
  - Earning per share is arrived at by dividing the profit after tax for the current year by the weighted average number of shares outstanding during the year (i.e.600,000 shares)
24. Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year figures.

Signatures to Schedule 1 to 11 :

Ravi Venkatesan  
Chairman

J.M.Rugg  
Director

S.M.Jagtap  
Assistant Company Secretary  
and Incharge Legal Cell

Pune : June 3, 2003

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003**

	Rupees '000	Rupees '000	Previous Year 'Rupees 000
<b>I. Cash flows from operating activities :</b>			
Cash generated from operations (see note 1 below)	337,479		57,692
Tax paid (net of refunds)	(95,519)		(80,053)
<b>Net cash provided by operating activities</b>		241,960	(22,361)
<b>II. Cash flows from investing activities :</b>			
Repayment of Intercompany deposit	—		17,000
Intercompany deposit	—		(10,000)
<b>Fixed assets (see note 2 below)</b>			
Purchase	(19,589)		(26,340)
Sale	25,893		2,446
<b>Interest received</b>	22,234		27,247
<b>Dividend received</b>	6		12,607
<b>Investments</b>			
Purchase	(525,132)		(60,003)
Sale/redemption	546,691		37,504
<b>Net cash from/(used for) investing activities</b>		50,103	461
<b>III. Cash flows from financing activities :</b>			
Short term bank borrowings	(100,000)		100,000
Repayment of fixed deposits	(282)		(2,864)
Interest paid	(18,467)		(17,342)
Dividend paid (including tax on dividend)	(169,000)		(9,918)
<b>Net cash used for financing activities</b>		(287,749)	69,876
<b>IV. Net change in cash and cash equivalents (I+II+III)</b>		<b>4,314</b>	47,976
<b>V. Cash and cash equivalents at the beginning of the year (See note 3 below)</b>		<b>138,917</b>	90,941
<b>Cash and cash equivalents at the end of the year (IV+V) (See note 3 below)</b>		<b>143,230</b>	138,917

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003 (Contd.)**

	Rupees '000	Rupees '000	Previous Year Rupees '000
<b>Notes :</b>			
<b>1 Cash generated from operations has been arrived at as follows :</b>			
Net profit before tax		404,419	218,403
Adjustments for -			
<b>a) Non cash item /items required to be disclosed seperately :-</b>			
Depreciation	27,298		27,226
Interest expense	18,467		17,342
Interest income (gross)	(21,963)		(28,055)
Dividend earned (gross)	(6)		(12,607)
Loss/(gain) on assets sold,discarded etc;	(9,611)		781
Loss/(gain) on redemption /sale of investments	(51,805)		—
Bad debts written off	846		2,703
Provision for doubtful debts	6,127		5,198
		(30,647)	12,588
<b>b) Changes in working capital and other provisions :-</b>			
Sundry debtors	(15,166)		(149,905)
Inventories	166,411		(6,204)
Loans and advances	14,820		30,554
Other current assets	14,209		(22,703)
Current liabilities	(220,577)		(21,658)
Provisions	4,010		(3,383)
		(36,293)	(173,299)
<b>Total adjustments (a+b)</b>		(66,940)	(160,711)
<b>Cash generated from operations</b>		337,479	57,692

- 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 current liabilities related to acquisition of fixed assets have been made to the extent identified.

## FIFTY-SECOND ANNUAL REPORT - 2003

### Cummins Diesel Sales and Service (India) Limited

#### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

	Rupees '000	Rupees '000	Previous Year Rupees '000
<b>3 Cash and cash equivalents comprise :</b>			
Cash in hand		181	460
Cheques on hand		17,055	30,599
Balances with bank on current account :			
Unclaimed dividend account (restricted)		—	—
Other current accounts		124,830	106,647
Balances with bank on deposit account		1,164	1,211
Cash credit (excluding interest accrued & export packing credit)		—	—
Total		143,230	138,917

4 Figures in brackets represent outflows of cash and cash equivalents.

5 Previous year's figures have been regrouped, wherever necessary to conform to the current year's classification.

In terms of our report of even date

For PRICE WATERHOUSE  
Chartered Accountants

VASANT GUJARATHI  
Partner

Pune : June 3, 2003

RAVI VENKATESAN  
Chairman

J M RUGG  
Director

S M JAGTAP  
Assistant Company Secretary  
& Incharge Legal Cell

Pune : June 3, 2003

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES.**

Name of the Subsidiary	Cummins Auto Services Limited (CASL)
1. The Financial Year/ period of the subsidiary company ended on	March 31, 2003
2. Holding Company's interest	
(a) The number of Equity shares held	9,999,800 Equity Shares of Rs.10/- each fully paid are held by Cummins Diesel Sales and Service (India) Limited and its Nominees. 200 Equity Shares of Rs. 10/- each fully paid are held by others.
(b) Extent of interest in the capital of subsidiary	99.99%
3. The net aggregate amount so far as it concerns the members of the Holding Company and is not dealt with in the Company's accounts of the subsidiary's profits/(loss).	(Rs.'000)
i) for the financial year/ period of the subsidiary as aforesaid	(86,901)
ii) for the financial year/ period of the Subsidiary since it became Holding Company's subsidiary.	(136,623)

**FIFTY-SECOND ANNUAL REPORT - 2003**  
**Cummins Diesel Sales and Service (India) Limited**

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**  
**RELATING TO SUBSIDIARY COMPANIES. (Contd.)**

Name of the Subsidiary	Cummins Auto Services Limited (CASL)
<p>4. Net aggregate amounts of the profits/ (Loss) of the subsidiary dealt with in the Company's account.</p> <p>i) for the financial year/ period of the subsidiary</p> <p>ii) for the financial years/ period of the subsidiary since it became the holding Company's subsidiary.</p>	<p>Rs. ('000)</p> <p>Nil</p> <p>Nil</p>

SANJAY JAGTAP  
 Assistant Company Secretary  
 & In-Charge Legal Cell

JIM RUGG  
 Director

RAVI VENKATESAN  
 Chairman

Pune : June 3, 2003