



Cummins India Limited

Annual Report 2008-09

Dependability is our key brand attribute and goes beyond product performance or response to a service event. Dependability means the customer can count on Cummins to do what we say we will do.

- Dependable People
- Dependable Products
- Dependable Services

**I am Cummins.
You can depend on me.**





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To our esteemed shareholders,

As we look back at the financial year 2008-09, and all that our Company has accomplished during the year, we are pleased to note that the year was yet another remarkable one for Cummins India Limited (CIL), which despite significant challenges, remained steadfast in delivering on its Brand Promise of Dependability. For this, I would like to thank our customers for providing us with opportunities to serve them better, our suppliers for their support and long-term partnerships and our shareholders for their investment and confidence in the business. Most importantly, I would like to recognize our employees who made all of this possible by living the Cummins Core Values. I would also like to recognize the advice and guidance provided by our able Board of Directors and the commitment of our stable leadership team.



Anant J. Talaulicar
Chairman & Managing Director
Cummins India Limited

As we share with you the performance of our Company in the financial year 2008-09, the allegiance to our four-fold strategy to achieve our Company's business objectives is clearly evident. As we take you through the business highlights of the year, you will note that the strategies that were implemented four years ago maximize our success not only during good times, but also during difficult times and are helping us emerge stronger than ever.

I am pleased to announce that despite hyperinflation in the early part of the year and the global economic downturn in the later part, our annual sales grew by 23% to Rs. 2,861 crores, and the corresponding profit before tax grew 32% to Rs. 523 crores, excluding Cummins Sales and Service India Limited and Cummins Auto Services Limited. Our strong full year performance is attributable to concentrated focus on waste and cost reduction programs, productivity enhancement

initiatives, strong partnerships with our suppliers on value engineering, careful but continued investments in new products and capacities, and conscious efforts towards working capital reduction and cash management. Six Sigma, which is in its ninth year at CIL, has been the consistent approach towards driving these improvements.

In line with our Mission of creating wealth for all stakeholders, we disbursed a special one-time dividend of Rs. 2.40 per share of Rs. 2 each (120% of equity capital) in December, and an interim dividend of Rs. 4 per share (200%) in February. Finally, based on the strength of the Company's financials, the Board has recommended a final dividend of Rs. 2.60 per share (130%).

Allow me to elaborate on the deployment of our four strategies, which are in their fifth year of vintage:

Domestic market share leadership

The first of our four-pronged strategy is to sustain and grow the market share leadership we have built in India over the last forty seven years. Our future rests in the hands of our customers. This strategy has been devised keeping their success paramount.

In last year's annual report, I shared with you our company-wide initiative of Customer Support Excellence (CSE), which inculcates in every employee the practice of placing our customer first and providing real value to our customer. I also shared three ways in which we planned to accomplish this - Through the Lens of the Customer (TLC), Repair Event Cycle Time Reduction and Customer Focused Six Sigma. This year, taking the initiative forward, we have established our Customer Experience Philosophy and a set of Customer Experience Standards, to help align and accelerate our customer focused journey of becoming a truly customer centric organisation. We have aligned the Customer Experience Philosophy with the Company Vision of 'Making people's lives better by unleashing the Power of Cummins'. The standards by which we measure the success of our customer service initiatives are:

Safety – The safety and well being of our customers and employees is our first priority.

- Create and maintain a safe working environment
- Take care of and report any unsafe condition immediately
- Use all required safety equipment every time
- Follow all our safety policies and procedures
- Alert customers to any safety issue that may arise

Accuracy – We do the job right. We perform with precision and ensure error-free interactions with each customer.

- Listen carefully to ensure true understanding of the customers' needs
- Pay attention to every detail of the transaction or work process
- Provide correct and complete information - know

where to obtain correct information if needed

- Ensure the customers' thorough understanding of the transaction

Responsiveness – We are accessible to our customers and always ensure that their experience with us is efficient and timely.

- Acknowledge all customers promptly
- Demonstrate a sense of urgency and agility in addressing the customers' needs
- Manage customer expectations through effective communication
- Keep all commitments - notify customers immediately regarding any unforeseen issues

Partnership – We care about the long-term success of each customer and strive to build trust-based relationships.

- Treat every customer with courtesy, respect, and dignity
- Look at each customer interaction as an opportunity to build trust with the customer
- Constantly learn about customers and help them identify their needs
- Always be on the lookout for ways to further assist each customer in achieving their objectives

The success of TLC hinges on the following four concepts:

- **Looking through the lens of the customer** - This is a simple, yet profoundly important concept to truly understand how customers experience what we do and how changing our perception and processes can influence their overall experience positively
- **Everything Speaks** - This describes our physical environment as seen by the customer, and forces us to re-examine every detail from a physical facility appropriateness standpoint
- **Creating a Wow** - Making sure that the way we deliver customer experience is special by implementing a consistent Customer Experience Philosophy and a set of Customer Experience Standards

- **Set customers and employees up for success -**
Capable processes must be engineered in place to ensure consistent and positive customer experiences that build customer loyalty

Customer Experience Improvement Teams have been formulated at each of our businesses and functions, to help identify customer experiences and take improvement actions. Moments of truth that were captured through the customer experience mapping exercises have identified a few areas of improvement, which we are committed to addressing. While CSE is certainly relevant to employees who come in direct contact with external customers, it is also as relevant to employees who are servicing other employees (internal customers). I am confident that with increased focus on the customer and successful implementation of the CSE initiative, our customers will reap opportunities like never before.

We also concluded the year with the 78th invitee to our most innovative customer interface program - 'Voice of Customer' (VOC). Under this initiative, each month, our

Distribution Business invites a customer to our premises to address a broad group of cross-functional managers. Thereafter, our employees along with the involved OEM and Dealer teams, work on translating the customer feedback received, into an actionable plan with measurable improvements. As is the case with any problem resolution in our Company, Six Sigma is used as the primary approach for making improvements.

Even as the global slowdown began showing its impact towards the end of 2008, demand in certain segments of our Industrial Business maintained momentum. The rail segment bagged a prestigious order to supply our 14 litre NTA855R engines for four wheeler Over Head Equipment cars. We further secured a breakthrough order for supplying 50 litre K50 engines for powering Diesel Electric Multiple Units to run in Sri Lanka. The Marine segment bagged an order to supply 38 litre main propulsion K38 engines for Catamaran Survey Vessels for the Indian Navy. In addition to these, Cummins supported the Indian Railways' ambitious project of developing the railroad

On the Fast Track!

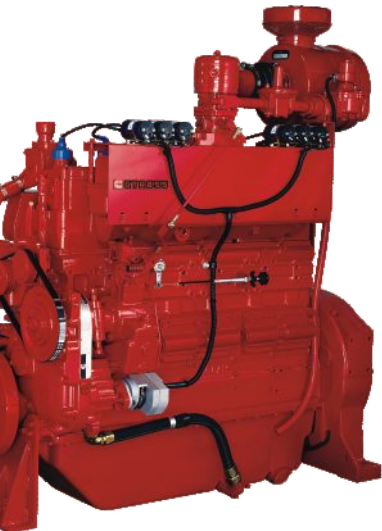
J&K DEMU, the first specially developed train for the state by the Indian Railways – Powered by Cummins



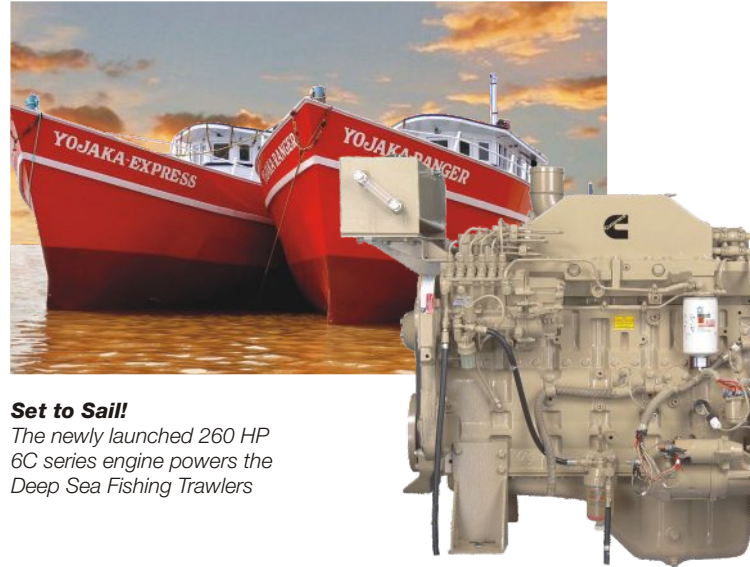
network in the Jammu & Kashmir valley with the first specially developed train. Powered by a Cummins 50 litre KTA50 engine for traction purposes and 14 litre NTA14RG under floor engines that run the 320 kVA generators for heating coaches during winter, the train, J&K DEMU embarked upon its maiden journey in February 2009.

In addition, our Industrial Business launched three new products that strengthened our technological leadership. Amongst these was the launch of the GTA855 engine fuelled by natural gas to power 1200 SCMH gas compression packages for India. These indigenously manufactured engines have been powering gas compressor applications worldwide for over a decade. They come with the fastest delivery lead-time, a customized value engineered package and lowest Total Cost of Ownership. The second was the launch of the 260 HP 6C series engine to our existing range of 104 HP, 140 HP & 200 HP engines for powering Deep Sea Fishing Trawler applications.

And lastly, in our electronic engine series, we launched the 15 litre QSX15 series to power 9.5m³ hydraulic excavators, dozers, snow cutters and road miller applications. The engine provides lower life cycle cost as compared to a mechanical engine. This 6 cylinder, 15 litre displacement engine meets Tier II and Tier III emission levels using a full authority, high pressure injection electronic fuel system. In addition, it offers enhanced diagnostic capabilities such as integrated engine protection, maintenance monitoring, duty cycle and fuel consumption monitoring.



The newest entrant in the domestic market
After its resounding success worldwide, the GTA855 engine fuelled by natural gas, will now power 1200 SCMH gas compression packages in India



Set to Sail!
The newly launched 260 HP 6C series engine powers the Deep Sea Fishing Trawlers

A power-packed solution
The new electronic engine, QSX15 on BEML's 9.5m³ (BE1600) Hydraulic Excavator



I am very happy to relay that the B Gas Plus engines of our Automotive Business will power the buses of all OEMs that are fulfilling orders as per the Delhi Transport Corporation (DTC) tender for 2,500 low floor, eco-friendly buses. As a result, these buses will be exclusively powered by our 230 HP engines, which run on compressed natural gas (CNG). These not only offer significant economic benefits but also an environment-friendly technology that minimizes the release of harmful emissions. This project will help Delhi prepare for the Commonwealth Games in 2010. Cummins maintained 100% market share in premium CNG engines through its B series Lean Burn products.



A clean sweep!

Cummins maintains 100% market share in premium CNG engines, powering buses of all OEMs fulfilling the DTC tender

During the year, our Power Generation Business launched Automatic Transfer Switches (ATS) for the domestic market. In the event of failure of the primary power source, the product plays a critical role in on-site emergency standby power systems by transferring electrical loads from utility service to an alternative power source such as a generator. In addition, the business launched another product early this year, the 750 kVA electronically controlled QSK23 high horsepower generator set. This set has optimum power density, electronic features and complies with

Make the Switch!

Power Generation Business launches the Automatic Transfer Switches (ATS) for the domestic market



future emission norms, which makes it a preferred solution for the IT/ITES, manufacturing, commercial and realty sectors.

During the year, our Company's domestic market leadership was recognized by various external parties. It was a moment of immense pride when our Company won the Confederation of Indian Industry (CII) National Award for Excellence in Energy Management in the category of 'Innovative Product / Service' for the third successive year. The award has been conferred upon Cummins for its unique 'Power Quality & Adequacy Analysis' service designed to ascertain source and load compatibility.

Another significant achievement was when the Cummins Group in India was conferred with the prestigious title of 'Business Superbrand' for the second time in a row. The second edition of this book, similar to the first edition released in 2005, gives an insight into some of India's strongest business brands. The latest edition features 74 select brands and reveals the history, development and achievements of these exceptional brands while highlighting why they are truly iconic.



Power of Dependability - Recognized

The Cummins Group in India was conferred with the prestigious 'Business Superbrand' title second time in a row

Particularly gratifying recognition came from two of our leading OEMs in the Industrial Business. Telco Construction Equipment Company Limited, a market

leader in construction equipment in India, conferred upon us a Certificate of Honour for making significant contributions to 'Delivery Efficiency of Proprietary Components'. ELGI Equipments Limited, India's leading supplier of Air Compressors, recognized our contributions to their business by presenting us with the 'Best Supplier Winner of the year 2007-08' award.

All of these developments have contributed in helping us maintain our position as a leader in the domestic market.

Exports

While the domestic market contributes to a major portion of our revenues, a significant part of the pie relies on exports, which makes it our second strategy to focus on. The relatively low cost and high talent base that we have in India, creates huge opportunities for the entire range of our products and services in overseas markets, using our parent's distribution channels. We were fortunate that despite the global slowdown, exports demand continued to remain strong in all the segments through 2008-09 and hence export revenue grew 80% (excluding Cummins Sales and Service India Limited and Cummins Auto Services Limited) over the previous year.

We developed and launched the Tier II emission compliant 50 litre high horsepower engine with a modular, high pressure common rail fuel system. The first batch has been well received by the customers. This gives us the confidence that this would be a good long-term growth opportunity for us as market conditions improve.

We identified opportunities for exporting the 8.3 litre C series engine for the power generation market initially to South East Asia. The product, developed by our local team in conjunction with its counterparts in Singapore, is currently undergoing design validation

trials. Regular supplies are expected to start in the second half of 2009.

Our new line of generator sets based on the X3.3 engines of 30 to 38 kVA at 50 Hz and 30 to 35 kW at 60 Hz, witnessed great demand in the exports market. The genset range provides an economical and reliable power solution to a variety of prime and standby applications for small businesses and the telecommunications market. During the year, we received over 2,300 orders for these gensets, generating revenues of approximately Rs. 32 crores.

At the beginning of the year, our Power Generation Business launched the NT & NTA855 coolpac for exports. Available in the range of 415 bhp to 535 bhp, the product is used for power generation applications globally. Since the launch, over 500 units of the product have been sold, yielding revenues of approximately Rs. 24 crores.

The exports segment experienced its moment of glory when our Company received the prestigious Engineering Export Promotion Council's 'Star Performer Award' for Export Excellence for the year 2008. This was in recognition of its outstanding contribution to Engineering Exports (Western Region) in the category of 'Large Enterprises'. Winning the award for the 19th consecutive year has been a commendable achievement.

Low cost producer



The third strategy is to be a low cost producer in the segments in which we operate. To enable this, our primary approach and tool is Six Sigma. During

the financial year 2008-09, we completed 248 Six Sigma projects, which resulted in annualized savings of

Rs. 76 crores. The year saw a significant increase in the commitment demonstrated by our employees to the Six Sigma methodologies, evident from the substantial increase in the number of Master Black Belts to 12, Black Belts to 34 and Green Belts to 1500 across our Group Companies. Our commitment to our customers is reflected from the fact that out of the total number of projects completed during the year, over 35 were Customer Focused Six Sigma (CFSS) projects where the project leader is an employee of our customer. Further, to reduce the Total Cost of Ownership of our direct material spend, we undertook over 50 Supplier Focused Six Sigma (SFSS) projects. We view Six Sigma as a very strategic tool. Not only does it help improve processes that lead to zero defects, but also helps build leadership skills across the organisation and improves the culture to one that departs from biases and opinions, to analysis and data based decisions.

This July we also re-launched Accelerated Cost Efficiency (ACE II), which is targeted to reduce the Total Cost of Ownership (TCO) of our direct material spend by 20% over the next three years. The initial initiative designated as ACE, which was launched in 2005, concluded this fiscal year. It had targeted a 30% TCO

reduction in direct material spend over a 3-year period. I am happy to report that we were successful in achieving 83% of the targeted annualised cost reduction, bringing a whopping Rs. 253 crores gross accrued savings to CIL. Since the launch of ACE II, we have achieved approximately 90% of our targeted cost reduction for the year, resulting in accrued savings of Rs.15 crores.

Great place to work

We believe that an organisation's leadership quality and work culture determine the performance of the Company to a very large extent. Hence we see 'Great Place to Work' not just as an HR initiative, but as a crucial business strategy. I am pleased to convey that our Company's guiding principles (Vision, Mission, Values) are firmly embedded in the DNA of our employees.

The first and most important initiative under the Great Place to Work strategy is Leadership Excellence. We continue to invest heavily in improving leadership skills of our employees at all levels. 300 employees were trained this year in our global Leadership Development System modules on setting the aim, coaching for

development, championing change and valuing diversity. We are enhancing our mentoring program and in the process have established nearly 100 mentor-mentee relationships this year. Furthermore, in order to enhance talent and help our employees take up bigger roles in the organisation, we have partnered with management institutes like SP Jain and the Kelley School of Business at the Indiana University, where we sponsor management programs



Another ACE Performance

After the resonating success of ACE, Cummins gears up for ACE II.

Anant J. Talaulicar, Chairman & Managing Director, Cummins India Limited, at the launch of ACE II.

for our high potential employees. This year, 13 employees were provided with the opportunity to further their educational qualifications. Certainly, the most practical workshop for leadership skills enhancement at Cummins is Six Sigma. Also, we are diligently working on improving processes that allow our talent to rotate through jobs more easily.

In the area of performance management, we launched a new global internet based Performance Management System Tool, OnTrack, which was used for the first time this year for quarterly and annual appraisals and individual development reviews of employees. The Company also introduced a new online Competency Management Tool, SkillTrack, which helps identify skill gaps and the way forward for employee development. This in turn supports functional excellence.

We continue to see diversity as a fundamental factor that contributes to the generation of innovation and superior business results. As we embrace diversity in its various manifestations of gender, region, religion, age, culture and experience, I am pleased to report that we have improved the gender representation across the Group from 4 percent in 2005 to 15 percent in 2008. Our medium-term target is 30 percent which was originally to be accomplished in 2010, but given the slowdown in hiring, is likely to slip by a couple of years.

This year, we significantly intensified our focus on Safety and Environment. We now have four certified lead auditors in OHSAS-18001 and twelve certified lead auditors in ISO-14001. We have rolled out policies in the areas of Contractor Safety, Forklift Safety, Road



Exemplifying unity in Diversity

Diversity translating into a rich experience of ideation and innovation, helps achieve superior results for the Company

and Driving Safety, and Near Hits & First Aid Reporting. We were successful in creating greater awareness about safety practices and in bringing greater transparency in our systems with regard to reporting incidents, near hits or first aid cases in our manufacturing facilities. We are also working towards making all our facilities zero discharge units and in doing so, hope to significantly contribute to the environment. This has already been achieved at most of our facilities with the effective implementation of systems for re-cycling treated effluent. We have also implemented measures for oil and coolant reduction and Green House Gas emission reduction (again using Six Sigma) across all our facilities.

Another significant focus area, in our journey to becoming a great place to work, is community service. We believe that our responsibility as a Company goes beyond generating profits for shareholders and extends to serving and improving the communities in which we live. One of the six Core Values of Cummins, namely Corporate Responsibility, is demonstrated by

all Cummins employees, individually and collectively. Our Company's initiatives in the area continue to be channelized through our trust, Cummins India Foundation (CIF), whose efforts continue to converge into the three areas of higher education, energy and environment and local community infrastructure development.

In the area of higher education, continuing to expand the scale of the Cummins Scholarship Program each year, we awarded scholarships to 30 deserving candidates in 2008, doubling the number of grants from 15 last year. Meritorious students from financially disadvantaged backgrounds are funded through their entire undergraduate degree education, in addition to providing mentorship and soft skill training, to ensure their all-round development, and equipping them to become effective professionals. In addition to the 30 students sponsored by the Cummins India Foundation, our employees also supported this program by individually sponsoring another 12 students on their own.

In the area of energy and environment, we undertook to support the Village Energy Security Program of the government aimed at electrifying all villages by 2012. Under this initiative, our Power Generation Business established a Distributed Generation Model for rural electrification of small remote villages / hamlets, with a pilot project targeted in the village of Kolha in Orissa. We have worked with IISc Bangalore for developing the Producer Gas (or Biomass) Technology, and with IIT Bombay on biogas and bio-fuels for the project. The Cummins Engine Research Facility (CERF) at IIT Bombay has extensively worked on this concept for over three years and we are poised to conduct this pilot shortly.

Through CIF, we donated a community hall to the village of Kasaramboli near Pirangut, where our two new power generation plants are located. We also helped resolve a water crisis problem at Bhatkya Vimukt Jati Shikshan Sanstha (BVJSS), a school for abandoned street / tribal children in Wagholi, by exploring the options of water shed management such



Paving the path to a better tomorrow

The Cummins Scholarship Program 2008 supports meritorious students in acquiring higher education



The Hall of Service

Inauguration of the community hall donated for the residents of the Kasaramboli village, located near Pirangut



Little drops make an ocean!

Cummins helps rid the Bhatkya Vimukt Jati Shikshan Sanstha in Wagholi, of its water woes through water shed management

as continuous contour trenching, roof top water harvesting, bore recharging and tree plantation. The tree plantation drive was successfully carried out, as well as a hand-pump installed. Our employees continue to explore more sustainable water harvesting solutions there.

Our Every Employee Every Community (EEEC) program encourages employees to volunteer four hours a year of company time, and more of their own time towards the betterment of the community, primarily in our three areas of focus. During the year, the four-hour or more community outreach program witnessed a high level of participation from employees across all our Group Companies. I am delighted to share that 346 employees dedicated 5,769 hours towards various meaningful community improvement opportunities identified by our Company.

Unfortunately, the year witnessed three large-scale

natural calamities in areas where Cummins operates. This included the earthquake in China, and heavy floods in Indiana as well as Bihar. Through CIF and voluntary employee donations, we endeavoured to provide some relief to the disaster stricken communities by donating, Rs. 539,900 to the World Vision Fund towards the China earthquake, Rs. 208,050 to Red Cross and Bartholomew County in Indiana, and a sum of Rs. 2,821,870 to the Tata Relief Committee towards the flood affected victims in Bihar.

In Conclusion

The year witnessed two major strategic business decisions taken by the leadership team. First was the sale of our generator rental business to Aggreko PLC. Aligned with our long-term business strategy of domestic market leadership and to enable greater focus on our core business of designing, manufacturing and selling generators, we decided to

exit the rental business. The sale of the business at Rs. 30 crores was profitable for the Company. The good news is that Aggreko will be a customer for our generators, engines, and alternators in India and we look forward to partnering with them as they grow their business in India.

The second significant business decision was the merger of Cummins Sales and Service India Limited and Cummins Auto Services Limited into Cummins India Limited. Over the last few years, Cummins has been strategically working towards integrating its businesses to harness greater synergies and to build a stronger, more unified brand.

Last year, we had stepped up the implementation of the Cummins Business Model and Cummins Operating System (CBM / COS) to accelerate our journey to becoming a 'Zero Defect' Company. To help in this journey, we appointed functional excellence leaders in the 10 functions of Quality, Manufacturing, Technical, Supply Chain, Purchasing, Finance, Information Technology, Human Resources, Marketing & Sales, and Service & Support. Each of these functional leaders work across all the nine Cummins affiliated Companies in India to drive 'Zero Defect' processes and to develop talent within that function. This way, these functional leaders help all our businesses to become more successful.

As you can tell from the above report, the year has been quite exciting and progressive, despite a few unexpected setbacks. As the external environment soured in the second half of the year, we were forced to take some tough decisions including delaying certain investments, freezing salaries and reducing the size of our workforce. I am pleased to say that our employees exhibited immense understanding and support of these steps. They have stayed focused on

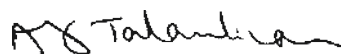
maximizing opportunities for growing sales and improving margins, while reducing costs, expenses, working capital and capital.

I would like to assure our shareholders that while the external environment is difficult in the short-term, we do strongly believe that the medium to longer term prospects for Cummins in India are excellent and we are better positioned than ever to meet today's economic challenges. Our strong balance sheet, zero debt and respectable cash reserves offer us the financial resources to handle external shocks. Our strong customer relationships give us the opportunity to grow our businesses. Our technology and customer support systems are unmatched. Most importantly, we have an extremely talented and stable team that models the Cummins Values.

I am confident that the consistent implementation of our four strategies while modeling the Cummins Core Values will ensure that we emerge from this slowdown as a stronger, 'Zero Defect' Company. This is actually a good time to gain competitive advantages in the market place.

I would like to thank you for your confidence and support. At this juncture, I rededicate myself and my entire team at CIL to our Vision of 'Making people's lives better by unleashing the Power of Cummins'.

Sincerely,



Anant J. Talaulicar
Chairman & Managing Director
Cummins India Limited

Board of Directors



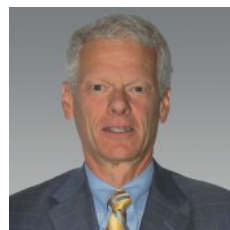
Rajeev Bakshi
Director



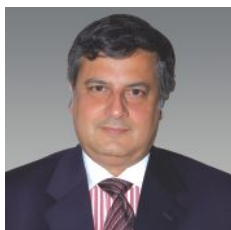
S M Chapman
Director



P S Dasgupta
Director



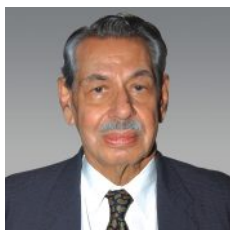
Mark A Levett
Director



Nasser Munjee
Director



Glyn Price
Director



B H Reporter
Director



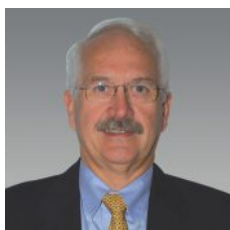
Venu Srinivasan
Director



Anant J. Talaulicar
Chairman &
Managing Director



Dr. John Wall
Director



J M Barrowman
Alternate Director



Pradeep Bhargava
Alternate Director



Sean Milloy
Alternate Director

Cummins India Limited

BANKERS :

State Bank of India
The Saraswat Co-operative Bank Limited
State Bank of Hyderabad
HDFC Bank Limited
Citibank, N.A.
Bank of America
BNP Paribas Bank Limited

AUDITORS :

PRICE WATERHOUSE
Chartered Accountants
252, Veer Savarkar Marg
Shivaji Park, Dadar
Mumbai 400 028

REGISTRAR & TRANSFER AGENT :

Link Intime India Pvt. Limited
(Formerly Intime Spectrum Registry Limited)
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Cummins India Limited

Financial Summary - 5 Years

Rs. Crores

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05
Total income	3,424.80	2,453.49	1,926.12	1,539.97	1,271.47
Raw material	2,233.77	1,621.72	1,207.24	968.88	795.94
Employee cost	212.96	138.42	120.04	105.92	86.62
Mfg. exps. and overheads	196.16	148.69	129.60	109.69	98.72
Adm.,selling and other exps.	153.92	115.03	89.23	75.10	67.90
Interest	2.61	0.67	1.41	0.90	1.23
Depreciation	45.56	32.96	32.60	33.64	35.72
Net profit before tax	579.82	396.00	346.00	245.86	185.35
Exceptional Item	19.20	—	—	—	—
Tax provision on income (Net of Excess/Short provision for prior years)	165.36	115.31	103.95	70.16	48.11
Net profit after tax	433.66	280.69	242.05	175.70	137.23
Dividend	178.20 *	91.08	79.20	79.20	79.20
Additional Income tax on dividend	31.98	15.48	12.28	11.11	10.73
Earnings in foreign exchange	1,342.49	742.05	619.74	544.90	402.39
Dividend %	450.00 *	230.00	200.00	200.00	200.00
Earning per share (Face value of Rs. 2)	21.90	14.18	12.22	8.87	6.93

* Including special dividend of 120% i.e. Rs. 2.40 per share.

DIRECTORS' REPORT

The Directors of Cummins India Limited have pleasure in presenting the Forty-Eighth Annual Report and the Audited Accounts of the Company for the year ended March 31, 2009.

1. FINANCIAL RESULTS :

During the year under review, net sales turnover was Rs. 32,740,500 ('000) (Rs. 32,741 million) as compared to Rs. 23,307,792 ('000) (Rs. 23,308 million) during the previous year (40% higher). Exports and other foreign exchange earnings were Rs. 13,424,852 ('000) (Rs. 13,425 million) as compared to Rs. 7,420,494 ('000) (Rs. 7,420 million) during the previous year (81% higher). Profit after tax was Rs. 4,336,611 ('000) (Rs. 4,337 million) as compared to Rs. 2,806,910 ('000) (Rs. 2,807 million) for the previous year (54% higher).

	2008-2009 * (Rs.'000)	2007-2008 (Rs.'000)
APPROPRIATION OF PROFIT :		
Profit before taxation	5,990,216	3,960,032
Net Profit for the year after tax but before tax on proposed dividend	4,336,611	2,806,910
Tax on dividend	319,846	154,790
Dividend	1,782,000	910,800
Transferred to General Reserve	433,661	701,728
Balance carried to Balance Sheet	4,955,127	3,154,023

* Financial Results of your Company include figures of the Company's erstwhile subsidiaries, Cummins Sales and Service India Limited (CS&S) and Cummins Auto Services Limited (CASL) which were amalgamated with your Company with effect from April 1, 2008 ("Appointed Date").

2. DIVIDEND :

Your Directors have recommended a final dividend of Rs. 2.60 per equity share of Rs. 2/- each fully paid-up for the year ended March 31, 2009, in addition to the interim dividend of Rs. 4/- per share declared on January 27, 2009 and a special dividend of Rs. 2.40 per share declared on December 5, 2008, aggregating to Rs. 9/- per share for the year.

3. CONSOLIDATED FINANCIAL STATEMENTS :

Consolidated Financial Statements of Cummins India Limited and its associates and joint ventures as at March 31, 2009, have been prepared in accordance with Accounting Standard 21 (AS 21) on 'Consolidated Financial Statements', Accounting Standard 23 (AS 23) on 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 (AS 27) on 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India. As required by Clause 32 of the Listing Agreement with the Stock Exchanges, the Audited Consolidated Financial Statements are attached and form part of the Annual Report.

4. SALE OF POWER GENERATION RENTAL POWER BUSINESS :

Pursuant to the approval of shareholders through a Postal Ballot, results of which were announced on December 29, 2008, the Company has disposed its Power Generation Rental Power Business as a going concern for a total consideration of Rs. 300 million (including stamp duty but exclusive of applicable taxes). This disposal would enable the Company to further strengthen and develop its core business of manufacture and sale of Internal Combustion Engines and Generators.

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5. SUBSIDIARIES :

Pursuant to the order of the Hon'ble Bombay High Court dated March 20, 2009, Cummins Sales and Service India Limited (CS&S) and Cummins Auto Services Limited (CASL), subsidiaries of the Company, have amalgamated with your Company with effect from April 1, 2008 (Appointed Date). The financial statements of the Company and figures herein, include the figures of erstwhile CS&S and CASL and hence, the same are not comparable with the figures of the previous year.

6. JOINT VENTURES :

a. Cummins Exhaust India Limited (CEIL) :

The sales and other income of CEIL, a 50:50 Joint Venture between Cummins Filtration Inc., U.S.A. and your Company, for the year ended March 31, 2009, was Rs. 430,203 ('000) (Rs. 430 million) as compared to Rs. 478,071 ('000) (Rs. 478 million) during the previous year (10% lower). CEIL Board of Directors declared an interim dividend of Rs. 10/- per equity share of Rs. 10/- each and a final dividend of Rs. 5/- per share for the year ended March 31, 2009, aggregating to Rs. 15 per share [150% on the paid-up share capital of Rs. 40,000 ('000)]. CEIL is engaged in the business of manufacture and sale of exhaust silencers and mufflers for Internal Combustion Engines.

b. Cummins Research and Technology India Limited (CRTI) :

The sales and other income of Cummins Research and Technology India Limited (CRTI), a 50:50 Joint Venture between Cummins Inc., U.S.A. and your Company, for the year ended March 31, 2009, was Rs. 482,717 ('000) (Rs. 483 million) as compared to Rs. 307,690 ('000) (Rs. 308 million) during the previous year (57% higher). CRTI has a Research and Technology Centre at Pune and is engaged in providing Information Technology Enabled Mechanical Engineering Development Services to Cummins Inc., its subsidiaries and joint ventures across the world.

c. Valvoline Cummins Limited (VCL) :

Consequent to the amalgamation of Cummins Sales and Service India Limited (CS&S) with Cummins India Limited (CIL), the shares held by CS&S in Valvoline Cummins Limited (VCL), now stand transferred in the name of your Company. VCL is a 50:50 joint venture with Valvoline International Inc., U.S.A., a global leader in lubricants and engine oils. The sales and other income of VCL for the year ended March 31, 2009 was Rs. 4,470,658 ('000) (Rs. 4,471 million) as compared to Rs. 3,270,210 ('000) (Rs. 3,270 million) during the previous year (37% higher). VCL has declared a dividend of Rs. 4/- per equity share of Rs. 10/- each [40% on equity paid-up share capital of Rs. 190,000 ('000)] for the year ended March 31, 2009.

7. INDUSTRIAL LAND AT PHALTAN :

Your Company has acquired about 64 acres of land from Maharashtra Industrial Development Corporation (MIDC), near Phaltan in Satara District, Maharashtra and is in the process of taking possession of additional 61 acres of land at the same site to cater to your Company's future expansion needs. As a result of the current economic slow down, some of the projects of your Company and other Group Companies have been deferred and are expected to commence in a phased manner from 2009-2010.

8. MANAGEMENT DISCUSSION & ANALYSIS / CORPORATE GOVERNANCE REPORT :

As per clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion & Analysis Report and Corporate Governance Report are annexed and form part of the Directors' Report.

9. CODE OF CONDUCT COMPLIANCE :

A declaration signed by the Chairman and Managing Director affirming compliance with the Company's Code of Conduct by Directors and Senior Management, for the Financial Year 2008-2009, as required under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed and forms part of the Directors' Report.

10. DIRECTORS' RESPONSIBILITY STATEMENT :

In pursuance of the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors make the following statement :-

- (i) that in the preparation of the annual accounts, all applicable accounting standards have been followed and there was no material departure from the accounting standards;
- (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, 2009 and of the profit for the period April 1, 2008 to March 31, 2009;
- (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, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

11. CONSERVATION OF ENERGY :

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

Engine Business Unit Plants (Kothrud and Pune - Nagar Road) :-

- Continued use of "VAM" Waste Heat Recovery System in place of compressor based air conditioners.
- "Energy Conservation Awareness" communication given to all employees through information posters displayed at usage locations across offices and shop floor. This has helped in judicious use and saving of energy.
- Use of natural lighting during the day at the machine shop floor and stores.
- Optimization of heat treatment operations to run furnaces for 4.5 days instead of 6 days per week to get maximum utilization and reduce energy consumption.
- Installation of energy efficient Metal Halide 28 W tube lights in place of 72 W tube lights at about 750 locations.
- Energy efficient air conditioning cooling system (Package Units) in the new KV Engine Plant.
- Unity Power Factor achieved through installation of ten Auto Power Factor Correction (APFC) capacitor panels.

Power Generation Business Unit Plants (Kasar Amboli and Daman) :-

- Installation of servo control 750 kVA voltage stabilizer at LT sub-station.
- Push pull switches installed in the office and administration buildings.
- Optimisation of air conditioners.
- Factory buildings designed to maximise natural lighting.

Distribution Business Unit (CS&S Division), Erandawana, Pune :-

- Load reduction in administration building by localized lighting at work stations and redesigned general lighting as well as natural lighting.
- Installation of energy efficient air conditioning units in the administration area.
- Replacement of orbit cleaning system by ultrasonic cleaning system in component cleaning section.

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IMPACT OF THE ABOVE MEASURES :

The above initiatives have resulted in savings of about Rs. 36,150 ('000) [1,467 ('000) kWh units] during the year.

12. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :

Your Company remains committed to introducing new products and improving existing products which meet stringent emission norms, have higher levels of performance and lower life cycle costs, to satisfy market needs.

The Technical Centre of your Company continues in its endeavour to reduce costs through indigenization of components and development of electronic controls and systems to improve fuel efficiency, performance and durability of the products.

A. New Product Development :

The following new Products were developed during the year :

1. C8.3 engine for a marine application.
2. B5.9 engine meeting BS II (CEV) emission norms for the industrial market.
3. K50 CNG dual fuel engine for a locomotive application for the Indian Railways.
4. QST30 engine for a dozer application meeting Tier I emissions.
5. B5.9 mechanical engine meeting BS III emission norms for the automotive market.
6. B5.9 full authority electronic Natural Gas engine for the automotive market.
7. N14 – 380 kVA mechanical engine meeting EU Stage II emissions.

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

- A complete range of fuel efficient and emission compliant products were made available to customers in the shortest possible time, at significantly lower development cost, thereby enhancing value to customers.
- Improvement in quality, reliability, durability and performance of engines and critical engine components.
- Significant cost savings through engine component indigenization and Six Sigma initiatives.
- Reduction in product development cost to enable profitable business growth.

C. Future plans include :

- Continued thrust on indigenization, cost reduction and supplier partnership based waste elimination initiatives and alternate source development for various engine components.
- Introduction of full authority electronic diesel as well as natural gas engines for the automotive market, compliant with BS IV emissions requirements.
- Development of advanced emissions compliant engines for global and domestic Power Generation, Industrial and Automotive markets.
- Installation and commissioning of Euro-IV level state-of-the-art emissions measurement facility.

D. Your Company continues to focus on deriving the benefits of state-of-the-art technology assistance from Cummins Inc., U.S.A. With strong support from Cummins Inc., U.S.A., your Company is committed to develop advanced fuel efficient and emissions compliant engines to comply with forthcoming stringent, domestic and global emissions regulations. Your Company is also committed to introduce environment friendly engines, running on both conventional and alternate fuels. Your Company is confident of absorbing a wide and diverse set of technologies in Internal Combustion engines to effectively cater to the market dynamics.

E. Expenditure on R & D :

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

	2008-2009 (Rs.'000)	2007-2008 (Rs.'000)
a) Capital	100,132	37,247
b) Recurring	307,990	269,692
c) Total	408,122	306,939
d) Total R&D expenditure as a percentage of total sales turnover	1.25%	1.32%

13. FOREIGN EXCHANGE EARNINGS AND OUTGO :

During the year under review, your Company exported 7,106 engines and 8,632 generator sets thereby achieving export earnings of Rs. 13,129,018 ('000) (Rs. 13,129 million).

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

	2008-2009 (Rs.'000)	2007-2008 (Rs.'000)
(a) Earnings	13,424,852	7,420,494
(b) Outgo -		
- Raw Materials/components	5,798,772	3,726,212
- Capital equipment	261,073	80,736
- Others	1,663,153	998,921
	7,722,998	4,805,869

14. PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956 (the Act), read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report and Accounts are being sent to the Shareholders excluding the statement giving particulars of employees under Section 217(2A) of the Act.

Any Shareholder interested in obtaining a copy of the statement, may write to the Assistant Company Secretary at the Registered Office of the Company.

15. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, M/s. Rajeev Bakshi, P.S. Dasgupta and S.M. Chapman, Directors of the Company, retire by rotation and are eligible for re-appointment.

16. AUDITORS :

The Auditors, Price Waterhouse, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

On behalf of the Board of Directors,



Anant J. Talaulicar
Chairman & Managing Director

Pune: May 26, 2009

Management Discussion and Analysis Report (Annexure to Directors' Report)

1. Industry Structure and Developments

Economic Trends and Implications

- After 5 consecutive years of solid growth in the 7-10% range, the rate of economic growth in India witnessed a slow down. Revised estimates from the Government of India indicate that the full-year GDP growth (2008-09) will be approximately 6.5%, while the outlook for fiscal (2009-10) is projected to be in the range of 5.0 to 5.5%.
- For the first time in 15 years, the Index of Industrial Production (IIP) contracted and witnessed negative growth during the period Dec'08 - Mar'09. For the fiscal year 2008 - 09, Industrial output grew only by 2.4% as compared to 8.8% a year before.

However, demand revival is expected in the Fiscal Year 2009-10, given the fall in inflation, correction in interest rates and a commitment from the Central Government to stimulate growth with infrastructural investments.

- Exports contracted for six consecutive months (Oct'08 to Mar'09), bringing the year's cumulative growth down to a meager 3.4% over the same period of the last year. The trade deficit for 2008-09 was \$119 billion, up 35% from \$88 billion in 2007-08.
- India is projected to achieve FDI of \$27.5 billion against a target of \$30 billion for the fiscal year 2008-09.
- The Indian Government's timely release of three stimulus packages to boost the economy has started yielding positive results in key sectors like Automotive, Power Generation and Industrial.
- Growth fundamentals of the Indian economy remain strong due to a high savings rate, strong banking system, favorable demographics and a rising disposable income.

2. Opportunities and Threats

Key **Opportunities** include :

Power Generation

- India's power market is growing faster than most other countries. With an installed generation capacity of 147 GW, generation of more than 600 billion kWh, and a transmission and distribution network of more than 6.3 million circuit kms, India is now the fifth largest power market in the world. Per capita electricity consumption in the country is around 665 units which is envisaged to increase to 1,000 units by 2011-12.
- A huge opportunity continues to exist in the Power Sector in India due to the growing gap between demand and supply. Demand is typically driven by sectors such as Telecom, Commercial construction, IT, ITES, Retail etc.
- Implementation of Tier – II emission norms for Power Generation provides a significant opportunity for Cummins to introduce its global emission compliant products.

Industrial

- A large outlay of funds that have been allocated as part of the stimulus packages and the interim budget, present a significant opportunity in infrastructure projects.
- Additional plan expenditures announced in the current year for critical rural, infrastructure and social security schemes, are expected to generate demand in the Construction segment for Cummins. These are projects such as Pradhan Mantri Gram Sadak Yojana (PMGSY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National Rural Employment Guarantee Scheme (NREGS), Indira Awas Yojana, Accelerated Irrigation Benefit Program, and National Social Assistance Program (NSAP).
- More stringent emission norms and fuel efficient/technologically advanced products will be the major drivers in the Industrial market in coming years. This is a good opportunity for Cummins to gain market share, given its global technology/emission leadership and vast domestic as well as global distribution network.

Automotive

- Cummins has engineered products compliant with stringent emission norms such as the BS III and BS IV that are to be implemented from April 2010 (country-wide implementation of BS III norms and 11 major cities with BS IV norms). This positions Cummins as a preferred supplier to Indian OEMs for their Domestic and Export applications.
- The Government has announced funds under the JNNURM for cities to purchase 15,000 buses. Cummins with its superior B series gas technology engines is very well positioned to gain business for CNG engines under this scheme.
- Cummins has already secured business in the Delhi Transport Corporation requirements for CNG low floor buses.

Distribution

- Despite the economic slowdown, India's coal mining sector shows a strong demand, which will drive Parts & ReCon engine demand for your Company. Better availability of quality remanufactured components from Cummins Technologies India Ltd., another Cummins company in India, will help expand sales for our distribution business.
- The Defense segment reflects new opportunities for your Company in containerized custom built powerpacks in remote locations.
- There is a significant opportunity in Railways for upgradation of existing 380 kVA powercars to 500 kVA. The CNG application for Diesel Electrical Multiple Unit (DEMU) presents another significant opportunity in Railways for your Company.

Key **Threats** include :

Exports (Power Generation) :

- The global economic conditions have impacted demand for engines (Power Generation application) in the Low Horse Power, Heavy Duty and High Horsepower segments. Prolonged slowdown of this magnitude will adversely impact Export revenues.

Industrial :

- Due to widespread economic uncertainty and credit availability issues, customers are reluctant to purchase new equipments.
- Global mining majors are focusing on the Indian (domestic) market because of weakening demand in overseas markets. Aggressive price competition in dump truck tenders is putting pressure on margins.
- Major shipyards which till last year were heavily booked with export orders are now facing order cancellations or indefinite postponements.

Automotive :

- After registering strong growth for seven successive years, the medium and heavy commercial vehicle industry in 2008-09 declined 35% over 2007-08. The decline was mainly associated with high interest rates, excess cargo capacity and decline in freight realization for transporters. This has put pressure on sale of new commercial vehicles which in turn had an adverse effect on the demand for engines.
- OEMs collaborating with foreign companies for development of CNG technologies in India, may pose a threat to your Company's market share in CNG engine business.

Cummins India Limited

3. Segment-wise and Product-wise Performance

3.1 Power Generation

- During the year, the domestic Power Generation business remained almost flat as compared to the previous year.
- Power Generation exports more than tripled during the year owing to increased capacity from the newly set up plant at village Kasar Amboli.

3.2 Industrial

- Industrial Engine Business grew 13% during the year.
- Demand for 130-150 HP engine ratings remained robust in the first two quarters due to increase in the market for 20T/ 21T class excavators in the construction sector and 450 CFM Compressors. The momentum slowed down significantly in the last two quarters.
- The Mining segment performed well as compared to the previous year and grew by more than 30%. Apart from the strong growth, Cummins successfully introduced electronic engines on varied applications such as dump trucks, dozers and excavators.
- The high pressure water well market showed declining trends in the second half of 2008 but is expected to stabilize over 2009.
- Portable compressors continued to show consistent demand in the 450 CFM market due to sustained investment in infrastructure projects. However, the 300 CFM compressor segment declined and is expected to remain sluggish.
- With the introduction of new products, the Pump segment will now be consolidating its position in low horsepower engines. Cummins factory approved engines have been received well in the domestic market.
- The Marine segment successfully bagged repeat orders for 600 HP main propulsion power pack engines (with gear box) for Landing Craft Units (LCU) for the Indian Navy.
- Cummins has developed a strong partnership with leading Gas Compression package manufacturers, and has commissioned engines at strategic gas distribution locations in the country. In the coming years, your company is poised to strengthen its position in this market.
- The Rail segment's performance was boosted by the demand for 500 kVA generator sets for the Garib Rath Trains.

3.3 Automotive

- The Automotive Business revenues declined by 34% in 2008-09 compared to 2007-08.
- Cummins secured 100% requirements for Delhi Transport Corporation (DTC) tender for 2,500 low floor buses. Your Company maintained 100% market share in premium CNG engines through its B series Lean Burn products.
- Heavy commercial segment of 300 HP and above remained nascent during the Financial Year 2008-09 due to decrease in infrastructural activities.

3.4 Distribution

- The Distribution Business Unit (DBU) recorded a 20% growth in revenues over previous year and reported a robust performance in almost all lines of business.
- Through a comprehensive Activity Based Cost Management initiative, DBU was able to drive process improvements and significant cost reduction across its operations.

3.5 Exports

- Exports earnings for the year 2008-09 grew by almost 81% over the previous year and reached an all time high of Rs. 13,129,018 ('000) [including exports of Rs. 63,964 ('000) of the merged entity namely Cummins Sales and Service India Limited (CS&S)].
- The strong demand from overseas markets for the entire range of products, along with your Company's focused initiatives in enhancing its manufacturing capacities and new product launches, contributed significantly to the growth.

New Business Initiatives 2008-09

Power Generation :

- The new X series 3.3 litre generator sets which were launched in January 2008 for exports have found wide acceptance from customers and distributors globally. The upcoming introduction of the X1.3 litre generator set will widen Cummins product portfolio in 7.5/10/12 kVA range.
- The new Power Generation plant that was inaugurated in January 2008 is being recognized as one of the best Cummins' Power Generation facilities globally.
- During the year, QSK23 powered 750 kVA generator sets were introduced in the domestic market.
- A range of Automatic Transfer Switches (ATS) was launched during the year for critical applications such as hospitals, hotels, data centers, commercial complexes, malls, telecom and process industries, where power failure results in loss of major processes and machinery.

Industrial :

- Your Company gained market share in the 100 Ton dump truck market with 30 litre electronic engines and successfully seeded electronic engines in dozer and excavator mining applications.
- Cummins implemented customized power pack solutions/value packages to leading end users in the gas compression segment. This cost competitive indigenous option to the customers is suitable for uninterrupted operations under stringent site conditions.

Distribution :

- Your Company's distribution arm launched a new initiative to target new OEMs with relatively smaller account size or applications or segments in order to increase 6BT/6BTA/6BTAA 5.9L engine sales. With the initiative, it was able to expand its penetration in the Marine and Automotive sectors.
- As part of its Customer Support Excellence strategy, your Company commenced discussions with On Highway OEMs to provide parts & service support and has been successful in establishing an overall support policy. Your Company has been working closely with its customers on pricing and other details and expects a business potential of Rs. 100 million by 2011.
- In order to gear itself to meet the demand for high horsepower Reconditioned diesel generators, an initiative was launched to improve the availability of core needed to recondition the product. Your Company has made significant progress in identifying new channels for this.

Exports :

- Your Company successfully geared-up capability to offer Tier II emission compliant high horsepower 50L engines with full authority electronic Modular Common Rail Fuel System (MCRS) to the U.S.
- Cummins is working towards offering the 6CTA8.3 G engines for Power Generation applications in South East Asia. The annual potential volumes for this product are expected to be 250 plus units and regular supplies are expected to start in late Q3 - early Q4, 2009.

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Achievements

Power Generation :

During the year, Cummins won the Confederation of Indian Industry (CII) National Award for Excellence in Energy Management in the category of "Innovative Product / Service" for the third successive year. The award has been conferred upon Cummins for its unique "Power Quality & Adequacy Analysis" service designed to ascertain source and load compatibility.

Industrial :

- Telcon, a market leader in construction equipment in India has conferred a Certificate of Honour on your Company for making a significant contribution to "Delivery Efficiency of Proprietary Components" during the year 2008-2009.
- Elgi Equipments Limited, India's leading supplier of Air Compressors has awarded your company with the "Best Supplier Winner of the year 2008" title.
- The Cummins Rail segment has bagged the prestigious order to supply 14 litre horizontal engines for 4 wheeler over head equipment (OHE) cars. It has further secured a breakthrough order for supplying 50 litre engines for powering Diesel Electric Multiple Units (DEMU's) to run in Sri Lanka.
- The Cummins Marine segment bagged an order to supply 38 litre engines for Catamaran Survey Vessels for the Indian Navy.
- The first train in the Jammu & Kashmir valley started its run in February 2009. This specially developed train is powered by a Cummins 50 litre engine for traction and 14 litre underfloor engines of 320 kVA DG set for heating coaches during the winters.

Exports :

Cummins received the prestigious Engineering Export Promotion Council's "Star Performer Award" for Export Excellence for the year 2006-07. This was in recognition of its outstanding contribution to Engineering Exports (Western Region) in the category of "Large Enterprises". Your Company has received this award for the 19th consecutive year.

4. Outlook and Initiatives for the Current Year and Thereafter

Power Generation

- Domestic power generation segments such as Auto, Textiles, IT/ITES, Telecom and Infrastructure are already in the revival mode due to corrections in channel inventory and measures taken by the government as a part of stimulus packages. The power generation exports outlook however continues to remain weak.

Initiatives

- The new facility at Kasar Amboli has been identified as one of the global production facilities for generator sets below 200 kVA and is expected to manufacture new products.
- The new 1.3 litre X series generator sets will be introduced in the export and domestic market.
- Implementation of Tier II norms in the near future provides significant opportunity to introduce emission compliant products.

Industrial Outlook

- The outlook for Industrial segment is likely to remain stable in 2009-10.

Initiatives

- Introduction of electronic engines in the Mining and Rail segments.
- Offer BS III compliant engines for the Construction segment.
- Penetrate the domestic Light Construction segment (< 100 Hp) through the introduction of the B series Engines.

Automotive

- Outlook for Automotive segment looks positive in the CNG bus segment with various tenders floated by the Government under JNNURM and demand for CNG low floor buses at Delhi Transport Corporation.
- Heavy Truck and Tipper segment is expected to undergo a slow recovery path from the current dip. Demand for 300 HP and above may not pick up in the immediate future.

Initiatives

- R & D on CNG programs for lean burn stoichiometric engines for meeting BS IV emission norms and integration of these engines on new vehicles will position Cummins strongly to meet the 2010 Emissions.
- Explore new market segments with expansion of current product portfolio.

Distribution

- Your company plans to set up a state-of-the-art rebuild facility at Cummins Megasite in Phaltan for its line of HHP mechanical & electronic engines to cater to the growing demand in the region.
- Despite the downturn in the economy and weak sentiments in the market, the distribution business maintains a positive outlook for the current year and has launched several initiatives to continue this growth.

5. Risks and Concerns the Management Perceives

- For growth to continue, sustained reforms by the newly formed government are crucial. The commitment of the new government to introduce measures that continue to enhance domestic demand, reduce unemployment and put the economy back on track would be necessary. Steering India out of a slowdown will need both quick actions and responsible economic policies.
- The global liquidity crisis that erupted in the international financial sector has engulfed the real economy as well. Projections for world output, which would impact global demand, continue to worsen. The record trend of growth rates witnessed till the first half of the fiscal year 2008-09 reversed from October onwards with Exports being substantially impacted. If the recovery takes longer than anticipated, Exports outlook will continue to worsen.
- Despite the rate cuts by the Central Bank, banks continue to be cautious in reducing lending rates to the extent needed. The auto sector therefore, continues to be under pressure for financing options which may impact the commercial vehicle demand.
- A significant strengthening of the Rupee could impact export margins adversely.

Measures to mitigate Risks :-

- Diversifying our product and market segment portfolio will be a continuing thrust.
- Company wide initiatives such as direct material cost reduction under the 'Accelerated Cost Efficiency' (ACE) program and Six Sigma continue to be higher on priority than ever. These data based analytical approaches to strengthen business processes and remove waste in the system continue to be applied across all functions and business units.

Cummins India Limited

- Increasing focus on domestic business will be important to take full advantage of the revival in the Indian economy.
- Increased focus on product value engineering and localization will help reduce the cost of our products.
- Introduction of emission compliant and fuel efficient value packages to reduce the Total Cost of Ownership of your Company products.

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.

The Board of Directors has a Finance and Audit Committee whose Chairman is an Independent Director. The Committee meets periodically with the Management, Internal Auditors and representatives of the Company's Statutory Auditors to review the Company's program of internal controls, audit plans and results and recommendations of the Auditors and Management's responses to those recommendations. All audit observations and follow up actions thereon are tracked for resolution by the Business Controls and Compliance Function and reported to the Finance and Audit Committee. The Finance and Audit Committee met five times during the financial year under review.

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, 1956 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, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions and reasonably represent the Company's state of affairs and profit for the year. Pursuant to the Order of the Hon'ble Bombay High Court dated March 20, 2009, Cummins Sales and Service India Limited (CS&S) and Cummins Auto Services Limited (CASL), subsidiaries of the Company, have amalgamated with your Company with effect from April 1, 2008, (Appointed Date).

The financial statements of the Company therefore include the figures of erstwhile CS&S and CASL and hence, the same are not comparable with the figures of the previous year.

■ Income

Your Company's market share and demand for its products in the domestic market remained strong particularly in the first half of the year and was reasonable in the second half.

Your Company's revenue grew 40% and profit before tax grew 51% despite severe cost pressures and rising material cost during the first half of the year and a significant slowdown in the economy in the second half of the year.

This was possible due to your Company's cost cutting measures through a major three year initiative of Accelerated Cost Efficiency (ACE) and Six Sigma projects which have yielded planned savings. Savings from Six Sigma projects generated Rs. 757,000 ('000) and ACE initiatives generated Rs.150,890 ('000).

Total employee cost increased from Rs. 1,384,225 ('000) during the previous year to Rs. 2,129,616 ('000) during the year under review mainly due to increase in compensation to employees over the last year and inclusion of CS&S and CASL employee cost [Rs. 365,641 ('000)] pursuant to the amalgamation. The depreciation charge

increased from Rs. 329,620 ('000) during the previous year to Rs. 455,587 ('000) during the year under review. Interest expense increased to Rs. 26,080 ('000) as against Rs. 6,665 ('000) in the previous year.

The corresponding performance numbers of the Company **excluding CS&S and CASL** for the year 2008-09 as compared to the previous year were :

■ Revenue growth -	23%
■ Growth in profit before tax -	32%.
■ Employee cost -	Rs. 1,763,974 ('000)
■ Depreciation charge -	Rs. 428,653 ('000)
■ Interest expense -	Rs. 12,330 ('000)

■ Fixed Assets

Additions to the Fixed Assets block during the year ended March 31, 2009 were Rs. 1,107,944 ('000) (Rs. 1,100,722 ('000) in the previous year). The addition during the year includes Rs. 405,850 ('000) on account of the amalgamation. The addition of Rs. 1,107,944 ('000) consists mainly of plant & machinery of Rs. 851,417 ('000) for augmenting various manufacturing facilities, furniture and fittings of Rs. 46,013 ('000) and vehicles of Rs. 39,361 ('000). The depreciation block as of March 31, 2009 was Rs. 4,323,632 ('000) as compared to Rs. 3,928,945 ('000) as of March 31, 2008. The deductions/disposals during the year amounted to Rs. 444,105 ('000) against the previous year's Rs. 28,616 ('000). Consequently, the net fixed assets block increased to Rs. 3,090,162 ('000) as of March 31, 2009 as compared to Rs. 2,548,520 ('000) as of March 31, 2008.

The estimated amount of contracts remaining to be executed on capital account and not provided for as of March 31, 2009 was Rs. 616,602 ('000) and the Company believes that it will be able to fund them from its investments in liquid assets.

■ Investments

Investments decreased to Rs. 3,992,691 ('000) as of March 31, 2009 as compared to Rs. 4,321,455 ('000) as of March 31, 2008. The net decrease was due to the incremental dividend of 220% paid during the year, which was partly funded by the investments pertaining to Financial Year 2007-08.

8. Human Resources Development and Industrial Relations

- The total strength of employees was 2,516 as on March 31, 2009.
- Your Company strongly believes that its people are its greatest strength and a critical part of the business strategy is to make the Company "A Great Place to Work".

Organization Development and Capability Building

- Acting on the fundamental belief that excellent leadership creates a "Great Place to Work", the Chairman of Cummins Inc. conducted a "Leadership Culture Session" for the senior leaders of your Company. This will be followed by five specific skill sessions led by the Global BU Presidents, in the next 24 months. Also, the CIL Chairman and Managing Director will be personally conducting a three hour workshop on Leadership Excellence in the Indian Context for all level of managers of people across the Group in India in the second half of calendar 2009.
- In addition, your Company has initiated a Leadership Development series, where the current and potential leaders go through developmental sessions once a-quarter, with a one-day workshop. The objective is to ensure consistent development of high quality leadership skills throughout the Company. Over 300 employees were trained under the program last year. The four leadership training skills that are covered in the program are i) Setting the Aim ii) Coaching for Development iii) Championing Change, and iv) Valuing Diversity.

Cummins India Limited

- The Chairman directly interacts with a group of 25 randomly selected employees every month and gathers valuable feedback on how to make Cummins a Great Place to Work.
- Your Company enhanced the Mentoring Program which was initiated last year and developed a pool of 100 mentors.
- Your Company continued to induct 89 fresh graduate engineers this year under its Young Managers Development Program (YMDP) a majority of whom were females.
- All exempt employees were covered under the mandatory program – “Through the Lens of the Customer” – wherein the employees were trained to understand and meet customer needs better.

Performance and Competency Management

- A new global, internet-based Performance Management System Tool, *OnTrack*, was successfully launched and used for the first time for quarterly performance and development reviews of employees.
- The Company also introduced a new online Competency Management Tool, *SkillTrack*, which will help identify skill gaps and show the way forward for employee development and driving functional excellence.

Compensation and Benefits

- Seamless deployment of talent across our Group entities is a critical element of making this a Great Place to Work and your Company successfully completed the compensation (excluding some indirect benefits to be taken up in future) harmonization exercise of its Management Staff across all Cummins entities in India. Harmonization of indirect benefits would be the next major step in this direction.

Diversity

- In line with the Company’s core value of Diversity, initiatives are being taken to recognize the strengths of every employee, value the contribution made and create an inclusive work environment where similarities and differences in backgrounds help solve the most complex business problems and generate innovative ideas.
- Gender representation in your Company has significantly improved through the Company’s campus recruitment program. In the year 2008, 89 graduate engineers (47 females), 15 Chartered Accountants (10 females) and 14 MBAs (1female) were recruited from reputed institutes across India.

Industrial Relations (IR) and other Initiatives

- The Industrial Relations between the Management and Employees Unions continued to be cordial. A comprehensive long term wage settlement for Kothrud Plant was signed on February 12, 2009, in the presence of the Additional Commissioner of Labour, Senior Management, Associates’ Union Office bearers and production Associates. The long term settlement included production/productivity increase and a new monthly sectional incentive scheme based on production, quality & safety. This settlement was well received by the associates, who also appreciated the fairness of Management.

Corporate Responsibility

- **The Cummins India Foundation (CIF)** continues to focus on the following three core areas :
 - **Higher Education** (graduate level & professional diplomas) and particularly those institutions that cater to traditionally disadvantaged groups. This initiative included -
 - Cummins Scholarship Program - 53 students benefited so far.
 - 12 students sponsored by individual employees.
 - 42 employees assist these students as mentors.
 - Support for Cummins College of Engineering for Women.

- **Energy and Environment related initiatives**, particularly those that sponsor renewable, lower cost and more energy efficient technologies.
 - Your Company is extending the support for Rural Electrification Project at village Kollha, Orissa.
- **Local community infrastructure development** e.g. healthcare, clean water, improved roads, improved governance etc.
 - About 26 awareness sessions were conducted under the Right to Information Act.
 - Supported the 'Jaago Re' campaign encouraging employees to register for voting and assert their right to vote for worthy candidates.
 - Construction of a Community Hall near our Kasar Amboli Power Generation Plant.
 - Disaster relief during the natural calamities such as the floods in Bihar and Columbus, Indiana as well as the China Earthquake.

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 differ from those expressed or implied in the report.

**CORPORATE GOVERNANCE REPORT :
(Annexure to Directors' 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 shareholders value, keeping in view interests of other stake holders. Integrity, transparency and compliance with regulations in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of good corporate governance. These principles and objects are embodied in your Company's philosophy on Code of Corporate Governance. Your Company continues to adopt and practice these principles of good Corporate Governance while ensuring integrity, transparency and accountability at all levels in the organisation.

2. BOARD OF DIRECTORS :

Composition of the Board of Directors :

The Board of Directors of the Company has an optimum combination of Promoter and Independent Directors. The Board comprises of 10 Directors, with 5 Promoter Directors and 5 Independent Directors.

Mr. Anant J. Talaulicar, Managing Director is Chairman of the Board of Directors of the Company effective April 20, 2004.

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

Mr. Anant J. Talaulicar has been re-appointed as Managing Director for 5 years from April 25, 2008.

Board Meetings :

During the financial year, meetings of the Board of Directors were held on May 22, 2008, July 24, 2008, September 23, 2008, October 23, 2008, December 5, 2008 and January 27, 2009.

Composition and Category of Directors :

Name	Category	No. of other Directorships		No. of other committee memberships		No. of Board meetings attended during the year	Attendance at the last AGM held on July 24, 2008
		Chairman	Member	Chairman	Member		
Mr. Anant J. Talaulicar	Promoter Executive	1	6	—	3	6/6	Present
Mr. S. M. Chapman	Promoter Non-Executive	—	2	—	—	0/6	Absent
Mr. M. A. Levett	Promoter Non-Executive	—	—	—	—	1/6	Present
Dr. John Wall	Promoter Non-Executive	1	—	—	—	0/6	Absent
Mr. Glyn Price	Promoter Non-Executive	1	—	—	—	2/6	Present

Name	Category	No. of other Directorships		No. of other committee memberships		No. of Board meetings attended during the year	Attendance at the last AGM held on July 24, 2008
		Chairman	Member	Chairman	Member		
Mr. Rajeev Bakshi	Independent Non-executive	—	5	—	1	5/6	Absent
Mr. P. S. Dasgupta	Independent Non-executive	—	3	1	3	2/6	Present
Mr. Nasser Munjee	Independent Non-executive	1	12	3	6	5/6	Present
Mr. B.H. Reporter	Independent Non-executive	1	—	—	—	5/6	Absent
Mr. Venu Srinivasan	Independent Non-executive	3	11	2	3	2/6	Present
Mr. J.M. Barrowman	Alternate Director to Mr. M.A. Levett	—	—	—	—	1/6	Present
Mr. Sean Milloy	Alternate Director to Dr. John Wall	—	—	—	—	0/6	Absent
Mr. Pradeep Bhargava	Alternate Director to Mr. S.M. Chapman	—	2	1	1	5/6	Present

- Notes :
1. As on March 31, 2009, Mr. B.H.Reporter jointly with Mrs. A. B. Reporter held 75,000 fully paid shares of Rs. 2/- each in the Equity share capital of the Company.
 2. Directorships in Foreign Companies and Private Limited Companies are excluded in the above table.

3. COMMITTEES OF THE BOARD :

(A) FINANCE AND AUDIT COMMITTEE :

The Finance and Audit Committee consists of 4 Independent, 1 Promoter/Executive and 1 Promoter/Non-Executive Director. During the year, meetings of the Finance and Audit Committee were held on May 22, 2008, July 24, 2008, September 23, 2008, October 23, 2008 and January 27, 2009. The Committee reviewed the balance sheet and profit & loss account, audited financial results for the year ended March 31, 2008 and un-audited financial results for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008. The Committee also reviewed (i) Legal Compliance Reports (ii) major litigations (iii) performance of Subsidiaries and Joint Ventures (iv) Cost Audit Report for the year 2007-2008 (v) acquisition/ sale of assets (vi) Related Party transactions (vii) recommendation of dividend to the shareholders (viii) investments of subsidiary companies (ix) appointment of Statutory and Cost Auditors of the Company (x) performance of Statutory Auditors (xi) reports of the Internal Auditor and (xii) Directors' Responsibility Statement. The Committee had regular interaction with the Internal, Statutory and Cost Auditors of the Company. The composition, names of members and the broad terms of reference to the Finance and Audit Committee are as follows : -

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Composition, names of members and attendance during the year April 1, 2008 to March 31, 2009.

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. Nasser Munjee (Chairman)	4/5
2.	Mr. Rajeev Bakshi (Member)	4/5
3.	Mr. P.S. Dasgupta (Member)	2/5
4.	Mr. B.H. Reporter (Member)	4/5
5.	Mr. Anant J. Talaulicar (Member)	5/5
6.	Mr. Glyn Price (Member)	2/5

Brief terms of reference to the Finance and Audit Committee :

The Finance and Audit Committee of the Company primarily oversees the Company's financial reporting process 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, Investments by the Company and its subsidiaries.

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 audit 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 & Cost Auditors, Internal Auditor and the Chief Financial Officer of the Company are regularly invited for the meetings of the Committee.

(B) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

During the year, meetings of the Shareholders/Investors Grievance Committee were held on May 22, 2008, July 24, 2008, October 23, 2008 and January 27, 2009. The composition, names of members and the broad terms of reference to the Shareholders/Investors Grievance Committee are as follows : -

Composition, names of members and attendance during the year April 1, 2008 to March 31, 2009.

Sr. No.	Name of Director	No. of Meetings attended
1.	Mr. B. H. Reporter (Chairman)	3/4
2.	Mr. P. S. Dasgupta (Member)	2/4
3.	Mr. Anant J. Talaulicar (Member)	4/4

Broad terms of reference to the Shareholders / Investors Grievance Committee :

To review and advise 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. Dinesh Castellino
Vice President Legal & Company Secretary

The following shareholder complaints were received and resolved during the year April 1, 2008 to March 31, 2009:

Sr. No.	Nature of complaint	No. of complaints
1.	Non-receipt of Annual Reports	5
2.	Non-receipt of Dividend Warrants	10
3.	Non-receipt of Share Certificates	4
	Total	19

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, 1992. The said code is applicable to all Directors and specified persons/employees of the Company. The Code governs sale and purchase of shares of the Company by Directors and specified employees. In terms of this code, Directors and specified employees of the Company 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. Head of Finance.

4. REMUNERATION OF DIRECTORS :

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

Details of Sitting Fees and Commission to Non Whole-Time Directors for the year April 1, 2008 to March 31, 2009 :

Name of the Director	Sitting fees	Commission	In Rs. ('000)
			Total
Mr. Rajeev Bakshi	90	275	365
Mr. P.S. Dasgupta	50	275	325
Mr. Nasser Munjee	90	275	365
Mr. B.H. Reporter	105	275	380
Mr. Venu Srinivasan	20	275	295

Details of remuneration paid to Mr. Anant J. Talaulicar, Chairman and Managing Director for the year April 1, 2008 to March 31, 2009 :

	In Rs. ('000)							
	Sitting fees	Salary	Comm- ission	House rent	Gas/Elect./ water	Medical	Other Benefits	Total
Mr. Anant J. Talaulicar	—	12	—	3,901	160	—	—	4,073

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.
- The Central Government has approved payment of commission to non Whole-time Directors vide its letter dated February 20, 2007 for a period of five years effective from financial year ended March 31, 2007.

Cummins India Limited

5. GENERAL SHAREHOLDER INFORMATION :

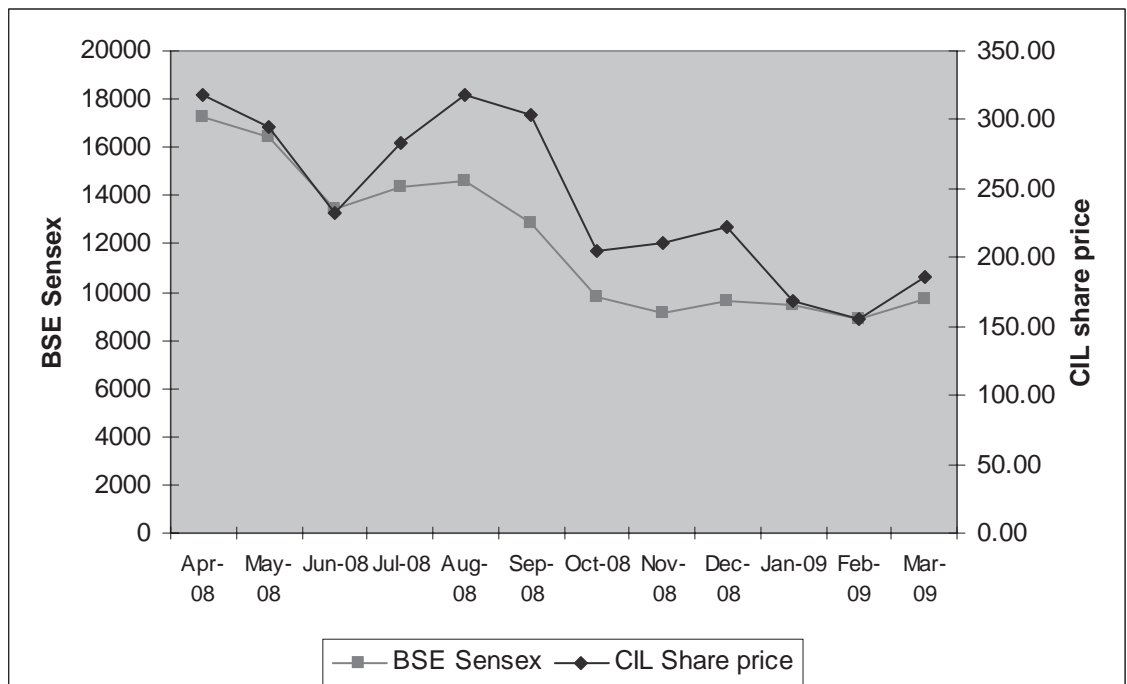
Registered Office	Kothrud, Pune 411 038. Phone No. : (020) 2538 5435, 2538 0240 Fax No. : (020) 2538 0125 Website : www.cumminsindia.com	
Annual General Meeting	Date and Time : July 29, 2009 at 12 noon. Venue : Yashada, MDC Auditorium, Baner Road, Pune 411 007.	
Financial Year	The Financial Year of the Company is 1 st April to 31 st March.	
Financial calendar (Tentative)	<ul style="list-style-type: none"> ■ Results for quarter ending June 30, 2009 - Last week of July 2009. ■ Results for quarter and half year ending September 30, 2009 - Last week of October 2009. ■ Results for quarter and nine months ending December 31, 2009 - Last week of January 2010. ■ Results for the year ending March 31, 2010 - by June 15, 2010. 	
Dates of Book Closure	July 25, 2009 to July 29, 2009 (both days inclusive).	
Special Dividend payment date	December 29, 2008.	
Interim dividend payment date	February 24, 2009.	
Final Dividend payment date	August 20, 2009.	
Listing on Stock Exchanges	Name of Exchange	Stock Code
	1. Bombay Stock Exchange Limited (BSE) P J Towers, Dalal Street, Mumbai : 400001	500480
	2. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai : 400051	CUMMINSIND
Payment of Listing Fees	The Company has paid in advance the Listing Fees to both the Stock Exchanges for the Financial Year 2009-2010.	

Market price data : High, Low during each month in the financial year 2008-2009.

BSE			NSE		
Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2008	349.00	304.10	April 2008	336.40	296.70
May 2008	324.50	280.00	May 2008	334.80	279.00
June 2008	305.00	225.00	June 2008	304.70	225.00
July 2008	296.70	225.00	July 2008	298.00	225.00
August 2008	325.00	273.00	August 2008	325.50	275.00
September 2008	330.80	275.30	September 2008	328.00	258.25
October 2008	308.00	192.30	October 2008	305.95	190.25
November 2008	253.95	190.00	November 2008	254.00	192.90
December 2008	228.00	185.00	December 2008	229.00	184.00
January 2009	232.90	166.00	January 2009	232.00	165.60
February 2009	185.00	151.55	February 2009	178.80	151.00
March 2009	189.70	148.20	March 2009	188.30	148.20

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, 2009.
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Chart A : Cummins India Limited (monthly closing share price) versus BSE Sensex (monthly closing Sensex) - 2008-09



Cummins India Limited

Registrar and Transfer agent	<p>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 :-</p> <p>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 - 78 Fax No. (022) 2594 6969 Contact Person : Mr. N. Mahadevan Iyer E-mail : mahadevan.iyer@linkintime.co.in or rnt.helpdesk@linkintime.co.in Time :- 1000 to 1600 hours (Mon. to Fri. excl. public holidays)</p>		
Share Transfer System	Share Transfer requests in physical form are processed within 30 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, 2009.	Category	No. of shares of Rs. 2/- each	% of shareholding
	Promoters	100,980,488	51.00
	Mutual Funds	29,460,629	14.88
	Banks/Financial Institutions/ Insurance Companies	14,350,828	7.25
	Foreign Institutional Investors (FIIs)	21,083,477	10.65
	Corporate Bodies	12,307,270	6.22
	Indian Public	19,354,683	9.77
	NRIs	462,625	0.23
	TOTAL	198,000,000	100.00
Distribution of shareholding within various categories (as on March 31, 2009).			
Category (shares)	No. of shareholders	No. of Shares	% of shares to total shares
1-500	23,074	2,574,471	1.30
501-1,000	1,935	1,524,780	0.77
1,001-5,000	2,487	5,980,363	3.02
5,001-10,000	715	4,898,378	2.48
10,001-50,000	320	6,305,794	3.18
50,001-100,000	23	1,622,006	0.82
100,001 and above	69	175,094,208	88.43
Total	28,623	198,000,000	100.00

Dematerialisation of shares and liquidity (as on March 31, 2009)	46.92% shares are in dematerialised form. It may be noted that 51% of the Company's shares are held by its Promoters, Cummins Inc., USA, in physical form. If these shares were to be excluded from the total number of shares, then dematerialised shares would account for 95.75%.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity.	The company has not issued any GDRs / ADRs / Warrants or any Convertible instruments.
Plant locations	<ol style="list-style-type: none"> 1. Kothrud, Pune 411 038. 2. Village Lonikand, Nagar Road, Pune. 3. Plot No. 206/2, Off. Nagar Road, Haveli, Pune. 4. Plot No. 19/25A, Silver Industrial Estate, Bhimpore, Daman 396210. 5. Gat No. 311/B & 1B, Kasar Amboli 412 111, Dist. Pune 6. 35A/1/2 Erandwane, Pune 411038
Address for correspondence	Registered Office : Kothrud, Pune 411 038 Tel: 020 2538 5435 Fax : 020 2538 0125 1) Mr. Pradip Phansalkar, Sr. Manager, Secretarial Email - pradip.s.phansalkar@cummins.com 2) Mr. Amit Atre, Assistant Company Secretary Email - amit.g.atre@cummins.com Registrar and Transfer Agent : Link Intime India Private Limited Please refer details above for address / contact details etc.

6. ANNUAL GENERAL MEETINGS (AGMs) :

Particulars	FY 2005-2006	FY 2006-2007	FY 2007-2008
Date and Time	27.07.2006 at 12.00 noon	26.07.2007 at 12.00 noon	24.07.2008 at 12.30 p.m.
Venue	Hotel Le Meridien, Pune 411 001	Hotel Le Meridien, Pune 411 001	Hotel Le Meridien, Pune 411 001

- **Special resolutions passed in the last 3 AGMs :** No special resolution was passed during the years 2007 and 2008. Special resolution approving payment of commission to Non Whole-time Directors of the Company was passed at the Annual General Meeting held on July 27, 2006.
- **Postal Ballot :** An ordinary resolution approving disposal of the Company's Power Generation Rental Power Business for a consideration of Rs. 300 million (inclusive of stamp duty but exclusive of applicable taxes) was passed through Postal Ballot on December 29, 2008.

Mr. Sridhar Mudaliar, Practicing Company Secretary was appointed as the Scrutinizer for conducting the postal ballot process. Notice of voting through Postal Ballot dated November 20, 2008, was sent to the Members on November 26, 2008 and the last date for receipt of the postal ballot forms was December 26, 2008. The Company received 109,809,161 valid votes and the resolution was passed with 99.995% of the valid votes being in favour of the resolution. The results of the postal ballot were declared by the Chairman and Managing Director on December 29, 2008, at the Registered Office of the Company and were also published in The Economic Times, Pune and Maharashtra Times, Mumbai on January 1, 2009.

No resolution is proposed to be passed by way of postal ballot.

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7. DISCLOSURES :

- i) 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.
- ii) 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.
- iii) None of the Directors of the Company are related to each other.
- iv) The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement regarding Corporate Governance.
- v) The Company released a Whistle Blower Policy during the financial year 2003-2004 which is a non-mandatory requirement as per clause 49 of the Listing Agreement. No person has been denied access to the Finance and Audit Committee under the Whistle Blower Policy.

8. MEANS OF COMMUNICATION :

- The quarterly shareholding pattern and quarterly / half-yearly / yearly unaudited / audited financial results were posted on SEBI website www.sebidifair.nic.in as well as on the Company's website www.cumminsindia.com.
- The official news releases of the Company were displayed on the Company's website www.cumminsindia.com.
- The quarterly / half-yearly unaudited and annual audited financial results were published in :
 - Maharashtra Times - year ended March 2008 and quarters ended June, September and December 2008
 - Business Standard - year ended March 2008 and quarters ended June, September and December 2008
- Transcript of Conference calls with the Analysts held on May 22, 2008, July 25, 2008, January 28, 2009 and Chairman's Presentation to Analysts on October 23, 2008 were displayed on the Company's website www.cumminsindia.com.

9. 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 annexed.

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 2008-2009.

For Cummins India Limited



Anant J. Talaulicar
Chairman & Managing Director

Pune: May 26, 2009

Auditors' Certificate regarding compliance of conditions of Corporate Governance

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, 2009, 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.

Place : Pune
Date : May 26, 2009

Vasant Gujarathi
Partner
Membership Number 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

**AUDITORS' REPORT
TO THE MEMBERS OF CUMMINS INDIA LIMITED**

1. We have audited the attached Balance Sheet of Cummins India Limited as at March 31, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, 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 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 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, no director of the Company is disqualified as on March 31, 2009 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 12 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, 2009;
 - (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Pune
Date : May 26, 2009

Vasant Gujarathi
Partner
Membership Number 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Cummins India Limited on the financial statements for the year ended March 31, 2009]

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management according to a phased programme designed to cover all the items over a period of three 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. As explained to us, no material discrepancies were noticed between the book records and the physical inventory on such verification. In respect of certain assets lying with third parties, confirmations have been received in majority cases.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (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 been substantially 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.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, 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, 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 carried out in accordance with the auditing standards generally accepted in India 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.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register in pursuance of Section 301 of the Act.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public which are matured and are remaining unpaid as at March 31, 2009. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. 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 prescribed under clause (d) of sub-section (1) of Section 209 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.
9. (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 generally regular in depositing the undisputed statutory dues including provident fund,

Cummins India Limited

investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess 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 income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2009 which have not been deposited on account of a dispute, except as follows -

Name of the statute	Nature of dues	Amount (Rs. '000)	Period (Financial Year) to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956 (C.S.T) / Bombay Sales Tax Act, 1959 (B.S.T)	Disallowance of Sales Tax declaration forms, disallowances of set off claimed under rule 41D and 42H and interest thereon	53,822	1999-00 to 2003-04	Maharashtra Sales Tax Tribunal, Mumbai / Joint Commissioner of Sales Tax (Appeals) - Pune
The Central Sales Tax Act, 1956 (C.S.T) / Bombay Sales Tax Act, 1959 (B.S.T)	Taxation of sales turnover under B.S.T Act and disallowance of claim of inter state sale u/s 3(a) of C.S.T Act, 1956	50,178	2003-04	Joint Commissioner of Sales Tax (Appeals) - Pune
The Central Excise Act, 1944	Disallowance of credit taken on inputs	1,395	2004-05	Central Excise and Service Tax Appellate Tribunal (Mumbai / Ahmedabad)
The Maharashtra Sales tax on Transfer of property in Goods involved in the Execution of Works Contracts (Re-enacted) Act, 1989	Demand on account of Purchase tax/ Works contract tax and surcharge thereon	15,492	1999-2000	Assistant Registrar, Maharashtra Sales Tax Tribunal, Mumbai
VAT Act, 2002	Additional demand on account of non receipt of 'C' Forms	5,153	2005-2006	Deputy Commissioner (Appeals), Sales Tax

10. The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. 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.
16. The Company has not obtained any term loans during the year.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company, noticed or reported during the year, nor have we been informed of such case by the management. Fraud on the Company, involving theft of material and fixed assets, aggregating to Rs. 2,660 ('000) were noticed and reported during the year. However, materials / amount aggregating to Rs. 2,652 ('000) were recovered during the year.

Place : Pune
Date : May 26, 2009

Vasant Gujarathi
Partner
Membership Number 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Cummins India Limited

Balance Sheet as at 31st March, 2009

	Schedule Number	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SOURCES OF FUNDS :				
Shareholders' funds :				
Share capital	1	396,000		396,000
Reserves and surplus	2	13,550,505		10,640,851
			13,946,505	11,036,851
Loan funds :				
Secured loans	3	211,976		287,165
Unsecured loans	4	403		915
			212,379	288,080
Finance Lease Liability			16,702	37,131
			14,175,586	11,362,062
APPLICATION OF FUNDS :				
Fixed assets :				
Gross block	5	7,413,794		6,477,465
Less : depreciation		4,323,632		3,928,945
Net block			3,090,162	2,548,520
Investments	6		3,992,691	4,321,455
Deferred Taxation :				
Deferred tax Asset	7	446,115		309,635
Deferred tax Liability		(215,469)		(175,857)
			230,646	133,778
Current assets, loans and advances :				
Inventories	8	4,679,747		3,214,565
Sundry debtors		6,821,030		5,504,531
Cash and bank balances		323,227		123,005
Other current assets		83,193		24,046
Loans and advances		2,663,192		1,934,680
		14,570,389		10,800,827
Less :Current liabilities and provisions :				
Current liabilities	9	5,976,649		4,984,194
Provisions		1,731,653		1,458,324
		7,708,302		6,442,518
Net current assets			6,862,087	4,358,309
			14,175,586	11,362,062

Notes :

12

Note: Schedules 1 to 9 and 12 are an integral part of the balance sheet

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009

Profit and Loss Account for the year ended 31st March, 2009

	Schedule Number	Rupees '000	Rupees '000	Previous Year Rupees '000
INCOME :	10			
Sales			32,740,500	23,307,792
Other Income			1,507,467	1,227,127
			34,247,967	24,534,919
EXPENDITURE :				
Cost of sales and other expenses	11	27,968,121		20,238,602
Depreciation		455,587		329,620
INTEREST :				
on fixed loans		1,038		4,158
others		25,042		2,507
		26,080		6,665
			28,449,788	20,574,887
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM			5,798,179	3,960,032
Add : Exceptional Item (Refer Note 24 of Schedule 12)			192,037	—
PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL ITEM			5,990,216	3,960,032
PROVISION FOR TAX:				
Current Tax (including net short provision for earlier years Rs. ('000) 7,409 (previous year net excess provision Rs. ('000) 1,570)		1,703,986		1,170,230
Deferred Tax (Net of addition on amalgamation Rs. ('000) 18,832)		(78,036)		(34,845)
Fringe Benefit Tax		27,655		17,737
			1,653,605	1,153,122
NET PROFIT FOR THE YEAR			4,336,611	2,806,910
Balance carried forward from last balance sheet			3,154,023	2,114,431
APPROPRIATIONS :				
I Proposed final dividend			514,800	514,800
II Interim dividend			1,267,200	396,000
III Tax on dividend			319,846	154,790
IV Transferred to general reserve			433,661	701,728
Balance carried to balance sheet			4,955,127	3,154,023
Basic and Diluted Earnings per share (in Rupees) (Nominal value per share Rs. 2)			21.90	14.18

Notes :**12**

Note: Schedules 10 to 12 are an integral part of the profit and loss account

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009

Cummins India Limited

Schedules forming part of the Balance Sheet

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 1		
SHARE CAPITAL :		
Authorised : 200,000,000 equity shares of Rs. 2 each (previous year 200,000,000 equity shares of Rs. 2 each)	400,000	400,000
Issued and subscribed : 198,000,000 equity shares of Rs. 2 each (previous year 198,000,000 equity shares of Rs. 2 each fully paid)	396,000	396,000

Of the above equity shares;

- i) 190,500,000 shares of Rs. 2 each (previous year 190,500,000 shares of Rs. 2 each) are allotted as fully paid bonus shares by capitalisation of reserves.
- ii) 100,980,000 shares of Rs. 2 each (previous year 100,980,000 shares of Rs. 2 each) are held by the holding company, Cummins Inc.,USA.

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 2		
RESERVES AND SURPLUS :		
Capital redemption reserve account	7,000	7,000
General reserve :		
Balance as per last account	7,479,828	6,778,100
Add : Addition on amalgamation (Refer Note 2 of Schedule 12)	674,889	—
Add : Transferred from profit and loss account	433,661	701,728
	8,588,378	7,479,828
Profit and loss account	4,955,127	3,154,023
	13,550,505	10,640,851

Schedules forming part of the Balance Sheet

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 3		
SECURED LOANS :		
From banks -		
Secured by hypothecation of inventories, receivables and movable assets of the Company.	<u>211,976</u>	<u>287,165</u>
	<u>211,976</u>	<u>287,165</u>
 SCHEDULE NO. 4		
UNSECURED LOANS :		
Fixed Deposits (including interest accrued and due Rs. ('000) Nil ; previous year Rs. ('000) 212)	<u>403</u>	<u>915</u>
	<u>403</u>	<u>915</u>

Cummins India Limited

Schedules forming part of the Balance Sheet

SCHEDULE NO. 5

FIXED ASSETS :

Rupees '000

Particulars	Gross block (at cost) as at 31st March, 2008	Addition on Amalgamation @	Additions	Deductions	Gross block (at cost) as at 31st March, 2009	Depreciation as per Schedule 5A	Net block as at 31st March, 2009
Tangible Assets:							
Land							
-Freehold	37,216 *	3,903	80	1,615	39,584 *	—	39,584
Roads	25,190	831	6,484	—	32,505	5,590	26,915
Buildings	603,219	35,262	122,188	2,602	758,067	142,003	616,064
Plant and machinery	4,895,126 #	305,277	546,140	417,190	5,329,353 #	3,780,389	1,548,964
Furniture and fittings	71,469	28,293	17,720	9,015	108,467	41,112	67,355
Vehicles	27,437	31,893	7,468	13,292	53,506	27,435	26,071
Intangible Assets:							
Software	89,855	391	2,014	391	91,869	41,453	50,416
Technical Knowhow	205,984	—	—	—	205,984	73,523	132,461
Global Sourcing Consideration	214,326	—	—	—	214,326	212,127	2,199
	<u>6,169,822</u> (5,097,716)	<u>405,850</u> (NIL)	<u>702,094</u> (1,100,722)	<u>444,105</u> (28,616)	<u>6,833,661</u> (6,169,822)	<u>4,323,632</u> (3,928,945)	<u>2,510,029</u> (2,240,877)
Buildings, plant and machinery etc., under erection including advances for capital expenditure					580,133 (307,643)	— —	580,133 (307,643)
					<u>7,413,794</u> (6,477,465)	<u>4,323,632</u> (3,928,945)	<u>3,090,162</u> (2,548,520)

NOTES :

* Includes reservations by Pune Municipal Corporation.

@ Pursuant to the scheme of amalgamation referred to in note 2 of schedule 12.

Includes

(i) power generating equipment costing **Rs. ('000) Nil** (previous year Rs. ('000) 172,680) (net block **Rs. ('000) Nil** (previous year Rs. ('000) 80,001)) given under operating lease arrangements and office equipment and computers costing **Rs. ('000) 74,912** (previous year Rs. ('000) 74,912) (net block **Rs. ('000) 14,578** previous year Rs. ('000) 39,546), acquired under finance leases.

Figures in brackets are in respect of the previous year.

Schedules forming part of the Balance Sheet

SCHEDULE NO. 5 A

DEPRECIATION

Rupees '000

Particulars	Depreciation upto 31st March, 2008	Addition on Amalgamation @	Depreciation for the year	Depreciation on deductions	Total depreciation upto 31st March, 2009
Tangible Assets:					
Land -Freehold	—	—	—	—	—
Roads	4,577	598	415	—	5,590
Buildings	108,220	13,380	21,248	845	142,003
Plant and machinery ##	3,557,264	206,156	316,881	299,912	3,780,389
Furniture and fittings	25,440	15,061	6,373	5,762	41,112
Vehicles	12,141	19,608	4,828	9,142	27,435
Intangible Assets:					
Software	8,658	326	32,837	368	41,453
Technical Knowhow	41,185	—	32,338	—	73,523
Global Sourcing Consideration	171,460	—	40,667	—	212,127
	<u>3,928,945</u>	<u>255,129</u>	<u>455,587</u>	<u>316,029</u>	<u>4,323,632</u>
	<u>(3,619,831)</u>	<u>(NIL)</u>	<u>(329,620)</u>	<u>(20,506)</u>	<u>(3,928,945)</u>

Includes depreciation of **Rs. ('000) Nil** (previous year Rs. ('000) 18,534) on power generating equipments given under operating lease arrangements.

@ Pursuant to the scheme of amalgamation referred to in note 2 of schedule 12.

Figures in brackets are in respect of the previous year.

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)		Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
Number	Face value per unit Rupees			
		Brought forward	314,838	253,498
		TAX FREE REDEEMABLE/ NON-CUMULATIVE BONDS		
		10.25% Housing & Urban Development Corporation Limited*	—	11,435
400	100,000	5.75% National Housing Bank*	41,410	41,410
500	100,000	5.50% Nuclear Power Corporation Limited *	50,000	50,000
		5.25% Nuclear Power Corporation Limited *	—	50,000
		6.75% Unit Trust of India *	—	103,081
500,000	100	6.60% ARS Bonds 2009 U T I *	52,404	52,404
			143,814	308,330
		GOVERNMENT OF INDIA BONDS		
		8.35% Government of India 2022 * (Face Value Rs.50,000,000)	63,100	63,100
		7.49% Government of India 2017 * (Face Value Rs.55,000,000)	65,415	65,415
		11.99% Government of India 2009 * (Face Value Rs.50,000,000)	65,575	65,575
		7.38% Government of India 2015 * (Face Value Rs.50,000,000)	56,575	56,575
			250,665	250,665
		CORPORATE BONDS		
		6.75% IDBI Bond 2008 *	—	50,462
12	1,250,000	6.68% Power Grid Corporation of India 2019 *	15,175	15,175
		6.00% IDBI Bond 2009 *	—	49,825
		5.85% HDFC Bonds 2009 *	—	49,240
			15,175	164,702
		Carried forward	724,492	977,195

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)		Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
Number	Face value per unit Rupees			
	Brought forward		963,758	1,457,195
	Equity Fund (Blended)			
	ICICI Prudential Equity & Derivatives Fund-Income Optimiser Plan-Retail Dividend Option	—		10,000
	ICICI Prudential Blended Plan A- Dividend Option	—		61,069
			—	71,069
	Total Long term investments	(A)	963,758	1,528,264
	CURRENT INVESTMENTS AT LOWER OF COST AND FAIR VALUE OTHER THAN TRADE INVESTMENTS			
	UNITS OF MUTUAL FUNDS			
	Fixed Maturity Plan			
	ABN AMRO Flexible Short Term Plan - Series A - Regular Plan - Quarterly Dividend Option- Compulsory Renewal	—		203,426
	ABN AMRO FLEXIBLE SHORT TERM PLAN - SERIES B - Regular Plan - Quarterly Dividend Option - Compulsory Renewal	—		302,738
	AMRO Interval Fund - Quarterly Plan H - Interval Period Dividend Option - Compulsory Redemption	—		50,000
	HDFC FMP 90D FEBRUARY 2008 - WHOLESALE PLAN DIVIDEND OPTION	—		50,000
	HDFC FMP 90D JANUARY 2008 - WHOLESALE PLAN DIVIDEND OPTION	—		50,000
	HSBC Interval Fund - Plan I - Inst. - Dividend	—		151,065
	Carried forward		—	—

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)			As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
Number	Face value per unit Rupees			
		Brought forward	—	1,796,055
8,188,346	10	DSP BlackRock Strategic Bond Fund - Regular Plan - Weekly Dividend	—	4,533
		Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Option	81,904	1,171
		Fidelity Cash Fund - Institutional Plan - Daily Dividend Option	—	20,566
53,222,129	10	Fidelity Liquid Plus Fund - Institutional Plan - Weekly Dividend Option	—	852
		Fidelity Ultra Short Term Debt Fund - Super Institutional Plan - Daily Dividend Option	532,354	689
		IDFC Cash Fund-Dividend (Daily)	—	21,104
		IDFC FRF Long Term-Plan B- Dividend Daily	—	3,333
22,773,886	10	IDFC SSIF-ST-Plan B- Fortnightly Dividend	—	39,522
		HDFC Cash Management Fund - Savings Plan-Daily DividendOption	242,232	—
21,602,117	10	HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	216,702	120,078
		HDFC Liquid Fund-Premium Plan - Dividend-Daily	—	50,212
		HSBC Liquid Plus Fund - Inst. - Dividend - Daily	—	31,036
		HSBC Liquid Plus Fund - Inst. Plus - Dividend - Daily	—	200,223
6,784,761	10	HSBC Cash Fund - Inst. Plus - Dividend - Daily	—	100,086
		HSBC Floating Rate Fund - Long Term - Inst. - Dividend - Weekly	76,224	—
52,353,402	10	ICICI Prudential Flexible Income Plan-Daily Dividend Plan	553,559	105,287
11,942,166	10	Magnum Insta Cash Fund - Daily Dividend	200,035	—
		Carried forward	—	1,796,055

Cummins India Limited

Schedules forming part of the Balance Sheet

		Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 6 (Contd.)				
Number	Face value per unit Rupees			
			—	1,796,055
2,403,451	10			
		24,113		100,336
4,107,545	10			
		41,096		2,677
		—		166
9,906,954	10			
		100,014		50,067
24,753,162	10			
		248,413		—
89,740	1,000			
		100,017		—
		—		30,365
		3,028,933		997,136
			3,028,933	2,793,191
			3,992,691	4,321,455
			450,948	764,962
			3,541,743	3,556,493
			3,992,691	4,321,455
			657,531	1,341,377

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)

Notes :

	Nos.	Cost (Rs.)	Face Value (Rs.)
I) Sale / Redemption :			
Tax Free Bonds			
10.25% Housing & Urban Development Corporation Limited	100	11,435,000	10,000,000
5.25% Nuclear Power Corporation Limited	50	50,000,000	50,000,000
6.75% Unit Trust of India	100	103,081,000	103,081,000
Corporate Bonds			
6.75% IDBI Bond 2008	500	50,462,450	50,000,000
6% IDBI 2009	50	49,825,000	50,000,000
5.85% HDFC Bond 2009	50	49,240,000	50,000,000
UNITS OF MUTUAL FUNDS			
Equity Fund (Blended)			
ICICI Prudential Equity & Derivatives Fund- Income Optimiser Plan-Retail Dividend Option	1,000,000	10,000,000	10,000,000
ICICI Prudential Blended Plan A-Dividend Option	6,048,458	61,069,257	60,484,576
Debt Fund (Growth Option)			
DWS FIXED TERM FUND SERIES 35 Gr	5,000,000	50,000,000	50,000,000
DWS FIXED TERM FUND SERIES 26-gr	5,000,000	50,000,000	50,000,000
Tata Fixed Horizon Fund Series 7 Scheme B - Institutional Plan - Growth	10,000,000	100,000,000	100,000,000
Debt Fund (Dividend Option)			
ICICI Prudential FMP series 42 - 16 Mths Plan - Institutional Dividend Option	5,000,000	50,000,000	50,000,000
Sundaram BNP Paribas Fixed Term Plan B Inst Dividend	5,000,000	50,000,000	50,000,000
Fixed Maturity Plan			
Fortis Flexible Short Term Plan - Series A - Regular Plan - Quarterly Dividend Option- Automatic Renewal	20,342,584	203,425,837	203,425,837
Fortis FLEXIBLE SHORT TERM PLAN - SERIES B - Regular Plan - Quarterly Dividend Option - Compulsory Renewal	30,273,793	302,737,931	302,737,931
Fortis Interval Fund - Quarterly Plan H - Interval Period Dividend Option - Compulsory Redemption	5,000,000	50,000,000	50,000,000
HDFC FMP 90D FEBRUARY 2008(2) - WHOLESAL PLAN DIVIDEND OPTION	5,000,000	50,000,000	50,000,000
HDFC FMP 90D JANUARY 2008 - WHOLESAL PLAN DIVIDEND OPTION	5,000,000	50,000,000	50,000,000

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)

	Nos.	Cost (Rs.)	Face Value (Rs.)
HSBC Interval Fund - Plan I - Inst. - Dividend	15,106,428	151,064,961	151,064,278
HSBC Interval Fund - Plan II - Inst. - Dividend	8,022,590	80,226,830	80,225,897
JM Interval Fund - Quarterly plan 4 (JM QIF - 4) - Institutional plan - Dividend option	8,363,453	83,634,529	83,634,529
ICICI Prudential Interval Fund - Quarterly Interval Plan I - Retail Dividend	20,496,431	204,964,382	204,964,312
ICICI Prudential Interval Fund II - Quarterly Interval Plan D - Retail Dividend	10,000,000	100,000,000	100,000,000
ICICI Prudential Interval Fund II - Quarterly Interval Plan A - Retail Dividend	2,000,000	20,000,000	20,000,000
SBI DEBT FUND SERIES-90D-20-(26/02/08)-DIVIDEND	20,000,000	200,000,000	200,000,000
SBI DEBT FUND SERIES-90D-21-(04-MAR-2008)-DIVIDEND	10,000,000	100,000,000	100,000,000
IDFC FMP - QS26 Plan-A-Dividend	20,000,000	200,000,000	200,000,000
Liquid Fund - Dividend			
Fortis Money Plus Fund-Institutional Plan- Daily Dividend Option (Compulsory Reinvestment)	213,298	2,133,003	2,132,985
DWS MONEY PLUS FUND - INST DAILY DIVIDEND	5,709,298	57,139,792	57,092,975
DWS Insta Cash Plus Fund-Institutional Plan-Daily Dividend	2,144,182	21,483,628	21,441,816
DWS Ultra Short Term Fund- Inst Plan - Daily Dividend	2,995,596	30,000,000	29,955,965
DSP BlackRock Cash Manager Fund - Institutional Plan - Daily Dividend Reinvest	4,076	4,076,210	4,075,803
DSP Blackrock Strategic Bond Fund - Regular Plan - Weekly Dividend	4,523	4,533,257	4,522,573
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Option	117,142	1,171,487	1,171,420
Fidelity Cash Fund - Institutional Plan - Daily Dividend Option	2,056,588	20,565,886	20,565,884
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Weekly Dividend Option	85,209	852,324	852,095
Fidelity Ultra Short Term Debt Fund - Super Institutional Plan - Daily Dividend Option	68,913	689,243	689,128
IDFC Cash Fund-Dividend (Daily)	1,994,347	21,103,976	19,943,465
IDFC-Money Manager Fund-Investment Plan-Plan A-Daily Div.	333,138	3,332,840	3,331,381
IDFC - SSIF - Short Term - Plan B - Fortnightly Dividend	3,942,140	39,521,990	39,421,404
HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	11,970,070	120,077,755	119,700,698
HDFC Liquid Fund-Premium Plan - Dividend-Daily	4,095,637	50,211,689	40,956,368
HSBC Ultra Short Term Bond Fund - Inst. - Dividend - Daily	3,099,755	31,036,301	30,997,554
HSBC Ultra Short Term Bond Fund - Inst. Plus - Dividend - Daily	19,997,121	200,223,169	199,971,205
HSBC Cash Fund - Inst. Plus - Dividend - Daily	10,003,047	100,086,489	100,030,472
SBI Premier Liquid Fund - Institutional - Daily Dividend	10,001,068	100,335,712	100,010,677

Schedules forming part of the Balance Sheet

SCHEDULE NO.6 (Contd.)

	Nos.	Cost (Rs.)	Face Value (Rs.)
SBI Short Horizon Fund - Ultra Short Term Fund - Institutional Plan - Daily Dividend	267,520	2,676,541	2,675,203
ICICI Prudential Flexible Income Plan Premium-Daily Dividend Plan	9,957,607	105,286,760	99,576,072
IDFC Liquidity Manager - Daily Dividend	16,615	166,354	166,147
Sundaram BNP Paribas Money Fund Super Institutional Daily Div. Reinvest	4,959,392	50,066,552	49,593,922
Templeton Floating Rate Income Fund - Long Term - Super Institutional Plan - Daily Dividend	3,033,224	30,365,003	30,332,244

II) Purchased and sold / redeemed during the year:-

LIQUID-DIVIDEND

Fortis Money Plus Fund-Institutional Plan- Daily Dividend Option (Compulsory Reinvestment)	5,018,257	50,183,070	50,182,569
Fortis Money Plus Fund-Institutional Plan- Weekly Dividend Option	30,397,355	304,454,140	303,973,551
DWS MONEY PLUS FUND - INST DAILY DIVIDEND	75,459,634	755,215,107	754,596,338
DWS Insta Cash Plus Fund-Institutional Plan-Daily Dividend	39,596,616	396,738,297	395,966,163
DWS Insta Cash Plus Fund Super Institutional Plan-Daily Dividend	105,505,260	1,057,162,709	1,055,052,604
DWS Ultra Short Term Fund- Inst Plan - Daily Dividend	19,098,761	191,271,362	190,987,615
DSP BlackRock Cash Manager Fund - Institutional Plan - Daily Dividend Reinvest	151,269	151,284,279	151,269,152
DSP BlackRock Money Manager Fund - Institutional Plan - Daily Dividend Reinvest	104,350	104,433,722	104,350,241
DSP Blackrock Strategic Bond Fund - Regular Plan - Weekly Dividend	53	53,018	52,854
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Option	2,031	20,314	20,312
Fidelity Cash Fund - Institutional Plan - Daily Dividend Option	33,804	338,050	338,044
Fidelity Cash Fund - Super Institutional Plan - Daily Dividend Option	32,994,372	330,057,796	329,943,720
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Weekly Dividend Option	1,529	15,291	15,286
Fidelity Ultra Short Term Debt Fund - Super Institutional Plan - Daily Dividend Option	24,994,960	250,012,086	249,949,600
IDFC Cash Fund-Dividend (Daily)	35,240	372,909	352,403
IDFC CF Daily-Dividend(Institutional Plan)	9,468,906	100,196,173	94,689,057
IDFC-Money Manager Fund-Investment Plan-Plan A-Daily Div.	12,079,723	120,863,666	120,797,228
HDFC Cash Management Fund - Savings Plan-Daily Dividend Option	36,673,745	390,076,624	366,737,452

Cummins India Limited

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)

	Nos.	Cost (Rs.)	Face Value (Rs.)
HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	33,336,597	334,416,076	333,365,973
HDFC Liquid Fund-Premium Plan - Dividend-Daily	823,921	10,101,109	8,239,212
HSBC Ultra Short Term Bond Fund - Inst. - Dividend - Daily	46,411	464,690	464,110
HSBC Ultra Short Term Bond Fund - Inst. Plus - Dividend - Daily	8,288,186	82,986,296	82,881,865
HSBC Cash Fund - Inst. Plus - Dividend - Daily	149,878,722	1,499,626,538	1,498,787,217
HSBC Floating Rate Fund - Long Term - Inst. - Dividend -Fortnightly	5,035,786	50,429,364	50,357,855
HSBC Floating Rate Fund - Long Term - Inst. - Dividend -Weekly	17,798,345	200,114,183	177,983,450
MAGNUM INSTA CASH FUND - DAILY DIVIDEND	56,139,936	940,360,768	561,399,359
SBI Premier Liquid Fund - Institutional - Daily Dividend	41,909,020	420,452,239	419,090,196
SBI Short Horizon Fund - Ultra Short Term Fund - Institutional Plan - Daily Dividend	29,991,055	300,060,510	299,910,554
ICICI Prudential Liquid Plan - Super Institutional Dividend Daily	63,006,875	630,100,249	630,068,745
ICICI Prudential Flexible Income Plan Premium-Daily Dividend Plan	12,628,280	133,525,119	126,282,801
IDFC Liquidity Manager - Daily Dividend	161	1,609	1,607
Sundaram BNP Paribas Money Fund Super Institutional Daily Div. Reinvest	15,058,935	152,024,470	150,589,354
Sundaram BNP Paribas Ultra Short Term Super Inst Daily Dividend	4,999,578	50,120,765	49,995,776
Tata Liquid Super High Investment Plan - Daily	585,281	652,307,209	585,280,847
Tata Floater Fund Daily Dividend	117,034,400	1,174,510,429	1,170,344,005
Templeton India Treasury Management Account-Super Institutional Plan - Daily Dividend	500,929	501,259,632	500,929,174
Templeton India Treasury Management - Institution-Daily	19,990	20,003,853	19,990,400
Templeton Floating Rate Income Fund - Long Term - Super Institutional Plan - Daily Dividend	40,184,801	402,240,746	401,848,015
Templeton Floating Rate Income Fund - Long Term - Super Institutional Plan - Daily Dividend	32,146,325	321,678,625	321,463,245
IDFC - SSIF - Short Term - Plan B - Fortnightly Dividend	44,147	444,446	441,466
LIQUID-FMP			
Fortis Flexible Short Term Plan - Series A - Regular Plan - Quarterly Dividend Option- Automatic Renewal	1,206,484	12,064,844	12,064,844
Fortis Interval Fund Sr 2 - Quarterly Plan M - Regular Plan - Calendar Monthly Dividend Option - Automatic Renewal	5,100,700	51,007,472	51,006,998
DSP Blackrock FMP - 3M - Series 12 - Institutional Plan - Dividend	5,109,538	51,095,710	51,095,381
DWS FIXED TERM FUND SR 49 INST GR	5,744,780	57,447,801	57,447,801

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)

	Nos.	Cost (Rs.)	Face Value (Rs.)
HDFC FMP 90D MAY 2008 (2) - WHOLESale PLAN DIVIDEND OPTION	5,000,000	50,000,000	50,000,000
HDFC QUARTERLY INTERVAL FUND - PLAN C - WHOLESale PLAN - Dividend Option	4,997,451	50,000,000	49,974,513
HDFC FMP 90D MAY 2008 (4) - WHOLESale PLAN DIVIDEND OPTION	5,000,000	50,000,000	50,000,000
HDFC FMP 90D AUGUST 2008 (2) - WHOLESale PLAN DIVIDEND OPTION	5,000,000	50,000,000	50,000,000
HSBC Fixed Term Series 48 - Inst. - Dividend	10,377,260	103,775,078	103,772,599
HSBC Fixed Term Series 51 - Inst. - Dividend	5,175,684	51,756,968	51,756,840
HSBC Interval Fund - Plan I - Inst. - Dividend	593,206	5,932,057	5,932,057
HSBC Interval Fund - Plan II - Inst. - Dividend	476,577	4,765,815	4,765,768
HSBC Fixed Term Series-55-Inst-Dividend	5,209,385	52,093,847	52,093,847
HSBC Fixed Term Series 60 - Inst. - Dividend	5,110,846	51,108,456	51,108,456
JM Interval Fund - Quarterly plan 4 (JM QIF - 4) - Institutional plan - Dividend option	438,779	4,387,798	4,387,791
ICICI Prudential Interval Fund - Quarterly Interval Plan I - Retail Dividend	1,047,332	10,474,263	10,473,320
ICICI Prudential Interval Fund II - Quarterly Interval Plan D - Institutional Dividend	10,000,000	100,000,000	100,000,000
SBI DEBT FUND SERIES-90D-20-(26/02/08)-DIVIDEND	353,140	3,531,400	3,531,400
SBI DEBT FUND SERIES-90 DAYS-25 (03/06/08) - DIVIDEND	10,000,000	100,000,000	100,000,000
SBI Debt Fund Series-90- Days-23- (30/04/2008) Dividend	10,000,000	100,000,000	100,000,000
SBI DEBT FUND SERIES-90 DAYS-24 (27/05/2008)- DIVIDEND	20,353,140	203,531,400	203,531,400
SBI DEBT FUND SERIES - 90 DAYS - 26 (29/07/08) - DIVIDEND	10,000,000	100,000,000	100,000,000
SBI DEBT FUND SERS-90D-28(26/08/08)- DIVIDEND	20,353,140	203,531,400	203,531,400
SBI DEBT FUND SERIES - 90 DAYS - 29 - DIVIDEND (02/09/2008)	10,000,000	100,000,000	100,000,000
SBI DEBT FUND SERIES - 90 DAYS - 30 - DIVIDEND (29/10/2008)	10,000,000	100,000,000	100,000,000
IDFC FMP-QS-34- Plan A - Dividend	20,000,000	200,000,000	200,000,000
SUNDARAM BNP PARIBAS FIXED INCOME INTERVAL FUND QTRLY PLAN C INST DIVIDEND	5,211,650	52,126,525	52,116,503
Equity - Blended			
ICICI Prudential Blended Plan A-Dividend Option	485,235	5,076,522	4,852,351

Cummins India Limited

Schedules forming part of the Balance Sheet

SCHEDULE NO. 6 (Contd.)

	Nos.	Cost (Rs.)	Face Value (Rs.)
III) Purchased during the year :-			
EQUITY			
DSP Blackrock Top 100 Equity Fund - Regular Plan - Dividend	335,542	3,904,115	3,355,423
Debt Fund (DIVIDEND OPTION)			
Fortis FIXED TERM PLAN - SERIES 12 - PLAN B - Instl Plan - Calendar Quarterly Dividend Option	5,535,814	55,361,640	55,358,139
LIQUID-DIVIDEND			
DWS Insta Cash Plus Fund Super Institutional Plan- Daily Dividend	9,974,252	100,015,815	99,742,521
DWS Ultra Short Term Fund- Inst Plan - Daily Dividend	51,148,689	512,254,256	511,486,889
Fidelity Ultra Short Term Debt Fund - Institutional Plan - Daily Dividend Option	8,188,346	81,903,933	81,883,462
Fidelity Ultra Short Term Debt Fund - Super Institutional Plan - Daily Dividend Option	53,222,129	532,354,343	532,221,287
HDFC Cash Management Fund - Savings Plan- Daily Dividend Option	22,773,886	242,232,165	227,738,863
HDFC Cash Management Fund Treasury Advantage - Wholesale Plan Daily Dividend Option	21,602,117	216,701,632	216,021,166
HSBC Floating Rate Fund - Long Term - Inst. - Dividend - Weekly	6,784,761	76,223,603	67,847,607
SBI Premier Liquid Fund - Institutional - Daily Dividend	2,403,451	24,112,620	24,034,507
SBI Short Horizon Fund - Ultra Short Term Fund - Institutional Plan - Daily Dividend	4,107,545	41,095,990	41,075,453
MAGNUM INSTA CASH FUND - DAILY DIVIDEND	11,942,166	200,034,865	119,421,661
ICICI Prudential Flexible Income Plan Premium- Daily Dividend Plan	52,353,402	553,558,694	523,534,018
Sundaram BNP Paribas Money Fund Super Institutional Daily Div. Reinvest	9,906,954	100,013,670	99,069,537
Tata Liquid Super High Investment Plan - Daily	89,740	100,017,451	89,740,383
Tata Floater Fund Daily Dividend	24,753,162	248,412,837	247,531,624

Schedules forming part of the Balance Sheet

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 7			
DEFERRED TAXATION :			
Deferred Tax Asset :			
Provision for doubtful debts	34,222		17,790
Provision others	293,207		207,837
Voluntary retirement scheme	334		1,013
Provision for employee benefits	48,375		50,833
Disallowances under Section 43B	69,977		32,162
		446,115	309,635
Deferred Tax Liability :			
Fixed Assets - Excess of Net block over written down value as per the provisions of the Income Tax Act, 1961	(215,469)		(175,857)
		(215,469)	(175,857)
		230,646	133,778

Cummins India Limited

Schedules forming part of the Balance Sheet

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 8			
CURRENT ASSETS, LOANS AND ADVANCES :			
Inventories :			
Stores and Spares		63,971	66,608
Loose tools and gauges		112,635	102,591
Stock-in-trade :			
Raw materials and components	2,150,895		1,637,600
Work-in-progress	1,019,739		732,392
Finished goods	614,962		130,124
Materials in transit	717,545		545,250
		4,503,141	3,045,366
		4,679,747	3,214,565
Sundry debtors : Secured			
Debts outstanding for a period exceeding six months			
Considered good	6,486		4,196
Other debts			
Considered good	120,287		1,045
Sundry debtors : Unsecured			
Debts outstanding for a period exceeding six months			
Considered good	280,168		98,180
Considered doubtful	104,843		51,644
Other debts -			
Considered good	6,414,089		5,401,110
Considered doubtful	—		—
	6,925,873		5,556,175
Less: Provision for doubtful debts	104,843		51,644
		6,821,030	5,504,531
Cash and bank balances :			
Cash on hand	679		373
Balances with scheduled banks :			
on current account	321,443		122,632
on deposit account	1,105		—
		323,227	123,005
Carried forward		11,824,004	8,842,101

Schedules forming part of the Balance Sheet

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 8 (Contd.)			
Brought forward		11,824,004	8,842,101
Other current assets :			
Interest accrued on investments	11,012		18,905
Lease Rent Receivables	1,181		5,141
Other receivables	71,000		—
		83,193	24,046
Loans and advances :			
Unsecured considered good :			
Advances recoverable in cash or in kind or for value to be received (Refer Note 4(a) of Schedule 12)	2,477,831		1,927,215
Considered good	8,163		—
Considered doubtful	2,485,994		1,927,215
Less: Provision for doubtful Advances	8,163		—
	2,477,831		1,927,215
Balance with Excise Department	1,252		7,465
Taxation (Net of provision)	184,109		—
		2,663,192	1,934,680
		14,570,389	10,800,827

Cummins India Limited

Schedules forming part of the Balance Sheet

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 9			
CURRENT LIABILITIES AND PROVISIONS :			
Current liabilities :			
Acceptances	624,677		673,773
Sundry creditors (Refer Note 4(b) of Schedule 12)	4,762,398		4,030,914
Advances from customers	84,081		57,011
Dividend warrants posted but not encashed *	20,009		16,716
Advance Income	38,466		—
Dealer Deposit	146,386		—
Other Liabilities	<u>300,632</u>		<u>205,780</u>
		5,976,649	<u>4,984,194</u>
Provisions :			
Taxation (net of advance payments)	—		42,659
Proposed dividend	514,800		514,800
Tax on dividend	87,490		87,490
Post retirement benefits and leave entitlement	266,703		177,951
Others (Refer Note 8 of Schedule 12)	<u>862,660</u>		<u>635,424</u>
		1,731,653	<u>1,458,324</u>
		<u>7,708,302</u>	<u>6,442,518</u>

* **Note :** There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

Schedules forming part of the Profit and Loss Account

	Rupees '000	Rupees '000	Previous Year Rupees '000
SCHEDULE NO. 10			
SALES AND OTHER INCOME :			
SALES			
Gross sales and services	36,350,548		26,306,839
Less : Excise duty	3,307,711		2,800,094
Net sales	33,042,837		23,506,745
Less : Commission	302,337		198,953
		32,740,500	23,307,792
OTHER INCOME			
Interest from customers, on income tax refunds and on deposits, etc. (tax deducted at source Rs. ('000) 8,268 ; previous year Rs. ('000) 2,910)	44,848		22,250
Provision for earlier years written back	193,638		—
Miscellaneous income	653,703		430,908
Export benefits	221,338		223,015
Income from investments			
Long term investments-			
Trade investments	92,420		45,999
Other investments (tax deducted at source Rs. ('000) Nil ; previous year Rs. ('000) 2,334)	38,256		48,534
Dividend from subsidiary	—		225,000
		130,676	319,533
Current investments - other than trade	240,813		199,633
Gain on sale/redemption of long term investments (net)	22,451		23,078
Gain on sale/redemption of current investments	—		8,710
		1,507,467	1,227,127
		34,247,967	24,534,919

Cummins India Limited

Schedules forming part of the Profit and Loss Account

	Rupees '000	Rupees '000	Previous Year Rupees '000
SCHEDULE NO. 11			
COST OF SALES AND OTHER EXPENSES :			
Raw materials and components consumed		21,697,705	14,942,903
Purchase of goods for resale		748,585	1,246,874
Payments to and provision for employees :			
Salaries, wages, bonus, commission, etc.	1,713,900		1,091,151
Company's contribution to provident and other funds (Net)	178,985		165,996
Welfare expenses	236,731		127,078
		2,129,616	1,384,225
Operation and other expenses :			
Stores, spares, consumable materials, etc.	661,115		447,854
Tools and gauges	71,472		68,710
Repairs to buildings	105,287		45,259
Repairs to machinery	51,779		60,330
Other repairs	9,732		15,077
Power and fuel	248,846		219,393
Rent	55,009		21,775
Rates and taxes	92,398		45,580
Insurance	13,292		18,102
Outside processing charges	220,852		185,383
Other expenses	1,499,481		1,128,300
Donations and contributions	20,000		20,000
Net loss on fixed assets sold or discarded	19,751		1,986
		3,069,014	2,277,749
Technical fees and royalties		431,779	359,449
Carried forward		28,076,699	20,211,200

Schedules forming part of the Profit and Loss Account

	Rupees '000	Rupees '000	Previous Year Rupees '000
SCHEDULE NO. 11 (Contd.)			
Brought forward		28,076,699	20,211,200
(Increase)/decrease in inventories of finished goods and work-in-progress :			
Closing inventories :			
Finished goods	614,962		130,124
Work-in-progress	1,019,739		732,392
	1,634,701		862,516
Opening inventories :			
Finished goods *	786,986		159,660
Work-in-progress *	747,806		738,052
	1,534,792		897,712
		(99,909)	35,196
		27,976,790	20,246,396
Less : cost of plant and machinery manufactured		8,669	7,794
		27,968,121	20,238,602

* Include effects of amalgamation.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

SCHEDULE NO.12

1. Significant accounting policies

a) Basis of accounting

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

b) Fixed assets and depreciation

- i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All significant costs relating to the acquisition and installation of fixed assets are capitalised. Assets acquired under finance lease are recognised at the inception of the lease at lower of the fair value or the present value of minimum lease payments. The initial direct costs incurred in connection with finance leases are recognised as an asset under the lease.
- 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. Leasehold land is amortised over the period of lease. Computers (desktops, laptops) acquired under finance lease are amortised over the period of lease and those acquired subsequently and not covered by the lease are depreciated over the remaining period of the said computer lease. Other computers and related assets are depreciated over a period of four years.

Intangible assets are amortized over a period of their respective useful lives ranging between three years to seven years.

c) Investments

Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments. Current investments are stated at the lower of cost and fair value.

d) Inventories

Inventories are stated at lower of cost and net realisable value. The material costs are determined on weighted average basis and the valuation of manufactured goods represents the combined cost of material, labour and all manufacturing overheads.

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 current liabilities are translated at the year-end exchange rates. The resulting profits and losses are appropriately recognised in the Profit and Loss Account. The premium or discount arising at the inception of a forward exchange contract is amortised over life of the contract.

f) Revenue recognition

- i) Sale of goods is recognised as per the terms of sale. Sales exclude amounts recovered towards excise duty and sales tax.
- ii) The Company enters into agreements that transfer the right to use equipment, though substantial services by the Company may be called for in connection with the operation or maintenance of such assets. As such, the agreements convey to the customer the right to use the equipment, they meet the definition of a lease and are accounted for based on their classification into Finance lease and Operating lease. An agreement is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership and agreements not meeting this criterion are classified as operating lease. The accounting adopted for each of such classifications is as follows :
 - Operating Lease – minimum lease payments as per contracts are recognised as revenue on a straight-line basis over the lease term. Contingent rental income is recognised as revenue when the factors on which the contingent lease payments are based actually occur.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

- Finance Lease – recognised as a sale when goods are accepted by the customer and recognised in the balance sheet as a receivable at an amount equal to the net investment in the lease. Finance income is recognised on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease, and the amount attributable to service income is recognised as revenue on a straight line basis over the lease term.
 - iii) Revenue from Long Term Service Contracts is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to 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 'Advance Income' under 'Current Liabilities' in the Balance Sheet. In case of other Service contracts, revenue is recognized on a straight line basis.
 - iv) Dividend income from investments is recognised when the right to receive payment is established.
- 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 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 its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience and are included as under:

 - i) Cost of product warranty is included in 'Raw materials and components consumed' for free replacement of spares. Accrual of warranties towards replacement of spares, labour charges etc., are included in 'Other expenses'.
 - ii) New Engine Performance Inspection fee is included under 'Other expenses'.
- 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 all employees which is administered by Life Insurance Corporation / Company managed Trust / 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. 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 Profit and Loss Account as and when incurred.
 - b) Defined Benefit Plans:

Funded Plan: The Company has defined benefit plans for Post-employment benefits in the form of Gratuity for all employees and pension for non management employees which are administered through trust and / or Life Insurance Corporation (LIC).

Unfunded Plan: The Company has unfunded Defined Benefit plans in the form of Post Retirement 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.
 - ii) Other Long-term Employee Benefit:

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date,

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that 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 of the beginning of the year for active members.

- iii) Termination benefits are recognized as an expense as and when incurred.
- iv) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year without resorting to any amortization.

j) Research and development costs

Research and development expenditure of a capital nature is added to Fixed Assets. All other research and development expenditure is written off in the year in which it is incurred.

k) 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 realization. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realization.

l) Provisions

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, 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.

- 2. a) Pursuant to the Scheme of Amalgamation of wholly owned subsidiaries of the Company namely, Cummins Sales and Service India Limited (CSS) and Cummins Auto Services Limited (CASL) with the Company as approved by the shareholders in the Court convened meeting held on 24th July 2008 and subsequently sanctioned by the Order of Hon’ble High Court of Mumbai, the assets and liabilities were transferred to and vested in the Company with effect from 1st April 2008. The Scheme has accordingly been given effect to in these financials statement.
- b) The amalgamation has been accounted for under the ‘Pooling of interest’ method as prescribed by Accounting Standard ‘AS 14’ issued by Institute of Chartered Accountants of India. Pursuant to Scheme of Amalgamation of CSS and CASL with the Company, the assets, liabilities and reserves / loss of CSS and CASL have been taken over at their book value. There are no difference in the accounting policies followed by CSS and CASL.

Consequently pursuant to Scheme of Amalgamation, addition to General Reserve is explained below

Particulars	Rs. ('000)
Accumulated Profits of CSS	840,389
Accumulated Losses of CASL	(206,436)
Extinguishment and Cancellation of Shares held by CIL and CSS in CSS and CASL respectively	40,936
Total	674,889

- c) In view of aforesaid merger with effect from 1st April 2008, the amounts for the current year are not comparable with those of previous year.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

3. Capital Commitments

	Rs. '000	Previous year Rs. '000
Capital Commitments	616,602	425,268

4. a) Advances recoverable in cash or kind include –

- i) An inter corporate deposit of **Rs. ('000) 70,000** (previous year Rs. ('000) 70,000) placed with Cummins Research and Technology India Limited, a Joint Venture. Maximum amount due during the year **Rs. ('000) 70,490** (previous year Rs. ('000) 71,575)
- ii) An inter corporate deposit of **Rs. ('000) 100,000** (previous year Rs. ('000) 100,000) placed with Valvoline Cummins Limited, a Joint Venture. Maximum amount due during the year **Rs. ('000) 104,242** (previous year Rs. ('000) 102,166)
- iii) An inter corporate deposit of **Rs. ('000) 230,000** (previous year Rs. ('000) NIL) placed with Cummins Technologies India Limited, a fellow subsidiary. Maximum amount due during the year **Rs. ('000) 235,361** (previous year Rs. ('000) NIL)

b) Sundry creditors include –

	Rs. '000	Previous year Rs. '000
Total outstanding dues of micro and small enterprises	109,732	193,852

Details of amounts due under the Micro, Small and Medium Enterprises Development Act, 2006 are as under:-

		Rupees '000
1 The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.	a. Principal	98,753
	b. Interest	(191,998)
	Total	109,732 (193,852)
2 The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	a. Principal	651,091
	b. Interest	(303,604)
	Total	652,945 (303,604)
3 The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	—	— (—)
4 The amount of interest accrued and remaining unpaid at the end of the year.	a. Total Interest accrued	10,979 (1,854)
	b. Total Interest unpaid	10,979 (1,854)
5 The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	<i>Included in S. No. 4(b) above is Rs. NIL being interest on amounts outstanding as at the beginning of the accounting year.</i>	

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

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.

5. Contingent liabilities

	As at 31st March, 2009 Rs. '000	As at 31 st March, 2008 Rs. '000
a) Bills discounted not matured	240,208	291,207
b) Income tax matters pending in appeal including effect of similar matters in respect of appeals decided in favour of the Company	58,345	15,640
c) Central excise duty/customs duty – demands not accepted by the Company	23,564	16,843
d) Sales Tax Matters pending in appeal	53,249	8,541
e) Octroi Matters	—	142
f) Civil liability / secondary civil liability in respect of suits filed against the Company	43,150	1,654

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

6. Related Party Disclosures

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

Name of the related party	Nature of relationship
Cummins Inc.	Holding Company
Cummins Sales and Service India Limited	Subsidiary Company (Upto March 31, 2008)
Cummins Auto Services Limited	Subsidiary Company (Upto March 31, 2008)

b) Transactions with related parties as per the books of account during the year ended 31st March, 2009.

Rs. ('000)

Transaction	Name of the Party	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Venture	Key Management Personnel	Enterprise with common Key Management Personnel	Total
Purchases of goods	Cummins Inc.	2,826,796 (1,281,846)	— (—)	— (—)	— (—)	— (—)	— (—)	2,826,796 (1,281,846)
	Cummins Limited	— (—)	— (—)	2,214,985 (1,186,676)	— (—)	— (—)	— (—)	2,214,985 (1,186,676)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	1,931,188 (1,389,267)	1,931,188 (1,389,267)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	191,259 (79,890)	— (—)	— (—)	191,259 (79,890)
	Others	— (—)	— (45,983)	1,246,800 (1,117,414)	— (—)	— (—)	— (—)	1,246,800 (1,163,397)
Sale of goods	Cummins Limited	— (—)	— (—)	6,194,930 (2,592,380)	— (—)	— (—)	— (—)	6,194,930 (2,592,380)
	Cummins Power Generation, Kent	— (—)	— (—)	1,611,097 (1,915,747)	— (—)	— (—)	— (—)	1,611,097 (1,915,747)
	Cummins Power Generation, Singapore	— (—)	— (—)	924,115 (1,129,776)	— (—)	— (—)	— (—)	924,115 (1,129,776)
	Cummins Sales and Service India Limited	— (—)	— (1,861,553)	— (—)	— (—)	— (—)	— (—)	— (1,861,553)
	Cummins Inc.	154,711 (38,061)	— (—)	— (—)	— (—)	— (—)	— (—)	154,711 (38,061)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	6,455 (—)	6,455 (—)
	Others	— (—)	— (—)	1,660,736 (885,953)	— (—)	— (—)	— (—)	1,660,736 (885,953)
Purchase of fixed assets	Cummins Inc.	9,522 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	9,522 (—)
	Cummins Generator Technologies India Limited	— (—)	— (—)	1,760 (752)	— (—)	— (—)	— (—)	1,760 (752)
Services Rendered	Cummins Inc.	110,304 (65,571)	— (—)	— (—)	— (—)	— (—)	— (—)	110,304 (65,571)
	Cummins Power Generation, Singapore	— (—)	— (—)	159,574 (77,400)	— (—)	— (—)	— (—)	159,574 (77,400)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	118,651 (137,046)	118,651 (137,046)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	35,010 (—)	— (—)	— (—)	35,010 (—)

Cummins India Limited

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

Rs. ('000)

Transaction	Name of the Party	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Venture	Key Management Personnel	Enterprise with common Key Management Personnel	Total
	Others	— (—)	— (11,392)	65,260 (35,172)	— (—)	— (—)	— (—)	65,260 (46,564)
Remuneration Paid	Anant Talaulicar	— (—)	— (—)	— (—)	— (—)	4,073 (4,027)	— (—)	4,073 (4,027)
Services Received	Cummins Sales and Service India Limited	— (—)	— (377,349)	— (—)	— (—)	— (—)	— (—)	— (377,349)
	Cummins Inc.	12,849 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	12,849 (—)
	Cummins Limited	— (—)	— (—)	32,993 (—)	— (—)	— (—)	— (—)	32,993 (—)
	Cummins Reseach and Technology India Limited	— (—)	— (—)	7,129 (—)	— (—)	— (—)	— (—)	7,129 (—)
	Cummins Power Generation, Singapore	— (—)	— (—)	— (70,115)	— (—)	— (—)	— (—)	— (70,115)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	— (13,364)	— (13,364)
	Others	— (—)	— (—)	3,221 (3,137)	— (—)	— (—)	— (—)	3,221 (3,137)
Transfer of Technology including royalty	Cummins Inc.	431,779 (429,458)	— (—)	— (—)	— (—)	— (—)	— (—)	431,779 (429,458)
Intercompany Deposits Given and recovered	Cummins Generator Technologies India Limited	— (—)	— (—)	150,000 (—)	— (—)	— (—)	— (—)	150,000 (—)
Inter Corporate Deposits Given	Cummins Sales and Service India Limited	— (—)	— (90,000)	— (—)	— (—)	— (—)	— (—)	— (90,000)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	— (100,000)	— (—)	— (—)	— (100,000)
	Cummins Technologies India Limited	— (—)	— (—)	230,000 (—)	— (—)	— (—)	— (—)	230,000 (—)
Interest Received On inter corporate deposit	Cummins Reseach and Technology India Limited	— (—)	— (—)	4,898 (6,096)	— (—)	— (—)	— (—)	4,898 (6,096)
	Cummins Generator Technologies India Limited.	— (—)	— (—)	5,407 (—)	— (—)	— (—)	— (—)	5,407 (—)
	Cummins Technologies India Limited	— (—)	— (—)	5,361 (—)	— (—)	— (—)	— (—)	5,361 (—)
	Cummins Sales and Service India Limited	— (—)	— (4,582)	— (—)	— (—)	— (—)	— (—)	— (4,582)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	7,610 (2,166)	— (—)	— (—)	7,610 (2,166)

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

Rs. ('000)

Transaction	Name of the Party	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Venture	Key Management Personnel	Enterprise with common Key Management Personnel	Total
IT Service Charges	Cummins Inc.	71,096 (47,729)	— (—)	— (—)	— (—)	— (—)	— (—)	71,096 (47,729)
	Cummins Diesel Sales Corporation	— (—)	— (—)	41,329 (26,236)	— (—)	— (—)	— (—)	41,329 (26,236)
Dividend Received	Cummins Exhaust India Limited	— (—)	— (—)	30,998 (6,999)	— (—)	— (—)	— (—)	30,998 (6,999)
	Cummins Sales and Service India Limited	— (—)	— (225,000)	— (—)	— (—)	— (—)	— (—)	— (225,000)
	Cummins Generator Technologies India Limited	— (—)	— (—)	23,400 (39,000)	— (—)	— (—)	— (—)	23,400 (39,000)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	38,000 (—)	— (—)	— (—)	38,000 (—)
Dividend paid	Cummins Inc.	646,272 (403,920)	— (—)	— (—)	— (—)	— (—)	— (—)	646,272 (403,920)

c) Amounts outstanding as at 31st March, 2009.

Rs. ('000)

Transaction	Name of the Party	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Venture	Key Management Personnel	Enterprise with common Key Management Personnel	Total
Sundry Creditors	Cummins Inc.	992,724 (689,988)	— (—)	— (—)	— (—)	— (—)	— (—)	992,724 (689,988)
	Cummins Limited	— (—)	— (—)	144,622 (354,009)	— (—)	— (—)	— (—)	144,622 (354,009)
	Cummins Sales and Service India Limited	— (—)	— (140,278)	— (—)	— (—)	— (—)	— (—)	— (140,278)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	14,184 (12,896)	— (—)	— (—)	14,184 (12,896)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	66,403 (88,677)	66,403 (88,677)
	Others	— (—)	— (—)	149,792 (260,604)	— (—)	— (—)	— (—)	149,792 (260,604)
Sundry Debtors	Cummins Limited	— (—)	— (—)	2,083,778 (785,199)	— (—)	— (—)	— (—)	2,083,778 (785,199)
	Cummins Power Generation, Kent	— (—)	— (—)	121,820 (398,236)	— (—)	— (—)	— (—)	121,820 (398,236)
	Cummins Power Generation, Singapore	— (—)	— (—)	35,559 (150,108)	— (—)	— (—)	— (—)	35,559 (150,108)
	Cummins Sales and Service India Limited	— (—)	— (852,484)	— (—)	— (—)	— (—)	— (—)	— (852,484)
	Cummins Inc.	107,972 (34,543)	— (—)	— (—)	— (—)	— (—)	— (—)	107,972 (34,543)

Cummins India Limited

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

Rs. ('000)

Transaction	Name of the Party	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Venture	Key Management Personnel	Enterprise with common Key Management Personnel	Total
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	37,138 (35,698)	37,138 (35,698)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	11,415 (394)	— (—)	— (—)	11,415 (394)
	Others	— (—)	— (2,206)	263,952 (180,365)	— (—)	— (—)	— (—)	263,952 (182,571)
Inter Corporate Deposit Receivable	Cummins Research and Technology India Limited	— (—)	— (—)	70,000 (70,000)	— (—)	— (—)	— (—)	70,000 (70,000)
	Cummins Sales and Service India Limited	— (—)	— (90,000)	— (—)	— (—)	— (—)	— (—)	— (90,000)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	100,000 (100,000)	— (—)	— (—)	100,000 (100,000)
	Cummins Technologies India Limited	— (—)	— (—)	230,000 (—)	— (—)	— (—)	— (—)	230,000 (—)
Interest Receivable on ICD Balance	Cummins Sales and Service India Limited	— (—)	— (4,582)	— (—)	— (—)	— (—)	— (—)	— (4,582)
	Valvoline Cummins Limited	— (—)	— (—)	— (—)	4,242 (2,166)	— (—)	— (—)	4,242 (2,166)
	Cummins Research and Technology India Limited	— (—)	— (—)	490 (4)	— (—)	— (—)	— (—)	490 (4)
	Cummins Technologies India Limited	— (—)	— (—)	5,361 (—)	— (—)	— (—)	— (—)	5,361 (—)

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

Notes:

i) The names of the related parties under the appropriate relationship included in notes 6 (b) and (c) above are as follows:

Nature of Relationship	Name of the Party
Holding Company	Cummins Inc.
Subsidiaries	Cummins Auto Services Limited (upto March 31, 2008) Cummins Sales and Service India Limited (upto March 31, 2008)
Fellow subsidiaries	Cummins Brasil Cummins Business Services, Nashville Cummins Comercializadora Cummins Diesel N.V. Cummins Diesel Sales Corporation Cummins Engine (Beijing) Cummins Engine Company Pty. Limited Cummins Japan Limited Cummins Limited (U.K.) Cummins Middle East FZE Cummins Natural Gas Engines, Inc. Cummins Power Generation Cummins Power Generation, Kent Cummins Power Generation, Singapore Cummins Power Generation, U.S.A. Cummins Reseach and Technology India Limited Cummins S De R.L. De C.V. Cummins Technologies India Limited Cummins Westport Diesel Recon Co. Diesel Recon, El Paso Diesel Recon-Memphis Fleetguard Inc. Cummins Generator Technologies India Limited Cummins Exhaust India Limited Cummins Generator Technologies Limited, UK Cummins Engine Austria GmbH Wuxi Newage Alternators Ltd. Cummins Diesel Deutschland GmbH
Key Management Personnel	Anant Talaulicar
Associate	Valvoline Cummins Limited
Enterprise with common Key Management Personnel	Tata Cummins Limited

- ii) Reimbursement of expenses incurred by related parties for and on behalf of the company and vice versa have not been included above.
- iii) The information given above, has been reckoned on the basis of information available with the Company.
- iv) Figures in brackets are in respect of the previous year.

Cummins India Limited

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

7. Segmental Information

a) Primary Segment

The Company's operations predominantly relate to manufacture of Internal combustion engines, gensets and parts thereof (Engines business segment) used for various applications such as power generation, construction, compressor, mining, marine, locomotive, fire-fighting, etc. Others include leasing of diesel power generating sets and allied equipment including operation and maintenance facilities of these equipments, etc.

b) Secondary Segment

Two secondary segments have been identified based on the geographical locations of customers: domestic and export.

	Rs. '000		
Information about business segments (Primary Segments)	Engine Business	Others	Total
i) Segment Revenue @	31,168,459 (23,081,537)	1,874,378 (440,469)	33,042,837 (23,522,006)
ii) Segment result	4,575,488 (3,343,142)	515,487 (51,262)	5,090,975 (3,394,404)
Unallocated -Other Income			733,284 (572,294)
Interest			26,080 (6,665)
Profit before tax and exceptional item			5,798,179 (3,960,032)
Exceptional item (Refer to Note 24 of Schedule No. 12)			192,037 (—)
Profit before tax but after exceptional item			5,990,216 (3,960,032)
Provision for tax			1,703,986 (1,170,230)
Current tax			-78,036 (-34,845)
Deferred tax			27,655 (17,737)
Fringe Benefit Tax			4,336,611 (2,806,910)
Net Profit for the year			17,465,430 (13,070,443)
iii) Segment assets	16,802,483 (12,756,825)	662,947 (313,618)	17,465,430 (13,070,443)
Common assets			4,418,458 (4,734,137)
Enterprise assets			21,883,888 (17,804,580)
iv) Segment liabilities	7,035,271 (5,916,229)	282,101 (188,920)	7,317,372 (6,105,149)
Common liabilities			620,011 (662,580)
Enterprise liabilities			7,937,383 (6,767,729)
v) Capital Expenditure	963,200 (1,005,580)	8,130 (64,169)	971,330 (1,069,749)
Depreciation	446,012 (315,315)	9,575 (14,305)	455,587 (329,620)
Information about geographical segments (Secondary Segments)	Domestic	Export	Total
vi) Segment revenue @	19,913,819 (16,283,318)	13,129,018 (7,238,688)	33,042,837 (23,522,006)

@ Segment revenue from Other business includes Income from Lease **Rs. ('000) Nil** (previous year Rs. ('000) 15,261)

Notes:

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

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

8. Disclosure on Provisions made, utilised and reversed during the year as per Accounting Standard 29 issued by The Institute of Chartered Accountants of India

	Warranty	Service Costs and Overhaul	Statutory Matters	Rs. '000 Total
Opening Balance *	524,556 (356,877)	147,946 (99,628)	9,505 (3,646)	682,007 (460,151)
Additions	468,521 (315,682)	38,604 (41,707)	5,730 (—)	512,855 (357,389)
Utilisations	196,180 (168,644)	54,121 (13,472)	— (—)	250,301 (182,116)
Reversal	— (—)	81,901 (—)	— (—)	81,901 (—)
Closing Balance	796,897 (503,915)	50,528 (127,863)	15,235 (3,646)	862,660 (635,424)

* Includes effect of amalgamation

Figures in brackets are in respect of the previous year.

- i) The provision for warranty is on account of warranties given on products sold by the Company. The provision is based on the historic data / estimated figures. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims from customers.
- ii) The provision for overhaul is on account of engines given on rent to various customers. The provision is based on the data on overhaul costs on various types of gensets as accumulated by the Company. The timing and amount of the cash flows that will arise from these matters will be determined at the time of actual overhauling of the gensets.

Provision for service costs comprise of dealer claims. Provision is made on the amount claimed by the dealers. The timing and the amount of cash flows that will arise from the dealer claims will be determined at the time of settlement of these claims.
- iii) The provisions for statutory matters are on account of legal matters where the Company anticipates probable outflow. The amount of provision is based on estimate 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.

9. Lease income

- i) The Company provides equipment under finance lease arrangements for periods up to five years. The minimum lease payments receivable in respect of these arrangements are as follows :

	Due within 12 months Rs. '000	Due between 12 – 60 months Rs. '000	Total amount receivable Rs. '000
Gross investment in lease	1,241 (2,895)	— (2,953)	1,241 (5,848)
Less : Unearned finance income	60 (492)	— (215)	60 (707)
Present value of minimum lease payments receivable	1,181 (2,403)	— (2,738)	1,181 (5,141)

Figures in brackets are in respect of the previous year.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

- ii) Contingent rental income in respect of operating lease arrangements recognised in the statement of profit and loss for the year aggregate **Rs. ('000) 5,394** (previous year Rs. ('000) 8,180).
- iii) The future minimum sub lease payments receivable under non-cancellable operating sublease arrangements, due within 12 months, aggregate **Rs. ('000) NIL** (previous year Rs. ('000) 20,391).
- iv) The sub lease income recognised in the statement of profit and loss for the year aggregate **Rs. ('000) 33,688** (previous year Rs. ('000) 86,403).

10. Lease commitments

- i) Finance lease :

The Company has acquired computers under finance lease arrangements for a period of three years. The future minimum lease payments under these leases as of March 31, 2009 are as follows:

	Due within 12 months Rs. '000	Due between 12 – 60 months Rs. '000	Total amount due Rs. '000
Minimum lease payments	17,189 (26,552)	— (13,162)	17,189 (39,714)
Less : Amount representing interest	487 (2,201)	— (382)	487 (2,583)
Present value of minimum lease payments	16,702 (24,351)	— (12,780)	16,702 (37,131)

- ii) Operating lease :

The Company has acquired equipment under operating lease arrangements at stipulated rentals for a period of five years. The future minimum lease payments under these leases as of March 31, 2009 are as follows:

	Due within 12 months Rs. '000	Due between 12 – 60 months Rs. '000	Total amount due Rs. '000
Minimum lease payments	— (8,004)	— (12,007)	— (20,011)

The minimum lease payments recognized in the statement of profit and loss (included under other expenses) for the year are **Rs. ('000) 10,420** (previous year Rs. ('000) 24,240).

- 11. The net exchange differences (gains/(losses)) arising during the year appropriately recognised in the profit and loss account is **Rs. ('000) 228,690** (previous year Rs. ('000) (25,121).

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

12. a) Managerial Remuneration

Particulars	Rs. ('000)	Previous Year Rs. ('000)
Salary	12	12
Perquisites	4,061	4,015
Commission - non-whole time directors	1,375	1,375
Sitting fees	355	305
Total	<u>5,803</u>	<u>5,707</u>

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 Directors is not ascertainable and is therefore not included above.

b) Computation of net profits in accordance with section 309 (5) of the Companies Act, 1956

Particulars	Rs. '000	Rs. '000	Previous Year Rs. '000
Profits before Tax as per Profit and Loss account		5,990,216	3,960,032
Add: Directors' remuneration	5,803		5,707
Depreciation (including amortization) provided in the books	455,587		329,620
Net loss on fixed assets sold or discarded as per schedule 11	19,751		1,986
Provision for doubtful debts and advances	86,695		27,436
		567,836	<u>364,749</u>
Less: Depreciation (including amortization) under section 350 of the Companies Act, 1956	455,587		329,620
Profit from Sale of Company's Power Generation Rental Power Business	192,037		—
Net loss on fixed assets sold or discarded under section 350 of the Companies Act, 1956	19,751		1,986
Profit on redemption or sale of Investments	22,451		31,788
		689,826	<u>363,394</u>
Net Profit as per section 309(5)		5,868,226	<u>3,961,387</u>
Restricted to 1%		58,682	39,614
Commission payable to non-whole time directors		1,375	1,375

13. Remuneration to Auditors:

	Rs. '000	Previous Year Rs. '000
Statutory Audit (including Consolidation of Accounts)	7,250	5,100
Limited Review	1,500	1,200
Tax Audit	2,200	1,300
Other services	20	1,230
Reimbursement of out of pocket expenses	81	46
	11,051	<u>8,876</u>

Cummins India Limited

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

14. Other expenses include provision for doubtful debts **Rs. ('000) 86,695** (previous year Rs. ('000) 27,436).
15. The total research and development expenses incurred by the Company are as under. As per the requirement specified by Department of Scientific and Industrial Research, New Delhi, details of expenses incurred on auto projects are as follows :

Particulars	Auto projects	Other projects	Rs. ('000)
			Total Research and Development expense
a. On capital A/c	23,829 (6,323)	76,303 (30,924)	100,132 (37,247)
b. On revenue A/c	2,906 (15,387)	305,084 (254,305)	307,990 (269,692)
Total	26,735 (21,710)	381,387 (285,229)	408,122 (306,939)

The expenses disclosed above include expenses incurred on development of parts. Figures in brackets are in respect of the previous year.

16. The Company has 50% interest in Joint Ventures namely Cummins Exhaust India Limited, Cummins Research and Technology India Limited and Valvoline Cummins Limited, incorporated in India. The following represents the Company's share of Assets and Liabilities as at 31st March, 2009 and Income and Expenses for the year ended on that date.

a) Cummins Exhaust India Limited

	As at March 31, 2009 Rs. '000	As at March 31, 2008 Rs. '000
Assets	127,750	130,520
Liabilities	42,182	47,940
Income	215,102	239,036
Expenses (including provision for tax)	177,016	195,701
Contingent Liabilities	Nil	Nil
Capital Commitments	Nil	117

b) Cummins Research and Technology India Limited

	As at March 31, 2009 Rs. '000	As at March 31, 2008 Rs. '000
Assets	179,805	101,573
Liabilities	54,394	58,737
Income	241,359	153,845
Expenses (including provision for tax)	158,783	137,662
Contingent Liabilities	15,086	14,115
Capital Commitments	Nil	172

c) Valvoline Cummins Limited *

	As at March 31, 2009 Rs. '000
Assets	635,075
Liabilities	342,761
Income	2,235,329
Expenses (including provision for tax)	2,110,832
Contingent Liabilities	12,020
Capital Commitments	Nil

- * Considered as a Joint Venture post amalgamation of CSS (w.e.f. 1st April 2008). Hence, previous year's figures are not given.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

17. Earnings Per share

	As at March 31, 2009	As at March 31, 2008
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 Rs. ('000)	4,336,611	2,806,910
Weighted average number of shares outstanding during the year	198,000,000	198,000,000
c) Earnings per share (Basic and Diluted) Rs.	21.90	14.18
Face value per share Rs.	2.00	2.00

18. a) Quantitative information with regard to installed capacity and production -

	Installed capacity * Nos.	Production Nos.
Internal Combustion engines in all H.P. ranges.	56,300 (28,200)	29,832 (30,792)
Generating sets (including semi finished generating sets) powered by Internal Combustion Engines	66,300 (14,200)	15,329 (9,155)
Machine tools including special purpose machines and transfer lines	7 (7)	— (—)
Hydraulic Governors	300 (—)	— (—)
Manufactured components (see note (ii) below) (Nos. million)	— (—)	0.164 (0.334)

* On triple shift basis including capacity for manufacture of components, as certified by management. The installed capacity is subject to product mix, utilisation of plant and machinery which is common for different models and availment of sub-contracting facilities.

Notes:

- i) Production includes Engines captively consumed **1 no.** (Previous year – Nil no.)
- ii) Production quantities represent the number of components sold during the year, as the Company considers a component as 'meant for sale' only when it is actually sold.
- iii) Figures in brackets are in respect of the previous year.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

b) Turnover, opening and closing stocks :

	S a l e		S t o c k s			
	Qty Nos.	Value Rs '000	Opening Nos.	Rs. '000	Closing Nos.	Rs. '000
Internal Combustion Engines	29,587* (30,671)*	22,193,301 (18,955,665)	113 (168)	33,110 (104,867)	86** (113)**	67,891 (33,110)
Generating sets (including semi finished generating sets) powered by Internal Combustion Engines	15,648# (8,878)#	3,154,224 (1,617,524)	426 (189)	59,612 (25,889)	75## (426)##	16,972 (59,612)
Goods for resale :						
Engines	1,971 (3,040)	478,054 (829,700)	— (—)	— (—)	— (—)	— (—)
Equipments	37 (37)	156,629 (181,902)	1 (1)	14,022 (14,022)	— (1)	— (14,022)
Lease rentals from equipments		169,226 (212,640)				
Gross income from services rendered		785,248 (44,472)				
Spare parts accessories and components		5,217,666 (1,488,254)		594,900 (—)		393,119 (—)
Others		888,489 (176,588)		85,342 (14,882)		136,980 (23,380)
		33,042,837 (23,506,745)		786,986 (159,660)	@	614,962 (130,124)

* net of sales returns **52 nos.** (previous year 16 nos.) and excluding engines given as free replacement **209 nos.** (previous year 155 nos.) and seeding units sale of **10 nos.** (Previous year Nil nos.)

** excluding engines scrapped **Nil nos.** (previous year 21 nos.)

excluding gensets scrapped **Nil nos.** (previous year 3 nos.)

net of sales returns **12 nos.** (previous year 19 nos.) and excluding gensets given as free replacement **20 nos.** (previous year 37 nos.)

@ Includes the effect of amalgamation.

Figures in brackets are in respect of the previous year.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

c) Details of raw materials and components consumed

	Rs. '000	Previous Year Rs. ('000)
i) Castings – various	350,140	401,822
ii) Forgings – various	456,006	483,694
iii) Components	16,511,355	11,474,868
iv) Engines (26,415 nos. ; previous year 19,653 nos.)	2,471,286	1,542,546
v) Long Blocks (1,322 nos. ; previous year 2,121 nos.)	135,227	217,401
vi) Others including semi-finished components	1,773,691	822,572
	21,697,705	14,942,903

Note :

Item (iii) includes -

- i) 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, and
- ii) The cost of purchased components issued as free replacements under the Company's warranty for goods sold.

d) Details of purchase of goods for resale :

	Qty. Nos.	Value Rs. '000	Previous Year Qty. Nos.	Value Rs. '000
Engines	1,971	478,054	3,040	829,700
Equipment	36	152,431	37	162,206
Others		118,100		254,968
Total		748,585		1,246,874

e) Value of imported and indigenous raw materials and components consumed :

	Rs. '000	%	Previous Year Rs. '000	%
Imported	6,131,658	28.26	4,295,438	28.75
Indigenously procured	15,566,047	71.74	10,647,465	71.25
Total	21,697,705	100.00	14,942,903	100.00

19. Value of imports calculated on CIF basis :

	Rs. '000	Previous Year Rs. '000
a) Raw materials	1,336,392	210,959
b) Components	4,462,380	3,515,253
c) Machinery spares	16,183	8,687
d) Capital goods	261,073	80,736
e) Tools, stores, etc.	47,283	2,987
Total	6,123,311	3,818,622

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

20. Expenditure in foreign currency (subject to deduction of tax where applicable) on accrual basis :

	Rs. '000	Previous Year Rs. '000
a) Royalty	431,779	359,449
b) Technical Know-how	—	70,009
c) Others (including IT Service charges, travelling, subscriptions, membership fees, commission on exports, foreign bank charges, etc.)	259,088	153,869
Total	690,867	583,327

21. Remittances during the year in foreign currency on account of dividend to non-resident Shareholders were as follows:

		Previous Year
Number of shareholders	1	1
Number of equity shares (shares of Rs.2 each)	100,980,000	100,980,000
Amount remitted Rs. ('000)		
For the year ended 31st March, 2009 (Interim and Special)	646,272	
For the year ended 31st March, 2008 (Final)	262,548	
For the year ended 31st March, 2008 (Interim)		201,960
For the year ended 31st March, 2007 (Final)		201,960

The above information pertains to the non-resident shareholder to whom direct remittance has been made by the Company.

22. Earnings in foreign exchange :

	Rs. '000	Previous Year Rs. '000
i) Export on FOB basis	13,129,018	7,238,688
ii) Recovery of freight, insurance and other expenses on exports	13,766	19,187
iii) Other income (assembly and testing charges, development charges, recovery of certification charges, refund of claims, etc.)	282,068	162,619
Total	13,424,852	7,420,494

23. Disclosures in Accordance with Revised AS-15 on "Employee Benefits"

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

<u>Particulars</u>	Rs.'000
	Total
Contribution to Employees Provident Fund	73,983 (50,202)
Contribution to Management Superannuation Fund	33,813 (29,169)
Total	107,796 (79,371)

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

2. Defined Benefit 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):

Rs.'000

Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
	Opening DBO as on 1 st April 2008*	425,647 (273,982)	278,289 (265,246)	9,098 (10,816)	2,758 (3,458)	715,792 (553,502)
i)	Current Service Cost	26,868 (17,778)	8,902 (8,931)	330 (433)	112 (174)	36,212 (27,316)
ii)	Interest Cost	32,443 (20,670)	20,712 (19,519)	655 (795)	215 (267)	54,025 (41,251)
iii)	Actuarial -Gains / Losses	15,124 (45,246)	-19,348 (11,487)	481 (-1,677)	866 (-1,158)	-2,877 (53,898)
iv)	Benefits Paid	-60,047 (-37,590)	-51,406 (-48,546)	-2,220 (-2,010)	-274 (-324)	-113,947 (-88,470)
	Closing DBO as on 31 st March 2009	440,035 (320,086)	237,149 (256,637)	8,344 (8,357)	3,677 (2,417)	689,205 (587,497)

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

Rs.'000

Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
	Opening Fair Value of Plan Assets*	417,631 (297,879)	271,641 (260,406)	— (—)	— (—)	689,272 (558,285)
i)	Expected Return on Plan Assets	31,164 (23,905)	20,081 (19,195)	— (—)	— (—)	51,245 (43,100)
ii)	Actuarial Gains / -Losses	15,229 (1,020)	3,567 (3,343)	— (—)	— (—)	18,796 (4,363)
iii)	Contribution by the Employer	3,889 (39,458)	10,149 (7,616)	2,220 (2,010)	274 (324)	16,532 (49,408)
iv)	Benefits Paid	-60,047 (-37,590)	-51,406 (-48,546)	-2,220 (-2,010)	-274 (-324)	-113,947 (-88,470)
	Closing Fair Value of Plan Assets	407,866 (324,672)	254,032 (242,014)	— (—)	— (—)	661,898 (566,686)

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

- 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 2 years:

Rs.'000

Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
i)	Present value of Funded Obligations	440,035 (320,086) (273,982)	237,149 (256,637) (265,246)	— (—) (—)	— (—) (—)	677,184 (576,723) (539,228)
ii)	Fair value of Plan Assets	-407,866 (-324,672) (-297,879)	-254,032 (-242,014) (-260,406)	— (—) (—)	— (—) (—)	-661,898 (-566,686) (-558,285)
iii)	Amount not recognized as an asset, because of the limit in para 59(b)	— (—) (—)	10,282 (—) (—)	— (—) (—)	— (—) (—)	10,282 (—) (—)
iv)	Present Value of Unfunded Obligations	— (—) (—)	— (—) (—)	8,344 (8,357) (10,816)	3,677 (2,417) (3,458)	12,021 (10,774) (14,274)
v)	Net Liability/ -Asset recognized in Balance Sheet	32,169 (-4,586) (-23,897)	-6,601 (14,623) (4,840)	8,344 (8,357) (10,816)	3,677 (2,417) (3,458)	37,589 (20,811) (-4,783)
vi)	Experience Gain/ -Loss adjustments on plan Liabilities	-4,688 (-34,894)	21,316 (—)	-199 (—)	172 (—)	16,601 (-34,894)
vii)	Experience Gain/ -Loss adjustments on plan Assets	15,229 (1,020)	3,567 (3,343)	(—) (—)	(—) (—)	18,796 (-4,363)
viii)	Actuarial Gain/ -Loss due to Change on assumptions	-10,436 (-10,352)	-1,968 (—)	-282 (—)	-1,038 (—)	-13,724 (-10,352)

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

Rs.'000

Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
i)	Current Service Cost	26,868 (17,778)	8,902 (8,931)	330 (433)	111 (174)	36,211 (27,316)
ii)	Interest Cost	32,443 (20,670)	20,712 (19,519)	655 (795)	215 (267)	54,025 (41,251)
iii)	Expected Return on Plan Assets	-31,164 (-23,905)	-20,081 (-19,195)	— (—)	— (—)	-51,245 (-43,100)
iv)	Actuarial -Gains / Losses	-105 (44,226)	-22,915 (8,144)	481 (-1,677)	866 (-1,158)	-21,673 (49,535)
	Total	28,042 (58,769)	-13,382 (17,399)	1,466 (-449)	1,192 (-717)	17,318 (75,002)

All of the above have been included in the line 'Company's contribution to provident and other funds', in Schedule 11 of the Profit and Loss Account.

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

- 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 :

Rs.'000

Sr.No.	Particulars	Gratuity		Pension	
		Current Year	Previous Year	Current Year	Previous Year
i)	Government of India Securities	10.2%	9.8%	0.0%	0.0%
ii)	Corporate Bonds	8.9%	5.3%	0.0%	0.0%
iii)	Special Deposit Scheme	10.2%	12.5%	0.0%	0.0%
iv)	Equity Shares of Listed Companies	0.0%	0.0%	0.0%	0.0%
v)	Property	0.0%	0.0%	0.0%	0.0%
vi)	Insurer Managed Funds	63.6%	71.9%	100.0%	100.0%
vii)	Others	7.2%	0.4%	0.0%	0.0%
	Total	100.0%	100.0%	100.0%	100.0%

- f. 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 the estimated term of obligations.
- g. The Actual Return on Plan Assets is as follows:

Rs.'000

Sr.No.	Particulars	Gratuity	Pension	Total
i)	Actual return on plan assets	41,062 (24,925)	23,648 (22,538)	64,710 (47,463)

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

Rs.'000

Particulars	Gratuity	Pension	Ex-gratia	PRMB
Discount Rate	7.8% (8.2%)	7.8% (8.2%)	7.8% (8.2%)	7.8% (8.2%)
Expected Rate of Return on Plan Assets	8.0% (8.0%)	8.0% (8.0%)	NA (NA)	NA (NA)
Salary Escalation Rate - Management Staff	7.0% (7.0%)	NA (NA)	NA (NA)	NA (NA)
Salary Escalation Rate - Non-Management Staff	5.5% (5.5%)	5.5% (5.5%)	5.5% (5.5%)	NA (NA)
Annual Increase in Healthcare Costs - First 10 years	NA (NA)	NA (NA)	NA (NA)	10.0% (10.0%)
Annual Increase in Healthcare Costs - Next 5 years	NA (NA)	NA (NA)	NA (NA)	8.0% (8.0%)
Annual Increase in Healthcare Costs - Thereafter	NA (NA)	NA (NA)	NA (NA)	6.0% (6.0%)

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

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

- i. 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:

Particulars	One percentage point increase	One percentage point decrease
The aggregate of the current service cost and interest cost components of net periodic post - employment medical costs; and	43 (42)	-37 (-36)
The accumulated post-employment benefit obligation for medical Costs	240 (226)	-213 (-198)

- j. Para 132 of AS15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

Figures in brackets are in respect of the previous year

* Includes the effect of amalgamation

24. The Company has sold its Power Generation Rental Power Business which has resulted in a profit of Rs. 192,037 ('000) which has been reflected as "Exceptional item" in the Profit & Loss Account.

25. Derivatives - Forward Contracts

- a) **Forward Contracts outstanding as at Balance Sheet date**

Currency Amount US \$ Sell Cross Currency

FY 2008-09				FY 2007-08			
Currency	Amount in '000	Sell	Cross Currency	Currency	Amount in '000	Sell	Cross Currency
US \$	24,066	Sell	Rupees	US \$	31,282	Sell	Rupees

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

	2008-2009 (in '000)	2007-2008 (in '000)
Receivables		
USD	36,774	12,823
Euro	669	—
Payables		
USD	9,978	18,412
Euro	124	12
GBP	301	2,764
JPY	2,284	5,397
CHF	1	3
SGD	—	11

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

26. Balance Sheet abstract and Company's 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) dt. 15th May 1995 :

I. REGISTRATION DETAILS :

Registration no.	:	12276
State Code	:	11
Balance sheet date	:	31st March, 2009

II. CAPITAL RAISED DURING THE YEAR ENDED 31ST MARCH, 2009

	Rs. '000
Public issue	—
Right issue	—
Bonus issue	—
Private placement	—

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS AS AT 31st MARCH, 2009

	Rs. '000
Total Liabilities(See Note 1)	14,175,586
Total Assets	14,175,586
Sources of Funds-	
Paid - up capital	396,000
Reserves & Surplus	13,550,505
Secured loans	211,976
Unsecured loans	403
Finance Lease Liability	16,702
Total :	14,175,586
Application of Funds -	
Net fixed assets	3,090,162
Investments	3,992,691
Deferred tax asset	230,646
Net current assets	6,862,087
Total :	14,175,586

Cummins India Limited

Notes to the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended as on that date.

IV. PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31st MARCH, 2009:

	Rs. '000
i) Turnover (net sales and other income as per the audited profit and loss account)	34,247,967
ii) Total Expenditure	28,449,788
iii) Profit before tax	5,990,216
iv) Profit after tax	4,336,611
v) Earning per share (See Note 2) (face value of Rs. 2)	21.90
vi) Dividend rate (%)	450%

V. PRODUCTS OF THE COMPANY

Generic Names of Three Principal Products / Services of Company : (As per monetary terms)
Item code no.

<u>(ITC Code)</u>	<u>Product description</u>
8408.90	Compression ignition internal combustion engines
8409.99	Components parts of compression ignition internal combustion engines
N.A.	1. Supply and maintenance of power generating equipment 2. Job Contracts- Repairs / Overhaul of diesel engines and its components.

Notes :

- Total liabilities include share capital Rs. 396 million and reserves and surplus Rs. 13,551 million.
 - Earning per share is arrived at by dividing the profit after tax for the current year by total number of shares issued and subscribed at the year end.
27. Previous year's figures have been regrouped / reclassified, wherever necessary. In view of merger of Cummins Sales and Service India Limited (CSS) and Cummins Auto Services Limited (CASL) with the Company with effect from 1st April 2008, the amounts for the current year are not comparable with those of previous year.

Signatures to the Schedules 1 to 12

For and on behalf of the Board

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Cash Flow Statement for the year ended 31st March, 2009

	Rupees '000	Rupees '000	Previous Year Rupees '000
I. Cash flows from operating activities :			
Cash generated from operations	4,061,865		3,649,560
Tax paid (net of refunds)	<u>(1,850,356)</u>		<u>(1,206,104)</u>
Net cash provided by operating activities		2,211,509	2,443,456
II. Cash flows from investing activities :			
Fixed assets			
Purchase	(908,166)		(1,034,633)
Sale	12,363		6,124
Sale consideration for Power Generation Rental Power Business	300,000		—
Interest received	46,149		49,320
Dividend received	240,813		424,633
Investments			
Purchase	(17,091,883)		(14,725,547)
Sale/redemption	<u>17,504,439</u>		<u>13,261,671</u>
Net cash used for investing activities		103,715	(2,018,432)
III. Cash flows from financing activities :			
Bank Overdraft (Net)	(75,189)		263,101
Finance Lease Liability	(31,078)		(22,319)
Loans repaid	(515)		(303)
Interest paid	(26,080)		(6,665)
Dividend paid (including tax on dividend)	<u>(2,098,553)</u>		<u>(924,359)</u>
Net cash used for financing activities		(2,231,415)	(690,545)
IV. Net change in cash and cash equivalents (I+II+III)		83,809	(265,521)
V. Cash and cash equivalents at the beginning of the year		239,418	388,526
Cash and cash equivalents at the end of the year (IV+V)		323,227	123,005

Cash Flow Statement for the year ended 31st March, 2009 (Contd.)

	Rupees '000	Rupees '000	Previous Year Rupees '000
Notes :			
1) Cash generated from operations has been arrived at as follows :			
Net profit before tax		5,990,216	3,960,032
Adjustments for -			
a) Non cash item /items required to be disclosed seperately :-			
Depreciation	455,587		329,620
Interest expense	26,080		6,665
Interest income (gross)	(38,256)		(48,534)
Dividend earned (gross)	(240,813)		(424,633)
Loss on assets sold, discarded etc;	19,751		1,986
Gain on redemption /sale of investments	(22,451)		(31,788)
Gain on sale of Power Generation Rental Power Business (refer Note 24 of Schedule 12)	(192,037)		—
Provision for doubtful debts	86,686		27,436
		94,547	(139,248)
b) Changes in working capital and other provisions :-			
Sundry debtors	(1,181,119)		(1,346,721)
Inventories	(729,789)		(400,211)
Loans and advances	(546,852)		(435,537)
Other current assets	23,963		8,625
Current liabilities	235,486		1,884,464
Provisions	175,413		118,156
		(2,022,898)	(171,224)
Total adjustments (a+b)		(1,928,351)	(310,472)
Cash generated from operations		4,061,865	3,649,560

- 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.

Cash Flow Statement for the year ended 31st March, 2009 (Contd.)

3) Cash and cash equivalents comprise :	Rupees '000 2008-09	Rupees '000 2007-08	Rupees '000 2006-07
Cash in hand	679	373	259
Balances with bank on current account :			
Unclaimed dividend account (restricted)	20,009	16,716	14,475
Other current accounts	301,434	105,916	310,180
Balances with bank on deposit account	1,105	—	—
Cheques on hand	—	—	63,612
Total	323,227	123,005	388,526

- 4) Cash and Cash equivalents as at beginning includes Rs. ('000) 107,109 of Cummins Sales and Service India Limited and Rs. ('000) 9,304 of Cummins Auto Services Limited taken over on amalgamation. The amalgamation is a non cash transaction (Refer Note 2 on schedule 12)
- 5) The figures in brackets represent outflows of cash and cash equivalents.
- 6) Previous year's figures have been regrouped/reclassified, wherever necessary.

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009

Cummins India Limited

Cummins India Limited

**Consolidated Balance Sheet and
Profit and Loss Account**

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF CUMMINS INDIA LIMITED

1. We have audited the attached consolidated Balance Sheet of Cummins India Limited, its joint ventures and associate as at March 31, 2009, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a Joint Venture namely Valvoline Cummins Limited, whose financial statements reflect total assets of Rs. 1,270,150 ('000) as at March 31, 2009 and total revenues of Rs. 4,470,658 ('000) for the year ended on that date. These financial statements have been audited by another auditor whose report has been furnished to us. Our opinion, in so far as it relates to the amounts included in respect of the Joint Venture Entity is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Cummins India Limited, its joint ventures and associate included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Cummins India Limited, its joint ventures and associate, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the consolidated state of affairs of Cummins India Limited, its joint ventures and associate as at March 31, 2009;
 - (b) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of Cummins India Limited, its joint ventures and associate for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of Cummins India Limited, its joint ventures and associate for the year ended on that date.

Place : Pune
Date : May 26, 2009

Vasant Gujarathi
Partner
Membership Number 17866
For and on behalf of
Price Waterhouse
Chartered Accountants

Cummins India Limited

Consolidated Balance Sheet as at 31st March, 2009

	Schedule Number	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SOURCES OF FUNDS :				
Shareholders' funds :				
Share capital	1	396,000		396,000
Reserves and surplus	2	14,456,315		11,944,549
			14,852,315	12,340,549
Loan funds :				
Secured loans	3	260,348		287,165
Unsecured loans	4	403		918
			260,751	288,083
Finance Lease Liability			19,291	55,978
			15,132,357	12,684,610
APPLICATION OF FUNDS :				
Fixed assets :				
Gross block	5	7,572,379		6,979,553
Less : depreciation		4,423,199		4,235,757
Net block			3,149,180	2,743,796
Goodwill			3,237	4,047
Investments	6		4,417,254	4,867,371
Deferred Taxation :				
Deferred tax Asset	7	454,684		355,406
Deferred tax Liability		(219,794)		(204,841)
			234,890	150,565
Current assets, loans and advances :				
Inventories	8	4,970,998		3,799,239
Sundry debtors		7,066,589		5,813,485
Cash and bank balances		500,243		244,571
Other current assets		94,292		119,346
Loans and advances		2,680,709		2,148,150
		15,312,831		12,124,791
Less :Current liabilities and provisions :				
Current liabilities	9	6,243,184		5,688,411
Provisions		1,741,851		1,517,549
		7,985,035		7,205,960
Net current assets			7,327,796	4,918,831
			15,132,357	12,684,610

Notes :

12

Note: Schedules 1 to 9 and 12 are an integral part of the balance sheet

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009

Consolidated Profit and Loss Account for the year ended 31st March, 2009

	Schedule Number	Rupees '000	Rupees '000	Previous Year Rupees '000
INCOME :	10			
Sales			35,285,334	26,555,212
Other Income			1,219,568	1,055,413
			36,504,902	27,610,625
EXPENDITURE :	11			
Cost of sales and other expenses		29,984,749		22,810,713
Depreciation		481,605		382,996
INTEREST :				
on fixed loans		8,294		13,144
others		25,962		12,240
			34,256	25,384
Amortisation of goodwill		5,717		5,717
			30,506,327	23,224,810
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM			5,998,575	4,385,815
Add : Exceptional Item (Refer Note 22, Schedule 12)			192,037	—
PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL ITEM			6,190,612	4,385,815
PROVISION FOR TAX:				
Current Tax (including net short provision for earlier years Rs. ('000) 1,414 (previous year net short provision Rs. ('000) 1,550)		1,784,232		1,418,324
Deferred Tax		(77,955)		(47,828)
Fringe Benefit Tax		31,980		25,501
			1,738,257	1,395,997
NET PROFIT AFTER TAX AND BEFORE SHARE IN ASSOCIATES' PROFIT			4,452,355	2,989,818
Add : Share in Associates' profit after tax (net)			176,789	259,313
NET PROFIT FOR THE YEAR			4,629,144	3,249,131
Balance carried forward from last balance sheet			3,383,978	1,989,574
APPROPRIATIONS :				
I Proposed final dividend			514,800	514,800
II Interim dividend			1,267,200	396,000
III Tax on dividend			335,378	204,501
IV Transferred to general reserve			446,106	739,426
Balance carried to balance sheet			5,449,638	3,383,978
Basic and Diluted Earnings per share (in Rupees) (Nominal value per share Rs. 2)			23.38	16.41

Notes :**12**

Note: Schedules 10 to 12 are an integral part of the profit and loss account

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009

Cummins India Limited

Consolidated Financial Statements

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 1		
SHARE CAPITAL :		
Authorised : 200,000,000 equity shares of Rs. 2 each (previous year 200,000,000 equity shares of Rs. 2 each)	400,000	400,000
Issued and subscribed : 198,000,000 equity shares of Rs. 2 each (previous year 198,000,000 equity shares of Rs. 2 each)	396,000	396,000

Of the above equity shares;

- i) 190,500,000 shares of Rs. 2 each (previous year 190,500,000 shares of Rs. 2 each) are allotted as fully paid bonus shares by capitalisation of reserves.
- ii) 100,980,000 shares of Rs. 2 each (previous year 100,980,000 shares of Rs. 2 each) are held by the holding company, Cummins Inc., USA.

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 2		
RESERVES AND SURPLUS :		
Capital redemption reserve account: Balance as per last account	7,000	7,000
General reserve: Balance as per last account	8,553,566	7,814,140
Add : transferred from Profit and Loss Account	446,106	739,426
	8,999,672	8,553,566
Capital reserve on consolidation	5	5
Profit and loss account	5,449,638	3,383,978
	14,456,315	11,944,549

Reserve and surplus include the Group's share in the post acquisition reserves of Joint Ventures amounting to **Rs. ('000) 235,786** (previous year Rs. ('000) 96,806)

Consolidated Financial Statements

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 3		
SECURED LOANS :		
From banks -		
Secured by hypothecation of inventories, receivables, and movable assets.	260,348	287,165
	260,348	287,165
SCHEDULE NO. 4		
UNSECURED LOANS :		
Fixed Deposits (including interest accrued and due Rs. ('000) NIL ; previous year Rs. ('000) 212)	403	918
	403	918

Cummins India Limited

Consolidated Financial Statements

SCHEDULE NO. 5

FIXED ASSETS :

Rupees '000

Particulars	Gross block (at cost) as at 31st March, 2008	Addition on account of Joint Venture Accounting @	Additions	Deductions	Gross block (at cost) as at 31st March, 2009	Depreciation as per Schedule 5A	Net block as at 31st March, 2009
Tangible Assets							
Land							
-Freehold *	41,120	—	80	1,615	39,585	—	39,585
Leasehold improvements	1,108	7,448	447	—	9,003	6,784	2,219
Roads	25,277	—	6,484	—	31,761	5,481	26,280
Buildings	639,124	—	122,188	2,602	758,710	142,138	616,572
Plant and machinery #	5,265,509	25,008	559,721	420,002	5,430,236	3,840,924	1,589,312
Furniture and fittings	103,329	3,965	18,030	9,124	116,200	45,161	71,039
Vehicles	60,353	474	7,468	13,292	55,003	27,913	27,090
Intangible assets							
Software	112,421	12,113	7,027	391	131,170	69,148	62,022
Technical Knowhow	205,984	—	—	—	205,984	73,523	132,461
Global Sourcing Consideration	214,327	—	—	—	214,327	212,127	2,200
	<u>6,668,552</u>	<u>49,008</u>	<u>721,445</u>	<u>447,026</u>	<u>6,991,979</u>	<u>4,423,199</u>	<u>2,568,780</u>
	<u>(5,654,348)</u>	<u>(—)</u>	<u>(1,125,946)</u>	<u>(111,742)</u>	<u>(6,668,552)</u>	<u>(4,235,757)</u>	<u>(2,432,795)</u>
Building, plant and machinery etc., under erection including advances for capital expenditure					580,400 (311,001)		580,400 (311,001)
					<u>7,572,379</u> (6,979,553)	<u>4,423,199</u> (4,235,757)	<u>3,149,180</u> (2,743,796)

NOTES:

* Includes reservations by Pune Municipal Corporation.

@ Refer Note No. 23, Schedule 12.

Includes

power generating equipment costing **Rs. ('000) Nil** (previous year Rs. ('000) 172,680) (net block **Rs. ('000) Nil** (previous year Rs. ('000) 80,001)) given under operating lease arrangements and office equipment and computers costing **Rs. ('000) 106,164** (previous year Rs. ('000) 127,411) (net block **Rs. ('000) 19,159** previous year Rs. ('000) 62,004), acquired under finance leases.

Figures in brackets are in respect of the previous year.

Consolidated Financial Statements

SCHEDULE NO. 5A

DEPRECIATION

Rupees '000

Particulars	Depreciation upto 31st March, 2008	Addition on account of Joint Venture Accounting @	Depreciation for the year	Depreciation on deductions	Total depreciation upto 31st March, 2009
Tangible Assets					
Land					
-Freehold	—	—	—	—	—
Leasehold improvements	949	3,862	1,973	—	6,784
Roads	5,066	—	415	—	5,481
Buildings	121,735	—	21,248	845	142,138
Plant and machinery ##	3,797,231	13,770	332,920	302,997	3,840,924
Furniture and fittings	42,365	1,537	7,048	5,789	45,161
Vehicles	31,807	235	5,013	9,142	27,913
Intangible assets					
Software	23,959	5,574	39,983	368	69,148
Technical Knowhow	41,185	—	32,338	—	73,523
Global Sourcing Consideration	171,460	—	40,667	—	212,127
	<u>4,235,757</u>	<u>24,978</u>	<u>481,605</u>	<u>319,141</u>	<u>4,423,199</u>
	<u>(3,897,840)</u>	<u>(—)</u>	<u>(382,996)</u>	<u>(45,079)</u>	<u>(4,235,757)</u>

@ Refer Note No. 23, Schedule 12.

includes depreciation of **Rs. ('000) Nil** (previous year Rs. ('000) 18,534) on power generating equipments given under operating lease arrangements.

Figures in brackets are in respect of the previous year.

Cummins India Limited

Consolidated Financial Statements

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 6			
INVESTMENTS :			
LONG TERM INVESTMENTS			
TRADE INVESTMENTS			
Investment in Associates			
(Refer Note 18, Schedule 12)			
Cummins Generator Technologies India Limited	657,203		512,691
Valvoline Cummins Limited	—		212,234
		657,203	724,925
OTHER THAN TRADE INVESTMENTS AT COST			
Tax free redeemable bonds	143,814		308,330
Government of India Bonds	250,665		250,665
Corporate bonds	15,175		164,702
Units of mutual funds	239,266		551,069
Others	41,329		74,489
		690,249	1,349,255
Total Long term investments	(A)	1,347,452	2,074,180
CURRENT INVESTMENTS AT LOWER OF COST AND FAIR VALUE OTHER THAN TRADE INVESTMENTS			
Units of mutual funds		3,069,802	2,793,191
Total Current Investments	(B)	3,069,802	2,793,191
Total Investments	(A+B)	4,417,254	4,867,371
Aggregate cost of quoted investments		450,948	764,991
Aggregate cost of unquoted investments		3,481,091	3,629,820
Aggregate market value of quoted investments		657,531	1,343,528

Consolidated Financial Statements

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 7			
DEFERRED TAXATION			
Deferred Tax asset			
Provision for doubtful debts	37,375		44,224
Provision others	297,186		214,859
Provision for voluntary retirement scheme	334		1,791
Provision for employee benefits	49,587		50,901
Disallowances under section 43B	70,202		43,631
		454,684	355,406
Deferred Tax liability			
Fixed Assets - Excess of Net block over written down value as per the provisions of the Income Tax Act , 1961		(219,794)	(204,841)
		234,890	150,565

Cummins India Limited

Consolidated Financial Statements

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 8			
CURRENT ASSETS, LOANS AND ADVANCES:			
Inventories :			
Stores and Spares		63,971	66,608
Loose tools and gauges		112,635	102,591
Stock-in-trade :			
Raw materials and components	2,258,690		1,781,848
Work-in-progress	1,050,462		733,071
Finished goods	767,695		562,023
Materials in transit	717,545		553,098
		4,794,392	3,630,040
		4,970,998	3,799,239
Sundry debtors :			
Secured : considered good			
Debts outstanding for a period exceeding six months	6,486		10,756
Other debts	120,287		92,856
		126,773	103,612
Unsecured			
Debts outstanding for a period exceeding six months			
Considered good	286,131		310,370
Considered doubtful	114,374		134,710
Other debts -			
Considered good	6,653,685		5,399,503
Considered doubtful	—		—
	7,054,190		5,844,583
Less: Provision for doubtful debts	114,374		134,710
		6,939,816	5,709,873
		7,066,589	5,813,485
Carried forward		12,037,587	9,612,724

Consolidated Financial Statements

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 8 (Contd.)			
Brought forward		12,037,587	9,612,724
Cash and bank balances :			
Cash on hand	741		907
Cheques on hand	10		—
Balances with scheduled banks :			
on current account	472,381		240,397
on deposit account	27,111		3,267
		500,243	244,571
Other current assets :			
Interest accrued on investments	11,012		18,915
Lease rent receivable	1,181		5,141
Other receivables	82,099		95,290
		94,292	119,346
Loans and advances :			
(Unsecured, considered good unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered good	2,467,480		2,067,585
Considered doubtful	8,614		5,783
	2,476,094		2,073,368
Less: provision for doubtful advances	8,614		5,783
	2,467,480		2,067,585
Balance with Excise Department	12,551		10,205
Taxation (net of provisions)	200,678		70,360
		2,680,709	2,148,150
		15,312,831	12,124,791

Cummins India Limited

Consolidated Financial Statements

	Rupees '000	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
SCHEDULE NO. 9			
CURRENT LIABILITIES AND PROVISIONS :			
Current liabilities :			
Acceptances	624,677		772,876
Sundry creditors - Others (Refer Note 5, Schedule 12)	4,965,069		4,400,206
Advances from customers	90,090		90,688
Dealer deposits	146,386		137,904
Dividend warrants posted but not encashed *	20,009		16,716
Advance Income	38,466		—
Interest Accrued	2,121		—
Other liabilities	356,366		270,021
		6,243,184	5,688,411
Provisions :			
Proposed dividend	514,800		514,800
Tax on dividend	87,490		87,490
Post retirement benefits and leave entitlement	276,901		233,243
Others	862,660		682,016
		1,741,851	1,517,549
		7,985,035	7,205,960

* Note : There is no amount due and outstanding to be credited to the Investor Education and Protection Fund.

Consolidated Financial Statements

	Rupees '000	Rupees '000	Previous Year Rupees '000
SCHEDULE NO. 10			
SALES AND OTHER INCOME :			
SALES			
Gross sales and services	39,240,121		30,361,472
Less : Excise duty	3,652,450		3,444,382
Net sales	35,587,671		26,917,090
Less : Commission	302,337		361,878
		35,285,334	26,555,212
OTHER INCOME			
Interest from customers, on income tax refunds and on deposits, etc. (tax deducted at source Rs. ('000) 8,640 (previous year Rs. ('000) 3,231)	38,188		22,178
Net Profit on fixed assets sold or discarded	—		49,790
Miscellaneous income	655,321		482,121
Export benefits	221,856		223,702
Income from investments			
Long term investments-			
Trade investments	23,420		2,158
Other investments (tax deducted at source Rs. ('000) NIL (previous year Rs. ('000) 4,727)	14,855		43,951
	38,275		46,109
Current investments - other than trade	243,477		199,634
Gain on sale/redemption of long term investments	22,451		31,788
Gain on sale/redemption of current investments	—		91
		1,219,568	1,055,413
		36,504,902	27,610,625

Cummins India Limited

Consolidated Financial Statements

	Rupees '000	Rupees '000	Previous Year Rupees '000
SCHEDULE NO. 11			
COST OF SALES AND OTHER EXPENSES :			
Raw materials and components consumed		23,188,198	14,969,452
Purchase of goods for resale		925,329	3,235,889
Payments to and provision for employees :			
Salaries, wages, bonus, commission, etc.	1,863,770		1,413,698
Company's contribution to provident and other funds	191,445		207,067
Welfare expenses	245,815		159,926
		2,301,030	1,780,691
Operation and other expenses :			
Stores, spares, consumable materials, etc.	664,947		464,783
Tools and gauges	71,472		68,710
Repairs to buildings	105,551		70,630
Repairs to machinery	53,552		63,986
Other repairs	12,996		18,747
Power and fuel	255,375		237,637
Rent	92,492		48,527
Rates and taxes	106,255		47,238
Insurance	14,634		20,327
Outside processing charges	269,418		185,383
Other expenses	1,799,538		1,175,408
Donations and contributions	20,000		20,000
Net loss on fixed assets sold or discarded	20,023		—
		3,486,253	2,421,376
Technical fees and royalties		456,352	364,831
(Increase)/decrease in inventories of finished goods and work-in-progress :			
Closing inventories :			
Finished goods	767,695		562,023
Work-in-progress	1,050,462		733,071
		1,818,157	1,295,094
Opening inventories :			
Finished goods *	692,355		602,710
Work-in-progress *	762,058		738,652
		1,454,413	1,341,362
		(363,744)	46,268
		29,993,418	22,818,507
Less : cost of plant and machinery manufactured		8,669	7,794
		29,984,749	22,810,713

* Include effects of joint venture accounting.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

SCHEDULE NO. 12

1. Basis of accounting

The financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

2. Principles of consolidation

- a) The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) on 'Consolidated Financial Statements', Accounting Standard 23 (AS 23) on 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27 (AS 27) on 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Cummins India Limited ('CIL') and its subsidiaries, joint ventures and associates. Reference in the notes to 'Group' shall mean to include CIL and its subsidiaries, joint ventures and associates consolidated in these financial statements unless otherwise stated.
- b) The consolidated financial statements have been prepared on the following basis
 - i) The financial statements of the Group are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 21 (AS 21) on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
 - ii) In case of joint ventures, the Group's share in the assets, liabilities, income and expenses has been accounted for using the proportionate consolidation method, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard 27 (AS 27) on 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.
 - iii) In case of associates, where the Group directly or indirectly holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard 23 (AS 23) on 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
 - iv) The difference between the cost of investment in the subsidiaries / joint ventures / associates, over the net assets at the time of acquisition of the investment in the subsidiaries / joint ventures / associates is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
 - v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any have been made in the consolidated financial statements.

The list of companies included in consolidation, relationship with CIL and CIL's shareholding therein is as under:

Name of the company	Relationship	Shareholding
Cummins Exhaust India Limited	Joint Venture	50%
Cummins Research and Technology India Limited	Joint Venture	50%
Valvoline Cummins Limited	Joint Venture	50%
Cummins Generator Technologies India Limited	Associate	48.5%

Each of the above companies is incorporated in India.

Cummins India Limited

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

The list of companies included in consolidation in the previous year, relationship with CIL and CIL's shareholding therein is as under:

Name of the company	Relationship	Shareholding
Cummins Sales and Service India Limited ('CS&S') #	Subsidiary	100%
Cummins Auto Services Limited ('CASL') #	Subsidiary	100%
Cummins Exhaust India Limited	Joint Venture	50%
Cummins Research and Technology India Limited	Joint Venture	50%
Valvoline Cummins Limited	Associate	50%
Cummins Generator Technologies India Limited	Associate	48.5%

During the year, Cummins Sales and Service India Limited and Cummins Auto Services Limited has been amalgamated with Cummins India Limited w.e.f. 1st April, 2008.

3. Significant accounting policies

a) Fixed assets and depreciation

- i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. All significant costs relating to the acquisition and installation of fixed assets are capitalised. Assets acquired under finance lease are recognised at the inception of the lease at lower of the fair value or the present value of minimum lease payments. The initial direct costs incurred in connection with finance leases are recognised as an asset under the lease.
- ii) Goodwill arising on acquisition of its subsidiaries / joint ventures / associates is amortized over a period of 10 years from the year of acquisition.
- iii) 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. Leasehold land is amortised over the period of lease. Computers (desktops, laptops) acquired under finance lease are amortised over the period of lease and those acquired subsequently and not covered by the lease are depreciated over the remaining period of the said computer lease. Other computers and related assets are depreciated over a period of four years. Intangible assets are amortized over a period of their respective useful lives ranging between three years to seven years.

b) Investments

Long term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long term investments. Current investments are stated at the lower of cost and fair value.

c) Inventories

Inventories are stated at lower of cost and net realisable value. The material costs are determined on weighted average basis and the valuation of manufactured goods represents the combined cost of material, labour and all manufacturing overheads.

d) 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 current liabilities are translated at the year-end exchange rates. The resulting profits and losses are appropriately recognised in the Profit and Loss Account. The premium or discount arising at the inception of a forward exchange contract is amortized over life of the contract.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

e) Revenue recognition

- i) Sale of goods is recognised as per the terms of sale. Sales exclude amounts recovered towards excise duty and sales tax.
- ii) The Group enters into agreements that transfer the right to use equipment, though substantial services by the Group may be called for in connection with the operation or maintenance of such assets. As such agreements convey to the customer the right to use the equipment, they meet the definition of a lease and are accounted for based on their classification into finance leases and operating leases. The agreement is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership and agreements not meeting this criterion are classified as operating lease. The accounting adopted for each of such classifications is as follows :
 - Operating Lease – minimum lease payments as per contracts are recognised as revenue on a straight-line basis over the lease term. Contingent rental income is recognised as revenue when the factors on which the contingent lease payments are based actually occur.
 - Finance Lease – recognised as a sale when goods are accepted by the customer and recognised in the balance sheet as a receivable at an amount equal to the net investment in the lease. Finance income is recognised on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease, and the amount attributable to service income is recognised as revenue on a straight line basis over the lease term.
- iii) Revenue from Long Term Service Contracts is recognized using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred to 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 'Advance Income' under 'Current Liabilities' in the Balance Sheet. In case of other Service contracts, revenue is recognized on a straight line basis.
- iv) Revenue from information technology enabled engineering services is recognized based on the time spent and services rendered as per contract.
- v) Dividend income from investments is recognised when the right to receive payment is established.

f) Lease charges under operating leases

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

g) Product warranty and New Engine Performance Inspection 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 its product warranties and adjusts, if necessary, the warranty percentage and accrued warranty provision, for actual experience and are included as under:

- i) Cost of product warranty is included in 'Raw materials and components consumed' for free replacement of spares. Accruals of warranties towards replacement of spares, labour charges etc., are included in 'Other expenses'.
- ii) New Engine Performance Inspection fee is included under 'Other expenses'.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

h) Employee Benefits :

i) Post-employment Benefits

a. Defined Contribution Plans:

The Group has Defined Contribution Plans for Post employment benefits in the form of Superannuation and Provident Fund for its employees. In case of Provident fund administered by the respective Company managed trusts, the respective company has an obligation to make good the shortfall, if any between the return from investments of the trust and the notified interest rate. The respective Company's contributions and such shortfall are charged to the Profit and Loss Account as and when incurred. In other cases, the respective Company has no further obligation beyond making the contributions.

b. Defined Benefit Plans

Funded Plan: The Group has a gratuity scheme and pension scheme (wherever applicable) for its employees which is administered through respective Company managed trust and/or Life Insurance Corporation.

Unfunded Plan: The Group has a post retirement medical benefit scheme and ex-gratia benefit scheme as per the applicable policies.

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.

ii) Other Long-term Employee Benefit:

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 of the beginning of the year for active members.

iii) Termination benefits are recognized as an expense as and when incurred.

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

i) Research and development costs

Research and development expenditure of a capital nature is added to Fixed Assets. All other research and development expenditure is written off in the year in which it is incurred.

j) 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

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

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. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realization.

k) Provisions

A provision is recognized 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, 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.

4. Capital Commitments

	Rupees '000	Previous year Rupees '000
Capital Commitments	616,602	433,040

5. Sundry creditors include :

	As at 31st March, 2009 Rupees '000	As at 31st March, 2008 Rupees '000
i) Total outstanding dues of micro and small enterprises	114,269	194,186

Details of amounts due under the Micro, Small and Medium Enterprises Development Act, 2006 are as under:-

		Rupees '000
1 The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.	a. Principal	103,290
	b. Interest	(192,142)
	Total	10,979 (2,044)
2 The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	a. Principal	114,269 (194,186)
	b. Interest	651,091 (335,502)
	Total	1,854 (—)
3 The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	—	—
4 The amount of interest accrued and remaining unpaid at the end of the year.	a. Total	11,007
	Interest accrued	(2,044)
	b. Total	11,007 (2,044)
Interest unpaid	—	
5 The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	<i>Included in S. No. 4(b) above is Rs. (000) 28 (Previous year Nil) being interest on amounts outstanding as at the beginning of the accounting year.</i>	

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

The Group 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.

6. Contingent liabilities

	As at 31st March, 2009 Rupees '000	As at 31 st March, 2008 Rupees '000
a) Bills discounted not matured	240,208	291,207
b) Income tax matters pending in appeal including effect of similar matters in respect of appeals decided in favour of the Group	61,748	32,238
c) Central excise duty/customs duty / Sales tax – demands not accepted by the Group	25,985	16,843
d) Sales Tax matters pending in appeal	59,446	23,635
e) Octroi matters	—	142
f) Civil liability / secondary civil liability in respect of suits filed against the Group	43,150	36,593
g) Bond executed under the Central Excise Act, 1944 and Customs Act, 1962	15,086	14,115

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

7. Related Party Disclosures

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

Name of the related party	Nature of relationship
Cummins Inc.	Holding Company

b) Transactions with related parties as per the books of account during the year ended 31st March, 2009.

Rs. ('000)

Nature of Transaction	Name of the Party	Holding Company	Fellow subsidiaries	Joint Ventures	Associates	Key Management Personnel	Enterprise with common Key Management Personnel	Total
Purchases of goods	Cummins Inc.	2,826,796 (1,281,846)	— (—)	— (—)	— (—)	— (—)	— (—)	2,826,796 (1,281,846)
	Cummins Limited	— (—)	2,214,985 (1,186,676)	— (—)	— (—)	— (—)	— (—)	2,214,985 (1,186,676)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	1,931,188 (1,469,840)	1,931,188 (1,469,840)
	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	600,017 (134,497)	— (—)	— (—)	600,017 (134,497)
	Others	— (—)	577,590 (1,507,456)	131,140 (40,565)	— (—)	— (—)	— (—)	708,730 (1,548,021)
Sale of goods	Cummins Limited	— (—)	6,194,930 (2,592,380)	— (—)	— (—)	— (—)	— (—)	6,194,930 (2,592,380)
	Cummins Power Generation, Kent	— (—)	1,611,097 (1,915,747)	— (—)	— (—)	— (—)	— (—)	1,611,097 (1,915,747)
	Cummins Power Generation, Singapore	— (—)	924,115 (1,129,776)	— (—)	— (—)	— (—)	— (—)	924,115 (1,129,776)
	Cummins Inc.	161,092 (38,283)	— (—)	— (—)	— (—)	— (—)	— (—)	161,092 (38,283)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	6,455 (885)	6,455 (885)
	Others	— (—)	1,676,401 (976,112)	4 (—)	— (—)	— (—)	— (—)	1,676,405 (976,112)
Purchase of fixed assets	Cummins Inc.	9,522 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	9,522 (—)
	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	1,760 (752)	— (—)	— (—)	1,760 (752)
	Nelson Burgess Limited	— (—)	— (369)	— (—)	— (—)	— (—)	— (—)	— (369)
Services Rendered	Cummins Inc.	417,191 (204,181)	— (—)	— (—)	— (—)	— (—)	— (—)	417,191 (204,181)
	Cummins Power Generation, Singapore	— (—)	159,574 (77,400)	— (—)	— (—)	— (—)	— (—)	159,574 (77,400)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	118,651 (144,476)	118,651 (144,476)
	Cummins Generator Technologies India Limited.	— (—)	— (—)	— (—)	28,650 (24,282)	— (—)	— (—)	28,650 (24,282)
	Others	— (—)	165,775 (47,045)	20,418 (2,444)	— (—)	— (—)	— (—)	186,193 (49,489)

Cummins India Limited

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

Rs. ('000)

Nature of Transaction	Name of the Party	Holding Company	Fellow subsidiaries	Joint Ventures	Associates	Key Management Personnel	Enterprise with common Key Management Personnel	Total
Remuneration Paid	Anant Talaulicar	— (—)	— (—)	— (—)	— (—)	4,073 (4,027)	— (—)	4,073 (4,027)
Services Received	Cummins Inc.	12,849 (10,503)	— (—)	— (—)	— (—)	— (—)	— (—)	12,849 (10,503)
	Cummins Power Generation, Singapore	— (—)	— (70,115)	— (—)	— (—)	— (—)	— (—)	— (70,115)
	Cummins Limited	— (—)	32,993 (—)	— (—)	— (—)	— (—)	— (—)	32,993 (—)
	Tata Cummins Limited.	— (—)	— (—)	— (—)	— (—)	— (—)	— (13,364)	— (13,364)
	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	1,161 (—)	— (—)	— (—)	1,161 (—)
	Others	— (—)	2,060 (1,526)	3,640 (1,018)	— (—)	— (—)	— (—)	5,700 (2,544)
Transfer of Technology including royalty	Cummins Inc.	431,779 (429,458)	— (—)	— (—)	— (—)	— (—)	— (—)	431,779 (429,458)
	Cummins Filtration Inc.	— (—)	7,818 (—)	— (—)	— (—)	— (—)	— (—)	7,818 (—)
Intercompany Deposits Given and recovered	Cummins Generator Technologies India Limited.	— (—)	— (—)	— (—)	150,000 (—)	— (—)	— (—)	150,000 (—)
Intercompany Deposits Given	Valvoline Cummins Limited	— (—)	— (—)	— (100,000)	— (—)	— (—)	— (—)	— (100,000)
	Cummins Technologies India Limited	— (—)	230,000 (—)	— (—)	— (—)	— (—)	— (—)	230,000 (—)
Interest Received On inter corporate deposit	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	5,407 (—)	— (—)	— (—)	5,407 (—)
	Valvoline Cummins Limited	— (—)	— (—)	3,805 (2,166)	— (—)	— (—)	— (—)	3,805 (2,166)
	Cummins Research and Technology India Limited	— (—)	— (—)	2,449 (3,048)	— (—)	— (—)	— (—)	2,449 (3,048)
	Cummins Technologies India Limited.	— (—)	5,361 (—)	— (—)	— (—)	— (—)	— (—)	5,361 (—)
IT Service Charges	Cummins Inc.	82,359 (54,753)	— (—)	— (—)	— (—)	— (—)	— (—)	82,359 (54,753)
	Cummins Diesel Sales Corporation	— (—)	41,329 (26,236)	— (—)	— (—)	— (—)	— (—)	41,329 (26,236)
Dividend paid	Cummins Inc.	646,272 (403,920)	— (—)	— (—)	— (—)	— (—)	— (—)	646,272 (403,920)
	Fleetguard Inc.	— (—)	31,000 (3,500)	— (—)	— (—)	— (—)	— (—)	31,000 (3,500)

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

c) Amounts outstanding as at 31st March, 2009.

Rs. ('000)

Nature of Transaction	Name of the Party	Holding Company	Fellow subsidiaries	Joint Ventures	Associates	Key Management Personnel	Enterprise with common Key Management Personnel	Total
Sundry Creditors	Cummins Inc.	993,619 (691,496)	— (—)	— (—)	— (—)	— (—)	— (—)	993,619 (691,496)
	Cummins Limited	— (—)	144,657 (354,009)	— (—)	— (—)	— (—)	— (—)	144,657 (354,009)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	66,403 (137,497)	66,403 (137,497)
	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	79,865 (92,786)	— (—)	— (—)	79,865 (92,786)
	Others	— (—)	67,295 (254,456)	12,317 (5,907)	— (—)	— (—)	— (—)	79,612 (260,363)
Sundry Debtors	Cummins Limited	— (—)	2,083,778 (785,770)	— (—)	— (—)	— (—)	— (—)	2,083,778 (785,770)
	Cummins Power Generation, Kent	— (—)	121,820 (398,236)	— (—)	— (—)	— (—)	— (—)	121,820 (398,236)
	Cummins Inc.	155,991 (66,160)	— (—)	— (—)	— (—)	— (—)	— (—)	155,991 (66,160)
	Tata Cummins Limited	— (—)	— (—)	— (—)	— (—)	— (—)	37,138 (44,630)	37,138 (44,630)
	Cummins Generator Technologies India Limited	— (—)	— (—)	— (—)	6,420 (21,813)	— (—)	— (—)	6,420 (21,813)
Others	— (—)	312,246 (368,302)	6,977 (1,566)	— (—)	— (—)	— (—)	319,223 (369,868)	
Inter Corporate Deposit Receivable	Cummins Research and Technology India Limited	— (—)	— (—)	35,000 (35,000)	— (—)	— (—)	— (—)	35,000 (35,000)
	Valvoline Cummins Limited	— (—)	— (—)	50,000 (100,000)	— (—)	— (—)	— (—)	50,000 (100,000)
	Cummins Technologies India Limited	— (—)	230,000 (—)	— (—)	— (—)	— (—)	— (—)	230,000 (—)
Interest Receivable on ICD Balance	Cummins Technologies India Limited	— (—)	5,361 (—)	— (—)	— (—)	— (—)	— (—)	5,361 (—)
	Valvoline Cummins Limited	— (—)	— (—)	2,121 (2,166)	— (—)	— (—)	— (—)	2,121 (2,166)
	Cummins Research and Technology India Limited	— (—)	— (—)	245 (2)	— (—)	— (—)	— (—)	245 (2)

Cummins India Limited

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

Notes:

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

Nature of Relationship	Name of the Party
1 Holding Company	Cummins Inc.
2 Fellow subsidiaries	Cummins Brasil Cummins Comercializadora Cummins Czech Republic SRO Cummins Diesel Deutschland GmbH Cummins Diesel N.V. Cummins Diesel Sales & Service – Korea Cummins Diesel Sales Corporation, Singapore Cummins Diesel South Africa Pvt. Limited Cummins Diesel UK Cummins East Asia Research & Development Company Limited Cummins Engine (Beijing) Cummins Engine (China) Investment Co. Limited Cummins Engine (Shanghai) Trading - China Cummins Engine Company Limited Cummins Filtration (Shanghai) Co. Limited Cummins Filtration Inc. Cummins Filtration-Australia Cummins Generator Technologies (China) Co. Limited Cummins Generator Technologies Limited Cummins Holland B.V. Cummins Hongkong Limited Cummins Italia SPA Cummins Japan Limited Cummins Limited Cummins Middle East FZE Cummins N Power Cummins Natural Gas Engines, Inc. Cummins Power Generation, Australia Cummins Power Generation, Kent Cummins Power Generation, Singapore

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

Nature of Relationship	Name of the Party
	Cummins Power Generation, U.K.
	Cummins Power Generation, U.S.A.
	Cummins S De R.L. De C.V.
	Cummins Sales & Service Philippines, Inc.
	Cummins Sales & Service Singapore Pte. Limited
	Cummins South Pacific Pty. Limited
	Cummins Technologies India Limited
	Cummins Westport
	Diesel Recon Co.
	Diesel Recon, El Paso
	Diesel Recon-Memphis
	Distribuidora Cummins S.A.
	Fleetguard Singapore
	Fleetguard Inc.
3 Joint Ventures	Cummins Exhaust India Limited
	Cummins Research and Technology India Limited
	Valvoline Cummins Limited
4 Associates	Cummins Generator Technologies India Limited
5 Key Management Personnel	Anant Talaulicar
6 Enterprise with common Key Management Personnel	Tata Cummins Limited

- ii) Reimbursement of expenses incurred by related parties for and on behalf of the Group and vice versa have not been included above.
- iii) The information given above, have been reckoned on the basis of information available with the Group.
- iv) Figures in brackets are in respect of the previous year.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

8. Segmental Information

a) Primary Segment

The Group's operations predominantly relate to manufacture of internal combustion engines, genset and parts thereof (Engines business segment) used for various applications such as power generation, construction, compressor, mining, marine, locomotive, fire-fighting, etc. Others mainly include leasing of diesel power generating sets and allied equipment including operation and maintenance facilities of these equipments.

b) Secondary Segment

Two secondary segments have been identified based on the geographical locations of customers: domestic and export.

				Rs. '000
Information about Primary segments	Engine Business	Others	Elimination	Total
i) Segment Revenue @	31,168,459 (26,984,618)	4,534,693 (2,352,529)	-115,481 (-2,404,796)	35,587,671 (26,932,351)
ii) Segment result	4,575,488 (3,807,351)	1,047,102 (313,350)	-35,259 (-8,467)	5,587,331 (4,112,234)
Unallocated -Other Income				445,500 (298,965)
Interest				34,256 (25,384)
Profit before tax and exceptional item				5,998,575 (4,385,815)
Exceptional item (Refer to Note 22 of Schedule No. 12)				192,037 (—)
Profit before tax				6,190,612 (4,385,815)
Provision for tax				
Current tax				1,784,232 (1,418,324)
Deferred tax				-77,955 (-47,828)
Fringe Benefit Tax				31,980 (25,501)
Net Profit after tax and before share in Associates' profit				4,452,355 (2,989,818)
Share in Associates' profit after tax (net)				176,789 (259,313)
Net profit for the year				4,629,144 (3,249,131)
iii) Segment assets	16,802,483 (14,664,400)	1,747,066 (1,136,538)	-303,203 (-1,021,626)	18,246,346 (14,779,312)
Common assets				4,871,046 (5,111,258)

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

Rs. '000				
Information about Primary segments	Engine Business	Others	Elimination	Total
Enterprise assets				23,117,392 (19,890,570)
iv) Segment liabilities	7,035,271 (7,332,818)	1,005,252 (682,901)	-395,457 (-1,085,622)	7,645,066 (6,930,097)
Common liabilities				620,011 (619,924)
Enterprise liabilities				8,265,077 (7,550,021)
v) Capital Expenditure	963,200 (1,016,620)	27,538 (77,126)		990,738 (1,093,746)
vi) Depreciation	446,012 (340,585)	35,593 (42,411)		481,605 (382,996)
<hr/>				
Information about geographical segments (Secondary Segments)	Domestic	Export	Elimination	Total
vi) Segment revenue @	22,262,626 (21,837,004)	13,440,526 7,500,143	-115,481 (-2,404,796)	35,587,671 (26,932,351)

@ Segment revenue from Other business includes Income from Lease **Rs. ('000) Nil** (previous year Rs. ('000) 15,261)

Notes:

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

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

9. Disclosure on Provisions made, utilised and reversed during the year as per Accounting Standard 29 issued by The Institute of Chartered Accountants of India

	Rs. '000			
	Warranty	Service Costs and Overhaul	Statutory Matters	Total
Opening Balance	524,557 (373,434)	147,944 (128,933)	9,505 (9,505)	682,016 (511,872)
Additions	468,521 (343,740)	38,606 (57,715)	5,730 (—)	512,857 (401,455)
Utilizations	196,181 (192,607)	54,121 (13,472)	— (—)	250,302 (206,079)
Reversal	— (—)	81,901 (25,232)	— (—)	81,901 (25,232)
Closing Balance	796,897 (524,567)	50,528 (147,944)	15,235 (9,505)	862,660 (682,016)

i) The provision for warranty is on account of warranties given on products sold by the Group. The provision is based on the historic data / estimated figures. The timing and amount of the cash flows that will arise from these matters will be determined at the time of receipt of claims from customers.

ii) The provision for overhaul is on account of engines given on rent to various customers. The provision is based on the data on overhaul cost on various types of gensets as accumulated by the Group. The timing and amount of the cash flows that will arise from these matters will be determined at the time of overhauling of the gensets.

Provision for service cost comprise of dealer claims. Provision is made on the amount claimed by the dealers. The timing and the amount of cash flows that will arise from the dealer claims will be determined at the time of settlement of these claims.

iii) The provision for statutory matters is on account of legal matters where the Group anticipates probable outflow. The amount of provision is based on estimates made by the Group 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.

10. Lease income

i) The Group provides equipment under finance lease arrangements for periods up to five years. The minimum lease payments receivable in respect of these arrangements are as follows :

	Due within 12 months Rs. '000	Due between 12 – 60 months Rs. '000	Total amount receivable Rs. '000
Gross investment in lease	1,241 (2,895)	— (2,953)	1,241 (5,848)
Less : Unearned finance income	60 (492)	— (215)	60 (707)
Present value of minimum lease payments receivable	1,181 (2,403)	— (2,738)	1,181 (5,141)

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

- ii) Contingent rental income in respect of operating lease arrangements recognised in the statement of profit and loss for the year aggregate **Rs. ('000) 5,394** (previous year Rs. ('000) 8,180).
- iii) The future minimum sub lease payments receivable under non-cancellable operating sublease arrangements, due within 12 months, aggregate **Rs. ('000) NIL** (previous year Rs. ('000) 20,391).
- iv) The sub lease income recognised in the statement of profit and loss for the year aggregate **Rs. ('000) 33,688** (previous year Rs. ('000) 86,403).
- v) Figures in brackets are in respect of the previous year.

11. Lease commitments

- i) Finance lease :

The Group has acquired computers under finance lease arrangements for period of three years. The future minimum lease payments under these leases as of March 31, 2009 are as follows:

	Due within 12 months Rs. '000	Due between 12 – 60 months Rs. '000	Total amount due Rs. '000
Minimum lease payments	19,388 (40,010)	483 (19,774)	19,871 (59,784)
Less : Amount representing interest	559 (3,225)	21 (581)	580 (3,806)
Present value of minimum lease payments	18,829 (36,785)	462 (19,193)	19,291 (55,978)

- ii) Operating lease :

The Group has acquired office premises and equipment under operating lease arrangements at stipulated rentals. The future minimum lease payments under these leases as of March 31, 2009 are as follows:

	Due within 12 months Rupees '000	Due between 12 – 60 months Rupees '000	Due beyond 60 months Rupees '000	Total amount due Rupees '000
Minimum lease payments	12,984 (28,433)	52,442 (77,735)	— (11,139)	65,426 (117,307)

- iii) The minimum lease payments recognized in the statement of profit and loss for the year are as follows:

Particulars	Rs.'000	Previous Year Rs.'000
Included in other expenses	10,420	24,240
Included in rent	13,890	11,249

- iv) Figures in brackets are in respect of the previous year.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

12. The net exchange differences (gains/(losses)) arising during the year appropriately recognised in the profit and loss account are – **Rs. ('000) 244,414** (previous year Rs. ('000) 21,242).

13. Managerial Remuneration

Particulars	Rupees '000	Previous Year Rupees '000
Salary	12	12
Perquisites	4,061	4,015
Commission – non-wholetime directors	1,375	1,375
Sitting fees	355	305
Total	5,803	5,707

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

14. Remuneration to Auditors:

	Rupees '000	Previous Year Rupees '000
Audit fees (including consolidation of accounts)	8,653	7,200
Limited review	1,500	1,200
Tax audit	2,927	2,100
Other services	63	1,248
Reimbursement of out of pocket expenses	84	73
Total	13,226	11,821

15. Other expenses include provision for doubtful debts **Rs. ('000) 88,372** (Previous year Rs. ('000) 51,923).
16. Research and development expenses aggregating **Rs. ('000) 408,123**, including **Rs. ('000) 101,133** on capital account (previous year Rs. ('000)) 306,939 including Rs. ('000) 37,247 on capital account) have been incurred by the Group. The expenses disclosed above include expenses incurred on development of parts, etc.

17. Earnings Per share

Particulars	As at March 31, 2009	As at March 31, 2008
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 Rs. ('000)	4,629,144	3,249,131
b) Weighted average number of shares outstanding during the year	198,000,000	198,000,000
c) Earnings per share (Basic and Diluted) (Rupees)	23.38	16.41
Face value per share (Rupees)	2.00	2.00

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

18. The investment in Associates disclosed in Schedule 6 is arrived at as follows

	Rs. '000
	Cummins Generator Technologies India Limited
Carrying amount of investment as on March 31, 2008	512,691
Share in associates' results for the year	176,789
Dividends received during the year	(27,370)
Write off of goodwill for the year	(4,907)
Carrying amount of investment as on March 31, 2009	657,203

The carrying amount of investments as at March 31, 2009 includes goodwill arising on acquisition of Cummins Generator Technologies India Limited of **Rs. ('000) 14,714** (previous year Rs. ('000) 19,621).

19. The Group has 50% interest in Joint Ventures namely Cummins Exhaust India Limited, Cummins Research and Technology India Limited and Valvoline Cummins Limited, all incorporated in India. The following represents the Group's share of Assets and Liabilities as at 31st March, 2009 and Income and Expenses for the year ended on that date in the Joint Ventures incorporated in the financial statements before elimination of intra-group transactions:

	Cummins Exhaust India Limited		Cummins Research and Technology India Limited		Valvoline Cummins Limited
	As at March 31, 2009	As at March 31, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2009
Net assets					
Net Fixed Assets	17,135	16,590	22,466	25,159	19,409
Investments	40,870	33,154	—	—	—
Inventories	19,038	19,592	—	—	272,577
Debtors	27,213	51,067	44,386	35,892	180,229
Deferred Tax Asset	—	—	—	—	7,978
Cash & Bank Balances	19,760	2,742	55,150	2,410	102,106
Loans and Advances	3,735	7,375	57,802	38,112	52,776
Current Liabilities	(41,267)	(47,036)	(13,743)	(14,399)	(247,760)
Loans and Lease liability	—	—	(37,834)	(43,196)	(95,000)
Deferred tax liability	(915)	(904)	(2,817)	(1,142)	—
Net Assets	85,568	82,580	125,411	42,836	292,315

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

	Rs. '000				
	Cummins Exhaust India Limited		Cummins Research and Technology India Limited		Valvoline Cummins Limited
	As at March 31, 2009	As at March 31, 2008	As at March 31, 2009	As at March 31, 2008	As at March 31, 2009
Profit & Loss Account					
Sales	215,102	239,036	241,358	153,845	2,235,329
Expenditure	(161,030)	(178,450)	(143,003)	(121,243)	(2,031,949)
Depreciation	(3,078)	(2,964)	(13,382)	(15,666)	(9,557)
Tax Provision	(12,909)	(14,287)	(2,398)	(753)	(69,326)
Net Profit	38,085	43,335	82,575	16,183	124,497

20. Disclosures in accordance with Revised AS – 15 on “Employee Benefits”

1. Defined Contribution Plans – The Group has recognised the following amounts in the Profit and Loss Account for the year.

Particulars	Rs.'000 Total
Contribution to Employees Provident Fund	77,278 (62,721)
Contribution to Management Superannuation Fund	36,356 (30,169)
Total	113,634 (90,890)

2. Defined Benefit 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):

Rs. '000						
Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
	Opening DBO as on 1st April 2008	431,124 (365,309)	278,289 (287,380)	9,098 (11,742)	2,758 (3,774)	721,269 (668,205)
i)	Current Service Cost	28,304 (22,761)	8,902 (9,643)	330 (470)	112 (188)	37,648 (33,062)
ii)	Interest Cost	32,904 (27,776)	20,713 (21,169)	655 (870)	215 (293)	54,486 (50,108)
iii)	Actuarial -Gains / Losses	16,546 (56,291)	-19,348 (11,665)	481 (-1,973)	866 (-1,173)	-1,455 (64,810)
iv)	Benefits Paid	-60,405 (-44,830)	-51,406 (-51,269)	-2,220 (-2,010)	-274 (-324)	-114,305 (-98,733)
	Closing DBO as on 31st March 2009	448,473 (427,307)	237,150 (278,288)	8,344 (9,099)	3,677 (2,758)	697,643 (717,452)

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

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

					Rs. '000	
Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
	Opening Fair Value of Plan Assets	421,253 (397,342)	271,641 (289,376)	— (—)	— (—)	692,894 (686,718)
i)	Expected Return on Plan Assets	31,553 (31,647)	20,081 (21,433)	— (—)	— (—)	51,634 (53,080)
ii)	Actuarial Gains / -Losses	15,204 (-6,760)	3,566 (3,784)	— (—)	— (—)	18,770 (-2,976)
iii)	Contribution by the Employer	6,723 (41,305)	10,149 (8,616)	2,220 (2,010)	274 (324)	19,366 (52,255)
iv)	Benefits Paid	-60,405 (-44,830)	-51,406 (-51,569)	-2,220 (-2,010)	-274 (-324)	-114,305 (-98,733)
	Closing Fair Value of Plan Assets	414,328 (418,704)	254,031 (271,640)	— (—)	— (—)	668,359 (690,344)

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 :

					Rs.'000	
Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
i)	Present value of Funded Obligations	448,473 (427,307) (365,309)	237,150 (278,288) (287,380)	— (—) (—)	— (—) (—)	685,623 (705,595) (652,689)
ii)	Fair value of Plan Assets	-414,328 (-418,704) (-397,342)	-254,031 (-271,640) (-289,376)	— (—) (—)	— (—) (—)	-668,359 (-690,344) (-686,718)
iii)	Present Value of Unfunded Obligations	— (—) (—)	— (—) (—)	8,344 (9,099) (11,742)	3,677 (2,758) (3,774)	12,021 (11,857) (15,516)
iv)	Amount not recognized as an asset, because of limit in para 59(b)	— (—) (—)	10,280 (—) (—)	— (—) (—)	— (—) (—)	10,280 (—) (—)
v)	Net Liability / -Asset recognized in Balance Sheet	34,145 (8,603) (-31,577)	-6,601 (6,648) (2,737)	8,344 (9,099) (11,742)	3,677 (2,758) (3,774)	39,566 (27,108) (-13,324)
vi)	Experience Gain/Loss adjustments on plan Liabilities	-4,687 (-34,970)	21,317 (—)	-199 (—)	172 (—)	16,603 (-34,970)
vii)	Experience Gain/Loss adjustments on plan Assets	15,228 (1,020)	3,566 (3,343)	— (—)	— (—)	18,794 (4,363)
viii)	Actuarial Gain/-Loss due to Change on assumptions	-10,436 (-10,357)	-1,968 (—)	-282 (—)	-1,038 (—)	-13,724 (-10,357)

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

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

Rs. '000

Sr.No.	Particulars	Gratuity	Pension	Ex-gratia	PRMB	Total
i)	Current Service Cost	28,304 (22,761)	8,902 (9,643)	330 (470)	111 (188)	37,647 (33,062)
ii)	Interest Cost	32,904 (27,776)	20,712 (21,169)	655 (870)	215 (293)	54,486 (50,108)
iii)	Expected Return on Plan Assets	-31,553 (-31,647)	-20,081 (-21,433)	— (—)	— (—)	-51,634 (-53,080)
iv)	Actuarial -Gains / Losses	1,340 (63,051)	-22,915 (7,881)	481 (-1,973)	866 (-1,173)	-20,228 (67,786)
	Total	30,995 (81,941)	-13,382 (17,260)	1,466 (-633)	1,192 (-692)	20,271 (97,876)

All of the above have been included in the line item 'Company's contribution to provident and other funds' in Schedule 11 of the Profit and Loss Account.

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
i)	Government of India Securities	9.9% (12.1%)	0.0% (0.0%)
ii)	Corporate Bonds	8.6% (8.1%)	0.0% (0.0%)
iii)	Special Deposit Scheme	9.9% (16.7%)	0.0% (0.0%)
iv)	Equity Shares of Listed Companies	0.0% (0.0%)	0.0% (0.0%)
v)	Property	0.0% (0.0%)	0.0% (0.0%)
vi)	Insurer Managed Funds	64.7% (61.2%)	100.0% (100.0%)
vii)	Others	6.9% (1.9%)	0.0% (0.0%)
	Total	100.0% (100.0%)	100.0% (100.0%)

f. The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

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

			Rs.'000	
Sr.No.	Particulars	Gratuity	Pension	Total
i)	Actual return on plan assets	41,423 (24,887)	23,648 (25,217)	65,071 (50,104)

h. Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Particulars	Gratuity	Pension	Ex-gratia	PRMB
Discount Rate	7.8% (8.20%)	7.8% (8.20%)	7.8% (8.20%)	7.8% (8.20%)
Expected Rate of Return on Plan Assets	8.0% (8.0%)	8.0% (8.0%)	NA (NA)	NA (NA)
Salary Escalation Rate - Management Staff	7.0% (7.0%)	NA (NA)	NA (NA)	NA (NA)
Salary Escalation Rate - Non-Management Staff	5.5% (5.5%)	5.5% (NA)	5.5% (NA)	NA (NA)
Annual Increase in Healthcare Costs - First 10 years	NA (NA)	NA (NA)	NA (NA)	10.0% (10.0%)
Annual Increase in Healthcare Costs - Next 5 years	NA (NA)	NA (NA)	NA (NA)	8.0% (8.0%)
Annual Increase in Healthcare Costs - Thereafter	NA (NA)	NA (NA)	NA (NA)	6.0% (6.0%)

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

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

			Rs.'000
Particulars	One percentage point increase	One percentage point decrease	
The aggregate of the current service cost and interest cost components of net periodic post -employment medical costs; and	43 (46)	-37 (-39)	
The accumulated post-employment benefit obligation for medical Costs	240 (252)	-213 (-221)	

j. Para 132 of AS15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18. In the opinion of the management the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

Cummins India Limited

Notes to the Consolidated Financial Statements as at and for the year ended on 31st March, 2009.

21. Derivatives - Forward Contracts

- a) **Forward Contracts outstanding as at Balance Sheet date**
Currency Amount US \$ Buy/Sell Cross Currency

FY 2008-09				FY 2007-08			
Currency	Amount in '000	Buy/Sell	Cross Currency	Currency	Amount in '000	Buy/Sell	Cross Currency
US \$	24,066	Sell	Rupees	US \$	31,282	Sell	Rupees
US \$	30	Buy	Rupees	US \$	—	Buy	Rupees

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

	2008-2009 (in '000)	2007-2008 (in '000)
Receivables		
USD	37,783	13,728
Euro	669	—
GBP	42	447
Payables		
USD	10,004	18,745
Euro	124	12
GBP	301	2,764
JPY	2,284	5,397
CHF	1	3
SGD	—	11

22. The Company has sold its Power Generation Rental Power Business which has resulted in a profit of **Rs. 192,037 ('000)** which has been reflected as "Exceptional item" in the Profit & Loss Account.

23. In pursuance of the scheme of amalgamation of Cummins Sales and Service India Limited and Cummins Auto Services Limited with Cummins India Limited, Valvoline Cummins Limited, a Joint Venture of Cummins Sales and Service India Limited, which was hitherto considered as an Associate as per AS 23 – "Accounting for Investment in Associates" issued by Institute of Chartered Accountants of India is now being considered for reporting of Interest in Joint Ventures as per AS 27 – "Financial Reporting of Interest in Joint ventures". Accordingly, the Group's share in Assets, Liabilities, Income and expenses of the Joint Venture has been accounted for using the proportionate consolidation method. Hence, previous year's figures are not comparable.

Signatures to the Schedules 1 to 12

For and on behalf of the Board

Anant J. Talaulicar
 Chairman &
 Managing Director

Nasser Munjee
 Director

Dinesh Castellino
 Vice President Legal &
 Company Secretary

Pune
 Date: May 26, 2009

Consolidated Cash Flow Statement for the year ended 31st March, 2009.

	Rupees '000	2008 - 09 Rupees '000	2007-08 Rupees '000
I. Cash flows from operating activities :			
Cash generated from operations	4,284,438		4,288,470
Tax paid (net of refunds)	<u>(1,951,927)</u>		<u>(1,502,630)</u>
Net cash provided by operating activities		2,332,511	2,785,840
II. Cash flows from investing activities :			
Fixed assets			
Purchase	(927,461)		(1,058,630)
Sale	11,901		116,453
Sale consideration for Power Generation Rental Power Business	300,000		—
Interest received	46,206		46,891
Dividend received	243,477		278,606
Investments			
Purchase	(17,169,423)		(14,864,238)
Sale/redemption	<u>17,601,884</u>		<u>13,395,531</u>
Net cash used for investing activities		106,584	(2,085,387)
III. Cash flows from financing activities :			
Short term borrowings	—		(227,139)
Bank Overdraft (Net)	(47,560)		254,696
Finance lease liability	(36,687)		(35,367)
Repayment of term loans	—		(850)
Repayment of fixed deposits (net)	(515)		(300)
Interest paid	(34,256)		(25,384)
Dividend paid (including tax on dividend)	<u>(2,114,086)</u>		<u>(974,070)</u>
Net cash used for financing activities		(2,233,104)	(1,008,414)
IV. Net change in cash and cash equivalents (I+II+III)		205,991	(307,961)
V. Cash and cash equivalents at the beginning of the year		294,252	552,532
Cash and cash equivalents at the end of the year (IV+V)		500,243	244,571

Consolidated Cash Flow Statement for the year ended 31st March, 2009.

	Rupees '000	2008 - 09 Rupees '000	2007-08 Rupees '000
Notes :			
1) Cash generated from operations has been arrived at as follows :			
Net profit before tax		6,190,612	4,385,815
Adjustments for -			
a) Non cash item /items required to be disclosed seperately :-			
Depreciation	481,605		382,996
Interest expense	34,256		25,384
Interest income (gross)	(38,275)		(46,109)
Dividend earned (gross)	(243,477)		(199,634)
Loss/(gain) on assets sold,discarded etc;	20,023		(49,790)
Loss/(gain) on redemption /sale of investments	(22,451)		(31,879)
Gain on sale of Power Generation Rental Power Business	(192,037)		—
Amortisation of goodwill	5,717		5,717
Provision for doubtful debts / advances	88,372		51,923
		133,733	138,608
b) Changes in working capital and other provisions :-			
Sundry debtors	(1,191,870)		(1,402,321)
Inventories	(895,517)		(380,837)
Loans and advances	(405,359)		(448,622)
Other current assets	19,083		7,615
Current liabilities	216,617		1,869,587
Provisions	217,139		118,625
		(2,039,907)	(235,953)
Total adjustments (a+b)		(1,906,174)	(97,345)
Cash generated from operations		4,284,438	4,288,470
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.			

Consolidated Cash Flow Statement for the year ended 31st March, 2009.**3) Cash and cash equivalents comprise :**

	Rupees '000 2008-09	Rupees '000 2007-08	Rupees '000 2006-07
Cash in hand	741	907	474
Cheques on hand	10	—	66,807
Balances with bank on current account :			
Unclaimed dividend account (restricted)	20,008	16,716	14,475
Other current accounts	452,373	223,681	468,532
Balances with bank on deposit account	27,111	3,267	2,244
Total	500,243	244,571	552,532

- 4) Cash and Cash equivalents as on April 1, 2008 includes **Rs.('000) 49,681** of Valvoline Cummins Limited as a result of Joint Venture Accounting in accordance with Accounting Standard- 27 'Financial Reporting of Interests in Joint Ventures' (Refer Note 23, Schedule 12).
- 5) The figures in brackets represent outflows of cash and cash equivalents.
- 6) Previous years figures have been regrouped, wherever necessary to conform to the current year classification.

In terms of our report of even date

For and on behalf of the Board

Vasant Gujarathi
Partner
Membership Number : 17866
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Anant J. Talaulicar
Chairman &
Managing Director

Nasser Munjee
Director

Dinesh Castellino
Vice President Legal &
Company Secretary

Pune
Date: May 26, 2009

Pune
Date: May 26, 2009



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