



Cummins India Limited  
Registered Office : Kothrud,  
Pune 411 029 (India)

## Earnings Update – Q2 FY04

MUMBAI, OCTOBER 28, 2003

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

### Results Highlights for the quarter ended 30 September 2003

- Growth in domestic powergen business coupled with better export performance resulted in 25% increase in sales at Rs2,271 million over Q2 FY03 (8% on a like-to-like basis)
- Sales in Q2 FY04 includes PSIL and CPSL revenues of Rs 352 million and Rs 57 million respectively. Comparable income figures for PSIL and CPSL in Q2 FY03 are Rs 229 million and Rs 52 million respectively.
- **Other Income** of Rs 171 million showed an increase of 125%. This includes an interim dividend of Rs 50 million from CDS&S (previous year Rs Nil) & Rs 22 Million from Newage Electricals India Limited (previous year Rs Nil).
- The company's cost reduction initiative is progressing as per the schedule and has helped to achieve net savings in the conversion costs despite recent rise in some input costs like steel, castings, fuel, etc. This has helped the Company to improve the performance
- Other expenditure includes one-time non-recurring expenses Rs 42.5 million towards software license fees and Rs 23 million towards replacement of computers
- **Interest** expense for the quarter was Rs 3.4 million (Rs 3.2 million in the corresponding quarter last year)
- **Depreciation** for the quarter was Rs 71 million, no change from the corresponding quarter of the previous year
- **Profit Before Tax** at Rs 384 million increased by 45% over the corresponding quarter of the previous year
- **Profit After Tax** at Rs 306 million grew by 74% over Q2 FY03 and **EPS** (not annualized) at Rs 1.55 was higher by 74%



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## **Sales of Cummins India Limited & Subsidiary**

<i>Sales in the Quarter ending September '03</i>	Q2 FY04	Q2 FY03	Rs million % growth
Cummins India Limited	2,271	2,099	8%
CDS&S	956	881	9%
CASL	45	44	2%

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

## **Business Highlights**

- The company continues to make steady progress in all areas. Our Power Generation, Engine and Service businesses are taking advantage of strong demand conditions in the domestic market and exports are growing again as Cummins accelerates its global sourcing strategy. The exports of higher horsepower engines is expected to pickup over this quarter and the next but the sharp increases in steel costs, the appreciation of the rupee and tough pressures on pricing in both domestic and export markets makes cost reduction an even greater imperative for us to maintain our margins. Our TurboKaizen and Six Sigma cost reduction programs are delivering good bottom line savings
- The export strategy of relying not only on engines, but also on complete gensets, components and services is beginning to yield dividends – the company is witnessing recovery in it's export market
- The aggressive campaign of cost reduction being implemented through TurboKaizen, Six Sigma and Kaizen programs has been able to offset the increase on account steel, castings, fuel, etc. This has enabled to maintain the margins
- Cummins India Limited looks forward to sustaining its performance through the current financial year

## **About Cummins**

Cummins India Limited, in Pune since 1962, is one of the country's largest manufacturer of diesel engines. CIL has produced more than 1,67,000 engines to date in it's state-of-the-art manufacturing facilities in Pune. The company is a leader in engine technology and Power Solutions across Power Generation, Industrial and Automotive markets and manufactures on an average, nearly 10,000 engines per year.



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Cummins Inc, is a global power leader made up of four complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emissions solutions and electrical power generation systems. Headquartered in Columbus, Indiana (USA), Cummins serves its customers through more than 500 company-owned and independent distributor locations in 131 countries and territories. With 23,700 employees worldwide, Cummins reported sales of \$5.9 billion in 2002.

### **Cautionary Statement**

The earnings update contains forward looking statements based upon the data available with the Company, assumptions with regard to global economic conditions, 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 earnings release.

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