



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

Earnings Update – Q3 FY04

PUNE , JANUARY 28, 2003

Results Highlights for the quarter ended December 31, 2003

Exports lift top line of Cummins India Limited

Q3 net up by 10%

- Net sales of Rs. 2,244 million for the quarter ended December 31, 2003 show an increase of 1% against Rs. 2,221 million in the corresponding quarter of the previous year. Strong export earnings growth of 22% to Rs. 559 million helped offset a 5% drop in the domestic sales. The drop was due to temporary supply chain difficulties that have since been substantially been resolved. The domestic demand conditions remain strong and the company expects to show sustained growth over the coming quarters.
- Other Income of Rs. 210 million showed an increase of 30% over the same quarter of the previous year. This includes dividend income of Rs. 75 million from CDS&S (previous year Rs. 111 million), Rs. 30 Million from Newage Electricals India Limited (previous year Rs. Nil).
- The cost reduction programs are helping to improve the bottom line.
- The employee cost of the previous year includes extra ordinary provision of Rs 37 million towards superannuation fund. Employee cost is showing a declining trend as % to sales. Other expenditure shows a decline on account of operational savings.
- Interest expense for the quarter was Rs 2.1 million as against Rs 2.7 million in the corresponding quarter of the last year;
- Depreciation for the quarter is higher at Rs 81 million as against Rs 64 million in the corresponding quarter of the last year due to additions to the fixed assets block over the year;
- Profit Before Tax at Rs 330 million increased by 6% over the corresponding quarter of the previous year
- Profit After Tax at Rs 269 million grew by 10% over Q3 FY03 and EPS (not annualized) at Rs 1.36 was higher by 10%

Results Highlights for the nine months ended December 31, 2003

- The cumulative sales for nine months ended December 2003 of Rs. 6,597 million shows an increase of 9 % over the corresponding nine months of the previous year. The higher sales reflect improved performance in both the domestic and export



segments of the business. The domestic sales have grown by 5 % over the previous year.

- The export earnings are Rs1,537 million as against Rs 1,250 million in the corresponding nine months of the previous year representing a 23% increase, and more importantly, a return to healthy demand and growth in global markets.
- Turbokaizen and Six Sigma cost reduction programs are helping to improve bottom line inspite of sharp increase in metal and fuel prices, appreciation of the Indian rupee and pressure on pricing in domestic and exports markets.
- Other income is at Rs 550 million against Rs. 300 million in the corresponding nine months of the previous year. The other income includes dividend of Rs. 237 million (previous year Rs.111 million) received from subsidiary, joint venture and associate of the company.
- Profit before tax at Rs 995 million shows a 28% increase over the same period of the previous year. Profit after taxes rose 41% to Rs 797 million as against Rs 567million in the previous year.

Sales of Cummins India Limited & Subsidiary

Sales in the Quarter ending December '03	Rs million		
	Q3 FY04	Q3 FY03	% growth
Cummins India Limited	2,244	2,221	1%
CDS&S	1,005	909	11%
CASL	49	32	53%

Sales in the nine months ending December '03			
	Nine months FY04	Nine months FY03	% growth
Cummins India Limited	6,597	6,062	9%
CDS&S	2,869	2,761	4%
CASL	151	113	34%

Business Highlights

- Following Cummins Inc recent decision to source K38 engines for Power generation solely from India, CIL is now also a source for K50 engines for power generation. The total yearly export business from K 38/ K 50 eventually is envisaged in the range of Rs. 1,400 million .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.
- CIL has recently launched its three new engines namely "X", "C" and "N 14" for the domestic market.



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- Cummins inaugurated its new R&D Center, the Cummins Research & Technology India Private Limited (CRTI) in Pune today. The mission of CRTI is to provide world-class engineering design & analysis capabilities for Cummins technical centers worldwide. The center reflects a paradigm shift away from testing hardware prototypes to software based design, analysis and simulation. CRTI is a 50% joint venture between Cummins Inc. and Cummins India Limited. Satyam will partner Cummins in developing this capability
- Cummins India Limited looks forward to sustaining its performance through the current financial year

About Cummins

Cummins India Limited, in Pune since 1962, is the country's largest manufacturer of diesel engines. CIL has produced more than 1,67,000 engines to date in its state-of-the-art manufacturing facilities in Pune. The company manufactures on an average, nearly 10,000 engines per year. Part of the USD 8.4 billion Cummins Inc, Cummins in India is a group of 12 entities across 200 locations in the country with a combined turnover of over Rs.2500 crore and employs more than 5000 people.

Cummins Inc. is a global power leader, is a corporation of 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 680 company-owned and independent distributor locations in 137 countries and territories. Cummins also provides service through a vast dealer network of more than 5000 facilities in 197 countries. With over 23,000 employees worldwide, Cummins reported sales of \$6.3 billion in 2003.

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