



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

Earnings Update – FY 04

PUNE, JUNE 2, 2004

Sales for the quarter up by 21%, Yearly sales up by 12% and PAT up by 16%
200% dividend including 100% interim, recommended

Results Highlights for the year ended March 31, 2004

Rs Millions

Sales	FY 04	FY 03	% growth
Cummins India Limited	9,324	8,320	12%
CDS&S	3,859	3,809	1%
CASL	230	151	52%

- CIL's net sales of Rs. 9,324 M for the year ended March 31, 2004 show an increase of 12% against Rs. 8,320 M for the previous year. The higher sales reflect improved performance in both the domestic and export segments of the business. While the domestic sales have grown by 9% over the previous year, the exports have shown a growth of 28% to Rs. 2,217 M from Rs. 1,738 M in the previous year.
- Other Income of Rs. 767 M showed an increase of 68% over the previous year. This includes dividend income of Rs. 245 M from CDS&S (previous year Rs. 169 M), Rs. 52 M from Newage Electricals India Limited (previous year Rs. Nil).
- The cost reduction programs of Turbo Kaizen and Six-sigma projects have yielded planned savings. These have helped more than offset the recent, significant increase in metal prices which is a matter of concern.
- Employee cost for the quarter ended March 2004 includes additional charges of Rs. 133 million (was Rs 65 million in the quarter ended March 2003) towards superannuation benefits to managers and associates. Similarly, employee cost for the year ended March 2004 includes additional charges of Rs 147 million (was Rs 102 million in the year ended March 2003) towards superannuation benefits to managers and associates. The company also incurred an extraordinary VRS expense of Rs. 98 million during the first quarter ended June 2003. Total 179 employees opted for the VRS scheme. Employee cost is showing a declining trend as % to sales.
- Interest expense for the year was Rs 20 M as against Rs 30 M in the previous year;
- Depreciation for the year is higher at Rs 299 M as against Rs 266 M in the previous year due to additions to the fixed assets block over the year;
- Profit Before Tax at Rs. 1381 M increased by 14% over the previous year
- Profit after Tax at Rs 1093 M grew by 16% over the previous year and the annualized EPS was Rs 5.52 against Rs 4.76 in the previous year.



Results Highlights for the Quarter ended March 31, 2004

Rs Millions

<i>Sales in the quarter ended March</i>	<i>Q4 FY 04</i>	<i>Q4 FY 03</i>	<i>% growth</i>
Cummins India Limited	2,727	2,258	21%
CDS&S	1,035	1,028	-
CASL	79	38	208%

- CIL's net sales for the quarter ended March 04 of Rs. 2,727 M show an increase of 21% over the corresponding quarter 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 19% over the corresponding quarter of the previous year.
- The export earnings were Rs 696 M as against Rs 552 M in the corresponding quarter of the previous year representing a 26% 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 in spite 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 216 M against Rs. 156 M in corresponding quarter of the previous year. The other income includes dividends of Rs. 60 M (previous year Rs.58 M) received from the subsidiary.
- Profit before tax at Rs 386 M shows a 10% decrease over the same quarter of the previous year. Profit after taxes reduced by 21% to Rs 296 M as against Rs 376 M in the same quarter of the previous year. The profit for the quarter was affected due to cost rise on account of metal prices and charge of Rs. 133 M (Previous Year Rs. 65 M) towards the superannuation benefits to the Managers and Associates.
- The Board of Directors have recommended dividend of 200% including the already declared interim dividend of 100% as a final dividend (Rs. 4 per share of Rs. 2 each) dividend for the year ended March 2004 as was the case in the previous year.

Highlights of Consolidated Results for the ended March 31, 2004

The consolidated sales for the year were Rs. 11,777 M as against Rs. 10,627 M in the previous year representing a growth of 11%.

The Profit after tax was Rs. 966 M as against Rs. 889 M in the previous year representing a growth of 9%.



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Business Highlights

- CIL launched three new products in January 2004 – the X series ready-to-use generator sets which extended the product line at the lower end, the C series engine for the Power Generation and Industrial business, and the N14 engine, both to strengthen the midrange part of the product offering. The new products conform to CPCB norms that come into effect on January 1 and July 1, 2004 and have been well received. The X series gensets have shown good promise in export markets.
- CIL continues to grow and progress as planned. The domestic market share position and demand remains strong. The export strategy is paying dividends. The cost cutting measures through Turbo Kaizen and Six Sigma projects have yielded planned savings. These have helped more than offset the recent, significant increase in metal prices which is a matter of concern.
- CIL signed a MOU with Cummins Westport Inc. in March 2004 to further develop its capability to produce new technology, cleaner lean burn natural gas engines in India. Cummins Inc.'s new joint venture with CIL, Cummins Research & Technology India, inaugurated in January 2004 has also taken off as planned and is in the process of expanding its operations.

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 & Daman. 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., 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, emission solutions and electrical power generation systems. Headquartered in Columbus, Indiana, 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 \$6.3 billion in 2003.

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