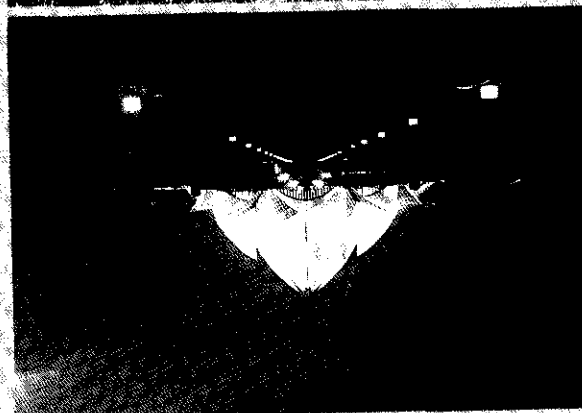


Cummins India Limited



Annual
Report
2000

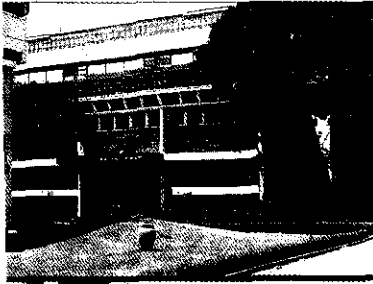


ENRICHING THE WORLD

Enriching the world we live in

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Responsible Citizenship



Cummins Diesel India Foundation

(A tradition of Responsible Corporate Citizenship)

Established with a view to make a positive contribution to the society, the Cummins Diesel India Foundation has been participating hands-on in helping our community meet its many challenges with innovative solutions.

Looking Back

As reasonable citizens we have become deeply involved in some of the most vital issues in our community. Issues that can change the very society we live in. Our efforts include diverse activities, from family development circles for employees to nature clubs and from schools to the first-of-its-kind Cummins College of Engineering for women.

Looking Forward

We are aware that the challenges continue and become more and more complex and urgent. CDIF now has redefined its role to focus on three major concerns of our time- Education, Energy and Environment.

Education for women and children, Energy for rural India and Environment with cleaner air and a greener earth.

We envisage proactive partnerships with effective and credible NGOs for specific projects with clear deliverables and an emphasis on scalability and replicability.

'From spare change to real change'

Cummins India Limited

Bankers

State Bank of India

Union Bank of India

The Shamrao Vithal
Co-operative Bank Limited

The Saraswat Co-operative
Bank Limited

Bank of Maharashtra

Bank of Baroda

State Bank of Hyderabad

HDFC Bank Limited

Citibank, N. A.

Banque Nationale De Paris

Bank of America

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Solicitors

J. B. Dadachanji & Co.
Jeevan Vihar, 1st floor
3, Parliament Street
New Delhi 110 001

Auditors

A. F. FERGUSON & CO
Chartered Accountants
Allahabad Bank Buildings
Bombay Samachar Marg
Mumbai 400 001

ARTHUR ANDERSEN
& ASSOCIATES
19th floor, Express Towers
Nariman Point
Mumbai 400 021

Cummins India Limited

Regd. Office: Kothrud, Pune 411029.

Phone : (020) 5385435, 5380240

Fax : (91) 020-5380125

Website : www.cummins-india.com



WINNING ACCOLADES

Surpassing all the milestones.
Winning all the accolades.

Cummins India Limited

Board of Directors

Mr. Ravi Venkatesan (Chairman)

Mr. J. L. Deshmukh (Managing Director)

Mr. I. M. Barrowman

Mr. S. M. Chapman

Mr. P. S. Dasgupta

Mr. J. K. Edwards

Mr. R. L. Moore

Mr. B. H. Reporter

Mr. T. Satterthwaite

Mr. Venu Srinivasan

Mr. S. D. Hires

Mr. P. Y. Gurav (Alternate Director)

Mr. M. A. Levett

Mr. Y. S. Joshi (Alternate Director)

Financial Summary - 5 Years

Rs. Crore					
Particulars	1999-2000	1998-99	1997-98	1996-97	1995-96
Total Income	846.90	661.75	754.72	811.27	670.36
Raw Material	518.98	388.74	450.93	502.87	409.83
Employee cost	69.90	60.58	60.68	54.75	44.25
Mfg. exps. and overheads	74.70	59.88	79.22	77.95	62.56
Admn., selling and other exps.	26.12	19.98	21.81	21.97	21.08
Interest	3.43	3.51	6.94	9.37	11.30
Depreciation	24.60	22.12	19.98	19.19	16.38
Net profit before tax	129.17	106.94	115.17	125.16	104.97
Tax provision on income (Net of Excess/ Short provision for prior years)	35.86	32.14	32.89	45.12	41.68
Net profit after tax	93.31	74.79	82.28	80.04	63.29
Effect of restatement of opening inventory on revised basis	8.82	-	-	-	-
Balance of profit	102.13	74.79	82.28	80.04	63.29
Dividend	19.80	15.84	15.84	13.86	11.88
Additional Income tax on dividend	2.83	1.74	1.58	1.39	-
Export	277.50	128.84	146.78	126.44	104.64

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Letter to Shareholders



Ravi Venkatesan
Chairman
Cummins India Limited

Dear Shareholders, Customers and Associates,

The year 1999-2000 was Cummins India Ltd.'s finest. The 2900 employees at CIL and our associated companies, joined hands to generate the strongest results in our company's history.

- Sales of Rs. 8289 million, a growth of 28% over the previous year
- Profit after tax of Rs. 933 million, a growth of 25% over the previous year
- Increase in market share in both power-generation and industrial businesses
- Exports of Rs. 2748 million, a growth of 114% over the previous year
- Spare parts sales of Rs. 1760 million, a growth of 16% over the previous year
- Rajiv Gandhi National Quality Award for Cummins Diesel Sales and Service (India) Ltd.

But 1999 was even more significant because it was the year we decided to reinvent ourselves. With the increasing integration of our country into the global economy, the rising expectations of our customers, and with the advent of information technology and the Internet, we thought it appropriate to reassess our performance, our capabilities and our aspirations and strategies.

Growth

The area we felt that our performance needs to improve most is 'growth'. For some years, we have been growing with the market- at about 8.8% CAGR over the industry cycle. However, we believe that our company, with its dominant market position, financial and human resources, strong customer relations and powerful assets such as our distribution system, technical center and manufacturing plants should be exploiting the opportunities created by the "New Economy" much more aggressively and therefore growing much more rapidly.

Why is growth critical to an organization? Because "*No company ever shrank to greatness*". Like many companies we have cut costs, reengineered processes, reduced headcount and improved our products to become more efficient and profitable. These are necessary actions but a company that does **only** this, risks becoming irrelevant and being eclipsed by others who innovate and combine market insight with new technologies and speed of execution to create new markets or more value for customers in existing markets. Such innovation results in dramatic growth in sales and shareholder value. There are prominent examples of such companies in the IT, FMCG, entertainment sectors. Investors, customers and the best talent rush to such firms setting up a virtuous spiral of better talent, better morale, better productivity and more innovation resulting in greater sales and profits. This is the dynamic that creates great companies.

We wish to become a great company. A great supplier/partner to our customers, a great company for our shareholders to invest in and a great company for our employees to work in. To stretch our thinking and our organization, we have set for ourselves the objective of

**"Sales of Rs. 8289 million
and sales growth of 28%
and Profit after tax of Rs. 933
million and profit growth
of 25%"**