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Cummins India Limited Results for Q2 2017-18

Mumbai, INDIA: The Board of Directors of Cummins India Limited, in their meeting held today, took on record the unaudited financial results for the quarter and the half year ended September 30, 2017.

Post implementation of GST from July 01, 2017, sales numbers are required to be disclosed without including the levy of GST. The published sales numbers in earlier quarters and half year were inclusive of excise duty, hence are not comparable. However, for the purpose of this press release, to allow for a fair comparison, the Company has excluded excise duty from the reported sales numbers across quarters and half year periods.

Net sales of the Company for the quarter ended September 30, 2017 at ₹ 1,118 Cr declined 11% as compared to ₹ 1,250 Cr recorded in the same period last year, and 15% compared to ₹ 1,309 Cr recorded in the preceding quarter. Net sales for the half year ended September 30, 2017 at ₹ 2,428 Cr declined 2% over the same period last year at ₹ 2,478 Cr.

Domestic sales in the current quarter at ₹ 748 Cr declined 7% over the same period last year and 18% over the preceding quarter. Domestic sales for the half year ended September 30, 2017 ₹ 1,663 Cr grew 3% over the same period last year. Exports for the current quarter at ₹ 371 Cr declined 17% over the same period last year and 6% over the preceding quarter. Exports for the half year ended September 30, 2017 at ₹ 764 Cr declined 11% over the same period last year.

Net profit before tax in the quarter ended at ₹ 195 which was 20% lower as compared to ₹ 243 Cr recorded in the same period last year, and 15% lower as compared to ₹ 229 Cr recorded in the preceding quarter (excluding the gain on sale of real estate of ₹ 56 Cr in the

preceding quarter). Net profit before tax for the half year ended September 30, 2017 declined 9% to ₹ 424 Cr as compared to ₹ 468 Cr in the same period last year (excluding the gain on sale of real estate of ₹ 56 Cr in this year).

Anant J. Talaulicar, Chairman & Managing Director, Cummins India Limited, said,

“The decline in domestic sales during the current quarter was mostly driven by GST implementation and lack of readiness challenges faced by some of our major customers. We also faced unforeseen supply constraints from the supplier base. While a revolutionary change such as GST is bound to have some unforeseen, negative consequences, I am optimistic about the longer term positive impacts on our business and country. I do believe the worst of the teething GST issues is behind us. We believe that for the most part the sales decline would be recovered in subsequent quarters this fiscal year once the GST implementation and supply issues are resolved. We remain positive on the full year outlook for domestic sales as the underlying demand conditions remain stable to increasing.

Our export markets demand is a mixed bag with gradually improving demand for our high horsepower engines and continuing declines in demand for the low kilowatt generator sets. We believe this is based on varying degrees of recovery taking place in the global economy, commodity markets and geographies. We believe this trend is likely to play out in the medium term.

We believe we continue to be positioned to outperform in our industry and are continuing to invest judiciously in new products, increase our customer focus, drive cost reduction, and improve productivity and quality, and thus remain strongly positioned to continue delivering value to all our stakeholders.”

About Cummins India Limited

Cummins India Limited, headquartered in Pune since 1962, is the country's leading manufacturer of diesel and natural gas engines for power generation, industrial and automotive markets.

About Cummins Group in India

Cummins in India, a power leader, is a group of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems,

air handling, filtration, emission solutions and electrical power generation systems. Its technology and pioneering initiatives are bringing innovative solutions and dependable services at the best possible value to users across the country. Its high performance outlook is based on customer focus, integrity and capability of its people. Part of the US \$19.1 billion Cummins Inc., Cummins in India is a Group of seven legal entities across 200 locations in the country with a combined turnover of ₹10,880 crores in 2016 and employing over 10,000 individuals.