



**PUNJAB TRACTORS LIMITED**

MD	✓		BKC	✓
CS	✓		DPY	✓
RC	✓		DIV	✓
TRA	HP		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓

ANNUAL REPORT 1997

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**PUNJAB TRACTORS LIMITED**

**BOARD OF DIRECTORS**

R.I. SINGH (Chairman)

S.K. TUTEJA

S.C. AGRAWAL

B.G. DAGA

S.P. VIRMANI

T.S. SAHNEY

N.S. GILL

CHANDRA MOHAN (Vice Chairman & Managing Director)

YASH MAHAJAN (Managing Director)

**VICE PRESIDENT - FINANCE**

P. SIVARAM

**COMPANY SECRETARY**

MAHESH KAUSHAL

**AUDITORS**

M/S. H.K. WADHAWAN & CO.

CHARTERED ACCOUNTANTS

**BANKERS**

INDIAN OVERSEAS BANK

CANARA BANK

BANK OF AMERICA

BHARAT OVERSEAS BANK LTD.

**REGISTERED OFFICE**

PHASE-IV, SAHIBZADA AJIT SINGH NAGAR,

DISTT. ROPAR-160 055.

**PUNJAB TRACTORS LIMITED****ANNUAL GENERAL MEETING**

on Friday, July 25, 1997

at 4.00 P.M. at Swaraj R&D Complex,

A29-E, Industrial Area, Phase-VII, S.A.S. Nagar,

Distt. Ropar-160 055.

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**PUNJAB TRACTORS LIMITED****NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Company will be held on Friday, July 25, 1997 at 4.00 P.M. at Swaraj R & D Complex, A29-E, Industrial Area, Phase-VII, S.A.S. Nagar, Distt. Ropar-160 055 to transact the following business :

**ORDINARY BUSINESS**

1. To consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1997 together with the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri B.G. Daga, who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri S.P. Virmani, who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint M/s S. Tandon & Associates, Chartered Accountants, as Statutory Auditors of the Company and fix their remuneration.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modification(s) the following resolutions :

6. As an Ordinary Resolution :  
 "RESOLVED THAT Shri S.K. Tuteja, who has been co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company."
7. As an Ordinary Resolution :  
 "RESOLVED THAT Shri S.C. Agrawal, who has been co-opted as Director of the Company and who in terms of Section 260 of the Companies Act, 1956 holds office as Additional Director until this Annual General Meeting, be and is hereby appointed as a Director of the Company."

Regd. Office :  
 Phase-IV, Sahibzada Ajit Singh Nagar  
 Distt. Ropar-160 055 (Punjab)  
 Near Chandigarh  
 Dated : June 27, 1997

BY ORDER OF THE BOARD

(MAHESH KAUSHAL)  
 Company Secretary

**PUNJAB TRACTORS LIMITED****NOTES**

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed hereto and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in the Form annexed hereto must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. The Register of Members shall remain closed for 10 days from July 1, 1997 to July 10, 1997 (both days inclusive).
4. Members are requested to bring their copy of Annual Report to the Meeting. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Secretary of the Company at least 10 days before the date of the Meeting so that information required may be made available at the Meeting.
5. Subject to the provisions of Section 206A of the Companies Act, 1956, dividend, as recommended by the Board of Directors, if approved at the meeting, will be payable on or after July 26, 1997, to those Members whose names appear in the Register of Members as on July 10, 1997.
6. Members are requested to :
  - Intimate to the Company changes, if any, in their registered address at an early date.
  - Quote ledger folio numbers in all their correspondence.
7. Dividend amount remaining unclaimed for and upto the financial year ended 31.3.1993 has been transferred to the General Revenue Account of the Central Government as required under sub-section (5) of Section 205(A) of the Companies Act, 1956. Members who have not encashed dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, 286, Defence Colony, Jalandhar City (Punjab). Unpaid Dividends that are due for transfer to the Central Government are as follows :

Financial Year ended	Due for transfer on
31.03.1994	20.10.1997
31.03.1995	20.10.1998
31.03.1996	03.10.1999

Members who have not encashed their dividend warrants for the aforesaid financial years are requested to approach the Company for obtaining duplicate Dividend Warrants.

8. Members/Proxy holders are requested to produce the attached admission slip duly completed and signed, for admission to the Meeting hall.

**PUNJAB TRACTORS LIMITED****ANNEXURE TO NOTICE****Explanatory Statement Relating to the Special Business**

As required by Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned under Item Nos. 6 & 7 of the accompanying Notice dated June 27, 1997.

**Item No. 6**

Shri S.K. Tuteja, IAS, who rejoined the Board as an Additional Director, vacates office at the forthcoming Annual General Meeting. The Company has received a notice in writing from a member u/s. 257 of the Companies Act, 1956 proposing the appointment of Shri Tuteja as a Director of the Company.

Shri Tuteja is currently Principal Secretary to Government of Punjab, Department of Finance. He has been associated with the Company for several years, during his tenure as Additional Managing Director of Punjab State Industrial Development Corpn. Ltd. (PSIDC) and Managing Director of PSIDC. Therefore, on his appointment as Principal Secretary Industries and Commerce, Government of Punjab, Shri Tuteja was Company's Chairman w.e.f. February, 1995 till July, 1996. Subsequently, as Principal Secretary to Govt. of Punjab, Department of Finance, he continued as a Director till Sept., 1996.

Shri Tuteja possesses rich and varied experience in the Government and industry. The Directors feel that his continued association with the Company at the Board level would be of immense value to the Company and hence commend his appointment in terms of resolution set out in Item No. 6 of the convening Notice.

Shri S.K. Tuteja, is interested and concerned in the Item.

**Item No. 7**

Shri S.C. Agrawal, IAS, co-opted as an Additional Director, vacates office at the forthcoming Annual General Meeting. The Company has received a notice in writing from a member u/s. 257 of the Companies Act, 1956 proposing the appointment of Shri Agrawal as a Director of the Company.

Shri S.C. Agrawal is Managing Director of Punjab State Industrial Development Corpn. Ltd. (PSIDC). He possesses rich and varied experience in the Government. The Directors consider that Shri Agrawal's association as Director would be of immense value to the Company and hence recommend acceptance of the Resolution set out in the Item No. 7 of the convening notice.

Shri S.C. Agrawal, is interested and concerned in the Item.



**PUNJAB TRACTORS LIMITED****REPORT OF THE DIRECTORS**

It is with a sense of pleasure that the Directors report on corporate operations for the year ended 31st March, 1997.

**YEAR IN RETROSPECT**

The Company has put behind it another year of record revenues, earnings and unit volumes. We posted an overall revenue of Rs. 615.3 crores, up 32% over 1996. Demonstrating the soundness of its earning structure, pretax profit jumped higher, some 44%, to reach Rs. 86.5 crores.

The entire year witnessed brisk demand for Swaraj tractors, the Company's principal product line. Growing at 26%, offtakes crossed the 33000 tractor mark, outperforming industry's 16% rate. This higher rate pushed Swaraj's market share to 15% from previous year's 13.8%.

Exports registered reasonable growth, with billings touching Rs. 7.5 crores, an increase of 18% over last year.

In contrast, demand for Combine Harvesters declined sharply, perking up a little only towards year end. Consequently, sales fell to 108 combines from 1996 level of 154. In the face of sluggish industrial growth, sale of Forklifts was also restrained - 169 against 160 for the previous year.

Out-turn of Castings was 6103 MT, an increase of 11%.

Bolstered by the notable improvement in both volume & model-mix in tractors underpinned by PTL's traditional cost efficiencies, operations have generated sizeably enhanced surpluses. Step up in cash profits was 41% over fiscal 1996 for a margin of 15.3% (1996 - 14.4%). Pre-tax profit at Rs. 86.5 crores reflects a margin of 14.1% (1996 - 12.9%). With some advantage from capital expenditure coming in this year, net profit at Rs. 56.3 crores recorded a solid 47% climb over fiscal 1996.

EPS on the doubled post bonus equity works out to Rs. 27.80 against Rs. 18.87 for 1996 on equity re-adjusted for comparison.

**DIVIDEND AND APPROPRIATIONS**

Having regard to the extent of improvement in earnings and current progress, the Directors have recommended a dividend of 80% for 1996-97 on the enhanced post bonus equity against 125% (62.5% on re-adjusted equity) declared and paid for 1995-96 on pre-bonus equity. The dividend payout for 1996-97 of Rs. 16.20 crores represents an increase of 28% over previous fiscal.

As members would be aware, unlike past years, this year's dividend will be completely exempt from Income Tax in the hands of receiving shareholders.

With dividend absorbing Rs. 16.20 crores, tax @ 10% on proposed dividend absorbing Rs. 1.62 crores, an amount of Rs. 37.49 crores has been transferred to general reserve, leaving Rs. 1.00 crore to be carried forward under Profit & Loss Account.

**FINANCE**

Since demand for Swaraj tractors stayed well ahead of production, fund position remained comfortable throughout 1996-97. As envisaged, the Company continued to strengthen its financial position during 1997 by channeling internal accruals to fund its expansion investments. The programme to expand tractor capacity to 60,000 picked up good pace this year. Factory construction was completed and installation of machine shop equipments commenced. Efforts



**PUNJAB TRACTORS LIMITED**

at accelerating project set up, particularly through pre-ponement of delivery of imported equipments, achieved a reasonable measure of success. As a result, both outlays and time frames have been within original estimates. Cash outgo on various capex programmes was around Rs. 48.0 crores including Rs. 16.0 crores on work in progress and advances. As per schedules, the Company repaid Rs. 1.0 crore against its term borrowings.

The Directors report that 130 deposits aggregating to Rs. 12.93 lacs matured but were not claimed as at 31st March, 1997. Subsequently, out of the above, 24 deposits aggregating Rs. 5.01 lacs have been repaid or renewed.

**BONUS SHARES**

Members would recall that after their approval to the 1:1 Bonus issue in the September '96 General Meeting, the Company had announced 16th December '96 as the record date for bonus eligibility. Subsequently, in early Feb '97, bonus share certificates containing contemporary security features were despatched to all shareholders. Taking advantage of this opportunity, the Company had also circulated its 9 monthly results (unaudited) to all shareholders - a step that was appreciated by shareholders.

It is matter for satisfaction that share price movements, pre and post bonus, have mirrored the growing confidence of investors in the Company. Against the doubled up equity, current share price of Rs. 600 translates into more than 100% appreciation reckoned from June '96's, pre bonus, price range of Rs. 575-580.

**SHAREHOLDER VALUE**

At this stage, it may be relevant to share our few thoughts on value creation, a topic of interest to Members. One of the company's core principles has been **"to provide consistently superior returns to Shareholders and other financial Stakeholders"**. Thus, to increase shareholder value over the long haul has been part of our Mission from inception. It is this focus that has enabled the company to generate sustainable "Economic Value" - after tax earnings over and above company's cost of total capital. Steadily expanding generation of such Economic Value has been the force driving Company's share value in the market place. In humility, the directors convey that resultant increase in the wealth of our investors has been a source of abiding satisfaction to them.

Members would also be happy to learn that based on a poll of Institutional Investors in December '1996, 'Asiamoney' magazine has listed your company amongst the top five (5) best managed companies in India.

**HUMAN RESOURCES**

A climate of generally cordial industrial relations prevailed in all the divisions. Information in accordance with Section 217(2A) of the Companies (Particulars of employees) Rule, 1975 is given in the Annexure to this report.

**CURRENT PERFORMANCE**

Tractor sales during April - June '97 is expected to move to 9300, a healthy expansion of 28% over 1996 compared to corresponding industry growth rate of 19%. In money terms, total revenues at Rs. 176.00 crores are up 38% over April-June '96 performance. Forecasts point to continuation of growth momentum during 1997-98.

The Company's expansion programme will also pickup further speed this year, when most of the remaining equipments are scheduled to be received and commissioned. As shared with members from time to time, upgradation of PTL's manufacturing base through internal accruals and under an affordable business structure would lead to sharpening of its competitive edges for future. The company is also taking decisive parallel steps to strengthen its R&D, sales and service capabilities. As a part of this strategy, the company would devote efforts to strengthen its core models, improve its product offerings and enhance customer satisfaction through quality and price competitiveness.

**PUNJAB TRACTORS LIMITED****ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.**

Particulars to be given in respect of the above activity under the Companies (Disclosure of particulars in the report of Directors) Rules, 1988 is given in the Annexure to this report.

**DIRECTORS**

Consequent upon his appointment as Secretary Industries & Commerce, Punjab, Shri Ramesh Inder Singh became the Chairman of the Company from 28.2.1997 vice Shri I.S. Bindra. Prior thereto, Shri K.R. Lakhanpal and Shri I.S. Bindra had respectively succeeded Shri Gokul Patnaik as Chairman. The Directors place on record their deep appreciation to S/Shri Gokul Patnaik, K.R. Lakhanpal and I.S. Bindra for the leadership provided during their tenure.

Following withdrawal of nomination by IDBI and PSIDC respectively, Shri K.X.M. John & Shri P.S. Bajwa ceased to be directors of the Company. The directors place on record their appreciation to the contributions of Shri John & Shri Bajwa.

Shri S.K. Tuteja, Principal Secretary to Govt. of Punjab, Finance Deptt., co-opted on the Company's Board on 30.4.1997, holds office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. Notice u/s. 257 of the Companies Act, 1956 has been received from a member proposing Shri. Tuteja's appointment as a Director of the Company.

Shri S.C. Agrawal, IAS, MD, Punjab State Industrial Development Corporation (PSIDC), co-opted on the Company's Board on 30.4.1997, holds office upto the date of forthcoming Annual General Meeting and is eligible for re-appointment. Notice u/s 257 of the Companies Act, 1956 has been received from a member proposing Shri Agrawal's appointment as a Director of the Company.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, S/Shri B.G. Daga and S.P. Virmani retire by rotation and are eligible for re-appointment.

**AUDITORS**

M/s. H.K. Wadhawan & Co., Chartered Accountants, who hold office upto the forthcoming Annual General Meeting, have owing to their professional commitments conveyed their inability to offer themselves for re-appointment. As such, M/s. S. Tandon & Associates, Chartered Accountants, are being recommended as the Statutory Auditors for 1997-98. Appropriate resolution in this regard forms part of Agenda for the forthcoming Annual General Meeting.

FOR AND ON BEHALF OF THE BOARD

R.I. SINGH  
Chairman

CHANDRA MOHAN  
Vice Chairman & Managing Director

YASH MAHAJAN  
Managing Director

Place : CHANDIGARH  
Date : 27th June, 1997