

Core Beliefs

1. We have a long-standing relationship with the farm and farming community - the national heritage as well as the national agenda - which provides us with immense growth opportunities.
2. Our strength is the involvement of our people, team spirit, their high integrity, abiding loyalty and life time commitment to the Swaraj enterprise.
3. We seek corporate excellence and profits through ethics, passion and perseverance.
4. We consider ourselves custodians and trustees of all our constituencies - our customers, employees, business associates, shareholders and society, and pursue the responsibility for creation of wealth for them with missionary zeal.

BOARD OF DIRECTORS

ANJANIKUMAR CHOUDHARI
(Chairman)

M. RAGHAVENDRA

K. SAHAY

S.K. CHANANA

HARDEEP SINGH

DALJIT MIRCHANDANI

CHANDRA MOHAN

V.S.PARTHASARATHY

NARAYAN SHANKAR

BISHWAMBHAR MISHRA
(Managing Director & Chief Executive Officer)

A.M. SAWHNEY
(Deputy Managing Director)

**VICE PRESIDENT – FINANCE
& COMPANY SECRETARY**

M.N. KAUSHAL

AUDITORS

M/S. S. TANDON & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS

INDIAN OVERSEAS BANK
CANARA BANK
STATE BANK OF INDIA

REGISTERED OFFICE

PHASE - IV, INDUSTRIAL AREA,
S.A.S. NAGAR (MOHALI),
PUNJAB - 160 055

ANNUAL GENERAL MEETING

on Monday, 16th June, 2008
at 3.00 P.M. at Swaraj Engines Limited,
Plot No. 2, Industrial Phase - IX,
S.A.S. Nagar (Mohali), Punjab - 160 059

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REPORT OF THE DIRECTORS

Your Directors are pleased to present their 37th Annual Report together with Audited Accounts for the financial year ended 31st March, 2008.

FINANCIAL RESULTS :

	Year ended 31 st March, 2008	Rs. Crores Year ended 31 st March, 2007
Net Operating Revenue	969.6	958.9
Other Income	2.4	4.3
Total Revenue	972.0	963.2
Gross Profit	99.4	114.9
Net Finance Charges / (Income)	(14.6)	0.9
Depreciation	16.9	15.5
Profit Before Tax	97.1	98.5
Extraordinary Income	—	11.0
Total Profit Before Tax	97.1	109.5
Tax Provisions		
— Current	37.2	34.1
— Deferred	(5.3)	(2.6)
Profit After Tax	65.2	78.0
Balance of Profit from Prior Years	25.0	14.0
Surplus available for Appropriation :	90.2	92.0
Appropriations :		
Proposed Dividend	30.4	—
Tax on Proposed Dividend	5.2	—
Transfer to General Reserve	24.6	67.0
Balance carried to Balance Sheet	30.0	25.0

DIVIDEND

Your Directors are pleased to recommend a dividend @ 50 per cent (Rs. 5 per Equity Share) compared to Nil for the previous year, payable to those Members whose names appear in the Register of Members as on Book Closure date. The dividend including dividend distribution tax, surcharge and education cess will absorb a sum of Rs. 35.6 crores.

REVIEW OF OPERATIONS

During the year, your Company has made special efforts to reduce dealer outstandings by focusing attention on increasing retail sales and reducing dealer stocks and thereby increase in collection from dealers. This has helped substantial reduction in pipeline stocks and dealer outstandings.

PUNJAB TRACTORS LIMITED

Your Company took a bold step by curtailing billing of tractors to the dealers during the first half of the financial year to create a fine balance between product sales and the cash receivables by the Company. Even though this measure taken by your Company contributed to a temporary drop in sales, this created an excellent platform for sound business growth in the second half of the financial year.

Your Directors are happy to report that the impact of the above measures was visible in the second half leading to higher tractor sales during October 2007 – March 2008. Swaraj is one of the few brands which have shown significant growth in the second half despite a de-growth in the domestic tractor industry.

As a result of the above initiatives, trade receivables during the year came down by Rs. 222.3 crores. On 31st March, 2008, the total trade receivables were Rs. 281.3 crores.

Despite high pressure on prices of steel related items, material cost for the current fiscal was a shade better than last year. This became possible due to cost reduction exercises, value engineering efforts, sourcing synergy with Mahindra & Mahindra Ltd., the holding company, and better buying practices.

The positive impact of the strategies undertaken by the Company is summarized below:

Parameters	First Half 2007-08	Second half 2007-08	Growth over First Half
Tractor Sales (Nos.)	10974	17071	56%
Total Revenue (Rs. Crores)	380.8	591.2	55%
Pre-Tax Profit (Rs. Crores)	19.3	77.8	303%

The total revenue for the year 2007-08 was Rs. 972.0 crores against Rs. 963.2 crores for the previous year. Profit for the year before interest, depreciation, extraordinary income and taxes was Rs. 99.4 crores against Rs. 114.9 crores posted in the previous year. The net interest for this period was an income of Rs. 14.6 crores against an expense of Rs.0.9 crores for the previous year. The cash profit at Rs. 114.0 crores was same as of the previous year.

The Profit before tax for the year was Rs. 97.1 crores against Rs. 98.5 crores (excluding extraordinary income) for 2006-07.

FINANCE

Improved dealer collections and internal generations have led to additional cash inflows resulting in a net income of Rs. 14.6 crores on interest account against an expense of Rs. 0.9 crores for the last year.

As at 31st March, 2008, the amount of outstanding unsecured public deposits was Rs. 4.0 crores as compared to Rs. 10.7 crores last year.

The Consortium of Bankers rates the Company as a prime customer and continues to extend facilities / services at or below the prime rates.

Your Company follows a prudent financial policy and aims to maintain optimum financial gearing at all times. The Company's total Debt to Equity Ratio was 0.01 as on 31st March, 2008.

CORPORATE GOVERNANCE

As required by provisions of the Listing Agreements with the Stock Exchanges, reports on Management Discussion and Analysis, Corporate Governance as well as Auditor's Certificate regarding compliance of conditions of Corporate Governance are annexed to this Report.

INDUSTRIAL RELATIONS

Industrial relations were cordial in all the divisions throughout the year under review. The Management Discussion and Analysis Report gives an overview of the developments in Human Resources during the year.

PARTICULARS OF EMPLOYEES

The Company had 10 employees who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2008 or not less than Rs.2,00,000 per month during any part of the said year.

However, as per the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the Shareholders of the Company excluding the Statement of particulars of employees. Any Shareholder interested in obtaining a copy of the Statement may write to the Company Secretary of the Company.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company is committed towards excellence in Safety, Occupational Health and Environment. This is also to ensure sustainable business growth. The Company has a well-established Safety, Occupational and Environmental Policy which inter alia ensures safety of public, employees, plant and equipment by ensuring compliance with all statutory rules and regulations on regular basis. Your Company also imparts training to its employees as per the predefined training calendar, carries out statutory safety audits of its facilities as per legal requirement, conducts regular medical check-up of its employees and promotes eco-friendly activities. The three plants of the Company at Mohali, Chappercheri and Majri have been certified with ISO 9000 and the process for ISO 14000 and 18000 certification for all these plants is in progress.

DIRECTORS

Shri S.Durgashankar who was appointed as an Additional Director at the meeting of the Board of Directors held on 14th July, 2007, resigned on 30th November, 2007. The Directors record their appreciation of the contribution made by Shri Durgashankar during his brief tenure as Director of the Company.

General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India (GIC) withdrew the nomination of Shri M. Raghavendra as a Nominee Director and nominated Shri S.K.Chanana as their representative on the Board of the Company. Shri Chanana was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 23rd October, 2007. He holds office upto the date of the forthcoming Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Shri Chanana as candidate for the office of Director.

Shri M. Raghavendra whose nomination was withdrawn by General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India (GIC) was re-inducted on the Company's Board as an Independent Director with effect from 23rd October, 2007 in view of his long association and invaluable contribution to the Company. Shri Raghavendra who was appointed as an Additional Director holds office upto the date of the forthcoming Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 from a Member signifying his intention to propose Shri Raghavendra as candidate for the office of Director.

Shri V.S.Parthasarathy and Shri Narayan Shankar, who were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on 23rd October, 2007, hold office upto the date of the forthcoming Annual General Meeting. The Company has received notices under section 257 of the Companies Act, 1956 from Members signifying their intention to propose Shri Parthasarathy and Shri Shankar as candidates for the office of Directors.

Shri Hardeep Singh and Shri Daljit Mirchandani retire by rotation, and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the operating management, and after due enquiry, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgment and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ETC.

Particulars in respect of the above activity under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is annexed to this report.

AUDITORS

The Company's Statutory Auditors, M/s. S.Tandon & Associates, Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them that their reappointment, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

DEPOSITS

Your Directors report that as on 31st March, 2008, 49 deposits aggregating Rs. 27.4 lacs matured but were not claimed. Subsequently, out of the above, 14 deposits aggregating Rs. 7.2 lacs have been repaid or renewed. The particulars of loans/ advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., were required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement and are furnished separately.

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : 7th May, 2008

ANJANIKUMAR CHOUDHARI
Chairman

ANNEXURE TO DIRECTORS' REPORT

(Year ended 31st March, 2008)

Information required under the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

CONSERVATION OF ENERGY

1. Automatic power factor installed to bring power factor to 0.99.
2. CFL replaced in place of incandescent lamps.
3. Cold washing system introduced in washing machines using improved chemicals.
4. Installation of variable frequency drive.
5. Reconditioning of sealed quench furnaces (3 nos.) to reduce heat loss.
6. Coating on four furnaces to reduce heat loss.

Total annual expected savings - Rs.12.0 lacs.

RESEARCH & DEVELOPMENT

Expenditure on R&D during 2007-08 :	(Rs. in Crores)
Capital	0.45
Recurring	8.85
Total	<u>9.30</u>
Total R&D Expenditure as %age to Total Turnover	0.96

Major research and development activities have been :

1. Swaraj-855 tractor engine improved for fuel efficiency and introduced on regular basis.
2. Swaraj-744 tractor engine improved for fuel efficiency and pilot lot introduced.
3. New Tamil Nadu Special variant of Swaraj-735 tractor model was commercially launched.
4. Swaraj track type combine, designed & developed by in-house R&D was commercially launched.
5. Swaraj 3 tonne battery forklift, designed & developed by in-house R&D was commercially launched.
6. On-going product improvement projects for performance, reliability and value addition continued with vigour.

No technology has been imported during the last 5 years.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year ended 31st March, 2008, the Company was able to generate export earnings of Rs.16.94 crores. Foreign exchange utilised during the year amounted to Rs.4.52 crores. Details relating to earnings/utilisation are contained in Note Nos. 22 to 24 of the Notes on Accounts (Schedule L).

Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc. required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.

Investment in shares of the Associate Companies

Name of Company	Balances as on 31 st March, 2008	Rs. in Crores Maximum outstanding during the year
Swaraj Engines Ltd.	0.69	0.69
Swaraj Automotives Ltd.	0.06	0.06

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company is in the business of manufacturing and selling tractors with a view to satisfy customers having farm mechanization and other commercial applications needs. Besides this, forklifts are manufactured and sold to industrial customers, to meet their material handling equipment requirements.

Your Company endeavors to achieve a high level of Customer Satisfaction by also providing prompt and reliable after sales service.

1. THE SWARAJ JOURNEY

1.1. Tractors:

The Government of Punjab founded Punjab Tractors Limited (PTL) in 1970. In April 1974, the Company successfully launched its first commercial tractor under the brand **Swaraj**. Swaraj 724 (26.5 HP) was the first tractor model launched by the Company.

In the last thirty four years, ending March 2008, the Company has sold more than six and half lakh tractors. The Company has developed nine tractor models with more than a hundred variants, during this period.

Commencing its journey from northern India, Swaraj now has a pan-India presence. It has an extensive dealership network with more than five hundred and fifty dealers. During the fiscal year 2007-08, the Company added forty three dealers and eight spare parts distributors. The sales volume achieved during this period was 28,045 tractors. (30,045 tractors in 2006-07).

Swaraj has also expanded its presence in the overseas markets including select African and SAARC nations. This fiscal, the revenue from exports was Rs. 29.0 crores. (Rs. 26.2 crores in 2006-07).

1.2. Combines & Forklifts:

Punjab Tractors is the largest producer of Harvester Combines in the organised sector of India. Over the past 28 years, the Company has sold nearly 3,150 combines.

Due to the subdued demand conditions, 65 combines were sold in 2007-08 (105 combines in 2006-07).

Total sale of forklifts units till 31st March, 2008 has been around 2,000 including 140 in 2007-08 (147 forklifts in 2006-07)

1.3. Castings:

Company's Foundry Division caters primarily to the Swaraj group. Production of castings in financial year 2007-08 was 9,600 Metric Tonnes (MT) valued at Rs. 50.5 crores (10,700 MTs in 2006-07).

2. FINANCIAL ANALYSIS (2007-08)

The details of financial position and performance are available in the Balance Sheet, Profit and Loss Account along with related schedules and notes. The key aspects are highlighted in the following paragraphs:

2.1. Profit and Loss Account

Total revenue for the year was Rs. 972.0 crores (Previous year Rs. 963.2 crores) as per the table given below:

Particulars	(Rs. Crores)	
	2007-08	2006-07
Tractors	892.5	890.5
Harvester Combines	7.1	10.9
Forklifts	9.0	9.2
Components, Spares, Scrap etc.	61.0	48.3
Total Product Revenue	969.6	958.9
Other Income	2.4	4.3*
Total Revenue	972.0	963.2

*excludes gain of Rs. 11.0 crores on sale of units of Canfortune 94 Scheme

Despite the prevailing volatile market situation, material cost including consumption of stores and spares as a percentage of total product revenue stayed at 71.3% against last year's level of 71.7%. This was mainly due to cost reduction exercises, value engineering efforts, better buying practices and sourcing synergy with Mahindra & Mahindra Ltd.

Reflecting continued strategic focus on maximising retail sales and collections, dealer billings during FY 2007-08 were restricted to 28,045 tractors.

Personnel costs at Rs. 102.1 crores (last year Rs. 85.4 crores), represented 10.5% of total product revenue (last year 8.9%). The increase in absolute outlays reflects impact of mainly the wage revision for management staff during the year.

Manufacturing, Administrative & Marketing expenses for the year aggregated Rs. 70.7 crores, at 7.3% of total product revenue against Rs. 66.6 crores (6.9% of total product revenue) in FY 2006-07.

R&D expenses added up to Rs. 8.9 crores, 0.9% of total product revenue as against Rs. 8.5 crores (0.9%) during FY 2006-07.

Overall operating expenditure as a percentage of total product revenue rose from 16.7% (FY 2006-07) to 18.7% (FY 2007-08).

With improved dealer collections and internal generation, interest cost for the year resulted in net income of Rs. 14.6 crores against an expense of Rs. 0.9 crores during the corresponding period last year.

Profit Before Tax stood at Rs. 97.1 crores compared to Rs. 98.5 crores during 2006-07 (excluding extraordinary income of Rs. 11.0 crores), representing a margin of 10.0% (10.2% in FY 2006-07).

Corporate tax at Rs. 37.2 crores works out to an effective rate of 38.3% (previous year 34.7%), excluding extraordinary income. Deferred tax (Assets) for the current year was Rs. 5.3 crores.

2.2. Balance Sheet

Company's net worth as at 31st March, 2008 stood at Rs. 664.8 crores comprising an Equity component of Rs. 60.8 crores and Reserves of Rs. 604.0 crores – a book value of Rs.109.43 per share (Rs. 106.49 in FY 2006-07). Of the total equity, 8% comprises the IPO of Rs. 1.1 crore (FY 1971-72) and 2 Rights Issues of collectively Rs. 3.6 crores (1:1 during FY 1988-89 and 1:2 during FY 1990-91). The Balance 92% of Rs.56.1 crores represents 4 Bonus Issues made in 1981 (2:5), 1992 (1:1), 1996 (1:1) and 2000 (2:1).

With repayment of public fixed deposits during the year, the total outstanding deposits came down to Rs. 4.0 crores as at 31st March, 2008 (Rs. 10.7 crores during FY 2006-07).

Gross Block and Net Block of assets stood at Rs. 304.2 crores (FY 2006-07 Rs. 295.3 crores) and Rs. 87.9 crores (FY 2006-07 Rs.93.5 crores) respectively. These assets represent a double shift annual production capacity of 60,000 tractors.

With the reduction in stock of raw material & components, year-end inventory fell to Rs. 113.8 crores against Rs. 134.3 crores level as at 31st March, 2007.

On the basis of focused efforts directed towards retail sales and improved collections, trade debtors at the end of fiscal 2007-08 came down significantly to Rs. 281.3 crores (Rs. 503.6 crores during FY 2006-07) equivalent to 106 days of billing (192 days during FY 2006-07). This reduction was accompanied by improvement in tenor across all territories.

Year-end dues to creditors stood at Rs. 83.4 crores (Rs.102.7 crores during FY 2006-07), representing 45 days buying (51 days during FY 2006-07).

3. INTERNAL CONTROL SYSTEM AND ADEQUACY

At Punjab Tractors Ltd., established systems and procedures for internal control are in place on a Company-wide basis. The Annual Business Plan (ABP) is formulated on an annual basis through well-defined processes. This is subsequently approved by the Company's Board of Directors. The reporting and monitoring system is highly structured and is reviewed at the Audit Committee meeting and by the Board while reviewing the quarterly business performance. Policies and procedures have been laid down to provide reasonable assurance that assets are safeguarded from risks of un-authorized usage / disposition and transactions are recorded and reported with propriety, accuracy and speed. These aspects of operations are regularly monitored and verified by the Internal Audit Department and by the Company's Statutory Auditors. The same are also subsequently put up to the Audit Committee of the Board for consideration. The Internal Audit Department is adequately staffed and manned by professionally qualified and experienced personnel.

4. HUMAN RESOURCES

One of the major strengths of Punjab Tractors Ltd. has always been the high level of employee involvement, excellent team orientation, high integrity and employee commitment. Over the years, a culture has been formed that encourages experimentation and continuous improvement.

During this year, Company has introduced Performance Management System (PMS) to objectively measure the performance of the individual and the organization. The overall remuneration structure is linked with PMS.

To further increase the competence level of the employees, systematic and structured training is provided at different levels, including training on leadership development, communication effectiveness and team working. This has made a significant contribution to our business.

Industrial relations were cordial in all the divisions throughout the year under review.

The total employee strength was 2244 nos. as on 31st March, 2008 (against 2273 nos. on 31st March, 2007).

5. TRACTOR INDUSTRY STRUCTURE

The Indian tractor market is the largest in the world, in terms of sales volume. During the current FY 2007-08, around 3,02,000 tractors were sold in India and 44,000 tractors were exported.

The tractor market is segmented by horsepower - low: 25 HP segment, mid: 35 HP and high: more than 45 HP. Most of the major players cater to all the three segments. However, their relative strengths and market positions differ from segment to segment. The domestic tractor industry is fragmented, with about 14 major players and a couple of small local players. Several factors affect tractor sales, e.g., monsoons, means of irrigation, water reservoir levels, government declared support prices for crops, commodity prices, crop production expenses (including seeds, fuel, fertilizer, pesticides and other costs) and the credit policy as announced by the banks. The availability of finance is one of the most significant factors influencing tractor demand, as more than 95% of tractors purchased are financed through loans.

Exports contribute to around 13% of the Indian tractor industry.

6. INDUSTRY DEVELOPMENTS

The first monsoon (between June and Sept) of FY 2007-08 was 105% of the long period average, resulting in a good Kharif crop. The second monsoon was lower than normal in more than half of the areas across India, leading to reduced Rabi sowing by 3% in comparison to FY-07. On an annual basis, the crop production during FY-08 (Rabi and Kharif combined) is estimated to be 3% higher than last year.

During the year, the Government had declared a significantly higher Minimum Support Prices for both Kharif and Rabi crops resulting in better price realization and hence higher income for the farmers.

Overall, it has been estimated that the agricultural GDP of India would grow at 2.6% during FY 2007-08.

In FY 2007-08, credit allocation to agriculture was increased to Rs. 2,25,000 crores. However, due to higher NPAs, we witnessed a slowdown in bank financing and tightening of lending norms. This coupled with higher interest rates, caused de-growth of around 5% in domestic sales in the tractor industry over FY 2006-07. The domestic industry closed at 3,02,000 tractors during FY 2007-08, compared to 3,18,000 tractors in FY-07. Exports from India stood at 44,000 tractors in FY 2007-08, a growth of 31% over the last year.

This year the tractor industry had to also bear the impact of significant raw materials cost inflation. Over the last four years, the prices of important inputs like steel, pig iron and rubber have been increasing continuously. The price of crude oil has also increased significantly in the current year. Simultaneously, the export business has been adversely affected due to the significant appreciation of the Indian rupee against the U.S. dollar. As a result of all these factors, margins continued to be under pressure.

The industry has been witnessing consolidation in the domestic market. During FY 2005-06, Tractor and Farm Equipment Ltd. (TAFE) acquired Eicher Tractors Ltd. During FY 2007-08, Mahindra & Mahindra Ltd. (M&M) acquired a majority stake in Punjab Tractors Ltd. (PTL). The consolidated market share of the Farm Equipment Sector of M&M and PTL is now around 40% of the domestic market.

Mahindra & Mahindra Ltd. and Mahindra Holdings & Finance Ltd. hold approximately 64.6% of the equity share capital of the Company. Mahindra & Mahindra Ltd., Mahindra Holdings & Finance Ltd. and Mahindra Holdings Ltd. are constituents of the Mahindra & Mahindra Group as per the Monopolies and Restrictive Trade Practices Act., 1969 in relation to the Company.

7. OPPORTUNITIES

Increased agri-focus of the Indian Government, as reflected in the budget for FY 2008-09 and the low penetration of tractors in the domestic market provides significant scope for business expansion, which PTL intends to leverage through its strong marketing initiatives like brand building, creating stronger franchisees, restructuring dealerships and introduction of new products.

Additionally, the Company will have the advantage to synergize with Mahindra and Mahindra, Farm Equipment Sector (the market leader in the tractor industry) in the areas of sourcing, manufacturing, product development and distribution. This would provide significant value to various stakeholders.

8. THREATS

The increasing fuel prices may have an adverse impact on the tractor users as around 60% of the running cost for a tractor is on account of diesel consumption. The increased cost if not balanced by a corresponding increase in the crop prices, may adversely impact tractor demand.

Any form of tariff/non-tariff barriers, if imposed by a country where PTL has a significant presence or has plans to grow may cause a threat. For exporters, any political/economic uncertainty or natural calamity in the countries of export might be a potential threat.

A major threat to any tractor manufacturer lies in the escalation of raw material prices. Such price hikes, especially for iron, steel and rubber are likely to put pressure on prices and could affect profit margin or demand. Apart from this, a steep increase in crude oil prices globally could have an inflationary impact on the overall economy.

9. RISKS & CONCERNS

Growing bank NPAs is a concern area for tractor manufacturers. This puts pressure on the credit availability to the farmers, which may impact tractor sales. Also, the recent increase in interest rates may further impact the loan repayment ability of the farmer.

10. OUTLOOK

For FY 2008-09, the Government of India has proposed an allocation of Rs.2,80,000 crores towards agricultural credit, which is a positive development for the tractor industry. Moreover, there is a stronger focus on irrigation projects and an outlay of Rs. 20,000 crores has been provided for development of areas with scanty rainfall. The strong emphasis on rural economic development and increased support to the agriculture sector by the Government will create enhanced opportunities for growth in farm mechanization.

Debt - waiver to the tune of Rs. 50,000 crores has been announced for small and marginal farmers and a one-time settlement of 25% of loan for remaining farmers, amounting to Rs. 60,000 crores in totality. This is expected to create additional liquidity in the hands of the farmers.

In view of the various domestic macro economic indicators, it is expected that the Indian tractor industry would maintain a growth trend in the long term. Internationally, PTL plans to expand into newer markets and strengthen its presence in existing markets.

11. CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis Report describing Company's objectives, projections estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

CORPORATE GOVERNANCE REPORT

Your Company is committed to Corporate Governance in all its activities and believes in complete transparency in all its dealings. Its core belief has been that it considers itself the custodian and trustee of all its stakeholders.

Your Company has been practicing principles of good Corporate Governance and ethical business practices since inception.

A report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below.

I Board of Directors

The Company has a Non-Executive Chairman and the number of Independent Directors is more than 1/3rd of the total number of Directors. The number of Non-Executive Directors is more than 50% of the total number of Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Non-Executive Directors bring a wide range of experience and independent judgement to the Board's deliberations and decisions. The Company has a Managing Director and a Deputy Managing Director who are Whole-time Directors.

Shri Anjanikumar Choudhari, Shri V.S. Parthasarathy and Shri Narayan Shankar, Non-Executive Directors of the Company are in the whole time employment of the holding company, Mahindra & Mahindra Limited and draw remuneration from it. Apart from the above and the reimbursement of expenses incurred in discharge of their duties and the remuneration that some of the Non-Executive Directors and the Managing Director and Deputy Managing Director would be entitled to under the Companies Act, 1956, none of the Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Senior Management and associates which in their judgement would affect their independence.

The primary role of the Board is that of trusteeship, to protect and enhance shareholders' value through strategic supervision of Company's operations. The Board also provides direction and exercises appropriate control to ensure that the Company fulfills the stakeholders' aspirations and societal expectations.

A. Composition of the Board

As on 31st March, 2008, the Company's Board of Directors comprised of eleven members. The Chairman of the Board and two other members are Non-Independent, Non-Executive Directors. The Managing Director and the Deputy Managing Director are executives of the Company while remaining six are Independent Directors.

The information on composition of the Board, number of Board Meetings, attendance of Directors at Board Meetings/Annual General Meeting, Directorships and Committee positions held in Public Companies is given below:

Name of Director	Category	Financial Year 2007-08		Attendance at the last AGM	Total Number of Directorships@ in public companies#	Committee+ Position held in public companies#	
		Board Meetings held\$	Board Meetings Attended			Chairman	Member
Present Directors							
Shri Anjanikumar Choudhari (Chairman) (appointed w.e.f. 22.05.2007)	Non Executive	5	5	Yes	6	1	3
Shri K. Sahay^ (appointed w.e.f. 14.07.2007)	Independent Non Executive	4	4	No	1	-	-
Shri S.K.Chanana* (appointed w.e.f. 23.10.2007)	Independent Non Executive	2	1	N.A.	5	-	1
Shri M.Raghavendra	Independent Non Executive	5	5	Yes	2	1	1

PUNJAB TRACTORS LIMITED

Name of Director	Category	Financial Year 2007-08		Attendance at the last AGM	Total Number of Directorships@ in public companies#	Committee+ Position held in public companies#	
		Board Meetings held\$	Board Meetings Attended			Chairman	Member
Present Directors							
Shri Hardeep Singh	Independent Non Executive	5	5	Yes	3	-	2
Shri Daljit Mirchandani	Independent Non Executive	5	4	No	3	-	1
Shri Chandra Mohan (appointed w.e.f. 14.07.2007)	Independent Non Executive	4	3	Yes	9	-	6
Shri V.S.Parthasarathy (appointed w.e.f. 23.10.2007)	Non Executive	2	2	N.A.	7	-	4
Shri Narayan Shankar (appointed w.e.f. 23.10.2007)	Non Executive	2	2	N.A.	6	-	-
Shri Bishwambhar Mishra (Managing Director & CEO) (appointed w.e.f. 22.05.2007)	Executive	5	5	Yes	3	-	3
Shri A.M.Sawhney (Deputy Managing Director)	Executive	5	5	Yes	3	-	3
Ex-Directors							
Dr. S.Narayan (ceased w.e.f. 10.05.2007)	Independent Non Executive	-	-	N.A.	N.A.	N.A.	N.A.
Shri Sachit Jain (ceased w.e.f. 10.05.2007)	Independent Non Executive	-	-	N.A.	N.A.	N.A.	N.A.
Shri P.D.Narang (ceased w.e.f. 06.07.2007)	Independent Non Executive	1	1	N.A.	N.A.	N.A.	N.A.
Shri Donald Peck (ceased w.e.f. 06.07.2007)	Non Executive	1	1	N.A.	N.A.	N.A.	N.A.
Shri Steven Enderby (ceased w.e.f. 06.07.2007)	Non Executive	1	1	N.A.	N.A.	N.A.	N.A.
Shri N.Mohanraj^ (ceased w.e.f. 14.07.2007)	Non Executive	1	-	N.A.	N.A.	N.A.	N.A.
Shri P.Sivaram (ceased w.e.f. 14.07.2007) (Chief Operating Officer & Whole-time Director)	Executive	1	1	N.A.	N.A.	N.A.	N.A.
Shri S.Durgashankar (appointed w.e.f. 14.07.2007 & ceased w.e.f. 30.11.2007)	Non Executive	3	3	Yes	N.A.	N.A.	N.A.

^ Nominee of LIC * Nominee of GIC \$ Indicates the Board meetings held during the tenure of Director(s)

@ Excludes Alternate Directorships but includes Additional Directorships and Directorship in Punjab Tractors Ltd.

Excluding private, foreign and companies registered under Section 25 of the Companies Act, 1956.

+ Committees considered are Audit Committee and Shareholders' / Investors' Grievance Committee, including that of Punjab Tractors Ltd.

- a) None of the Director on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.
- b) The Senior Management has made disclosures to the Board confirming that there has been no material, financial and/or commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

During the financial year 2007-08, there were five Board Meetings which were held on 22nd May, 2007, 14th July, 2007, 26th July, 2007, 23rd October, 2007 and 22nd January, 2008. The gap between any two Meetings did not exceed four months. The 36th Annual General Meeting (AGM) was held on 22nd September, 2007.

B. Board Procedure

The Board meets at regular intervals and a detailed Agenda folder is sent to each Director prior to Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director and Deputy Managing Director apprise the Board at every Meeting of the overall performance of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, review of major legal issues, adoption of quarterly/half-yearly/annual results, significant labour issues, and Minutes of Meetings of the Audit and other Committees of the Board.

C. Directors seeking appointment / reappointment

At the ensuing Annual General Meeting, Shri Hardeep Singh and Shri Daljit Mirchandani retire by rotation and, being eligible, have offered themselves for reappointment.

Shri S. K. Chanana, Shri M. Raghavendra, Shri V. S. Parthasarathy and Shri Narayan Shankar have been appointed as Additional Directors of the Company. They hold office till the ensuing Annual General Meeting. Notices from Members have been received proposing their candidature for the office of the Directors.

Shri Hardeep Singh

Shri Hardeep Singh has been on the Board of the Company as Independent Director since January, 2006.

Shri Hardeep Singh holds a Bachelor’s degree with honours in Arts and Advanced Marketing Practicum from Kellogg School of Management. He is currently the Chairman of Amalgamated Plantations Pvt. Ltd., a new holding company formed for all Tata Tea plantation assets. He is also Honorary Chairman of Cargill India Pvt. Ltd. Until recently, he was the Executive Chairman, Cargill India, responsible for all businesses of Cargill companies in India & Pakistan.

Prior to joining Cargill, Shri Hardeep Singh was Director- Rallis India Ltd. He has over 29 years of rich experience in managing agricultural businesses, international trade and food processing businesses.

Shri Hardeep Singh is also a Director of Swaraj Engines Ltd. and Advanta India Ltd.

Shri Singh is a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Punjab Tractors Ltd.	Remuneration cum Compensation Committee Audit Committee	Chairman Member
2.	Swaraj Engines Ltd.	Remuneration cum Compensation Committee	Chairman
3.	Advanta India Ltd.	Remuneration Committee Audit Committee	Chairman Member
4.	Amalgamated Plantations Pvt. Ltd.	Audit Committee	Member

Shri Hardeep Singh does not hold shares in the Company.

PUNJAB TRACTORS LIMITED

Shri Daljit Mirchandani

Shri Daljit Mirchandani has been on the Board of the Company as an Independent Director since January, 2006.

Shri Daljit Mirchandani holds a Bachelor's degree in Electrical Engineering. He joined Ingersoll – Rand (India) Ltd. as President in 1998 and further took over the responsibility as the Chairman & President. Prior to this, he has been associated with Kirloskar Oil Engines Ltd. for 27 years and the last position held by him was that of an Executive Director.

Shri Daljit Mirchandani is also a Director of Praj Industries Ltd.

Shri Mirchandani is a Member of the following Board Committee:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Punjab Tractors Ltd.	Audit Committee	Member

Shri Daljit Mirchandani holds 600 shares in the Company.

Shri S. K. Chanana

Pursuant to nomination by General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India, Shri S. K. Chanana was appointed as an Additional Director on 23rd October, 2007.

A Post Graduate in Economics from Delhi School of Economics, Shri Chanana also holds a Bachelors' Degree in Law. He is a Member of the Institute of Company Secretaries of India, the Institute of Cost and Works Accountants of India and Insurance Institute of India. Having joined Oriental Insurance Company Ltd. in 1987 as Company Secretary, Shri Chanana is presently its Director and General Manager and has handled various important assignments.

Shri S. K. Chanana is also a Director of The Industrial Credit Company Ltd., Agriculture Insurance Company of India Ltd. and Modi Rubber Ltd.

Shri Chanana is a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	The Oriental Insurance Company Ltd.	Audit Committee	Member
		Investment Committee	Member

Shri S.K.Chanana does not hold shares in the Company.

Shri M. Raghavendra

Shri M. Raghavendra, who was appointed on the Board of the Company in March 2005, ceased to be a Director with effect from 23rd October, 2007 consequent upon withdrawal of his nomination by General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India (GIC). However, in view of his long association and invaluable contributions to the Board, Shri Raghavendra has been re-inducted on Company's Board as an Independent Director with effect from 23rd October, 2007.

Shri M. Raghavendra holds a Bachelor's degree in Commerce and Law and is also a member of the Insurance Institute of India. He has worked with GIC / Oriental Insurance Company Ltd. in various capacities and the last position held by Shri Raghavendra in GIC was that of a General Manager.

Shri M. Raghavendra is also a Director of GIC Asset Management Co. Ltd. and LIC Mutual Fund Trustee Co. Pvt. Ltd.

Shri Raghavendra is a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	GIC Asset Management Co. Ltd.	Audit Committee	Member
2.	LIC Mutual Fund Trustee Co. Pvt. Ltd.	Audit Committee	Member
3.	Punjab Tractors Ltd.	Audit Committee Remuneration cum Compensation Committee	Chairman Member

Shri M. Raghavendra holds 200 shares in the Company.

Shri V. S. Parthasarathy

Shri V. S. Parthasarathy has been appointed as an Additional Director with effect from 23rd October, 2007.

Shri V. S. Parthasarathy is a Chartered Accountant and also holds a Bachelor's degree in Commerce. He currently holds the position of Executive Vice President, Mergers & Acquisitions at Mahindra & Mahindra Ltd. (M&M). He has been associated with the Farm Equipment Sector of M&M for almost 8 years and has executed various critical corporate functions. Prior to joining M&M, he was associated with Xerox India for 14 years. He has vast and varied experience in Corporate Finance, International Operations, Mergers & Acquisitions and Business Planning.

Shri V. S. Parthasarathy is also a Director of Mega One Stop Farm Services Ltd., Mriyalguda Farm Solution Ltd., Mahindra U.S.A., Mahindra Overseas Investment Co. (Mauritius) Ltd., Mahindra China Tractors Co. Ltd., Mahindra Logisoft Business Solutions Ltd., Mahindra Engineering Design & Development Company Ltd., Swaraj Automotives Ltd., Swaraj Engines Ltd. and Mahindra Aerospace Pvt. Ltd.

Shri Parthasarathy is a Member of the following Board Committees:

S.No.	Name of the Company	Name of Committee	Position Held
1.	Punjab Tractors Ltd.	Audit Committee	Member
2.	Swaraj Engines Ltd.	Audit Committee	Member
3.	Mahindra Logisoft Business Solutions Ltd.	Audit Committee	Member
4.	Mahindra Engineering Design & Development Co. Ltd.	Audit Committee	Member

Shri V.S.Parthasarathy does not hold shares in the Company.

Shri Narayan Shankar

Shri Narayan Shankar has been appointed as an Additional Director with effect from 23rd October, 2007.

Shri Narayan Shankar holds a Bachelor's degree in Commerce, is a Law Graduate and is also an Associate Member of the Institute of Company Secretaries of India. Shri Shankar joined Mahindra & Mahindra Ltd. (M&M) in 2001 and is currently its Company Secretary. He is the Head-Secretarial of the Mahindra Group and has varied experience in the field of Corporate Laws and Legal Affairs.

Shri Shankar is also a Director of Mahindra Hotels & Resorts Ltd., Mahindra Infrastructural Projects Pvt. Ltd., Mahindra Water Utilities Ltd., Rathna Bhoomi Enterprises Pvt. Ltd., Mahindra InfraMan Water Utilities Pvt. Ltd., Gateway Housing Finance Corporation Ltd., Mumbai Mantra Media Private Ltd. and Empire Products Ltd.

Shri Narayan Shankar does not hold shares in the Company.

D. Code of Conduct

The Company's Board has laid down a well-defined Code of Ethics & Conduct (the "Code") to be followed by all Board Members and employees of the Company for ethical professional conduct. The Code is available on the website of the Company

PUNJAB TRACTORS LIMITED

(www.swarajenterprise.com). All Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Managing Director and Chief Executive Officer to this effect is enclosed at the end of this Report.

II Remuneration to Directors

Remuneration paid to the Executive Director(s) is decided by the Board of Directors on the recommendation of Remuneration cum Compensation Committee (Committee) and thereafter approved by the Shareholders at a general meeting. While deciding on the remuneration, the Committee considers performance of the Company, current industry trends, the qualification and experience of the appointee(s) and other relevant factors.

Upto 26th July, 2007 all the Non-Executive Directors were paid sitting fees for attending the meetings of the Board of Directors and Committees thereof within the prescribed limits as decided by the Board (presently Rs. 15000/- per meeting). With effect from 27th July, 2007, sitting fees are being paid only to Independent Directors.

Following are the details of Directors' remuneration for 2007-08;

Executive - Whole-time Directors

(Rs.)

Name of Director	Salary (Basic, DA & Special pay)	Commission	Contribution to Provident & other Funds	Other Perquisites (Incl. leave encashment)	Stock Option	Total	Service Contract (Tenure)
B.Mishra (Managing Director & CEO)	42,24,679	–	7,45,122	35,838	Nil	50,05,639	From 14.07.2007 to 31.03.2010
A.M.Sawhney (Deputy Managing Director)+	27,92,007	25,20,000	10,86,505	7,72,797	Nil	71,71,309	From 01.04.2004 to 31.03.2009
P.Sivaram (Chief Operating Officer)^	7,24,839	7,24,839	6,19,635	30,04,000	Nil	50,73,313	From 01.04.2004 to 31.03.2009

+ appointed Deputy Managing Director w.e.f. 14.07.2007, earlier Director-Marketing

^consequent upon his resignation, ceased to be a Director of the Company w.e.f. 14.07.2007

Notes :

1. Notice period applicable to each of the Whole-time Directors – 3 months
2. The above remuneration paid to the Whole-time Directors was fixed by the Board of Directors which was subsequently approved by the Shareholders.

Non-Executive Directors

Name of Directors who were in receipt of Sitting Fees during FY 2007-08	Sitting Fees for Board and Committee Meetings paid during the year ended 31st March, 2008 (Rs.)	Commission (Rs.)
Present Directors		
Shri Anjanikumar Choudhari* (appointed w.e.f. 22.05.2007)	75,000	Nil
Shri B.Mishra** (appointed w.e.f. 22.05.2007)	15,000	Nil
Shri K.Sahay+ (appointed w.e.f. 14.07.2007)	60,000	Nil
Shri S.K.Chanana^ (appointed w.e.f. 23.10.2007)	15,000	Nil
Shri M.Raghavendra	1,65,000	Nil
Shri Hardeep Singh	1,80,000	Nil
Shri Daljit Mirchandani	1,20,000	Nil
Shri Chandra Mohan (appointed w.e.f. 14.07.2007)	1,05,000	Nil

Ex-Directors		
Shri P.D.Narang (ceased w.e.f. 06.07.2007)	45,000	Nil
Shri Donald Peck# (ceased w.e.f. 06.07.2007)	30,000	Nil
Shri Steven Enderby# (ceased w.e.f. 06.07.2007)	30,000	Nil
Shri S.Durgashankar* (appointed w.e.f. 14.07.2007 & ceased w.e.f. 30.11.2007)	45,000	Nil

* Paid sitting fees for Board / Sub Committee meetings held upto 26.07.2007

** Paid sitting fees as Non-Executive Director

+ Paid to LIC

^ Paid to Oriental Insurance

Paid to Actis

Shri M. Raghavendra and Shri Daljit Mirchandani hold 200 and 600 shares respectively in the Company. No other Non-Executive Director is holding any shares in the Company.

III Risk Management

Business risk evaluation and management is an ongoing process within the Company. For each function, the impact and probability of various risks are made and necessary control measures are identified to mitigate these risks, thereby reducing the impact and probability of the risk. During the year under review, a detailed exercise on "Risk Assessment" related to the Company's main functional areas was carried out.

The Board was apprised on the risk assessment and mitigation process followed by the Company.

IV Committees of the Board

A. Audit Committee

The Audit Committee of the Company comprises of six Non-Executive Directors out of which four are Independent Directors.

The Committee comprises of following Non-Executive Directors

- Shri M. Raghavendra, Chairman
- Shri Anjanikumar Choudhari
- Shri Hardeep Singh
- Shri Daljit Mirchandani
- Shri Chandra Mohan
- Shri V. S. Parthasarathy

All the Members have vast experience and knowledge of corporate affairs & financial management and possess accounting and financial management expertise.

Senior functionaries are invited to the meeting as and when necessary. The Company Secretary acts as the Secretary of the Committee.

The role, terms of reference, authority and powers of this Committee are in conformity with the requirements of the Companies Act, 1956 and the Listing Agreements. The functions of the Audit Committee include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of internal controls and regulatory compliances. It also reviews the Company's financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment of statutory auditors, their fees and reviews with management quarterly / annual financial statements before submission to the Board. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion and Analysis of financial condition and results of operations, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49 II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II C.

Shri M. Raghavendra, Chairman of Audit Committee was present at the last Annual General Meeting held on 22nd September 2007.

During the financial year under review, 5 meetings of Audit Committee of the Board were held on 22nd May, 2007, 26th July, 2007, 22nd September, 2007, 23rd October, 2007, and 22nd January, 2008. The gap between the any two meetings did not exceed four months.

Attendance record of the Members of the Audit Committee for FY 2007-08 is as under:

Name of the Member Director	No. of Meetings held*	No. of Meetings attended
Shri M. Raghavendra (appointed w.e.f. 14.07.2007)	4	4
Shri Anjanikumar Choudhari (appointed w.e.f. 14.07.2007)	4	4
Shri Hardeep Singh	5	5
Shri Daljit Mirchandani	5	4
Shri Chandra Mohan (appointed w.e.f. 14.07.2007)	4	3
Shri V. S. Parthasarathy (appointed w.e.f. 22.01.2008)	–	–
Shri P. D. Narang (ceased w.e.f. 06.07.2007)	1	1
Shri Steven Enderby (ceased w.e.f. 06.07.2007)	1	1
Shri N. Mohanraj (ceased w.e.f. 14.07.2007)	1	–
Shri S. Durgashankar (ceased w.e.f. 30.11.2007)	3	3

* Indicates the meetings held during the tenure of Member(s)

B. Shareholder / Investor Relations Committee

The Shareholder / Investor Relations Committee of the Company functions under the Chairmanship of Shri Anjanikumar Choudhari, Chairman of the Board and a Non-Executive Director and comprises following Directors :

- Shri Anjanikumar Choudhari, Chairman
- Shri Bishwambhar Mishra
(Managing Director & CEO)
- Shri A.M.Sawhney
(Deputy Managing Director)

Shri M.N.Kaushal, Vice President - Finance & Company Secretary, is the Compliance Officer of the Company.

The Committee meets at frequent intervals, to approve interalia, transfer / transmission of shares, issue of duplicate share certificates and review status of investors' grievances and the functioning of the Secretarial Section / Registrar & Share Transfer Agents to render effective and quality services to investors.

During the financial year, 9 meetings of Shareholder / Investor Relations Committee were held.

Attendance record of the Members of the Shareholder / Investor Relations Committee for FY 2007-08 is as under :

Name of the Member Director	No. of Meetings held*	No. of Meetings attended
Shri Anjanikumar Choudhari (appointed w.e.f. 14.07.2007)	5	3
Shri Bishwambhar Mishra (appointed w.e.f. 14.07.2007)	5	5
Shri A.M. Sawhney	9	9
Shri Donald Peck (ceased w.e.f. 06.07.2007)	3	–
Shri P. Sivaram (ceased w.e.f. 14.07.2007)	4	4

* Indicates the meetings held during the tenure of Member(s)

The Company had received 130 enquiries/complaints from the Shareholders and all of them have been resolved.

As on date, there are no shares pending for transfer received during the year under review.

C. Remuneration cum Compensation Committee

The role of the Remuneration cum Compensation Committee is to look into the entire gamut of remuneration package for the working Director(s) and revise their remuneration suitably within the limits prescribed under the Companies Act, 1956; to decide on the commission payable, if any, to the Directors within the prescribed limits and as approved by the Shareholders of the Company; to decide on the stock options to be granted, if any, to the eligible employees, Directors including Non-Executive Directors; and to attend to such other matters and functions as may be prescribed from time to time.

The Committee comprises of the following four Non-Executive Directors of which three are Independent.

- Shri Hardeep Singh, Chairman
- Shri Anjanikumar Choudhari
- Shri M.Raghavendra
- Shri Chandra Mohan

Shri P.D.Narang and Shri Donald Peck ceased to be the Directors of the Company and Members of this Committee with effect from 6th July, 2007.

During the year, two meetings of the Committee were held on 22nd May, 2007 (attended by Shri P.D.Narang, Shri Donald Peck, Shri M. Raghavendra and Shri Hardeep Singh) and 14th July, 2007 (attended by Shri Hardeep Singh, Shri Anjanikumar Choudhari, Shri M. Raghavendra and Shri Chandra Mohan).

V Disclosures

A. Disclosure of transactions with Related Parties

The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management, that may have any potential conflict with the interest of the Company. The Company has no subsidiary. Details of related parties and transactions with them are furnished under para 5 of Schedule L of the Annual Accounts of the Annual Report.

B. Disclosure of Accounting Treatment in preparation of Financial Statements

In preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied are set out under para 1 of Schedule L of the Annual Accounts.

C. Code for prevention of Insider Trading Practices

In compliance with SEBI's Regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down Guidelines, which

advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

VI Shareholder Information

1. 37th Annual General Meeting

Date : 16th June, 2008
Time : 3.00 P.M.
Venue : Swaraj Engines Ltd., Plot No. 2,
Industrial Phase IX, S.A.S.Nagar (Mohali)
Punjab – 160 059

2. Financial Calendar (tentative)

The Financial year covers the period from 1st April to 31st March

Financial reporting for

– Quarter ending 30 th June, 2008	Last week of July, 2008
– Half year ending 30 th September, 2008	Last week of October, 2008
– Quarter ending 31 st December, 2008	Last week of January, 2009
– Year ending 31 st March, 2009	May, 2009

Note: The above schedules are indicative.

3. Registered Office

Phase IV, Industrial Area,
S.A.S. Nagar (Mohali)
Punjab – 160 055

4. Date of Book Closure

5th June, 2008 to 10th June, 2008 (both days inclusive)

5. Dividend Payment

On or after 16th June, 2008, but within statutory time limit.

6. Listing on Stock Exchanges

- (i) Bombay Stock Exchange Ltd. (BSE)
- (ii) National Stock Exchange of India Ltd. (NSE)

Listing Fee for 2008-09 for both these stock exchanges has been paid.

7. Stock Code

BSE 500344
NSE PUNJABTRAC

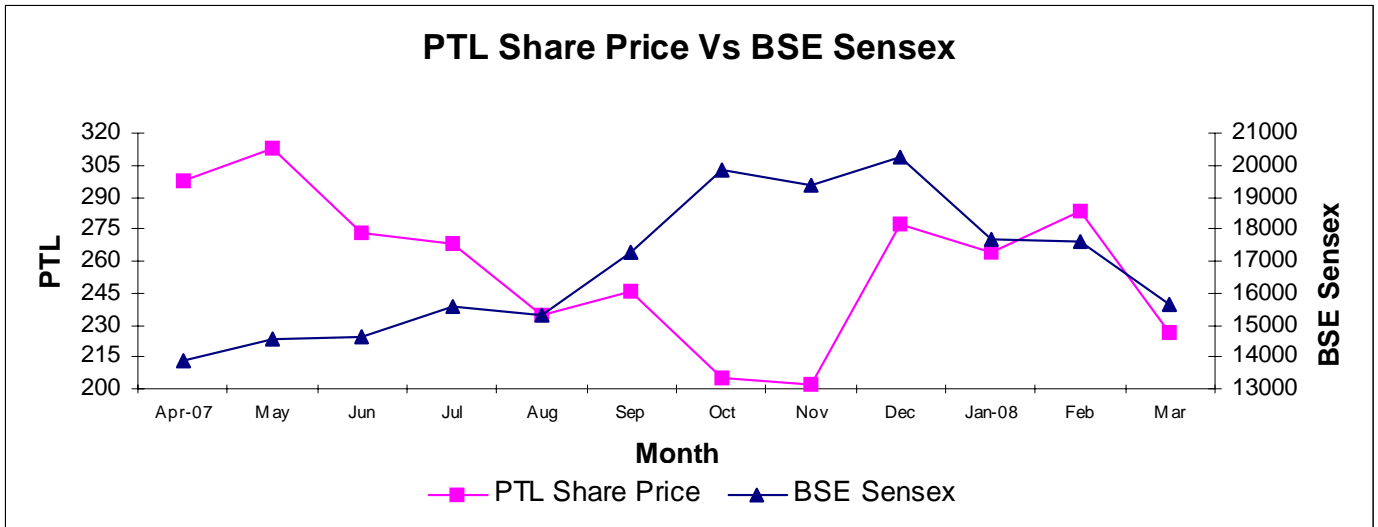
8. Stock Price Data

Monthly (April 2007 – March 2008) High - Low Quotations and Volume of shares traded at Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) are as under:

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
2007						
April	312	285	141641	315	284	354547
May	317	290	308117	318	290	466404
June	327	272	502264	327	271	594949
July	293	251	218371	293	258	256396
August	274	222	96200	277	221	146789
September	250	223	101363	250	231	400405
October	252	204	161083	260	203	250864
November	217	183	241118	227	182	359818
December	290	202	430959	298	203	631625
2008						
January	383	190	2429691	384	185	3394283
February	300	225	495308	299	222	715320
March	280	211	214561	295	213	331561

9. Stock Price Performance

PTL Share Price performance relative to BSE Sensex



Note: Based on the month end closing share price of PTL and BSE Sensex.

10. Registrar and Transfer Agents

M/s MCS Ltd. (MCS), Sri Venkatesh Bhavan, W-40, Okhla Industrial Area, Phase – II, New Delhi - 110 020 are the Registrar and Share Transfer Agent for physical shares of the Company. MCS is also the depository interface of the Company with both NSDL and CDSL.

Tel No. 011–41406149

Fax No. 011–41709881

Email address: admin@mcsdel.com

Contact Person : Shri Amarjit

However, keeping in view the convenience of Shareholders, documents relating to shares will continue to be received by the Company at its Registered Office at Phase IV, Industrial Area, S.A.S.Nagar (Mohali), Punjab-160 055.

Tel No. 0172- 2271620 – 27

Fax No. 0172- 2272731

Email address: kaushal.mahesh@swarajenterprise.com

11. Transfer System for physical shares

Share transfers are being registered & returned within a period of 30 days from the date of receipt, if the documents are valid in all respects.

Total No. of shares transferred during 2007-08 was 1,05,930 (Previous Year 18,826).

12. Shareholding Pattern as on 31st March, 2008

S.No.	Category of Shareholders	No. of Shareholders	No. of Shares Held	% of Holding
1	Promoters	2	3,92,70,165	64.64
2	Mutual Funds	2	14,40,363	2.37
3	Financial Institutions / Banks	10	56,518	0.09
4	Insurance Companies	8	1,37,64,164	22.65
5	Foreign Institutional Investors	20	2,68,652	0.44
6	Bodies Corporate	635	7,22,289	1.19
7	NRIs	152	65,123	0.11
8	Indian Public	18,948	51,68,426	8.51
	Total	19,777	6,07,55,700	100.00

13. Distribution Pattern of Shareholding as on 31st March, 2008

No. of Equity Shares Held	No. of Shareholders		No. of Shares Held	
	Numbers	% of Total	Numbers	% of Total
1 – 100	13,057	66.02	5,91,835	0.97
101 – 200	2,407	12.17	3,93,307	0.65
201 – 500	2,188	11.06	7,53,204	1.24
501 – 1000	1,090	5.51	8,15,567	1.34
1001 – 2500	687	3.47	10,87,483	1.79
2501 – 5000	197	1.00	7,00,636	1.15
5001 – 10000	79	0.40	5,51,968	0.91
10001 & above	72	0.37	5,58,61,700	91.95
Total	19,777	100.00	6,07,55,700	100.00

14. Dematerialisation of Shares

The Securities and Exchange Board of India (SEBI), with effect from 17th January, 2000 has included the shares of Punjab Tractors Ltd. in the compulsory demat list for all categories of investors. The Company has joined National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd.(CDSL) to facilitate this facility. As on 31st March, 2008, 98.8% of the Company's shares are held in electronic form.

International Securities Identification Number (ISIN) : INE170A01013
(with NSDL and CDSL)

For Shares held in electronic form, all instructions regarding change of address, nomination, power of attorney etc., should be given directly to your Depository Participants and the Company will not entertain any such requests directly from Shareholders.

15. Outstanding GDR's / ADR's / Warrants / Convertible Instruments

Not Applicable.

16. Plant Locations

Swaraj Tractor Division
Phase IV, Industrial Area
S.A.S.Nagar (Mohali), Punjab

Swaraj Combine Division
Village Chappercheri, Tehsil Kharar
Distt. S.A.S. Nagar (Mohali), Punjab

Swaraj Foundry Division
Village Sialba Majri,
Distt. S.A.S. Nagar (Mohali), Punjab

17. Address for Correspondence :

Shri M.N.Kaushal
Vice President - Finance &
Company Secretary

Punjab Tractors Ltd.
Phase IV, Industrial Area
S.A.S.Nagar (Mohali)
Punjab - 160 055.

Email: kaushal.mahesh@swarajenterprise.com or
ptlinvestor@swarajenterprise.com

Phone 0172-2271620-27
Fax 0172-2272731 & 2271307

18. Website Address

www.swarajenterprise.com

VII Other Disclosures

1. Details of General Meetings and Special Resolutions passed

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2004-05	4 th June, 2005	10.00 A.M.	Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab
2005-06	7 th July, 2006	11.00 A.M.	Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab
2006-07	22 nd September, 2007	2.30 P.M.	Swaraj Engines Ltd, Plot No 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab

The following Special Resolutions were taken up in the last three AGMs, and were passed with requisite majority.

2004-05

- i) Appointment of M/s S.Tandon & Associates, Chartered Accountants as the Auditors of the Company pursuant to the provisions of section 224A of the Companies Act, 1956.

2005-06

- i) Appointment of M/s S.Tandon & Associates, Chartered Accountants as the Auditors of the Company pursuant to the provisions of section 224A of the Companies Act, 1956.

2006-07

- i) Appointment of Shri Bishwambhar Mishra as Managing Director of the Company and fixation of remuneration.
- ii) Appointment of Shri A.M.Sawhney as Deputy Managing Director of the Company and fixation of remuneration.
- iii) Amendments to Company's Articles of Association.

No Extra-ordinary General Meeting was held during past three years.

Pursuant to the provisions of section 192A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

2. Details of non-compliance etc.

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchanges or SEBI or any other authorities, on any matters related to capital market during the last three years.

3. Means of Communication

- a) In compliance with the requirements of the Listing Agreement, the Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. These financial results are normally published in the leading financial newspapers and other national / regional newspapers

(Financial Express, Business Line and Punjabi Tribune) and are also displayed on the website of the Company www.swarajenterprise.com. Moreover, pursuant to clause 51 of the Listing Agreement, financial results and shareholding pattern are also available on SEBI web-site www.sebidifar.nic.in. Quarterly Results are not sent individually to the Shareholders;

- b) The official news releases are displayed on the Company's website www.swarajenterprise.com.
- c) During the year ended 31st March, 2008, no presentations were made to institutional investors or analysts.

4. Management Discussion and Analysis Report

Management Discussion and Analysis Report has been attached to the Directors' Report and forms part of this Annual Report.

5. Compliance with Mandatory requirements

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges.

6. Adoption of the non-mandatory requirements

i) Office of the Chairman

The Company does not maintain the office of the Non-Executive Chairman.

No specific tenure has been specified for the Independent Directors.

ii) Remuneration Committee

The Company has set up the Remuneration cum Compensation Committee.

iii) Shareholder Rights

The Company regularly publishes its quarterly results in leading national / regional newspapers. These results are also available on Company's website www.swarajenterprise.com and at SEBI website www.sebidifar.nic.in. A half-yearly declaration of financial performance including summary of significant events is presently not being sent to each household of Shareholders.

iv) Audit Qualifications

During the financial year under review, there has been no audit qualification in Company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

v) Training of Board Members / Mechanism for evaluating Non-Executive Board Members

All Non-Executive Directors are given presentations by Whole-time Directors / Members of the Executive Board from time to time for an overview of Company operations. The Company's Board of Directors consists of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with the trends in economy and changes in the legislation.

vi) Whistle Blower Policy

The Company encourages employees and business associates to raise their concerns relating to any unethical business practice at work place with protection against victimisation. Taking this forward, a well defined "Whistle Blower Policy" was adopted by the Board in June 2006. No personnel have been denied access to the Audit Committee.

New Delhi, 7th May, 2008

PUNJAB TRACTORS LIMITED

DECLARATION BY THE MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of Punjab Tractors Limited

I, Bishwambhar Mishra, Managing Director & Chief Executive Officer of Punjab Tractors Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2008.

New Delhi, 14th July, 2008

BISHWAMBHAR MISHRA
Managing Director & CEO

Auditors' Certificate on Compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreements with the Stock Exchanges

TO THE MEMBERS OF PUNJAB TRACTORS LTD

We have examined the compliance of conditions of Corporate Governance by Punjab Tractors Ltd. for the year ended on 31st March 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance in all aspects as stipulated in the above-mentioned Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. TANDON & ASSOCIATES**
Chartered Accountants

New Delhi
Date : 7th May, 2008

KAMALKANT GAMBHIR
Partner
Membership No. 86774

KEY PERFORMANCE INDICATORS - LAST ELEVEN YEARS

	(Rs. crores)										
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Tractors (Nos.)											
Industry	254000	262000	273000	253000	218000	171000	189000	246000	291000	351000	346000
Swaraj	40425	48336	50705	45712	40100	24200	25607	30330	31396	30045	28045
Market Share	15.9%	18.5%	18.6%	18.1%	18.4%	14.1%	13.5%	12.3%	10.8%	8.6%	8.1%
Rank	4	2	3	2	2	3	2	4	4	5	5
Net Product Revenue	782.9	955.6	1016.9	964.5	888.2	546.8	597.3	855.1	959.5	958.9	969.6
Operating Profit	133.5	176.9	195.3	186.0	169.4	89.3	75.6	113.9	126.1	110.6	97.0
Margin	17.1%	18.5%	19.2%	19.3%	19.1%	16.3%	12.7%	13.3%	13.1%	11.5%	10.0%
Net Interest	(3.3)	(6.5)	(3.0)	(0.1)	11.9	14.3	9.8	5.8	6.4	0.9	(14.6)
Cash Profit	136.8	183.4	198.3	186.1	157.5	75.0	65.8	108.1	119.7	109.7	111.6
Margin	17.5%	19.2%	19.5%	19.3%	17.7%	13.7%	11.0%	12.6%	12.5%	11.4%	11.5%
Depreciation											
– Fixed Assets	10.8	13.7	16.0	17.0	17.7	17.1	16.4	15.9	15.2	15.5	16.9
– Trade Investments	—	—	—	3.1	0.2	—	—	—	—	—	—
PBT – Mainline	126.0	169.7	182.3	166.0	139.6	57.9	49.4	92.2	104.5	94.2	94.7
Margin	16.1%	17.8%	17.9%	17.2%	15.7%	10.6%	8.3%	10.8%	10.9%	9.8%	9.8%
Other Income (Mainly Dividend)	6.6	7.1	8.1	2.0	3.9	4.3	6.0	5.0	4.6	4.3	2.4
PBT – Corporate	132.6	176.8	190.4	168.0	143.5	62.2	55.4	97.2	109.1	98.5	97.1
Margin	16.8%	18.4%	18.6%	17.4%	16.1%	11.3%	9.2%	11.3%	11.3%	10.2%	10.0%
Extraordinary Income	—	—	—	—	—	—	—	—	61.3	11.0	—
PBT – Total	132.6	176.8	190.4	168.0	143.5	62.2	55.4	97.2	170.4	109.5	97.1
PAT	96.6	125.8	133.3	112.5	100.0	43.1	42.0	62.9	129.3	78.0	65.2
Dividend											
– Rate	125%	250%	260%	75%*	70%	30%	45%	55%	105%#	Nil	50%
– Outflow (Exclud. Dividend Tax)	25.3	50.6	52.7	45.6	42.5	18.2	27.3	33.4	63.8	Nil	30.4
– Payout Ratio	26.2%	40.2%	39.5%	40.5%	42.5%	42.3%	65.0%	53.1%	49.3%	Nil	46.6%
Retained Earnings	68.8	69.6	73.4	62.3	57.5	22.6	11.2	24.7	56.6	78.0	29.6
EPS (Rs.)	47.71	62.13	65.80	18.52*	16.46	7.10	6.92	10.35	21.29@	12.84§	10.73
Book Value (Rs.)	113.09	147.47	183.69	71.49*	74.72	78.43	80.27	84.34	93.66	106.49	109.43
Return on Avg. Net worth (ROANW)	49.6%	47.7%	39.8%	27.9%	22.5%	9.3%	8.7%	12.6%	23.9%	12.8%	9.9%

*On Post Bonus (2:1) Equity
#Include Special Dividend @ 45%

@ Include EPS on Extraordinary Income – Rs. 9.37
§ Include EPS on Extraordinary Income - Rs. 1.82

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of Punjab Tractors Limited will be held on **Monday, the 16th day of June, 2008 at 3.00 P.M.** at Swaraj Engines Ltd., Plot No. 2, Industrial Phase IX, S.A.S.Nagar (Mohali), Punjab – 160 059 to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri Hardeep Singh who retires by rotation and, being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Daljit Mirchandani who retires by rotation and, being eligible, offers himself for re-election.
5. To appoint Messrs S. Tandon & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors plus service tax and out of pocket expenses.

SPECIAL BUSINESS

6. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
“RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri S.K.Chanana, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be appointed a Director of the Company, liable to retire by rotation.”
7. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
“RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri M.Raghavendra, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be appointed a Director of the Company, liable to retire by rotation.”
8. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
“RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri V.S.Parthasarathy, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be appointed a Director of the Company, liable to retire by rotation.”
9. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**
“RESOLVED that in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Narayan Shankar, who was appointed as an Additional Director and who ceases to hold office as per the provisions of section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice in writing proposing his candidature for the office of Director as per the provisions of section 257 of the Companies Act, 1956, be appointed a Director of the Company, liable to retire by rotation.”

NOTES

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
3. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
4. The Register of Members and Transfer Books of the Company will be closed from 5th June, 2008 to 10th June, 2008 (both days inclusive).
5. The dividend, if declared at the Annual General Meeting, will be paid on or after 16th June, 2008 to those persons or their mandates:
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 4th June, 2008 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
 - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before 4th June, 2008.
6. 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.
7. Pursuant to the provisions of section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends for the financial year ended 31st March, 2000 to the Investor Education and Protection Fund (IEPF).
All unclaimed dividends for the financial year ended 31st March, 2001 will be transferred to IEPF in November 2008. Members who have not encashed the dividend warrant(s) so far for the said period or any subsequent financial years are requested to make their claims to the Company. It may be noted that once the amounts in the unpaid dividend accounts are transferred to the IEPF, no claim shall lie against the Fund or the Company in respect thereof and the Members would lose their right to claim such dividend.
8. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form 2B duly filled in to the Company.
9. Payment of Dividend through ECS:
 - a) Members holding shares in electronic form may please note that bank details as furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Securities & Exchange Board of India. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in electronic form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these members for change/deletion in such bank details.
 - b) Members holding shares in physical form are advised to submit particulars of their bank account, viz., name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 10th June, 2008, to the Company at its Registered Office.

10. Members are requested to:

- Intimate to the Company changes, if any, in their registered addresses at an early date, in case of shares held in physical form.
- intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialised form.
- Quote their folio numbers/Client ID/ DP ID in all correspondence.
- consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

11. Appointment /Re-appointment of Directors

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed / re-appointed, Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

Regd.Office
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab – 160 055
Email : kaushal.mahesh@swarajenterprise.com
Dated: 7th May, 2008

BY ORDER OF THE BOARD

(M.N.KAUSHAL)
Vice President –Finance
& Company Secretary

ANNEXURE TO NOTICE

Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 relating to the items of the Special Business

Item No. 6

General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India (GIC) have nominated Shri S.K.Chanana as its representative on the Board of Directors of the Company in place of Shri M.Raghavendra. Accordingly, Shri Chanana was appointed by the Board as an Additional Director with effect from 23rd October, 2007. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 proposing the appointment of Shri Chanana as a Director of the Company.

Shri S.K.Chanana is currently Director & General Manager of The Oriental Insurance Co. Ltd. He possesses vast experience in treasury, business process re-engineering and corporate communication. The Board is of the view that his association would be of immense value to the Company and hence recommends his appointment in terms of Resolution set out in Item No.6 of the Notice.

Shri S.K.Chanana does not hold shares in the Company.

Apart from Shri S.K.Chanana who would be interested in his appointment, no other Director is concerned or interested in this item of business.

Item No. 7

Shri M.Raghavendra, consequent upon withdrawal of nomination by General Insurers' (Public Sector) Association of India (GIPSA) on behalf of GIPSA Member Companies and General Insurance Corporation of India (GIC), ceased to be a Director of the Company with effect from 23rd October, 2007. However, in view of his long association and invaluable contributions to the Board, Shri Raghavendra was appointed by the Board as an Additional Director with effect from 23rd October, 2007. He holds

office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 proposing the appointment of Shri Raghavendra as a Director of the Company.

Shri M.Raghavendra retired as General Manager- GIC and has vast experience in administration and finance matters. The Board is of the view that his association would be of immense value to the Company and hence recommends his appointment in terms of Resolution set out in Item No. 7 of the Notice.

Shri M.Raghavendra holds 200 shares in the Company.

Apart from Shri M.Raghavendra who would be interested in his appointment, no other Director is concerned or interested in this item of business.

Item No. 8

Shri V.S.Parthasarathy was appointed by the Board as an Additional Director with effect from 23rd October, 2007. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 proposing the appointment of Shri Parthasarathy as a Director of the Company.

Shri V.S.Parthasarathy is currently Executive Vice President - Mergers & Acquisitions of Mahindra & Mahindra Ltd. He possesses vast and varied experience in corporate finance, international operations, mergers & acquisitions and business planning. The Board is of the view that his association would be of immense value to the Company and hence recommends his appointment in terms of Resolution set out in Item No. 8 of the Notice.

Shri V.S.Parthasarathy does not hold shares in the Company.

Apart from Shri V.S.Parthasarathy who would be interested in his appointment, no other Director is concerned or interested in this item of business.

Item No. 9

Shri Narayan Shankar was appointed by the Board as an Additional Director with effect from 23rd October, 2007. He holds office upto the date of the forthcoming Annual General Meeting pursuant to section 260 of the Companies Act, 1956. The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 proposing the appointment of Shri Narayan Shankar as a Director of the Company.

Shri Narayan Shankar is currently Company Secretary, Mahindra & Mahindra Ltd. He possesses rich experience in the field of corporate laws and legal affairs. The Board is of the view that his association would be of immense value to the Company and hence recommends his appointment in terms of Resolution set out in Item No. 9 of the Notice.

Shri Narayan Shankar does not hold shares in the Company.

Apart from Shri Narayan Shankar who would be interested in his appointment, no other Director is concerned or interested in this item of business.

Regd.Office
Phase IV, Industrial Area
S.A.S. Nagar (Mohali)
Punjab – 160 055
Email : kaushal.mahesh@swarajenterprise.com
Dated: 7th May, 2008

BY ORDER OF THE BOARD

(M.N.KAUSHAL)
Vice President –Finance
& Company Secretary

PUNJAB TRACTORS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in lacs)

	Schedule	2008	2007
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	A	60,75.57	60,75.57
Reserves and Surplus	B	<u>604,07.94</u>	<u>586,24.31</u>
		664,83.51	646,99.88
Loan Funds			
Unsecured Loans	C	4,04.53	10,73.67
Deferred Tax Liabilities/(Assets)	D	<u>15,06.64</u>	<u>25,98.62</u>
Total		<u>683,94.68</u>	<u>683,72.17</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	304,24.38	295,25.68
Less : Depreciation		<u>216,30.92</u>	<u>201,73.10</u>
Net Block		87,93.46	93,52.58
Capital Work-in-Progress / Advances and Construction Stores in Hand		2,53.11	52.32
Capital Spares		<u>9.50</u>	<u>6.51</u>
		90,56.07	94,11.41
Investments	F	154,48.33	4,43.04
Current Assets, Loans & Advances			
Inventories	G	113,79.38	134,26.61
Sundry Debtors		281,35.08	503,64.01
Cash and Bank Balances		198,83.14	57,33.42
Other Current Assets		3,44.20	2,40.74
Loans & Advances		<u>25,81.83</u>	<u>26,93.64</u>
		623,23.63	724,58.42
Less :			
Current Liabilities and Provisions	H	<u>184,33.35</u>	<u>139,40.70</u>
Net Current Assets		438,90.28	585,17.72
Total		<u>683,94.68</u>	<u>683,72.17</u>
Notes on Accounts	L		

Per our separate report of even date attached

The Schedules referred to above form an integral part of the Balance Sheet

for S. TANDON & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

KAMAL KANT GAMBHIR
Partner

ANJANIKUMAR CHOUDHARI
Chairman

M.N. KAUSHAL
Vice President - Finance
& Company Secretary

BISHWAMBHAR MISHRA
Managing Director &
Chief Executive Officer

New Delhi, 7th May, 2008

New Delhi, 7th May, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in lacs)

	Schedule	2008		2007	
INCOME					
Gross Revenue From Operations	L(18)	988,03.81		975,54.10	
Less : Excise Duty		<u>18,45.23</u>	969,58.58	<u>16,68.96</u>	958,85.14
Other Income	L(12)		<u>2,39.05</u>		<u>15,34.14</u>
			<u>971,97.63</u>		<u>974,19.28</u>
EXPENDITURE					
Materials	I	690,89.21		687,74.68	
Operating & Administrative Expenses	J	181,62.04		160,51.67	
Finance Charges (Net)	K	(14,57.74)		94.50	
Depreciation	E	<u>16,92.29</u>	874,85.80	<u>15,47.55</u>	864,68.40
Profit for the year			<u>97,11.83</u>		109,50.88
Prior Period Adjustment		(-)	<u>1.48</u>		-
Profit before Tax			<u>97,10.35</u>		109,50.88
Provision for Tax					
- Current (Including FBT)			<u>37,20.90</u>		34,16.04
- Deferred			<u>(5,27.42)</u>		(2,63.39)
Profit after Tax			<u>65,16.87</u>		<u>77,98.23</u>
AVAILABLE FOR APPROPRIATION					
Proposed Dividend		30,37.79		-	
Tax on Proposed Dividend		5,16.27		-	
Transfer to General Reserve		24,62.81		66,98.23	
Transfer to Surplus		<u>5,00.00</u>	<u>65,16.87</u>	<u>11,00.00</u>	<u>77,98.23</u>
Earnings per Share	L(4)		Rs. 10.73		Rs. 12.84
Notes on Accounts	L				

Per our separate report of even date attached

The Schedules referred to above form an integral part of the Profit & Loss Account

for S. TANDON & ASSOCIATES
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

KAMAL KANT GAMBHIR
Partner

ANJANIKUMAR CHOUDHARI
Chairman

M.N. KAUSHAL
Vice President - Finance
& Company Secretary

BISHWAMBHAR MISHRA
Managing Director &
Chief Executive Officer

New Delhi, 7th May, 2008

New Delhi, 7th May, 2008

PUNJAB TRACTORS LIMITED

SCHEDULE A

(Rs. in lacs)

	2008	2007
SHARE CAPITAL		
Authorised		
7,50,00,000 Equity Shares of Rs. 10/- each	75,00.00	75,00.00
	<u>75,00.00</u>	<u>75,00.00</u>
Issued, Subscribed & Paid up		
6,07,55,700 Equity Shares of Rs. 10/- each fully paid	60,75.57	60,75.57
	<u>60,75.57</u>	<u>60,75.57</u>

Note :

Paid up Capital includes 5,61,32,725 Equity Shares allotted as fully paid Bonus Shares by Capitalisation of General Reserve and Share Premium.

SCHEDULE B

(Rs. in lacs)

	2008	2007
RESERVES AND SURPLUS		
Preference Share Redemption Reserve	30.00	30.00
General Reserve :		
Brought Forward	560,94.31	493,96.08
Less : Liability for Employee Cost Upto 31st March '07 (Net of Taxes of Rs. 564.56 lacs)*	<u>11,79.18</u>	<u>—</u>
	549,15.13	493,96.08
Add : Transferred from Profit & Loss Account	<u>24,62.81</u>	<u>66,98.23</u>
	573,77.94	560,94.31
Surplus :		
Brought Forward	25,00.00	14,00.00
Add : Transferred from Profit & Loss Account	<u>5,00.00</u>	<u>11,00.00</u>
	<u>30,00.00</u>	<u>25,00.00</u>
	<u>604,07.94</u>	<u>586,24.31</u>

*Adjustments for adoption of Accounting Standard 15 (Revised 2005) – Employee Benefits.

SCHEDULE C

(Rs. in lacs)

	2008	2007
UNSECURED LOANS		
Fixed Deposits From Public {Include Interest Accrued and Due Rs. 2.84 lacs (2007 – Rs. 6.30 lacs)}	4,04.53	10,73.67
	<u>4,04.53</u>	<u>10,73.67</u>

SCHEDULE D

(Rs. in lacs)

	2008	2007
DEFERRED TAX LIABILITIES/(ASSETS)		
Liability		
Adjustment for Earlier Years	25,98.62	28,62.01
Adjustment for Current Years through Profit & Loss Account	(3,05.17)	(2,63.39)
	<u>22,93.45</u>	<u>25,98.62</u>
(Assets)		
Adjustment for Earlier Years	–	–
Adjustment for Current Year		
Through General Reserve	(5,64.56)	–
Through Profit & Loss Account	(2,22.25)	–
Deferred Tax Liability/(Assets) Net	<u>15,06.64</u>	<u>25,98.62</u>

SCHEDULE E

(Rs. in lacs)

FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	Cost as at 31st March, 2007	Additions	Deletions/ Adjustments	Cost as at 31st March, 2008	As at 31st March, 2007	Provided during the year	Deletions/ Adjustments	Upto 31st March, 2008	As at 31st March, 2008	As at 31st March, 2007
Land Freehold	87.70	-	-	87.70	-	-	-	-	87.70	87.70
Building	37,05.79	-	-	37,05.79	15,59.75	1,22.35	-	16,82.10	20,23.69	21,46.04
Plant & Machinery	217,60.26	5,81.18	2,22.55	221,18.89	158,68.54	11,76.18	2,10.21	168,34.51	52,84.38	58,91.72
Electrical Installations	16,59.50	9.91	-	16,69.41	11,31.44	1,04.09	-	12,35.53	4,33.88	5,28.06
Furniture, Fixtures & Office Equipments	15,30.52	2,54.19	21.34	17,63.37	11,87.05	1,25.09	19.46	12,92.68	4,70.69	3,43.47
Software	1,21.50	13.73	-	1,35.23	14.76	43.12	-	57.88	77.35	1,06.74
Vehicles	6,60.41	2,88.64	5.06	9,43.99	4,11.56	1,21.46	4.80	5,28.22	4,15.77	2,48.85
Total	295,25.68	11,47.65	2,48.95	304,24.38	201,73.10	16,92.29	2,34.47	216,30.92	87,93.46	93,52.58
Capital Work-in-Progress/Advances									2,19.05	52.32
Construction Stores in Hand									34.06	-
Capital Spares									9.50	6.51
									90,56.07	94,11.41
2007	288,57.28	8,58.84	1,90.44	295,25.68	188,06.46	15,47.55	1,80.91	201,73.10		

Note :
Depreciation on all assets has been provided on Straight Line Method and on the basis of double shift.

SCHEDULE F

(Rs. in lacs)

2008 2007

INVESTMENTS (At cost, unless otherwise specified)

Numbers	Face Value Per Unit Rupees				
Long Term					
Trade – Quoted					
		Fully Paid Equity Shares			
5,80,000	10	Swaraj Automotives Limited		5.83	5.83
14,72,000	10	Swaraj Mazda Limited		1,47.20	1,47.20
41,19,000	10	Swaraj Engines Limited		68.65	68.65
2,85,440	10	Industrial Development Bank of India		2,28.44	2,28.44
		Less : Provision for diminution in value		–	7.08
				<u>2,28.44</u>	<u>221.36</u>
				<u>4,50.12</u>	<u>4,43.04</u>
Unquoted					
Long Term					
		Mutual Funds	Refer Note B		
1,40,65,033	10	Franklin Mutual Fund-Fixed Horizon Fund Series VII Plan A institutional Growth	1	14,06.50	–
1,00,00,000	10	BIRLA Mutual Fund-FTP-INSTL-Series AK	2	10,00.00	–
1,00,62,681	10	Kotak Mutual Fund-FMP 14M Series 3 – Institutional Dividend	3	10,06.27	–
Current					
1,01,87,018	10	Birla Mutual Fund–Quarterly Interval – Series 3-Dividend	4	10,18.70	–
1,00,38,119	10	Deutsche Mutual Fund–Credit Opportunities Cash Fund – Weekly Dividend Plan	5	10,08.67	–
50,22,363	10	DSP Mutual Fund-FMP–3 Months-Series 3 –Institutional Dividend	7	5,02.24	–
59,95,324	10	Franklin Mutual Fund – Quarterly Interval Plan–B Institutional Dividend	8	6,00.00	–
40,00,000	10	HDFC Mutual Fund–FMP 90D February 2008 VII (2) Wholesale Plan Dividend	11	4,00.00	–
1,00,00,000	10	HSBC MutualFund-Fixed Term Series 47 Institutional Dividend	13	10,00.00	–
1,00,00,000	10	ICICI MutualFund-FMP Series–39 – Six Months Plan A	16	10,00.00	–
50,02,994	10	ICICI Mutual Fund-Quarterly Fund II Quarterly Interval Plan F - Retail Dividend	17	5,00.30	–
50,90,846	10	Kotak Mutual Fund-Quarterly Interval Plan – Series 2 – Dividend	19	5,09.20	–
50,38,840	10	Kotak Mutual Fund-Quarterly Interval Plan – Series 6–Dividend	20	5,03.89	–
50,67,767	10	SBI Mutual Fund-SDFS-90 DAYS-18 – (27 Nov. 07) Dividend	25	5,06.79	–
1,97,76,916	10	Tata Mutual Fund-Floating Rate Fund - Long Term Income/Bonus	26	20,00.00	–
1,53,21,509	10	UTI Mutual Fund-Fixed Income Interval Fund Quarterly Plan Series-III Institutional Dividend Plan	27	15,32.25	–
50,33,956	10	UTI Mutual Fund-Fixed Maturity Plan QFMP (02/08-II) – Institutional Dividend	28	5,03.40	–
				<u>149,98.21</u>	<u>–</u>
				<u>154,48.33</u>	<u>4,43.04</u>

Notes :

A. Aggregate Value

1. Cost of quoted Investments	4,50.12	4,50.12
2. Cost of unquoted Investments	149,98.21	-
3. Market value of quoted investments	151,23.20	125,67.62

INVESTMENTS (At Cost, unless otherwise specified)

B. Movement of Mutual Funds during the Year

	<u>Acquired</u>		<u>Sold</u>
	Unit (Nos.)	Rs. Lacs	Unit (Nos.)
1. Franklin Mutual Fund–Fixed Horizon Fund Series VII Plan A Institutional Growth	14065033	14,06.50	-
2. BIRLA Mutual Fund-FTP-INSTL-Series AK	10000000	10,00.00	-
3. Kotak Mutual Fund-FMP 14M Series 3 – Institutional Dividend	10062681	10,06.27	-
4. BIRLA Mutual Fund-Quarterly Interval - Series 3 - Dividend	10187018	10,18.70	-
5. Deutsche Mutual Fund-Credit Opportunities Cash Fund-Weekly Dividend Plan	10038119	10,08.67	-
6. Deutsche Mutual Fund-Insta Cash Plus Fund Super Institutional Daily Dividend Plan	9988562	10,00.85	9988562
7. DSP Mutual Fund-FMP-3 Months – Series 3-Institutional Dividend	5022363	5,02.24	-
8. Franklin Mutual Fund-Quarterly Interval Plan-B Institutional Dividend	5995324	6,00.00	-
9. Franklin Mutual Fund-India Ultra Short Bond Fund-Institutional Plan Daily Dividend	10023704	10,04.20	10023704
10. Franklin Mutual Fund-India Money Market Account – Regular Account Dividend	40229857	4,02.30	40229857
11. HDFC Mutual Fund-FMP 90D February 2008 VII(2) Wholesale Plan Dividend	4000000	4,00.00	-
12. HDFC Mutual Fund-FMP90D December 2007 (VI) -Wholesale Plan Dividend	4000000	4,00.00	4000000
13. HSBC Mutual Fund-Fixed Term Series 47 Institutional Dividend	10000000	10,00.00	-
14. HSBC Mutual Fund-Floating Rate Short Term Institutional Plus – Daily Dividend	8071679	8,09.28	8071679
15. HSBC Mutual Fund-Cash Fund-Institutional Plan-Daily Dividend	11511429	12,01.80	11511429
16. ICICI Mutual Fund-FMP Series 39-Six Month Plan A	10000000	10,00.00	-
17. ICICI Mutual Fund-Quarterly Fund II Quarterly Interval Plan – F Retail Dividend	5002994	5,00.30	-

	Acquired		Sold
	Unit (Nos.)	Rs. Lacs	Unit (Nos.)
18. ICICI Mutual Fund-Institutional Liquid Plan-Super Institutional-Daily Dividend	5002744	5,00.30	5002744
19. Kotak Mutual Fund-Quarterly Interval Plan - Series 2-Dividend	5090846	5,09.20	—
20. Kotak Mutual Fund-Quarterly Interval Plan - Series-6 Dividend	5038840	5,03.89	—
21. Kotak Mutual Fund-Flexi Debt Scheme-Daily Dividend	4992009	5,00.75	4992009
22. Kotak Mutual Fund-Liquid (Institutional Premium) - Daily Dividend	8183342	10,00.67	8183342
23. Kotak Mutual Fund-Quarterly Interval Plan Series 4 - Dividend	10182356	10,18.24	10182356
24. SBI Mutual Fund-Debt Fund Series-90 days-18 (27-Nov-07)-Dividend	3054356	3,05.44	3054356
25. SBI Mutual Fund-Debt Fund Series-90 days -20-(26-Feb-08) Dividend	5067767	5,06.79	—
26. TATA Mutual Fund – Floating Rate Fund - Long Term Income/Bonus	19776916	20,00.00	—
27. UTI Mutual Fund-Fixed Income Interval Fund Quarterly Plan Series- III Institutional Dividend Plan	15321509	15,32.25	—
28. UTI Mutual Fund-Fixed Maturity Plan- QFMP(02/08-II) – Institutional Dividend	5033956	5,03.40	—
29. UTI Mutual Fund-Liquid Cash Plan Institutional-Daily Income	69196	7,05.42	69196

SCHEDULE G

(Rs. in lacs)

	2008		2007	
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets				
Inventories				
Stores & Spares	2,43.24			3,22.28
Loose Tools	1,45.82			2,20.53
Raw Material & Components	44,57.70			66,07.84
Finished Goods				
— Products	42,10.51		33,65.35	
— Spares	13,25.44	55,35.95	15,46.26	49,11.61
Work in Progress		8,22.46		11,65.04
Goods-in-Transit	1,74.21	113,79.38		1,99.31
				134,26.61
Sundry Debtors (Unsecured)				
(Considered good unless otherwise stated)				
Over Six Months				
— Secured	2,40.00			—
— Unsecured	54,57.27		181,55.78	
Less : Provision for doubtful debts	6,33.10	48,24.17	1,23.66	180,32.12
Others				
— Secured	35,15.00		—	
— Unsecured	195,55.91	230,70.91	281,35.08	323,31.89
			323,31.89	323,31.89
				503,64.01
Cash & Bank Balances				
Cash in Hand	54.06			71.30
Balance with Scheduled Banks				
— Current Accounts	53,72.41		32,83.15	
— Fixed Deposits	139,87.84		22,82.56	
— Interest Accrued on Fixed Deposits	3,93.30		9.05	
— Unpaid/Unclaimed Dividend Accounts	75.53	198,29.08	198,83.14	87.36
			56,62.12	57,33.42
Other Current Assets				
— Security Deposits	90.11			83.88
— Claims Recoverable	2,54.09	3,44.20		1,56.86
				2,40.74
Loans and Advances				
(Unsecured, Considered Good unless otherwise stated)				
Advances Recoverable in cash or in kind or for value to be received	14,06.75			14,82.06
Balance with Excise and Sales Tax Authorities	95.36			1,10.13
Income Tax, FBT & Wealth Tax {Net of Provisions, Rs. 171,71.16 lacs (2007 – Rs. 134,50.26 lacs)}	10,79.72	25,81.83		11,01.45
		623,23.63		26,93.64
				724,58.42

Note :

Inventories as certified by the Management.

SCHEDULE H

(Rs. in lacs)

	2008		2007
CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors			
– Micro & Small Enterprises (Refer to Note 11-Schedule L)	–		–
– Others	<u>83,42.12</u>	<u>83,42.12</u>	<u>102,71.97</u>
Advance Payments & Deposits Received		<u>13,31.06</u>	7,68.57
Other Liabilities		<u>16,90.89</u>	11,15.15
Interest Accrued but not due		<u>54.04</u>	1,16.67
Items covered by Investor Education and Protection Fund*			
– Dividends Pending Encashment		<u>75.53</u>	87.36
– Unclaimed matured Public Deposits		<u>27.37</u>	26.03
– Unencashed/Unclaimed Interest on matured Public Deposits		<u>7.01</u>	7.17
Provisions			
Dividend		<u>30,37.79</u>	–
Corporate Tax on Proposed Dividend		<u>5,16.27</u>	–
Others		<u>33,51.27</u>	15,47.78
		<u>184,33.35</u>	<u>139,40.70</u>

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on 31st March, 2008.

SCHEDULE I

(Rs. in lacs)

	2008		2007
MATERIALS			
A) Raw Materials & Components			
Opening Stock	<u>66,07.84</u>		48,51.55
Add : Purchases	<u>663,67.75</u>	<u>729,75.59</u>	<u>725,73.53</u>
Less : Closing Stock	<u>44,57.70</u>		66,07.84
Capital & Other Jobs	<u>1,26.10</u>	<u>45,83.80</u>	<u>2,57.77</u>
Consumption		<u>683,91.79</u>	705,59.47
B) (Accretion)/Decretion to Stock of Finished Products & Work-in-Progress			
Opening Stock	<u>60,76.65</u>		31,93.97
Less : Closing Stock	<u>63,58.41</u>	<u>(2,81.76)</u>	<u>60,76.65</u>
			(28,82.68)
C) Movement of Excise Duty in value of finished goods		<u>(45.75)</u>	2,45.22
D) Consumption of Stores & Spares (Including Amortisation of Capital Spares)		<u>10,24.93</u>	8,52.67
		<u>690,89.21</u>	<u>687,74.68</u>

SCHEDULE J

(Rs. in lacs)

	2008	2007
OPERATING, ADMINISTRATIVE & OTHER EXPENSES		
Salaries, Wages & Bonus	81,75.24	69,17.07
Contribution to Provident & Other Funds	5,83.30	5,07.82
Gratuity & Superannuation	5,68.34	3,84.13
Workmen & Staff Welfare	8,84.84	7,26.32
Power & Fuel Charges	9,70.02	10,18.89
Repairs to Machinery	1,93.39	1,13.02
Repairs to Building	1,89.77	69.77
Other Repairs	52.74	55.27
Travelling & Conveyance	7,85.16	4,98.38
(Includes Rs. 6.44 lacs for Directors, 2007 – Rs. 7.96 lacs)		
Printing, Stationery, Postage and Telephone	2,17.72	1,89.76
Insurance	91.48	1,25.65
Rates and Taxes	13.31	20.07
Rent	39.95	24.33
Research, Design & Development	8,84.74	8,55.96
Market Promotion	9,20.96	8,20.16
Commission & Rebates	3,71.44	8,51.27
Packing, Freight & Forwarding	22,83.59	20,79.76
Export Promotion & Marketing	50.67	64.07
(Includes Rs. 3.91 lacs for Directors' travelling, 2007 – Rs. 4.92 lacs)		
Miscellaneous Expenses	3,49.10	5,93.64
Provision for diminution in value of Investments	–	2.14
Provision for Doubtful Debts	5,15.53	1,14.20
Audit Fees and Expenses	12.50	10.53
Directors' Sitting Fees	8.85	11.10
	<u>181,62.64</u>	<u>160,53.31</u>
Less : Transfer to Capital & other Jobs	0.60	1.64
	<u>181,62.04</u>	<u>160,51.67</u>

SCHEDULE K

(Rs. in lacs)

	2008		2007	
FINANCE CHARGES				
Interest on Loans	89.51		1,77.83	
Bank Charges	46.52		55.63	
Others	<u>5.11</u>	1,41.14	<u>4,95.68</u>	7,29.14
Less :				
Interest Received on				
— Bank Deposits	10,41.73		53.35	
— Others*	<u>5,57.15</u>	15,98.88	<u>5,81.29</u>	6,34.64
		<u>(14,57.74)</u>		<u>94.50</u>

* Includes Rs. 16.00 lacs (2007 – Rs. 23.64 lacs) being interest on income tax refunds pertaining to earlier years, determined and received this year.

SCHEDULE L

NOTES FORMING PART OF ACCOUNTS

1. Accounting Policies

(a) Accounting Convention

These accounts are prepared under the historical cost convention and on the basis of going concern. All expenses and income to the extent considered payable and receivable respectively, unless stated otherwise, have been accounted for on mercantile basis.

(b) Fixed Assets and Depreciation

1) Fixed Assets are stated at cost of acquisition less accumulated depreciation. Direct costs are capitalised till the assets are ready to be put to use, except freight & insurance, which are capitalised @ 1% and 0.05% respectively of invoice value exceeding Rs 1.00 lac. These costs also include financing costs relating to specific borrowing, attributable to fixed assets.

When an asset is scrapped, or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in Profit and Loss Account.

2) Depreciation on all fixed assets is provided on Straight Line Method, Pro-rata with monthly rests, at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for the fixed assets mentioned in para 3 below.

3) In the following cases the rates are higher than the rates prescribed in Schedule XIV of the Companies Act, 1956:

Nature of Assets	Rate Adopted in Accounts(%)
a) Building - Non Factory	3.34
b) Electrical Installations	7.42
c) Office Equipments	15.00
d) Vehicles	25.00
e) Hi-Life Tools	30.00
f) Data Processing Equipments	30.00

4) Assets individually costing upto Rs.5,000/- are depreciated at 100% in the year of purchase.

5) Capital spares are amortised in a systematic manner over the useful life of the asset to which it relates.

(c) Intangible Assets

Software expenditure capitalised during the year is amortised over 36 months, from the month in which it is capitalised.

(d) Investments

All long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current Investments are valued at the lower of cost and fair value, determined by category of investment.

(e) Inventories

Items of inventories are valued at lower of cost and estimated realisable value. Cost of Stores and Spares, Loose Tools, Raw Materials are determined on monthly Weighted Average basis.

Cost of Work-in-Progress and Finished Goods includes material cost, an appropriate portion of production and administrative overheads and other costs incurred in bringing the inventories to their present location and condition and excludes interest, research & development and marketing expenses.

SCHEDULE 'L' Contd.....

Goods-in-Transit are valued at cost.

Finished Goods includes excise duty, where ever applicable.

(f) Sales are recognised at the time of despatch to customers and include excise duty where ever applicable.

(g) Employee Benefits

Defined Contribution Plan

i) Company's Contribution paid/payable during the year towards Provident Fund Scheme, Superannuation Scheme & Employee State Insurance Scheme are recognised in the Profit & Loss Account.

ii) Defined Benefit Plan

Company's liability towards gratuity and leave encashment are determined by the independent actuary, using the Projected Unit Credit Method. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds is consistent with the currency and estimated terms of the defined benefit obligations. Actuarial gains and losses are recognised immediately in the statement of Profit & Loss Account as income or expense.

Gratuity liability has been covered by master policy of Life Insurance Corporation of India under irrevocable trust.

(h) Research & Development

All Research & Development expenses including design and production of Proto-types are written off as incurred. All capital expenditure on R&D are shown as additions to Fixed Assets.

(i) Foreign Currency Transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of transaction. Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of balance sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to acquisition of fixed assets, which are adjusted in the cost of the assets. Premium for forward contracts is recognised as income or expenditure over the period of contract.

(j) Taxes on Income

Current tax is the tax payable for the period determined as per provisions of the Income Tax Act, 1961.

The provision for deferred tax has been made in accordance with Accounting Standard -22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India and quantified using tax rates & laws that have been enacted or substantively enacted as on the Balance Sheet date.

(k) Accounting policies not specifically referred above are consistent with generally accepted accounting practices.

2. There are contingent liabilities in respect of :

	2008 Rs. lacs	2007 Rs. lacs
i) Claims against the Company not acknowledged as debts.	7,06.82	3,18.19
ii) Excise matters in dispute/under Appeal amounting to Rs 7,80.22 lacs, out of which Rs Nil (2007-Nil) have been deposited under protest.	7,80.22	7,58.52
iii) Sales Tax matters in dispute/under Appeal amounting to	3.32	3.32

SCHEDULE 'L' Contd.....

Rs 3.32 lacs, out of which Rs 1.21 lacs have been deposited under protest (Assessment in respect of Sales Tax is complete upto 2000-01. Additional liability, if any, for pending assessments and/or pending declaration forms is not ascertainable).

iv)	Industrial Relations matters under Appeal.	88.50	96.50
v)	Counter Guarantees to Banks. (Include guarantees in foreign currency EUR 75,661 & US\$ 65,272, 2007 - EUR 75,661).	1,12.82	98.80
vi)	Bond executed in favour of Excise Authorities.	1,00.00	1,00.00
vii)	State Bank of India and ICICI Bank had set up financing limits for Company dealers secured against personal guarantees of promoters / directors / partners of the concerned dealer. However in case of default, if any, concerned banks have a right to recover the amount from the Company. Actual utilisation as on 31 st March, 2008 was Rs.11,29.60 lacs (2007 – Rs.51,72.49 lacs).		
viii)	Assessment of Income Tax is complete upto assessment year 2004-05, demand disputed in appeal being Rs 2,09.33 lacs (2007 - Rs. 2,09.33 lacs). For several earlier assessment years, tax authorities have filed appeals at the Tribunal level which involves estimated tax liability of Rs.8,58.98 Lacs(2007-Rs.8,58.98 lacs).		

Payment of Advance Tax / Tax Deducted at Source and other payments have been shown net of provisions under "Advances Recoverable" Schedule 'G'.

3. Working Capital facilities from banks are secured by a first charge on Company's inventory, receivables and other current assets and by a second charge on Company's fixed assets, both present and future.
4. Earnings per share is calculated by dividing net profit for the year attributable to equity shareholders by number of equity shares outstanding during the year. As there is no change in the equity capital during the period, the diluted earnings per share is same as the basic earnings.
5. Related party disclosures as required under Accounting Standard -18 are given below:

(a) List of related parties:

i)	Holding Company	Mahindra & Mahindra Limited (w.e.f. 6 th July 2007)
ii)	Fellow Subsidiaries (w.e.f. 6 th July, 2007 unless otherwise stated)	Mahindra Renault Pvt. Ltd Mahindra Forgings Ltd. (w.e.f. 27 th Dec, 2007) First Choice Wheels Limited Bristlecone Limited. Bristlecone Inc. Mahindra Consulting Engineers Limited. Tech Mahindra Limited Tech Mahindra GmbH Tech Mahindra (Americas) Inc Mahindra-BT Investment Company (Mauritius)Ltd. Tech Mahindra (Singapore) Pte. Limited. Tech Mahindra (Thailand) Limited. Bristlecone India Limited. Bristlecone GmbH

Bristlecone Singapore Pte. Limited.
 Mahindra (China) Tractor Company Limited.
 Mahindra Engg & Chem Products Limited.
 Mahindra Engineering Design & Development Company Limited.
 Mahindra Europe s.r.l.
 Mahindra Gujarat Tractor Limited.
 Mahindra Holdings & Finance Limited.
 Mahindra Holidays & Resorts India Limited.
 Mahindra Holidays & Resorts (USA) Inc.
 Mahindra Insurance Brokers Limited.
 Mahindra Intertrade Limited.
 Bristlecone UK Limited.
 Mahindra International Limited.
 Mahindra Logisoft Business Solutions Limited.
 Mahindra Middleeast Electrical Steel Service Centre (FZE)
 Mahindra & Mahindra Financial Services Limited.
 Mahindra & Mahindra South Africa (Pty) Limited.
 Mahindra Overseas Investment Company (Mauritius) Limited.
 Mahindra Steel Service Centre Limited.
 Mahindra Shubhlabh Services Limited.
 Mahindra SAR Transmission Pvt Limited.
 Mahindra USA Inc.
 Mahindra Ugine Steel Company Limited.
 NBS International Limited.
 Tech Mahindra (R & D Services) Limited.
 Tech Mahindra (R & D Services) Inc
 Stokes Group Limited
 Jensand Limited
 Stokes Forgings Dudley Limited
 Stokes Forgings Limited
 Plexion Technologies (UK) Limited
 Plexion Technologies GmbH
 Plexion Technologies Incorporated
 Tech Mahindra Foundation
 PT Tech Mahindra Indonesia
 CanvasM Technologies Limited
 Mahindra Forgings International Limited.
 Mahindra Forgings Global Limited
 Gesenkschmiede Schneider GmbH
 Falkenroth Umformtechnik GmbH
 Jeco-Jellinghaus GmbH

	<p>Mahindra Forgings Europe AG Mahindra Hinoday Industries Limited Schöneweiss & Co. GmbH iPolicy Networks Private Limited CanvasM (Americas) Inc Mahindra Life Space Developers Limited Mahindra Infrastructure Developers Limited Mahindra World City (Jaipur) Limited Mahindra Integrated Township Limited Mahindra World City Developers Limited Mahindra World City (Maharashtra) Limited MHR Hotel Management GmbH Bristlecone (Malaysia) SDN. BHD Mahindra Automotive Limited Mahindra Castings Private Limited (w.e.f. 30th Aug 07) Mahindra Hotels and Residences India Limited Mahindra Holdings Limited (w.e.f. 2nd Nov 07) Mahindra Logistics Limited (w.e.f. 12th Dec 07) Mahindra Rural Housing Finance Limited Mahindra Retail Private Limited (w.e.f. 3rd Sep 07) Mahindra Technology Park Limited (w.e.f. 28th Sep 07) Tech Mahindra (Beijing) IT Services Limited (w.e.f. 21st Dec 07) Tech Mahindra (Malaysia) SDN. BHD Mahindra Residential Developers Limited (w.e.f. 1st Feb 08) Mahindra Aerospace Pvt Limited (w.e.f. 28th Feb 08) Heritage Bird (M) Sdn Bhd (w.e.f. 3rd Mar 08) Mahindra First Choice Services Limited (w.e.f. 24th Mar 08) Mahindra Graphic Research Design srl (w.e.f. 20th Feb 08) Mahindra Navistar Engines Private Limited (w.e.f. 24th Mar 08)</p>
iii) Associate Companies (Enterprises where Company has substantial interest)	<p>Swaraj Engines Limited Swaraj Automotives Limited</p>
iv) Significant influence entities	<p>CDC – PTL Holdings Limited and its associate companies (upto 5th July, 2007)</p>
v) Key Management Personnel	<p>Whole time Directors Mr. Bishwambhar Mishra (w.e.f 14th July, 2007) Mr. A.M.Sawhney Mr. P.Sivaram (Upto 14th July, 2007)</p>

SCHEDULE 'L' Contd.....

(b) Volume of transactions with related parties:

Description	Holding Company	Fellow Subsidiaries	Associates	Significant Influence Entities	(Rs. lacs)	
					Key Management Remuneration	
Purchase						
- Goods	4.41 (-)	- (-)	131,24.01 (139,29.42)	- (0.94)		
- Fixed Assets	1,89.13 (-)	34.48 (-)	5.12 (0.22)	- (-)		
- Services	64.47 (-)	- (-)	31.91 (20.29)	- (8.91)		
Sale						
- Goods	1,49.39 (-)	9.72 (-)	2,27.06 (1,78.00)	- (3,33.59)		
- Fixed Assets	- (-)	- (-)	- (-)	- (-)		
- Services	1.54 (-)	- (-)	2,14.97 (2,09.36)	- (48.59)		
Advance Received	0.94 (-)	- (-)	- (-)	- (-)		
Dividend						
- Received	- (-)	- (-)	- (-)	- (80.96)		
- Paid	- (-)	- (-)	- (-)	- (10,66.87)		
Balance						
- Payable	- (-)	- (-)	14,85.00 (33,77.84)	- (-)		
- Receivable	74.31 (-)	8.80 (-)	- (-)	- (5,54.43)		
Remuneration						1,72.50 (2,07.06)

Note: Previous year figures under the significant influence entities include transactions with Swaraj Mazda Ltd. upto 31st May, 2006.

PUNJAB TRACTORS LIMITED

SCHEDULE 'L' Contd.....

c) Significant related party transactions are as under:

	<u>Holding Company</u>		<u>Fellow Subsidiaries</u>		<u>Associates</u>		(Rs. lacs)
Purchase							
– Goods					Swaraj Engines Ltd.	125,71.50	(134,22.89)
					Swaraj Automotives Ltd.	5,52.51	(5,06.53)
– Fixed Assets	Mahindra & Mahindra Ltd.	1,89.13 (–)	Mahindra Renault Pvt. Ltd.	34.48 (–)			
– Services	Mahindra & Mahindra Ltd.	64.47 (–)			Swaraj Engines Ltd	31.91	(20.29)
Sale							
– Goods	Mahindra & Mahindra Ltd.	1,49.39 (–)			Swaraj Engines Ltd	2,18.12	(1,77.40)
– Services					Swaraj Engines Ltd.	1,73.47	(1,89.91)
					Swaraj Automotives Ltd.	41.50	(19.45)

Notes: 1. Transactions in case of Holding Company and Fellow Subsidiaries are w.e.f. 6th July, 2007 or as mentioned at Note 5 (a) (ii).

2. Remuneration to Key Management Personnel is for the period as mentioned at Note 5 (a) (v) above. Details of remuneration to key management personnel are given in Note 13.

6. The Company's principal business activity falls within a single primary business segment viz tractors, self propelled harvester combines and rice transplanners. Hence "Segment Reporting", under AS 17 issued by the Institute of Chartered Accountants of India is not applicable.
7. Excise Duty shown in Profit & Loss Account includes provision on finished goods lying at plants Rs. 2,11.83 lacs (2007 – Rs. 2,57.58 lacs).
8. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.2,40.58 lacs net of advances (2007 – Rs. 68.75 lacs).
9. Fixed Assets Gross Block as on 31st March, 2008 includes Research & Development Assets as under:

	2008	2007
	Rs. lacs	Rs. lacs
Building	7,00.82	7,00.82
Plant & Machinery	15,59.51	15,14.86
Electrical Installations	31.27	31.27
Furniture Fixture & Office Equipment	48.54	48.36
Software	1,21.50	1,21.50
Vehicles	97.03	97.03
Total	25,58.67	25,13.84

Although whole of the expenditure is eligible for weighted deduction in computing taxable income, depreciation on these assets has been charged at usual rates.

SCHEDULE 'L' Contd.....

10. While letters of confirmation of balance of sundry creditors, sundry debtors and material lying with vendors have been sent, some have been received back, rest are subject to confirmation.

11. Based on the information available with the Company, the balance due to Micro & Small Enterprises as defined under the MSMED Act, 2006 is Rs. Nil. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

12. Details of Other Income :

	2008 Rs. lacs	2007 Rs. lacs
– Dividend Income		
– Long Term Investments	91.52	4,05.77
– Current Investments	1,34.20	—
– Write back of Provision for Diminution in Investment	7.08	—
– Profit on sale of assets	4.70	23.64
– Profit on sale of investments		
Long Term	—	11,04.70
Current	0.26	—
– Other Misc. Income	1.29	0.03
	2,39.05	15,34.14

13. Directors' Emoluments :

i) Salaries	77.41	54.00
ii) Commission	32.45	48.00
iii) Contribution to Provident & Other Funds	24.51	33.51
iv) Leave Encashment	37.35	71.00
v) Other Perquisites	0.78	0.55
Total	1,72.50	2,07.06

vi) Computation of net profit in accordance with Sec.309(5) of the Companies Act, 1956 for calculation of commission.

Profit before Tax as per Profit & Loss Account	97,11.83	109,50.88
Add: Depreciation charged in the accounts	16,92.29	15,47.55
Director's emoluments including sitting fee	1,81.35	2,18.16
Provision for diminution in the investment	—	7.08
Provision for doubtful debts & advances	5,15.53	1,14.20
	121,01.00	128,37.87
Less: Depreciation charged in the accounts	16,92.29	15,47.55
Prior period adjustments	1.48	—
Profit on sale of Investments	0.26	11,04.70
Provision for diminution in the investment written back	7.08	—
Profit on sale of Fixed Assets (net) as per Sec 349 (3)(d) of the Companies Act, 1956	0.45	1.43
	103,99.44	101,84.19
Maximum Commission to eligible whole time Directors @ 1% of net profit for the applicable period	1,33.91	2,03.68

Restricted to a maximum of :

a) For Shri A.M Sawhney (Rs.25,20,000 per annum)	25.20	24.00
b) For Shri P.Sivaram (100% of salary)	7.25	24.00

14. Employee Defined Benefits: Defined benefit plans-as per Actuarial Valuation on 31st March, 2008

	Gratuity Plan (Rs. lacs)
I. Expense Recognised in the Statement of Profit & Loss Account for the year ended 31st March, 2008	
1. Current Service Cost	1,83.74
2. Interest	3,13.74
3. Expected Return on plan assets	(2,57.56)
4. Actuarial (Gain)/Loss	1,40.58
5. Payments on account of employees transferred	—
6. Total Expense	3,80.50
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2008	
1. Present value of Defined Benefit obligation as at 31 st March, 2008	44,02.58
2. Fair Value of plan assets as at 31 st March, 2008	30,58.68
3. Funded Status [Surplus/(Deficit)]	(13,43.90)
4. Net Asset/(Liability) as at 31 st March, 2008	(13,43.90)
III. Change in the obligation during the year ended 31st March, 2008	
1. Present value of Defined Benefit obligation as at the beginning of the year	40,86.16
2. Current service cost	1,83.74
3. Interest Cost	3,13.74
4. Benefit payments	(3,28.80)
5. Actuarial (Gain)/Loss	1,47.74
6. Present value of Defined Benefit obligation as at the end of the year	44,02.58
IV. Change in Fair Value of Assets during the year ended 31st March, 2008	
1. Fair Value of plan assets at the beginning of the year	27,15.33
2. Expected return on plan assets	2,57.56
3. Contributions by employer	4,07.43
4. Actual Benefits paid	(3,28.80)
5. Actuarial (Gain)/Loss on plan assets	7.16
6. Fair Value of plan assets at the end of the year	30,58.68
7. Actual return on plan assets	2,64.72
V. The major categories of plan assets as a percentage of total plan	
Funded with LIC	100%
VI. Actuarial Assumptions	
1. Discount Rate	8.00%
2. Expected rate of return on plan assets	9.35%
3. In-service Mortality	LIC 1994-96 Ultimate
4. Turnover Rate	5.00%
5. Salary Rise	7.00%
6. Remaining Working life	11.79 Yrs

General Description of the Defined Benefit Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service.

SCHEDULE 'L' Contd.....

15. Research, Design & Development expenses include :	2008	2007
	Rs. lacs	Rs. lacs
a) Materials	1,52.33	1,55.81
Salaries & Wages	5,11.13	4,34.88
Contribution to Provident & Other Funds	59.97	69.09
Staff Welfare	9.01	10.29
Repair & Maintenance	60.38	75.86
Power & Fuel Charges	43.27	47.23
Travelling & Conveyance	34.24	40.97
Others	14.41	21.83
	8,84.74	8,55.96

b) Depreciation shown in Profit & Loss Account includes Rs.1,51.45 lacs (2007-Rs.1,06.15 lacs) in respect of Assets for Research & Development activities.

16. Auditors' Remuneration & Expenses* :	2008	2007
	Rs. lacs	Rs. lacs
Statutory Auditors		
— Audit Fee	6.74	6.74
— Other Services	3.96	1.99
Cost Auditors		
— Audit Fee	1.12	1.12
Tax Auditors		
— Audit Fee	0.68	0.68

* includes service tax

17. Particulars in respect of Goods Manufactured :					
<u>Class of Goods</u>	<u>Unit of Qty.</u>	<u>Installed Capacity</u>		<u>Actual Production</u>	
		2008	2007	2008	2007
Tractors, Self Propelled Harvester	Nos.	60,000	60,000	28,493*	31,209*
Combines and Rice Transplanters					
Forklifts	Nos.	300	300	126	160
Castings	M.T.	10,000	10,000	9,548	10,677
Tractor drawn Agricultural Implements	Nos.	—	—	16	44

Notes:

1. Installed Capacity as certified by the Management.
2. Licensed Capacity - Not applicable.
3. *Includes 64 (2007 – 106) Self Propelled Harvester Combines.

PUNJAB TRACTORS LIMITED

SCHEDULE 'L' Contd.....

18. Particulars in respect of Revenue From Operations :

Class of Goods	Unit of Qty.	2008		2007	
		Qty.	Rs. lacs	Qty.	Rs. lacs
Agricultural Tractors	Nos.	28,045	893,52.18	30,045	891,57.68
Harvester Combines	Nos.	65	7,10.49	105	10,93.63
Forklifts	Nos.	140	10,46.17	147	10,69.53
Castings	M.T.	9,581	50,54.41	10,685	52,78.20
Tractor drawn Agricultural Implements	Nos.	16	7.76	45	18.39
Accessories	—	—	—	—	4.14
Spare Parts	—	—	29,17.31	—	22,01.74
Gears	—	—	22,77.01	—	18,40.49
Export – Non Company Products	—	—	8,97.04	—	8,26.85
Others	—	—	11,53.61	—	9,40.29
			1,034,15.98		1,024,30.94
Less : Captive Consumption – Castings	M.T.	8,759	46,12.17	9,841	48,76.84
			988,03.81		9,75,54.10

Notes :

- Sale of Tractors exclude – 02 Tractors capitalised at a value of Rs 4.88 lacs (2007 – Nil) and 95 Tractors written back (2007 – Nil) and 12 Tractors (2007 – 07 Tractors) as total loss cases fully claimed from Insurance Company.
- Sale of Forklifts exclude – Nil Forklift capitalised at a value of Rs Nil (2007 – 03 Forklifts Rs. 16.62 lacs).

19. Particulars in respect of Finished Goods :

Class of Goods	Unit of Qty.	Opening Balance		Closing Balance	
		Qty.	Rs. lacs	Qty.	Rs. lacs
Agricultural Tractors	Nos.	1,326	32,14.02	1,601	41,71.71
		(275)	(6,43.62)	(1,326)	(32,14.02)
Harvester Combines	Nos.	1	9.99	—	—
		(—)	(—)	(1)	(9.99)
Forklifts	Nos.	18	1,14.66	4	27.01
		(8)	(47.52)	(18)	(1,14.66)
Castings	M.T.	56	26.68	23	11.79
		(64)	(29.30)	(56)	(26.68)
Agricultural Implements	Nos.	—	—	—	—
		(1)	(0.25)	(—)	(—)
Spares	—	—	15,46.26	—	13,25.44
		(—)	(13,55.39)	(—)	(15,46.26)

Note :

It is not practicable to furnish quantitative detail of spares in view of large number of items varied in size and nature.

SCHEDULE 'L' Contd.....

20. Analysis of Raw Materials Consumed :

Class of Goods	Unit of Qty.	2008		2007	
		Qty.	Rs. lacs	Qty.	Rs. lacs
Bars, Rounds & Angles	M.T.	51	25.09	81	37.58
Forgings & Castings	M.T.	8,759	50,60.06	9,880	57,75.65
Engines – Tractors	Nos.	28,545	203,25.22	31,103	217,22.55
Engines – Combines	Nos.	64	87.56	106	1,50.68
Engines – Forklifts	Nos.	117	77.73	154	1,01.46
Oil, Paints & Chemicals	Ltrs.lacs	35	23,92.72	41	26,34.07
Pig Iron	M.T.	5,123	10,35.32	5,959	10,60.53
MS Scrap	M.T.	1,229	2,08.07	1,064	1,74.09
Coke	M.T.	2,330	3,16.39	2,960	3,02.85
Others (including components)	–	—	388,63.63	—	386,00.01
			<u>683,91.79</u>		<u>705,59.47</u>

Notes :

1. It is not practicable to furnish quantitative information on components in view of large number of items varied in size and nature.
2. The quantities and amount of all the items in Analysis of Raw Materials Consumed, except for engines (where actuals are taken) represents the issues during the year. Consequently, the figure of others (including components) is a balancing figure, based on total consumption net of CENVAT / VAT difference, shown in the Schedules and includes adjustments for excess / shortage / damages found on verification.

21. Value of Imported and Indigenous Raw Materials, Components, Stores and Spares etc. consumed and percentage of each to Total Consumption.

	2008		2007	
	%age	Rs. lacs	%age	Rs. lacs
Raw Materials & Components :				
Imported	0.13	91.48	0.15	1,05.15
Indigenous	99.87	683,00.31	99.85	704,54.32
		<u>683,91.79</u>		<u>705,59.47</u>
Stores, Consumables, Spares & Loose Tools :				
Imported	0.92	9.45	0.91	7.79
Indigenous	99.08	10,15.48	99.09	8,44.88
		<u>10,24.93</u>		<u>8,52.67</u>

22. Earnings in Foreign Exchange :

Exports (FOB Basis)	16,94.28	20,77.41
{Excludes Rs. 12,05.39 lacs (2007 - Rs. 5,45.09 lacs) Export to Rupee Countries}		

23. Value of Imports on CIF Basis :

Raw Materials	2,73.71	69.74
Components, Stores & Machinery Spare Parts	8.82	2.99
Capital Goods	1,19.71	81.59
	<u>4,02.24</u>	<u>1,54.32</u>

SCHEDULE 'L' Contd.....

24. Expenditure in Foreign Currency :

	2008	2007
	Rs. lacs	Rs. lacs
Travel	19.42	17.34
Overseas Commission	30.46	25.59
	<u>49.88</u>	<u>42.93</u>

25. Previous year figures have been regrouped wherever necessary so as to correspond with those of the current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

a) **Registration Details**

Registration No.	2942
State	Punjab
State Code	16
Balance Sheet Date	31st March, 2008

	2008	2007
	<u>Rs. lacs</u>	<u>Rs. lacs</u>

b) **Capital Raised during the year**

Public Issue	Nil	Nil
Bonus Issue	Nil	Nil
Right Issue	Nil	Nil
Private Placement	Nil	Nil

c) **Position of Mobilisation and Deployment of Funds**

Total Liabilities	683,94.68	683,72.17
Total Assets	683,94.68	683,72.17

Sources of Funds

Paid up Capital	60,75.57	60,75.57
Reserves & Surplus	604,07.94	586,24.31
Secured Loans	Nil	Nil
Unsecured Loans	4,04.53	10,73.67

Application of Funds

Net Fixed Assets	87,93.46	93,52.58
Net Current Assets	438,90.28	585,17.72
Investments	154,48.33	4,43.04
Misc. Expenditure	Nil	Nil
Accumulated losses	Nil	Nil

d) **Performance of Company**

Total Income	971,97.63	974,19.28
Total Expenditure	874,87.28	864,68.40
Profit Before Tax	97,10.35	109,50.88
Profit After Tax	65,16.87	77,98.23
Earning Per Share (Rs.)	10.73	12.84
Dividend Rate	50%	Nil

e) **Generic Names of three Principal Products/Services of Company**

1. Item Code No. (ITC Code)	87
Product Description	Agricultural Tractor
2. Item Code No. (ITC Code)	84
Product Description	Harvester Combine
3. Item Code No. (ITC Code)	84
Product Description	Forklift

PUNJAB TRACTORS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2008		2007
	<u>Rs. lacs</u>		<u>Rs. lacs</u>
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	97,10.35		109,50.88
Adjustments for :			
Depreciation	16,92.29		15,47.55
Profit on sale of assets	(4.70)		(23.64)
Profit on sale of investments	–		(11,04.70)
Change in value of investments	–		2.14
Dividend income	(2,25.72)		(4,05.77)
Interest income	(15,98.88)		(6,34.64)
Interest paid	1,41.14	4.13	7,29.14
			<u>1,10.08</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	97,14.48		110,60.96
Adjustments for :			
Trade and other receivables	222,15.55		115,21.98
Inventories	20,47.23		(46,10.57)
Trade payables	9,38.59	252,01.37	15,31.85
			<u>84,43.26</u>
CASH GENERATED FROM OPERATIONS	349,15.85		195,04.22
Interest paid	(1,41.14)		(7,29.14)
Direct taxes paid	(36,99.17)	(38,40.31)	(38,71.39)
			<u>(46,00.53)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	310,75.54		149,03.69
Extraordinary items	(17,43.73)		–
			<u>–</u>
NET CASH FROM OPERATING ACTIVITIES	293,31.81		149,03.69
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(13,51.44)		(8,43.28)
Sale of fixed assets	19.17		33.17
Sale of investments	–		15,82.20
Purchase of Investments	(150,05.29)		–
Interest received	15,98.88		6,34.64
Dividend received	2,25.72		4,05.77
			<u>–</u>
NET CASH FROM INVESTING ACTIVITIES	(145,12.96)		18,12.50

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2008 <u>Rs. lacs</u>	2007 <u>Rs. lacs</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short / long term borrowings	—	—
Repayment of short / long term borrowings	(6,69.13)	(92,24.28)
Dividend & Dividend Tax paid	—	(41,56.60)
NET CASH FROM FINANCING ACTIVITIES	(6,69.13)	(133,80.88)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	141,49.72	33,35.31
CASH AND CASH EQUIVALENTS AS AT 1ST APRIL	57,33.42	23,98.11
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH	198,83.14	57,33.42

Notes :

1. The above statement has been prepared under indirect method except in case of Dividends, Purchase of Investments and Taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
2. Cash and Cash Equivalents represent Cash and Bank Balances only.
3. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress / Advances, Construction Stores-in-Hand and Capital Spares between beginning and end of the year and treated as part of investing activities.

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of Punjab Tractors Limited for the year ended 31st March, 2008. The Statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 7th May, 2008 to the members of the Company.

Per our separate report of even date attached

for S. TANDON & ASSOCIATES
Chartered Accountants

KAMAL KANT GAMBHIR
Partner

M.N. KAUSHAL
Vice President - Finance
& Company Secretary

New Delhi, 7th May, 2008

FOR AND ON BEHALF OF THE BOARD

ANJANIKUMAR CHOUDHARI
Chairman

BISHWAMBHAR MISHRA
Managing Director &
Chief Executive Officer

New Delhi, 7th May, 2008

AUDITORS' REPORT

**TO THE MEMBERS OF
PUNJAB TRACTORS LTD.**

1. We have audited the attached Balance Sheet of Punjab Tractors Ltd., as at 31st March, 2008 and related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the order'), issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and the records of the company as we consider appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in Paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, no director of the company is disqualified as on 31st March, 2008 from being appointed as a Director under clause (g) of sub-section (1) of Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008;
 - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. TANDON & ASSOCIATES**

Chartered Accountants

New Delhi
Date : 7th May, 2008

KAMALKANT GAMBHIR
Partner, Membership No. 86774

ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in Paragraph (3) of our Report of even date to the members of Punjab Tractors Limited on the accounts for the year ended 31st March, 2008.

- (i) a) The Company is maintaining proper records to show full particulars including the quantitative details of Fixed Assets.
- b) As explained to us that the management has physically verified the major fixed assets of the Company in a phased manner, designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and nature of the assets. No material discrepancies were noticed on such verification.
- c) As per the information and explanations given to us no substantial part of the fixed assets have been disposed off during the year, which affect the ability of the Company to continue as a going concern.
- (ii) a) The stock of finished goods, stores, spare parts and raw material lying in the factory have been physically verified by the management during /at the year-end. In our opinion and according to information and explanations given to us the frequency of physical verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of the physical verification of stock followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us the Company is maintaining proper records of its inventories and the discrepancies noticed on physical verification of inventory were not material and have been adequately dealt with in the books of account.
- (iii) The Company has not taken or granted any loans, secured or unsecured from Companies, Firms or Other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of Inventories, Fixed Assets and for the Sale of goods.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any transaction which is required to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of the Section 58-A & 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public.
- (vii) In our opinion, the Company has an adequate Internal Audit System, commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts as required to be maintained by the Company under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. However, we are not required to and have not carried out detailed examination of such accounts and records with a view to determining whether they are accurate or complete.
- (ix) a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and Cess with the appropriate authorities during the year. As explained to us there were no arrears of the statutory dues for the period more than six months from the date they became payable at the end of the Financial year.
- b) Disputed Excise Duty and Sales Tax aggregating to Rs 780.22 lacs and Rs.2.11 lacs respectively have not been deposited since the matters are pending with Tribunal/Excise Appellate Authorities. In case of Sales Tax, the

ANNEXURE TO THE AUDITORS' REPORT contd....

matters are pending with Sales Tax Appellate authorities. As explained to us, there were no disputed unpaid amount in respect of Income Tax, Custom Duty and Wealth Tax during the year.

- (x) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to the banks. The Company has not obtained any borrowings either from Financial Institution or by way of Debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures and other Securities.
- (xiii) The Company is neither a chit fund nor a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of Clause 4 (xiii) of the Order are not applicable.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the Order are not applicable.
- (xv) In our opinion and according to the information and explanations given to us the terms and conditions of guarantees given by the Company for loans taken by others from banks are not prima facie prejudicial to the interest of the Company.
- (xvi) The Company has not received any Term Loan during the year.
- (xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment and vice-versa, other than temporary deployment pending application.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of Clause 4 (xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of Clause 4 (xix) of the Order are not applicable.
- (xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4 (xx) of the Order are not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **S. TANDON & ASSOCIATES**

Chartered Accountants

New Delhi
Date : 7th May, 2008

KAMALKANT GAMBHIR
Partner
Membership No. 86774

PUNJAB TRACTORS LIMITED

Registered Office :
Phase-IV, Industrial Area, S.A.S. Nagar (Mohali)
Punjab-160 055.

PROXY FORM

I/We _____
of _____
member
of the above company, hereby appoint
members _____ of _____

or failing him _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the 37TH ANNUAL
GENERAL MEETING of the Company to be held on Monday,
16th June, 2008 at 3.00 P.M.

Signed _____

Revenue
stamp

PUNJAB TRACTORS LIMITED

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall.

.....
Name of the attending Member
(IN BLOCK LETTERS) Member's Folio
Number

.....
Name of Proxy (IN BLOCK LETTERS)
(To be filled in if the Proxy attends instead of Member)

No. of Shares held _____

I, hereby record my presence at the 37TH ANNUAL GENERAL MEETING
of the Company at Swaraj Engines Limited, Plot No. 2, Industrial
Phase - IX, S.A.S. Nagar (Mohali), Punjab - 160 059 on Monday, 16th June,
2008 at 3.00 P.M.

Member's/Proxy's Signature