

PTL ENTERPRISES LIMITED

“PTL Enterprises Limited 61st Annual General Meeting Conference Call”

July 14, 2022



PTL ENTERPRISES LIMITED

MANAGEMENT:

**MR. ONKAR KANWAR – CHAIRMAN,
MR. NEERAJ KANWAR – NON-EXECUTIVE DIRECTOR,
MR. B.K. SINGH – INDEPENDENT DIRECTOR,
MR. HARISH BAHADUR – NON-EXECUTIVE DIRECTOR,
MS. SONALI SEN – INDEPENDENT DIRECTOR
MR. SUNIL TANDON – INDEPENDENT DIRECTOR,
MR. TAPAN MITRA – INDEPENDENT DIRECTOR,
MR. U.S. ANAND – INDEPENDENT DIRECTOR,
MR. PRADEEP KUMAR – COMPANY SECRETARY,
MR. AMARJEET KUMAR – CHIEF FINANCIAL OFFICER,**

Moderator: Dear Members of PTL Enterprises Limited, good afternoon and welcome to the 61st AGM of the Company held through VC.

For the smooth conduct of the meeting, Members will be in the mute mode. For Members who are pre-register to speak at the meeting, the audio and video will be opened when they have to speak.

Please note that as for the pre-requirements, the proceedings of the AGM will be recorded and the transcript will be available on the Company's website. The statutory registers required to be there during the AGM for inspection are available on the NSDL website.

Now, let me hand over to the Chairman of PTL Enterprises Limited, Mr. Onkar Kanwar. Over to you, sir.

Onkar Kanwar: Thank you and good afternoon to dear Members. Hope you are all well and healthy.

As the requisite quorum is present, I declare the meeting as validly convened.

Let me now introduce the Board Members,

Neeraj Kanwar – Non-Executive Director

Mr. B. K Singh – Independent Director, Chairman of the Audit Committee

Mr. Harish Bahadur – Non-Executive Director

Mr. Sunil Tandon – Independent Director

Mr. U.S. Anand – Independent Director and Chairman of the Nomination and Remuneration Committee

Mr. Tapan Mitra – Independent Director

Ms. Sonali Sen - Independent Director.

And we have Pradeep Kumar - Company Secretary,

Amarjeet Kumar – CFO and Representative Of Statutory Auditor and Secretarial Auditors all are attending the meeting.

Moderator: Thank you. We request Chairman to address the Members.

Onkar Kanwar: Good afternoon, ladies and gentlemen, esteemed shareholders and my colleagues on the Board, distinguished ladies and gentlemen, once again a very warm welcome and good afternoon to all of you. We hope you and your families are healthy and safe. On behalf of all the PTL Board

Members and the PTL team, I would like to welcome you to this 61st Annual General Meeting of PTL Enterprises Limited. Thank you for joining us today.

The Company annual accounts for the year ended March 31st, 2022, along with the Board and the Auditor Report have already been circulated to you. With your permission, I would like to take them as read.

For wider participation of shareholders scattered all over the country and ongoing restrictions, we have continued holding the meeting over VC. I am thankful to you for joining the meeting and taking part in the Annual Meeting of the Company.

The Financial Year 2021 saw the continuing threat of COVID-19 pandemic. The year began on an ominous note, with the second wave of the pandemic hitting many countries. In later half the year news of the COVID-19 variant, Omnicron led to increased mobility, restriction and financial market volatility. The year continued to see supply disruption, it weighed hard on economic activity. Along with these complexities, inflation was much higher and more broad based than anticipated.

Despite such difficult times, it is a tribute to human resilience that humanity fought back and ended the year on a high. According to data from International Monetary Fund, countries across the globe posed a strong growth rates as against this slowdown in the previous year. Overall advanced economies bounced back with the strong growth of 5.5% against a degrowth of 4.5%.

The traditional global growth engines, emerging markets and developing economies got on growth trajectory, as they collectively posted a growth rate of 6.6% as against the fall of 2%. China was back on the upward path, as it posted a growth of 8.1%. Such bright sparks across the globe had the world increase the GDP by 5.9% as against the degrowth of 3.1% in the Calendar Year 2020.

Fiscal year for India continued with a COVID-19 fear as the country saw dreaded phase-2 of the virus severely impacting the healthcare system, and resulting in loss of lives across the country. Despite this, the country bounced back and saw demand coming back in the system, shoring up private income and expenditure taking it to pre-COVID levels.

According to data from the Government of India, the country's GDP for year '22 expanded to 8.7% highest in 22 years. The improvement in the economy comes over a GDP contraction of 6.6% for the year '21. It has been a long time for the auto industry to celebrate achieving robust growth, and the year was no different.

The last time the industry ended on a high, was FY18, when it closed the year with the overall production number of 20 million units, posting a strong 15% growth over its previous year. Since then, industry has been facing multiple issues including economic slowdown, poor consumer demand, ship related issues, liquidity crisis, and more. This has resulted in poor production growth of 6% Financial Year 2018/2019 and two subsequent years of degrowth.

Financial Year 2021/2022 was the year of learning, how to manage the global supply chain, given the continuing impact of COVID-19 pandemic on the global supply chain.

Semiconductors chip shortage severely impacted the industry. And yet one must acknowledge the resilience of the auto players in India, which continued moving ahead, despite the challenges, as some data for the year indicated a normal growth rate of 1% in the industry.

Overall production numbers like the auto industry, the tyre industry has little to cheer for the past two years. With a CAGR of just 3% over the past decade between Financial Year 2010 and 2011 and Financial Year 2020 and 2021, the industry has been on an erratic growth momentous.

According to the data from Automotive Tyre Manufacturer Association in the past decade, only twice has the industry seeing double digit growth of 13% in the Financial Year 2014 and 2015, and 10% in the Financial Year 2016 and 2017.

However, Financial Year 2021 and 2022 might be a year of where the growth might surpass the previous growth numbers. According to the ATMA latest data for the year '22, industry has grown by a robust 23%. As per the ATMA data, this robust growth in the industry was led by all segments.

Riding on the demand upswing in the second half of the Financial Year 2021, industry continued to see good, momentous in the medium and heavy commercial vehicle segment, which grew by 21% for nine months. Further, the upswing was visible in the export segment as well, which showed a strong upward trajectory for the segment as it posted an overall growth of 66%.

Despite the strong momentous, the tyre industry player saw a pressure on their margin as they witnessed a sharp 30% increase in the overall raw material cost. Further due to pandemic industry saw unprecedented disruption on the supply chain due to global part congestions, container shortages and black selling.

Oil prices continued upward trajectory during the year. Scaling a peak of U.S dollar \$140 a barrel, on account of geopolitical factors, supply disruption, inability of OPEC members to increase oil supply as per the agreement and rise in natural gas prices, natural rubber availability in India was fairly constrained during the period April to December 2021 on account of weather related challenges. COVID restriction in Kerala etc. furthered the domestic natural rubber prices to seven year high, during the year.

In all this, the outlook depends not just on the outcome of the conflict in Europe, but also how effectively economic policies deployed under high uncertainty can limit damage from the current external crisis. For India, IMF has slashed the Financial Year '22/'23 growth forecasts to 8.2% from 8% to 9%, saying that higher commodity prices will weigh on private consumption and investment.

With a view to encourage wider participation of the small investor, and to enhance the liquidity of the equity shares of the stock, the market, the Board of Directors of your Company had

considered and approved subdivision of the each equity share of face value of Rs. 2, fully paid into two equity shares of face value of Rs. 1 each of fully paid which was approved by the shareholder.

As you are aware that the manufacturing facility of your Company plant at the Kalamassery continues leased out to Apollo Tyres Ltd, therefore, your Company has no direct impact of economic turmoil. Your Company recorded gross total income of Rs. 67.41 crore during the year ended 31st March '22. The net profit after tax for the year stood at Rs. 32.98 crores. Your Directors have recommended a final dividend of 200% of Rs. 2 per equity share of Rs. 1 each for the Financial Year ended '21, '22. The dividend will be paid within the stipulated time to all the shareholder. You will be glad to note that your Company equity holding of the Apollo Tyres Limited has further increased from 1.55% to 1.66% during the Financial Year under review.

I would also like to offer my thanks to every stakeholder of the Company for their continuous support to the management as well as to our employees for their valuable contribution during the year under review. Thanks also to the State Government for the support and encouragement as also to other stakeholders for their constant faith in us. I wish all of you the very best for your health and continued well-being. Thank you.

Moderator:

Thank you. We now request the Chairman to proceed with the agenda.

Onkar Kanwar:

Thank you. Notice along with the Board report and audited financial statements I have already been sent to the Members. I take them as read.

Auditor's report on financial statement, secretarial audit report to the Company of the Financial Year ended 31st, 2022 do not contain any qualification, reservation, adverse remarks or disclaimer. Accordingly the reports are not required to be read out as provided in the Companies Act 2013.

Now I will explain the objective and implication of each item of the notice:

Item #1 Relates to adoption of the audited financial statements report to the Board and auditors thereon by the Members of the Company. After your approval same will be taken on record.

Item #2 Relates to declaration of dividend to the Members. The Board has recommended the dividend of Rs. 2 per share on the equity share as a Company which has to be approved by the Members. After your approval, payment will be made within the stipulated time.

Item #3 Relates to appointment of Mr. Harish Bahadur who is retiring by rotation. After your approval, he will be reappointed.

Item #4 Relates to the appointment of SCV & Company as Statutory Auditors of the Company for a period of five years, from '23 to years '27. After your approval, they will be reappointed, as Statutory Auditors of the Company.

All Item #1 to #4 of the Notice have been voted by the Members through remote e-Voting from July 11th, July 13th, 2022. The Members present at the meeting, who have not done remote e-Voting can now cast their vote using e-Voting platform of NSDL.

M/s RSMV& Co., practicing company secretary will act as a Scrutinizer for the voting process.

Moderator:

Thank you. We will now begin the question-and-answer session. I request for questions from speaker Members who have registered in advance. The first question is from the line of Nanda Kumar D. Your line is unmuted, you can ask your question now. Please restrict your questions to the time limit of 2 to 3 minutes. Please go ahead, sir.

Nanda Kumar D:

Respected Chairman Mr. Onkar Kanwarji, Non-Executive Director Shri. Neeraj Kanwarji, Non-Executive Director Shri. Harish Bahadurji, the Company Secretary Shri. Pradeep Kumarji, I am really glad to see you all again, at least virtually. Next year hopefully, we will meet in Cochin. As I have said umpteenth number of times before, I am a well-wisher and a shareholder of the Company and I stay very close to the Kalamaserry unit.

Anyway, primarily this time, my presence is mainly to thank you, because in the last meeting, you may remember, I requested three things. And I am really glad to say that two out of the three has already been executed. One was of course the stock split, I requested in the last AGM that the stock face value may be split into one each. And I am really thankful to the Management, Board of Directors of the Company that it has already been done.

Then coming to the second thing, is regarding the, I sought for, I requested for an interim dividend last year. Of course, no interim dividend was paid, but the dividend has been increased substantially, which actually is a better proposition than an interim dividend. The dividend you have declared this year is actually really good for investors, it is actually truly rewarding for the long way it turn out. And I would like to thank all of you for giving a dividend of Rs. 2 that is 200% dividend this year.

These two things, I am really happy, I am really satisfied. I am really grateful that the Board of Directors did that. Then coming to the third thing, which is of utmost importance. In fact, I attended the Apollo AGM, also a couple of days back and I made the same request that the lease rental has to be increased sir, because for the past so many years and inflation is really high, actually the real lease rental we are getting is getting diminished every year. And I understand we are making some big CAPEX in the plant, that also we are not getting any return. So, considering these two things, one is the high inflation these days. Number two is the CAPEX, we are incurring in the Kalamassery unit, I think it is high time that we should seek an increase in the amount of lease rental from Apollo Tyres.

One more thing I will tell you, you please go to the page 91 of the Annual Report, there is something which will in fact highlight the seriousness of why the lease rental should be increased. In the Profit and Loss account, if you go through the Profit and Loss account, the last line if you see we can see that the earnings per share this year is less than 2.5%, it is less than

Rs. 2.50 now. And we are giving out a dividend of Rs. 2 in case any additional expenditure takes place this year, we will not be able to retain the Rs. 2 dividend, suppose some unexpected expenditure comes, there is absolutely no cushion.

What I am trying to say is the gap between the EPS and the dividend payout is so narrow, that we may be forced to reduce the dividend going forward. And that will reflect really bad on the Company. If this year we give Rs. 2 suppose next year we don't have enough cash and we are paying only Rs. 1.50 so that will reflect really bad on the Company. So, that indicates that we should have sufficient cushion over and above the dividend paid. So, the EPS should be at least Rs. 3 or Rs. 4 it is noted. And so in that case there present lease rental of Rs. 60 crores should be increased to at least a minimum of Rs. 90 crores. I once again thank you for rewarding the shareholders like me. And you are doing a good job. In fact, I talked to some of your employees yesterday, they are all really happy that the Management is treating them really well. So, it's a model Company. It's a small Company. But as Chairmanji has said, we are actually insulated from the recession and all, because our only income is the lease rental. But kindly please consider the proposal to increase the lease rental. I once again thank all of you. And I wish everybody health and happiness going forward. And next year, please try to come to Cochin we will have that meeting here. It can be a hybrid meeting; we can have a meeting in Cochin with physical presence and others in other places can join through a virtual internet. Thank you Onkar Kanwarji, Neeraj Kanwarji, wish you everything. Thank you.

Moderator: Thank you. We will invite the next Member, which is Ruchika Chopra, your line is unmuted and you can ask your question now. Please restrict your questions to the time limit of 2 to 3 minutes. Please go-ahead ma'am.

Ruchika Chopra: Chairman sir it's really nice to see you. So, first of all, I would like to thank secretarial team for providing all Annual Report us on time so that we can go through all the points and we can discuss all the questions we have by chance. So, before going to my question, sir thank you so much for considering **(Inaudible) 22:19** volume of share --. We have lease agreement with them as the earlier speaker also told us. So, sir what is the validity of the that lease agreement, I want to know about it. And sir I would also request to have some increment into the lease rate, which we have because you are on board of ATL as well. So, you can get some provision done for the increment of lease rent. So, **(Inaudible) 22:58** so that we can have some idea on that **(Inaudible) 23:06** as investment we have in ATL. So, these are questions from my side. Thank you so much everyone to giving us time to ask questions. Thank you so much.

Moderator: Thank you. We will invite the next question from the line of Anubhav Talwar. Your line is unmuted and you can ask your question now. Please restrict your question to the time limit of 2 to 3 minutes. Please go-ahead sir.

Anubhav Talwar: Good afternoon everyone. Thanks for giving me the opportunity to speak at the AGM and to put forward my point of view. There has been no visibility of PTL brand at all that is my view and I have observed. Last year also I suggested that we should have some range of PTL tyres. Please

consider this proposal also. The other thing which I want to ask the Management that is there any plan for merger of PTL with ATL? Thank you.

Moderator: Thank you. Now we will invite the next Member Mr. Rangan Venkataraman. Your line is unmuted and you can ask your question now. Please restrict your question to the time limit of 2 to 3 minutes. Please go-ahead sir.

Rangan Venkataraman: Good evening Mr. Onkar Kanwar, I am very happy and delighted that you have increased the dividend, which shows your attitude towards the minority shareholders by splitting Rs. 1 and giving a very good payout. And what I am trying to find out you have to strike a balance between the two of the payout -- in future what you should do, you should buy shares of Apollo Tyres and enhance it and because since we are paying 30% yourself already paying 42% all this thing, there is no point. So, you don't cut the dividend also, whatever you want to give like that Rs. 2, Rs. 1 towards the either buying the **(Inaudible) 25:13** or buying the Apollo Tyre. You will create value for us. That will be the best, I am telling you suggestion, because there's no point in giving because our government is going on taxing dividends nothing has been done in spite of the FM telling that we the minority shareholders have been here to support us they don't want they pay like that. Now inspite of that she's not caring for the domestic investors actually. So, they go on increasing everything the taxation current year also will be like that. Better you just invest in our own shares and **(Inaudible) 25:46** and create value for us so that you will be creating indirectly value for the shareholders you pay dividend also some whatever the dividend declared one that will be better or you buy rubber, the commodity something like that, which will be helpful for the Apollo Tyres so that you can trade or supply something which will add value, that's all I wanted to tell. Thank you very much.

Moderator: Thank you. Now we will invite the next Member, Mr. Mayank Chaddha. Your line is unmuted and now you can ask your question. Please restrict your question to the time limit of 2 to 3 minutes. Please go-ahead sir.

Mayank Chaddha: Good afternoon sir. Sir myself Mayank and I am sitting in Indore. Sir, first I would like to thank to the Company for convening their AGM through virtual mode so that shareholder like me who are sitting at a far distance can participate in the AGM sir. Chairman sir, I have only one question sir. I Remember sir you are Chairman of Artemis Hospital earlier also. And that hospital was a part of PTL only sir. You are also Chairman of that Artemis Hospital. So, sir, I would like to request you to some give some special benefit to shareholders of PTL in the form of discount in the Artemis Hospital sir. I support all your initiative. And wish you a very good health in upcoming years sir, thank you so much sir.

Moderator: Thank you. Now we will invite the next Member Manish Sohan. Your line is unmuted, you can ask your question now. Please restrict your question to the time limit of 2 to 3 minutes. Please go-ahead sir.

Manish Sohan: Good afternoon sir. The Chairman sir, the non-Executive Director on Board and other Board Members. So, at the outset, I would like to convey my thanks for giving the highest final dividend

in the Company's history. Despite of the pandemic, the Company is giving the highest dividend. So, thank you so much for that.

And secondly, my request would be that if it is possible for the Company to make more investments in ATL shares as ATL is trading at a very low price and a very lucrative dividend terms. And lastly, my suggestion to the Management would be to increase the yearly rental basis and to modify the lease agreement accordingly.

Moderator: Thank you. Now we will invite the next Member Dinesh Kotecha. Your line is unmated, you can ask your question now. Please restrict your question to the time limit of 2 to 3 minutes. Please go ahead sir.

Dinesh Kotecha: Good afternoon to all of you. Thanks to Mr. Pradeep Kumar, our Company Secretary for giving this link to me. I had made an email request for the balance sheet which I have not received yet maybe because the heavy rains and for speaking at the meeting.

Sir, I have got several questions #1) That promoters have what 69.82% stake. Now, why don't you do a creeping acquisition and make it to 75% by way of buyback now, because that is the last resort which you have got, because you will not be paying bonus that is for sure that I know. So, you can do a buyback at a good premium, because last year at the AGM time over share was floated at Rs. 45, more than that and this year it is only Rs. 30 taking the split into account.

Sir we have got two brands, Apollo brands and Vredestein which we manufacture for them – bus, trucks for Apollo brand. Now I would like to know the percentage of the production that goes into Apollo Truck-Bus and Vredestein brand.

Sir, all our ratios on page 73, Balance Sheet and Profit & Loss account ratios are deteriorated. The current ratio, the net profit ratio, the RONW, and that is very visible for the profit also which has gone down from Rs. 70 crores to Rs. 32 crores. Of course, we had an exceptional item of Rs. 29 crores last year.

But sir, another thing which interesting I find is that from the gross block of Rs. 620 crores, our freehold land is for Rs. 549 crores that takes up 92% of the total gross block. Now, I would like to know the details of the freehold land that we have got. I mean, what is the acreage? How much acreage we are using? How much acreage is still available for use? What is the open space in that particular acreage? Can you give me the details, because that is a huge, huge amount that is lying in the gross block, without any depreciation, because when I see the depreciation, hardly Rs. 1.81 crores.

Moderator: Ladies and Gentleman, this was the last question. I would request Chairman to answer the questions.

Harish Bahadur: Yes sir, maybe I can start with what Ruchika and Nanda Kumar have mentioned in the beginning. As per their request, Management has already split the shares 2:1, and it has actually really helped the small investors. And sir, this you have also mentioned in your speech also. Second

thing, what has happened is that volume of shares in the market has gone pretty high. Earlier we used to be trading in the -- of 12,000 to 13,000 shares, in a month, today it is almost around 50,000 shares.

And second question what Ruchika asked is that how much shares we have hold, which we are holding as of today of Apollo Tyres. So, we are holding about **26% 32.10** of Apollo Tyres shares. And so far we have made investment of about Rs. 182 crores.

Third thing is that regarding the -- for the current financial year, year has just started and that will be seen you know how do we proceed further, sir.

Onkar Kanwar:

I would just like to quickly make a comment. You see a lot of these questions are raised about increase in the rentals, lease rental, we have taken your point, we will certainly take it up and see what can be done. Looking at the current environments, it has not seen possible to ask Apollo to give more rentals, specially the kind of work they are doing, I think some of you are aware, this Company was really in very bad shape. Ever since Apollo has taken over, it continues to give dividend, I put in a heavy investment in the Company. So, I can assure you that is in our interest to see that if we can somehow convince, but we will have to take it up, and we will see what can be done. We can't, you know, we will have to examine this possibility.

Now second question was about the land, what is the area of the, Harish you would like to comment on that land.

Harish Bahadur:

Sir, land is whatever land we have got, is all you know occupied barring one small parcel of land, what Mr. **(Inaudible) 33:44** was mentioning. So, that is you know even Mr. Kanwar has been taking with Kerala Government, but it is still pending with Kerala Government, sir. He is talking about the land, he is talking about the land parcel, which is riverside, sir.

Moderator:

Thank you. Now I request Chairman, to proposed vote of thanks.

Onkar Kanwar:

As we have carried all the items mentioned in the notice of AGM, I would like to thank all the participants who have attended the 61st AGM of the Company. I would like to thank all of them. Thank you very much. And Namaskar and good night, all the best.

Moderator:

Thank you, sir. The Members who have not cast their vote, can still cast their vote using the e-Voting platform of NSDL until 15 minutes from now.

As informed by the Scrutinizer, the allotted voting time has elapsed. The voting results will be declared within the stipulated time. And the same shall be sent to the stock exchanges and uploaded on the website of the Company and NSDL.