



RAIN INDUSTRIES LIMITED

TRANSCRIPT OF

46th

ANNUAL GENERAL MEETING

HELD ON

MAY 10, 2021

RAIN INDUSTRIES LIMITED

Registered Office: Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India

CIN: L26942TG1974PLC001693

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H.L. Zutshi, Chairman:

I welcome all the Shareholders and Directors to this 46th Annual General Meeting being conducted through video conferencing mode on account of COVID-19. The meeting is being live streamed through webcast.

I thank all of you for participating in today's meeting and sincerely wish that you and your family members are safe & healthy.

Since the meeting has the requisite quorum as provided under Section 103 of the Companies Act, 2013, let us now proceed with the meeting.

I request Mr. N. Jagan Mohan Reddy, Vice Chairman to introduce himself.

Jagan Mohan Reddy Nellore:

I am Jagan Mohan Reddy Nellore, Vice Chairman of Rain Industries Limited

Chairman:

I request Mr. N. Sujith Kumar Reddy, Non-Executive Director to introduce himself.

N. Sujith Kumar Reddy:

I am N. Sujith Kumar Reddy, Non-Executive Director and Chairman of the Stakeholders Relationship Committee

Chairman:

I request Mr. Varun Batra, Independent Director to introduce himself.

Varun Batra:

I am Varun Batra, Independent Director.

Chairman:

I request Mr. Brian Jude McNamara, Independent Director to introduce himself.

Brian Jude McNamara:

I am Brian Jude McNamara, Independent Director.

Chairman:

I request Ms. Radhika Vijay Haribhakti, Independent Director to introduce herself.

Radhika Vijay Haribhakti:

I am Radhika Vijay Haribhakti, Independent Director and I am also Chairperson of Audit Committee and Nomination and Remuneration Committee.

Chairman:

I request Ms. Nirmala Reddy, Independent Director to introduce herself.

Nirmala Reddy:

I am Nirmala Reddy, Independent Director

Chairman:

I also welcome Mr. Sriram, Partner, BSR & Associates LLP, Statutory Auditors, Mr. DVM Gopal, Secretarial Auditors, Mr. T. Srinivasa Rao, Chief Financial Officer and Mr. S. Venkat Ramana Reddy, Company Secretary to the AGM.

Since this AGM is being held electronically, physical attendance of the Members has been dispensed with and also the requirement of appointing proxy is not applicable. The Register of Directors & KMP and their shareholding and the Register of Contract or Arrangements in which a Director is interested are open for inspection by the Members during the continuance of the meeting on the Investor tab on the Company's website.

The Company has provided the members, the facility to cast their vote electronically on all resolutions set forth in the Notice.

Members who did not vote earlier through remote e-voting may vote electronically during the course of the meeting.

Mr. DVM Gopal, Practicing Company Secretary has been appointed as scrutinizer by the Board for overseeing the entire e-voting process in fair and transparent manner.

As the Notice of the 46th Annual General Meeting is already circulated to all the Members, with your permission, I shall take the notice of the Meeting as read.

Further, as the report of Statutory Auditors and the Secretarial Auditors were unqualified and without any adverse observations or comments in their respective reports, with your permission I take the Auditors' Report and the Report of the Secretarial Auditors as read.

I request Mr. Jagan Mohan Reddy, Vice Chairman to address the Shareholders.

Vice Chairman:

Good Morning ladies and gentlemen, and welcome to the 2021 Annual General Meeting of RAIN Industries Limited.

It has been a tumultuous year since the 2020 annual meeting. When we last convened, India was reopening after a six-week national lockdown due to COVID-19. Today, we are in the midst of another wave of infections and fatalities that is ravaging our country. I hope and pray that you and your families have managed to stay healthy during this unprecedented time, and that you remain so in the challenging days ahead.

While the widespread impact of the pandemic is undeniable, RAIN has been relatively fortunate from both a business and health-and-safety perspective.

As you know, in most countries where stay-at-home orders were implemented after the World Health Organization declared a global pandemic in March 2020, our plants were designated "essential businesses," since they support critical industries such as aluminum, steel and petroleum refining.

While this allowed our production facilities to operate throughout the pandemic – except during a six-week nationwide shutdown in India last spring – it also required us to do everything possible to remain an unbroken link in the global supply chain.

We reacted quickly and aggressively to protect our people and our operations. By mid-March 2020, 25% of our employees had begun working from home to reduce the chances of key plant personnel being infected. We also implemented rigorous hygiene and risk-reduction protocols, suspended all non-essential business travel, and used our extensive chemical know-how to produce disinfecting agents to clean our facilities and help protect the availability of this scarce resource for others in our communities.

As a result of these and other actions, we avoided any COVID-related production interruptions, and our workforce has been relatively COVID-free. That should not come as a surprise, however, given our unwavering commitment to workplace health and safety. In fact, 2020 was the third consecutive year that we achieved a new company record for the number recordable injuries, with just five. That is a truly remarkable accomplishment considering all that we had to deal with last year.

Much like our safety performance, our 2020 financial performance was somewhat remarkable when you consider that demand for many of our products was impacted by closures of automobile and airplane manufacturing plants, a downturn in construction, and people working from home offices and therefore buying fewer tires. We also had to overcome lost sales of calcined petroleum coke, cement and energy due to the national lockdown in India as well as a two-month shutdown of our Lake Charles calcination and cogeneration plant in the United States due to significant damage caused by Hurricane Laura.

Despite all of that, our financial performance exceeded our 2019 results, with adjusted EBITDA of ₹ 19,892 and operating profit of ₹ 5,321 million in 2020 compared with ₹ 17,427 and ₹ 5,211, respectively, during the previous year.

Fast forward to today, and we are cautiously optimistic about the future. We have completed three consecutive quarters with increased revenues thanks to a global economy that is steadily improving – albeit slowly. In addition, the proceeds from the sale of our polymers business on December 31 and a reduction in CAPEX spending as we complete our major projects will enable us to reduce our debt in 2021 and beyond.

We believe that as more and more people are vaccinated, renewed demand for our products will quickly follow, putting our businesses back on the trajectory we anticipated before the pandemic.

The recovery of the global aluminum industry, which has pushed London Metal Exchange prices to their highest levels since October 2018, is one reason for optimism. Amid growing demand and rising prices, an additional 4.7 million tons of smelting capacity is expected to come online by the end of 2021 in the form of new plants and restarts of idled facilities, which should bode well for our Carbon segment. Increased Chinese aluminum production could result in a decrease

of CPC exports coming out of that country, creating more opportunities for us to serve the rest of the global market. There could also be less Chinese coal tar pitch exported to places like the Middle East and South Africa, which would be beneficial to us as well.

The outlook is also promising as much of the world transitions to electric vehicles, which use approximately 25% more aluminum than automobiles with internal combustion engines. The International Energy Agency predicts that by 2030, 26 million electric vehicles will be sold annually – compared with only 2.1 million in 2019 – and will represent 28% of the world's new car sales. That, of course, would require smelters to further increase their production capacity to meet rising demand, thereby requiring more CPC and coal tar pitch for anodes. The increasing popularity of EVs also presents additional growth opportunities for our PETRORES® specialty coatings for lithium-ion batteries.

In recent months, we have also enjoyed increased demand from titanium dioxide producers, driven in large part by the U.S. government's economic stimulus program. With additional money in their pockets, many homeowners have invested in construction projects, driving demand for TiO₂-based building products such as paint and plastics.

Elsewhere, orders for “water-white” resins produced at our new hydrogenated hydrocarbon resins facility in Germany are on the rise, thanks to expanding acceptance of our products by adhesive customers and general market tightness due to supply-chain issues. We are also introducing a new resin for biaxial-oriented polypropylene for food packaging that should create additional opportunities for our advanced resins.

Looking ahead, as the global economy returns to normal, we anticipate increased demand for our distillation and advanced materials products that are key ingredients in automotive components, tires, construction materials, paints, adhesives and more.

Our Cement segment is also poised for a strong post-COVID rebound. India is one of the fastest-growing economies in the world, and significant government and private investments are being made to develop the housing, infrastructure and commercial real estate to support the rapid urbanization of the South India market that we serve. The scale of our operations and dealer network should put us in a favorable position to supply the high-performance Priya Cements required to support the region's growth initiatives in the coming years.

As you can see, there are many reasons to be cautiously optimistic. At the same time, we recognize that challenges and uncertainty remain.

For instance, while economic activity is returning to pre-COVID levels in some parts of the world, other areas – including India – are still experiencing major COVID outbreaks. This is

holding back a full recovery of automobile and air travel, manufacturing activity and consumer purchases – all of which impact the availability of the raw material feedstocks we rely on and the downstream sales of our finished products.

An example is the tight supply of green petroleum coke for our calcination business, as refining capacity remains underutilized. In the United States, refining capacity stood at 84% in the first week of April, largely driven by a continued lag in global air travel versus pre-pandemic levels, thus reducing demand for jet fuel and production of GPC as a refining by-product. In other parts of the world still struggling with COVID, refining activity is even more depressed. As a result, there is intense competition to secure GPC, and this could become even more challenging with rising demand, especially as China seeks to increase green coke imports.

In India, the startup of our vertical-shaft calciner remains on hold as we await clarity from government authorities on our ability to import green coke feedstock for the plant. We could begin production within weeks of receiving a satisfactory ruling on the importation of GPC for the facility. Unfortunately, many government agencies have been closed or have been working in a very limited capacity throughout much of the pandemic.

In the months ahead, our top priorities will be to ramp up sales and production of our advanced resins and to commission the shaft calciner and new facilities in India and the United States to produce our proprietary anhydrous carbon pellets.

In addition, we must continue to aggressively manage costs – including a reduction in CAPEX spending as our major capital projects are completed. That, combined with generating new and reliable cash flows, will allow us to reduce the Company’s debt profile.

We are also preparing the Company for our next phase of growth and diversification. Last month, we announced the incorporation of a new wholly owned subsidiary called RAIN Verticals Limited. Its mission will be to evaluate the business of vertical farming, the development of innovative logistics solutions and an expansion of our manufacturing capabilities in the area of lithium-ion battery materials. While the potential for these initiatives is great, our initial capital commitment will not be material over the next few years, as we prepare a detailed business plan.

Finally, we must continue our evolution to become a 21st century company that transforms industrial by-products into essential materials for lighter, cleaner and faster products and applications, which will create new market opportunities for our company and drive long-term value. In a society where “sustainability” is quickly becoming a license to do business, our ability to “upcycle” industrial by-products will make RAIN an indispensable player in an increasingly sustainable society.

With that knowledge, we are working to establish RAIN as an industry leader in developing products that customers need to meet their sustainability goals while also making our operations more sustainable.

It won't be easy or fast, but I know we are up to the challenge. We have a long history of innovation, industry leadership and providing our customers with the materials they need to produce cutting-edge products to meet changing regulations and societal expectations.

In fact, our sustainability journey is already underway. During the past few years, we have developed NOVARES® Pure resins for contaminant-free applications in food packaging and hygiene products as well as PETRORES® specialty coatings for the lithium-ion batteries required for emission-free electric vehicles.

Our anhydrous carbon pellets, once commercialized for use in anodes for aluminum production, will increase our green petroleum coke utilization rate while also contributing to lower emissions and energy consumption by smelters, making them more sustainable.

Elsewhere, our vertical-shaft calciner is equipped with a state-of-the-art flue-gas desulfurization system that will remove 99% of the plant's sulfur dioxide emissions, making it the most environmentally friendly plant of its kind in the world.

And during the past year, we have installed one megawatt of solar power at each of our cement plants.

That is only the tip of the iceberg in terms of sustainable activities that are having a positive impact on our Company, customers, the communities where we operate and society.

I encourage you to read about more examples in our newly published annual report, "Sustainability in Action," which is posted on the RIL website. You will learn how we upcycle by-products from other industries and transform them into essential materials for countless products the world relies on every day – rather than leaving them to be burned as highly emitting fuels for power generation. You will also see what we are doing at our production facilities to reduce emissions, waste, and energy and water consumption. And you will be proud of the many things we are doing in the area of "corporate social responsibility."

On behalf of our employees around the world, thank you for your ongoing support. In return, we are committed to producing raw materials that make 21st century life possible in a more sustainable way, enhancing the quality of life in the communities where we operate and creating the shareholder value that you expect from RAIN.

Thank you very much for your kind attention, and best wishes for your health and safety.

Chairman:

I request the shareholders to raise any questions on the Reports and Accounts.

I request the moderator to call the names of shareholders who have registered to speak at the Annual General Meeting one after the other and unmute their mikes.

Mr. Bharath H Shah, Mr. P S Krishnan, Mr. Reddeppa Gundluru, Mr. Kamal Kishore, Mr. Srikanth Jhawar, Mr. Praful Chavda, Mr. Arvind Kotari, Mr. Surendra Kumar Mishra, Mr. Suresh Chand Jain, Mr. Manan S Patel and Mr. Rohit potti Prakash (Shareholders of the Company) spoke at the Meeting. They expressed their views and sought clarifications inter-alia on the Company's Business operations and it's future growth plan.

Mr. Jagan Mohan Reddy Nellore, Vice Chairman thanked shareholders for their comments and suggestions. He informed the shareholders that their suggestions and comments will be considered by the Board as appropriate. He summarised his response to the queries and suggestions of the shareholders.

He requested the shareholders to send an email to the Company, in case he missed to address anyone's questions.

Chairman:

Thank you Mr. Jagan Mohan Reddy for answering the questions.

Shareholders who did not vote earlier through remote e-voting, may vote electronically in next 15 minutes and thereafter the e-voting system will be disabled automatically.

The results of the E-voting will be declared within 48 hours of the conclusion of the Annual General Meeting, the results of the voting will be displayed on the company's website and will also be submitted to the stock exchange.

I thank all the shareholders once again for participating in the meeting and for the cooperation transaction today's business. Thank you very much.

Disclaimer:

Statements/view expressed in 46th Annual General Meeting of the Company describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.