



RAIN INDUSTRIES LIMITED

TRANSCRIPT OF

45th

ANNUAL GENERAL MEETING

HELD ON

AUGUST 13, 2020

RAIN INDUSTRIES LIMITED

Regd. Off: Rain Center, 34, Srinagar Colony, Hyderabad - 500073, Telangana State, India.

CIN: L26942TG1974PLC001693

Website: www.rain-industries.com, e-mail id: secretarial@rain-industries.com

Hira lal Zutshi, Chairman:

I welcome all the Shareholders and Directors to this 45th Annual General Meeting (AGM) being conducted through video conferencing mode on account of CODIV-19. The meeting is being live streamed through webcast I thank all of you for participating in today's meeting and sincerely wish that all of you and your family 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, Rain Industries Limited

Chairman:

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

N. Sujith Kumar Reddy:

Good morning, I am Sujith Kumar Reddy, Director and Chairman of Stakeholders relationship Committee, Rain Industries Limited.

Chairman:

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

Mr. Varun Batra:

Good morning, I am Varun Batra, Independent Director, Rain Industries Limited

Chairman:

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

Mr. Brian Jude McNamara:

Good morning, I am Brian Jude McNamara, Independent Director, Rain Industries Limited

Chairman:

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

Ms. Radhika Vijay Haribhakti:

Good morning, this is Radhika Vijay Haribhakti, Independent Director and Chairperson of Nomination and Remuneration Committee, Thank you

Chairman:

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

Ms. Nirmala Reddy:

I am Nirmala Reddy, Independent Director and Chairperson of Audit Committee, Thank you

Chairman:

I also welcome Mr. Sriram, Partner, BSR & Associates, 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 or 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 45th 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 afternoon ladies and gentlemen, and welcome to the 2020 Annual General Meeting of Rain Industries Limited. I hope and pray that you and your families have managed to stay healthy and safe during this unprecedented time. Looking back at 2019 – which seems like an eternity given the events of the past five months – the first half of the year saw many of the same challenges that weighed down our business in late 2018. That included:

- Continued softness in the Chinese economy
- Reduced automotive sales in many parts of the world and the cascading effect on demand for materials that we produce for aluminium, tyres and adhesives
- Disruption to our calcination business due to India's restrictions on petroleum coke imports, and
- High-cost inventories in a declining market that reduced profit margins

By the second half of 2019, however, things began to turn around. Earnings for our Carbon business segment started a slow-but-steady return to historically normal levels as we worked through our high-cost inventory of green petroleum coke. We also benefitted from an uptick in coal tar pitch sales volumes in certain parts of Europe. On the Advanced Materials side of the business, we saw improved demand for our environmentally friendly sealer-base products and PETRORES® specialty coatings, which are used in lithium-ion batteries, energy storage and other specialty applications. Performance by our Cement segment also improved during 2019, with an increase in volumes coupled with higher realisations as well as the benefits of a cost-optimisation initiative and the generation of electricity from waste-heat recovery. As a result, our operating

profit for the year was ₹ 17,427 million. While that was disappointing after exceptional earnings in 2017 and a relatively strong 2018, we believed the positive momentum we experienced in late 2019 would carry over into 2020. In fact, during the first 10 weeks of the current year, our businesses were on a trajectory to return to near-normal performance levels. Just as important, 2020 was shaping up to be a milestone year for RAIN, with the pending completion of multiple major projects that would strengthen our ability to produce materials for countless everyday products and help to satisfy society's growing appetite for the cleaner, lighter and faster products of the 21st century. These projects and products would not only solidify our presence in existing markets, but would also enable us to create new opportunities in the coming years. We were also excited about their potential to enhance our sustainability efforts and the ability to help our customers meet their sustainability goals. And then came COVID-19. While the impact of coronavirus has been widespread and tragic, we have been somewhat fortunate thus far. Since the World Health Organisation declared a global pandemic on 11th March, in every country where stay-at-home orders were implemented, our plants were designated "essential businesses", except India, or received required approvals to continue operations because they support critical industries such as aluminum, steel and petroleum refining. Our status as an "essential business" helped to minimise the impact on RAIN during much of the first quarter. We also benefitted from some unanticipated spot sales while China's economy and exports were sidelined during the initial days of the COVID outbreak. However, by mid-March and through much of the second quarter, our Carbon and Advanced Materials segments began to feel the impact of the reduced global demand for aluminium, tyres and other products due to the temporary closure of many automobile and airline-production facilities as fewer people were driving and flying. In India, the nationwide shutdown temporarily curtailed cement sales as well as CPC and energy production at our Vizag calcination facility. And finally, the crash in petroleum prices in March was an exceptional event that has required us to take inventory write-downs in first and second quarters. Despite these challenges, when you consider the effect of COVID on many other companies, we have been impacted in a relatively limited way thus far. From a health and safety standpoint, we have worked hard to keep our people safe and plants operating so we remain a strong link in the global supply chain. For example, non-essential employees have been working from home offices to reduce the risk of contaminating those who are critical to our production processes, and we have used our chemical knowhow to produce our own cleaning agents with disinfecting properties. Five months

after the global pandemic was declared, I am pleased to say that our diligence has paid off and we have managed to keep our workforce relatively safe and our production facilities operating. Further, we also saw a slow-but-steady uptick in demand and production in many parts of the world in June. Most notably for RAIN, the automotive sector started to re-emerge from its prolonged slumber and the global aluminum industry continued production through it all. Looking ahead, while we have one eye on coronavirus and the safe, cost-effective operation of our facilities, the other eye is focused on the successful completion of our major capital projects and launch of “materials for tomorrow” such as our NOVARES pure resins and anhydrous carbon pellets. We believe these projects and new products will play a crucial role in our effort to advance in a sustainable, more carbon-neutral way. In Germany, we started production at our hydrogenated hydrocarbon resins plant in mid-May, and we anticipate making the first sale of our “water-white” resins late in Q3. Currently, customers are sampling the product for stability, odor and color, and preliminary comments indicate that it is meeting expectations. Once commercialised, the purity of these resins will rival anything available in the market, and they should provide us with significant sales opportunities for food packaging and personal hygiene applications, where contaminant-free adhesives are increasingly in demand. Also in Germany, we are progressing as planned with the installation of a dual-solvent process to modernise and integrate our outdated carbo-indene and phenol production facilities in Castrop-Rauxel. Once it is operational in the fourth quarter, this project will support our Advanced Materials strategy of delivering critical raw materials for 21st century requirements. Moreover, it epitomises our commitment to sustainability, offering lower carbon dioxide emissions, generating additional energy savings, and minimising waste and by-products compared with those produced by the existing carbo-indene and phenol assets. Turning to the vertical-shaft calciner project in India, we continue to delay the startup while we wait for CPC demand to fully recover and work with authorities to clarify our access to raw material feedstock for the facility. Once these issues are resolved, we will be able to commence operations within a quarter. Fully operational, the new plant will have a CPC production capacity of 0.37 million tonnes per annum, which will represent a substantial contribution to the national government’s “Make in India” initiative and the “Atmanirbhar Bharat Abhiyan” goal of economic self-sufficiency, as India continues import about 0.5 million tons of CPC per annum. In terms of sustainability, the shaft calciner will leverage technology that will enable us to produce high-density calcined petroleum coke, while the cogenerated electricity from the plant’s waste gases

that will be added to the local power grid will reduce burning of fossil fuels, namely coal, thereby positively impacting the environment in India. In addition, the facility is equipped with a state-of-the-art liquid ammonia scrubbing system that will remove up to 99% of the calciner's sulphur dioxide emissions and produce ammonium sulphate as a byproduct that will be supplied to Indian farmers as fertiliser. Finally, regarding our engineered and value-added anhydrous carbon pellets or ACP, an internationally recognised lab is conducting a side-by-side analysis of pure samples of green petroleum coke and ACP. We also submitted calcined forms of each for independent testing to demonstrate that ACP truly is a different product with different properties. This is important because the shaft calciner is permitted to use ACP, and we believe that anode makers and aluminium producers will appreciate the uniquely higher density that calcined ACP provides, resulting in productivity benefits and energy savings. For RAIN, the use of ACP will help further reduce our environmental footprint, since calcined ACP does not result in pet coke fines being combusted, which causes unwanted Sulphur dioxide and carbon emissions, as occurs when calcining GPC. Of course, there is far more to our business strategy than expansion projects. For decades, we have transformed industrial byproducts – what we call “upcycling” – into essential raw materials for wood treatment, construction, automobile and airplane manufacturing, paints, cosmetics and many other every-day products and applications. Similarly, our legacy Priya Cements can be found in countless housing and infrastructure projects in the southern part of India, and you can count on RAIN to continue to produce these important “materials for today.” That said, we are continuously assessing the viability and profitability of our product portfolio. A prime example would be the resins produced for printer inks and copier paper at the Uithoorn facility in the Netherlands. In recent years, the development of alternative products and technologies made some of the resins produced at Uithoorn obsolete and others unprofitable, leading to the difficult decision to close the plant earlier this year. At the same time, the outlook is extremely promising for other existing products in our portfolio. Certainly, CPC and coal tar pitch are at the top of the list given their indispensable role in the anodes required for aluminium smelting. Last year at this meeting, we discussed the continued growth of aluminium as the metal of choice for an increasing number of applications, including electric vehicles. EVs use approximately 25% more aluminum than automobiles with internal combustion engines, and their share of the global automotive fleet is expected to grow from 4% in 2017 to 30% in 2030. COVID has done little to slow EV purchases. In fact, the cleaner atmosphere with fewer gas-powered vehicles on the road during the pandemic

has prompted some policymakers around the world push for an accelerated transition to electric vehicles. That, of course, would require smelters to increase their production capacity to meet rising demand, thereby requiring more CPC and CTP for anodes. This development should increase demand for our PETRORES specialty coatings, which extend the life of lithium-ion batteries and enable them to maintain a prolonged charge. Beyond electric vehicles, we are also seeing increased purchases of computers and other electronic devices that use lithium-ion batteries as employees set up home offices during the pandemic. Looking ahead to the rest of 2020, we are cautiously optimistic as parts of the global economy begin to re-emerge and reactivate. As I have said, we have been relatively fortunate during the first five months of the pandemic, and if we can avoid a COVID resurgence that results in another wave of lockdowns and closures, we believe that increased demand for our products will slowly get us back on the trajectory that we anticipated before coronavirus. Of course, we are taking nothing for granted. With or without COVID, we are doing all that we can to ensure that RAIN is a low-cost, high-efficiency producer that is well positioned to weather the current situation and then capitalize on a post-COVID recovery. We have taken steps to right-size our business to match earnings expectations, and we are working across our global footprint to improve plant reliability, energy production and resource management. At the same time, our 2,700 employees around the world are working every day to ensure that we are doing what is right as a company. You can see that commitment at our calcination facilities, where our flue-gas desulphurisation and waste-heat co-generation systems are part of our global effort to become a more sustainable company. It can also be seen in “materials for tomorrow” like our anhydrous carbon pellets, which we believe will help anode and aluminium producers move closer to carbon neutrality. Similarly, it is evident at our Cement operations, where we blend fly ash from coal-fired power plants with clinker to produce our portland pozzolana cement, reduce the need to isolate the fly ash in containment ponds and enabling us to produce 40% more cement using the same amount of limestone. Finally, our commitment to doing what’s right can be seen on the faces of the students, patients and the thousands of other people on three continents whose lives are improved by the hospitals, schools and other organisations we support. Before we open the floor to your questions, I would like to assure you that we are doing all we can to keep our people safe and our plants running. We are acutely aware that continued operation of our production facilities is not only crucial for RAIN but also for the broader global economy and in our local communities. On behalf of our employees around the world, we 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.

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.

Question & Answers

Speaker 1:

Mr. Bharath Shah:

Thanks for the opportunity to put my views at the AGM, Mr. Chairman.

I have gone through vice chairman speech and we hope that the initiatives you're taking will bring good wealth for small and minority shareholders because you have built such a big infrastructure the one of the largest producer in CPC, please let me know what is ongoing capital expenditure and when the margins will improve in our business. Thank you.

Speaker 2:

Mr. Yashvee Kothari:

Yeah, hello I wanted to ask a question about the logistics, you know, strategy that had worked extremely well for our company, when I attended the AGM back in 2017, our logistics head was there at the AGM. How that strategy now is being planned out with, you know the overall global opportunities post this covid crisis. So I had a question on that what are we doing on those fronts and given the shipping prices that are there currently, is it viable that the strategy that we adopted in 2017 can be replicated if the ban on GPC are removed or partially we are able to import ACP from our facilities in the US. Thank you.

Speaker 3:

Mr. Ramesh Manguluri :

Good morning to Chairman and all the board of directors. Sir, first of all, I would like to congratulate the management under this COVID-19 situation also company's operations are going uninterruptedly. Management is working very hard in this regard. I wish you all the best. Thank you very much. Thank you.

Speaker 4:

Abhishek J:

My name is Abhishek shareholder of the company my DP ID is 301637 and Client ID is 41359155.

First of all, congratulate the management on the eve of annual general body meeting sir this year due to the pandemic situation, we are not able to meet our dignitaries in person and we are meeting our dignitaries in video conferencing. I have few observations and some suggestions in the balance sheet, which I would like to go over it. We'd like to know all is well with you and your family in this challenging situation. Our company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability and dividend history and becoming one of the strongest brands in our respective industry segment. We are long term shareholder sir and my entire family is shareholder of your company. We would like to know what is the real impact of COVID 2019 is in percentage terms and how our supply chains are affected where you see the light at the end of the tunnel? Please give us the details of production capacity utilized figures in percentage terms for the month of April, May and June, 2020.

What was the capacity utilization of last year and last five years on the moving average basis? How many employees we have sacked, salary cut in percentage terms? What are the new innovations and new product launches did after April 01 and what's the response so far? What will be the cost cutting initiative and production and management activity done by the management? How much salary cut was taken by the management. Let us know sir, what is the view of the management going forward? Sustainability of the profit earnings growth will remain challenge in the coming quarters. What are the management efforts to improve working capital, sales ratio, ROCE and interest coverage ratio. What are our efforts to improve our image through investors exercise like arranging investor presentations and meeting global investors kindly provide us the details of the parties in our current and non-current liabilities. What are the management efforts to reduce legal expenses, other expenses, professional charges and auditor fees? What are the credentials as a new entrant existing directors are bringing to the table to take the company to the

next phase of growth or guide the new generation, is the appointment being done after taking all the new amendments under clause 49. And what is our policy related to dividend as more senior citizens are dependent on that. I wish the Company and the Board of Directors a great success and prosperity in the future and thank you for giving the opportunity.

Speaker 5:

Mr. Rajeev Ramesh Rupani:

Regards to the board and my fellow shareholders, i have a few questions. So, my first question is regarding the Hydrogenated Hydrocarbon Resins (HHCR) plant and the vertical shaft calcining plant. So, once these are completed, could you please let us know how much will the HHCR plant will add to our top line and the vertical shaft plant add to our top line? So, this is my first question. Second question is for HHCR, we have set up 30,000 tons but we have approval for 50,000 tons so, when do we expect to set up 50,000 tons. Could you please let me know, my next question is on cement? So, we have a 4 million tons cement capacity. So, by when do you see we reach about 90% to 95% cement capacity utilization and what are the future plans for the cement division and I believe we have some limestone mines in Maharashtra. So, are we planning to put up a cement plant in Maharashtra and any Brownfield, Greenfield cement expansion plans and my next question is regarding the listing of the carbon business Jagan sir I think this question has been asked in con-call and in previous AGM, so, could you please guide us as to when you plan to list the carbon business in two or three or five years, approximately, please guide us as When you plan to list the carbon business in USA, my next question is regarding the dividend. So, 2017 was a good year for us in which you had given an interim dividend and a final dividend. So, and post that you stopped giving the final dividend. So, when can we again expect you to give an interim and a final dividend? And my next question is what are the plans of the company for the next five years, I mean, so, you have informed us that you are going to reduce the debt, once this expansion is over, are we going to reduce debt in next one or two years are there any further expansion plan or what are the plans? I mean, and in which segment we are going to expand? In CPC or CTP or in advanced materials, please guide us and my last question is on the debt. So, in coming five years by what percentage can the debt come down, please let us know, Thank you.

Speaker 6:

Mr. SHAILESH N PATEL:

Thank you for the opportunity sir. And for creating such a fantastic company in short span of time and we have become one of the largest and most important players in the aluminum value chain. So congratulations for that. First question would be on. I wanted to understand in our carbon business, how is the competitive intensity both in CTP and CPC? And while I know last three, four

years, but especially in recent past due to covid and whatever the reasons always have competitive intensity been in this. My second question is, we were awaiting environment policy for a petition related to GPC. So are there any updates on that? It was mid-March, but I think it's still not out yet to have any updates on that. My next question is on, we had appointed an independent testing lab for ACP. So it would be great if you could give any updates there as well. Last question related to the carbon businesses, vertical shaft calciner plant put up almost a million ton capacity. So where do we find the markets for that, you mentioned that, like it would help in Atmanirbhar Bharat mission but I think there will be a surplus capacity, which all other markets you will look for. So my next question is related to advanced material business. And you have been doing capex, especially in HHCR. That might be a substantial value addition to this business. I wanted to understand what is your 3-5 Year vision for advanced material business, where do you see this business in the context of a company in terms of percentage of revenues or capital employed, going over the next three to five years? And sir you mentioned that we are upgrading our outdated capacity, I wanted to understand there any other capacities for upgradation and in that context, how large is the maintenance capex the company has to spend every year and sir my last question is what is our long term game plan for Rain Industries, especially in the context of ESG funds coming up and in terms of shareholder value creation, the investors might look at it given the ESG context, so, I want to understand your perspective on how will we create value to the industry, a lot of investor's capital is moving away from these kinds of industries. I obviously understand that we have been doing a lot on curbing pollution and helping us also do that. So, what is your take on this? So that is my last question. Thanks a lot for the opportunity.

Speaker 7:

Mr. Rohith P Prakash:

Thank you for the opportunity. And it's always a pleasure to hear the management speak. I have a couple of questions. First on the carbon business on the CPC supply availability in the world right now. So I would like to understand a little more on the competitive intensity currently on two fronts. For one with the current crisis, you see CPC capacity shutting down in any of immediate geographies. Even China included, the second question I have is that we used to hear a lot about CPC supply that was to come in the Middle East where a lot of aluminum smelters have been set up. Do you think in the current context, they would be still expected to come online or do you think those would be delayed? That's something which will be interesting to know. The next similar question for CTP as well. Do you see capacities closing down in Europe and North America, which are your major markets? The next question is on the aluminum industry. Broadly, when I compare aluminum to other metals like copper, etc., I understand that it's broadly underperformed over the last 10 years, do you see any smelters in any of the major markets consolidating. Do you see that happening more so consolidating or shutting down in the current pandemic, if that happens, you see risks to your CPC and CTP pricing. The next question, I have

is on the vertical calcining business that you have on the plant that the company is setting up right now. So my understanding over the last con-calls few quarters back that we have enough options out there, including sourcing GPC from within India to feed the plant, the new plant in Vizag, the vertical calcining plant, but the current commentary in the AGM please correct me if I'm wrong, it seems to me that you're waiting for clarity on the raw material availability in SEZ. To commission the plant, so, if you could give me some more clarity on if there is no clarity that comes through from the regulatory side, is it still possible to feed the plant using raw materials or the GPC available in the country and hopefully the ACP plant comes online and that capacity together it would be enough for us to feed this plant or do you need some sort of regulatory approval on GPC import to run this plant? So, that's on vertical shaft calcining? My last question is with all these capex, what will be our ongoing maintenance capex because the probably around 60 odd million dollars last year, what will it increase to going forward? That's all for me. Once again, thank you for the opportunity.

Answers to the Shareholders Questions:

Jagan Mohan Reddy Nellore, Vice Chairman:

Thank you all the shareholders for asking the questions, very good questions, and we would like to address one by one. But before I do that, we truly appreciate your support in these difficult times, there was one question regarding the capacity utilization of the plants, how we operated. In 2019, the average capacity for the carbon was about 79 %, advance materials was about 70% and cement was at about 70%. In First quarter of 2020, our carbon business capacity utilization was 80%, advanced materials was about 62% and cement was at 73%. In second quarter of 2020, our carbon performed at 77% capacity utilization, advanced material at 64% and cement at 50%. The impact on Carbon in second quarter was because the shutdown in India for the first one month and similarly in Cement also it was about 45 days during the end of March, April and early May. So this has impacted the production. Today is OK, but tomorrow continues to be a concern because the covid risk can happen or how it is going to impact how the governments will actually react to this situation nobody knows. So, but I can say as of today, all our plants are operating normally. I would say that plants are more or less are operating normally, if this situation continues they should. In regard to retrenchments we have not done any retrenchments in India but globally we have done some at the top level, there was some retrenchments a little bit, but that was very nominal. Apart from that there has been no salary cuts, there has been no employee reduction or basically all plants are operating and we have paid the salaries on time. So, there was no delays and we hope with God's grace, we continued whatever we are doing so, we should be reasonably taking all the steps to try and ensure that we protect the Employees who are the most critical strength or crucial for running the operations and there was a question on working capital limits we have used only about 20% - 25% of our working capital limits and 75% that is still available that can be used at any point of time apart from that we have cash on the balance sheet. So, we are reasonably comfortable with cash during this covid time. You may have seen our cash balance in end of second quarter or something like we have US\$ 196 million, so, we are reasonably comfortable with our cash flow position. The net cash flow from our operations in 2019 was about US\$ 320 million and in first two quarters of 2020 our net cash flows was US\$ 144 million. So we are still cash positive in the company. Because of the ongoing capital expenditures, we expect to complete the projects in third or fourth quarter, and all the project expansion should be online except the India plant where basically we are still awaiting some clarity on the green coke situation. Apart from that, we should be operating all the plants. There was a question on how much will these plants will contribute, these plants should contribute anywhere between US\$ 130 - US\$ 200 Million of revenues once completed and achieve 100% capacity utilization . Nobody can predict what goes on. But as of today, I would say we are operating normally. And unless things change, we hope that we should continue similar performance, hopefully and with regard to the question on the logistics strategy, we started in 2017. We are bringing in materials and moving around

materials in larger ships. But most of it came to halt in middle of 2018 due to restrictions on import of petroleum coke into India. So we have been trying to work with the Courts for the last two years. And the Honorable Supreme Court has ruled that on September 13, 2019 that the Ministry of Environment and pollution control board should come up with new environment guidelines within six months. But there has been some delays because of Covid situation. We are thinking hopefully by September, they will actually come up with some environmental guidelines. We are hoping that once the guidelines come out, the restrictions on petroleum coke should be eased, because India continues to import 500,000 tons of CPC per annum. And whereas we have the potential in India to produce that 500,000 tons and this will fulfill the Honorable Prime Minister's Atmanirbhar Bharat Abhiyan, if we can import green coke one good thing is for every tonne of import, we can actually use one tonne of local material because of the quality adjustments we can do that. So, you can substantially reduce the cost of imports to India and while we also export, so that also brings in additional foreign currency for the country.

One good thing I want to say is that Calcined Petroleum Coke what we use is actually very environmentally friendly product. Actually, it may be a little surprising, but every tonne of Calcined Petroleum Coke produced in India, we actually reduce pollution not increase pollution. The reason is, we actually recover sulfur dioxide to the extent of 98%. Then we also use all waste gases to generate electricity. just to give you an idea the new plant and the existing plant will be generating 55-60 megawatts of electricity, which means, you'll be reducing burning of fossil fuel using coal elsewhere in the thermal plants, that actually produce equivalent of almost about 50 - 60,000 tonnes of ash equivalent and sulfur dioxide which is much more higher, we actually produce much cleaner gases. So, if you combine the calcining and the power generation what we do, for every tonne of CPC Produced in India reduces pollution in India not increase it. So, that is one of the good things about calcination. We are hoping that things should be normal but we cannot predict how it goes on, going forward. The future means basically aluminum is expected to perform very strongly as I said, you know the planes, electrical vehicles which is supposed to be future, they actually consume more aluminum than regular automobiles that uses gasoline. The reason is it's more light weight. So basically they consume 25% more aluminum and the world is expected to have the growth and is expected that 30% of the cars in the world will be electrical cars by 2030 which means the consumption of aluminum is going to increase quite a bit. And if you want to produce aluminum you require CPC and CTP be it anywhere in the world, they will require the produce, so we are hopeful that our business of today that is CPC and CTP will continue to do and we are taking necessary steps to maintain production. Regarding the HHCR plant, we have 30,000 tonnes of capacity, but we have permissions to produce up to 50,000 tonnes. We think that there is some lag, hopefully with some improvement we should be able to increase production with the existing plant itself. But we cannot comment on how much it can be done until we actually stabilize the plant. But we want to see it with some balancing equipment without investing a lot on balancing equipment, we think we should be able to actually improve the capacities going forward. On the Cement, 4 million tonnes. Future plans means basically as I said we are operating at 70% capacity

and we hope to improve that going forward and think about adding capacity. We do have some limestone in Adilabad that is actually on the border of Maharashtra. So we will start building something, once we receive approvals and the demand improves, we have opportunities so that naturally expand our cement capacity so that we can be more competitive. Regarding the listing of carbon business. See at this point of time, we are not thinking but yes at an appropriate time we'll do it. Because our existing long-term debt is repayable in 2025. When that is required, you know, our idea is we want to use a combination of equity as well as cash accruals to reduce our debt, so that overall leverage is reduced. Our target is to make debt to equity ratio below to 2. So we will do whatever is necessary to meet the target as a combination of equity and debt, we will evaluate all this and then decide on Listing. Year 2017 was an exceptional year. So we declared an interim dividend and a final dividend, but 2nd half of 2018 and the year 2019 were challenging. So we hope that once expansion plants start operating, they would contribute to both revenues and profits. We don't have any major capex planned at least in the near future. So all the cash accruals can be used for repayment of debt and towards distribution of dividend to the shareholders. So that should actually improve overall return to the shareholder.

Regarding 5 year plan, basically the idea is to expand mainly Carbon Distillation and Advanced Materials ("CDAM") business because we think CDAM is a future that is a tomorrow's business. As you have seen, we have already implementing HHCR projects as part of the CDAM and we expect we want to be a major player in the electrical vehicle battery business. So, we are actually doing a lot of research towards that. So, that is what we see and we may add capacities and other things, but at this point of time, we do not have any plans, because this is a strange time for discussing expansions and we are actually trying to grapple also with the uncertainties, but we will keep the shareholders informed as we move forward if there are any plans, with regards to the competition happening in CPC, there are some restrictions placed in India. We have some certain difficulty but hopefully once our Vertical Shaft Kiln CPC Plant operational we should continue and retain our leadership status and we should be able to produce products probably we will be the only company in the world that will have rotary kiln product, vertical shaft product combined with anhydrous carbon pellets. I think we would be able to give probably the widest variety of raw materials to aluminum smelters, especially with our capability because we are also the leaders in CTP business. So the ability to grow in this business is quite high. But we want to do it in a sustainable basis, the Aluminum Smelters are working towards carbon free. So while we cannot say we'll be carbon free, but we want to be closer to carbon neutrality is what we are getting, we should be able to do that in the coming years. Regarding testing of carbon pellets we have appointed and we have been working with a world's leading research facility on ACP. We hope to get the results sometime in the next two to three months, once we have that, then we should submit to authorities to show what value it brings in at the same time ACP has also been tested by a couple of leading Aluminum Smelters to understand the benefits of that, so we should have something before the end of this year. So once ACP plant start production in early Part of 2021, there should be enough demand and in regard to the sale of CPC produced in Vertical Shaft Kiln Plant, I think

selling is not a major concern for us because as India is dependent on import on CPC, and actually we can sell on a deemed export from SEZ and lot of our export customers are actually seeking for this product because the only current option today is a major exporter is China and they are looking for something the more reliable quality and so hopefully we do not see a big issue in selling this product. The maintenance capital expenditure is about USD 60 to USD 70 million per annum and . Regarding ESG if you see our annual report, this is actually based on trying to work towards that, we expect you will see more sustainable initiatives going forward, because we are actually working towards that, as I said, we actually reduce pollution in India by producing CPC in India. Similarly, we have a lot of environmental friendly products around the world like HHCR they should actually help doing that. We have several products that actually reduce the wear and tear of the tyres. So we are working on several things. And hopefully i think you know, by next year we should have something better to report to shareholders. And I would like to close with basically saying that CSR is very important initiative for us, there are 3,000 children that are studying in the Schools supported by us and last year we treated 100,000 patients just in Andhra Pradesh and Telangana with free medicines also we not only treat them well, but we also give free medicines including testing lab facilities, everything. We have treated 100,000 people last year, and we expect to grow that, so CSR is very close to our heart and we want to give back. So we do support. Under this initiative. We take it very seriously. And I believe there are two shareholders Reddappa Gunduluri and K Bharat Raj they wanted to speak. Maybe we can give them an opportunity.

Speaker 8:

Bharat Raj:

First of all, I thank the management once again for considering me to speak in the AGM. First of all, I'm happy to see Chairman and the entire board of directors, healthy and safe. I'm very happy sir. And first of all, thank the management for wonderful performance. And thanks for the dividend. Sir, very much happy and the CSR works are doing wonderfully sir. I hope you will continue the spirit of the same in the coming years also. Sir, my question is, this two quarters of our revenues come down 20%. Sir, will this continue in 2020 that is my first question. And can we expect a dividend in this year sir because due to the slowdown of the market can expect the dividend and sir one thing my serious concern we are paying Rs.450 crores interest every year. Sir how we can come out of this that is my major concern sir, and if our company revenues are coming down slowly. So, we are in very big trouble, what is the future plans, how are we coming out of this. That is my question, sir, once again, all the best Mr. Chairman and our board, keep safe and keep healthy. Thank you.

Vice Chairman:

Okay, let me address question of Mr. Bharat Raj basically the revenue in first quarter and second quarter were down because of the COVID. And hopefully, you know, that should actually come back soon. Because unless we see any further deterioration in the Covid Situation, we think you know that the revenues should be coming back at the top line and regarding the debt, our average interest rate is about 5.5%. We have revised our strategy of closing down our loss making units and because of our expansion plans which are in the pipeline, we think going forward, the company should have good, strong performance.

Chairman:

Thank you, Vice Chairman. Members who did not vote earlier through remote e-voting, may now vote electronically in next 15 minutes and thereafter the e-voting system will be disabled automatically.

The results of the voting will be declared within 48 hours of conclusion of Annual General Meeting. The results of the voting will be displayed on the Company's website and will also be submitted to the Stock Exchanges.

Finally I thank all the shareholders once again for participating in the meeting and for their co-operation in transacting today's business.

Thank you and Namaskar.

Disclaimer:

Statements/view expressed in 45th 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.