RAIN INDUSTRIES LIMITED

TRANSCRIPT OF

47th

ANNUAL GENERAL MEETING

HELD ON

Friday, the May 6, 2022, at 11.00 a.m.

through Video Conferencing / Other Audio Visual Means without the physical presence of the Members

RAIN INDUSTRIES LIMITED

Registered Office: Rain Center, 34, Srinagar Colony, Hyderabad- 500073, Telangana State, India
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Brian Jude McNamara, Chairman:

I welcome all the Shareholders and Directors to this 47th 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.

Robert Thomas Tonti:

I am Robert Thomas Tonti, 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. Vikas Somani, 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 a fair and transparent manner.

As the Notice of the 47th 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 47th Annual General Meeting of RAIN Industries Limited.

When we look back on 2021, we will recall the impressive rebound of the global economy following months of lockdowns, shutdowns and slowdowns during the first year of the COVID-19 pandemic.

Pent-up demand spurred robust sales of nearly all of our products, helping to drive stronger revenues and EBITDA at RAIN. With COVID-19 waning, the biggest challenges ahead of us seemed to be whether an overtaxed global supply chain could keep up with rising demand and our ability to source key raw materials such as green petroleum coke and coal tar in an increasingly tight market.

By the fourth quarter of 2021 and into early 2022, however, other challenges emerged with the potential to be even more disruptive – namely:

- Soaring energy costs in Europe
- COVID lockdowns in China that are impacting domestic manufacturing and creating logistical challenges
- And, of course, the global implications of the Russia/Ukraine conflict

In terms of potential fallout from the war in Ukraine, Russia contributes about 8% of RAIN's consolidated revenue, so we anticipate that any direct impact on revenues should be limited. That said, we have taken nothing for granted, which is why we have implemented proactive measures to minimize the risk to our production facilities in the rest of Europe in the event that the conflict disrupts natural gas and/or petroleum flows. We have also responded to high energy prices by hedging some of our natural gas contracts through the end of the year, implemented new sales-price strategies, and are pursuing measures to reduce energy consumption by our plants and preserve the margins in our business to the extent possible in these extreme conditions.

In terms of China, if the COVID lockdowns that are reducing domestic aluminum production and the sale of aluminum-containing end products persist, this could have a detrimental impact on the global aluminum market. As far as its impact on RAIN, while we are experiencing some logistical challenges that are impeding our ability to sell our CARBORES® and PETRORES® engineered products in China and move them from our warehouses to customer production facilities due to local COVID lockdowns. However, it is not having a material impact at this time.

Despite these challenges, barring any widespread repercussions in the markets we serve, we anticipate robust sales of our carbon and advanced materials products to continue – especially for calcined petroleum coke and coal tar pitch, which are benefitting from strong output by the aluminum industry as it capitalizes on LME prices that have been well above US $3,000 per ton. Simultaneously, we are looking for increased growth in our cement business, driven by the Indian government's strong focus on infrastructure development.

Against this backdrop, we are reasonably optimistic that our 2022 performance can mirror a 2021 that included:

- Revenue of ₹ 145,268 million, which represented a 38.8% increase compared with ₹ 104,647 million in 2020.
- Operating profit (or adjusted EBITDA) of ₹ 25,174 million, which was up 26.5% compared with ₹ 19,896 million in the previous year, putting us back in our historically normal range.
- Strong safety performance with our third consecutive year with a total recordable injury rate below 0.2. That was quite an achievement in this COVID-19 environment, where many of our production facilities have been operating with a depleted workforce and the added stress that comes with it.

Four months into 2022, we have just completed our seventh consecutive quarter of increased revenue and EBITDA above ₹ 8,000 million. As you know, in our business it is not uncommon for one segment to perform well while the one or more do not. Not so during the first quarter. Our Carbon, Advanced Materials and Cement segments have performed reasonably well, and the results we posted demonstrate that.

Looking at our recent performance, we have benefitted from the fact that as COVID has shifted from pandemic to endemic. During the first year of COVID, demand was suppressed by lockdowns and shutdowns. We are seeing a boomerang effect after the easing of lockdowns. Now, pent-up demand has spurred a commodity super cycle, which produced "opportunity margins" that we were happy to benefit from.

Long-term, however, we do not expect this commodity cycle to be endless or the current environment to be the "new normal." The strong earnings and margins that we enjoyed in the first quarter are being challenged by rising raw material costs, ongoing logistics and supply chain issues, and the situations involving Russia and China, respectively.

Despite those challenges and the likely return of global economic demand and commodity pricing to the "old normal," we are confident in our ability to continue to perform within our historically normal EBITDA range in the near future.

A priority for the rest of the year is to monetize the investments we have made on our major expansion projects, which are part of our strategy to meet and exceed the market's need for cleaner and more sustainable materials produced with minimal impact on the environment.

During the past few years, we have made a cumulative investment of more than US$ 225 million on the hydrogenation hydrocarbon resins plant in Germany, the vertical-shaft calciner in India and the anhydrous carbon pellet production facility in the United States. In 2022, we expect that these plants should begin to provide the return on investment. Moreover, the fact that each facility has been commissioned will greatly reduce our CAPEX spending in the coming years. Those savings, in turn, will be available for debt reduction.

A particular focus this year is on optimizing the productivity of our HHCR facility. If you recall, the second half of 2020 was devoted to providing customers with our new "water-white" resins for technical evaluation and confirmation. Much of early 2021 was spent stabilizing the plant, which then allowed us to operate the facility at approximately 40% of capacity during the second half of 2021. During the fourth quarter, we also found an opportunity to upgrade the productivity and reliability of the plant with a more efficient reactor design.

I am pleased to report that the new reactors are performing well, and this upgrade should reduce future maintenance costs and downtime while enhancing our advanced resins production. In fact, HHCR volumes produced during the first quarter of 2022 was the highest yet for this major capital project, representing a 57% increase over the previous quarter.

In the United States, we continue to ramp up our new production facility for anhydrous carbon pellets (or, ACP). While we believe that this proprietary product has a promising future -- thanks to its energy-savings and emissions-reduction potential as well as its ability to improve our GPC utilization – we also recognize that we are introducing a new product to the anode and aluminum industries with an entirely new production process. As such, we expect that there will be a prolonged learning curve. That said, in March 2022, we shipped our first trial batch of calcined ACP to a major aluminum industry customer. Again, we are optimistic about the potential of ACP and look forward to seeing how the industry accepts it.

Finally, we are slowly ramping up CPC production at our newest and most environmentally friendly calcination plant, the vertical-shaft calciner in India. We are pleased with the quality of the CPC produced and the superior density that the vertical-shaft technology provides. We will continue to ramp up sales from our shaft calciner to the large global aluminium smelters.

At the same time, we continue to work with the Indian authorities to secure a GPC import allocation for the new calciner. In the meantime, the annual GPC allocation for our legacy rotary-kiln plant in Vizag was reduced for the current Indian fiscal year to approximately 409,000 tons from nearly 452,000 tons in the previous year.

This is disappointing considering that the more CPC produced in our calcination plants in India, the better it is for India's environment overall. That's because our calciners are the only ones in

India operating state-of-the-art flue-gas desulfurization systems that remove more than 98% of sulfur dioxide emissions.

Just as important, both of RAIN's calciners are unique in that they combine our emissions-scrubbing technology with highly efficient systems to capture and convert the waste-heat given off in the calcination process into electricity, rather than allowing the heat to simply escape into the atmosphere. These waste-heat recovery systems enable us to cogenerate clean electricity for Indian consumers. When both kilns are running at full capacity at Vizag, and vertical-shaft calciner is connected to the grid, we will have the ability to export 55 megawatts of power to the power grid.

In terms of our priorities for 2022, we are also focused on continuing to make measurable progress on our sustainability journey. At RAIN, we understand – and our employees have embraced the fact – that nothing will have a greater impact on the success of our business than our sustainability efforts and ability to meet the related needs of our customers.

As you know, last month we published the annual report for 2021 by integrating both financial and sustainability aspects. In reading it, I hope that you have come away with a greater appreciation for RAIN's part in meeting the evolving expectations of society. RAIN plays an indispensable role in transforming industrial by-products into essential materials for faster, cleaner and lighter products that enhance the quality of life in the communities where we operate and contribute to a circular economy.

The many activities described in this report are the latest examples of our on-going and long-standing ability to proactively adapt and pivot as a business. As the world has evolved, so too has RAIN. In doing so, we have demonstrated that "sustainability" refers to even more than our strong environmental-related and CSR-related activities.

After more than 150 years as an evolving, adapting business, "sustainability" also describes the longevity of our company. With our investments in 21st-century technologies and processes such as HHCR and our proprietary ACP to meet growing demand for greener products and processes, RAIN is well positioned to continue to make meaningful and sustainable contributions for our customers, communities and investors for decades to come.

On behalf of our employees around the world, thank you for your ongoing support. In return, we will continue to produce 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.

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. Dinesh Gopaldas Bhatia, Mr. Manan S Patel, Mr. Ayush Gupta, Mr. Ramesh Manguluri, Mr. Jeelani Gulam Mehroob Shaikh, Mr. Dinesh Amrutlal Kotecha, Representative of M/s. Maple Vyapaar Private Limited, Mr. Suyash Kapoor, Mr. Yusuf Yunus Rangwala, Mr. Suresh Chand Jain, Mr. Kamal Kishore Jhawar, Mr. Srikanth Jhawar, Mr. Reddeppa Gundluru, Mr. Shashikant Gajanan Marathe, Mr. Surekha Sharadkumar Shah, Mr. Vaidyanathan Rajakumar, Mr. K Bharat Raj, Mr. Ramakrishna Vinod Turaga, Mr. Sree Hans Kumar (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.

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 47th 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.