



RAIN INDUSTRIES LIMITED

TRANSCRIPT OF

48th

ANNUAL GENERAL MEETING

HELD ON

Tuesday, the May 2, 2023, 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

CIN: L26942TG1974PLC001693

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

Brian Jude McNamara, Chairman:

I welcome all the Shareholders and Directors to this 48th Annual General Meeting being conducted through video conferencing mode. The meeting is being live streamed through webcast.

I thank all of you for participating in today's meeting.

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. Radhakrishna Reddy, Managing Director to introduce himself.

N. Radhakrishna Reddy:

I am N. Radhakrishna Reddy, Managing Director of Rain Industries Limited

Chairman:

I request Mr. Jagan Mohan Reddy Nellore, 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. Robert Thomas Tonti, Independent Director to introduce himself.

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. B. Shanthi Sree, Independent Director to introduce herself.

Shanthi Sree:

I am B. Shanthi Sree, Independent Director

Chairman:

I welcome Mr. Vikas Somani, Partner, BSR & Associates LLP, Chartered Accountants, Statutory Auditors, Mr. Vikas Pansari, Partner, S. R. Batliboi & Associates LLP, Chartered Accountants, Mr. DVM Gopal, Secretarial Auditor, 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 48th 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 Nellore, Vice Chairman to address the Shareholders.

Vice Chairman:

Good morning, ladies and gentlemen, and welcome to the 48th Annual General Meeting of RAIN Industries Limited.

We entered 2022 continuing to ride the wave of momentum that began in late 2021 as the economic impact of COVID began to subside and the pent-up demand from the first year of the pandemic gave way to enthusiastic commercial activity.

In addition to strong demand for nearly all of our products during the first half of 2022, we also benefitted from what we had termed "opportunistic" margins resulting from the time lag between rising sales prices and raw material cost resets. At the same time, we cautioned throughout the first and second quarters that we were in a commodity super cycle, and the inflated earnings and EBITDA were not the "new normal."

We were right. By the third quarter, the opportunity margins started to shrink as the gap between rising raw material costs and the price of our finished products began to erode. At the same time, the reduction of natural gas supplies coming from Russia caused a spike in energy costs across Western Europe.

The situation in Europe affected us in several ways during the second half of 2022. First, a continuation of high energy prices increased our production costs and led to margin erosion for many products. It also forced us to make the difficult-but-prudent decision in September to temporarily shut down our energy-intensive units in Germany until energy costs return to more normal levels.

Sales volumes were also impacted, as inflation and rising interest rates caused many European consumers to curb discretionary spending, reducing demand across the production chain. Lower consumption also resulted in layoffs in various industries in Europe, elevating concerns about regional job security, which further eroded demand for a range of manufactured goods.

In addition, the rising cost of fossil-fired electricity – coupled with rapidly falling London Metal Exchange prices for aluminium – caused a number of European smelters to shut down and / or curtail production. As a result, the energy situation in Europe also began to impact demand for our CTP and, to a lesser extent, CPC.

Further, in India, while demand for our Priya Cement products remained reasonably strong, the profitability of the segment was impacted by increased fuel prices leading to higher production costs.

While all of that sounds rather bleak considering our strong start, 2022 actually was better than our historical normal range. In fact, we finished 2022 with:

- Revenue of ₹ 210,111 million, which represented an increase of more than 44% compared with ₹ 145,268 million in 2021.
- Operating profit (or adjusted EBITDA) of ₹ 37,545 million, which was up more than 49% compared with ₹ 25,174 million in the previous year.
- Strong safety performance with our fourth-consecutive year with a total recordable injury rate below 0.2, ranking us as a “best-in-class” company compared with our industry peers.\

Our performance was also helped by the relatively mild 2022 hurricane season in the United States. As you can imagine, it was gratifying to be able to run our U.S. Gulf Coast calciners at full capacity during a period of high demand and take advantage of the reliability improvements

we have made at our plants during the last few years. Moreover, by avoiding any weather-related shutdowns, the cogeneration facilities at our Gulf Coast plants were able to produce more steam and electricity during a high energy-price environment, helping us increase our energy revenue.

As we transitioned into 2023, it might have been tempting to look in the rear-view mirror and bask in the success we have had the past two years. But the fact is, the high demand and margins that we enjoyed during much of last year and in late 2021 was neither normal nor a transition to a “new normal” – and that reality requires that we have a clear view of what lies ahead for us. Please be rest assured that the RAIN management team and our employees around the world fully understand that we have reverted to the “old normal” and that the near term offers new challenges and a degree of uncertainty.

The good news is that the team at RAIN is resilient and resourceful, and we have successfully weathered many challenges over the years. In the process, we have learned from those experiences, and as a result we are reasonably well positioned to manage situations that might come our way during 2023 and beyond.

Near-term challenges include the possibility of an economic recession, which has increased in recent months. Similarly, although China has finally reopened for business following months of COVID-related lockdowns, its production and consumption have not recovered as quickly as we might have hoped or expected. And, of course, as long as high energy costs, inflation and layoffs continue to impact Europe, demand by our customers in the region will remain soft.

We have responded to these challenges in a number of ways. First, given the energy-intensive nature of our advanced materials production, we are doing all we can to optimise our energy consumption and maximise our output, thus reducing our production cost per tonne of material. We are also carefully managing our inventories and finding additional ways to control expenses to help compensate for the shrinking margins we are experiencing due to rising raw material costs.

Elsewhere, we are leveraging the work we have done in recent years to improve efficiencies, increase our capacity utilisation and plant reliability, and secure affordable, reliable and more-sustainable supplies of raw materials – all of which should help to preserve earnings and margins to a certain extent as well as our sustainability standing despite changing economic conditions.

A priority for us in 2023 is restoring our Advanced Materials business to sustained profitability. During 2022, the segment experienced two quarters of negative EBITDA, caused by a variety of factors including high energy and raw material costs, reduced demand for advanced-materials products as consumers postponed discretionary purchases, and the temporary closure of our energy-intensive units.

Looking forward, we believe better times are ahead for this segment, and we are prepared to quickly react and adapt as market conditions evolve. Rest assured that we are doing everything possible to return our Advanced Materials segment to profitability while improving its sustainability profile.

Another priority is related to our ongoing work with regulatory authorities to gain relief from petroleum coke import restrictions for our new vertical-shaft calciner in the Andhra Pradesh Special Economic Zone, which was developed to cater to export markets and should not be subject to the import restriction. Given the superior bulk density of the CPC produced in the new calciners – and the growing customer interest in this product – our desire to meet such customers’ demand will require us to continue to optimise our India calcination operations until the new calcination facility receives the requisite relief.

We also are awaiting the finalization of the Indian government’s long-awaited emissions regulations for the calcination industry. As the only calciner in India with an operating flue-gas desulphurisation systems at each of its plants – with a scrubbing capacity to remove 98-99% of our SO₂ emissions – as well as waste-heat recovery systems that enable our plants to generate clean electricity, we are the best-positioned company in our industry to help drive the government’s pollution-reduction goals while also providing the anode-grade CPC that is needed to support continued growth of India’s aluminium industry.

In terms of sustainability, our commitment is unwavering, and we understand that that nothing will have a greater impact on the success of our business than our efforts to become a more sustainable company. To learn more about our commitment, I encourage you to visit the Rain Industries and Rain Carbon websites, where you can read about our recent activities and accomplishments in the 2022 RIL annual report and the first publicly available sustainability report produced by our Rain Carbon subsidiary.

Going forward, we will continue to work across the RAIN landscape to reduce our carbon footprint, preserve natural resources, and develop new products and processes that will help our customers to attain their sustainability goals and meet growing demand by society for cleaner, lighter and faster products, applications and production processes.

Examples include the expansion of the solar power installations at our cement plants in India and the increased use of alternative raw materials by our carbon distillation business, which is resulting in products with a lower emissions profile than those typically produced with coal tar. In addition, given the essential role that calcined petroleum coke and coal tar pitch in the anodes required for aluminium smelting, we are committed to helping our customers achieve their goal of producing low-carbon aluminium.

On behalf of our employees around the world, thank you for your ongoing support, and we are committed to retaining your trust and confidence in the year ahead.

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 mics.

Mr. Reddappa Gundluru, Mr. Kamal Kishore Jhavar, Mr. Srikanth Jhavar, Mr. Praful Chavda, Ms. Yashasvi Kothari, Mr. K. Bharat Raj and Mr. Suresh Chand Jain (Shareholders of the Company) spoke at the Meeting. They expressed their view and sought clarifications inter-alia on the Company's Business operations and its 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.

Members 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 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.

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

Disclaimer:

Statements/view expressed in 48th 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 and 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.