RAIN INDUSTRIES LIMITED

RIL/SEs/2019 November 13, 2019

The General Manager Department of Corporate Services **BSE Limited** Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai-400 001	The Manager Listing Department **The National Stock Exchange of India Limited** Bandra Kurla Complex Bandra East Mumbai – 400 051

Dear Sir/ Madam,

Sub: Earnings Presentation – Reg.
Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith Rain Industries Limited Earnings Presentation on Unaudited Financial Results for the third quarter ended September 30, 2019.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary

Regd. Office: Rain Center
34, Srinagar Colony
Hyderabad 500073
Telangana, India

Phone: +91 (40) 40401234
Fax: +91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

RAIN INDUSTRIES LIMITED

Earnings Presentation – Q3 CY19

Investor Relations Contact:

INDIA: Saranga Pani

Board: +91 40 4040 1234, Direct: +91 40 4234 9870

Email: Sarang.Pani@raincarbon.com

US: Ryan Tayman

Board:+1 203 406 0535, Direct: +1 203 5172 822

Email: Ryan.Tayman@raincarbon.com

RAIN is a leading vertically integrated global producer of a diversified portfolio of products that are essential raw materials for staples of everyday life. We operate in three business segments: Carbon, Cement and Advanced Materials. Our Carbon business segment converts the by-products of oil refining and steel production into high-value carbon-based products that are critical raw materials for the aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and several other global industries. Our Cement segment consists of two integrated cement plants that operate in the South Indian market, producing two primary grades of cement: ordinary portland cement ("OPC") and portland pozzolana cement ("PPC"). Our Advanced Materials business segment extends the value chain of our carbon processing through the downstream refining of a portion of this output into high-value chemical products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum and several other global industries. We have longstanding relationships with most of our major customers, including several of the largest companies in the global aluminium, graphite and specialty chemicals industries, and with most of our major raw material suppliers, including several of the world's largest oil refiners and steel producers. Our scale and process sophistication provides us the flexibility to capitalize on market opportunities by selecting from a wide range of raw materials, adjusting the composition of our product mix and producing products that meet exacting customer specifications, including several specialty products. Our production facility locations and integrated global logistics network also strategically position us to capitalize on market opportunities by addressing raw material supply and product demand on a global basis in both established and emerging markets.

Forward Looking Statement

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for segment volumes and earnings, the factors we expect to impact earnings in each segment, demand for our products, our expected uses of cash, and our expected tax rate, are forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations.

Third-Quarter Summary

Financial Highlights

- Revenue from Operations was ₹29.92 billion and Adjusted EBITDA was ₹4.72 billion
- Adjusted Net Profit After Tax was ₹1.75 billion and Adjusted Earnings Per Share was ₹5.20
- Capex of $115 million for nine months ended Sept. 30, 2019, with internal accruals

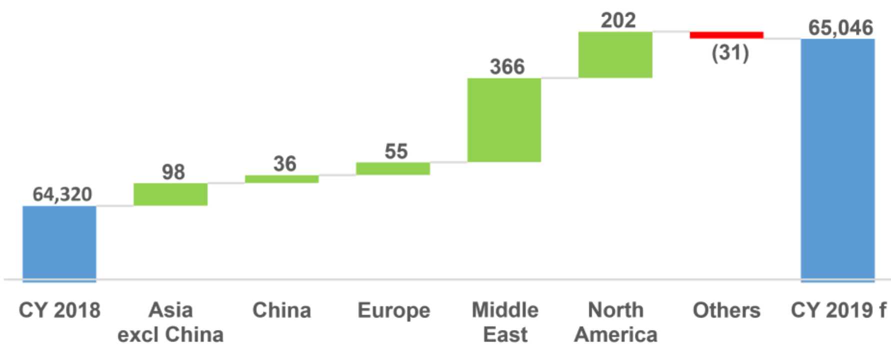
Business Highlights

- Performance continued to improve, with high-cost inventories no longer a drag on margins, which are returning to historical norms
- Pitch volumes increased due to increased demand and sales to non-traditional markets
- Restrictions on petcoke imports in India continued to affect Carbon segment performance; however, Company has developed a new carbon-based material that it believes can be used in India
- Advanced Materials segment revenue impacted by continued weakness in automotive and steel industries
- Cement business performance improved due to increase in volumes

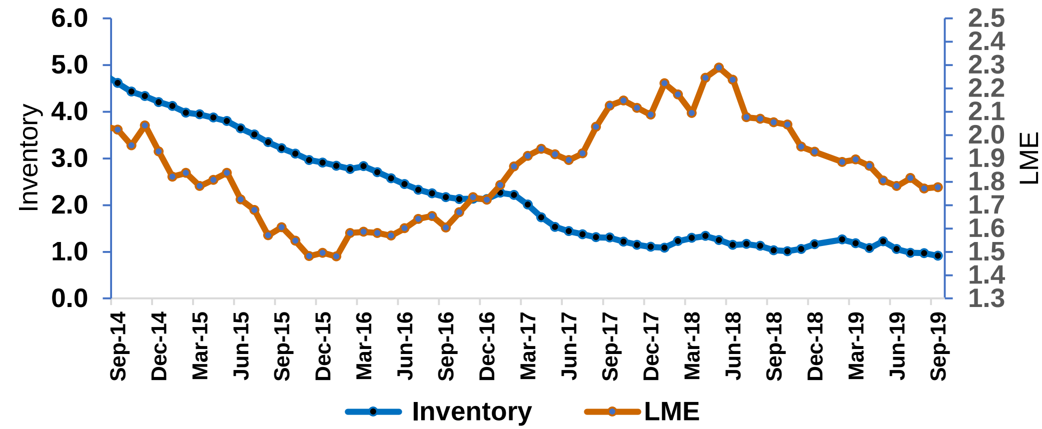
Market Update

Primary Aluminium Production Growth in Thousand Metric Tons

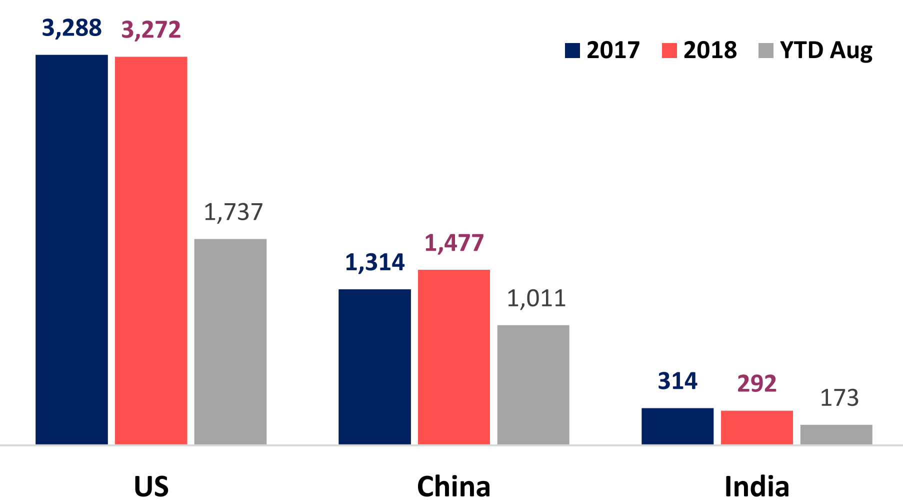
Not to Scale



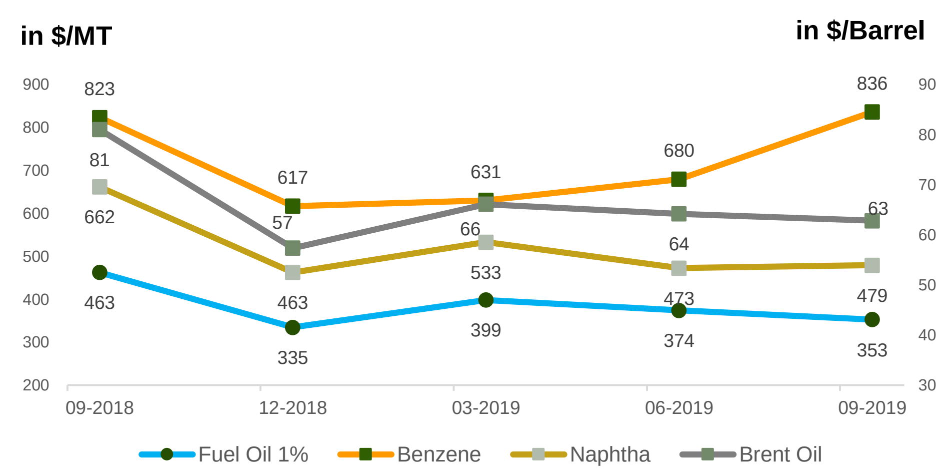
LME AL Inventory (Million MT) vis-à-vis **LME AL Quote** (000 US$ per MT)



CPC Exports in Thousand Metric Tons



Price Trends of Key Drivers in Advanced Materials Business



In spite of ~1% growth in aluminium demand during CY 2019, it remains the "metal of choice"

Ongoing Capital Expansions

Vertical-Shaft Calcination Plant, India

- Project commissioning is in progress and estimated to commence operations during Q1 2020
- Benefit from this expansion project to begin from Q2 2020

Hydrogenated Hydrocarbon Resins (HHCR) Plant, Germany

- Commercial operations to start during early Q1 2020
- New facility will have the flexibility to produce customized products, as per end-user specifications

Anhydrous Carbon Pellets (ACP) plant, United States

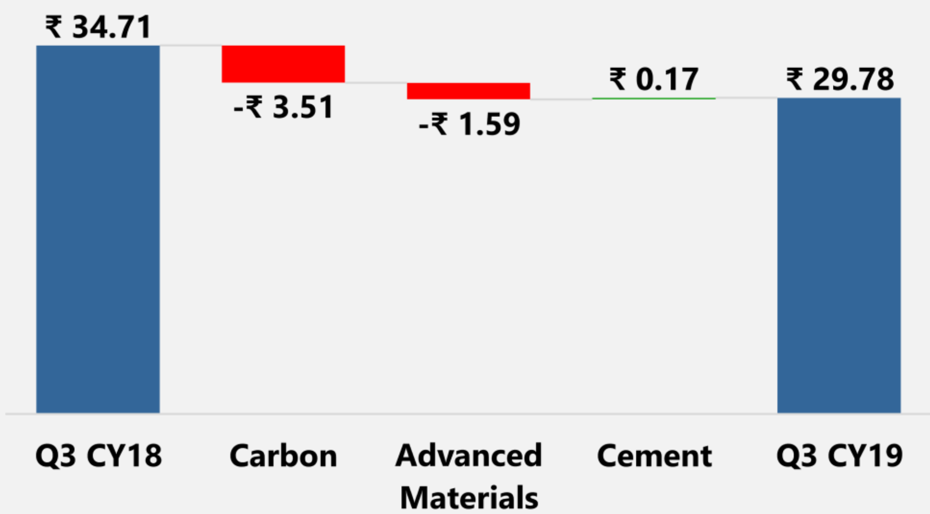
- ACP plant is under construction with an estimated project cost of US$12 million
- Expected to commence operations during Q1 2020

ACP Plant, India

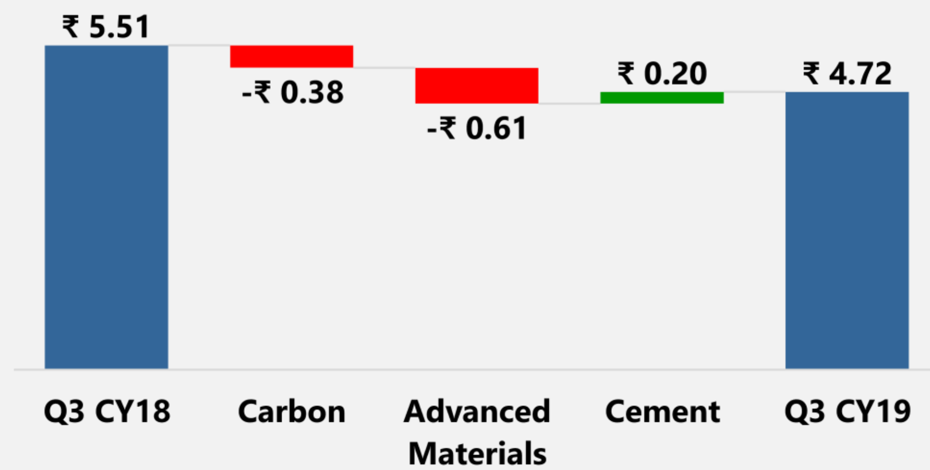
- New ACP plant will be installed in the Vizag SEZ with an estimated project cost of US$15 million
- Expected to commence operations during Q2 2020

Consolidated Performance – Q3 CY19

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

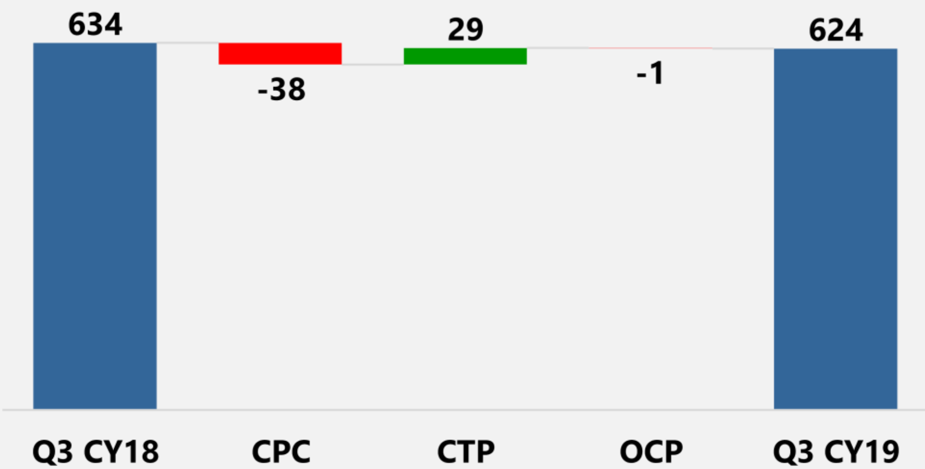
Highlights in Q3 CY19

- Performance of Carbon segment impacted by lower volumes and lower prices due to price pressures, partially offset by the enhanced margins as the segment worked off remaining high-cost inventories.
- Performance of Advanced Materials segment impacted by continued weakness in the automotive, steel and construction industries, partially offset by the strong demand for engineered products.
- Cement segment performance improved driven by increased volumes.

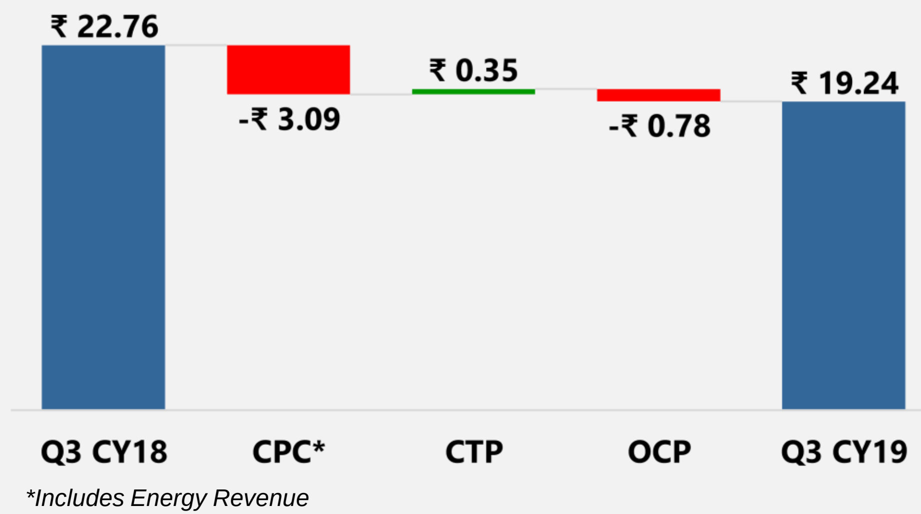
Note: Charts not to scale

Carbon Business Performance – Q3 CY19

(₹ in Billions)



Volumes (metric tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q3 CY19

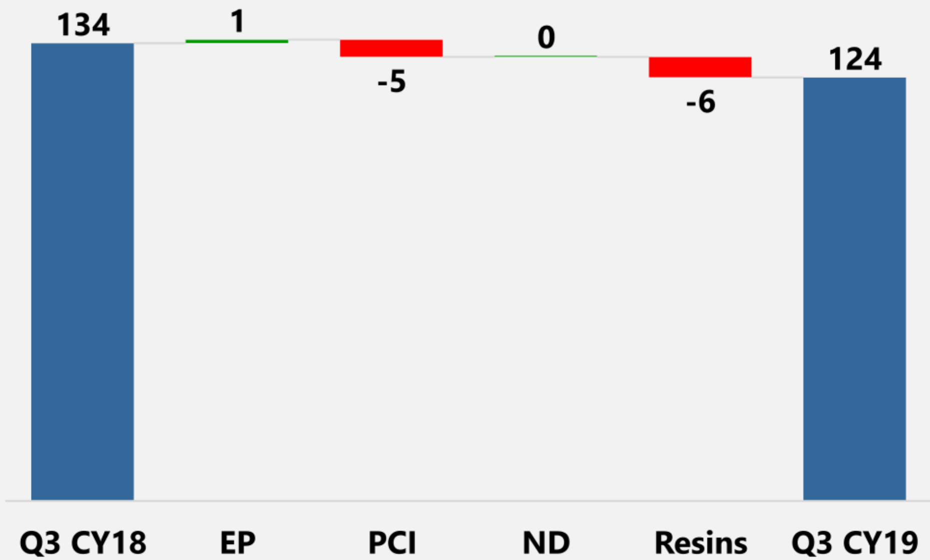
- CPC revenue decreased primarily due to lower volumes on account of timing of export shipments compared to the prior- year quarter.
- Increase in pitch revenue driven by higher volumes, including increased sales following resolution of potential U.S. sanctions against Russia and entry to non-traditional markets.
- Adjusted EBITDA decrease of ₹0.38 billion was due to reduced selling prices and lower volumes.

CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

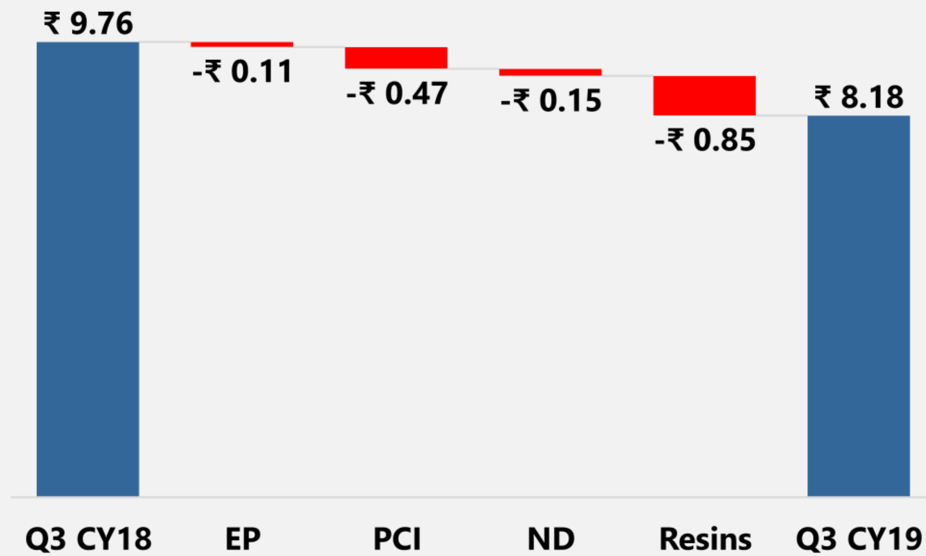
Note: Charts not to scale

Advanced Materials Business Performance – Q3 CY19

(₹ in Billions)



Volumes (metric tons in Thousands)



Revenue (excluding other operating income)

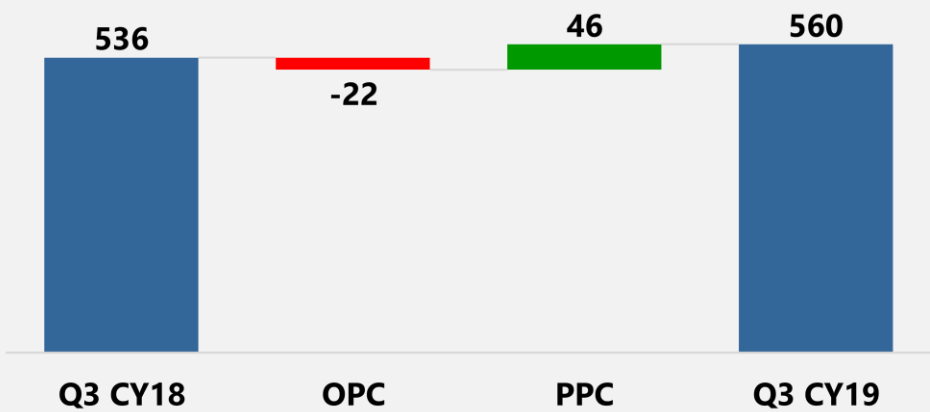
Highlights in Q3 CY19

- Revenue decreased due to decline in volumes and lower realisation due to product mix.
- Lower volumes in resins business due to reduced production and demand by the automotive sector and downstream industries as well as steel suppliers in the graphite and refractory markets.
- Continued strong demand for environmentally friendly sealer-base products and PETRORES® specialty coatings.
- Adjusted EBITDA decreased by approximately ₹0.61 billion.

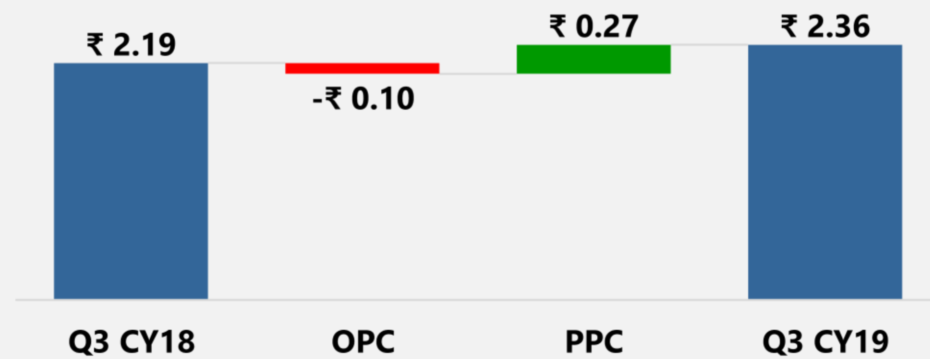
EP – Engineered Products; PCI – Petro Chemicals Intermediates; ND – Naphthalene Derivates

Note: Charts not to scale

Cement Performance – Q3 CY19 – (₹ in Billions)



Volumes (metric tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q3 CY19

- Revenue from Cement business increased 7.7% due to higher volumes and realisation.
- Sales volumes increased across most markets except Andhra Pradesh, Odisha and Kerala.
- Adjusted EBITDA from Cement business in Q3 CY 2019 increased ₹0.20 billion due to higher volumes.

OPC – Ordinary Portland Cement;   PPC – Portland Pozzolana Cement

Note: Charts not to scale

Consolidated Debt Position

US$ in Millions	Sep 2019	Dec 2018
7.25% USD-denominated Senior Secured Notes (due in April 2025)	550	550
Euro-denominated Senior Secured Term Loan B (due in January 2025)	427	446
Other Term Debt	62	64
Gross Term Debt	**1,039**	**1,060**
Add: Working capital debt	56	72
Less: Deferred finance cost	15	17
Total Debt	**1,080**	**1,115**
Less: Cash and cash equivalents	179	122
Net Debt	**901**	**993**
LTM Adjusted EBITDA	219	317

Highlights in 9M CY19

- Capital expenditure of ₹8.09 billion (~$115 million) during 9M CY19 includes ₹3.59 billion ($51 million) spent on our two major projects under construction – a hydrogenated hydrocarbon resins production facility in Germany and a vertical-shaft calciner in India – as well as expenditure for other projects.
- Net cash used in financing activities of ₹5.12 billion during 9M CY19 includes ₹1.13 billion of net outflows for the repayment of borrowings. Balance of ₹3.98 billion is toward interest payments.

INR in Million	9M CY19	CY 2018
Operating Activities	16,981	17,144
Investing Activities	(7,844)	(10,324)
Financing Activities	(5,116)	(6,186)

Appendix

Summary of Statement of Operations

₹ in Millions

Particulars	Q3 2019	Q2 2019	Q3 2018	CY 2018
Net Revenue	29,775	33,231	34,712	139,608
Other Operating Income	147	185	214	882
Revenue from Operations	**29,922**	**33,416**	**34,926**	**140,490**
Adjusted EBITDA	**4,719**	**4,509**	**5,507**	**21,411**
Adjusted EBITDA Margin	*15.8%*	*13.5%*	*15.8%*	*15.2%*
Profit Before Tax	**1,085**	**2,027**	**2,807**	**9,957**
Tax Expense (Benefit), net	76	559	910	3,643
Non-controlling Interest	188	211	149	497
Net Profit After Tax	**821**	**1,257**	**1,748**	**5,817**
Adjusted Net Profit After Tax	**1,749**	**1,413**	**1,978**	**7,305**
Adjusted Earnings Per Share (in ₹)*	5.20	4.20	5.88	21.71

Quarterly EPS is not annualized.

Reconciliation of EBITDA and PAT for Q3 CY19

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	**3,560**	**821**
B. Adjustments:		
• Reorganisation costs towards plant closure in the Netherlands	1,076	807
• Strategic project expenses in European operations	83	56
• Accelerated depreciation towards plant closure in the Netherlands	-	218
• Tax benefit arising due to change in tax rate in India	-	(153)
C. Adjusted (A + B)	**4,719**	**1,749**

RAIN – Key Business Strengths

RAIN

RAIN CARBON INC.

PRIYA CEMENT

Lives Forever

- Three businesses (Carbon, Advanced Materials and Cement)
- Global presence with 2.1 million tons p.a. calcination capacity, 1.0 million tons p.a. CPC blending capacity, 1.3 million tons p.a. coal tar distillation capacity, 0.7 million tons p.a. advanced materials capacity and 4.0 million tons p.a. cement capacity
- Transforming by-products of oil and steel industries into high-value carbon-based materials essential to numerous manufacturing applications and end products
- Long-standing relationships with raw material suppliers and end customers
- Leading R&D function drives continuous innovation
- Diversified geographical footprint with advantaged freight and logistics network
- Facilities with overall 132 MW co-generated energy capacity
- Refinanced at lower interest rate during January 2018
- Experienced international management team
- Strategy shift from low-margin products to favourable product mix

RAIN Group continues to grow on its core competencies.

Thank You