RAIN INDUSTRIES LIMITED

RIL/SEs/2020 May 28, 2020

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 first quarter ended on March 31, 2020.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S.V.R. Reddy

S. Venkat Ramana Reddy
Company Secretary

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RAIN INDUSTRIES LIMITED

Earnings Presentation – Q1 CY20

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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.

COVID-19 Update – Health and Safety

- Zero work-related COVID-19 cases
- TRIR of 0.14 YTD April 2020 (for Carbon and Advanced Materials business segments)
- Mandatory health screenings of all employees and contractors before entering company facilities
- Frequent coronavirus communications with employees including global video conferences
- All business travel suspended unless essential
- Using chemical know-how to produce disinfecting agents
- Implementation of “work from home” for most employees at corporate and marketing offices
- Increased cybersecurity to shield company as employees work remotely
- Supporting local communities and governments with personal protective equipment, financial donations and chemicals to produce hand sanitiser

COVID-19 Update – Operations

- Deemed an “essential business” in all locations, in Europe and North America; where “stay at home” orders have been implemented, the Company has secured requisite approvals from authorities to continue operations.
- No production interruptions across global footprint except in India, in compliance with the orders of the Government of India.
  - Indian carbon plant was shut down from 25th March till 5th April. After obtaining requisite approvals, production resumed at 50% on 6th April and ramped-up to 100% on 4th May.
  - Cement plants were shut-down from 25th March. Cement plants in Kurnool, Andhra Pradesh and Kodad, Telangana resumed production on 27th April and 2nd May, respectively.
- Limited impact on demand for CPC and CTP during Q1. However, slowdown of global economy may impact the demand for our products and we are prepared to minimize any such negative impacts, especially being a Convertor of by-products into value-added materials.
- The Company has prepared counter measures in the event that a decline in refinery runs and steel production negatively impacts the availability of raw materials.
- Certain products were adversely affected by the unprecedented fall in crude-oil and related commodity prices resulting in a write down to realizable values at the end of Q1, expect typical lag impact of a quarter to work through the adjustment.
- Rigorous cost program and spending reviews implemented to closely manage all non-critical operating and capital expenditures.
- The Company is watching customer credit lines and its own liquidity position by region to ensure there is no interruption to operations.

Performance during March'2020 Quarter

Financial Highlights

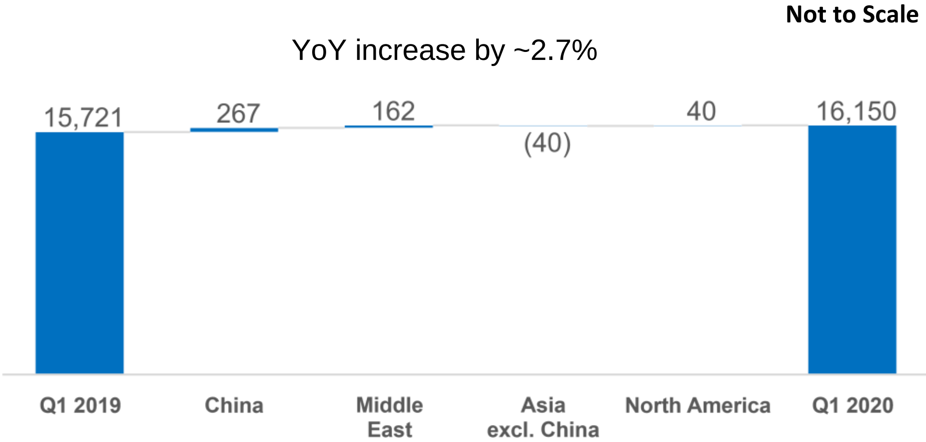
- Revenue from Operations was ₹ 28.98 billion and Adjusted EBITDA was ₹ 5.58 billion
- Adjusted Net Profit After Tax was ₹ 2.04 billion and Adjusted Earnings Per Share was ₹ 6.08
- Capex of US$ 60 million during the quarter ended March 31, 2020

Business Highlights

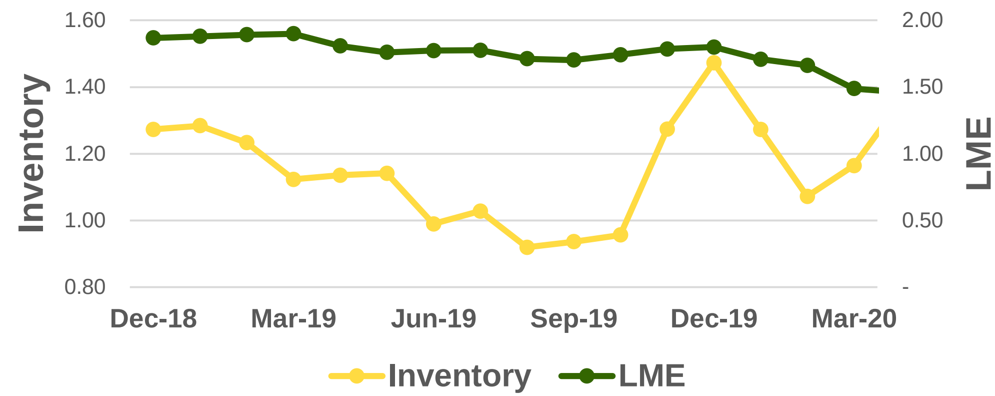
- Continued EBITDA improvement despite weaker prices and demand
- Inventory adjustments of ₹ 900 million, due to substantial fall in commodity prices
- COVID-19 did impact completion of certain capital projects
- HHCR project has began production, and the quality of resins produced is within our expectations
- Demand from major customers remained strong during Q1, but the same may fall in the coming quarters

Market Update

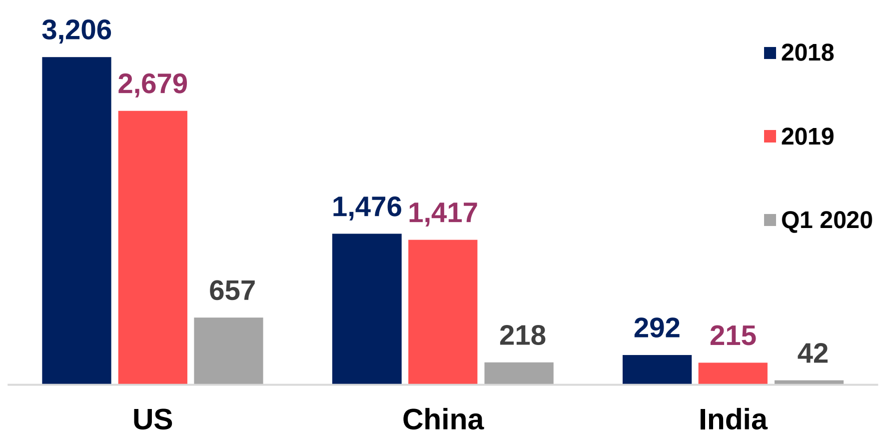
Primary Aluminium Production Growth in Thousand Metric Tons



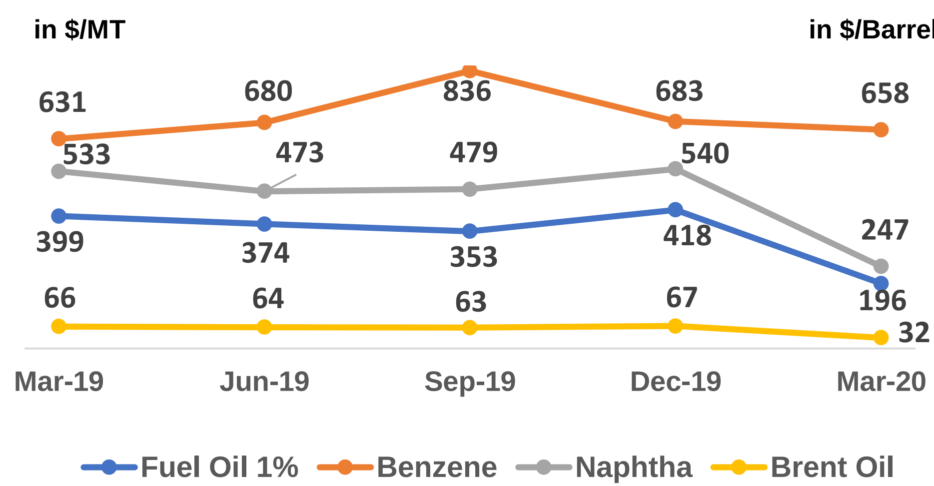
LME AL Inventory (Million MT) vis-à-vis **LME AL Quote** (000 US$ per MT)



CPC Exports in Thousand Metric Tons



Price Trends of Key Drivers in Advanced Materials Business



World AL production increased by 2.7% in Q1 2020. However, the same is expected to decline during rest of CY 2020.

Ongoing Capital Expansions

Hydrogenated Hydrocarbon Resins (HHCR) Plant, Germany

- Commercial operations started May 18, 2020, and quality of resins produced is within expectations
- Operations to be stabilised by Q4 2020

Vertical-Shaft Calcination Plant, India

- Delayed operations due to the COVID-19 impact until Q3 2020.
- The Company is also strategically working to ensure adequate raw material availability from local sources.

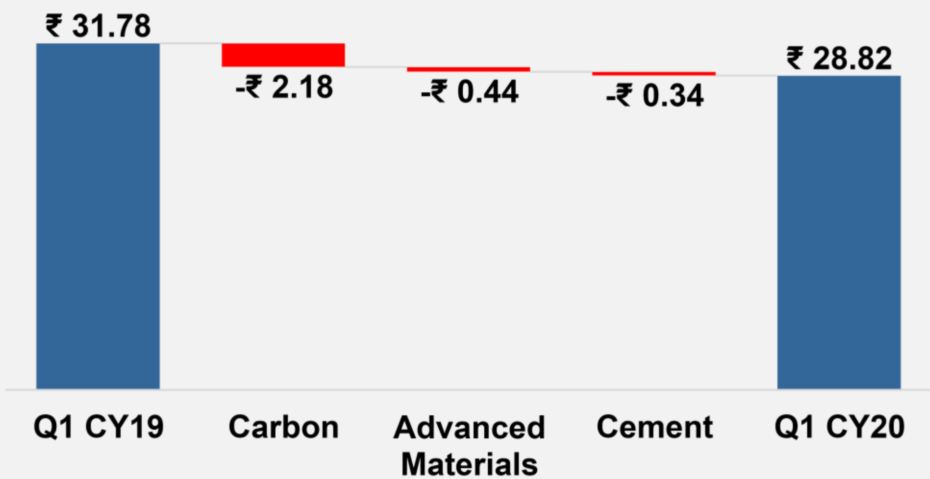
Anhydrous Carbon Pellets (ACP) Plants, India and United States

- ACP plant construction activities in U.S. and India are on hold due to the COVID-19 impact and expected to commence operations in Q1 2021 to minimise the possibility of coronavirus exposure at existing operations.

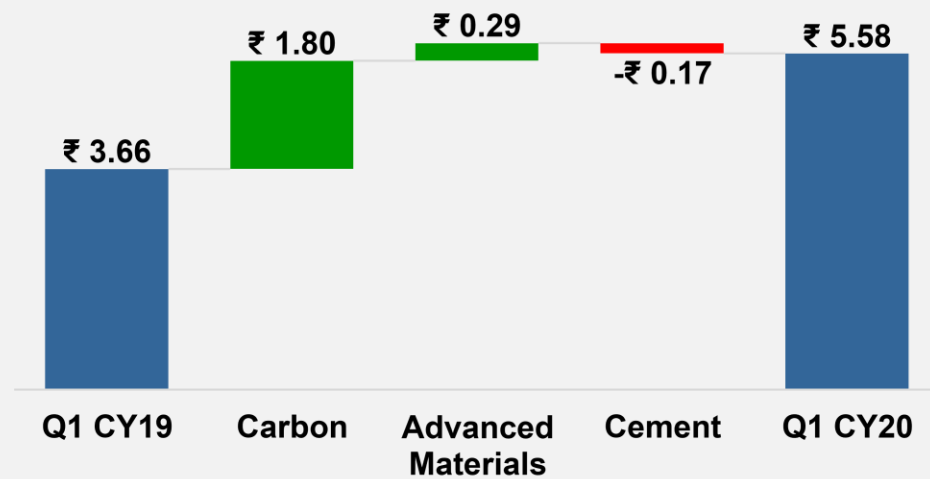
HHCR Plant, Germany

Consolidated Performance – Q1 CY20

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

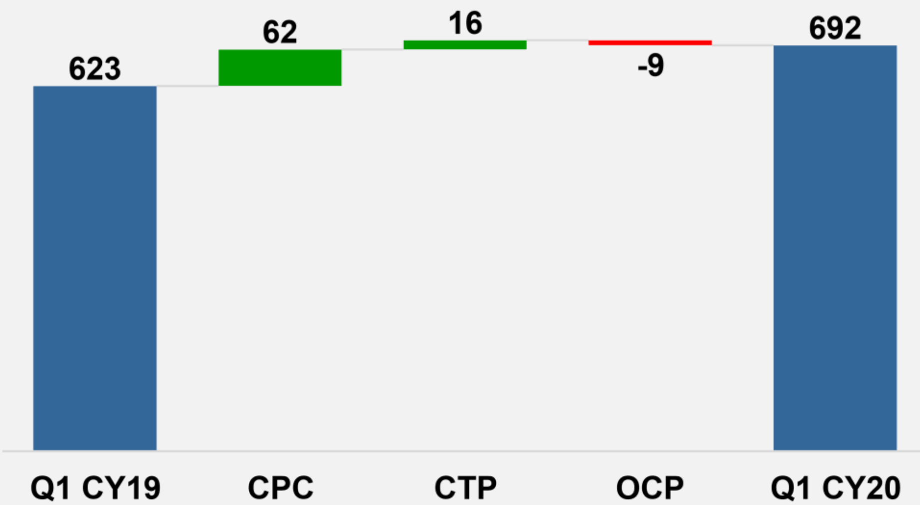
Highlights in Q1 CY20

- Carbon segment EBITDA improved due to increased volumes despite lower realisations, coupled with lower raw material costs and reduced operating expenses
- Advanced Materials segment continued with lower volumes due to sluggish demand in automotive, adhesive, construction and graphite industries
- Cement segment performance impacted due to both lower volumes and realisations

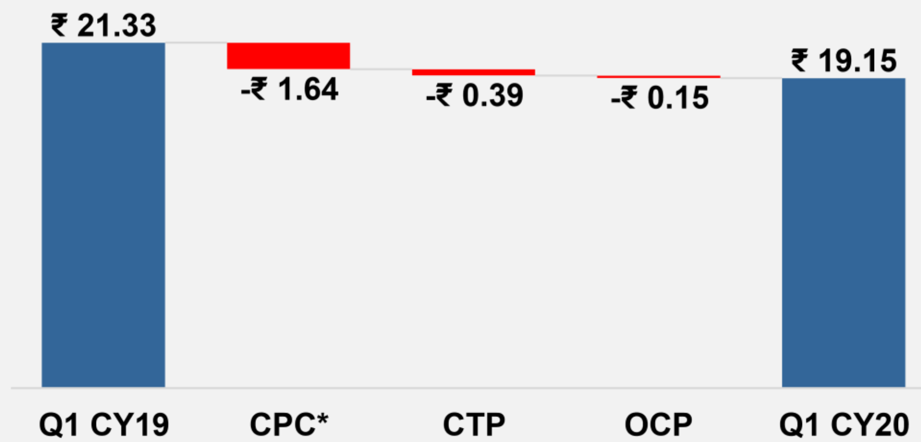
Note: Charts not to scale

Carbon Business Performance – Q1 CY20

(₹ in Billions)



Volumes (metric tons in Thousands)



*Includes Energy Revenue

Revenue (excluding other operating income)

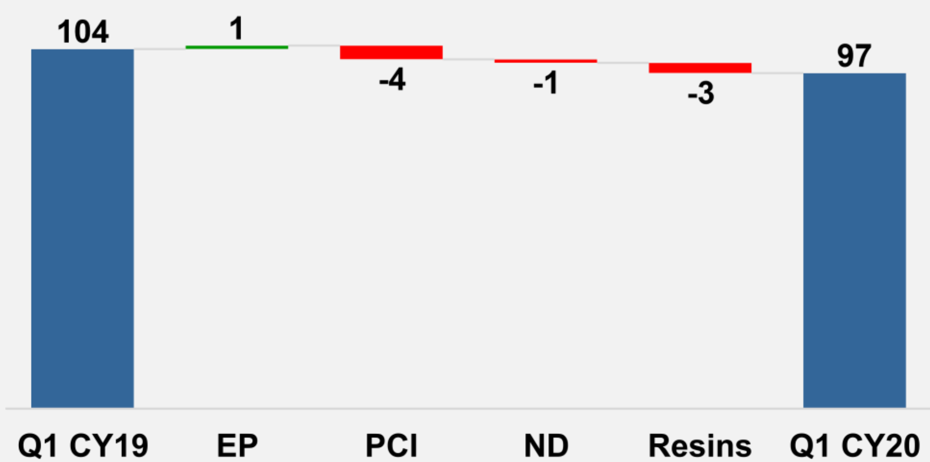
Highlights in Q1 CY20

- CPC revenue decreased primarily on account of price decreases due to changes in market conditions, partly off-set with increase in volumes primarily driven by timing of the shipments
- Pitch revenue decrease driven by lower realisation and sluggish demand from graphite and other related industries
- Adjusted EBITDA increased by ₹ 1,801 million due to increased volumes and margins in CPC, as well as having worked through inventories of high-cost raw materials compared to prior quarters

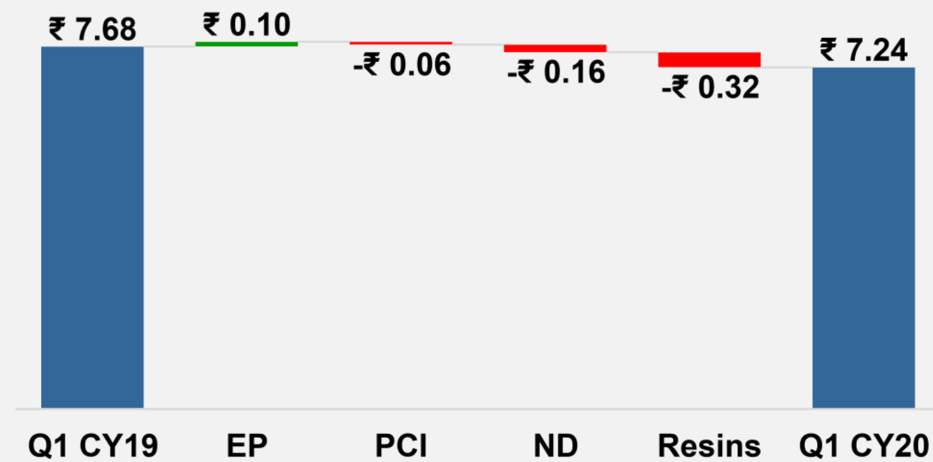
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Note: Charts not to scale

Advanced Materials Business Performance – Q1 CY20 (₹ in Billions)



Volumes (metric tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY20

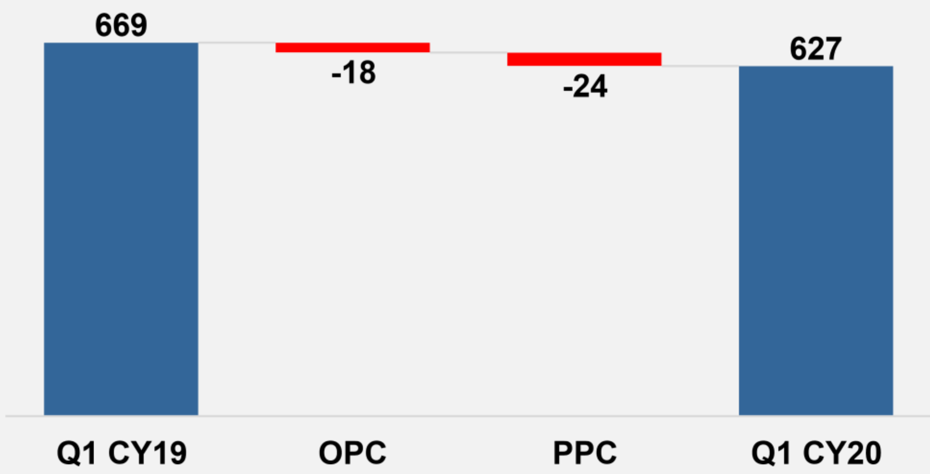
- Revenue decrease primarily driven by lower prices and volumes due to changes in market-indices and sluggish demand in construction, graphite and refractory industries; decrease was further driven by lower volumes due to the closure of our Uithoorn resins facility
- Adjusted EBITDA increased by approximately ₹287 million due to improved absorption of fixed costs of existing facility by shifting resins volume from closed facility in the Netherlands to facility in Germany

EP – Engineered Products; PCI – Petrochemical Intermediates; ND – Naphthalene Derivates

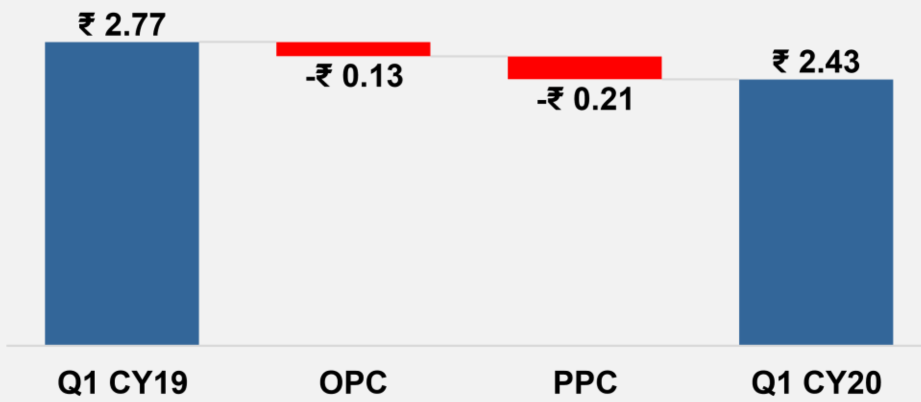
Note: Charts not to scale

Cement Performance – Q1 CY20

(₹ in Billions)



Volumes (metric tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY20

- Revenue from Cement business decreased by 12.5% due to lower realisations and volumes
- Adjusted EBITDA from Cement business in Q1 of 2020 decreased by ₹173 million due to lower realisations

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Consolidated Debt Position

US$ in Millions	Mar 2020	Dec 2019
7.25% USD-denominated Senior Secured Notes (due in April 2025)	550	550
Euro-denominated Senior Secured Term Loan B (due in January 2025)	430	437
Other Term Debt	56	57
Finance Lease Liability	74	16
Gross Term Debt	**1,110**	**1,060**
Add: Working Capital Debt	72	55
Less: Deferred Finance Cost	14	14
Total Debt	**1,168**	**1,101**
Less: Cash and Cash Equivalents	165	164
Net Debt	**1,003**	**937**
LTM Adjusted EBITDA	273	248

Highlights in Q1 2020

- Capital expenditure of ₹4.36 billion (~US$60 million) during Q1 2020 includes ₹2.11 billion (US$29 million) spent on two major projects – hydrogenated hydrocarbon resins production facility in Germany and vertical-shaft calciner project in India – as well as expenditure for other projects.
- Net cash used in financing activities of ₹0.50 billion during Q1 2020 includes ₹1.21 billion of net inflows in respect of proceeds from borrowings and ₹0.28 billion of net outflows for lease payments. Balance outflow of ₹0.43 billion is toward interest payments.

INR in Millions	Q1 2020	Q1 2019
Operating Activities	4,232	6,284
Investing Activities	(4,018)	(2,440)
Financing Activities	502	(2,056)

Appendix

Summary of Statement of Operations

₹ in Millions

Particulars	Q1 2020	Q4 2019	Q1 2019	CY 2019
Net Revenue	28,816	28,090	31,776	122,873
Other Operating Income	160	214	189	735
Revenue from Operations	**28,976**	**28,304**	**31,965**	**123,608**
Adjusted EBITDA (1)	**5,579**	**4,535**	**3,664**	**17,427**
Adjusted EBITDA Margin	*19.3%*	*16.0%*	*11.5%*	*14.1%*
Profit Before Tax	**1,614**	**1,492**	**1,304**	**5,907**
Tax Expense, net	475	275	372	1,283
Non-controlling Interest	74	69	244	710
Net Profit After Tax	**1,065**	**1,148**	**688**	**3,914**
Adjusted Net Profit After Tax	**2,044**	**1,325**	**724**	**5,211**
Adjusted Earnings Per Share (in ₹)*	6.08	3.94	2.15	15.49

Quarterly EPS is not annualized.

(1) The Group adopted Ind AS 116 – Leases, from January 1, 2020. Accordingly, the nature of expenses with respect to operating leases has changed from lease rent in previous periods to depreciation and interest expense in the current quarter. Hence, prior-period numbers are not comparable.

Reconciliation of EBITDA and PAT for Q1 CY20

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	**4,520**	**1,065**
B. Adjustments:		
• Inventory Adjustments due to substantial fall in commodity prices	900	708
• Expenses towards strategic projects and other non-recurring items	159	132
• Accelerated depreciation due to plant closure in the Netherlands	-	139
C. Adjusted (A + B)	**5,579**	**2,044**

RAIN – Key Business Strengths

- Three business segments (Carbon, Advanced Materials and Cement)
- Global presence with 2.1 million tonnes p.a. calcination capacity, 1.0 million tonnes p.a. CPC blending capacity, 1.3 million tonnes p.a. coal tar distillation capacity, 0.7 million tonnes p.a. advanced materials capacity and 4.0 million tonnes 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 175 MW co-generated steam and power 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