RAIN INDUSTRIES LIMITED

RIL/SEs/2021 October 30, 2021

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: Press Release on the Unaudited Financial Results for the third quarter ended September 30, 2021. –Reg.
Ref : Scrip Code: 500339 (BSE) and Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith the Press Release on the Unaudited Financial Results (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2021.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

SVK Reddy

S. Venkat Ramana Reddy
Company Secretary

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RAIN INDUSTRIES LIMITED

Press Release **October 30, 2021**

Results for the third quarter ended September 30, 2021

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its unaudited financial results for the third quarter ended September 30, 2021.

Financial Highlights for Q3 CY 21

- Revenue from Operations was ₹38.49 billion and Adjusted EBITDA was ₹6.54 billion.
- Adjusted Net Profit After Tax was ₹2.05 billion and Adjusted EPS was ₹6.09.

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q3 2021	Q2 2021	Q3 2020	CY 2020
Net Revenue	37,914	36,223	25,518	103,962
Other Operating Income	576	212	143	685
Revenue from Operations	**38,490**	**36,435**	**25,661**	**104,647**
Reported EBITDA (1)	**6,802**	**6,779**	**5,009**	**21,008**
Adjusted EBITDA (1)	**6,543**	**6,863**	**5,165**	**19,892**
Adjusted EBITDA Margin	*17.0%*	*18.8%*	*20.1%*	*19.0%*
Profit Before Tax	**3,746**	**3,641**	**1,787**	**8,510**
Tax Expense, Net	1,057	983	608	2,627
Non-controlling Interest	334	305	(2)	301
Reported Profit After Tax	**2,355**	**2,353**	**1,181**	**5,582**
Adjusted Profit After Tax	**2,049**	**2,416**	**1,297**	**5,321**
Adjusted Earnings Per Share in (₹) *	6.09	7.18	3.86	15.82

**Quarterly Earnings Per Share is not annualised.*

Notes:

1. The Company adopted Ind AS 116 – Leases, from January 1, 2020. Accordingly, the nature of expenses with respect to operating leases has changed from lease rent to depreciation and interest expense resulting in an increase in EBITDA by ₹287 million, ₹292 million, ₹288 million and ₹1,122 million during Q3 2021, Q2 2021, Q3 2020 and CY 2020 respectively.

Set forth below is selected Segment information:

Carbon

(₹ in Millions except volume data)

Particulars	Q3 CY21	Q2 CY21	Q3 CY20	CY 2020	Variance Q3 CY21 vs Q2 CY21	Variance Q3 CY21 vs Q3 CY20
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	330	353	373	1,520	(6.5%)	(11.5%)
- Coal Tar Pitch (CTP)	143	137	114	500	4.4%	25.4%
- Other Carbon Products (OCP)	140	147	130	502	(4.8%)	7.7%
TOTAL	**613**	**637**	**617**	**2,522**	**(3.8%)**	**(0.6%)**
(b) Net Revenue [1]						
- Calcined Petroleum Coke (CPC)	10,347	9,923	6,603	27,066	4.3%	56.7%
- Coal Tar Pitch (CTP)	8,634	7,363	5,027	23,150	17.3%	71.7%
- Other Carbon Products (OCP)	5,417	5,548	3,352	14,419	(2.4%)	61.6%
- Energy	553	472	571	2,137	17.2%	(3.2%)
TOTAL	**24,951**	**23,306**	**15,553**	**66,772**	**7.1%**	**60.4%**
(c) Adjusted EBITDA [2]	**5,036**	**4,910**	**3,132**	**13,857**	**2.6%**	**60.8%**
(d) Adjusted EBITDA Margin (%)	**20.2%**	**21.1%**	**20.1%**	**20.7%**	**(0.9%)**	**0.1%**

Notes:

(1) *Net of inter-company and inter-segment sales.*

(2) *Adjusted EBITDA is profit before Depreciation & Amortisation, Impairment Loss, Interest and Tax adjusted with exceptional items, if any.*

Advanced Materials

(₹ in Millions except volume data)

Particulars	Q3 CY21	Q2 CY21	Q3 CY20	CY 2020	Variance Q3 CY21 vs Q2 CY21	Variance Q3 CY21 vs Q3 CY20
(a) Sales Volumes [1] (In '000 MTs)						
- Engineered Products	35	32	32	83	9.4%	9.4%
- Chemical Intermediates [3]	48	42	52	218	14.3%	(7.7%)
- Resins	31	32	21	97	(3.1%)	47.6%
TOTAL	**114**	**106**	**105**	**398**	**7.5%**	**8.6%**
(b) Net Revenue [1]						
- Engineered Products	2,525	2,228	2,114	5,897	13.3%	19.4%
- Chemical Intermediates [3]	3,457	3,378	2,404	10,609	2.3%	43.8%
- Resins	3,554	3,459	2,597	10,429	2.7%	36.8%
TOTAL	**9,536**	**9,065**	**7,115**	**26,935**	**5.2%**	**34.0%**
(c) Adjusted EBITDA [2]	**865**	**1,005**	**1,137**	**3,864**	**(13.9%)**	**(23.9%)**
(d) Adjusted EBITDA Margin (%)	**9.1%**	**11.1%**	**16.0%**	**14.3%**	**(2.0%)**	**(6.9%)**

Cement

(₹ in Millions except volume data)

Particulars	Q3 CY21	Q2 CY21	Q3 CY20	CY 2020	Variance Q3 CY21 vs Q2 CY21	Variance Q3 CY21 vs Q3 CY20
(a) Sales Volumes [1] (In '000 MTs)	695	804	555	2,241	(13.6%)	25.2%
(b) Net Revenue	3,427	3,852	2,850	10,255	(11.0%)	20.2%
(c) Adjusted EBITDA [2]	642	948	896	2,171	(32.3%)	(28.3%)
(d) Adjusted EBITDA Margin (%)	18.7%	24.6%	31.4%	21.2%	(5.9%)	(12.7%)

Notes:

(1) *Net of inter-company and inter-segment sales.*

(2) *Adjusted EBITDA is profit before Depreciation & Amortisation, Impairment Loss, Interest and Tax adjusted with exceptional items, if any.*

(3) *With the divestment of Superplasticizers business, Naphthalene Derivates sub-segment was merged with the Petro Chemical Intermediates sub-segment and renamed as "Chemical Intermediates".*

Results of Operations

Quarter Ended September 30, 2021 Compared to Quarter Ended September 30, 2020

- Net Revenue of ₹37.91 billion during Q3 CY21 was an increase of ~48.6% as compared to ₹25.52 billion during Q3 CY20.
  - Carbon sales volumes during Q3 CY21 were 613 thousand metric tonnes, a decrease of 0.6% as compared to 617 thousand metric tonnes in Q3 CY20. The average blended realisation increased by ~61.5% driven by increased raw material prices and higher market quotations. There was an appreciation of the EURO against the Indian Rupee by ~0.4% and depreciation of the USD against the Indian Rupee by ~0.4%. Overall, due to the aforesaid reasons, revenue from the Carbon segment increased by ~60.4% in Q3 CY21, as compared to Q3 CY20.
  - Advanced Materials sales volumes during Q3 CY21 were 114 thousand metric tonnes, an increase of 8.6% as compared to 105 thousand metric tonnes in Q3 CY20. The increase in volumes was primarily driven by higher throughputs and volume from the new hydrogenated hydrocarbon resins (HHCR) plant. During Q3 CY21, the average blended realisation increased by ~23.4% primarily due to changes in oil-related prices and an appreciation of the EURO against the Indian Rupee by ~0.4%. Due to the aforesaid reasons, revenue from the Advanced Materials segment increased by ~34.0% during Q3 CY21, as compared to Q3 CY20.
  - Cement revenue increased by 20.2% during Q3 CY21, as compared to Q3 CY20 due to an increase in volumes by 25.2% offset by a decrease in realisations of 4.0%.
- During Q3 CY21, Adjusted EBITDA was ₹6,543 million, an increase of ₹1,378 million as compared to Adjusted EBITDA of ₹5,165 million achieved during Q3 CY20.
  - Carbon segment Adjusted EBITDA increased by ₹1,904 million as compared to Q3 CY20, due to improved realisations coupled with cost discipline and appreciation of the EURO against the Indian Rupee offset by increase in energy costs.
  - Advanced Materials segment Adjusted EBITDA decreased by ₹272 million due to divestment of superplasticizers business, coupled with incremental operating costs of the new HHCR plant in Germany and higher energy costs, offset by improved volumes and realisations as well as appreciation of the EURO against the Indian Rupee.
  - Cement segment Adjusted EBITDA decreased by ₹254 million due to lower margins offset by an increase in volumes.
- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q3 CY21 is as follows:

Particulars	₹ in Millions
A. Reported EBITDA	**6,802**
B. Adjustments/exceptional items:	
• Repair and other costs incurred on account of hurricane and other non-recurring items	210
• Income due to waiver of Payroll Protection Program Loan by federal government of United States	(469)
C. Adjusted EBITDA (A + B)	**6,543**

- Finance costs were ₹1.17 billion during Q3 CY21 as compared to ₹1.23 billion during Q3 CY20. The decrease was mainly on account of a reduction in working capital loan during the current quarter.
- The Company recorded an income tax expense of ₹1.06 billion for Q3 CY21 as compared to ₹0.61 billion for Q3 CY20. The effective tax rate for the quarter is in line with the group tax rates at various geographies.
- The Adjusted Profit After Tax during Q3 CY21 was ₹2.05 billion as compared to Adjusted Profit After Tax of ₹1.30 billion during Q3 CY20.
- The Company achieved an Adjusted Earnings per Share of ₹6.09 during Q3 CY21 as compared to Adjusted Earnings per Share of ₹3.86 during Q3 CY20.
- Reconciliation of Reported Profit After Tax and Adjusted Profit After Tax for Q3 CY21 is as follows:

Particulars	₹ in Millions
A. Reported Profit After Tax	2,355
B. Adjustments/Exceptional items:	
• Repair and other costs incurred on account of hurricane and other non-recurring items	210
• Income due to waiver of Payroll Protection Program Loan by federal government of United States	(469)
• Tax impact on above adjustments	(47)
C. Adjusted Profit After Tax (A + B)	**2,049**

Debt Summary

As at September 30, 2021, the Company had a Gross Debt of US$ 1,120 million (including Working Capital and other Debt of US$ 22 million), Cash and cash equivalents of US$ 227 million (including restricted cash), Unamortised Deferred Finance Cost of US$ 10 million and Net Debt of US$ 883 million.

(US$ [1] in Millions)

Particulars	As on Sep. 30, 2021	As on Dec. 31, 2020	Repayment Terms
7.25% USD-denominated Senior Secured Notes [2]	546	550	Matures in April 2025
Euro-denominated Senior Secured Term Loan [3]	452	479	Matures in January 2025
Senior Bank Debt	32	39	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	6	7	Interest Free - Instalments up to 2025
Finance Lease Liability	62	72	Fixed Rates - Finance Leases
Gross Term Debt	**1,098**	**1,147**	
Add: Working Capital and other Debt	22	77	
Less: Deferred Finance Cost	10	12	
Total Debt	**1,110**	**1,212**	
Less: Cash and cash equivalents [4]	227	280	
Net Debt	**883**	**932**	

(1) As major part of the Debt is denominated in US Dollars, the Debt of the Company is presented in US Dollars.
(2) Reduction is on account of bonds repurchase in Q2 2021
(3) Debt of €390 million converted at EURO/USD rates of 1.16 and 1.23 as at Sep. 30, 2021 and Dec. 31, 2020 respectively.
(4) Includes inter-corporate deposits with financial institutions (HDFC).

During the nine-month period ended September 30, 2021, the Company incurred capital expenditure of US$ 52 million, including expansion CAPEX for the hydrogenated hydrocarbon resins project in Castrop-Rauxel, Germany, vertical-shaft kiln project in Vizag, India, anhydrous carbon pellet project in USA and other maintenance projects across all locations.

With the existing Cash and cash equivalents and undrawn working-capital loan facilities, the Company is well placed to fund CAPEX projects and meet debt-servicing obligations in the near-term. The major debt repayments are scheduled to start in January 2025.

Foreign Exchange Rates

The Company has used the below-mentioned average and closing exchange rates for conversion of foreign entities' financial statements included in the Consolidated Statement of Profit and Loss, and Consolidated Balance Sheet items, respectively.

Average Rate of Exchange	Q3 CY21	Q2 CY21	Q3 CY20	CY 2020	Variance Q3 CY21 vs Q2 CY21	Variance Q3 CY21 vs Q3 CY20
Indian Rupee / US Dollar	74.09	73.77	74.38	74.10	(0.4%)	0.4%
Indian Rupee / Euro	87.36	88.93	86.98	84.57	1.8%	(0.4%)
Russian Ruble / US Dollar	73.46	74.23	73.79	72.34	1.0%	0.4%
Canadian Dollar / Euro	1.48	1.48	1.56	1.53	0.0%	5.1%

Closing Rate of Exchange	Q3 CY21	Q2 CY21	Q3 CY20	CY 2020	Variance Q3 CY21 vs Q2 CY21	Variance Q3 CY21 vs Q3 CY20
Indian Rupee / US Dollar	74.26	74.35	73.80	73.05	0.1%	(0.6%)
Indian Rupee / Euro	86.14	88.50	86.57	89.79	2.7%	0.5%
Russian Ruble / US Dollar	72.84	73.02	78.39	74.54	0.2%	7.1%
Canadian Dollar / Euro	1.48	1.47	1.57	1.56	(0.7%)	5.7%

About RAIN:

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, Advanced Materials and Cement. 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 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 advanced material products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum 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"). 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 provide us the flexibility to capitalise 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 capitalise on market opportunities by addressing raw material supply and product demand on a global basis in both established and emerging markets.

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