RAIN INDUSTRIES LIMITED

RIL/SEs/2023 November 7, 2023

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: Rain Industries Limited - Press Release on the Unaudited Financial Results (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2023 – 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, 2023.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

Singidi Venkat Ramana Reddy

Digitally signed by Singidi Venkat Ramana Reddy
Date: 2023.11.07 20:43:29 +05'30'

S. Venkat Ramana Reddy
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RAIN INDUSTRIES LIMITED

Press Release **November 7, 2023**

Results for the third quarter ended September 30, 2023

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the third quarter ended September 30, 2023.

Financial Highlights for Q3 CY 23

- Revenue from Operations was ₹41.60 billion vs ₹55.77 billion in Q3 2022.
- Adjusted EBITDA was ₹3.76 billion vs ₹9.78 billion in Q3 2022.
- Adjusted Net Profit / (Loss) After Tax was ₹(0.57) billion vs ₹4.60 billion in Q3 2022.
- Adjusted EPS was ₹(1.69) vs ₹13.68 in Q3 2022.

Summary of Consolidated Income Statement

(₹ in Millions)

Particulars	Q3 2023	Q2 2023	Q3 2022	9M 2023	9M 2022	CY 2022
Net Revenue	41,431	46,206	55,593	139,730	154,951	209,063
Other Operating Income	172	65	178	679	592	1,048
Revenue from Operations	**41,603**	**46,271**	**55,771**	**140,409**	**155,543**	**210,111**
Reported EBITDA	**3,827**	**6,499**	**9,661**	**15,696**	**29,752**	**36,381**
Adjusted EBITDA	**3,762**	**6,750**	**9,782**	**17,358**	**30,650**	**37,545**
Adjusted EBITDA Margin	*9.0%*	*14.6%*	*17.5%*	*12.4%*	*19.7%*	*17.9%*
Profit / (Loss) Before Tax	**(195)**	**3,135**	**5,997**	**4,970**	**19,918**	**23,273**
Tax Expense, Net	462	1,069	1,702	2,143	5,408	7,503
Non-controlling Interest	244	409	262	1,018	1,018	1,383
Reported Profit / (Loss) After Tax	**(901)**	**1,657**	**4,033**	**1,809**	**13,492**	**14,387**
Adjusted Profit / (Loss) After Tax	**(567)**	**1,908**	**4,601**	**3,486**	**14,607**	**16,980**
Adjusted Earnings / (Loss) Per Share in (₹)*	(1.69)	5.67	13.68	10.36	43.43	50.49

**Quarterly Earnings Per Share is not annualised.*

Set forth below is selected Segment information:

Carbon

Particulars (₹ in Millions except volume data)	Q3 CY23	Q2 CY23	Q3 CY22	CY 2022	Variance Q3 CY23 vs Q2 CY23	Variance Q3 CY23 vs Q3 CY22
(a) Sales Volumes [(1)] (000 Metric Tonne)	545	560	590	2,430	(2.7%)	(7.6%)
(b) Net Revenue [(1)]	29,388	33,532	41,579	154,614	(12.4%)	(29.3%)
(c) Adjusted EBITDA [(2)]	**2,893**	**5,591**	**9,806**	**34,792**	**(48.3%)**	**(70.5%)**
(d) Adjusted EBITDA Margin (%)	**9.8%**	**16.7%**	**23.6%**	**22.5%**	**(6.9%)**	**(13.8%)**

Advanced Materials

Particulars (₹ in Millions except volume data)	Q3 CY23	Q2 CY23	Q3 CY22	CY 2022	Variance Q3 CY23 vs Q2 CY23	Variance Q3 CY23 vs Q3 CY22
(a) Sales Volumes [(1)] (000 Metric Tonne)	68	63	80	310	7.9%	(15.0%)
(b) Net Revenue [(1)]	8,584	8,934	10,369	39,104	(3.9%)	(17.2%)
(c) Adjusted EBITDA [(2)]	**677**	**1,063**	**(111)**	**1,347**	**(36.3%)**	**709.9%**
(d) Adjusted EBITDA Margin (%)	**7.9%**	**11.9%**	**(1.1%)**	**3.4%**	**(4.0%)**	**9.0%**

Cement

Particulars (₹ in Millions except volume data)	Q3 CY23	Q2 CY23	Q3 CY22	CY 2022	Variance Q3 CY23 vs Q2 CY23	Variance Q3 CY23 vs Q3 CY22
(a) Sales Volumes [(1)] (000 Metric Tonne)	749	806	752	3,124	(7.1%)	(0.4%)
(b) Net Revenue [(1)]	3,459	3,740	3,645	15,345	(7.5%)	(5.1%)
(c)Adjusted EBITDA [(2)]	**192**	**96**	**87**	**1,406**	**100.0%**	**120.7%**
(d) Adjusted EBITDA Margin (%)	**5.6%**	**2.6%**	**2.4%**	**9.2%**	**3.0%**	**3.2%**

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.*

Results of Operations

Quarter Ended September 30, 2023, Compared to Quarter Ended September 30, 2022

- Net Revenue of ₹41.43 billion during Q3 CY23 was a decrease of ~25.5% as compared to ₹55.59 billion during Q3 CY22.
  - Carbon sales volumes during Q3 CY23 were 545 thousand metric tonnes, a decrease of 7.6% as compared to 590 thousand metric tonnes in Q3 CY22. The decrease in volumes was primarily driven by lower throughputs. During Q3 CY23, the average blended realisation decreased by ~23.5% on account of lower market quotations across all regions. There was an appreciation of EURO against Indian Rupee by ~12.0% and an appreciation of USD against Indian Rupee by ~3.6%. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~29.3% in Q3 CY23, as compared to Q3 CY22.
  - Advanced Materials sales volumes during Q3 CY23 were 68 thousand metric tonnes, a decrease of 15.0% as compared to 80 thousand metric tonnes in Q3 CY22. The decrease in volumes was primarily driven by closure of aromatic chemicals business partly. During Q3 CY23, realisations decreased by 2.6% offset by an appreciation of EURO against Indian Rupee by ~12.0%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~17.2% during Q3 CY23, as compared to Q3 CY22.
  - Cement revenue decreased by 5.1% during Q3 CY23 as compared to Q3 CY22 due to a decrease in realisations by 4.7% coupled with decrease in volumes by 0.4%.
- During Q3 CY23, Adjusted EBITDA was ₹3,762 million, as compared to Adjusted EBITDA of ₹9,782 million achieved during Q3 CY22, a decrease of ₹6,020 million.
  - Carbon segment Adjusted EBITDA is lower, as compared to Q3 CY22, which included opportunistic margins from higher realisations. EBITDA has decreased by ₹6,913 million as compared to Q3 CY22 due to lower realisations coupled with decreased volumes, which were partially offset by appreciation of USD and EURO against Indian Rupee.
  - Advanced Materials segment Adjusted EBITDA increased by ₹788 million as compared to Q3 CY22 due to reduction in energy prices and appreciation of EURO against Indian Rupee offset by a increase in realisations and decrease in volumes on account of closure of aromatic chemicals business.
  - Cement segment Adjusted EBITDA increased by ₹105 million due to lower fuel costs.

- Reconciliation of Reported EBITDA and Adjusted EBITDA is as follows:

(₹ in Millions)

Particulars	Q3 2023	9M 2023
A. Reported EBITDA	**3,827**	**15,696**
B. Adjustments/exceptional items:		
• Inventory adjustments	628	2,331
• Expenses towards strategic projects and other non-recurring items	(65)	206
• Insurance claims received related to prior periods	-	(247)
• Foreign exchange gain on inter-company debt note	(628)	(628)
C. Adjusted EBITDA (A + B)	**3,762**	**17,358**

- Finance costs were ₹2.42 billion during Q3 CY23 as compared to ₹1.31 billion in Q3 CY22. The increase was primarily on account of increased interest rates due to refinancing of long term-debt and charge-off of deferred finance cost coupled with increase in working capital loans and appreciation of USD and EURO against Indian Rupee compared to Q3 2022.
- The Company recorded an income tax expense of ₹0.46 billion for Q3 CY23 as compared to ₹1.70 billion for Q3 CY22. The effective tax rate ("ETR") for the quarter was high due to non-recognition of deferred tax assets in Germany and US on tax attributes. Also, there is one-off tax payment of ₹117 million pertaining to prior years, due to new tax regulations announced retrospectively. Adjusted ETR after the above one-off items is in line with the group tax rates at various geographies.
- The Adjusted Profit / (Loss) After Tax during Q3 CY23 was ₹(0.57) billion as compared to Adjusted Profit After Tax of ₹4.60 billion during Q3 CY22.
- The Company achieved an Adjusted Earnings / (Loss) per Share of ₹(1.69) during Q3 CY23 as compared to Adjusted Earnings per Share of ₹13.68 during Q3 CY22.

- Reconciliation of Reported Profit / (Loss) After Tax and Adjusted Profit / (Loss) After Tax is as follows:

(₹ in Millions)

Particulars	Q3 2023	9M 2023
A. Reported Profit / (Loss) After Tax	**(901)**	**1,809**
B. Adjustments/Exceptional items:		
• Inventory adjustments	628	2,331
• Expenses towards strategic projects and other non-recurring items	(65)	206
• Insurance claims received related to prior periods	-	(247)
• Foreign exchange gain on inter-company debt note	(628)	(628)
• Charge-off of deferred finance cost	319	319
• Tax impact on above adjustments	(37)	(421)
• Prior year tax adjustments	117	117
C. Adjusted Profit / (Loss) After Tax (A + B)	**(567)**	**3,486**

Debt Summary

As at September 30, 2023, the Company had a Gross Debt of US$ 1,080 million (including Working Capital Debt of US$ 125 million), Cash and cash equivalents of US$ 302 million (including restricted cash), Unamortised Deferred Finance Cost of US$ 20 million and Net Debt of US$ 758 million.

(US$ [1] in Millions)

Particulars	As on Sep. 30, 2023	As on Dec. 31, 2022	Repayment Terms
USD-denominated Senior Secured Notes	50	530	Matures in Apr 2025
USD-denominated Senior Secured Notes	450	-	Matures in Sep 2029
Euro-denominated Senior Secured Term Loan [2&3]	374	415	Matures in Oct 2028 / Jan 2025
Senior Bank Debt and other debt	22	23	
Liability towards Right-of-use of Assets	59	61	Finance leases
Gross Term Debt	**955**	**1,029**	
Add: Working Capital Debt	125	152	
Less: Deferred Finance Cost	20	6	
Total Debt	**1,060**	**1,175**	
Less: Cash and cash equivalents [4]	302	217	
Net Debt	**758**	**958**	

(1) As major part of the Debt is denominated in US Dollars, the Debt of the Company is presented in US Dollars.
(2) Debt of €353.5 million converted at USD/EURO rates of 1.06 as of Sep. 30, 2023.
(3) Debt of €390 million converted at USD/EURO rates of 1.06 as of Dec. 31, 2022.
(4) Includes inter-corporate deposits with financial institutions (HDFC) and investment in liquid mutual fund.

During the nine-months period ended September 30, 2023, the Company incurred capital expenditures of US$ 56 million, including expansion CAPEX for solar power plants in India and other maintenance projects across all locations.

During the quarter, the group refinanced long-term debt by extending the maturities to October 2028 and September 2029 and repaid long-term debt of US$70 million. With the release of working capital over the nine-months, the Group has liquidity of US$502 million, as on September 30, 2023 to meet its commitments.

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 CY23	Q2 CY23	Q3 CY22	CY 2022	Variance Q3 CY23 vs Q2 CY23	Variance Q3 CY23 vs Q3 CY22
Indian Rupee / US Dollar	82.66	82.20	79.79	78.60	(0.6%)	(3.6%)
Indian Rupee / Euro	89.98	89.47	80.37	82.72	(0.6%)	(12.0%)
Russian Ruble / US Dollar	94.08	81.35	60.16	69.70	(15.6%)	(56.4%)
Canadian Dollar / Euro	1.46	1.46	1.31	1.37	0.0%	(11.5%)

Closing Rate of Exchange	Q3 CY23	Q2 CY23	Q3 CY22	CY 2022	Variance Q3 CY23 vs Q2 CY23	Variance Q3 CY23 vs Q3 CY22
Indian Rupee / US Dollar	83.06	82.04	81.55	82.79	(1.2%)	(1.9%)
Indian Rupee / Euro	87.94	89.13	80.11	88.15	1.3%	(9.8%)
Russian Ruble / US Dollar	96.99	88.15	58.58	71.87	(10.0%)	(65.6%)
Canadian Dollar / Euro	1.42	1.44	1.34	1.44	1.4%	(6.0%)

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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Safe Harbour: *Some of the statements made in this release that are not historical facts can be construed as forward-looking statements. These forward-looking statements include the RAIN's financial and growth projections as well as statements concerning its plans, strategies, intentions and beliefs concerning its business and the markets in which it operates. These statements are based on information currently available to RAIN and are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors could cause results to materially differ from those stated. These factors include, but are not limited to, changes in laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates of countries with which RAIN does business; competitive pressures, the loss of one or more key customer or supplier relationships; customer insolvencies, successful integration of structural changes, including restructuring plans, acquisitions divestitures and alliances; cost and availability of raw materials; and other economic, business, competitive, regulatory and/or operational matters affecting the Company and its subsidiaries generally. RAIN assumes no obligation to update forward-looking statements and takes no responsibility for any consequence of decisions made based on such statements.*