RAIN INDUSTRIES LIMITED

RIL/SEs/2021 April 29, 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 Limite** Bandra Kurla Complex Bandra East Mumbai – 400 051

Dear Sir/ Madam,

Sub: Press Release –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 first quarter ended on March 31, 2021.

This is for your kind information and record.

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

Press Release **April 29, 2021**

Results for the first quarter ended March 31, 2021

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the first quarter ended March 31, 2021.

Financial Highlights for Q1 CY 21

- Revenue from Operations was ₹30.08 billion and Adjusted EBITDA was ₹6.35 billion.
- Adjusted Net Profit After Tax was ₹2.15 billion and Adjusted EPS was ₹6.40.

Selected Financial Data

₹ in Millions

Particulars	Q1 2021	Q4 2020	Q1 2020	CY 2020
Net Revenue	29,895	26,201	28,816	103,962
Other Operating Income	182	201	160	685
Revenue from Operations	**30,077**	**26,402**	**28,976**	**104,647**
Reported EBITDA (1)	**6,235**	**7,775**	**4,520**	**21,008**
Adjusted EBITDA (1)	**6,351**	**4,804**	**5,579**	**19,892**
Adjusted EBITDA Margin	*21.1%*	*18.2%*	*19.3%*	*19.0%*
Profit Before Tax	**3,143**	**4,450**	**1,614**	**8,510**
Tax Expense, Net	831	1,229	475	2,627
Non-controlling Interest	249	151	74	301
Reported Profit After Tax	**2,063**	**3,070**	**1,065**	**5,582**
Adjusted Profit After Tax	**2,151**	**1,159**	**2,044**	**5,321**
Adjusted Earnings Per Share in (₹)*	6.40	3.44	6.08	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 increase in EBITDA by ₹292 million, ₹ 296 million, ₹ 249 million and ₹1,122 million during Q1 2021, Q4 2020, Q1 2020 and CY 2020 respectively.

Set forth below is selected Segment information:

Carbon

(₹ in Millions except volume data)

Particulars	Q1 CY21	Q4 CY20	Q1 CY20	CY 2020	Variance Q1 CY21 vs Q4 CY20	Variance Q1 CY21 vs Q1 CY20
(a) Sales Volumes [(1)] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	369	394	418	1,520	(6.3)%	(11.7)%
- Coal Tar Pitch (CTP)	145	111	148	500	30.6%	(2.0)%
- Other Carbon Products (OCP)	135	136	126	502	(0.7)%	7.1%
TOTAL	**649**	**641**	**692**	**2,522**	**1.2%**	**(6.2)%**
(b) Net Revenue [(1)]						
- Calcined Petroleum Coke (CPC)	7,941	7,466	7,114	27,066	6.4%	11.6%
- Coal Tar Pitch (CTP)	7,039	4,895	7,179	23,150	43.8%	(2.0)%
- Other Carbon Products (OCP)	4,561	3,850	4,310	14,419	18.5%	5.8%
- Energy	587	503	551	2,137	16.7%	6.5%
TOTAL	**20,128**	**16,714**	**19,154**	**66,772**	**20.4%**	**5.1%**
(c) Adjusted EBITDA [(2)]	**5,147**	**3,361**	**4,382**	**13,857**	**53.1%**	**17.5%**
(d) Adjusted EBITDA Margin (%)	**25.6%**	**20.1%**	**22.9%**	**20.7%**	**5.5%**	**2.7%**

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.*

Advanced Materials

(₹ in Millions except volume data)

Particulars	Q1 CY21	Q4 CY20	Q1 CY20	CY 2020	Variance Q1 CY21 vs Q4 CY20	Variance Q1 CY21 vs Q1 CY20
(a) Sales Volumes [(1)] (In '000 MTs)						
- Engineered Products	13	14	13	83	(7.1)%	0.0%
- Chemical Intermediates [(3)]	41	59	56	218	(30.5)%	(26.8)%
- Resins	26	26	28	97	0.0%	(7.1)%
TOTAL	**80**	**99**	**97**	**398**	**(19.2)%**	**(17.5)%**
(b) Net Revenue [(1)]						
- Engineered Products	1,179	1,069	1,072	5,897	10.3%	10.0%
- Chemical Intermediates [(3)]	2,533	2,994	3,158	10,609	(15.4)%	(19.8)%
- Resins	2,716	2,508	3,006	10,429	8.3%	(9.6)%
TOTAL	**6,428**	**6,571**	**7,236**	**26,935**	**(2.2)%**	**(11.2)%**
(c) Adjusted EBITDA [(2)]	**613**	**799**	**944**	**3,864**	**(23.3)%**	**(35.1)%**
(d) Adjusted EBITDA Margin (%)	**9.5%**	**12.2%**	**13.0%**	**14.3%**	**(2.7)%**	**(3.5)%**

Cement

(₹ in Millions except volume data)

Particulars	Q1 CY21	Q4 CY20	Q1 CY20	CY 2020	Variance Q1 CY21 vs Q4 CY20	Variance Q1 CY21 vs Q1 CY20
(a) Sales Volumes[(1)] (In '000 MTs)	756	618	627	2,241	22.3%	20.6%
(b) Net Revenue	3,339	2,916	2,426	10,255	14.5%	37.6%
(c) Adjusted EBITDA [(2)]	591	644	253	2,171	(8.2)%	133.6%
(d) Adjusted EBITDA Margin (%)	17.7%	22.1%	10.4%	21.2%	(4.4)%	7.3%

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 got merged with Petro Chemical intermediates sub-segment and renamed as "Chemical intermediates".*

Results of Operations

Quarter Ended March 31, 2021 Compared to Quarter Ended March 31, 2020

- Net Revenue of ₹29.90 billion during Q1 CY21 was an increase of ~3.7% compared to ₹28.82 billion during Q1 CY20.
  - Carbon sales volumes during Q1 CY21 were 649 thousand metric tonnes, a decrease of 6.2% compared to 692 thousand metric tonnes in Q1 CY20. The decrease in volumes was primarily driven by timing of certain shipments. Further, the average blended realisation increased by ~12.0% due to changes in the industry dynamics, and there was an appreciation of USD and EURO against Indian Rupee by ~0.7% and ~10.1% respectively. Overall, due to the aforesaid reasons, revenue from the Carbon segment increased by ~5.1% in Q1 CY21 as compared to Q1 CY20.
  - Advanced Materials sales volumes during Q1 CY21 were 80 thousand metric tonnes, a decrease of 17.5% as compared to 97 thousand metric tonnes in Q1 CY20. The decrease in volumes was primarily due to sale of the superplasticizer business and raw material availability. During Q1 CY21, the average blended realisation increased by ~7.7% driven by improved demand after recovery in the market, changes in oil-related prices and an appreciation of EURO against Indian Rupee by ~10.1%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~11.2% during Q1 compared to Q1 CY20.
  - Cement revenue increased by 37.6% compared CY21 as to Q1 CY20 due to an increase in realisations by 14.1% along with an increase in volumes by 20.6% as compared to Q1 CY20.
- During Q1 CY21, Adjusted EBITDA was ₹6,351 million, an increase of ₹772 million compared to Adjusted EBITDA of ₹5,579 million achieved during Q1 CY20.
  - Carbon segment Adjusted EBITDA increased by ₹765 million compared to Q1 CY 20, due to improved demand and pricing for certain products and a lag in price resets coupled with effective operations management, cost discipline and appreciation of EURO against Indian Rupee.
  - Advanced Materials segment Adjusted EBITDA decreased by ₹331 million as a result of divestment of superplasticizers business and incremental operating costs of new HHCR plant in Germany offset with appreciation of EURO against Indian Rupee.
  - Cement segment Adjusted EBITDA increased by ₹338 million due to increase in volume coupled with higher realisations.
- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q1 CY21 is as follows:

Particulars	₹ in Millions
A. Reported EBITDA	**6,235**
B. Adjustments/exceptional items:	
• Repair and other costs incurred on account of hurricane	115
• Expenses towards strategic projects and other non-recurring items	104
• Gain on sale of miscellaneous properties	(103)
C. Adjusted EBITDA (A + B)	**6,351**

- Finance costs of ₹1.20 billion during Q1 CY21 was the same as in Q1 CY20. Interest savings from reduction in working capital loans was offset by ~10% depreciation of INR against Euro.

- The Company recorded an income tax expense of ₹0.83 billion for Q1 CY21 compared to ₹0.48 billion for Q1 CY20.

- The Adjusted Profit After Tax during Q1 CY21 was ₹2.15 billion as compared to Adjusted Profit After Tax of ₹2.04 billion during Q1 CY20.

- The Company achieved an Adjusted Earnings per Share of ₹6.40 during Q1 CY21 as compared to Adjusted Earnings per Share of ₹6.08 during Q1 CY20.

- Reconciliation of Reported Profit After Tax and Adjusted Profit After Tax for Q1 CY21 is as follows:

Particulars	₹ in Millions
A. Reported Profit After Tax	2,063
B. Adjustments/Exceptional items:	
• Repair and other costs incurred on account of hurricane	115
• Expenses towards strategic projects and other non-recurring items	104
• Gain on sale of miscellaneous properties	(103)
• Tax impact on above adjustments	(28)
C. Adjusted Profit After Tax (A + B)	**2,151**

Debt Summary

As at March 31, 2021, the Company had a Gross Debt of US$ 1,146 million (including Working Capital and other Debt of US$ 27 million), Cash and cash equivalents of US$ 235 million (including restricted cash), Unamortised Deferred Finance Cost of US$ 11 million and Net Debt of US$ 900 million.

(US$ [(1)] in Millions)

Particulars	As on Mar. 31, 2021	As on Dec. 31, 2020	Repayment Terms
7.25% USD-denominated Senior Secured Notes	550	550	Matures in April 2025
Euro-denominated Senior Secured Term Loan [(2)]	457	479	Matures in January 2025
Senior Bank Debt	36	39	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	7	7	Interest Free - Instalments up to 2025
Finance Lease Liability	69	72	Fixed Rates - Finance leases
Gross Term Debt	**1,119**	**1,147**	
Add: Working Capital and other Debt	27	77	
Less: Deferred Finance Cost	11	12	
Total Debt	**1,135**	**1,212**	
Less: Cash and cash equivalents [(3)]	235	280	
Net Debt	**900**	**932**	

(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 €390 million converted at EURO/USD rates of 1.17 and 1.23 as at Mar. 31, 2021 and Dec. 31, 2020 respectively.
(3) Includes inter-corporate deposits with financial institutions (HDFC).

During the quarter ended March 31, 2021, the Company incurred capital expenditures of US$ 19 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	Q1 CY21	Q4 CY20	Q1 CY20	CY 2020	Variance Q1 CY21 vs Q4 CY20	Variance Q1 CY21 vs Q1 CY20
Indian Rupee / US Dollar	72.89	73.76	72.38	74.10	1.2%	(0.7)%
Indian Rupee / Euro	87.93	87.93	79.88	84.57	0.0%	(10.1)%
Russian Ruble / US Dollar	74.42	76.23	66.92	72.34	2.4%	(11.2)%
Canadian Dollar / Euro	1.53	1.55	1.48	1.53	1.3%	(3.4)%

Closing Rate of Exchange	Q1 CY21	Q4 CY20	Q1 CY20	CY 2020	Variance Q1 CY21 vs Q4 CY20	Variance Q1 CY21 vs Q1 CY20
Indian Rupee / US Dollar	73.50	73.05	75.39	73.05	(0.6)%	2.5%
Indian Rupee / Euro	86.10	89.79	83.05	89.79	4.1%	(3.7)%
Russian Ruble / US Dollar	75.32	74.54	78.45	74.54	(1.0)%	4.0%
Canadian Dollar / Euro	1.48	1.56	1.56	1.56	5.1%	5.1%

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.

For further information please contact:

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