



RAIN INDUSTRIES LIMITED

RIL/SEs/2023

August 4, 2023

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/ Madam,

Sub: Press Release on the Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the second quarter ended June 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 Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the second quarter ended June 30, 2023.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary



RAIN INDUSTRIES LIMITED

Press Release

August 4, 2023

Results for the second quarter ended June 30, 2023

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its unaudited financial results for the second quarter ended June 30, 2023.

Financial Highlights for Q2 CY 23

- Revenue from Operations was ₹46.27 billion vs ₹55.41 billion in Q2 2022.
- Adjusted EBITDA was ₹6.75 billion vs ₹12.52 billion in Q2 2022.
- Adjusted Net Profit After Tax was ₹1.91 billion vs ₹6.96 billion in Q2 2022.
- Adjusted EPS was ₹5.67 vs ₹20.70 in Q2 2022.

Summary of Consolidated Income Statement

(₹ in Millions)

Particulars	Q2 2023	Q1 2023	Q2 2022	CY 2022
Net Revenue	46,206	52,093	55,265	209,063
Other Operating Income	65	442	141	1,048
Revenue from Operations	46,271	52,535	55,406	210,111
Reported EBITDA	6,499	5,370	12,105	36,381
Adjusted EBITDA	6,750	6,846	12,520	37,545
<i>Adjusted EBITDA Margin</i>	14.6%	13.0%	22.6%	17.9%
Profit Before Tax	3,135	2,030	9,017	23,273
Tax Expense, Net	1,069	612	1,941	7,503
Non-controlling Interest	409	365	391	1,383
Reported Profit After Tax	1,657	1,053	6,685	14,387
Adjusted Profit After Tax	1,908	2,145	6,962	16,980
Adjusted Earnings Per Share in (₹)*	5.67	6.38	20.70	50.49

*Quarterly Earnings Per Share is not annualised.



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Set forth below is selected Segment information:

Carbon

(₹ in Millions except volume data)

Particulars	Q2 CY23	Q1 CY23	Q2 CY22	CY 2022	Variance Q2 CY23 vs Q1 CY23	Variance Q2 CY23 vs Q2 CY22
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)						
- Calcined Petroleum Coke (CPC)	315	376	346	1,385	-16.2%	-9.0%
- Coal Tar Pitch (CTP)	118	117	129	523	0.9%	-8.5%
- Other Carbon Products (OCP)	127	133	135	522	-4.5%	-5.9%
TOTAL	560	626	610	2,430	-10.5%	-8.2%
(b) Net Revenue ⁽¹⁾						
- Calcined Petroleum Coke (CPC)	14,634	20,967	18,888	75,681	-30.2%	-22.5%
- Coal Tar Pitch (CTP)	11,958	12,785	12,647	49,969	-6.5%	-5.4%
- Other Carbon Products (OCP)	6,592	6,551	7,690	26,741	0.6%	-14.3%
- Energy	348	415	491	2,223	-16.1%	-29.1%
TOTAL	33,532	40,718	39,716	154,614	-17.6%	-15.6%
(c) Adjusted EBITDA ⁽²⁾	5,591	6,289	10,452	34,792	-11.1%	-46.5%
(d) Adjusted EBITDA Margin (%)	16.7%	15.4%	26.3%	22.5%	1.3%	-9.6%

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.



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Advanced Materials

(₹ in Millions except volume data)

Particulars	Q2 CY23	Q1 CY23	Q2 CY22	CY 2022	Variance Q2 CY23 vs Q1 CY23	Variance Q2 CY23 vs Q2 CY22
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)						
- Engineered Products	20	10	20	65	100.0%	0.0%
- Chemical Intermediates	27	32	39	135	-15.6%	-30.8%
- Resins	16	19	32	110	-15.8%	-50.0%
TOTAL	63	61	91	310	3.3%	-30.8%
(b) Net Revenue ⁽¹⁾						
- Engineered Products	2,710	1,530	2,406	8,282	77.1%	12.6%
- Chemical Intermediates	2,849	3,130	4,408	13,965	-9.0%	-35.4%
- Resins	3,375	2,943	4,989	16,857	14.7%	-32.4%
TOTAL	8,934	7,603	11,803	39,104	17.5%	-24.3%
(c) Adjusted EBITDA ⁽²⁾	1,063	320	1,785	1,347	232.2%	-40.4%
(d) Adjusted EBITDA Margin (%)	11.9%	4.2%	15.1%	3.4%	7.7%	-3.2%

Cement

(₹ in Millions except volume data)

Particulars	Q2 CY23	Q1 CY23	Q2 CY22	CY 2022	Variance Q2 CY23 vs Q1 CY23	Variance Q2 CY23 vs Q2 CY22
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)	806	787	767	3,124	2.4%	5.1%
(b) Net Revenue	3,740	3,772	3,746	15,345	-0.8%	-0.2%
(c) Adjusted EBITDA ⁽²⁾	96	237	283	1,406	-59.5%	-66.1%
(d) Adjusted EBITDA Margin (%)	2.6%	6.3%	7.6%	9.2%	-3.7%	-5.0%

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.



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Results of Operations

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

- Net Revenue of ₹46.21 billion during Q2 CY23 was a decrease of ~16.4% as compared to ₹55.27 billion during Q2 CY22.
 - Carbon sales volumes during Q2 CY23 were 560 thousand metric tonnes, a decrease of 8.2% as compared to 610 thousand metric tonnes in Q2 CY22. The decrease in volumes was primarily driven by timing of shipments. During Q2 CY23, the average blended realisation decreased by ~8.0% on account of lower demand and lower market quotations across all regions. There was an appreciation of EURO against Indian Rupee by ~8.8% and an appreciation of USD against Indian Rupee by ~6.5%. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~15.6% in Q2 CY23, as compared to Q2 CY22.
 - Advanced Materials sales volumes during Q2 CY23 were 63 thousand metric tonnes, a decrease of 30.8% as compared to 91 thousand metric tonnes in Q2 CY22. The decrease in volumes was primarily driven by lower production on account of closure of aromatic chemicals business and changes in product mix based on raw material availability partly offset by an increase in realisations by 9.3% and an appreciation of EURO against Indian Rupee by ~8.8%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~24.3% during Q2 CY23, as compared to Q2 CY22.
 - Cement revenue decreased by 0.2% during Q2 CY23 as compared to Q2 CY22 due to a decrease in realisations by 5.0% offset by an increase in volumes by 5.1%.
- During Q2 CY23, Adjusted EBITDA was ₹6,750 million, a decrease of ₹5,770 million as compared to Adjusted EBITDA of ₹12,520 million achieved during Q2 CY22.
 - Carbon segment Adjusted EBITDA is normalised as compared to Q2 CY22, which included opportunistic margins from higher realisations. Further, it decreased by ₹4,861 million as compared to Q2 CY22 due to lower realisations and decreased volumes, which were partially offset by appreciation of USD and EURO against Indian Rupee.
 - Advanced Materials segment Adjusted EBITDA decreased by ₹722 million as compared to Q2 CY22 due to a decrease in volumes on account of the temporary shutdown of facilities partly offset by an increase in realisations, reduction in energy prices and appreciation of EURO against Indian Rupee.
 - Cement segment Adjusted EBITDA decreased by ₹187 million due to higher operating costs and decreased realisations offset by an increase in volumes.



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- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q2 CY23 is as follows:

(₹ in Millions)

Particulars	Q2 2023
A. Reported EBITDA	6,499
<i>B. Adjustments/exceptional items:</i>	
<ul style="list-style-type: none">Expenses towards strategic projects and other non-recurring items	251
C. Adjusted EBITDA (A + B)	6,750

- Finance costs were ₹1.69 billion during Q2 CY23 as compared to ₹1.22 billion in Q2 CY22. The increase was primarily on account of increased interest rates for Euro-denominated Term Loan and working capital loans and appreciation of USD and EURO against Indian Rupee compared to Q2 2022.
- The Company recorded an income tax expense of ₹1.07 billion for Q2 CY23 as compared to ₹1.94 billion for Q2 CY22. The effective tax rate for the quarter is in line with the group tax rates at various geographies.
- The Adjusted Profit After Tax during Q2 CY23 was ₹1.91 billion as compared to Adjusted Profit After Tax of ₹6.96 billion during Q2 CY22.
- The Company achieved an Adjusted Earnings per Share of ₹5.67 during Q2 CY23 as compared to Adjusted Earnings per Share of ₹20.70 during Q2 CY22.
- Reconciliation of Reported Profit After Tax and Adjusted Profit After Tax for Q2 CY23 is as follows:

(₹ in Millions)

Particulars	Q2 2023
A. Reported Profit After Tax	1,657
<i>B. Adjustments/Exceptional items:</i>	
<ul style="list-style-type: none">Expenses towards strategic projects and other non-recurring items	251
C. Adjusted Profit After Tax (A + B)	1,908



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Debt Summary

As at June 30, 2023, the Company had a Gross Debt of US\$ 1,146 million (including Working Capital Debt of US\$ 109 million), Cash and cash equivalents of US\$ 290 million (including restricted cash), Unamortised Deferred Finance Cost of US\$ 4 million and Net Debt of US\$ 852 million.

(US\$ ⁽¹⁾ in Millions)

Particulars	As on Jun. 30, 2023	As on Dec. 31, 2022	Repayment Terms
7.25% USD-denominated Senior Secured Notes	530	530	Matures in April 2025
Euro-denominated Senior Secured Term Loan ⁽²⁾	424	415	Matures in January 2025
Senior Bank Debt	20	20	Floating Rate - Matures in November 2023
Sales Tax Deferment	3	3	Interest Free - Instalments up to 2025
Finance Lease Liability	60	61	Fixed Rates - Finance leases
Gross Term Debt	1,037	1,029	
Add: Working Capital Debt	109	152	
Less: Deferred Finance Cost	4	6	
Total Debt	1,142	1,175	
Less: Cash and cash equivalents ⁽³⁾	290	217	
Net Debt	852	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 €390 million converted at USD/EURO rates of 1.09 and 1.06 as at Jun. 30, 2023 and Dec. 31, 2022 respectively.

(3) Includes inter-corporate deposits with financial institutions (HDFC) and investment in mutual fund.

During the six-months period ended June 30, 2023, the Company incurred capital expenditures of US\$ 41 million, including expansion CAPEX for solar power plants in India 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. The Company initiated refinancing of debt maturing in early 2025 and expected to complete the same during August 2023.



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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	Q2 CY23	Q1 CY23	Q2 CY22	CY 2022	Variance Q2 CY23 vs Q1 CY23	Variance Q2 CY23 vs Q2 CY22
Indian Rupee / US Dollar	82.20	82.27	77.19	78.60	0.1%	-6.5%
Indian Rupee / Euro	89.47	88.26	82.22	82.72	-1.4%	-8.8%
Russian Ruble / US Dollar	81.35	73.11	67.70	69.70	-11.3%	-20.2%
Canadian Dollar / Euro	1.46	1.45	1.36	1.37	-0.7%	-7.4%

Closing Rate of Exchange	Q2 CY23	Q1 CY23	Q2 CY22	CY 2022	Variance Q2 CY23 vs Q1 CY23	Variance Q2 CY23 vs Q2 CY22
Indian Rupee / US Dollar	82.04	82.22	78.94	82.79	0.2%	-3.9%
Indian Rupee / Euro	89.13	89.61	82.58	88.15	0.5%	-7.9%
Russian Ruble / US Dollar	88.15	77.24	53.11	71.87	-14.1%	-66.0%
Canadian Dollar / Euro	1.44	1.47	1.34	1.44	2.0%	-7.5%



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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.*