RAIN INDUSTRIES LIMITED

RIL/SEs/2021 July 31, 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 –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 second quarter ended June 30, 2021.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary

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RAIN INDUSTRIES LIMITED

Press Release **July 31, 2021**

Results for the Second quarter ended June 30, 2021

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the second quarter ended June 30, 2021.

Financial Highlights for Q2 CY 21

- Revenue from Operations was ₹36.44 billion and Adjusted EBITDA was ₹6.86 billion.
- Adjusted Net Profit After Tax was ₹2.42 billion and Adjusted EPS was ₹7.18.

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q2 2021	Q1 2021	Q2 2020	CY 2020
Net Revenue	36,223	29,900	23,427	103,962
Other Operating Income	212	182	181	685
Revenue from Operations	**36,435**	**30,082**	**23,608**	**104,647**
Reported EBITDA (1)	**6,779**	**6,235**	**3,704**	**21,008**
Adjusted EBITDA (1)	**6,863**	**6,351**	**4,344**	**19,892**
Adjusted EBITDA Margin	*18.8%*	*21.1%*	*18.4%*	*19.0%*
Profit Before Tax	**3,641**	**3,143**	**659**	**8,510**
Tax Expense, Net	983	831	315	2,627
Non-controlling Interest	305	249	78	301
Reported Profit After Tax	**2,353**	**2,063**	**266**	**5,582**
Adjusted Profit After Tax	**2,416**	**2,151**	**821**	**5,321**
Adjusted Earnings Per Share in (₹)*	7.18	6.40	2.44	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, ₹292 million, ₹289 million and ₹1,122 million during Q2 2021, Q1 2021, Q2 2020 and CY 2020 respectively.

Set forth below is selected Segment information:

Carbon

(₹ in Millions except volume data)

Particulars	Q2 CY21	Q1 CY21	Q2 CY20	CY 2020	Variance Q2 CY21 vs Q1 CY21	Variance Q2 CY21 vs Q2 CY20
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	353	369	335	1,520	(4.3)%	5.4%
- Coal Tar Pitch (CTP)	137	145	127	500	(5.5)%	7.9%
- Other Carbon Products (OCP)	147	135	110	502	8.9%	33.6%
TOTAL	**637**	**649**	**572**	**2,522**	**(1.8)%**	**11.4%**
(b) Net Revenue [1]						
- Calcined Petroleum Coke (CPC)	9,923	7,946	5,883	27,066	24.9%	68.7%
- Coal Tar Pitch (CTP)	7,363	7,039	6,049	23,150	4.6%	21.7%
- Other Carbon Products (OCP)	5,548	4,561	2,907	14,419	21.6%	90.8%
- Energy	472	587	512	2,137	(19.6)%	(7.8)%
TOTAL	**23,306**	**20,133**	**15,351**	**66,772**	**15.8%**	**51.8%**
(c) Adjusted EBITDA [2]	**4,910**	**5,147**	**2,982**	**13,857**	**(4.6)%**	**64.7%**
(d) Adjusted EBITDA Margin (%)	**21.1%**	**25.6%**	**19.4%**	**20.7%**	**(4.5)%**	**1.7%**

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	Q2 CY21	Q1 CY21	Q2 CY20	CY 2020	Variance Q2 CY21 vs Q1 CY21	Variance Q2 CY21 vs Q2 CY20
(a) Sales Volumes [1] (In '000 MTs)						
- Engineered Products	32	13	24	83	146.2%	33.3%
- Chemical Intermediates [3]	42	41	51	218	2.4%	(17.6)%
- Resins	32	26	22	97	23.1%	45.5%
TOTAL	**106**	**80**	**97**	**398**	**32.5%**	**9.3%**
(b) Net Revenue [1]						
- Engineered Products	2,228	1,179	1,642	5,897	89.0%	35.7%
- Chemical Intermediates [3]	3,378	2,533	2,053	10,609	33.4%	64.5%
- Resins	3,459	2,716	2,318	10,429	27.4%	49.2%
TOTAL	**9,065**	**6,428**	**6,013**	**26,935**	**41.0%**	**50.8%**
(c) Adjusted EBITDA [2]	**1,005**	**613**	**984**	**3,864**	**63.9%**	**2.1%**
(d) Adjusted EBITDA Margin (%)	**11.1%**	**9.5%**	**16.4%**	**14.3%**	**1.6%**	**(5.3)%**

Cement

(₹ in Millions except volume data)

Particulars	Q2 CY21	Q1 CY21	Q2 CY20	CY 2020	Variance Q2 CY21 vs Q1 CY21	Variance Q2 CY21 vs Q2 CY20
(a) Sales Volumes[1] (In '000 MTs)	804	756	441	2,241	6.3%	82.3%
(b) Net Revenue	3,852	3,339	2,063	10,255	15.4%	86.7%
(c) Adjusted EBITDA [2]	948	591	378	2,171	60.4%	150.8%
(d) Adjusted EBITDA Margin (%)	24.6%	17.7%	18.3%	21.2%	6.9%	6.3%

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

- Net Revenue of ₹36.22 billion during Q2 CY21 was an increase of ~54.6% as compared to ₹23.43 billion during Q2 CY20.
  - Carbon sales volumes during Q2 CY21 were 637 thousand metric tonnes, an increase of 11.4% as compared to 572 thousand metric tonnes in Q2 CY20. The increase in volumes was primarily driven by increased demand from traditional customers offset with a one-off shipment to a non-traditional market in prior-year quarter. Further, the average blended realisation increased by ~36.3% driven by changes in demand and supply mix and higher market quotations. There was an appreciation of EURO against Indian Rupee by ~6.5% and depreciation of USD against Indian Rupee by ~2.8% respectively. Overall, due to the aforesaid reasons, revenue from Carbon segment increased by ~51.8% in Q2 CY21, as compared to Q2 CY20.
  - Advanced Materials sales volumes during Q2 CY21 were 106 thousand metric tonnes, an increase of 9.3% as compared to 97 thousand metric tonnes in Q2 CY20. The increase in volumes was primarily driven by improved performance of the units and increased demand from steel and lithium-ion battery customers. During Q2 CY21, the average blended realisation increased by ~38.0% primarily due to changes in the oil-related prices and an appreciation of EURO against Indian Rupee by ~6.5%. Due to the aforesaid reasons, revenue from Advanced Materials segment increased by ~50.8% during Q2 CY21, as compared to Q2 CY20.
  - Cement revenue increased by 86.7% during Q2 CY21, as compared to Q2 CY20 due to an increase in volumes by 82.3% along with an increase in realisations by 2.4%. The volumes during Q2 CY20 were lower on account of shutdown of plants in April and May 2020 due to COVID-19.
- During Q2 CY21, Adjusted EBITDA was ₹6,863 million, an increase of ₹2,519 million as compared to Adjusted EBITDA of ₹4,344 million achieved during Q2 CY20.
  - Carbon segment Adjusted EBITDA increased by ₹1,928 million as compared to Q2 CY20, due to improved volumes and pricing for certain products coupled with cost discipline and appreciation of EURO against Indian Rupee.
  - Advanced Materials segment Adjusted EBITDA increased by ₹21 million due to improved volumes and realisations as well as appreciation of EURO against Indian Rupee, offsetting the decrease due to divestment of superplasticizers business, coupled with incremental operating costs of new HHCR plant in Germany.
  - Cement segment Adjusted EBITDA increased by ₹570 million due to increase in volumes and margins.
- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q2 CY21 is as follows:

Particulars	₹ in Millions
A. Reported EBITDA	**6,779**
B. Adjustments/exceptional items:	
• Repair and other costs incurred on account of hurricane	113
• Expenses towards strategic projects and other non-recurring items	74
• Gain on divestment of superplasticizer business	(40)
• Reversal of reorganization costs accruals	(63)
C. Adjusted EBITDA (A + B)	**6,863**

- Finance costs of ₹1.22 billion during Q2 CY21, as compared to finance costs of ₹1.24 billion during Q2 CY20.
- The Company recorded an income tax expense of ₹0.98 billion for Q2 CY21 as compared to ₹0.32 billion for Q2 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 Q2 CY21 was ₹2.42 billion as compared to Adjusted Profit After Tax of ₹0.82 billion during Q2 CY20.
- The Company achieved an Adjusted Earnings per Share of ₹7.18 during Q2 CY21 as compared to Adjusted Earnings per Share of ₹2.44 during Q2 CY20.
- Reconciliation of Reported Profit After Tax and Adjusted Profit After Tax for Q2 CY21 is as follows:

Particulars	₹ in Millions
A. Reported Profit After Tax	2,353
B. Adjustments/Exceptional items:	
• Repair and other costs incurred on account of hurricane	113
• Expenses towards strategic projects and other non-recurring items	74
• Gain on divestment of superplasticizer business	(40)
• Reversal of reorganization costs accruals	(63)
• Tax impact on above adjustments	(21)
C. Adjusted Profit After Tax (A + B)	**2,416**

Debt Summary

As at June 30, 2021, the Company had a Gross Debt of US$ 1,141 million (including Working Capital and other Debt of US$ 25 million), Cash and cash equivalents of US$ 213 million (including restricted cash), Unamortised Deferred Finance Cost of US$ 10 million and Net Debt of US$ 918 million.

(US$ [(1)] in Millions)

Particulars	As on Jun. 30, 2021	As on Dec. 31, 2020	Repayment Terms
7.25% USD-denominated Senior Secured Notes	546	550	Matures in April 2025
Euro-denominated Senior Secured Term Loan [(2)]	464	479	Matures in January 2025
Senior Bank Debt	34	39	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	6	7	Interest Free - Instalments up to 2025
Finance Lease Liability	66	72	Fixed Rates - Finance leases
Gross Term Debt	**1,116**	**1,147**	
Add: Working Capital and other Debt	25	77	
Less: Deferred Finance Cost	10	12	
Total Debt	**1,131**	**1,212**	
Less: Cash and cash equivalents [(3)]	213	280	
Net Debt	**918**	**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 1.19 and 1.23 as at Jun. 30, 2021 and Dec. 31, 2020 respectively.
(3) Includes inter-corporate deposits with financial institutions (HDFC).

During the six-month period ended June 30, 2021, the Company incurred capital expenditures of US$ 33 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	Q2 CY21	Q1 CY21	Q2 CY20	CY 2020	Variance Q2 CY21 vs Q1 CY21	Variance Q2 CY21 vs Q2 CY20
Indian Rupee / US Dollar	73.77	72.89	75.88	74.10	(1.2)%	2.8%
Indian Rupee / Euro	88.93	87.93	83.49	84.57	(1.1)%	(6.5)%
Russian Ruble / US Dollar	74.23	74.42	72.42	72.34	0.3%	(2.5)%
Canadian Dollar / Euro	1.48	1.53	1.53	1.53	3.3%	3.3%

Closing Rate of Exchange	Q2 CY21	Q1 CY21	Q2 CY20	CY 2020	Variance Q2 CY21 vs Q1 CY21	Variance Q2 CY21 vs Q2 CY20
Indian Rupee / US Dollar	74.35	73.50	75.53	73.05	(1.2)%	1.6%
Indian Rupee / Euro	88.50	86.10	84.67	89.79	(2.8)%	(4.5)%
Russian Ruble / US Dollar	73.02	75.32	71.11	74.54	3.1%	(2.7)%
Canadian Dollar / Euro	1.47	1.48	1.53	1.56	0.7%	3.9%

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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