RAIN INDUSTRIES LIMITED

RIL/SEs/2022

February 25, 2022

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: Earnings Presentation – Reg.
Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith Rain Industries Limited Earnings Presentation on Annual Audited Financial Results of the Company for the Financial Year ended December 31, 2021.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S.V.R.Reddy

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Company Secretary

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RAIN INDUSTRIES LIMITED

Earnings Presentation – Q4 CY21

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

Forward-Looking Statement

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for segment volumes and earnings, the factors we expect to impact earnings in each segment, demand for our products, our expected uses of cash, and our expected tax rate, are forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations.

Fourth-Quarter Results

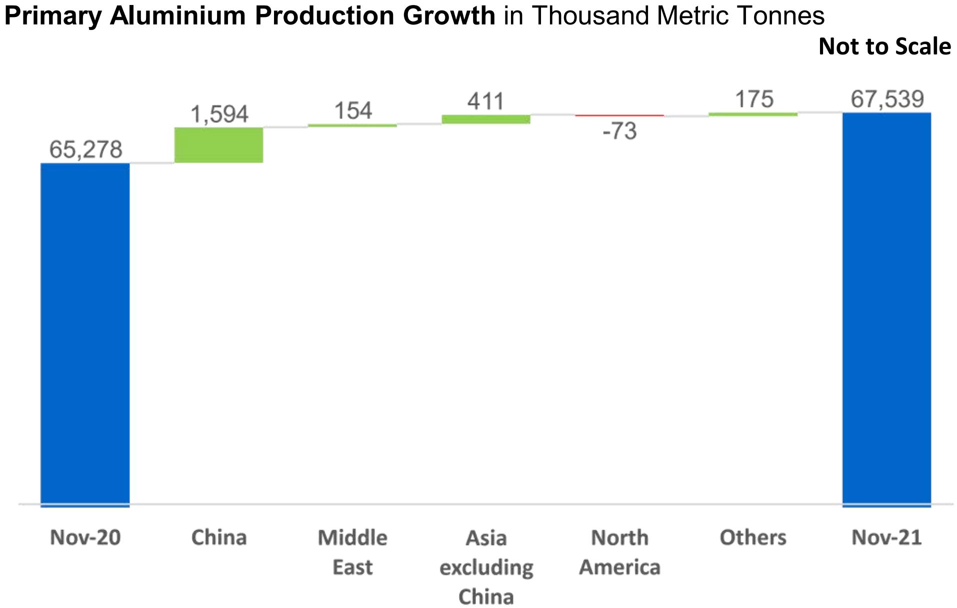
Financial Highlights

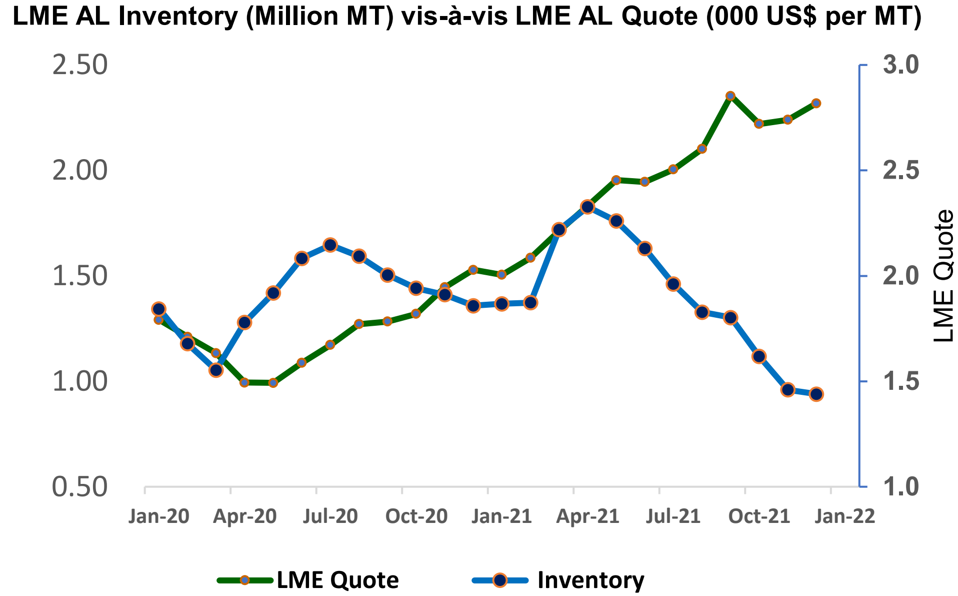
- Revenue from Operations was ₹ 40.26 billion and Adjusted EBITDA was ₹ 5.41 billion
- Adjusted Net Profit After Tax was ₹ 0.94 billion and Adjusted Earnings Per Share was ₹ 2.81
- Capex of US$ 74 million for FY 2021, of which ~ US$ 17 million relates to expansion projects

Business Highlights

- Third consecutive year with a total recordable injury rate below 0.2
- Sixth consecutive quarter with increased revenue despite seasonality
- Robust demand and cost discipline contributed to sustain margins on consolidated basis despite higher raw material and energy costs and supply chain disruptions
- Advanced Materials segment impacted by unprecedented gas price increases, planned maintenance activities, curtailment of certain products and delay in pass through of incremental raw material costs

Aluminium: Production, Price and Inventory Levels



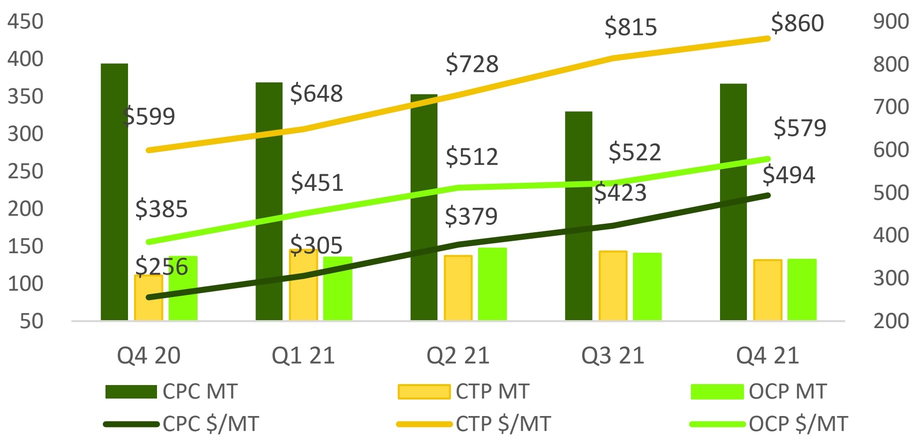


- Aluminum 3-month LME seller's price last traded at US$ 3,366 per tonne (February 22, 2022), higher than multi-year average
- Prices continue to support smelter restarts and overall production increases
- High energy costs in Europe prompted several smelters to reduce their production

With increase in demand for primary aluminium, LME prices crossed US$ 3,000 per tonne.

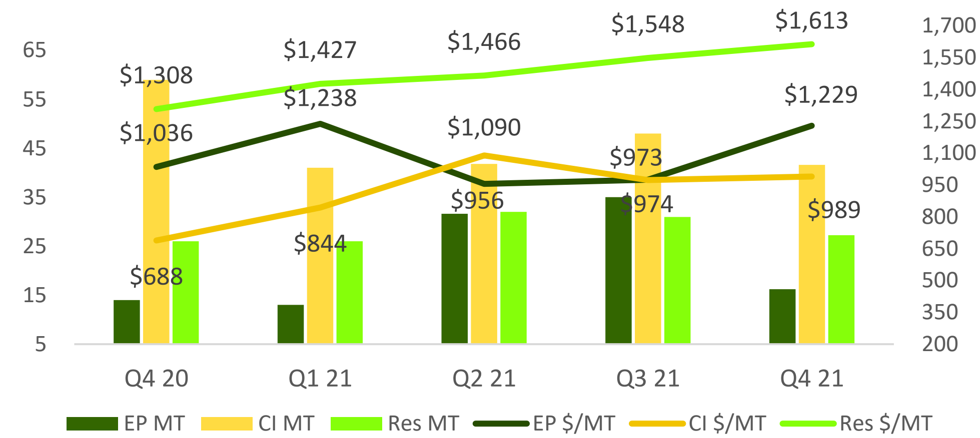
Growing Demand, Increasing Realisations and Cost

Carbon Volumes (MT 000) and Price ($/MT)



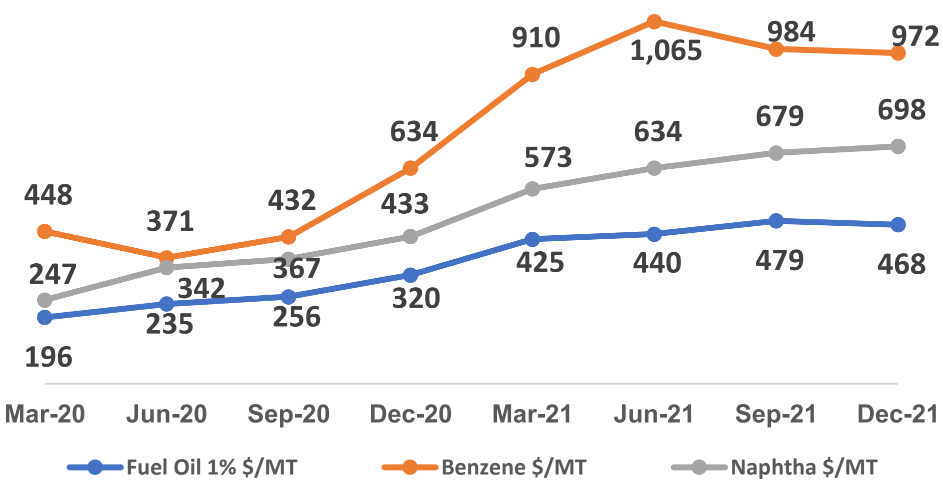
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Advanced Materials Volumes (MT 000) and Price ($/MT)

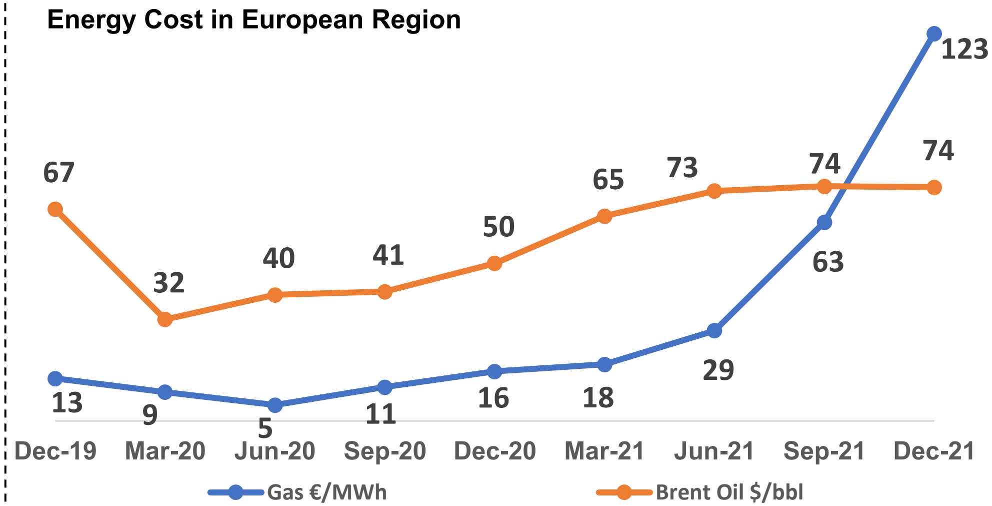


EP – Engineered Products CI – Chemical Intermediates; Res – Resins

Key Market Quotations in Advanced Materials Business



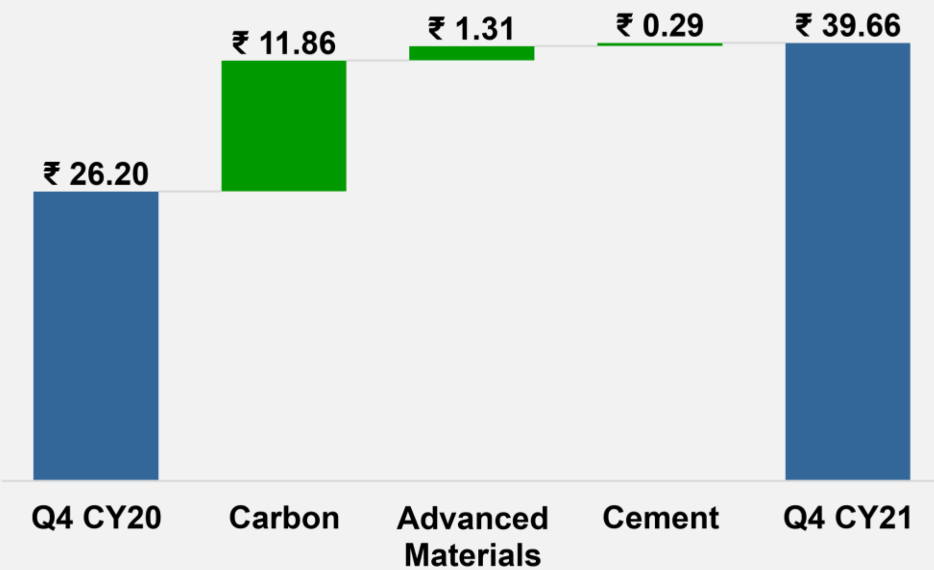
Energy Cost in European Region



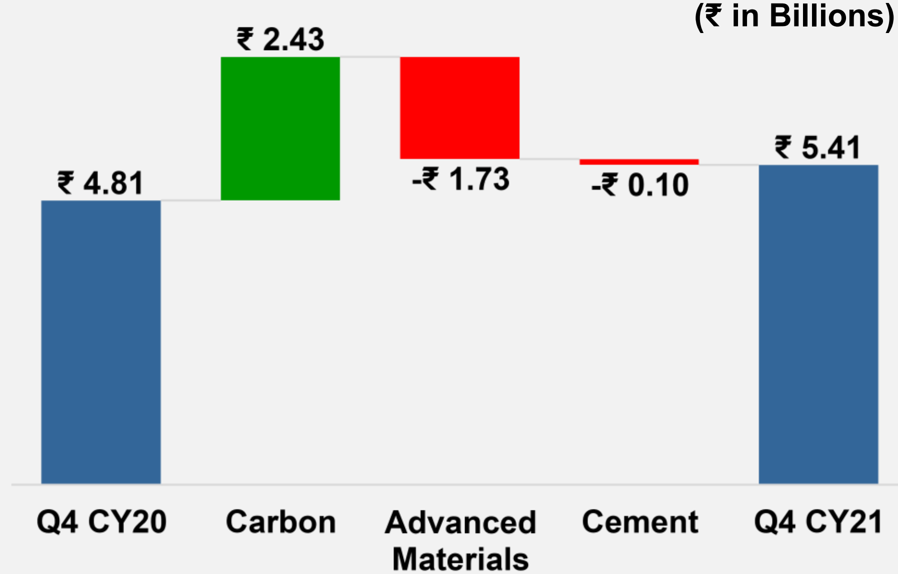
Natural gas prices increased by ~195% in Europe during the fourth quarter, leading to increased operating costs.

Strong Performance Despite Cost-Related Headwinds

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

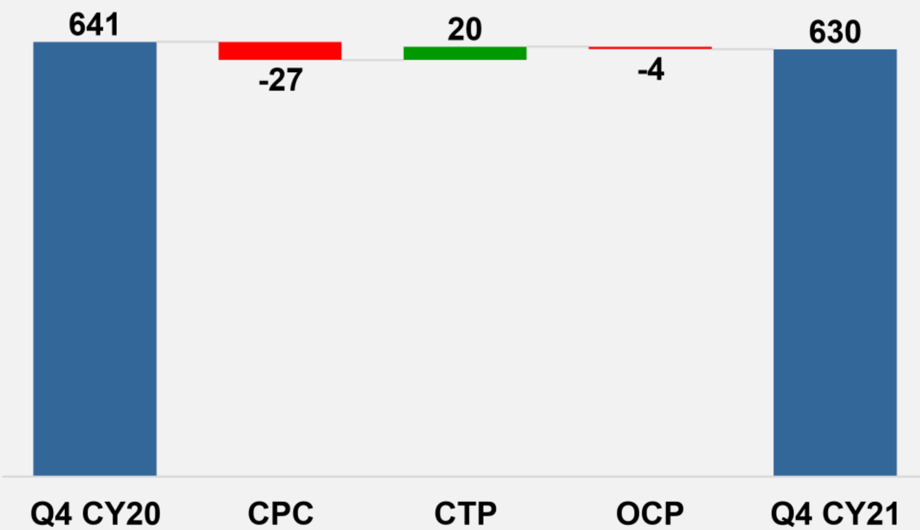
Highlights in Q4 CY21

- Carbon segment revenue significantly improved supported by strong market quotations; margins increased due to effective management of raw material costs offset by rising energy costs in Europe
- Advanced Materials negatively impacted during the quarter due to planned maintenance activities, significant increase in energy costs (high gas-consuming products), incremental operating costs of HHCR plant and divestment of superplasticizers business and depreciation of EURO against INR by ~2.6%
- Cement segment performance declined due to higher operating costs offset by increase in volumes and realisations

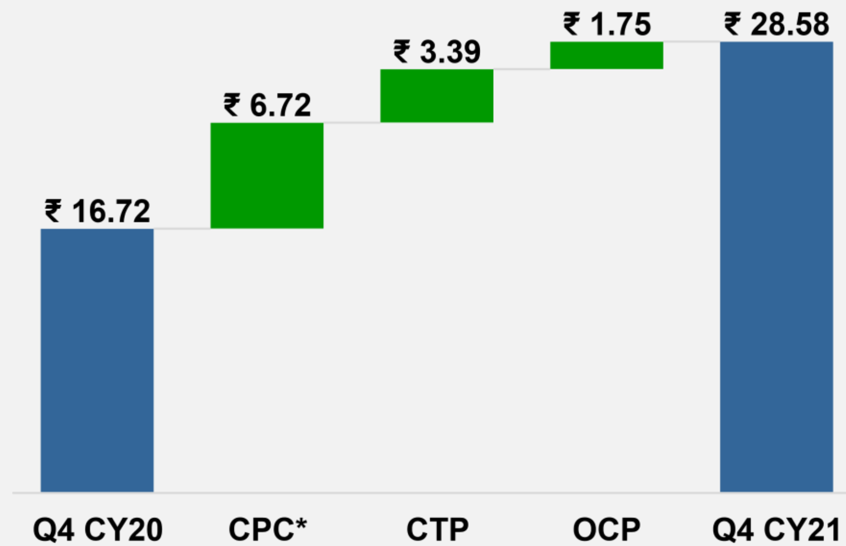
Note: Charts not to scale

Higher Carbon Revenues Driven by Pricing

(₹ in Billions)



Volumes (MT in thousands)



*Includes Energy Revenue

Revenue (excluding other operating income)

Highlights in Q4 CY21

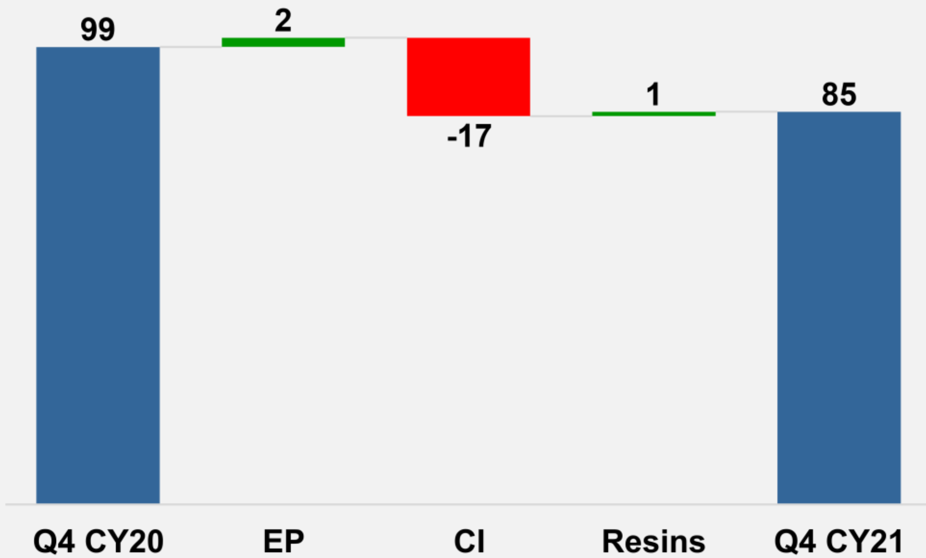
- CPC revenue increased primarily on account of higher prices due to higher raw material prices
- Pitch revenue increased due to higher prices and volumes from increased demand and raw material prices

CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

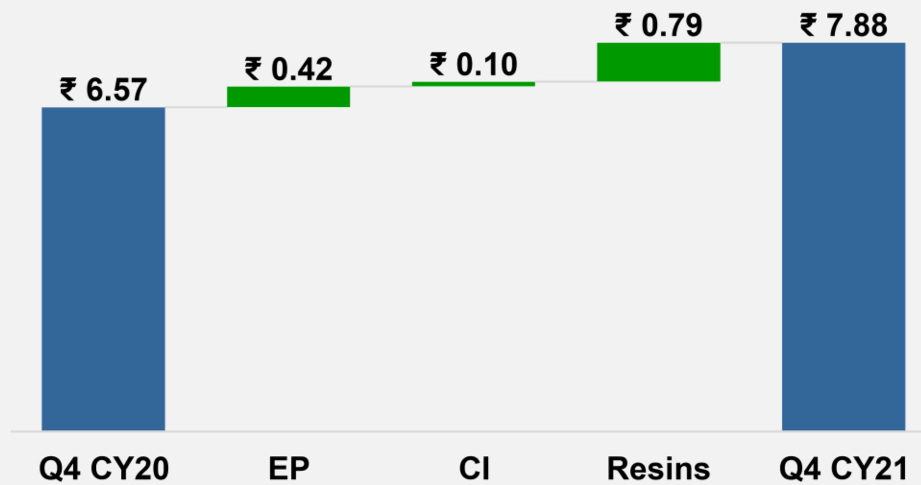
Note: Charts not to scale

Advanced Materials Results Impacted by Extraordinary Events

(₹ in Billions)



Volumes (MT in thousands)



Revenue (excluding other operating income)

Highlights in Q4 CY21

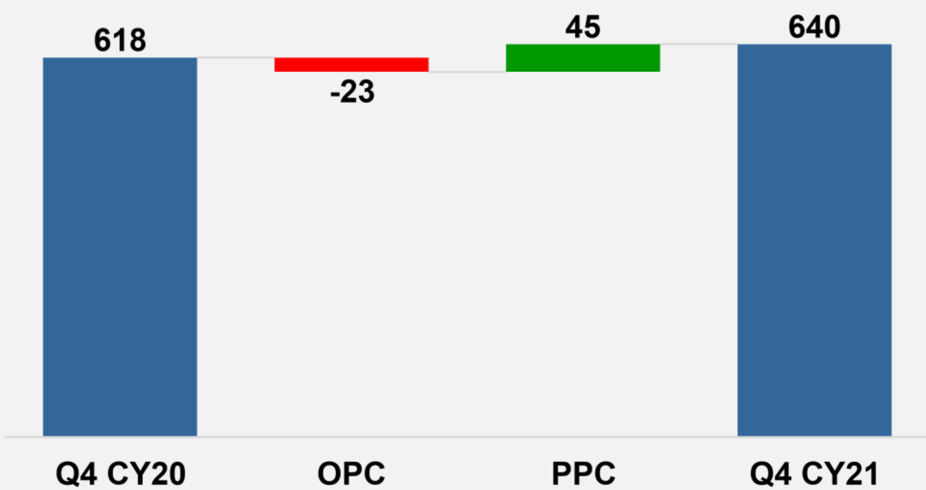
- Revenue increase was primarily the result of higher prices and sale of HHCR products, increased demand due to market recovery and changes in customer mix
- Adjusted EBITDA decreased by ₹ 1,726 million due to incremental operating costs of the new HHCR plant and significant increase in energy costs, planned maintenance activities, delay in passing increased raw material costs to customers coupled with the divestment of the superplasticizers business and depreciation of EURO against INR

EP – Engineered Products; CI – Chemical Intermediates

Note: Charts not to scale

Higher Cement Revenues Driven by Volumes and Realisations

(₹ in Billions)



Volumes (MT in thousands)

Revenue (excluding other operating income)

Highlights in Q4 CY21

- Revenue from Cement business increased by 9.8% due to combination of higher volumes and increase in price realisation
- Adjusted EBITDA decreased by ₹ 99 million due to higher operational costs

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Debt Summary

US$ in Millions	Dec 2021	Dec 2020
7.25% USD-denominated Senior Secured Notes (due in April 2025)	546	550
Euro-denominated Senior Secured Term Loan (due in January 2025) *	441	479
Senior Bank Debt	28	39
Sales Tax Deferment	6	7
Finance Lease Liability	59	72
Gross Term Debt	**1,080**	**1,147**
Add: Working Capital and other Debt	71	77
Less: Deferred Finance Cost	9	12
Total Debt	**1,142**	**1,212**
Less: Cash and Cash Equivalents	228	280
Net Debt	**914**	**932**
LTM Adjusted EBITDA	341	269

* Debt of €390 million converted at EURO/USD exchange rates of 1.13 and 1.23 as at Dec. 31, 2021 and Dec. 31, 2020 respectively

Cash Inflows / Outflows during 2021

- Operating cash-flows Includes net working capital outflows of ₹ 11.01 billion (compared to inflows of ₹ 3.03 billion for CY 2020), due to increase in prices across all business units.
- Capital expenditure of ₹ 5.50 billion (US$ 74 million) during the year 2021 includes ₹1.26 billion (US$ 17 million) spent on expansion projects.
- Net cash used in financing activities of ₹ 7.40 billion during CY 2021 majorly includes outflow of ₹ 4.86 billion towards interest payments and dividend payments.

(₹ in millions)

Particulars	CY 2021	CY 2020
Operating Activities	8,336	18,225
Investing Activities	(5,268)	(7,708)
Financing Activities	(7,401)	(5,999)

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q4 2021	Q4 2020	CY 2021	CY 2020
Net Revenue	39,660	26,201	143,697	103,962
Other Operating Income	601	201	1,571	685
Revenue from Operations	**40,261**	**26,402**	**145,268**	**104,647**
Reported EBITDA	**5,468**	**7,776**	**25,291**	**21,012**
Adjusted EBITDA	**5,410**	**4,806**	**25,174**	**19,896**
Adjusted EBITDA Margin	*13.4%*	*18.2%*	*17.3%*	*19.0%*
Profit Before Tax	**2,234**	**4,450**	**12,764**	**8,510**
Tax Expense, net	2,958	1,229	5,829	2,627
Non-controlling Interest	246	151	1,134	301
Reported (Loss) / Profit After Tax	**(970)**	**3,070**	**5,801**	**5,582**
Adjusted Profit After Tax	**944**	**1,159**	**7,560**	**5,321**
Adjusted Earnings Per Share (in ₹)*	2.81	3.44	22.48	15.82

****Quarterly Earnings Per Share is not annualized.***

Reconciliation of EBITDA and PAT

₹ in Millions

Particulars	Q4 2021		CY 2021	
	EBITDA	PAT	EBITDA	PAT
A. Reported	**5,468**	**(970)**	**25,291**	**5,801**
B. Adjustments:				
• Expenses towards strategic projects and other non-recurring items	466	466	540	540
• Repair and other costs incurred on account of hurricane	74	74	513	513
• Insurance claims received during the quarter related to prior periods	(337)	(337)	(337)	(337)
• Gain on disposal of assets held for sale	(221)	(221)	(221)	(221)
• Reversal of reorganisation costs accruals	(40)	(40)	(103)	(103)
• Income due to waiver of Payroll Protection Program Loan by federal government of United States	-	-	(469)	(469)
• Gain on divestment of superplasticizer business	-	-	(40)	(40)
• Impairment of pond pitch asset	-	168	-	168
• Tax impact on above adjustments	-	(78)	-	(174)
• Valuation of deferred taxes	-	1,882	-	1,882
C. Adjusted (A + B)	**5,410**	**944**	**25,174**	**7,560**

RAIN – Key Business Strengths

- Three business segments (Carbon, Advanced Materials and Cement)
- Global presence with 2.4 million tonnes p.a. calcination capacity, 1.0 million tonnes p.a. CPC blending capacity, 1.3 million tonnes p.a. coal tar distillation capacity, 0.6 million tonnes p.a. advanced materials capacity and 3.5 million tonnes p.a. cement capacity
- Transforming by-products of oil and steel industries into high-value carbon-based materials essential to numerous manufacturing applications and end products
- Long-standing relationships with raw material suppliers and end customers
- Leading R&D function drives continuous innovation
- Diversified geographical footprint with advantaged freight and logistics network
- Facilities with overall 177 MW co-generated steam and power capacity and renewable solar power
- Experienced international management team
- Strategy shift from low-margin products to favourable product mix

RAIN Group continues to grow on its core competencies.