RAIN INDUSTRIES LIMITED

RIL/SEs/2022

July 29, 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 Unaudited Financial Results for the second quarter ended June 30, 2022.

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 – Q2 CY22

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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.

Second-Quarter Results

Financial Highlights

- Revenue from Operations was ₹ 55.41 billion and Adjusted EBITDA was ₹ 12.52 billion
- Adjusted Net Profit After Tax was ₹ 6.96 billion and Adjusted Earnings Per Share was ₹ 20.70
- Capex was US$ 48 million for H1 2022, of which ~ US$ 9 million relates to expansion projects

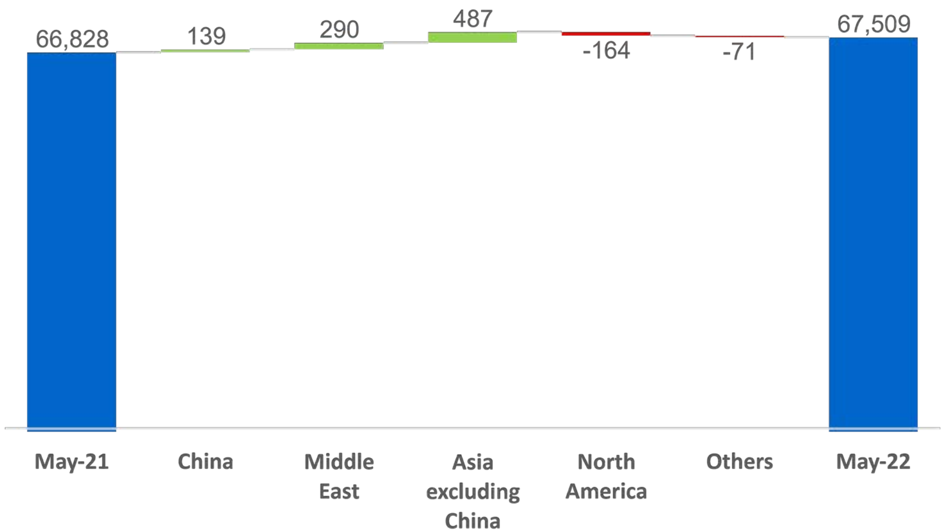
Business Highlights

- Improved quarterly performance benefited from stronger demand and time lag between sales-price reset and raw-material cost reset
- Limited the Company's cost increases through advanced purchase of natural gas to deal with peak prices
- Continuous optimisation of product portfolio to reduce costs and exit low-margin products
- Advanced Material segment benefited from stronger demand and quotations
- Cement segment profit impacted due to lower volumes and higher energy costs

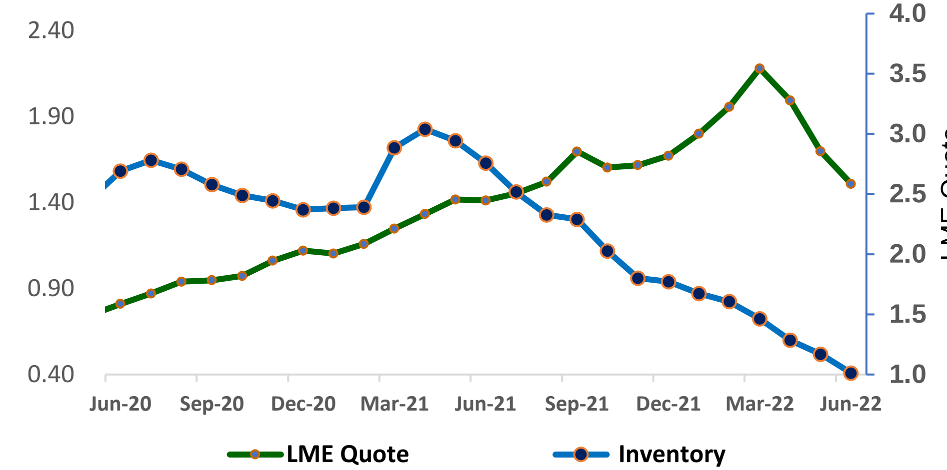
Aluminium: Production, Price and Inventory Levels

Primary Aluminium Production Growth in Thousand Metric Tonnes

Not to Scale



LME AL Inventory (Million MT) vis-à-vis LME AL Quote (000 US$ per MT)

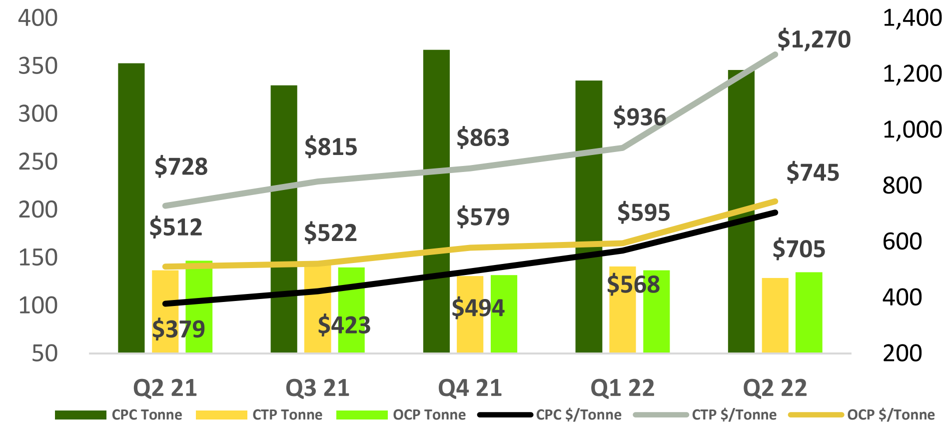


- Aluminium 3-month LME seller's price last traded at US$ 2,421 per tonne (July 26, 2022), higher than the multi-year average
- Declining sales realisation and increased energy costs drove certain European smelters to curtail their capacities

LME prices declined from all-time high in March 2022 of US$4,073 per tonne to range of US$2,445 per tonne by end of Q2 2022

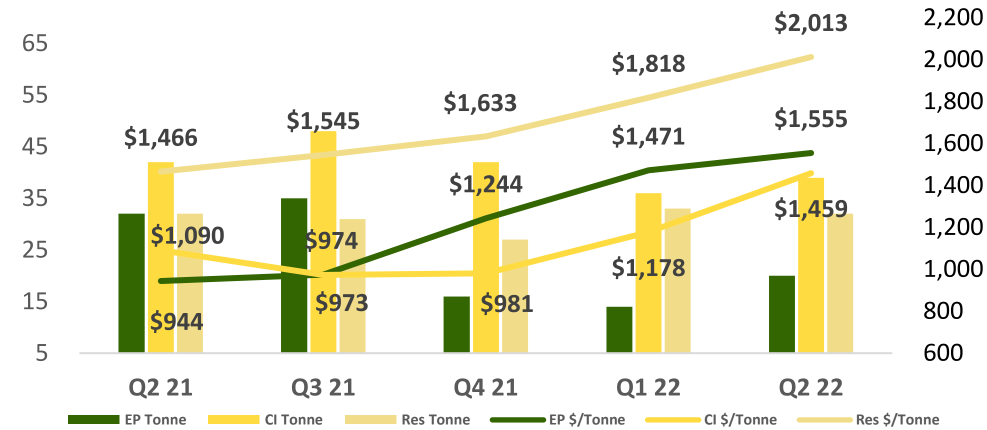
Growing Demand, Increasing Realisations and Costs

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



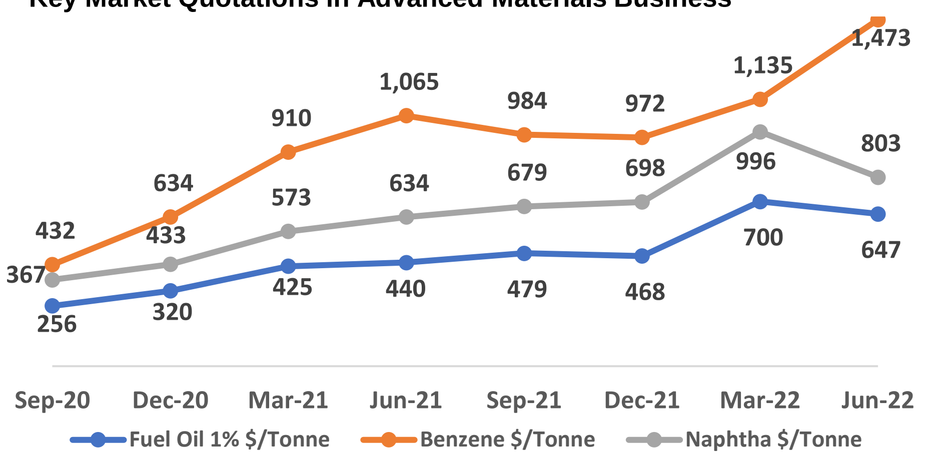
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

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

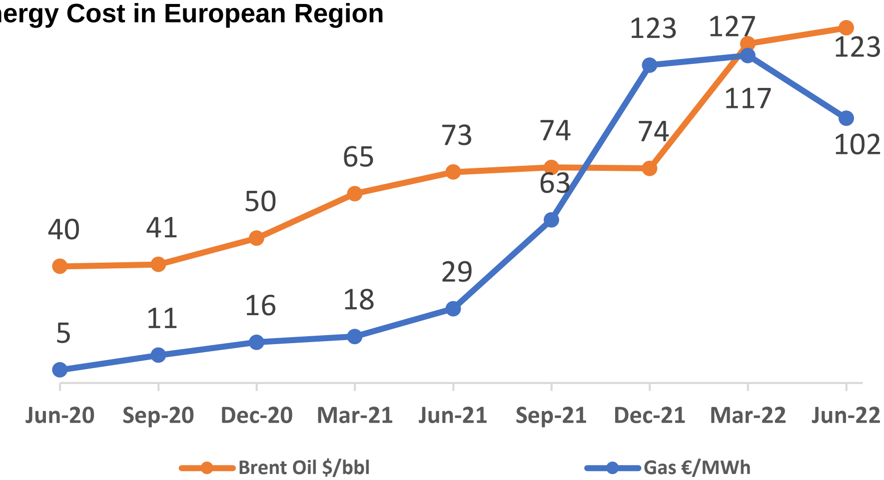


EP – Engineered Products; CI – Chemical Intermediates; Res – Resins

Key Market Quotations in Advanced Materials Business



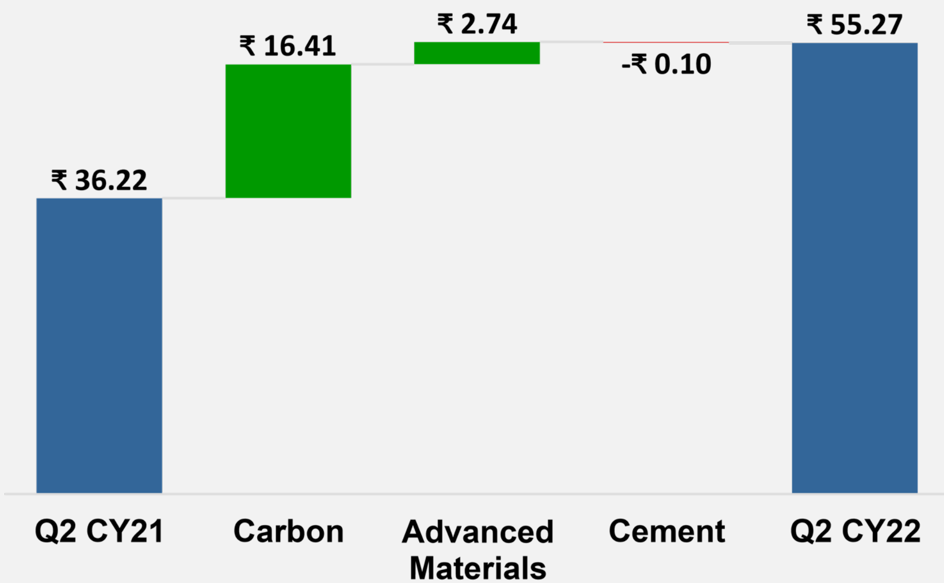
Energy Cost in European Region



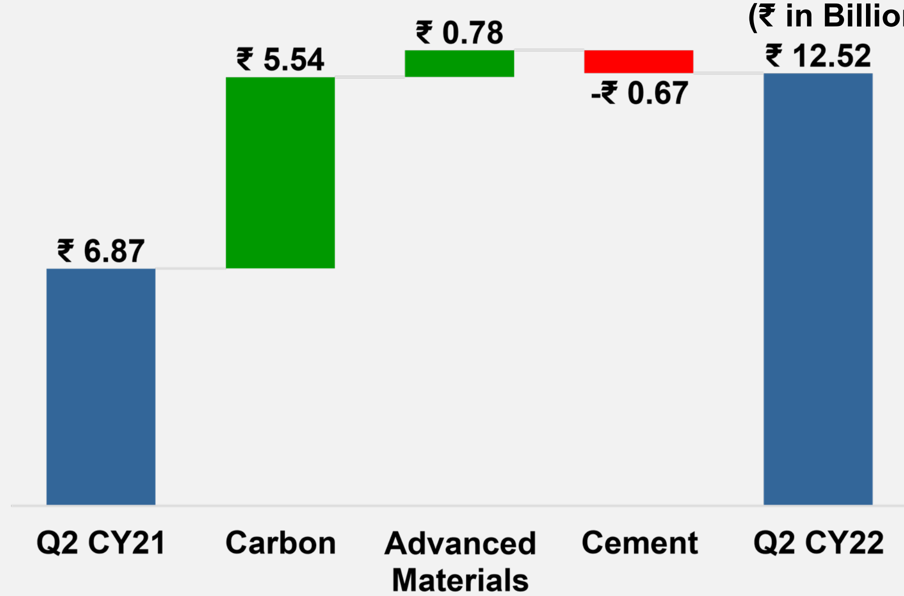
Realisations for most products across three business segments increased during Q2, enabling recovery of increased raw materials costs. Brent oil remained high across all geographies, resulting in higher operating costs. Gas prices have reduced compared to Q1.

Increased Margin Driven by Price Lag Offset by Lower Volumes

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

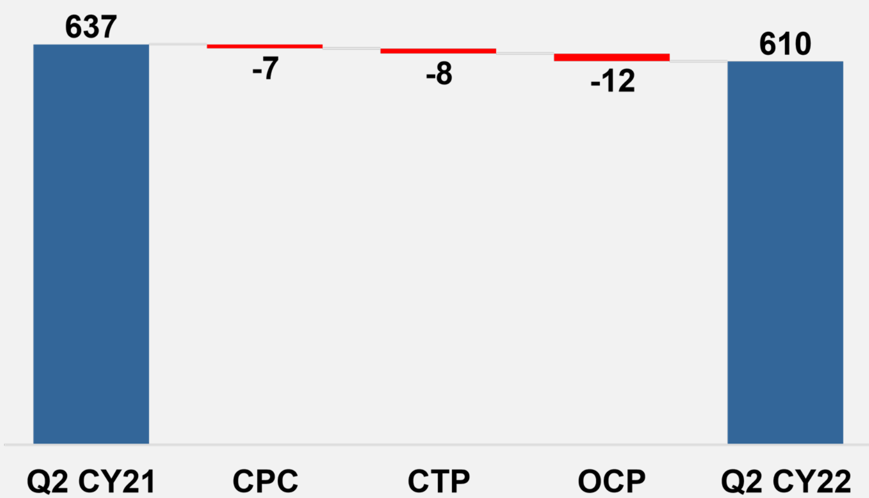
Highlights in Q2 CY22

- Carbon segment revenue significantly increased, driven by strong demand and market quotations offset by lower volumes due to raw material availability
- Advanced Materials segment revenue improved because of higher price realisations offset by a decrease in volumes due to changes in product mix based on raw material availability and lower demand from Asian markets
- Margins expanded due to time lag of price resets between sales and raw materials offset by peak energy prices
- Cement segment revenue and EBITDA declined because of decrease in volumes and higher energy costs

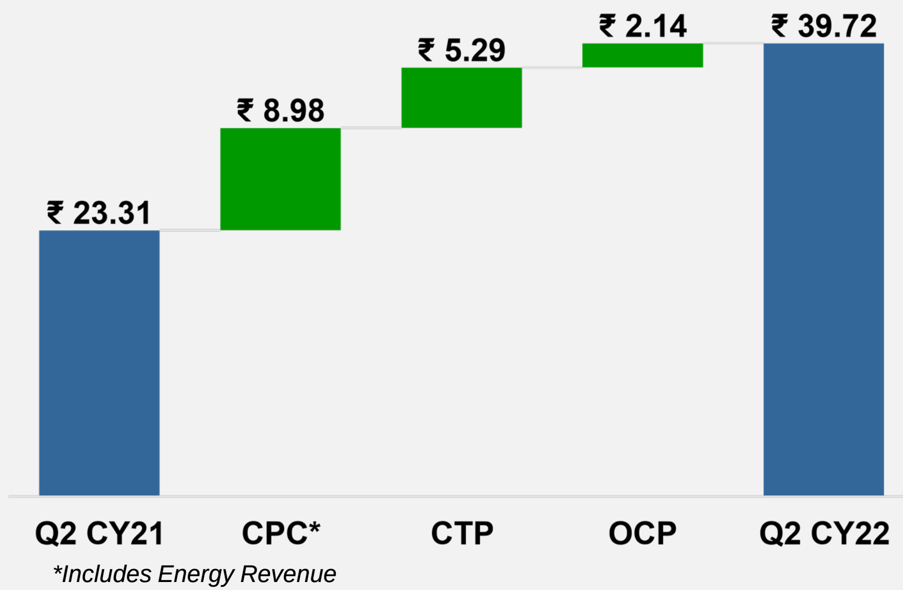
Note: Charts not to scale

Carbon: Increase in Revenue Driven by Realisations

(₹ in Billions)



Volumes (MT in thousands)



Revenue (excluding other operating income)

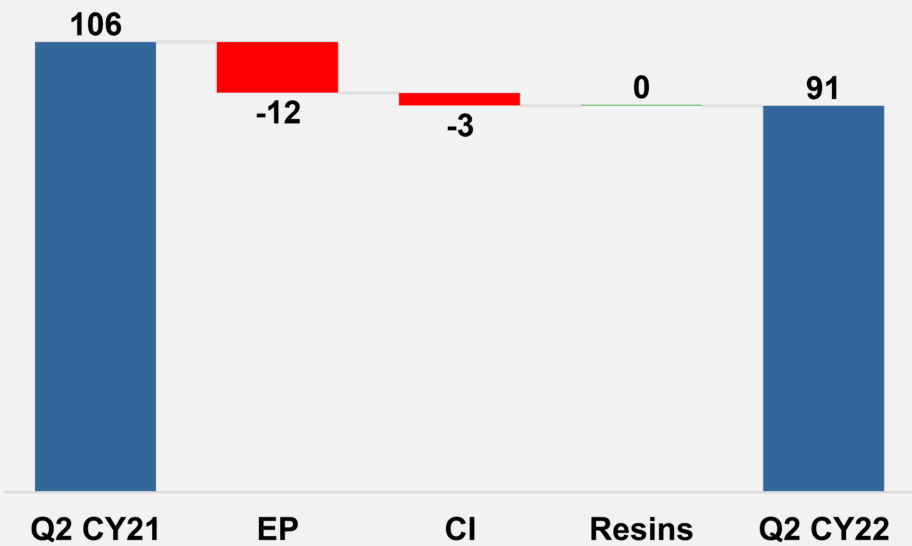
Highlights in Q2 CY22

- CPC revenue increased primarily on account of higher prices due to increased raw material prices offset by lower production
- Pitch revenue increased due to higher prices resulting from increased demand, raw material prices and operating costs
- Other Carbon Products revenue increased due to price increases driven by fuel-oil quotations and raw material prices

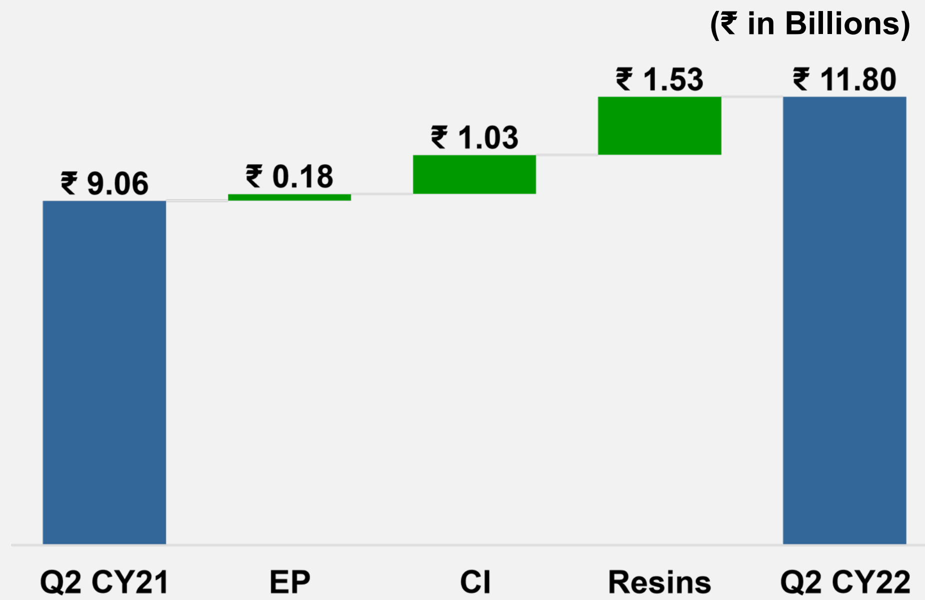
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Note: Charts not to scale

Advanced Materials: Rebound Despite Higher Energy Costs



Volumes (MT in thousands)



Revenue (excluding other operating income)

Highlights in Q2 CY22

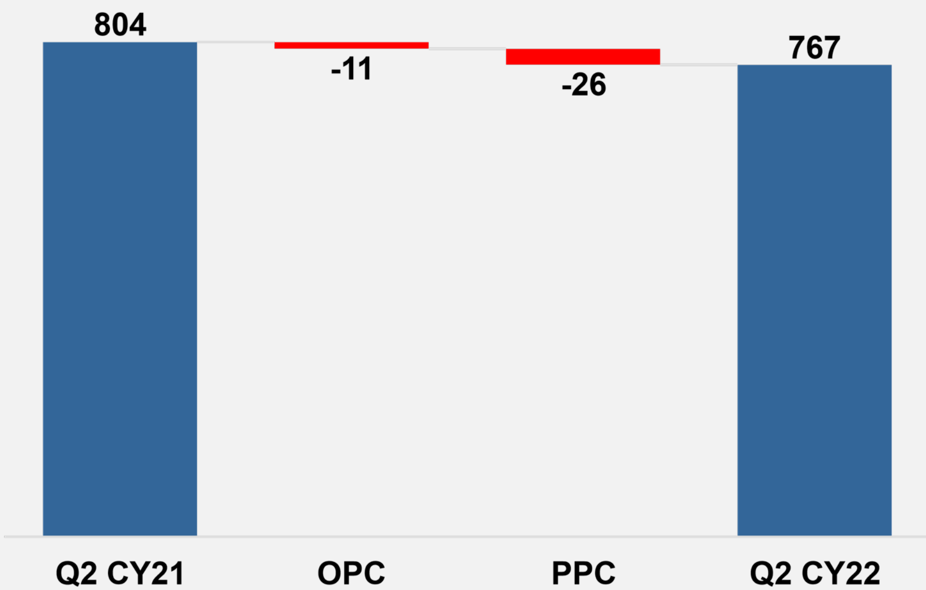
- Revenue increase was primarily the result of higher prices on account of changes in energy prices, changes in product mix and customer mix offset by lower volumes due to raw material availability, lower demand from Asian markets and adhesive industry
- Adjusted EBITDA increased by ₹ 780 million due to higher prices, enabling the segment to recover higher energy costs

EP – Engineered Products; CI – Chemical Intermediates

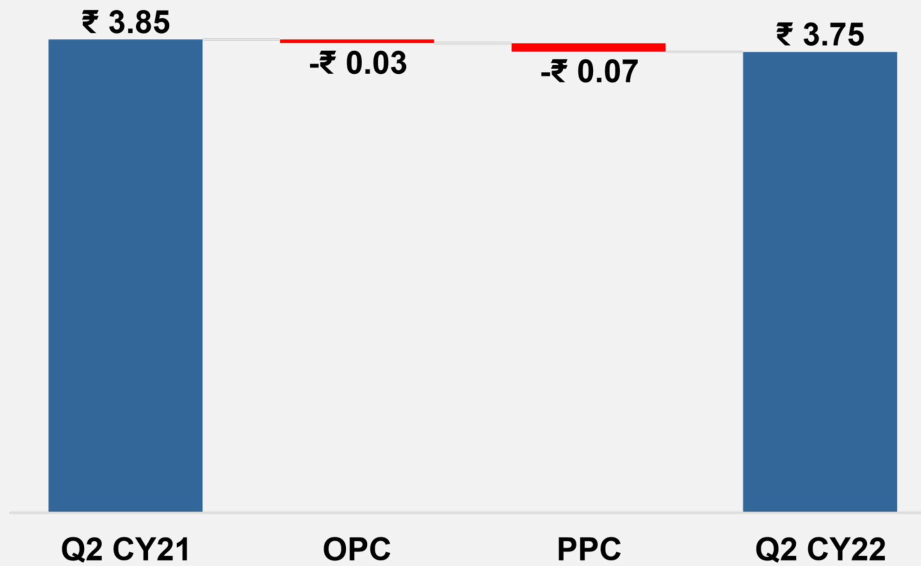
Note: Charts not to scale

Cement: Lower Revenues Driven by Decreased Volumes

(₹ in Billions)



Volumes (MT in thousands)



Revenue (excluding other operating income)

Highlights in Q2 CY22

- Revenue from Cement business decreased by 2.8% due to lower volumes slightly offset by increase in price realisations
- Adjusted EBITDA decreased by ₹ 667 million due to higher energy cost and higher freight cost

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Debt Summary

US$ in Millions	Jun 2022	Dec 2021
7.25% USD-denominated Senior Secured Notes (due in April 2025)	531#	546
Euro-denominated Senior Secured Term Loan (due in January 2025) *	408	441
Senior Bank Debt	20	28
Sales Tax Deferment	5	6
Finance Lease Liability	53	59
Gross Term Debt	**1,017**	**1,080**
Add: Working Capital Debt	155	71
Less: Deferred Finance Cost	7	9
Total Debt	**1,165**	**1,142**
Less: Cash and Cash Equivalents	250	228
Net Debt	**915**	**914**
LTM Adjusted EBITDA	433	341

Decrease on account of re-purchase of bonds during the six months period ended June 30, 2022

* Debt of €390 million converted at EURO/USD exchange rates of 1.05 and 1.13 as at June 30, 2022, and Dec. 31, 2021, respectively

Cash Inflows / Outflows during H1 2022

- Operating cash flows includes net working capital outflows of ₹ 15.46 billion (compared to outflows of ₹ 6.52 billion for H1 2021), due to increase in prices across all three business segments.
- Capital expenditure of ₹ 3.69 billion (US$ 48.3 million) during H1 2022 includes ₹ 0.67 billion (US$ 8.7 million) spent on expansion projects.
- Net cash from financing activities of ₹ 1.37 billion during H1 2022 majorly includes net proceeds from borrowings of ₹ 4.97 billion offset by outflow of ₹ 3.19 billion towards interest and dividend payments.

(₹ in millions)

Particulars	H1 2022	H1 2021
Operating Activities	2,534	4,577
Investing Activities	(2,690)	(2,994)
Financing Activities	1,365	(7,447)

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q2 2022	Q1 2022	Q2 2021	CY 2021
Net Revenue	55,265	44,093	36,223	143,697
Other Operating Income	141	273	212	1,571
Revenue from Operations	**55,406**	**44,366**	**36,435**	**145,268**
Reported EBITDA	**12,105**	**7,986**	**6,781**	**25,291**
Adjusted EBITDA	**12,520**	**8,348**	**6,865**	**25,174**
Adjusted EBITDA Margin	*22.6%*	*18.8%*	*18.8%*	*17.3%*
Profit Before Tax	**9,017**	**4,904**	**3,641**	**12,764**
Tax Expense, net	1,941	1,765	983	5,829
Non-controlling Interest	391	365	305	1,134
Reported Profit After Tax	**6,685**	**2,774**	**2,353**	**5,801**
Adjusted Profit After Tax	**6,962**	**3,044**	**2,416**	**7,560**
Adjusted Earnings Per Share (in ₹)*	20.70	9.05	7.18	22.48

Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT for Q2 2022

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	**12,105**	**6,685**
B. Adjustments:		
• Expenses towards strategic projects and other non-recurring items @	418	418
• Repair and other costs incurred on account of hurricane	19	19
• Gain on repurchase of bonds	(22)	(22)
• Tax impact on above adjustments	-	(138)
C. Adjusted (A + B)	**12,520**	**6,962**

@ Including Costs of ₹ 379 million in connection with closure expenses of certain products in Aromatic Chemicals Business in Europe

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 advantageous freight and logistics network
- Facilities with overall 187 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.