



RAIN INDUSTRIES LIMITED

RIL/SEs/2020

October 30, 2020

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
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Dear Sir/ Madam,

Sub: Press Release on the Unaudited Financial Results for the third quarter ended September 30, 2020. –Reg.

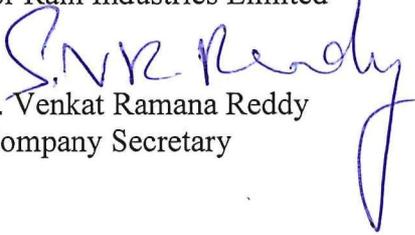
Ref : Scrip Code: 500339 (BSE) and Scrip code : RAIN (NSE)

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 third quarter ended September 30, 2020.

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

October 30, 2020

Results for the third quarter ended September 30, 2020

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its unaudited financial results for the third quarter ended September 30, 2020.

Financial Highlights for Q3 CY 20

- Revenue from Operations was ₹25.66 billion and Adjusted EBITDA was ₹5.17 billion.
- Adjusted Net Profit After Tax was ₹1.30 billion and Adjusted EPS was ₹3.86.

Selected Financial Data

₹ in Millions

Particulars	Q3 2020	Q2 2020	Q3 2019	CY 2019
Net Revenue	25,518	23,427	29,775	122,873
Other Operating Income	143	181	147	734
Revenue from Operations	25,661	23,608	29,922	123,607
Adjusted EBITDA ⁽¹⁾	5,165	4,344	4,719	17,427
<i>Adjusted EBITDA Margin</i>	<i>20.1%</i>	<i>18.4%</i>	<i>15.8%</i>	<i>14.1%</i>
Profit Before Tax	1,787	659	1,085	5,907
Tax Expense, Net	608	315	76	1,283
Non-controlling Interest	(2)	78	188	710
Net Profit After Tax	1,181	266	821	3,914
Adjusted Net Profit After Tax	1,297	821	1,749	5,211
Adjusted Earnings Per Share in (₹)*	3.86	2.44	5.20	15.49

*Quarterly Earnings Per Share is not annualised.

Notes:

1. The Group adopted Ind AS 116 – Leases, from January 1, 2020. Accordingly, the nature of expenses with respect to operating leases has changed from lease rent in previous periods to depreciation and interest expense from FY 2020. Hence, prior-period numbers are not comparable.



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Set forth below is selected Segment information:

Carbon

Particulars	Q3 CY20	Q2 CY20	Q3 CY19	CY 2019	Variance Q3 CY20 vs Q2 CY20	Variance Q3 CY20 vs Q3 CY19
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	373	335	337	1,521	11.3%	10.7%
- Coal Tar Pitch (CTP)	114	127	147	557	(10.2)%	(22.4)%
- Other Carbon Products (OCP)	130	110	140	538	18.2%	(7.1)%
TOTAL	617	572	624	2,616	7.9%	(1.1)%
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- Calcined Petroleum Coke (CPC)	6,398	5,883	6,812	32,083	8.8%	(6.1)%
- Coal Tar Pitch (CTP)	5,150	6,049	7,265	28,901	(14.9)%	(29.1)%
- Other Carbon Products (OCP)	3,434	2,907	4,590	18,002	18.1%	(25.2)%
- Energy	571	512	571	2,239	11.5%	0.0%
TOTAL	15,553	15,351	19,238	81,225	1.3%	(19.2)%
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	3,132	2,982	3,604	12,758	5.0%	(13.1)%
(d) Adjusted EBITDA Margin (%)	20.1%	19.4%	18.7%	15.7%	0.7%	1.4%

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

Particulars	Q3 CY20	Q2 CY20	Q3 CY19	CY 2019	Variance Q3 CY20 vs Q2 CY20	Variance Q3 CY20 vs Q3 CY19
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Engineered Products	32	24	34	85	33.3%	(5.9)%
- Petro Chemical Intermediates	25	27	32	122	(7.4)%	(21.9)%
- Naphthalene Derivates	27	24	30	118	12.5%	(10.0)%
- Resins	21	22	28	117	(4.5)%	(25.0)%
TOTAL	105	97	124	442	8.2%	(15.3)%
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- Engineered Products	2,114	1,642	1,923	5,417	28.7%	9.9%
- Petro Chemical Intermediates	729	540	1,521	5,482	35.0%	(52.1)%
- Naphthalene Derivates	1,675	1,513	1,951	7,951	10.7%	(14.1)%
- Resins	2,597	2,318	2,782	12,498	12.0%	(6.6)%
TOTAL	7,115	6,013	8,177	31,348	18.3%	(13.0)%
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	1,137	984	788	3,107	15.5%	44.3%
(d) Adjusted EBITDA Margin (%)	16.0%	16.4%	9.6%	9.9%	(0.4)%	6.4%

Cement

Particulars	Q3 CY20	Q2 CY20	Q3 CY19	CY 2019	Variance Q3 CY20 vs Q2 CY20	Variance Q3 CY20 vs Q3 CY19
(a) Sales Volumes (In '000 MTs)	555	441	560	2,468	25.9%	(0.9)%
(b) Net Revenue (₹ in Millions)	2,850	2,063	2,360	10,300	38.1%	20.8%
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	896	378	327	1,562	137.0%	174.0%
(d) Adjusted EBITDA Margin (%)	31.4%	18.3%	13.9%	15.2%	13.1%	17.5%

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 September 30, 2020 Compared to Quarter Ended September 30, 2019

- Net Revenue of ₹25.52 billion during Q3 CY20 was a decrease of ~14.3% compared to ₹29.78 billion during Q3 CY19.
 - Carbon sales volumes during Q3 CY20 were 617 thousand metric tons, a decrease of ~1.1% compared to 624 thousand metric tons in Q3 CY19. During Q3 CY20, the average blended realisation decreased by ~18.2% due to changes in the demand-and-supply situation in North American markets and competition in the Asian markets coupled with changes in fuel-oil quotations and lower demand from the aluminium, carbon black, construction and graphite industries, which was offset to some extent by the appreciation of USD and EURO against Indian Rupee by ~5.6% and ~11.1% respectively. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~19.2% in Q3 CY20 as compared to Q3 CY19.
 - Advanced Materials sales volumes during Q3 CY20 were 105 thousand metric tons, a decrease of ~15.3% as compared to 124 thousand metric tons in Q3 CY19. The decrease in volumes was driven by reduced demand due to the temporary shutdown of a few customers' facilities (due to COVID-19) and lower demand from the rubber, adhesive and construction industries. Volumes were also impacted by the closure of our Uithoorn facility in the Netherlands. During Q3 CY20, the average blended realisation increased by ~2.8% driven by changes in customer mix, and there was an appreciation of EURO against Indian Rupee by ~11.1%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~13.0% during Q3 CY20 as compared to Q3 CY19.
 - Cement revenue increased by ~20.8% compared to Q3 CY19 due to an increase in realisations by ~21.8%, which was partially offset by a decrease in volumes by 0.9% as compared to Q3 CY19.
- During Q3 CY20, Adjusted EBITDA was ₹5,165 million, an increase of ₹446 million compared to Adjusted EBITDA of ₹4,719 million achieved during Q3 CY19. Adjusted EBITDA increased by ₹349 million in the Advanced Materials segment due to higher realisations in engineered products and resins compared to Q3 CY19, coupled with the appreciation of the EURO against Indian Rupee. Further, Adjusted EBITDA increased by ₹569 million in the Cement segment due to higher margins and lower costs. Adjusted EBITDA decreased by ₹472 million in the Carbon segment due to a decline in prices.
- Reconciliation of reported EBITDA and Adjusted EBITDA for Q3 CY20 is as follows:

Particulars	₹ in Millions
A. Reported EBITDA	5,009
<i>B. Adjustments:</i>	
• Repair and other costs incurred on account of hurricane	118
• Expenses towards strategic projects and other non-recurring items	38
• C. Adjusted EBITDA (A + B)	5,165



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- Finance costs were ₹1.23 billion during Q3 CY20, as compared to finance costs of ₹1.13 billion during Q3 CY19. The increase in cost was on account of implementation of the new lease standard and an increase in working capital borrowings.
- The Company recorded an income tax expense of ₹0.61 billion for Q3 CY20 compared to ₹0.08 billion for Q3 CY19.
- The Adjusted Net Profit during Q3 CY20 was ₹1.30 billion as compared to Adjusted Net Profit of ₹1.75 billion during Q3 CY19.
- The Company achieved an Adjusted Earnings per Share of ₹3.86 during Q3 CY20 as compared to Adjusted Earnings per Share of ₹5.20 during Q3 CY19.
- Reconciliation of reported net profit after tax and adjusted net profit after tax for Q3 CY20 is as follows:

Particulars	₹ in Millions
A. Reported Net Profit After Tax	1,181
<i>B. Adjustments:</i>	
• Repair and other costs incurred on account of hurricane	91
• Expenses towards strategic projects and other non-recurring items	25
C. Adjusted Net Profit After Tax (A + B)	1,297



RAIN INDUSTRIES LIMITED

Debt Summary

As at September 30, 2020, the Company had a Gross Debt of US\$ 1,224 million (including Working Capital and other Debt of US\$ 94 million), Cash and cash equivalents of US\$ 208 million (including restricted cash), Unamortised Deferred Finance Cost of US\$ 12 million and Net Debt of US\$ 1,004 million.

(US\$ ⁽¹⁾ in Millions)

Particulars	As on Sept. 30, 2020	As on Dec. 31, 2019	Repayment Terms
7.25% USD-denominated Senior Secured Notes	550	550	Matures in April 2025
Euro-denominated Senior Secured Term Loan B ⁽²⁾	458	437	Matures in January 2025
Senior Bank Debt	42	48	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	7	9	Interest Free - Instalments up to 2025
Finance Lease Liability ⁽³⁾	73	16	Fixed Rates - Finance leases
Gross Term Debt	1,130	1,060	
Add: Working Capital and other Debt	94	55	
Less: Deferred Finance Cost	12	14	
Total Debt	1,212	1,101	
Less: Cash and cash equivalents ⁽⁴⁾	208	173	
Net Debt	1,004	928	

(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 1.173 and 1.121 as at Sept 2020 and Dec 2019 respectively.

(3) Includes lease liability of ~US\$ 58 created on account of implementation of new lease standard Ind AS 116 – Leases.

(4) Includes inter-corporate deposits with financial institutions.

During the nine-month period ended September 30, 2020, the Company incurred capital expenditures of US\$ 122 million, including expansion CAPEX for the hydrogenated hydrocarbon resins project in Castrop-Rauxel, Germany, vertical-shaft kiln project in Vizag, India, mini solar power plants at cement plants in Kodad and Kurnool, 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.



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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	Q3 CY20	Q2 CY20	Q3 CY19	CY 2019	Variance Q3 CY20 vs Q3 CY20	Variance Q3 CY20 vs Q3 CY19
Indian Rupee / US Dollar	74.38	75.88	70.43	70.37	2.0%	(5.6)%
Indian Rupee / Euro	86.98	83.49	78.30	78.83	(4.2)%	(11.1)%
Russian Ruble / US Dollar	73.79	72.42	64.64	64.71	(1.9)%	(14.2)%
Canadian Dollar / Euro	1.56	1.53	1.47	1.49	(2.0)%	(6.1)%

Closing Rate of Exchange	Q3 CY20	Q2 CY20	Q3 CY19	CY 2019	Variance Q3 CY20 vs Q2 CY20	Variance Q3 CY20 vs Q3 CY19
Indian Rupee / US Dollar	73.80	75.53	70.69	71.27	2.3%	(4.4)%
Indian Rupee / Euro	86.57	84.67	77.33	79.88	(2.2)%	(11.9)%
Russian Ruble / US Dollar	78.39	71.11	64.98	62.27	(10.2)%	(20.6)%
Canadian Dollar / Euro	1.57	1.53	1.44	1.46	(2.6)%	(9.0)%



RAIN INDUSTRIES LIMITED

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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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.*