



## RAIN INDUSTRIES LIMITED

Press Release

February 24, 2024

### ***Results for the fourth quarter and year ended December 31, 2023***

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its audited financial results for the fourth quarter and year ended December 31, 2023.

#### **Financial Highlights**

##### **Q4 2023**

- Revenue from Operations was ₹41.01 billion and Adjusted EBITDA was ₹2.78 billion.
- Adjusted Net Loss After Tax was ₹(1.96) billion and Adjusted EPS was ₹(5.83).
- Due to increase in Weighted Average Cost of Capital, the Company has taken Non-cash Goodwill Impairment Charge of ₹7.32 billion.

##### **CY 2023**

- Revenue from Operations was ₹181.42 billion and Adjusted EBITDA was ₹20.14 billion.
- Adjusted Net Profit After Tax was ₹1.53 billion and Adjusted EPS was ₹4.54.

#### **Summary of Consolidated Income Statement**

(₹ in Millions)

Particulars	Q4 2023	Q4 2022	CY 2023	CY 2022
Net Revenue	40,788	54,112	180,518	209,063
Other Operating Income	218	456	897	1,048
<b>Revenue from Operations</b>	<b>41,006</b>	<b>54,568</b>	<b>181,415</b>	<b>210,111</b>
<b>Reported EBITDA</b>	<b>1,678</b>	<b>6,629</b>	<b>17,374</b>	<b>36,381</b>
<b>Adjusted EBITDA</b>	<b>2,779</b>	<b>6,895</b>	<b>20,137</b>	<b>37,545</b>
<i>Adjusted EBITDA Margin</i>	6.8%	12.6%	11.1%	17.9%
<b>Profit / (Loss) Before Tax</b>	<b>(9,794)</b>	<b>3,355</b>	<b>(4,824)</b>	<b>23,273</b>
Tax Expense, Net	995	2,095	3,138	7,503
Non-controlling Interest	399	365	1,417	1,383
<b>Reported Profit / (Loss) After Tax</b>	<b>(11,188)</b>	<b>895</b>	<b>(9,379)</b>	<b>14,387</b>
<b>Adjusted Profit / (Loss) After Tax</b>	<b>(1,960)</b>	<b>2,373</b>	<b>1,526</b>	<b>16,980</b>
Adjusted Earnings / (Loss) Per Share in (₹) *	(5.83)	7.06	4.54	50.49

\*Quarterly Earnings Per Share is not annualised.



## RAIN INDUSTRIES LIMITED

Set forth below is selected Segment information:

### Carbon

Particulars (₹ in Millions except volume data)	Q4 CY23	Q4 CY22	CY 2023	CY 2022	Variance Q4 CY23 vs Q4 CY22	Variance CY23 vs CY22
(a) Sales Volumes <sup>(1)</sup> (000 Metric Tonne)	584	617	2,315	2,430	(5.3%)	(4.7%)
(b) Net Revenue <sup>(1)</sup>	29,330	42,328	132,968	154,614	(30.7%)	(14.0%)
(c) Adjusted EBITDA <sup>(2)</sup>	2,793	7,663	17,566	34,792	(63.6%)	(49.5%)
(d) Adjusted EBITDA Margin (%)	9.5%	18.1%	13.2%	22.5%	(8.6%)	(9.3%)

### Advanced Materials

Particulars (₹ in Millions except volume data)	Q4 CY23	Q4 CY22	CY 2023	CY 2022	Variance Q4 CY23 vs Q4 CY22	Variance CY23 vs CY22
(a) Sales Volumes <sup>(1)</sup> (000 Metric Tonne)	62	56	254	310	10.7%	(18.1%)
(b) Net Revenue <sup>(1)</sup>	7,196	7,679	32,317	39,104	(6.3%)	(17.4%)
(c) Adjusted EBITDA <sup>(2)</sup>	(551)	(1,220)	1,509	1,347	54.8%	12.0%
(d) Adjusted EBITDA Margin (%)	(7.7%)	(15.9%)	4.7%	3.4%	8.2%	1.3%

### Cement

Particulars (₹ in Millions except volume data)	Q4 CY23	Q4 CY22	CY 2023	CY 2022	Variance Q4 CY23 vs Q4 CY22	Variance CY23 vs CY22
(a) Sales Volumes <sup>(1)</sup> (000 Metric Tonne)	896	807	3,238	3,124	11.0%	3.6%
(b) Net Revenue <sup>(1)</sup>	4,262	4,105	15,233	15,345	3.8%	(0.7%)
(c) Adjusted EBITDA <sup>(2)</sup>	537	452	1,062	1,406	18.8%	(24.5%)
(d) Adjusted EBITDA Margin (%)	12.6%	11.0%	7.0%	9.2%	1.6%	(2.2%)

**Notes:**

- (1) Net of inter-company and inter-segment sales.
- (2) Adjusted EBITDA is profit before Depreciation & Amortization, Impairment Loss, Interest and Tax adjusted with exceptional items, if any.



## RAIN INDUSTRIES LIMITED

### Results of Operations

#### Quarter Ended December 31, 2023, Compared to Quarter Ended December 31, 2022

- Net Revenue of ₹40.79 billion during Q4 CY23 was a decrease of ~24.6% as compared to ₹54.11 billion during Q4 CY22.
  - Carbon sales volumes during Q4 CY23 were 584 thousand metric tonnes, a decrease of 5.3% as compared to 617 thousand metric tonnes in Q4 CY22. The decrease in volumes was primarily driven by lower demand and delayed shipments. During Q4 CY23, the average blended realisation decreased by ~26.8% on account of lower market quotations across all regions. There was an appreciation of EURO against Indian Rupee by ~6.8% and an appreciation of USD against Indian Rupee by ~1.3%. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~30.7% in Q4 CY23, as compared to Q4 CY22.
  - Advanced Materials sales volumes during Q4 CY23 were 62 thousand metric tonnes, an increase of 10.7% as compared to 56 thousand metric tonnes in Q4 CY22. The increase in volumes was primarily driven by timing of maintenance shutdowns. During Q4 CY23, realisations decreased by 15.4% due to fall in commodity prices and change in product mix offset by an appreciation of EURO against Indian Rupee by ~6.8%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~6.3% during Q4 CY23, as compared to Q4 CY22.
  - Cement revenue increased by 3.8% during Q4 CY23 as compared to Q4 CY22 due to increase in volumes by 11.0% offset by decrease in realisations by 6.5%.
- During Q4 CY23, Adjusted EBITDA was ₹2,779 million, as compared to Adjusted EBITDA of ₹6,895 million achieved during Q4 CY22, a decrease of ₹4,116 million.
  - Carbon segment Adjusted EBITDA decreased by ₹4,870 million, as compared to Q4 CY22, driven by lower volumes and margin contraction due to delay in reset of raw material costs in-line with fall in finished goods prices, which was partially offset by appreciation of USD and EURO against Indian Rupee.
  - Advanced Materials segment Adjusted EBITDA increased by ₹669 million as compared to Q4 CY22 due to increased volumes, reduced energy prices and appreciation of EURO against Indian Rupee.
  - Cement segment Adjusted EBITDA increased by ₹85 million due to increased volumes and lower operating costs.
- Reconciliation of Reported EBITDA and Adjusted EBITDA is as follows:

(₹ in Millions)		
Particulars	Q4 2023	CY 2023
<b>A. Reported EBITDA</b>	<b>1,678</b>	<b>17,374</b>
<i>B. Adjustments/exceptional items:</i>		
• Inventory adjustments	183	2,514
• Expenses towards non-recurring items	410	616
• Insurance claims received related to prior periods	-	(247)
• Foreign Exchange Loss / (Gain) on Inter Company Debt Note	508	(120)
<b>C. Adjusted EBITDA (A + B)</b>	<b>2,779</b>	<b>20,137</b>



## RAIN INDUSTRIES LIMITED

- Finance costs were ₹2.45 billion during Q4 CY23 as compared to ₹1.50 billion in Q4 CY22. The increase was primarily on account of increased interest rates due to refinancing of long term-debt and appreciation of USD and EURO against Indian Rupee compared to Q4 2022 offset partially due to lower working capital borrowings.
- The Company recorded an income tax expense of ₹1.00 billion for Q4 CY23 as compared to ₹2.10 billion for Q4 CY22. The effective tax rate ("ETR") on annual basis was higher than normal range due to certain exceptional non-cash items, non-recognition of deferred tax assets in Germany and US on tax attributes.
- The Adjusted Profit / (Loss) After Tax during Q4 CY23 was ₹(1.96) billion as compared to Adjusted Profit After Tax of ₹2.37 billion during Q4 CY22.
- The Company achieved an Adjusted Earnings / (Loss) per Share of ₹(5.83) during Q4 CY23 as compared to Adjusted Earnings per Share of ₹7.06 during Q4 CY22.
- Reconciliation of Reported Profit / (Loss) After Tax and Adjusted Profit / (Loss) After Tax is as follows:

(₹ in Millions)

Particulars	Q4 2023	CY 2023
<b>A. Reported Profit / (Loss) After Tax</b>	<b>(11,188)</b>	<b>(9,379)</b>
<i>B. Adjustments/Exceptional items:</i>		
• Inventory adjustments	183	2,514
• Non-cash impairment charge <sup>(1)</sup>	7,506	7,506
• Expenses towards non-recurring items	410	616
• Insurance claims received related to prior periods	-	(247)
• Foreign Exchange Loss / (Gain) on inter-company Debt Note	508	(120)
• Charge-off of deferred finance cost	-	319
• Tax impact on above adjustments	(262)	(683)
• Non-recurring tax adjustments	883	1,000
<b>C. Adjusted Profit / (Loss) After Tax (A + B)</b>	<b>(1,960)</b>	<b>1,526</b>

<sup>(1)</sup>During the recent quarters, the Group has seen confluence of geopolitical situations, macroeconomic factors, including rising interest rates and volatility in energy costs impacting the economic environment in which all our Five Cash Generating Units ("CGUs") operate. Considering these uncertainties, the Group has undertaken rigorous assessment of its impact on each CGU. Due to these macroeconomic factors, the recoverable values in two of its CGUs are below their carrying-values due to significant increase in cost of capital during the current year and increase in operating costs. Considering the recoverable amounts based on fair value less cost of disposal and value-in-use estimates, the Group recognised a non-cash impairment charge towards Goodwill, amounting to ₹ 5,607 million in Carbon – Calcination and ₹ 1,712 million in Carbon – Distillation, as on December 31, 2023. On February 15, 2024, Commission for Air Quality Management, New Delhi has issued order giving relief to the petcoke import restrictions which was also considered in determining the impairment charge. There could be increase in capacity utilisation and higher sales volumes which could result in improvement in performance of CGU of Carbon - Calcination. However, the Group would take additional time to implement the revised business strategy and the same is subject to normal implementation risks. Further, there is an additional impairment of Capital Project Work-in-progress of ₹ 187 million during the quarter.



## RAIN INDUSTRIES LIMITED

### /Debt Summary

As at December 31, 2023, the Company had a Gross Debt of US\$ 1,067 million (including Working Capital Debt of US\$ 102 million), Cash and cash equivalents of US\$ 268 million (including restricted cash), Unamortised Deferred Finance Cost of US\$ 21 million and Net Debt of US\$ 778 million.

(US\$ <sup>(1)</sup> in Millions)

Particulars	As on Dec. 31, 2023	As on Dec. 31, 2022	Repayment Terms
USD-denominated Senior Secured Notes	50	530	Matures in Apr 2025
USD-denominated Senior Secured Notes	450	-	Matures in Sep 2029
Euro-denominated Senior Secured Term Loan <sup>(2&amp;3)</sup>	380	415	Matures by Oct 2028
Senior Bank Debt and other debt	22	23	Matures in Nov 2025
Liability towards Right-of-use of Assets	63	61	Finance leases
<b>Gross Term Debt</b>	<b>965</b>	<b>1,029</b>	
Add: Working Capital Debt	102	152	
Less: Deferred Finance Cost	21	6	
<b>Total Debt</b>	<b>1,046</b>	<b>1,175</b>	
Less: Cash and cash equivalents <sup>(4)</sup>	268	217	
<b>Net Debt</b>	<b>778</b>	<b>958</b>	

(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 €343.5 million converted at USD/EURO rates of 1.11 as of Dec. 31, 2023.

(3) Debt of €390 million converted at USD/EURO rates of 1.06 as of Dec. 31, 2022.

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

During the year ended December 31, 2023, the Company incurred capital expenditures of US\$72 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 October 2028.



## RAIN INDUSTRIES LIMITED

### 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	Q4 CY23	Q4 CY22	CY 2023	CY 2022	Variance Q4 CY23 vs Q4 CY22	Variance CY23 vs CY22
Indian Rupee / US Dollar	83.27	82.20	82.60	78.60	(1.3%)	(5.1%)
Indian Rupee / Euro	89.56	83.88	89.32	82.72	(6.8%)	(8.0%)
Russian Ruble / US Dollar	92.77	63.12	85.33	69.70	(47.0%)	(22.4%)
Canadian Dollar / Euro	1.47	1.39	1.46	1.37	(5.8%)	(6.6%)

Closing Rate of Exchange	Q4 CY23	Q4 CY22	CY 2023	CY 2022	Variance Q4 CY23 vs Q4 CY22	Variance CY23 vs CY22
Indian Rupee / US Dollar	83.12	82.79	83.12	82.79	(0.4%)	(0.4%)
Indian Rupee / Euro	92.00	88.15	92.00	88.15	(4.4%)	(4.4%)
Russian Ruble / US Dollar	90.13	71.87	90.13	71.87	(25.4%)	(25.4%)
Canadian Dollar / Euro	1.46	1.44	1.46	1.44	(1.4%)	(1.4%)



## RAIN INDUSTRIES LIMITED

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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 several 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.*