RAIN INDUSTRIES LIMITED

Earnings Presentation – Q1 CY23

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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.

Results for First Quarter - 2023

Financial Highlights

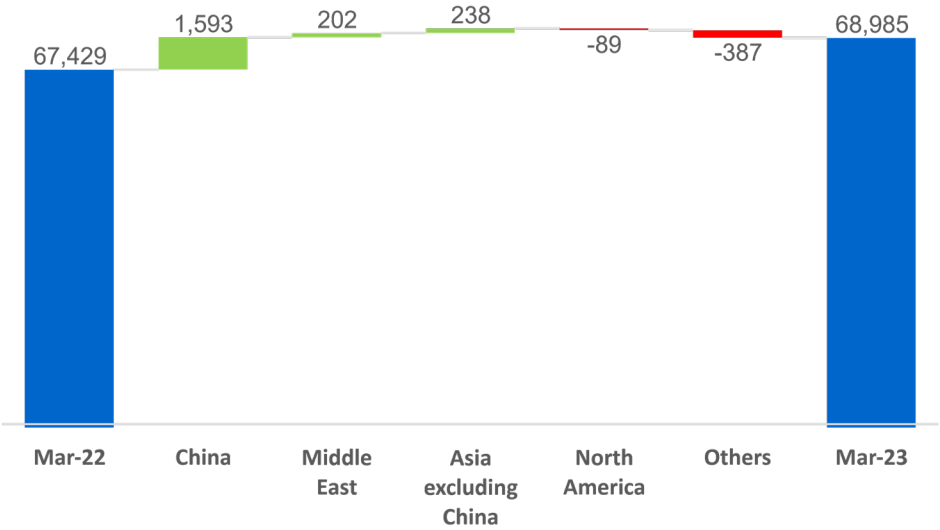
- Revenue from Operations was ₹ 52.54 billion and Adjusted EBITDA was ₹ 6.85 billion
- Adjusted Net Profit After Tax was ₹ 2.15 billion and Adjusted Earnings Per Share was ₹ 6.38
- Capital expenditures of US$ 22 million for the three-month period ended March 31, 2023

Business Highlights

- Quarterly performance reverting slowly back to the “old normal” with regular margins
- Steep decline in finished goods prices during April 2023 resulted in inventory adjustment
- Advanced Materials segment results turned to positive due to softening of energy prices
- Cement segment profit impacted due to decline in realisations coupled with higher energy costs

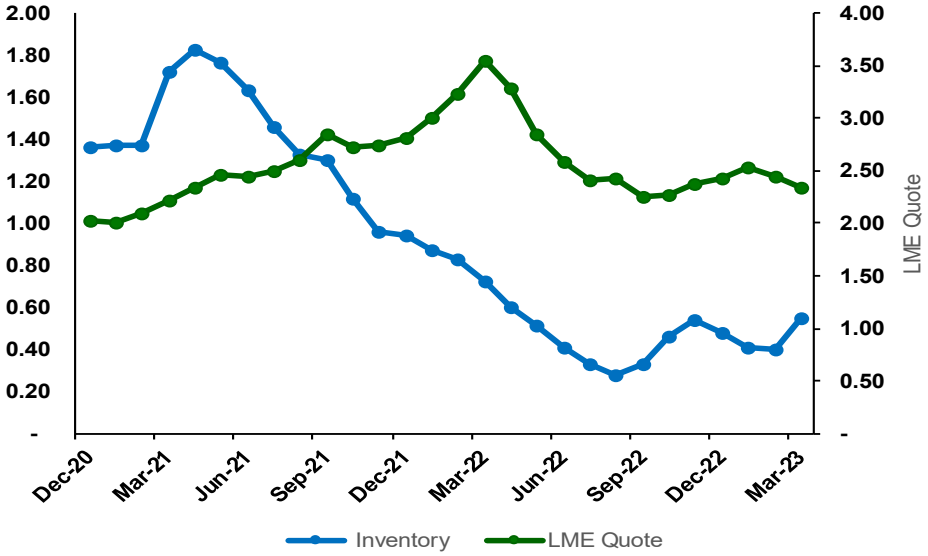
Aluminium: Production, Price and Inventory Levels

Primary Aluminium Production Growth in Thousand Tonnes



Not to Scale

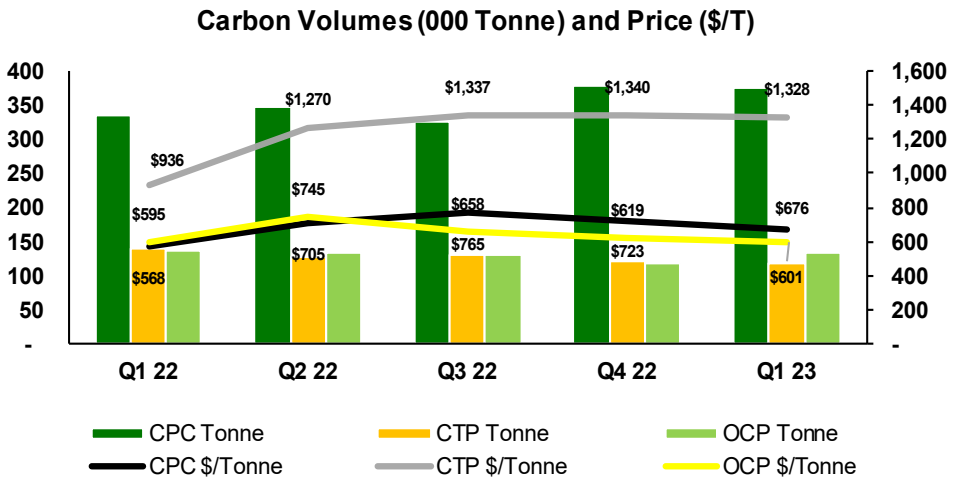
LME AL Inventory (Million MT) vis-à-vis LME AL Quote (000 US$ per MT)



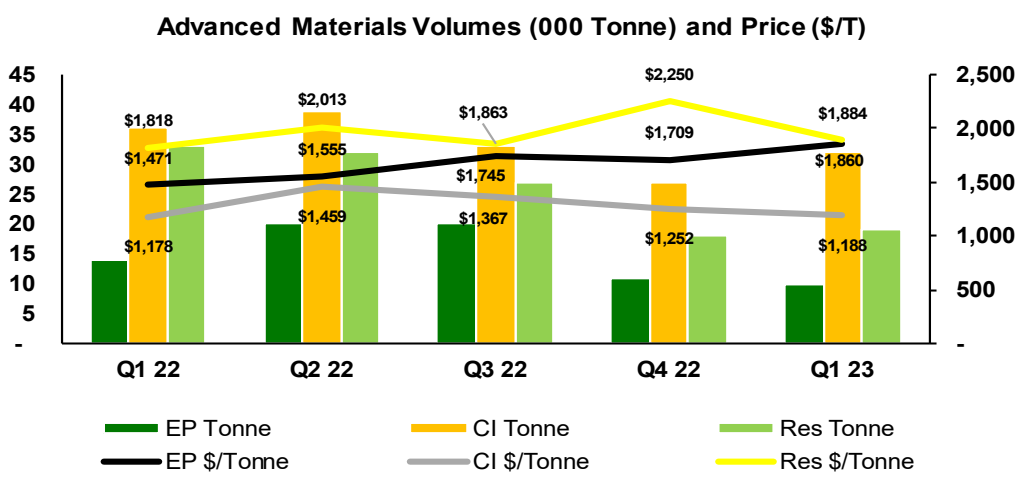
- Aluminium 3-month LME seller's price last trading at ~ US$ 2,350 per tonne

LME prices were in the range of $2,242 to $2,635 during Q1 2023.

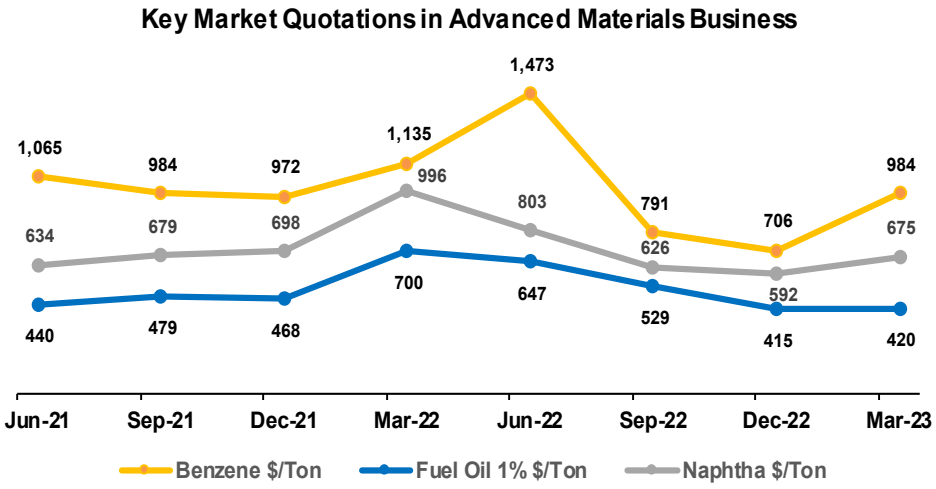
Growing Demand, Increasing Prices and Costs

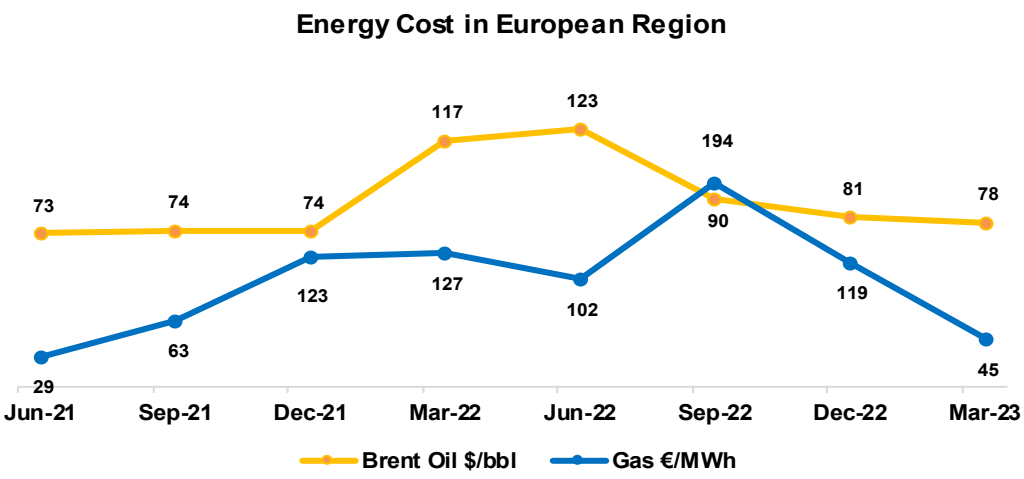


CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products



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

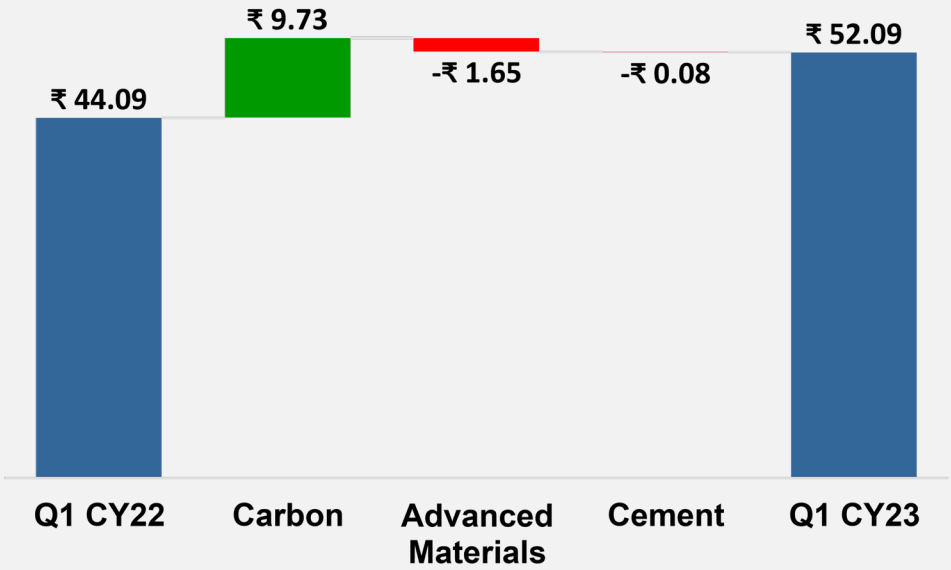




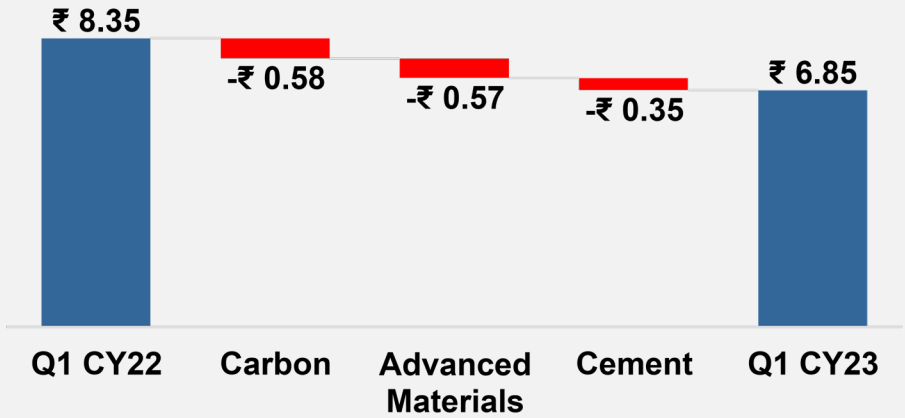
Realisations increased during Q1 enabling recovery of increased raw materials costs.
Gas prices further reduced during the quarter.

Segment Volumes Mixed, with Higher Costs Driving Margins Back to Historical Normal

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

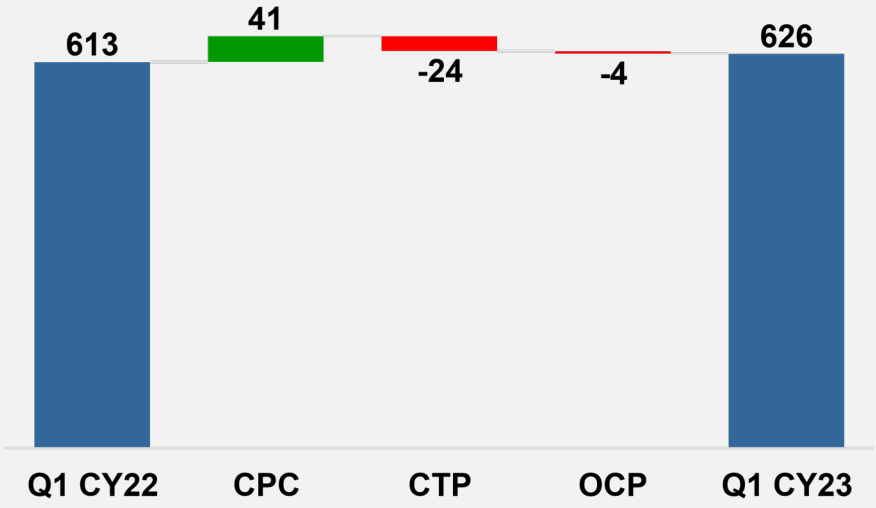
Highlights in Q1 CY23

- Carbon segment revenue increase driven by higher prices on account of higher raw material costs and operating costs
- Advanced Materials segment revenue declined due to lower volumes driven by lower production
- Cement segment revenue decreased due to lower volumes and lower realisations
- Margins trending towards old normal levels due to prices of raw materials catching up with prices of finished goods

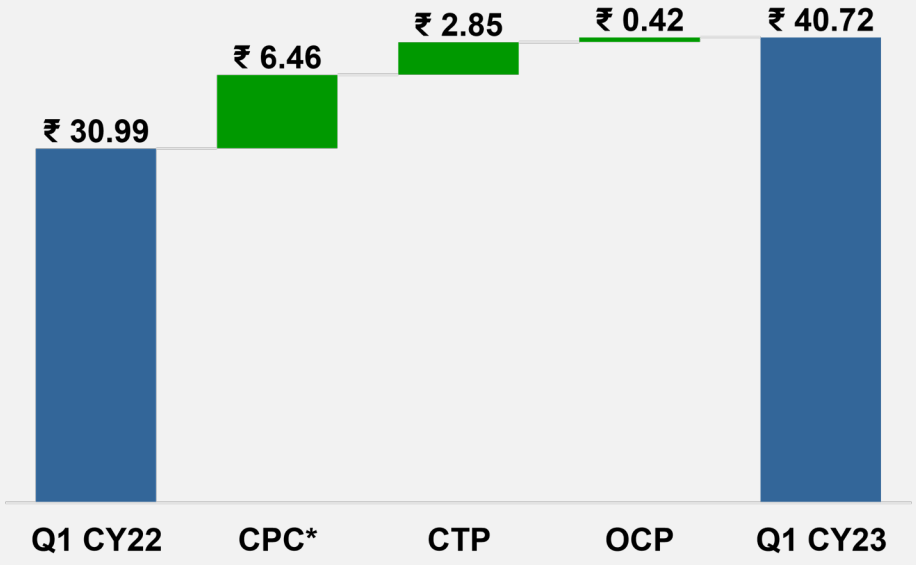
Note: Charts not to scale

Carbon: Significant Increase in Revenue Driven by Pricing

(₹ in Billions)



Volumes (MT in thousands)



**Includes Energy Revenue*

Revenue (excluding other operating income)

Highlights in Q1 CY23

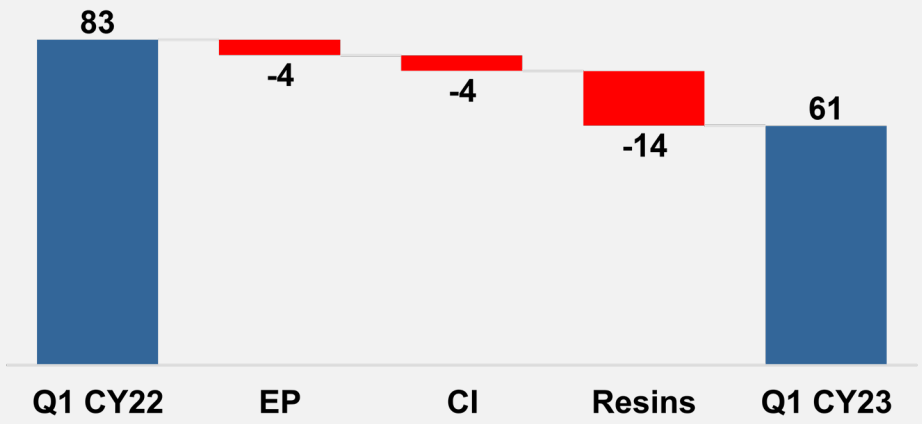
- CPC revenue increased primarily on account of prices reaching to peak levels driven by increased raw material prices and increased volumes
- Pitch revenue increased due to higher prices resulting from increased raw material prices and operating costs offset by lower volumes driven by lower throughputs
- Other Carbon Products revenue increased due to price increases driven by fuel-oil quotations offset by lower volumes as a result of lower throughputs

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

Note: Charts not to scale

Advanced Materials: Impacted by Lower Volumes

(₹ in Billions)



Volumes (MT in thousands)

Revenue (excluding other operating income)

Highlights in Q1 CY23

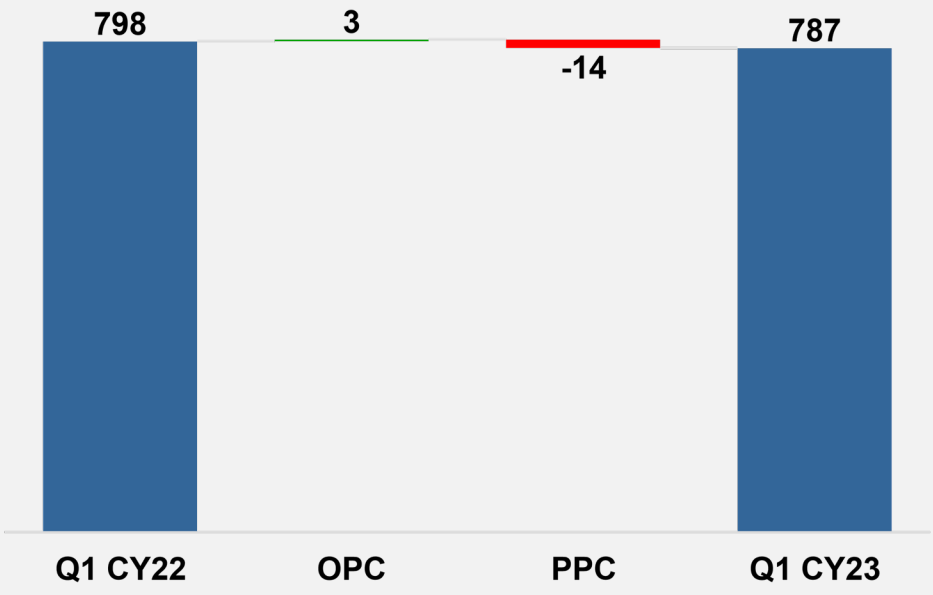
- Decrease in volumes driven by lower production on account of closure of aromatic chemicals business and temporary shutdowns of facilities, for optimizing energy consumption
- Adjusted EBITDA turned to positive during the quarter due to marginal reduction in energy prices

EP – Engineered Products; CI – Chemical Intermediates

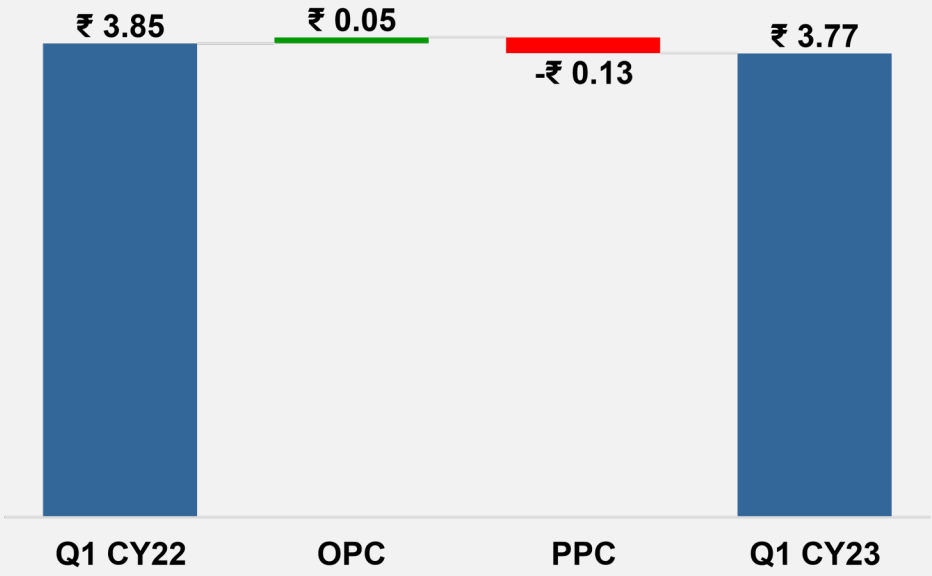
Note: Charts not to scale

Cement: Flat Revenues and Volumes

(₹ in Billions)



Volumes (MT in thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY23

- Revenue from Cement business decreased by 2% primarily due to lower volumes
- Adjusted EBITDA decreased by ₹ 346 million due to higher energy costs

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Debt Summary

US$ in Millions	Mar 2023	Dec 2022
7.25% USD-denominated Senior Secured Notes (due in April 2025)	530	530
Euro-denominated Senior Secured Term Loan (due in January 2025) *	425	415
Senior Bank Debt	20	20
Sales Tax Deferment	3	3
Finance Lease Liability	64	61
Gross Term Debt	**1,042**	**1029**
Add: Working Capital Debt	146	152
Less: Deferred Finance Cost	5	6
Total Debt	**1,183**	**1,175**
Less: Cash and Cash Equivalents	293	217
Net Debt	**890**	**958**
LTM Adjusted EBITDA	452	478

* Debt of €390 million converted at EURO/USD exchange rates of 1.09 and 1.06 as at March 31, 2023, and Dec. 31, 2022, respectively

Cash Inflows / Outflows during Q1 2023

- Operating cash flows includes net working capital inflows of ₹ 6.76 billion (compared to outflows of ₹ 6.42 billion in Q1 2022) due to realisation of trade receivables and reduction in inventory levels.
- Capital expenditure of ₹ 1.78 billion (US$ 22 million) during the quarter.
- Net cash used in financing activities of ₹ 3.08 billion during the quarter majorly includes outflow of ₹ 2.23 billion towards interest and repayment of borrowings of .₹ 0.85 billion.

(₹ in millions)

Particulars	Q1 2022	Q1 2021
Operating Activities	11,122	852
Investing Activities	(1,572)	(1,576)
Financing Activities	(3,081)	(752)

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q1 2023	Q4 2022	Q1 2022	CY 2022
Net Revenue	52,093	54,112	44,093	209,063
Other Operating Income	442	456	273	1048
Revenue from Operations	**52,535**	**54,568**	**44,366**	**210,111**
Reported EBITDA	**5,370**	**6,629**	**7,986**	**36,381**
Adjusted EBITDA	**6,846**	**6,895**	**8,348**	**37,545**
Adjusted EBITDA Margin	*13.0%*	*12.6%*	*18.8%*	*17.9%*
Profit Before Tax	**2,030**	**3,355**	**4,904**	**23,273**
Tax Expense, net	612	2,095	1,765	7,503
Non-controlling Interest	365	365	365	1,383
Reported Profit / (Loss) After Tax	**1,053**	**895**	**2,774**	**14,387**
Adjusted Profit After Tax	**2,145**	**2,373**	**3,044**	**16,980**
Adjusted Earnings Per Share (in ₹)*	6.38	7.06	9.05	50.49

Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT for Q1 2023

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	**5,370**	**1,053**
B. Adjustments:		
- Inventory adjustments	1,703	1,703
- Insurance claims relating to prior periods	(247)	(247)
- Expenses towards strategic projects and other non-recurring items	20	20
- Tax impact on above adjustments	-	(385)
C. Adjusted (A + B)	**6,846**	**2,145**

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.