RAIN INDUSTRIES LIMITED

RIL/SEs/2019 May 8, 2019

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 first quarter ended on March 31, 2019.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S.V.R. Reddy

S. Venkat Ramana Reddy
Company Secretary

Regd. Office: Rain Center
34, Srinagar Colony
Hyderabad 500073
Telangana, India

Phone: +91 (40) 40401234
Fax: +91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

RAIN INDUSTRIES LIMITED

Earnings Presentation – Q1 CY19

Investor Relations Contact:

INDIA: Anil Kumar Upadhyay

Board: +91 40 4040 1234, Direct: +91 40 4234 9855

Email: Anil.Upadhyay@raincarbon.com

US: Ryan Tayman

Board:+1 203 406 0535, Direct: +1 203 5172 822

Email: Ryan.Tayman@raincarbon.com

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.

First-Quarter Summary

Financial Highlights

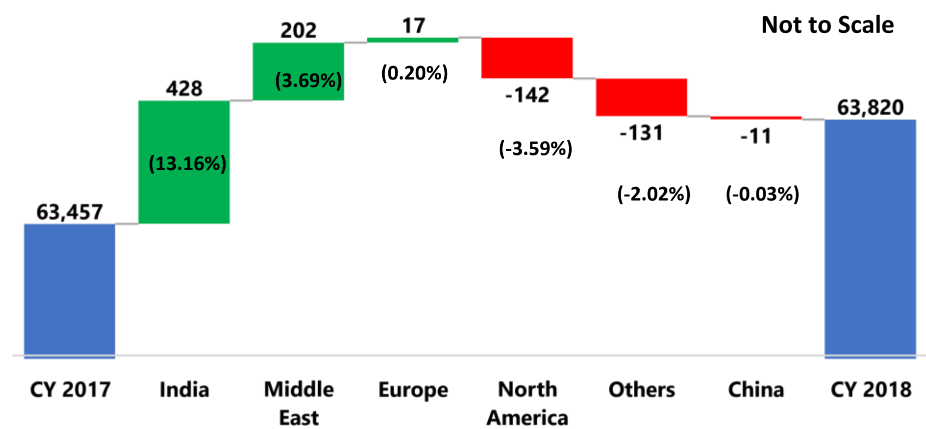
- Revenue from Operations is ₹32.0 billion and Adjusted EBITDA is ₹3.6 billion.
- Adjusted Net Profit After Tax is ₹0.7 billion and Adjusted Earnings Per Share is ₹2.2.
- Strong Cash of ₹10.5 billion to fund CAPEX projects and meet debt obligations in the near-term.

Business Highlights

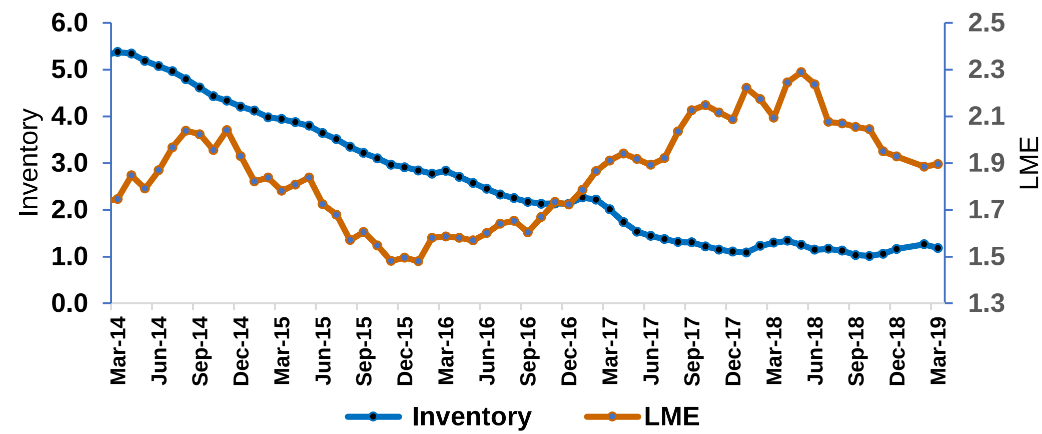
- Performance of calcination business trending toward normalised levels with expensive raw materials expected to be flushed through system by Q2 2019
- Restrictions on imports of petcoke in India still affecting Carbon segment performance, impacting the ability to compete with Asian markets and resulting in underutilization of US calcination plants
- Advanced Materials segment impacted by weakness in construction industry and European automotive industry
- Cement business performance improved due to increase in sales volumes in all major markets

Market Update

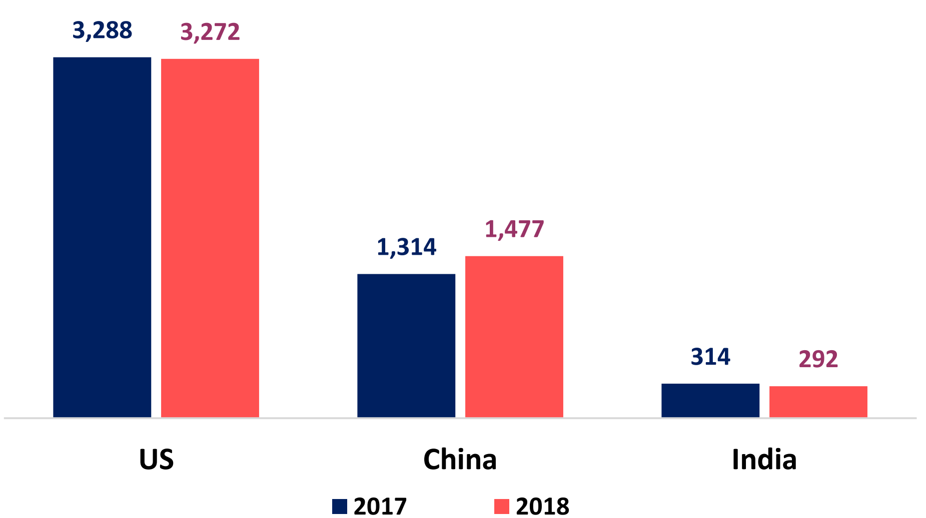
Primary Aluminium Production Growth in Thousand Metric Tons



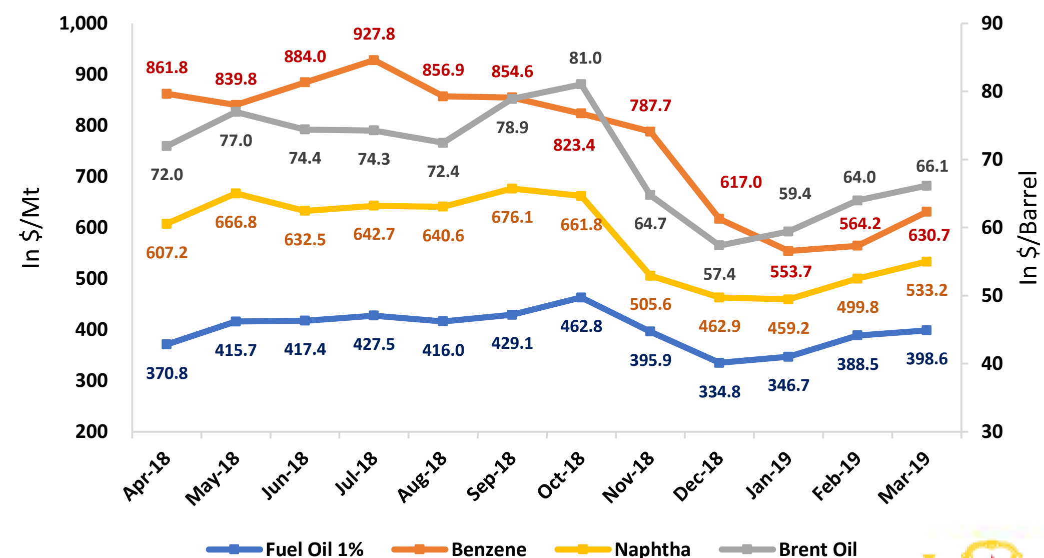
LME Inventory (Million MT) vis-à-vis **LME** (000 US$ per MT)



CPC Exports in Thousand Metric Tons



Price Trends of Key Drivers in Advanced Materials Business



Aluminium Market Update

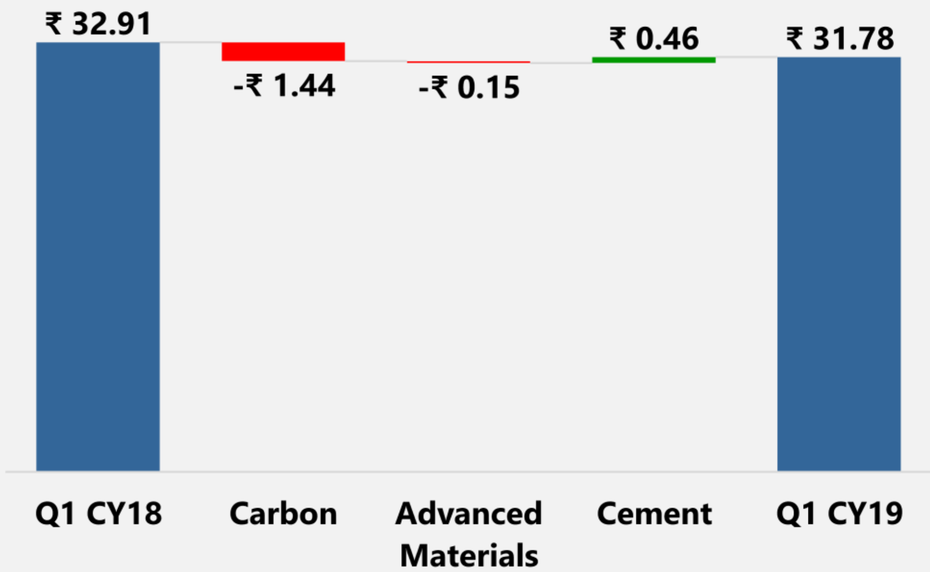
- Downward trend of LME aluminium pricing during Q1 2019 expected to continue in medium-term
- Current level of global inventory days of primary aluminium consumption in 2019 estimated to be lowest in decades
- Weaker demand for aluminium during Q1 CY19 from major end-use markets such as auto and construction sectors in Western world
- Primary production of aluminium outside of China (ROW) expected to increase in 2019 due to expansions in Middle East and restarts in US
- Growth in global aluminium demand for 2019 estimated at 2-3%, due to lower demand in China predominantly from transportation and electrical sectors
- Sanctions on RUSAL lifted by United States in January 2019
- US attempts to replace tariffs on imports from Canada and Mexico with quotas for metal import could be unfavourable to North American metal industry
- RUSAL announced investment in new aluminium facility in Kentucky, US
- Alcoa curtailed 124,000 tons smelting capacity in Spain

Update on Petcoke Import Ban in India

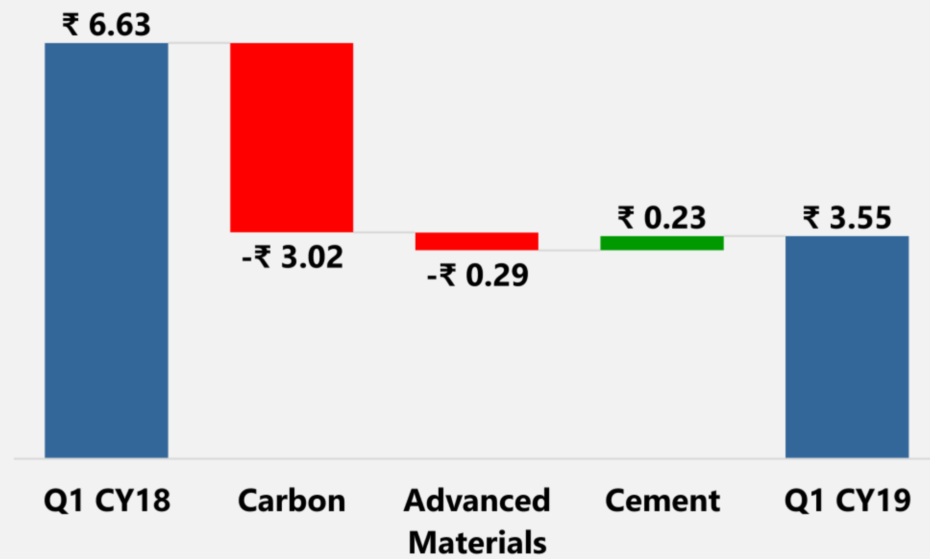
- During Q1 2019, RAIN was allocated additional GPC of 33,680 tons from volumes surrendered by other calciners making total allocation of 287,019 tons for the period from Oct.'18 to Mar.'19
- 553,574 tons allotted to the Company for the period from Apr.'19 to Mar.'20
- Started procuring GPC from domestic refineries for increased capacity utilisation
- DGFT didn't allocate any GPC or CPC for expansion projects:
  - Alternative for aluminum smelters: import ready-made anodes (mostly from China) to cover incremental need.
  - Alternative for calciners: find alternative raw material sources (including India) & methods to lengthen imported raw material volumes
- The Company is evaluating all available options for contesting the approach followed by DGFT for allocation of GPC including approaching the Hon'ble Supreme Court.
- Continuous R&D in place for evaluating the use of alternate materials available domestically and internationally

Consolidated Performance – Q1 CY19

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

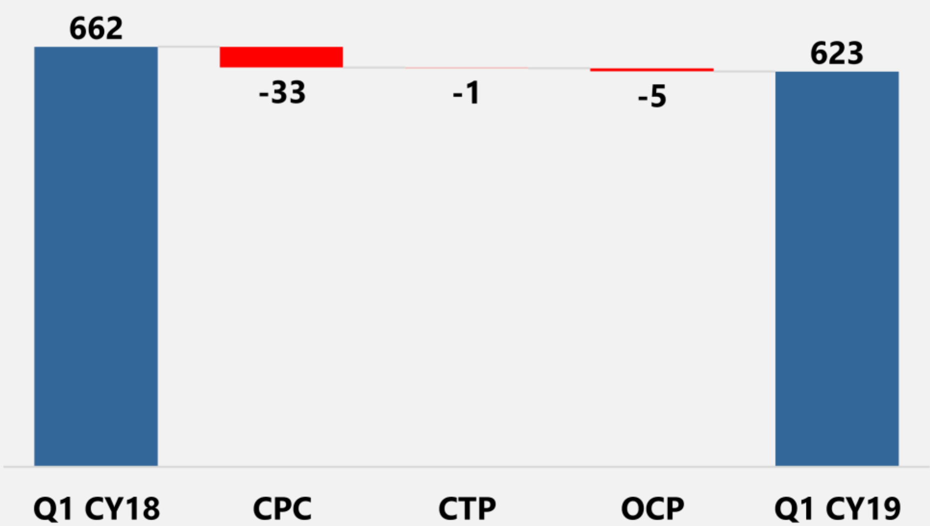
Highlights in Q1 CY19

- Carbon segment affected by CPC import ban and GPC import limitations in India
- Appreciation of USD and Euro against INR partially offset the impact of a decline realisations in some of the products of Carbon and Advanced Materials segments
- Overall performance declined due to lower volumes, lower realisations and increased raw material costs in Carbon and Advanced Materials segments

Note: Charts Not to scale

Carbon Business Performance – Q1 CY19

(₹ in Billions)



Sales Volumes (tons in thousands)

*Includes Energy Revenue

Revenue (excluding other operating income)

Highlights in Q1 CY19

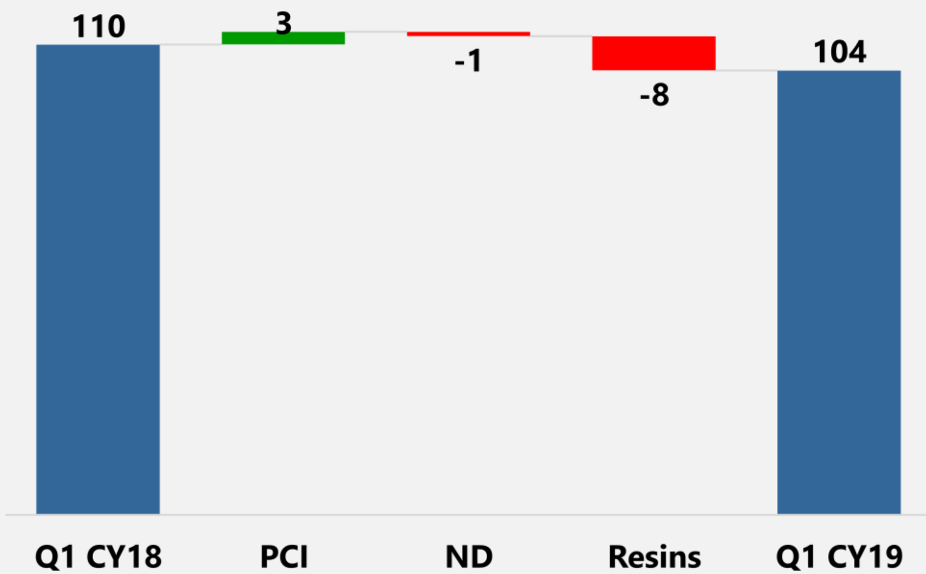
- Decrease in CPC revenue due to decreased prices in Asian markets and price pressure in North America resulting from delayed start of smelters. Volume fall primarily related to timing of export shipments and reduced demand from non-aluminum industries
- Decrease in pitch revenue primarily driven by change in market conditions
- Adjusted EBITDA decrease of ₹3.0 billion was due to reduced selling prices and margins coupled with lower volumes and underutilization of US plants

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

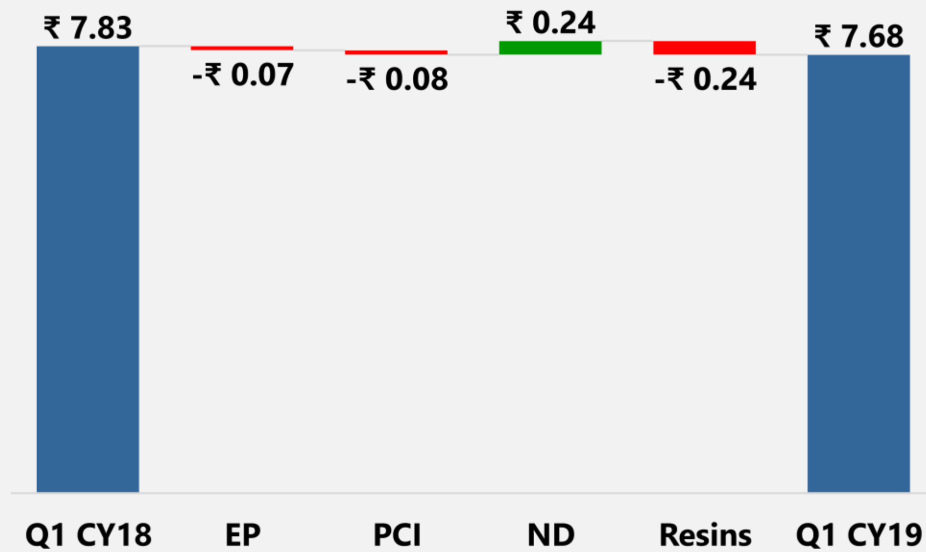
Note: Charts Not to scale

Advanced Materials Business Performance – Q1 CY19

(₹ in Billions)



Sales Volumes (tons in thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY19

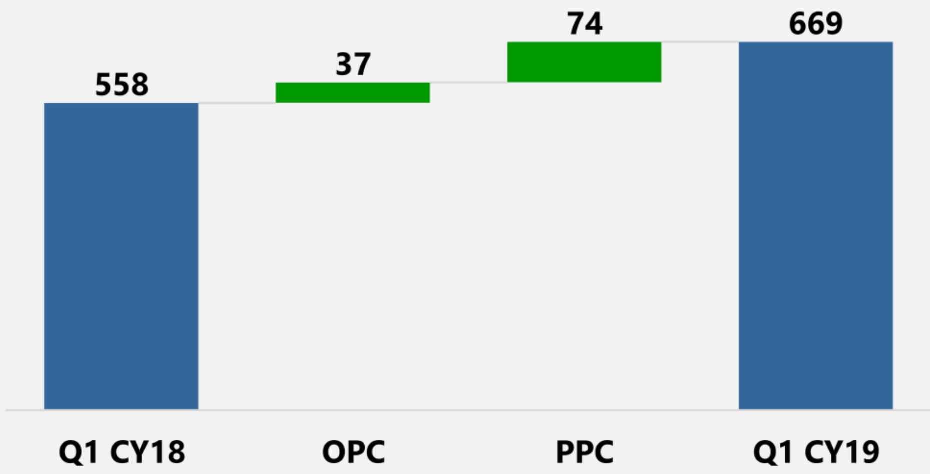
- Revenue marginally decreased due to the offset of improved realisations by a decrease in volumes
- Lower volumes in resins business due to reduced production and demand from automotive industry
- Adjusted EBITDA decreased by approximately ₹0.3 billion due to a time lag of finished product and raw material price resets

EP – Engineered Products; PCI – Petro Chemicals Intermediates; ND – Naphthalene Derivates

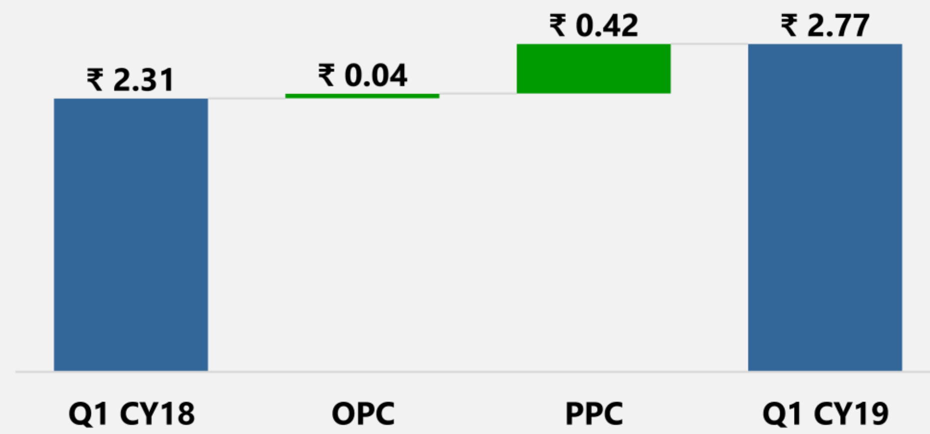
Note: Charts Not to scale

Cement Performance – Q1 CY19

(₹ in Billions)



Sales Volumes (tons in thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY19

- Revenue from Cement business increased by 20.0% due to increase in volumes and realisations
- Sales volumes increased across all markets except Odisha, Kerala and Goa.
- Adjusted EBITDA from Cement business in Q1 CY19 increased by ₹0.2 billion due to higher volumes

OPC – Ordinary Portland Cement;   PPC – Portland Pozzolana Cement

Note: Charts Not to scale

Consolidated Debt Position

$ in Millions	Mar.'19	Dec.'18
Senior Secured Notes		
- 7.25% USD Bonds (due in April 2025)	550	550
Euro Term Loan B (due in January 2025)	438	446
Other Term Debt	63	64
Gross Term Debt	**1,051**	**1,060**
Add: Working Capital	47	72
Gross Debt	**1,098**	**1,132**
Less: Cash and Bank Balances	151	122
Less: Deferred Finance Cost	16	17
Net Debt	**931**	**993**
LTM Adjusted EBITDA	265	318

Highlights in Q1 CY19

- Cash and bank balance of $151 million and unutilised working capital facilities of $166 million.
- Capital expenditure of ₹2.5 billion (~$35 million) during Q1 CY19 includes $19.3 million spent on our two major projects under construction – a hydrogenated hydrocarbon resins production facility in Germany and a vertical-shaft calciner in India – as well as expenditure for other expansion projects.
- Net cash used in financing activities of ₹2.1 billion during Q1 CY19 includes ₹1.8 billion of net outflows for the repayment of borrowings. Balance ₹0.3 billion is toward interest payments.

INR in Million	Q1 CY19	CY 2018
Operating Activities	6,284	17,144
Investing Activities	(2,441)	(10,324)
Financing Activities	(2,056)	(6,186)

Appendix

Summary of Statement of Operations

₹ in Millions

Particulars	Q1 2019	Q4 2018	Q1 2018	CY 2018
Net Revenue	31,776	34,280	32,911	139,608
Other Operating Income	189	161	157	882
Revenue from Operations	**31,965**	**34,441**	**33,068**	**140,490**
Adjusted EBITDA	**3,551**	**2,350**	**6,627**	**21,471**
Adjusted EBITDA Margin	*11.1%*	*6.8%*	*20.0%*	*15.3%*
Profit (Loss) before share of profit of associates, exceptional items and tax	**1,304**	**(1,503)**	**4,060**	**9,948**
Add: Share of Profit of Associates, net of income tax	-	9	-	9
Profit (Loss) Before Tax	**1,304**	**(1,494)**	**4,060**	**9,957**
Tax Expense (Benefit)	372	(215)	1,403	3,643
Non-controlling Interest	244	113	145	497
Net Profit (Loss) After Tax	**688**	**(1,392)**	**2,512**	**5,817**
Adjusted Net Profit (Loss) After Tax	**724**	**(135)**	**2,512**	**7,305**
Adjusted Earnings (Loss) Per Share in (₹)*	2.2	(0.4)	7.5	21.7

Quarterly EPS is not annualized.

Reconciliation of EBITDA and PAT for Q1 CY19

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	**3,518**	**688**
B. Adjustments:		
• Reorganisation costs on account of closing of certain facilities in Europe	(33)	(30)
• Certain insurance claims received during the quarter related to prior periods	(46)	(35)
• On account of strategic project expenses at our European operations	112	101
C. Adjusted (A + B)	**3,551**	**724**

RAIN – Key Business Strengths

- Three business verticals (Carbon, Advanced Materials and Cement)
- Global presence with 2.1 million tons p.a. calcination capacity, 1.0 million tons p.a. CPC blending capacity, 1.3 million tons p.a. coal tar distillation capacity, 0.7 million tons p.a. advanced materials capacity and 4.0 million tons 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 132 MW co-generated energy capacity
- Refinancing at lower interest rate during January 2018
- Experienced international management team
- Strategy shift from low-margin products to favourable product mix

RAIN Group continues to grow on its core competencies.

Thank You