



RAIN INDUSTRIES LIMITED

Press Release

August 6, 2024

Results for the second quarter ended June 30, 2024

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its unaudited financial results for the second quarter ended June 30, 2024.

Financial Highlights for Q2 CY 24

- Revenue from Operations was ₹40.94 billion vs ₹46.27 billion in Q2 2023
- Adjusted EBITDA was ₹4.90 billion vs ₹6.75 billion in Q2 2023
- Adjusted Net Profit After Tax was ₹0.07 billion vs ₹1.91 billion in Q2 2023
- Adjusted Earnings per share was ₹0.21 vs ₹5.67 in Q2 2023

Summary of Consolidated Statement of Profit and Loss

(₹ in Millions)

Particulars	Q2 2024	Q1 2024	Q2 2023	CY 2023
Net Revenue	40,558	36,570	46,206	180,518
Other Operating Income	384	132	65	897
Revenue from Operations	40,942	36,702	46,271	181,415
Reported EBITDA	4,011	3,466	6,499	17,374
Adjusted EBITDA	4,903	3,258	6,750	20,137
<i>Adjusted EBITDA Margin</i>	<i>12.0%</i>	<i>8.9%</i>	<i>14.6%</i>	<i>11.1%</i>
Profit / (Loss) Before Tax	(22)	(339)	3,135	(4,824)
Tax Expense, Net	427	826	1,069	3,138
Non-controlling Interest	330	294	409	1,417
Reported Profit / (Loss) After Tax	(779)	(1,459)	1,657	(9,379)
Adjusted Profit / (Loss) After Tax	70	(1,617)	1,908	1,526
Adjusted Earnings / (Loss) Per Share in (₹) *	0.21	(4.81)	5.67	4.54

*Quarterly Earnings Per Share are not annualised.



RAIN INDUSTRIES LIMITED

Set forth below is selected Segment information:

Carbon

Particulars (₹ in Millions except volume data)	Q2 CY24	Q1 CY24	Q2 CY23	CY 2023	Variance Q2 CY24 vs Q1 CY24	Variance Q2 CY24 vs Q2 CY23
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)	615	511	560	2,315	20.4%	9.8%
(b) Net Revenue ⁽¹⁾	27,951	24,687	33,532	132,968	13.2%	(16.6%)
(c) Adjusted EBITDA ⁽²⁾	3,812	2,474	5,591	17,566	54.1%	(31.8%)
(d) Adjusted EBITDA Margin (%)	13.6%	10.0%	16.7%	13.2%	3.6%	(3.1%)

Advanced Materials

Particulars (₹ in Millions except volume data)	Q2 CY24	Q1 CY24	Q2 CY23	CY 2023	Variance Q2 CY24 vs Q1 CY24	Variance Q2 CY24 vs Q2 CY23
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)	79	69	63	254	14.5%	25.4%
(b) Net Revenue ⁽¹⁾	9,400	8,213	8,934	32,317	14.5%	5.2%
(c) Adjusted EBITDA ⁽²⁾	1,054	616	1,063	1,509	71.1%	(0.8%)
(d) Adjusted EBITDA Margin (%)	11.2%	7.5%	11.9%	4.7%	3.7%	(0.7%)

Cement

Particulars (₹ in Millions except volume data)	Q2 CY24	Q1 CY24	Q2 CY23	CY 2023	Variance Q2 CY24 vs Q1 CY24	Variance Q2 CY24 vs Q2 CY23
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)	751	806	806	3,238	(6.8%)	(6.8%)
(b) Net Revenue ⁽¹⁾	3,207	3,670	3,740	15,233	(12.6%)	(14.3%)
(c) Adjusted EBITDA ⁽²⁾	37	168	96	1,062	(78.0%)	(61.5%)
(d) Adjusted EBITDA Margin (%)	1.2%	4.6%	2.6%	7.0%	(3.4%)	(1.4%)

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.



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Management Discussion and Analysis

Quarter Ended June 30, 2024, Compared to Quarter Ended June 30, 2023

- Net Revenue of ₹40.56 billion during Q2 CY24 was a decrease of ~12.2% as compared to ₹46.21 billion during Q2 CY23.
 - Carbon segment sales volumes during Q2 2024 were 615 thousand metric tonnes, an increase of 9.8% as compared to 560 thousand metric tonnes in Q2 2023. The increase in volumes was primarily driven by higher CPC volumes due to restocking by Asian and Middle Eastern customers during current quarter after destocking in Q1 2024 and the preponing of certain CTP shipments from Q3 into current quarter. During Q2 2024, the average blended realisation decreased by ~24.1% on account of lower market quotations across all regions. There was an appreciation of the Euro against the Indian Rupee by ~0.4% and an appreciation of US Dollar against the Indian Rupee by ~1.5%. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~16.6% in Q2 2024, as compared to Q2 2023.
 - Advanced Materials segment sales volumes during Q2 2024 were 79 thousand metric tonnes, an increase of 25.4% as compared to 63 thousand metric tonnes in Q2 2023. The increase in volumes was primarily driven by BTX sales, in-line with the quarterly trend, and higher HHCR volumes due to the Red Sea crisis impacting Asian supplies. During Q2 of 2024, realisations decreased by 16.1%, due to fall in commodity prices offset by an appreciation of the Euro against the Indian Rupee by ~0.4%. Due to the aforesaid reasons, revenue from the Advanced Materials segment increased by ~5.2% during Q2 2024, as compared to Q2 2023.
 - Cement segment revenue decreased by 14.3% during Q2 2024 as compared to Q2 2023 due to decrease in realisations by 8.0% and decrease in volumes by 6.8%.
- During Q2 2024, Adjusted EBITDA was ₹4,903 million, as compared to ₹6,750 million achieved during Q2 2023, a decrease of ₹1,847 million.
 - Carbon segment Adjusted EBITDA decreased by ₹1,779 million, as compared to Q2 2023, primarily due to delay in raw material cost resets in-line with fall in finished goods prices, which was partially offset by increased volumes and appreciation of the US Dollar and Euro against the Indian Rupee.
 - Advanced Materials segment Adjusted EBITDA decreased by ₹9 million as compared to Q2 2023 due to decreased realisations offset by increased volumes and appreciation of the Euro against the Indian Rupee.
 - Cement segment Adjusted EBITDA decreased by ₹59 million due to decreased realisations coupled with increase in operating costs.



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- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q2 CY24 is as follows:

(₹ in Millions)

Particulars	Q2 2024
A. Reported EBITDA	4,011
<i>B. Adjustments/exceptional items:</i>	
• Provision for severance payments in Germany	716
• Expenses towards non-recurring items	309
• Foreign Exchange Loss / (Gain) on inter-company Debt Note	(133)
C. Adjusted EBITDA (A + B)	4,903

- Finance costs were ₹2.45 billion during Q2 2024 as compared to ₹1.69 billion in Q2 2023. The increase was primarily on account of increased interest rates due to refinancing of long term-debt during Q3 2023, market rate increases and appreciation of the US Dollar and Euro against the Indian Rupee compared to Q2 2023.
- The Company recorded an income tax expense of ₹0.43 billion for Q2 2024 as compared to ₹1.07 billion for Q2 2023. The effective tax rate ("ETR") was higher than normal range due to non-recognition of deferred tax assets in Germany and US on tax attributes.
- The Adjusted Profit After Tax during Q2 2024 was ₹ 0.07 billion as compared to Adjusted Profit After Tax of ₹1.91 billion during Q2 2023.
- The Company achieved an Adjusted Earnings per Share of ₹ 0.21 during Q2 2024 as compared to Adjusted Earnings per Share of ₹5.67 during Q2 2023.
- Reconciliation of Reported Profit / (Loss) After Tax and Adjusted Profit / (Loss) After Tax for Q2 2024 is as follows:

(₹ in Millions)

Particulars	Q2 2024
A. Reported Profit / (Loss) After Tax	(779)
<i>B. Adjustments/Exceptional items:</i>	
• Provision for severance payments in Germany	716
• Expenses towards non-recurring items	309
• Foreign Exchange Loss / (Gain) on inter-company Debt Note	(133)
• Tax impact on above adjustments	(43)
C. Adjusted Profit / (Loss) After Tax (A + B)	70



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Debt Summary

(US\$ ⁽¹⁾ in Millions)

Particulars	As on Jun 30, 2024	As on Dec. 31, 2023	Repayment Terms
USD-denominated Senior Secured Notes	50	50	Matures in April 2025
USD-denominated Senior Secured Notes	449	450	Matures in September 2029
Euro-denominated Senior Secured Term Loan ⁽²⁾	332	380	Matures by October 2028
Senior Bank Debt and other debt	22	22	Matures in November 2025
Gross Term Debt	853	902	
Add: Working Capital Debt	117	102	
Less: Deferred Finance Cost	17	21	
Total Debt	953	983	
Less: Cash and cash equivalents ⁽³⁾	206	268	
Net Debt ⁽⁴⁾	747	715	

(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 €310.3 million and €343.5 million converted at USD/EURO rates of 1.07 and 1.11 as of Jun. 30, 2024 and Dec. 31, 2023 respectively.

(3) Includes investment in liquid mutual fund.

(4) Does not include lease liabilities amounting to US\$68 million and US\$63 million for June 2024 and Dec 2023 respectively.

During the six-months period ended June 30, 2024, the Company incurred capital expenditures of US\$35 million towards 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 medium 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	Q2 CY24	Q1 CY24	Q2 CY23	CY 2023	Variance Q2 CY24 vs Q1 CY24	Variance Q2 CY24 vs Q2 CY23
Indian Rupee / US Dollar	83.42	83.03	82.20	82.60	(0.5%)	(1.5%)
Indian Rupee / Euro	89.81	90.20	89.47	89.32	0.4%	(0.4%)
Indian Rupee / Russian Ruble	0.92	0.91	1.01	0.98	(1.1%)	8.9%
Canadian Dollar / Euro	1.47	1.46	1.46	1.46	(0.7%)	(0.7%)

Closing Rate of Exchange	Q2 CY24	Q1 CY24	Q2 CY23	CY 2023	Variance Q2 CY24 vs Q1 CY24	Variance Q2 CY24 vs Q2 CY23
Indian Rupee / US Dollar	83.45	83.37	82.04	83.12	(0.1%)	(1.7%)
Indian Rupee / Euro	89.25	90.22	89.13	92.00	1.1%	(0.1%)
Indian Rupee / Russian Ruble	0.97	0.90	0.94	0.93	(7.8%)	(3.2%)
Canadian Dollar / Euro	1.47	1.47	1.44	1.46	0.0%	(2.1%)



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.

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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.*