



RAIN INDUSTRIES LIMITED

Press Release

November 3, 2022

Results for the third quarter ended September 30, 2022

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the third quarter ended September 30, 2022.

Financial Highlights for Q3 CY 22

- Revenue from Operations was ₹55.77 billion vs ₹38.49 billion in Q3 2021.
- Adjusted EBITDA was ₹9.78 billion vs ₹6.55 billion in Q3 2021.
- Adjusted Net Profit After Tax was ₹4.60 billion vs ₹2.05 billion in Q3 2021.
- Adjusted EPS was ₹13.68 vs ₹6.09 in Q3 2021.

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q3 2022	Q2 2022	Q3 2021	CY 2021
Net Revenue	55,593	55,265	37,914	143,697
Other Operating Income	178	141	576	1,571
Revenue from Operations	55,771	55,406	38,490	145,268
Reported EBITDA	9,661	12,105	6,805	25,291
Adjusted EBITDA	9,782	12,520	6,546	25,174
<i>Adjusted EBITDA Margin</i>	<i>17.5%</i>	<i>22.6%</i>	<i>17.0%</i>	<i>17.3%</i>
Profit Before Tax	5,997	9,017	3,746	12,764
Tax Expense, Net	1,702	1,941	1,057	5,829
Non-controlling Interest	262	391	334	1,134
Reported Profit After Tax	4,033	6,685	2,355	5,801
Adjusted Profit After Tax	4,601	6,962	2,049	7,560
Adjusted Earnings Per Share in (₹)*	13.68	20.70	6.09	22.48

*Quarterly Earnings Per Share is not annualised.



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Set forth below is selected Segment information:

Carbon

(₹ in Millions except volume data)

Particulars	Q3 CY22	Q2 CY22	Q3 CY21	CY 2021	Variance Q3 CY22 vs Q2 CY22	Variance Q3 CY22 vs Q3 CY21
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)						
- Calcined Petroleum Coke (CPC)	326	346	330	1,419	(5.8%)	(1.2%)
- Coal Tar Pitch (CTP)	132	129	143	556	2.3%	(7.7%)
- Other Carbon Products (OCP)	132	135	140	554	(2.2%)	(5.7%)
TOTAL	590	610	613	2,529	(3.3%)	(3.8%)
(b) Net Revenue ⁽¹⁾						
- Calcined Petroleum Coke (CPC)	19,949	18,888	10,347	42,258	5.6%	92.8%
- Coal Tar Pitch (CTP)	14,068	12,647	8,634	31,318	11.2%	62.9%
- Other Carbon Products (OCP)	6,920	7,690	5,417	21,124	(10.0%)	27.7%
- Energy	642	491	553	2,266	30.8%	16.1%
TOTAL	41,579	39,716	24,951	96,966	4.7%	66.6%
(c) Adjusted EBITDA ⁽²⁾	9,806	10,452	5,037	20,884	(6.2%)	94.7%
(d) Adjusted EBITDA Margin (%)	23.6%	26.3%	20.2%	21.5%	(2.7%)	3.4%

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

(₹ in Millions except volume data)

Particulars	Q3 CY22	Q2 CY22	Q3 CY21	CY 2021	Variance Q3 CY22 vs Q2 CY22	Variance Q3 CY22 vs Q3 CY21
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)						
- Engineered Products	20	20	35	96	-	(42.9%)
- Chemical Intermediates	33	39	48	173	(15.4%)	(31.3%)
- Resins	27	32	31	116	(15.6%)	(12.9%)
TOTAL	80	91	114	385	(12.1%)	(29.8%)
(b) Net Revenue ⁽¹⁾						
- Engineered Products	2,774	2,406	2,525	7,424	15.3%	9.9%
- Chemical Intermediates	3,585	4,408	3,457	12,457	(18.7%)	3.7%
- Resins	4,010	4,989	3,554	13,029	(19.6%)	12.8%
TOTAL	10,369	11,803	9,536	32,910	(12.1%)	8.7%
(c) Adjusted EBITDA ⁽²⁾	(111)	1,785	864	1,555	(106.2%)	(112.8%)
(d) Adjusted EBITDA Margin (%)	(1.1%)	15.1%	9.1%	4.7%	(16.2%)	(10.2%)

Cement

(₹ in Millions except volume data)

Particulars	Q3 CY22	Q2 CY22	Q3 CY21	CY 2021	Variance Q3 CY22 vs Q2 CY22	Variance Q3 CY22 vs Q3 CY21
(a) Sales Volumes ⁽¹⁾ (000 Metric Tonne)	752	767	695	2,895	(2.0%)	8.2%
(b) Net Revenue	3,645	3,746	3,427	13,821	(2.7%)	6.4%
(c) Adjusted EBITDA ⁽²⁾	87	283	645	2,735	(69.3%)	(86.5%)
(d) Adjusted EBITDA Margin (%)	2.4%	7.6%	18.8%	19.8%	(5.2%)	(16.4%)

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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Results of Operations

Quarter Ended September 30, 2022 Compared to Quarter Ended September 30, 2021

- Net Revenue of ₹55.59 billion during Q3 CY22 was an increase of ~46.6% as compared to ₹37.91 billion during Q3 CY21.
 - Carbon sales volumes during Q3 CY22 were 590 thousand metric tonnes, a decrease of 3.8% as compared to 613 thousand metric tonnes in Q3 CY21, driven by lower throughput due to raw material availability. Further, the average blended realisation increased by ~73.1% driven by market quotations and increased raw material prices across all regions. There was a depreciation of EURO against Indian Rupee by ~8.0% and an appreciation of USD against Indian Rupee by ~7.7%. Overall, due to the aforesaid reasons, revenue from Carbon segment increased by ~66.6% in Q3 CY22 as compared to Q3 CY21.
 - Advanced Materials sales volumes during Q3 CY22 were 80 thousand metric tonnes, a decrease of 29.8% as compared to 114 thousand metric tonnes in Q3 CY21. The decrease in volumes was primarily driven by lower demand from Asian markets. During Q3 CY22, the average blended realisation increased by ~54.9% primarily due to changes in energy prices, oil related quotations, raw material quotations along with a change in the product mix and customer mix offset by a depreciation of EURO against Indian Rupee by ~8.0%. Due to the aforesaid reasons, revenue from Advanced Materials segment increased by ~8.7% during Q3 CY22 as compared to Q3 CY21.
 - Cement revenue increased by 6.4% during Q3 CY22 as compared to Q3 CY21 due to an increase in volumes of 8.2% offset by a decrease in realisations of 1.7%.
- During Q3 CY22, Adjusted EBITDA was ₹9,782 million, an increase of ₹3,236 million as compared to Adjusted EBITDA of ₹6,546 million achieved during Q3 CY21.
 - Carbon segment Adjusted EBITDA increased by ₹4,769 million as compared to Q3 CY21 due to improved realisations offset by a depreciation of EURO against Indian Rupee, lower sales volumes and an increase in raw material and energy costs.
 - Advanced Materials segment Adjusted EBITDA decreased by ₹975 million due to a decrease in volumes, depreciation of EURO against Indian Rupee and an increase in energy costs offset by improved realisations.
 - Cement segment Adjusted EBITDA decreased by ₹558 million due to higher energy costs offset by increased sales volumes.



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- Reconciliation of Reported EBITDA and Adjusted EBITDA for Q3 CY22 is as follows:

Particulars	₹ in Millions
A. Reported EBITDA	9,661
<i>B. Adjustments/exceptional items:</i>	
<ul style="list-style-type: none">Expenses towards strategic projects and other non-recurring items	121
C. Adjusted EBITDA (A + B)	9,782

- Finance costs of ₹1.31 billion during Q3 CY22 as compared to finance costs of ₹1.18 billion during Q3 CY21 due to an increase in the working-capital borrowings and impact of fluctuations in exchange rates offset by a decrease due to the repurchase of senior secured notes and repayment of senior bank debt.
- The Company recorded an income tax expense of ₹1.70 billion for Q3 CY22 as compared to ₹1.06 billion for Q3 CY21. Due to non-recognition of deferred tax impacts in Germany consequent to the position taken as at Dec. 31, 2021, coupled with other tax adjustments, the adjusted effective tax rate was lower during the quarter. However, the consolidated effective tax rate will be in the range of 28-30%, considering the enacted tax rates in various geographies.
- The Adjusted Profit After Tax during Q3 CY22 was ₹4.60 billion as compared to Adjusted Profit After Tax of ₹2.05 billion during Q3 CY21.
- The Company achieved an Adjusted Earnings per Share of ₹13.68 during Q3 CY22 as compared to Adjusted Earnings per Share of ₹6.09 during Q3 CY21.
- Reconciliation of Reported Profit After Tax and Adjusted Profit After Tax for Q3 CY22 is as follows:

Particulars	₹ in Millions
A. Reported Profit After Tax	4,033
<i>B. Adjustments/Exceptional items:</i>	
<ul style="list-style-type: none">Expenses towards strategic projects and other non-recurring items	121
<ul style="list-style-type: none">Tax impact on above adjustments	(19)
<ul style="list-style-type: none">Impairment of dual solvent project	466
C. Adjusted Profit After Tax (A + B)	4,601



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Debt Summary

As at September 30, 2022, the Company had a Gross Debt of US\$ 1,075 million (including Working Capital Debt of US\$ 88 million), Cash and cash equivalents of US\$ 218 million (including restricted cash), Unamortised Deferred Finance Cost of US\$ 6 million and Net Debt of US\$ 851 million.

(US\$ ⁽¹⁾ in Millions)

Particulars	As on Sep. 30, 2022	As on Dec. 31, 2021	Repayment Terms
7.25% USD-denominated Senior Secured Notes ⁽²⁾	530	546	Matures in April 2025
Euro-denominated Senior Secured Term Loan ⁽³⁾	383	441	Matures in January 2025
Senior Bank Debt	20	28	Floating Rate - Matures in November 2023
Sales Tax Deferment	4	6	Interest Free - Instalments up to 2025
Finance Lease Liability	50	59	Fixed Rates - Finance leases
Gross Term Debt	987	1,080	
Add: Working Capital Debt	88	71	
Less: Deferred Finance Cost	6	9	
Total Debt	1,069	1,142	
Less: Cash and cash equivalents ⁽⁴⁾	218	228	
Net Debt	851	914	

(1) As major part of the Debt is denominated in US Dollars, the Debt of the Company is presented in US Dollars.

(2) Decrease on account of re-purchase of bonds during the nine months period ended September 30, 2022.

(3) Debt of €390 million converted at EURO/USD rates of 0.98 and 1.13 as at Sep. 30, 2022 and Dec. 31, 2021 respectively.

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

During the nine months period ended September 30, 2022, the Company incurred capital expenditures of US\$ 70 million, including expansion CAPEX for the vertical-shaft kiln project in Vizag, India, anhydrous carbon pellet project in the US, solar power plants in India and other maintenance projects across all locations.

As the prices of most products have increased sequentially over last few quarters, there was a substantial increase in inventories and receivables, resulting in higher working capital borrowings, which should normalise when the prices stabilise.



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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.

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 CY22	Q2 CY22	Q3 CY21	CY 2021	Variance Q3 CY22 vs Q2 CY22	Variance Q3 CY22 vs Q3 CY21
Indian Rupee / US Dollar	79.79	77.19	74.09	73.92	(3.4%)	(7.7%)
Indian Rupee / Euro	80.37	82.22	87.36	87.48	2.3%	8.0%
Russian Ruble / US Dollar	60.16	67.70	73.46	73.77	11.1%	18.1%
Canadian Dollar / Euro	1.31	1.36	1.48	1.48	3.7%	11.5%

Closing Rate of Exchange	Q3 CY22	Q2 CY22	Q3 CY21	CY 2021	Variance Q3 CY22 vs Q2 CY22	Variance Q3 CY22 vs Q3 CY21
Indian Rupee / US Dollar	81.55	78.94	74.26	74.30	(3.3%)	(9.8%)
Indian Rupee / Euro	80.11	82.58	86.14	84.05	3.0%	7.0%
Russian Ruble / US Dollar	58.58	53.11	72.84	75.31	(10.3%)	19.6%
Canadian Dollar / Euro	1.34	1.34	1.48	1.44	-	9.5%



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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 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.*