



## RAIN INDUSTRIES LIMITED

Press Release

May 6, 2016

### Consolidated Results for the First Quarter Ended March 31, 2016

Rain Industries Limited ("RAIN" / "the Company") reported its' Consolidated Unaudited Financial Results for the Quarter Ended March 31, 2016.

#### Consolidated Financial Highlights for Q1 2016

- Income from Operations ₹ 21,617 million
- Adjusted Operating Profit ₹ 1,997 million
- Strong Cash Balance ₹ 8,465 million to meet debt obligations in the near-term

#### Consolidated Financial Performance

₹ in Millions

Particulars	Quarter Ended Mar. 31, 2016	Quarter Ended Mar. 31, 2015	Year Ended Dec. 31, 2015
Net Revenue	21,503	25,290	101,718
Other Operating Income	114	100	467
<b>Adjusted Operating Profit ("EBITDA")</b>	<b>1,997</b>	<b>3,135</b>	<b>13,492</b>
<i>Adjusted Operating Profit Margin</i>	9%	12%	13%
Finance Cost	1,484	1,432	5,763
Other Income	204	72	499
Forex (Gain) / Loss	33	(459)	(96)
Depreciation and Amortization Expenses	817	793	3,278
<b>Profit / (Loss) Before Tax and Exceptional Items</b>	<b>(133)</b>	<b>1,441</b>	<b>5,046</b>
Exceptional Items	1,061	-	61
<b>Profit / (Loss) Before Tax</b>	<b>(1,194)</b>	<b>1,441</b>	<b>4,985</b>
Tax Expense/ (Benefit)	(432)	579	1,962
<b>Net Profit / (Loss) Before Share of Profit of Associates and Minority Interest</b>	<b>(762)</b>	<b>862</b>	<b>3,023</b>
Share of (Profit) / Loss of Associates and Minority Interest	-	(19)	210
<b>Net Profit / (Loss)</b>	<b>(762)</b>	<b>843</b>	<b>3,233</b>
<b>Adjusted Net Profit / (Loss)</b>	<b>(250)</b>	<b>843</b>	<b>3,233</b>
Earnings / (Loss) Per Share	(2.27)	2.51	9.61
Adjusted Earnings / (Loss) Per Share	(0.74)	2.51	9.61



## RAIN INDUSTRIES LIMITED

### SEGMENT WISE - FINANCIAL PERFORMANCE

#### CARBON PRODUCTS

Particulars	Quarter Ended Mar. 31, 2016	Quarter Ended Mar. 31, 2015	Variance in %
<b>(a) Sales Volumes</b> (In '000 MTs)			
- Calcined Petroleum Coke (CPC)	341	374	(9%)
- Coal Tar Pitch (CTP)	108	108	-
- Other Carbon Products <sup>(3)</sup>	157	156	1%
- Green Petroleum Coke (GPC)	27	210	(87%)
<b>TOTAL</b>	<b>633</b>	<b>848</b>	<b>(25%)</b>
<b>(b) Net Revenue</b> <sup>(1)</sup> (₹ in Millions)			
- Calcined Petroleum Coke (CPC)	5,885	7,198	(18%)
- Coal Tar Pitch (CTP)	2,791	3,021	(8%)
- Other Carbon Products	5,096	5,607	(9%)
- Green Petroleum Coke (GPC)	415	1,314	(68%)
- Energy	601	527	14%
<b>TOTAL</b>	<b>14,788</b>	<b>17,668</b>	<b>(16%)</b>
<b>(c) Adjusted Operating Profit</b> <sup>(2)</sup> (₹ in Millions)	<b>1,328</b>	<b>2,275</b>	<b>(42%)</b>
<b>(d) Adjusted Operating Margin</b> (%)	<b>9%</b>	<b>13%</b>	<b>(4%)</b>



## RAIN INDUSTRIES LIMITED

### CHEMICALS

Particulars	Quarter Ended Mar. 31, 2016	Quarter Ended Mar. 31, 2015	Variance in %
<b>(a) Sales Volumes</b> (In '000 MTs)			
- Aromatic Chemicals	15	15	-
- Superplasticizers	14	14	-
- Resins & Modifiers	30	32	(6%)
- Chemical Trading	11	14	(21%)
<b>TOTAL</b>	<b>70</b>	<b>75</b>	<b>(6%)</b>
<b>(b) Net Revenue</b> <sup>(1)</sup> (₹ in Millions)			
- Aromatic Chemicals	601	772	(22%)
- Superplasticizers	698	709	(1%)
- Resins & Modifiers	2,802	3,047	(8%)
- Chemical Trading	101	471	(79%)
<b>TOTAL</b>	<b>4,202</b>	<b>4,999</b>	<b>(16%)</b>
<b>(c) Adjusted Operating Profit</b> <sup>(2)</sup> (₹ in Millions)	<b>429</b>	<b>469</b>	<b>(9%)</b>
<b>(d) Adjusted Operating Margin</b> (%)	<b>10%</b>	<b>9%</b>	<b>1%</b>

### CEMENT

Particulars	Quarter Ended Mar. 31, 2016	Quarter Ended Mar. 31, 2015	Variance in %
(a) Sales Volumes (In '000 MTs)	580	542	7%
(b) Net Revenue <sup>(1)</sup> (₹ in Millions)	2,513	2,623	(4%)
(c) Adjusted Operating Profit <sup>(2)</sup> (₹ in Millions)	240	391	(39%)
(d) Adjusted Operating Margin (%)	10%	15%	(5%)

**Note:**

- (1) Net Revenue is Total Sales adjusted for Inter-Segment Sales.
- (2) Adjusted Operating Profit is profit before adjustment of Exceptional Items, Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Taxation.
- (3) Other Carbon Products include other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, Carbores and others.



## RAIN INDUSTRIES LIMITED

### Operational Highlights

#### Status of Capital Projects

##### A) Coal Tar Distillation Plant in Russia:

The Company has successfully completed the construction of its fourth Coal Tar Distillation Plant (CTP Plant) with a capacity of 300,000 metric tons per annum in Cherepovets, Russia on February 11, 2016 via a Joint Venture with PAO Severstal, Russia. Subsequently, the plant has started its commercial operation during the current quarter and it is expected to operate at about 70% of its capacity in the first year of its operation.

##### B) Waste-Heat Recovery Power Plant in Cement Plant at Kurnool, India:

To optimize the cost of electricity in its Cement business, the Company is commissioning a 7 megawatt ("MW") Waste-Heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Kurnool, India. The WHR Power Plant is in the final stage of execution and as per the revised estimate, the WHR Power Plant would be commissioned during June 2016.

##### C) Solar Power Plant in Andhra Pradesh, India:

The Company partnered with SunE Solar B.V. ("SunEdison") ([www.sunedison.com](http://www.sunedison.com)) to develop a 22 MW Solar Power Plant in Dharmavaram ("Dharmavaram Solar Power Plant"), Anantapur District, Andhra Pradesh, India ("the Solar SPV"). The Company owns 51% of the shares of the Solar SPV and the remaining 49% of the shares are owned by SunEdison. SunEdison is responsible for achieving Financial Closure and for Project Execution of Dharmavaram Solar Power Plant, along with two other Solar Power Plants of SunEdison in the state of Andhra Pradesh. SunEdison engaged L&T as turnkey Engineering, Procurement and Construction ("EPC") contractor for Dharmavaram Solar Power Plant. L&T faced considerable local challenges and interferences while mobilizing its team, which has caused a delay in the expected project execution date. SunEdison requested an extension of time from the Government of Andhra Pradesh until August 2016 and is currently waiting for the consent of the Government of Andhra Pradesh for extension of time. There is no financial impact on the Company related to this delay.



## RAIN INDUSTRIES LIMITED

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### Financial Performance Review and Analysis – Q1 2016 Vs. Q1 2015:

Key performance indicators of the Company on a consolidated basis:

- Consolidated Net Revenue of ₹ 21,503 million during Q1 2016, a fall of ~15% compared to ₹ 25,290 million during Q1 2015.
  - Carbon Products sales volume during Q1 2016 is 633 thousand metric tons, a decrease of ~25% compared to 848 thousand metric tons in Q1 2015. The decrease is mainly due to decrease in Pet coke trading and CPC sales volumes. Carbon revenues in Indian Rupees decreased by ~16% during Q1 2016 due to the decline in the average blended realization by ~17%. During Q1 2016, the Euro appreciated by ~6% and US Dollar appreciated by ~8% against Indian Rupee. Overall the fall in the average blended realizations supplemented by decreased sales volumes partially offset by appreciation of foreign currencies led to a decline in revenue from Carbon Products business by ~16% in Q1 2016; as compared to Q1 2015.
  - Chemicals sales volume during Q1 2016 is 70 thousand metric tons, a decrease of ~6% compared to 75 thousand metric tons in Q1 2015. Chemical revenues in Indian Rupees decreased during Q1 2016 by ~16% due to the decline in average realization by ~15% as compared to Q1 2015 supplemented with decreased sales volumes and partially offset with appreciation of Euro against Indian Rupee by ~6%.
  - Cement revenue during Q1 2016 decreased by ~4% as compared to Q1 2015. This is mainly due to the decrease in realizations in non-traditional markets areas and offset with a 7% increase in volumes in traditional markets.
- Consolidated Adjusted Operating Profit for Q1 2016 is ₹ 1,997 million a decrease of ~36% compared to ₹ 3,135 million achieved during Q1 2015; the decrease is primarily related to the substantial fall in the prices of Carbon Products and consumption of high cost raw materials procured in earlier periods. Further, the fall in sale volumes of Carbon products, due to delays in scaling-up of the new CPC blending operation in India also contributed to the fall in Operating Profits.
- Due to the aforesaid reasons, Adjusted Operating Margins have decreased to 9% during Q1 2016, compared to Operating Margin of 12% achieved during Q1 2015.



## RAIN INDUSTRIES LIMITED

- During Q1 2016, the Company had a Foreign Exchange Loss of ₹ 33 million, as compared to Foreign Exchange Gain of ₹ 459 million in Q1 2015. The Company has designated certain long term inter-company loans as Investments in non-integral foreign operations, as per Indian Accounting Standard 11 with effect from July 1, 2015 and transferred foreign exchange losses on reinstatement of such inter-company loans to Foreign Currency Translation Reserve.
- Finance cost during Q1 2016 is ₹ 1,484 million, an increase of 4% compared to ₹ 1,432 million during Q1 2015 due to the depreciation of the rupee against US Dollar and Euro and offset by decrease in debt through buy-back of Senior Secured Notes of US\$ 10.25 million during Q1 2016 and making of scheduled repayment of debt.
- Consolidated Adjusted Net Loss during Q1 2016 is ₹ 250 million as compared to Net Profit of ₹ 843 million during Q1 2015.
- The Company achieved a Consolidated Adjusted Negative EPS of ₹ 0.74 during Q1 2015 as compared to Positive EPS of ₹ 2.51 during Q1 2015.
- A detailed reconciliation of reported operating profit / net profit and adjusted operating profit / net profit for the quarter ended March 31, 2016 is explained in the below table:

₹ in Millions

Particulars	EBITDA	PAT
<b>Reported EBITDA / PAT</b>	<b>936</b>	<b>(762)</b>
<b>Add/(Less): Exceptional items</b>		
Provision for fall in Net Realisable Values of inventories	547	350
Exceptional Major Maintenance expenditure	439	281
Severance payments	75	47
Gain on buy back of Senior Secured Notes	-	(166)
<b>Total Exceptional Items, net (B)</b>	<b>1,061</b>	<b>512</b>
<b>Adjusted EBITDA / PAT (A + B)</b>	<b>1,997</b>	<b>(250)</b>



## RAIN INDUSTRIES LIMITED

### Debt Analysis:

As at March 31, 2016, the Company has a Consolidated Gross Debt of US\$ 1,169 million (including Working Capital Debt of US\$ 52 million) and Cash and Cash Equivalents of US\$ 128 million. The Net Debt as at the same date is US\$ 1,041 million.

(US\$ in Million)

Particulars	Mar. 31, 2016	Dec. 31, 2015	Repayment Terms
Senior Secured Notes:-			
- 8.00% USD Denominated	373	373	Bullet repayment in Dec. 2018
- 8.25% USD Denominated	346	356	Bullet repayment in Jan. 2021
- 8.50% Euro Denominated	(#) 237	229	Bullet repayment in Jan. 2021
Senior Bank Debt	126	117	Floating Rate - Instalments up to 2021
Sales Tax Deferment	12	12	Interest Free - Instalments up to 2027
Loan from JV partners	10	6	Fixed Rates - Unsecured loans
Other Debt	13	13	Fixed Rates - Includes Finance leases
<b>Gross Term Debt</b>	<b>1,117</b>	<b>1,106</b>	
Add: Working Capital Debt	52	39	
<b>Gross Debt</b>	<b>1,169</b>	<b>1,145</b>	
Less: Cash & Cash Equivalents	128	132	
<b>Net Debt</b>	<b>1,041</b>	<b>1,013</b>	

# Principal increase is due to appreciation of the Euro against the US Dollar.

Notes: As substantial part of the Consolidated Debt is denominated in US Dollars, the Consolidated Debt of the Company is presented in US Dollars.

With the existing Cash and Cash Equivalents of US\$ 128 million coupled with undrawn revolver facilities of US\$ 154 million, the Company is well placed to meet debt servicing obligations in the future. The major debt repayments are scheduled to start from December 2018.



## RAIN INDUSTRIES LIMITED

### Foreign Exchange Rates:

The Company has used the below mentioned average and closing exchange rates for conversion of foreign currency transactions recorded in the Statement of Profit and Loss and Balance Sheet respectively in preparing the consolidated financial statements.

Currency	Average Rate for		Variance in %
	Q1 2016	Q1 2015	
Indian Rupees / US Dollar	67.50	62.25	(8.44%)
Indian Rupees / EURO	74.44	70.25	(5.96%)
RUB / US Dollar	74.79	63.04	(18.64%)
Canadian Dollar / EURO	1.52	1.42	(7.04%)

Currency	As at	As at	Variance in %
	Mar. 31, 2016	Dec. 31, 2015	
Indian Rupees / US Dollar	66.33	66.33	-
Indian Rupees / EURO	75.10	72.50	(3.59%)
RUB / US Dollar	70.22	74.10	5.24%
Canadian Dollar / EURO	1.47	1.51	2.65%

### Historical Performance

₹ in Million

Particulars	Q1 2016	CY 2015	CY 2014	CY 2013	CY 2012
Income from Operations <sup>(1)</sup>	21,617	102,185	119,370	117,443	53,615
Adjusted Operating Profit <sup>(2)</sup>	1,997	13,492	12,220	14,978	11,090
Net Profit (Loss)	(762)	3,233	885	3,845	4,577
Adjusted Net Profit (Loss) <sup>(3)</sup>	(250)	3,233	2,561	4,512	5,796

#### Notes:

- (1) Income from Operations is the sum of Net Revenue and Other Operating Income.
- (2) Adjusted Operating Profit / EBITDA is Profit before Other Income, Foreign Exchange (Gain) / Loss, Depreciation & Amortisation, Impairment Loss, Interest, Taxation and Exceptional Items.
- (3) Net Profit is adjusted for exceptional expense or income for the reported period net of the applicable taxes.
  - (a) Profit After Tax for Q1 2016 is adjusted for provision for inventories ₹ 547 Million, incremental Major Maintenance ₹ 439 Million, Severance impact ₹ 74 Million, Gain on buy back of bonds ₹ 166 Million, net tax expense of ₹ 382 Million on all these items.
  - (b) Profit After Tax for CY 2015 is adjusted for actuarial gain of ₹ 697 million on pension liability, liquidated damages of ₹ 429 million to EPC contractor, provision for bad debts of ₹ 134 million, Russian Ruble & Canadian Dollar currency devaluation impact of ₹ 127 million (net of minority interest) and tax impact on all these items of ₹ 7 million (net of minority interest).
  - (c) Profit After Tax for CY 2014 is adjusted for actuarial losses of ₹ 1,820 million on pension liability, Inventory write down of ₹ 237 million due to fall in commodity prices, Russian Ruble currency devaluation impact of ₹ 338 million, impairment loss of ₹ 95 million, and tax impact on all these items of ₹ 814 million.
  - (d) Profit After Tax for CY 2013 is adjusted for acquisition related costs of ₹ 142 million, impairment loss of ₹ 1,304 million offset by insurance claim receipts of ₹ 375 million and tax impact on all these items of ₹ 404 million.
  - (e) Profit After Tax for CY 2012 is adjusted for one time expenditure of ₹ 1,789 million (net of tax ₹ 1,219 million) incurred in connection with the acquisition of RÜTGERS.





## RAIN INDUSTRIES LIMITED

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### About RAIN:

RAIN is one of the world's leading producers of Carbon Products and Specialty Chemicals with 17 operating facilities spread across India, Belgium, Canada, Egypt, Germany, the Netherlands, USA, Poland and Russia. RAIN also has two integrated Cement facilities in India and markets its product under the brand name "Priya Cement".

Carbon Products include Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke, Energy produced through Waste-heat recovery and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride, Carbores and others. Chemicals Products include Resins, Modifiers, Superplasticizers, Aromatic Chemicals, and others. The manufacture and sale of Cement has been classified as Cement.

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