



## RAIN INDUSTRIES LIMITED

Press Release

May 5, 2017

### Consolidated Results for the First Quarter Ended March 31, 2017

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its' Consolidated Unaudited Financial Results for the Quarter Ended March 31, 2017.

#### Consolidated Financial Highlights for Q1 2017

- Income from Operations is ₹ 25.3 billion and Adjusted Operating Profit is ₹ 4.4 billion.
- Adjusted Net Profit After Tax is ₹ 1.0 billion and Adjusted Earnings Per Share is ₹ 3.06.
- Strong Cash Balance of ₹ 8.4 billion to meet debt obligations in the near-term.

#### Consolidated Financial Performance

₹ in Millions

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016
Net Revenue	25,226	24,069	21,947	94,378
Other Operating Income	123	221	114	567
<b>Income from Operations</b>	<b>25,349</b>	<b>24,290</b>	<b>22,061</b>	<b>94,945</b>
<b>Adjusted Operating Profit ("Adj. EBITDA")</b>	<b>4,414</b>	<b>4,347</b>	<b>2,737</b>	<b>16,367</b>
<i>Adjusted Operating Profit Margin</i>	<i>17.4%</i>	<i>17.9%</i>	<i>12.4%</i>	<i>17.2%</i>
Finance Cost	1,536	1,527	1,551	6,173
Other Income	64	53	202	734
Forex (Gain) / Loss	(142)	(175)	33	(342)
Depreciation and Amortization Expenses	1,367	1,370	1,218	5,189
<b>Profit / (Loss) Before Tax and Exceptional Items</b>	<b>1,717</b>	<b>1,678</b>	<b>(923)</b>	<b>5,021</b>
Exceptional Items	670	-	-	262
<b>Profit / (Loss) Before Tax</b>	<b>1,047</b>	<b>1,678</b>	<b>(923)</b>	<b>4,759</b>
Tax Expense / (Benefit)	400	821	(342)	1,792
<b>Net Profit / (Loss) Before Share of Profit of Associates and Minority Interest</b>	<b>647</b>	<b>857</b>	<b>(581)</b>	<b>2,967</b>
Share of Profit / (Loss) of Associates and Minority Interest	(55)	19	(5)	(58)
<b>Net Profit / (Loss)</b>	<b>592</b>	<b>876</b>	<b>(586)</b>	<b>2,909</b>
<b>Adjusted Net Profit / (Loss)</b>	<b>1,028</b>	<b>876</b>	<b>(73)</b>	<b>3,293</b>
Earnings / (Loss) Per Share	1.76	2.60	(1.74)	8.65
Adjusted Earnings / (Loss) Per Share	3.06	2.60	(0.22)	9.79

\*Quarterly EPS are not annualized



## RAIN INDUSTRIES LIMITED

### SEGMENT WISE - FINANCIAL PERFORMANCE

#### CARBON PRODUCTS

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
<b>(a) Sales Volumes <sup>(1)</sup> (In '000 MTs)</b>						
- Calcined Petroleum Coke (CPC)	411	502	341	1,644	-18.1%	20.5%
- Coal Tar Pitch (CTP)	142	138	117	561	2.9%	21.4%
- Other Carbon Products <sup>(2)</sup>	181	154	135	616	17.5%	34.1%
- Green Petroleum Coke (GPC)	-	25	27	116	-100.0%	-100.0%
<b>TOTAL</b>	<b>734</b>	<b>819</b>	<b>620</b>	<b>2,937</b>	<b>-10.4%</b>	<b>18.4%</b>
<b>(b) Net Revenue <sup>(1)</sup> (₹ in Millions)</b>						
- Calcined Petroleum Coke (CPC)	7,147	7,925	6,079	26,866	-9.8%	17.6%
- Coal Tar Pitch (CTP)	4,000	3,810	3,407	16,287	5.0%	17.4%
- Other Carbon Products <sup>(2)</sup>	6,453	5,086	4,354	20,203	26.9%	48.2%
- Green Petroleum Coke (GPC)	-	269	415	1,017	-100.0%	-100.0%
- Energy	506	541	590	2,390	-6.5%	-14.2%
<b>TOTAL</b>	<b>18,106</b>	<b>17,631</b>	<b>14,845</b>	<b>66,763</b>	<b>2.7%</b>	<b>22.0%</b>
<b>(c) Adjusted EBITDA <sup>(3)</sup> (₹ in Millions)</b>	<b>3,746</b>	<b>3,149</b>	<b>2,071</b>	<b>12,799</b>	<b>19.0%</b>	<b>80.9%</b>
<b>(d) Adjusted EBITDA Margin</b>	<b>20.7%</b>	<b>17.9%</b>	<b>14.0%</b>	<b>19.2%</b>	<b>2.8%</b>	<b>6.7%</b>

**Notes:**

- (1) Net of inter-company sales
- (2) Other Carbon Products include other derivatives of Coal Tar distillation including but not limited to Creosote Oil, Carbon Black Oil, Phthalic Anhydride, Naphthalene and BTX.
- (3) Adjusted Operating Profit ("Adj. EBITDA") is profit before adjustment of Exceptional Items, Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Taxation.



## RAIN INDUSTRIES LIMITED

### CHEMICALS

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
<b>(a) Sales Volumes <sup>(1)</sup> (In '000 MTs)</b>						
- Aromatic Chemicals	9	8	8	33	12.5%	12.5%
- Superplasticizers	14	15	14	60	-6.7%	-
- Resins & Modifiers	34	28	30	118	21.4%	13.3%
- Chemical Trading	3	5	6	19	-40.0%	-50.0%
<b>TOTAL</b>	<b>60</b>	<b>56</b>	<b>58</b>	<b>230</b>	<b>7.1%</b>	<b>3.4%</b>
<b>(b) Net Revenue <sup>(1)</sup> (₹ in Millions)</b>						
- Aromatic Chemicals	836	613	616	2,632	36.4%	35.7%
- Superplasticizers	695	712	715	2,970	-2.4%	-2.8%
- Resins & Modifiers	2,936	2,530	2,870	10,991	16.0%	2.3%
- Chemical Trading	107	130	117	421	-17.7%	-8.5%
<b>TOTAL</b>	<b>4,574</b>	<b>3,985</b>	<b>4,318</b>	<b>17,014</b>	<b>14.8%</b>	<b>5.9%</b>
<b>(c) EBITDA <sup>(2)</sup> (₹ in Millions)</b>	<b>544</b>	<b>899</b>	<b>428</b>	<b>2,495</b>	<b>-39.5%</b>	<b>27.1%</b>
<b>(d) EBITDA Margin</b>	<b>11.9%</b>	<b>22.6%</b>	<b>9.9%</b>	<b>14.7%</b>	<b>-10.7%</b>	<b>2.0%</b>

### CEMENT

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
(a) Sales Volumes (In '000 MTs)	535	472	580	2,137	13.3%	-7.8%
(b) Net Revenue (₹ in Millions)	2,547	2,454	2,783	10,599	3.8%	-8.5%
(c) EBITDA (₹ in Millions)	124	299	238	1,073	-58.5%	-47.9%
(d) EBITDA Margin (%)	4.9%	12.2%	8.6%	10.1%	-7.3%	-3.7%

**Notes:**

(1) Net of inter-company sales

(2) Operating Profit ("EBITDA") is profit before Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Taxation.



## RAIN INDUSTRIES LIMITED

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### Corporate Highlights:

#### 1. Hydrogenated Hydrocarbon Resins Plant, Uithoorn, Netherlands:

The Company is commencing a Hydrogenated Hydrocarbon Resins Plant (HHCR) with a production capacity of 20,000 Tons per annum in Uithoorn, Netherlands. This plant will produce a wide range of premium Hydrogenated resins for consumption in the adhesive and various other industries. Industrial resins are important additives for car tyres and other rubber products, coatings and adhesives. This is a supplement to the existing portfolio of hydrocarbon resins marketed world-wide under the brand name NOVARES® produced at the plants situated at Duisburg, Germany and Uithoorn, Netherlands. The estimated project cost is € 14 million and it is expected to commence operations by the end of 2018.

#### 2. Issue of US\$ 550 Million Senior Secured Notes for refinancing:

During Q1 2017, the Company completed the issue of Senior Secured Notes for US\$ 550 million due in April 2025. Interest payable on these Notes is at 7.25% p.a. on a semi-annual basis. The proceeds of these Notes have been used to repay the existing all 8% US Dollar Denominated notes due in December 2018, part of 8.25% US Dollar Denominated notes due in January 2021, Senior Bank Debt and for payment of debt issuance expenses.

#### 3. Packing Material Manufacturing Plant in Mahaboobnagar District, Telangana State:

Considering the large volumes of Poly Propylene Woven Sacks used in our Cement Business and Indian CPC Plant, the Company is setting-up a Packing Material Manufacturing unit with a capacity of 6 million bags per month in Mahaboobnagar District of Telangana State. The estimated project cost is ₹ 320 million and it is expected to commence operations by the end of 2017.



## RAIN INDUSTRIES LIMITED

### Financial Performance Review and Analysis – Q1 2017 Vs. Q1 2016:

Key performance indicators of the Company on a consolidated basis:

- Consolidated Net Revenue of ₹ 25.2 billion during Q1 2017, an increase of ~15.1% compared to ₹ 21.9 billion during Q1 2016.
  - Carbon Products sales volume during Q1 2017 are 734 thousand metric tons, an increase of ~18.4% compared to 620 thousand metric tons in Q1 2016. The increase in CPC sales volumes is due to increased capacity utilization at the U.S.A. facilities related to the commencement of FGD plant in Chalmette and increased production at other plants to meet market demands, in conjunction with the Blending facility in India being fully operational during Q1 2017 versus beginning operations in Q1 2016. The increase in CTP products sales volumes is primarily from the Russian CTP Plant and CARBORES<sup>®</sup> 3<sup>rd</sup> reactor in Germany both being fully operational in Q1 2017. Increase in Other Carbon Products volumes is due to increased distillation of both coal tar and crude benzene. During Q1 2017, the average blended realization increased by ~3.8% after the offset of unfavorable impact from the depreciation of Euro by ~4.1% and US Dollar by ~0.7% against Indian Rupee. Overall, due to the aforesaid reasons, the revenue from Carbon Business Segment increased by ~22.0% in Q1 2017; as compared to Q1 2016.
  - Chemicals sales volume during Q1 2017 is 60 thousand metric tons, an increase of ~3.4% compared to 58 thousand metric tons in Q1 2016. During Q1 2017, the average blended realization increased by ~3.3% after the offset of unfavorable impact from the depreciation of Euro against INR by ~4.1%. Overall, due to the aforesaid reasons, the revenue from Chemical business increased by 5.9% during Q1 2017.
  - Cement revenue declined during Q1 2017 by ~8.5% as compared to Q1 2016, due to the decreased volumes by ~7.8% and ~ 0.8% decline in realizations. The decline in volumes is mainly due to lower sales across the major markets of Karnataka, Andhra Pradesh and Telangana.
- Adjusted Operating Profit in the Carbon Business Segment increased by 80.9% due to increased volumes, improved realizations and shift from low margin trading business. Similarly, Adjusted Operating Profit in Chemical Business increased by 27.1%. However, Operating Profit in Cement Business decreased by 47.9%, due to increased costs of inputs and lower sales volumes.
- Due to the aforesaid reasons, Consolidated Adjusted Operating Profit for Q1 2017 is ₹ 4.4 billion an increase of ~63.0% compared to ₹ 2.7 billion achieved during Q1 2016.
- During Q1 2017, the Company had a Foreign Exchange Gain of ₹ 142 million, as compared to Foreign Exchange Loss of ₹ 33 million in Q1 2016. The gain is mainly due to appreciation of the Russian Ruble against the US Dollar.
- Finance cost during Q1 2017 decreased by ~1.0% compared to Q1 2016 due to the making of scheduled principal repayments of debt partly and appreciation of the Rupee against the US Dollar and Euro.



## RAIN INDUSTRIES LIMITED

- During Q1 2017, the Company's wholly owned step-down subsidiary in USA completed issue of Senior Secured Notes ("the 2025 Notes") for US\$ 550 million. Interest is payable on the 2025 Notes at 7.25% per annum on a semi-annual basis and the principle is repayable on April 1, 2025. The 2025 Notes are guaranteed by certain subsidiary companies of the Company in USA. The proceeds of the 2025 Notes have been used to repay 8.00% 2018 Notes of US\$ 378 million; 8.25% 2021 Notes of US\$ 115 million; repay senior bank debt and for payment of debt issuance expenses. All unamortized deferred financing cost pertaining to the 2018 Notes and the 2021 Notes, including redemption premium of US\$ 5.4 million aggregating to US\$ 10 million (INR 670 million) have been expensed during the quarter ended March 31, 2017 and disclosed as an exceptional item.
- Effective tax rate during the quarter is in-line with the group tax rates at various geographies which include India, Belgium, Canada, Germany and the U.S.A.
- Consolidated Adjusted Net Profit during Q1 2017 is ₹ 1,028 million as compared to Net Adjusted Loss of ₹ 73 million during Q1 2016.
- The Company achieved a Consolidated Adjusted EPS of ₹ 3.06 during Q1 2017 as compared to Consolidated Adjusted Negative EPS of ₹ 0.22 during Q1 2016.

### First-time adoption of Ind AS:

With effect from January 1, 2017, the financial statements are prepared as per Ind AS. All the financial numbers pertaining to CY16 are restated as per Ind AS. Accordingly, following is the reconciliation of Net Profit and Equity under Generally Accepted Accounting Principles (Previous Indian GAAP) and as per Ind AS:

₹ in Millions

S.No.	Particulars	Q4 CY16	Q1 CY16	CY16
1	<b>Net profit / (loss) under Previous Indian GAAP</b>	<b>226.58</b>	<b>(762.48)</b>	<b>2,247.27</b>
2	Reclassifications of net actuarial loss on defined obligation to other comprehensive income	1,106.37	-	1,106.37
3	Deferred financing costs	(84.43)	(60.61)	(334.77)
4	Depreciation and amortization expense	(173.38)	340.20	19.58
5	Others	(3.77)	(12.69)	15.09
6	Tax adjustments	(195.36)	(89.95)	(144.12)
7	<b>Net profit / (loss) for the period as per Ind AS</b>	<b>876.01</b>	<b>(585.53)</b>	<b>2,909.42</b>
8	<b>Other comprehensive income / (loss) as per Ind AS</b>	<b>(2,229.37)</b>	<b>1,121.52</b>	<b>(1,274.24)</b>
9	<b>Total comprehensive income / (loss) as per Ind AS</b>	<b>(1,353.36)</b>	<b>535.99</b>	<b>1,635.18</b>



## RAIN INDUSTRIES LIMITED

### Debt Analysis:

As at March 31, 2017, the Company has a Consolidated Gross Debt of US\$ 1,100 million (including Working Capital Debt of US\$ 19 million), Cash & Cash Equivalents of US\$ 130 million and Net Debt is US\$ 951 million.

(US\$ in Million)

Particulars	Mar 31, 2017	Dec. 31, 2016	Repayment Terms
Senior Secured Notes:-			
- 8.00% USD Denominated	-	373	Refinanced with new Notes
- 8.25% USD Denominated <sup>2</sup>	221	336	Bullet repayment in January 2021
- 8.50% Euro Denominated <sup>3</sup>	212	209	Bullet repayment in January 2021
- 7.25% USD Denominated	550	-	Bullet repayment in April 2025
Senior Bank Debt	70	119	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	12	11	Interest Free - Instalments up to 2027
Loan from JV partners	9	11	Fixed Rates - Unsecured loans
Other Debt	7	11	Fixed Rates - Includes Finance leases
<b>Gross Term Debt</b>	<b>1,081</b>	<b>1,070</b>	
Add: Working Capital Debt	19	26	
<b>Gross Debt</b>	<b>1,100</b>	<b>1,096</b>	
Less: Cash & Cash Equivalents <sup>2</sup>	130	154	
Less: Deferred Finance Cost	19	15	
<b>Net Debt</b>	<b>951</b>	<b>927</b>	

Notes:

- (1) As substantial part of the Consolidated Debt is denominated in US Dollars, the Consolidated Debt of the Company is presented in US Dollars.
- (2) March 31, 2017 values are after reducing US\$ 119 million (including US\$ 4 million premium on redemption) pursuant to the utilization terms of refinancing.
- (3) Increase in Q1 CY17 is mainly due to appreciation of Euro against US Dollar.

With the existing Cash and Cash Equivalents of US\$ 130 million coupled with undrawn revolver facilities of US\$ 163 million, the Company is well placed to meet debt servicing obligations in the near-term. The major debt repayments are scheduled to start from January 2021.



## 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.

Particulars	Q1 2017 Average Rate	Q4 2016 Average Rate	Q1 2016 Average Rate	CY 2016 Average Rate	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
Indian Rupees / US Dollar	67.01	67.46	67.50	67.21	0.67%	0.73%
Indian Rupees / EURO	71.37	72.73	74.44	74.37	1.87%	4.12%
RUB / US Dollar	58.72	63.02	74.79	67.07	6.82%	21.49%
Canadian Dollar / EURO	1.41	1.44	1.52	1.47	2.08%	7.24%

Particulars	Q1 2017 Closing Rate	Q4 2016 Closing Rate	Q1 2016 Closing Rate	CY 2016 Closing Rate	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
Indian Rupees / US Dollar	64.84	67.95	66.33	67.95	4.58%	2.25%
Indian Rupees / EURO	69.25	71.62	75.10	71.62	3.31%	7.79%
RUB / US Dollar	56.41	61.00	67.02	61.00	7.52%	15.83%
Canadian Dollar / EURO	1.43	1.42	1.47	1.42	-0.70%	2.72%





## RAIN INDUSTRIES LIMITED

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### About RAIN:

RAIN INDUSTRIES LIMITED (“the Company” or “RAIN”): Rain is a leading vertically integrated global producer of a diversified portfolio of cement, carbon-based and chemical products that are essential raw materials for staples of everyday life. We operate in three business segments: carbon, cement and chemicals. 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, OPC and PPC. Our chemicals 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.

Carbon Products include Calcined Petroleum Coke (“CPC”), Coal Tar Pitch (“CTP”), Green Petroleum Coke (“GPC”), Energy produced through Waste-heat recovery and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride and others. Chemicals Products include Resins, Modifiers, Superplasticizers, Aromatic Chemicals, and others.

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