



# Rain Industries Limited

(Formerly Rain Commodities Limited)

Press Release

May 5, 2015

## Consolidated Results for the first quarter ended March 31, 2015

### PAT increased to INR 843 Million

Rain Industries Limited (“Rain” or “the Company”) reported its’ consolidated unaudited financial results for the Quarter ended March 31, 2015.

### Consolidated Financial Highlights

- Net Sales of INR 25,289 Million
- Operating Profit of INR 3,135 Million
- Profit After Tax - INR 843 Million /Earnings Per Share - INR 2.51
- Strong Cash Balance of INR 8,471 Million to meet capex and debt obligations in the near-term

### Consolidated Financial Performance

INR in Million

Particulars	Quarter ended		CY 2014
	Mar 2015	Mar 2014	
Income from Operations <sup>(1)</sup>	25,390	31,388	119,370
Operating Profit/EBITDA	3,135	3,235	12,220
Operating Profit Margin	12%	10%	10%
Finance Cost	1,432	1,625	6,079
Other Income	72	47	369
Forex (Gain)/ Loss	(459)	101	(209)
<b>Profit Before Depreciation, Taxes and Exceptional Items</b>	<b>2,234</b>	<b>1,556</b>	<b>6,719</b>
Depreciation and Amortization Expense	793	889	3,470
<b>Profit Before Tax and Exceptional Items</b>	<b>1,441</b>	<b>667</b>	<b>3,249</b>
Exceptional I and Impairment of Assets	-	-	2,672
<b>Profit Before Tax</b>	<b>1,441</b>	<b>667</b>	<b>577</b>
Tax Expense/ (Benefit)	579	151	(120)
<b>Net Profit Before Share of Profit/(Loss) of Associates and Minority Interest</b>	<b>862</b>	<b>516</b>	<b>697</b>
Share of Profit/(Loss) of Associates	-	-	(1)
Minority Interest	(19)	(15)	189
<b>Net Profit</b>	<b>843</b>	<b>501</b>	<b>885</b>
Earnings Per Share	<b>2.51</b>	<b>1.49</b>	<b>2.63</b>

(1) Net sales is adjusted for intersegmental sales



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### SALES VOLUME INFORMATION:

Particulars	Quarter Ended			% Favorable/ (Unfavorable)	
	Mar 2015	Dec 2014	Mar 2014	Q1 2015 vs. Q4 2014	Q1 2015 vs. Q1 2014
Carbon Products	848	808	875	5%	(3%)
Chemicals	75	83	78	(10%)	(4%)
Cement	542	506	540	7%	0.4%

### OPERATIONAL HIGHLIGHTS

#### Status of Capital Projects

**A) Solar Power Plant in Andhra Pradesh:**

The Company is in the process of acquiring land in Dharmavaram, Anantapur District of Andhra Pradesh; finalizing the equipment suppliers and initiating other construction activities. The Solar Power Plant is expected to commence operations in Second-half of CY 2015.

**B) Waste-heat Recovery Power Plant in Kurnool Cement Plant:**

To optimize the cost of electricity in its Cement Operations, the Company is proposing to set-up a 7 MW Waste-heat Recovery Power Plant ("WHR Power Plant") at its existing Integrated Cement Plant in Kurnool, India. Basic Engineering work is in progress and well within the scheduled timelines and is expected to be commissioned by March 31, 2016.

**C) Tar Distillation Plant in Russia:**

A New Coal Tar Distillation Plant with a capacity of 300,000 Tons per annum is being developed in Cherepovets, Russia via Joint Venture with OAO Severstal, Russia and is progressing well and is expected to commence operations in the Fourth-quarter of CY 2015.



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### FINANCIAL PERFORMANCE REVIEW AND ANALYSIS - Q1 2015 VS. Q1 2014:

Key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is INR 25,289 million during the current quarter, a fall of 18% compared to INR 30,843 million during Q1 2014.
  - Carbon products sales volume during the current quarter is 848 thousand tons, a marginal decrease of 3% compared to 875 thousand tons in Q1 2014. Carbon revenues in Indian Rupees decreased during current quarter due to decline in average blended realization by 19%, substantially due to depreciation of Euro against Indian Rupee by 17%. Overall revenue from Carbon Products business declined by 21% in Q1 2015; as compared to Q1 2014.
  - Chemicals sales volume during the current quarter is 75 thousand tons, a marginal decrease of 4% compared to 78 thousand tons in Q1 2014. Chemical revenues in Indian Rupees decreased during current quarter due to decline in average blended realization by 21%, mostly due to depreciation of Euro against Indian Rupee by 17%. Overall revenue from Chemical business reduced by 24% in Q1 2015; as compared to Q1 2014.
  - Cement volume during the current quarter is 542 thousand tons, which is at par compared to 540 thousand tons in Q1 2014. With increase in price realization coupled with higher sales in new markets, Cement revenues increased by 36% in Q1 2015; as compared to Q1 2014.
- Consolidated Operating Profit for the current quarter is INR 3,135 million a marginal decrease of 3% compared to INR 3,235 million achieved during Q1 2014. Operating Profit decreased during current quarter mainly due to 17% depreciation of Euro against Indian Rupee as compared to Q1 2014; which was off-set by improvement in operating margins in Cement Business and Chemicals Business. In addition the operating profit of Carbon Products and Chemical businesses in Q1 2014 was positively impacted by an environmental claim income of INR 438 million.



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- Operating Margin for the current quarter has increased to 12%, compared to operating margin of 10% achieved during Q1 2014. Operating margin improved during the current quarter, due to recovery in Cement business, which reported operating losses during Q1 2014.
- During Q1 2015, the Company had a foreign exchange gain of INR 459 million, as compared to a foreign exchange loss of INR 101 million in Q1 2014. The Forex gain in the current quarter is mainly due to gain on US dollar denominated receivables from appreciation of US dollar against Euro and strengthening of Russian Ruble against US dollar.
- Finance cost during the current quarter is INR 1,432 million, a decrease of 12% compared to INR 1,625 million during Q1 2014. The falls in finance cost is mainly due to translation impact of Euro currency interest cost, supplemented by repayment of debt.
- Effective tax rate during the quarter is in-line with the group tax rates at various geographies which include India, Belgium, Canada, Germany and United States.
- Consolidated net profit during the current quarter is INR 843 million compared to consolidated net profit of INR 501 million during Q1 2014. The Company achieved a consolidated EPS of INR 2.51 during the current quarter as compared to consolidated EPS of INR 1.49 during Q1 2014.

### FOREIGN EXCHANGE RATES:

- The Company has used the following average and closing exchange rates for conversion of foreign currency transactions recorded in Profit and Loss statement and Balance sheet respectively in the preparation of the consolidated financial statements.

Currency	Average		Variance in %
	Q1 2015	Q1 2014	
INR / US Dollar	62.25	61.79	1%
INR / EURO	70.25	84.63	(17%)
RUB / US Dollar	63.04	38.79	(63%)



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Currency	Closing rate as at		Variance in %
	31 Mar. 2015	31 Dec. 2014	
INR / US Dollar	62.59	63.33	(1%)
INR / EURO	67.51	77.00	(12%)
RUB / US Dollar	58.04	59.58	(3%)

### DEBT ANALYSIS:

- As at March 31, 2015, the Company has a consolidated gross debt of US\$ 1,186 million (including working capital debt of US\$ 74 million) and Cash and Cash Equivalents of US\$ 135 million. The net debt as at the same date is US\$ 1,051 million.

(US\$ in Million)

Particulars	Mar 31, 2015	Dec 31, 2014	Type of Interest / Repayment Terms
Senior Secured Notes	1,007	1,035	Fixed Rate/ Bullet repayments in 2018 and 2021
Senior Bank debt	71	85	Floating Rate/ Instalments up to 2018
Sales Tax Deferment	13	13	Interest Free/ Instalments up to 2027
Other Debt	21	24	
<b>Gross term debt</b>	<b>1,112</b>	<b>1,157</b>	
Add: Working Capital Debt	74	54	
<b>Total Debt</b>	<b>1,186</b>	<b>1,211</b>	
Less: Cash and Cash Equivalents	135	145	
<b>Net Debt</b>	<b>1,051</b>	<b>1,066</b>	

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

With the existing cash and cash equivalents of US\$ 135 million coupled with undrawn revolver facilities of US\$ 205 million, the Company is well placed to meet debt servicing obligations and capex projects in pipe line. The major debt repayments are scheduled to start only from CY 2018.



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### HISTORICAL PERFORMANCE:

(INR in million)

	Q1 2015	CY 2014	CY 2013	CY 2012	CY 2011	CY 2010
Income from Operations <sup>(1)</sup>	25,390	119,370	117,443	53,615	56,395	37,857
Operating Profit <sup>(2)</sup>	3,135	12,220	14,978	11,090	13,873	7,559
Net Profit	843	885	3,845	4,577	6,641	2,407
Adjusted Net Profit <sup>(3)</sup>	843	2,561	4,512	5,796	6,641	3,305

#### Notes:

- (1) Income from Operations is sum of Net Sales and Other Operating Income.
- (2) Operating Profit 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 CY 2014 is adjusted for incremental pension liability from actuarial losses of INR 1,820 Million, Inventory write down due to fall in oil prices of INR 237 Million, Russian ruble currency devaluation impact INR 338 Million, impairment loss of INR 95 Million, and tax impact on all these items of INR 814 Million.
  - (b) Profit After Tax for CY 2013 is adjusted for costs incurred for acquisition of RÜTGERS of INR 142 Million, impairment loss of INR 1,304 Million offset by insurance claim receipts of INR 375 Million and tax impact on all these items of INR 404 Million.
  - (c) Profit After Tax for CY 2012 is adjusted for one time expenditure of INR 1,789 Million (net of tax INR 1,219 Million) incurred in-connection with the acquisition of RÜTGERS.
  - (d) Profit After Tax for CY 2010 is adjusted for net exceptional expenditure of INR 1,249 Million (net of tax INR 898 Million).



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### About Rain:

Rain is one of the World's leading producer of Carbon Products and Specialty Chemicals with 16 operating facilities spread across India, Belgium, Canada, Egypt, Germany, the Netherlands, and Poland and the 17<sup>th</sup> facility, a JV in Russia, is under construction. Rain is also having two integrated Cement facilities in India and markets its product under the brand "Priya Cement".

Carbon Products are comprised of Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Co-generated Energy and other derivatives of Coal Tar distillation. Chemicals include the downstream operations of Coal Tar distillation and are comprised of Resins, Modifiers, Super Plasticizers and other specialty products. The manufacture and sale of Cement has been classified as Cement.

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