Rain Industries Limited

(Formerly Rain Commodities Limited)

Press Release **August 14, 2015**

Consolidated Results for the Second Quarter ended June 30, 2015

Consolidated Earnings per Share of INR 4.31 for the Second Quarter

Rain Industries Limited ("Rain" or "the Company") reported its' consolidated unaudited financial results for the quarter ended June 30, 2015.

Consolidated Financial Highlights

- Net Sales of INR 26,100 Million
- Operating Profit of INR 4,372 Million
- Profit After Tax – INR 1,451 Million / Earnings Per Share - INR 4.31
- Strong Cash Balance of INR 7,286 Million to meet capex and debt obligations in the near-term

Consolidated Financial Performance — INR in Million

Particulars	Quarter ended		Half year ended		CY 2014
	June 2015	June 2014	June 2015	June 2014	
Income from Operations (1)	26,237	31,548	51,626	62,936	119,370
Operating Profit ("EBITDA")	4,372	3,792	7,507	7,027	12,220
Operating Profit Margin	*17%*	*12%*	*15%*	*11%*	*10%*
Finance Cost	1,423	1,482	2,854	3,107	6,079
Other Income	132	58	204	104	369
Forex (Gain)/ Loss	147	(228)	(312)	(128)	(209)
Profit Before Depreciation, Taxes and Exceptional Items	**2,934**	**2,596**	**5,169**	**4,152**	**6,719**
Depreciation and Amortization Expenses	816	856	1,609	1,744	3,470
Profit Before Tax and Exceptional Items	**2,118**	**1,740**	**3,560**	**2,408**	**3,249**
Exceptional Items	-	-	-	-	2,672
Profit Before Tax	**2,118**	**1,740**	**3,560**	**2,408**	**577**
Tax Expense/ (Benefit)	681	489	1,260	640	(120)
Net Profit Before Share of Profit / (Loss) of Associates and Minority Interest	**1,437**	**1,251**	**2,300**	**1,768**	**697**
Share of Profit/(Loss) of Associates	-	2	-	1	(1)
Minority Interest	14	(18)	(5)	(33)	189
Net Profit	**1,451**	**1,235**	**2,295**	**1,736**	**885**
Earnings Per Share	**4.31**	**3.67**	**6.82**	**5.16**	**2.63**

(1) Income from Operations is sum of net sales (adjusted for inter-segment sales) and other operating income.

REVENUE AND OPERATING PROFIT- SEGMENT WISE					INR in Million
Particulars	Quarter ended			% change	
	Jun-15	Mar-15	Jun-14	Q2 2015 vs. Q1 2015	Q2 2015 vs. Q2 2014
Net Sales (1)					
(a) Carbon Products	18,065	17,668	22,211	2%	(19%)
(b) Chemicals	5,361	4,998	6,504	7%	(18%)
(c) Cement	2,674	2,623	2,183	2%	22%
Net Sales	**26,100**	**25,289**	**30,898**	**3%**	**(16%)**
Adjusted Operating Profit (2)					
(a) Carbon Products	3,251	2,275	2,898	43%	12%
(b) Chemicals	681	469	874	45%	(22%)
(c) Cement	440	391	20	13%	> 100%
Total	**4,372**	**3,135**	**3,792**	**39%**	**15%**

Note:

(1) *Net Sales is adjusted for inter segmental sales.*

(2) *Operating Profit is Profit before adjustment of exceptional items, Other Income, Foreign exchange (gain) loss, Depreciation & amortisation, Impairment loss, Interest and Taxation.Net Sales is adjusted for inter segmental sales.*

SALES VOLUME INFORMATION					In TONS
Particulars	Quarter Ended			% Favorable/ (Unfavorable)	
	June 2015	March 2015	June 2014	Q2 2015 vs. Q1 2015	Q2 2015 vs. Q2 2014
Carbon Products	924	848	785	9%	18%
Chemicals	86	75	75	15%	15%
Cement	554	542	595	2%	(7%)

OPERATIONAL HIGHLIGHTS

Status of Capital Projects

A) Solar Power Plant in Andhra Pradesh:

The Company executed Power Purchase Agreement with Southern Power Distribution Company of Andhra Pradesh ("APSPDCL") for a 22 MW Solar Power Plant in Dharmavaram, Anantapur District, Andhra Pradesh ("the Solar Project"). The Company received the consent from APSPDCL to set-up the Solar Project through a Special Purpose Vehicle, Rain Coke Limited. The Company would partner with SunEdison, Inc. (www.sunedison.com) in the Solar SPV for setting-up the Solar Project. The Company would own 51% shares of Solar SPV and balance 49% would be owned by SunEdison. SunEdison is the world's largest renewable energy development company and has expertise in setting-up and operating Solar Power Plants across the world.

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. Civil construction work is in progress and the same is well within the scheduled timelines. The WHR Power Plant 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.

CORPORATE HIGHLIGHTS

With the constant endeavor to reduce debt and optimize interest cost, the Company prepaid certain debt as detailed hereunder:

Prepayment of Debts			US$ in Million
Descriptions of Loan Prepaid	**Amount**	**Scheduled Date of Repayment**	**Interest Rate**
Junior Subordinated Notes prepaid in December 2014	26.3	January 2018	10.00%
Senior Secured Notes bought-back in June 2015	17.7	January 2021	8.25%
Senior Secured Notes bought-back in July 2015	2.2	December 2018	8.00%
Senior Secured Notes bought-back in July 2015	21.5	January 2021	8.25%
Total	**67.7**		

With cumulative prepayment of debt of US$ 67.7 million, the Company would be able to achieve estimated annual interest savings of US$ 6.0 million.

DIVIDEND:

The Board of Directors of the Company at their meeting held on August 14, 2015 declared an Interim Dividend of INR 1.00 per Equity share i.e., 50% on face value of INR 2.00 each fully paid up share. The Record Date for distribution of Dividend would be August 28, 2015.

FINANCIAL PERFORMANCE REVIEW AND ANALYSIS – Q2 2015 VS. Q2 2014:

Key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is INR 26,100 million during the current quarter, a fall of 16% compared to INR 30,898 million during Q2 2014.
    - Carbon products sales volume during the current quarter is 924 thousand tons, an increase of 18% compared to 785 thousand tons in Q2 2014. Sales volume of manufactured carbon products declined by 6% due to rescheduling of deliveries to customers; which was off-set by increase in Pet coke trading sales volume. Carbon revenues in Indian Rupees decreased during current quarter due to decline in average blended realization by 35%, substantially due to depreciation of Euro against Indian Rupee by 14% and partly offset by appreciation of US Dollar against Indian Rupee by 6%. Overall revenue from Carbon Products business declined by 19% in Q2 2015; as compared to Q2 2014.
    - Chemicals sales volume during the current quarter is 86 thousand tons, an increase of 15% compared to 75 thousand tons in Q2 2014. Chemical revenues in Indian Rupees decreased during current quarter due to decline in average blended realization by 32%, mostly due to depreciation of Euro against Indian Rupee by 14%. Overall revenue from Chemical business reduced by 18% in Q2 2015; as compared to Q2 2014.
    - Cement volume during the current quarter is 554 thousand tons, a decrease of 7% compared to 595 thousand tons in Q2 2014. With increase in price realization coupled with higher sales in new markets, Cement revenues increased by 22% in Q2 2015; as compared to Q2 2014.
- Consolidated Operating Profit for the current quarter is INR 4,372 million an increase of 15% compared to INR 3,792 million achieved during Q2 2014. Operating Profit increased during current quarter mainly due to change in product mix and supplemented by savings in other operating expenses. Operating Profit during Q2 2014 included environmental indemnification claim of INR 533 million received from prior owners.
- Operating Margin for the current quarter has increased to 17%, compared to operating margin of 12% achieved during Q2 2014.

- During Q2 2015, the Company had a foreign exchange loss of INR 147 million, as compared to a foreign exchange gain of INR 228 million in Q2 2014. The Forex loss in the current quarter is mainly due to loss on US dollar denominated receivables from appreciation of Euro and CAD against US dollar which is partially offset by strengthening of Russian Ruble against US dollar and Euro.
- Finance cost during the current quarter is INR 1,423 million, a decrease of 4% compared to INR 1,482 million during Q2 2014. Even though there is an appreciation of US dollar against Indian Rupee by 6%, finance cost has reduced on account of pre-payment of Junior Subordinated Notes of US$ 26.3 million during December 2014 and buy-back of Bonds of US$ 17.7 million during the current quarter, repayment of scheduled instalments of debt and translation impact of Euro currency interest cost.
- Effective tax rate during the quarter is in-line with the group tax rates in various geographies which include India, Belgium, Canada, Germany and United States.
- Consolidated net profit during the current quarter is INR 1,451 million compared to consolidated net profit of INR 1,235 million during Q2 2014.

The Company achieved a consolidated EPS of INR 4.31 during the current quarter as compared to consolidated EPS of INR 3.67 during Q2 2014.

DEBT ANALYSIS:

As at June 30, 2015, the Company has a consolidated gross debt of US$ 1,130 million (including working capital debt of US$ 32 million) and Cash and Cash Equivalents of US$ 114 million. The net debt as at the same date is US$ 1,016 million.

(US$ in Million)

Particulars	June 30, 2015	Dec. 31, 2014	Type of Interest / Repayment Terms
Senior Secured Notes	997	1,035	Fixed Rate/ Bullet repayments in December 2018 and January 2021
Senior Bank debt	67	85	Floating Rate/ Instalments up to 2018
Sales Tax Deferment	13	13	Interest Free/ Instalments up to 2027
Other Debt	21	24	
Gross term debt	**1,098**	**1,157**	
Add: Working Capital Debt	32	54	
Gross Debt	**1,130**	**1,211**	
Less: Cash and Cash Equivalents	114	145	
Net Debt	**1,016**	**1,066**	

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$ 114 million coupled with undrawn revolver facilities of US$ 211 million, the Company is well placed to meet debt servicing obligations and complete the capex projects in pipe line. The major debt repayments are scheduled to start only from CY 2018.

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 preparing the consolidated financial statements.

Currency	Average Rate for		Variance in %
	Q2 2015	Q2 2014	
INR / US Dollar	63.50	59.77	6%
INR / EURO	70.31	81.94	(14%)
RUB / US Dollar	52.56	34.81	51%

Currency	Closing Rate as at			Variance in %
	June 30, 2015	Mar. 31, 2015	Dec. 31, 2014	
INR / US Dollar	63.75	62.59	63.33	1%
INR / EURO	71.20	67.51	77.00	(8%)
RUB / US Dollar	55.73	58.04	59.58	6%

HISTORICAL PERFORMANCE

INR in Million

Particulars	Q2 2015	Q1 2015	CY 2014	CY 2013	CY 2012	CY 2011	CY 2010
Income from Operations[1]	26,237	25,390	119,370	117,443	53,615	56,395	37,857
Operating Profit [2]	4,372	3,135	12,220	14,978	11,090	13,873	7,559
Net Profit	1,451	843	885	3,845	4,577	6,641	2,407
Adjusted Net Profit [3]	1,451	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 / 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 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) with regard to refinancing of debt.

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, Poland and U.S. and the 17th 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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