Rain Industries Limited

(Formerly Rain Commodities Limited)

Press Release November 14, 2013

Results Update

Consolidated revenue increased to Rs. 29,760 Millions in Q3 2013, up by 2%

Consolidated net profit decreased to Rs. 866 Millions in Q3 2013, down by 38%

Consolidated EPS decreased to Rs. 2.58 in Q3 2013, down by 38%

Rain Industries Limited ("Rain" or "the Company") has announced its consolidated and standalone unaudited financial results for the Quarter ended September 30, 2013. Rain is engaged in the business of manufacturing and sale of Carbon Products, Chemicals and Cement.

Consolidated Financial Highlights: (Rupees in millions)

Particulars	Quarter ended			% change(1)	
	Sep 2013	June 2013	Sep 2012	Q3 2013 vs. Q2 2013	Q3 2013 vs. Q3 2012
Net Sales:					
(a) Carbon Products	22,386	21,706	10,617	3%	111%
(b) Chemicals	8,075	7,350	-	10%	-
(c) Cement	1,902	2,252	2,213	-16%	-14%
Total Sales	**32,363**	**31,308**	**12,830**	**3%**	**152%**
Less: Inter Segment	2,603	2,242	478	16%	445%
Net Sales	**29,760**	**29,066**	**12,352**	**2%**	**141%**
Operating Profit (2)	3,739	4,145	2,093	-10%	79%
Net Profit	866	1,392	917	-38%	-6%
Earnings Per Share	2.58	4.13	2.66	-38%	-3%

Sales Volume information: (Volume in '000 Tons)

Particulars	Quarter ended			% change(1)	
	Sep 2013	June 2013	Sep 2012	Q3 2013 vs. Q2 2013	Q3 2013 vs. Q3 2012
Carbon Products	726	827	574	-12%	26%
Chemicals	76	78	-	-3%	-
Cement	472	577	564	-18%	-16%

Note:

(1) In view of the acquisition of RUETGERS effective January 4, 2013, the figures for the current quarter are not comparable with that of the corresponding previous quarter.

(2) Operating Profit is Profit before Other Income, Exchange (Gain) Loss, Depreciation & amortisation, Interest, Taxation and Exceptional Items

Corporate Highlights:

1. The Board of Directors have declared an Interim Dividend of Rs. 1/- per Equity Share i.e. 50% on a face value of Rs. 2/- per Equity Share fully paid up.

2. The Company is in the process of setting up its fourth Coal Tar Distillation plant with a capacity of 300,000 tons per annum in Russia as a Joint Venture with Severstal, one of the leading steel producers in Russia. This project is currently under construction and is expected to be operational by early 2015. During the current quarter the company has increased its share in the Joint Venture from 51% to 65%.

3. The Company is also expanding its Phthalic Anhydride ("PA") plant capacity in Belgium by 14,000 tons per annum. This expansion project is expected to start up in the fourth quarter of 2014.

4. The Board of Directors of the Company has considered and approved the closure of Rain CII Carbon LLC's ("RCC") Calcining facility in Moundsville - West Virginia, USA. This closure is brought on by the impact of new regulations by the Environmental Protection Agency, USA, requiring an additional investment of over US$ 50 million which the Board believes is economically unviable for a facility operating at less than 50% capacity since 2009. Further, the closure of the above facility is not expected to have any significant impact on the combined output of the Company. We are currently evaluating the financial impact of the closure and have appointed external consultants to determine the fair market value and impairment loss, if any, due to these measures.

5. In order to optimize resources and to stay close to the major operating facilities, RCC is relocating its corporate headquarters from Kingwood – Texas, USA to Covington – Louisiana, USA. Construction on the new office building is scheduled to begin in Q1 2014 with the formal operations at the new facility expected to begin during Q4 2014.

6. The Company has initiated a feasibility study for the construction of an integrated Carbon Black manufacturing unit with a capacity of 100,000 tons per annum in Phase I. The plant, which would be integrated into RUETGERS largest tar distillation plant in Castrop-Rauxel, will benefit from existing infrastructure and onsite energy demand for high pressure steam, electricity generation and a municipal hot water connection, as well as the availability of competitive carbon rich streams on coal tar and petroleum residue. This project is part of the Company's

strategy to convert the leading producer of calcined petroleum coke ("CPC") and carbon binders into a high value carbon producer using RUETGERS unique feedstock to further diversify their carbon product range. With an estimated capital outlay of US$ 80 million for Phase I, this project is scheduled to be operational by end of 2016.

Financial Performance Review and Analysis:

To highlight some of the key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is Rs. 29,760 million during the current quarter an increase of about 2% compared Rs. 29,066 million during Q2 2013.
- Carbon product sales volume during the current quarter is 726 thousand tons, a decrease of 12% compared to Q2 2013, mainly driven by lower pet coke trading volume and reduction in Pitch and Oil sales.
- Chemicals product sales volume during the current quarter is 76 thousand tons, a marginal decrease of 3% compared to Q2 2013, mainly driven by lower chemical trading volume.
- Cement sales volume during the current quarter has decreased by 18% to 472 tons compared to 577 tons in Q2 2013, mainly due to seasonality and ongoing political agitation in the state of Andhra Pradesh
- Consolidated Operating Profit for the current quarter is Rs. 3,739 million a decrease of 10% compared to Rs. 4,145 million achieved during Q2 2013.
- Consolidated Operating Profit margin is reduced marginally from 14% in Q2 2013 to 13% in Q3 2013.
- Due to continued depreciation of Rupee against US Dollar and Euro, the Company has incurred foreign exchange loss of Rs. 194 million in Q3 2013 compared to Rs. 103 million in Q2 2013.
- Finance cost during the current quarter is increased by 11% to Rs. 1,559 million compared to Rs. 1,398 million during Q2 2013.
- Effective tax rate during the current quarter decreased to 17% compared to 26% in Q2 2013, mainly due to recognition of Rs. 205 million of MAT credit during Q3 2013.
- Consolidated Net profit during the current quarter is Rs. 866 million, a decrease of about 38% compared to Consolidated Net profit of Rs. 1,392 million during Q2 2013.
- The Company achieved a consolidated EPS of Rs. 2.58 during the current quarter, a decrease of 38% compared to consolidated EPS of Rs. 4.13 during Q2 2013.

Debt analysis:

As at September 30, 2013, the Company has a consolidated debt of US$ 1,323 million (including working capital debt of US$ 84 million) and cash and bank balances of US$ 138 million. The net debt as at the same date is US$ 1,185 million.

Net Debt (US$ Millions)	***As at September 30, 2013***	***As at June 30, 2013***
Term Debt ***(including Finance Leases and Deferred Payment Liabilities)***		
US Dollar denominated debt	873	873
EURO denominated debt	351	342
INR denominated debt	15	16
Total	**1,239**	**1,231**
Working Capital Debt		
US Dollar denominated debt	46	59
EURO denominated debt	32	7
INR denominated debt	6	-
Total	**84**	**66**
Total Gross Debt	**1,323**	**1,297**
Less: Cash and bank balances	138	127
Net Debt	**1,185**	**1,170**

The Company has designated the foreign currency loans availed as a hedging instrument to hedge its net investment in non-integral foreign operations, with effect from January 1, 2009. Accordingly, the foreign exchange gain/loss on such foreign currency loans, determined as an effective net investment hedge is recognized in Reserves and Surplus and would be transferred to the Statement of Profit and Loss upon sale or disposal of the investment in such non-integral foreign operations. During the current quarter, foreign exchange loss of Rs. 62 million has been recognized in the Reserves and Surplus.

With an existing cash balance of US$ 138 million and undrawn revolver facilities of US$ 203 million, the Company is comfortably placed to meet debt repayment obligations and capex projects in pipe line. The major debt repayment obligations would start only from 2018.

Historical Performance:

(Rupees in millions)

	Q3 2013	Q2 2013	Q1 2013	CY 2012	CY 2011	CY 2010	CY 2009	CY 2008
Income from Operations (1)	30,096	29,336	27,939	53,615	56,395	37,857	36,494	44,615
Operating Profit (2)	3,739	4,145	3,473	11,090	13,873	7,559	9,063	11,723
Net Profit	866	1,392	1,116	4,577	6,641	2,407	4,438	4,038
Adjusted Net Profit (3)	866	1,368	972	5,796	6,641	3,305	4,020	4,038

Note:

(1) Income from Operation is sum of Net Sales and Other Operating Income.

(2) Operating Profit is Profit before Other Income, Exchange (Gain) Loss, Depreciation & Amortisation, Interest, Taxation and Exceptional Items.

(3) Net Profit is adjusted for exceptional expense or income for the reported period net of the applicable taxes.

(4) In view of the acquisition of RUETGERS effective January 4, 2013, the figures of the 2013 are not comparable with that of previous periods.

About Rain:

Rain is one of the World's leading producer of Carbon Products and Specialty Chemicals with 18 operating facilities spread across United States of America, Canada, Europe, India, Africa and China, 19th 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 CPC, Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Co-generated Energy and other derivatives of Coal Tar distillation. Chemicals represent 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.

For further information please contact:

Y. Ravi Kiran
Sr. Manager – Corporate Finance
Rain Industries Limited
Tel: +91 40 4040 1252
Fax: +91 40 4040 1214
Email: ravikiran@raincii.com