RAIN INDUSTRIES LIMITED

Press Release **February 28, 2018**

Results for the fourth quarter and year ended December 31, 2017

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its Audited financial results for the quarter and year ended December 31, 2017.

Financial Highlights for Q4 2017

- Revenue from Operations is ₹ 31.4 billion and Adjusted EBITDA is ₹ 6.9 billion.
- Adjusted Net Profit After Tax is ₹ 3.0 billion and Adjusted Earnings Per Share is ₹ 8.9.
- Strong Cash of ₹ 9.4 billion to fund Capex projects and meet debt obligations in the near-term.
- Final Dividend of ₹ 1.00 per share.

Financial Performance

₹ in Millions

Particulars	Q4 CY17	Q4 CY16	CY 2017	CY 2016
Net Revenue	31,245	24,069	113,919	94,378
Other Operating Income	203	221	552	567
Revenue from Operations	**31,448**	**24,290**	**114,471**	**94,945**
Adjusted EBITDA	**6,872**	**4,347**	**22,702**	**16,367**
Adjusted EBITDA Margin	*21.9%*	*17.9%*	*19.8%*	*17.2%*
Profit before share of profit of associates, exceptional items and tax	**4,345**	**1,678**	**12,634**	**5,021**
Exceptional Items	1,133	-	1,803	262
Share in Profit of Associates	9	41	8	41
Profit Before Tax	**3,221**	**1,719**	**10,839**	**4,800**
Tax Expense, including Exceptional Tax Benefit	37	821	2,918	1,792
Minority Interest	112	22	285	99
Net Profit After Tax	**3,072**	**876**	**7,636**	**2,909**
Adjusted Net Profit After Tax	**2,977**	**876**	**7,977**	**3,457**
Adjusted Earnings Per Share in (₹)*	8.9	2.6	23.7	10.3

**Quarterly EPS is not annualized.*

SEGMENT WISE - FINANCIAL PERFORMANCE

CARBON PRODUCTS

Particulars	Q4 CY17	Q4 CY16	CY 2017	CY 2016	Variance Q4 CY17 vs Q4 CY16	Variance CY 2017 vs CY 2016
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	430	502	1,741	1,643	-14.3%	6.0%
- Coal Tar Pitch (CTP) [2]	137	138	606	561	-0.7%	8.0%
- Other Carbon Products [3]	177	154	714	616	14.9%	15.9%
- Green Petroleum Coke (GPC)	-	25	-	116	-100.0%	-100.0%
TOTAL	**744**	**819**	**3,061**	**2,936**	**-9.2%**	**4.3%**
(b) Net Revenue [1] (□ in Millions)						
- Calcined Petroleum Coke (CPC)	11,539	7,925	37,265	26,867	45.6%	38.7%
- Coal Tar Pitch (CTP) [2]	6,282	3,810	21,976	16,287	64.9%	34.9%
- Other Carbon Products [3]	6,364	5,086	24,895	20,204	25.1%	23.2%
- Green Petroleum Coke (GPC)	-	269	-	1,017	-100.0%	-100.0%
- Energy	589	541	2,184	2,390	8.9%	-8.6%
TOTAL	**24,774**	**17,631**	**86,320**	**66,765**	**40.5%**	**29.3%**
(c) Adjusted EBITDA [4] (□)	**6,412**	**3,141**	**20,496**	**12,793**	**104.1%**	**60.2%**
(d) Adjusted EBITDA Margin	**25.9%**	**17.8%**	**23.7%**	**19.2%**	**8.1%**	**4.5%**

Notes:

(1) *Net of inter-company sales.*

(2) *CTP includes CARBORES®.*

(3) *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.*

(4) *Adjusted EBITDA is profit before adjustment of Exceptional Items, Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Tax.*

CHEMICALS

Particulars	Q4 CY17	Q4 CY16	CY 2017	CY 2016	Variance Q4 CY17 vs Q4 CY16	Variance CY 2017 vs CY 2016
(a) Sales Volumes (1) (In '000 MTs)						
- Resins & Modifiers	29	28	125	118	3.6%	5.9%
- Superplasticizers	15	15	60	60	-	-
- Aromatic Chemicals	9	8	36	33	12.5%	9.1%
- Chemical Trading	-	5	6	19	-100.0%	-68.4%
TOTAL	**53**	**56**	**227**	**230**	**-5.4%**	**-1.3%**
(b) Net Revenue (1) (□ in Millions)						
- Resins & Modifiers	2,901	2,530	11,732	10,991	14.7%	6.7%
- Superplasticizers	691	712	2,864	2,970	-2.9%	-3.6%
- Aromatic Chemicals	755	613	3,154	2,632	23.2%	19.8%
- Chemical Trading	-	130	170	421	-100.0%	-59.6%
TOTAL	**4,347**	**3,985**	**17,920**	**17,014**	**9.1%**	**5.3%**
(c) Adjusted EBITDA (2) (□ in Millions)	**198**	**899**	**1,340**	**2,495**	**-78.0%**	**-46.3%**
(d) Adjusted EBITDA Margin	**4.6%**	**22.6%**	**7.5%**	**14.7%**	**-18.0%**	**-7.2%**

CEMENT

Particulars	Q4 CY17	Q4 CY16	CY 2017	CY 2016	Variance Q4 CY17 vs Q4 CY16	Variance CY 2017 vs CY 2016
(a) Sales Volumes (In '000 MTs)	509	472	2,104	2,137	7.8%	-1.5%
(b) Net Revenue (□ in Millions)	2,124	2,453	9,679	10,599	-13.4%	-8.7%
(c) EBITDA(2) (□ in Millions)	262	307	866	1,079	-14.7%	-19.7%
(d) EBITDA Margin (%)	12.3%	12.5%	8.9%	10.2%	-0.2%	-1.3%

Notes:

(1) *Net of inter-company sales.*

(2) *Adjusted EBITDA is profit before Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Tax.*

Financial Performance Review and Analysis – Q4 2017 vs Q4 2016

- Net Revenue of ₹31.2 billion during Q4 2017, an increase of ~29.8% compared to ₹24.1 billion during Q4 2016.

  - Carbon Products sales volume during Q4 2017 were 744 thousand metric tons, a decrease of ~9.2% compared to 819 thousand metric tons in Q4 2016. There is a decrease in CPC volumes by ~14.3% due to delay in shipments. There is a marginal decrease in CTP volumes by ~0.7%. The increase in Other Carbon Products volumes by ~14.9% is mainly due to improved capacity utilization. There are no GPC trading volumes in Q4 2017 due to a shift away from this low-margin trading business. During Q4 2017, the average blended realization increased by ~54.7% after considering the unfavorable impact from the depreciation of USD by ~4.0% which is partially offset by favorable impact from the appreciation of the Euro by ~4.8% against the Indian Rupee. Overall, due to the aforesaid reasons, the revenue from Carbon Products segment increased by ~40.5% in Q4 2017 as compared to Q4 2016.

  - Chemicals sales volume during Q4 2017 were 53 thousand metric tons, a decrease of ~5.4% compared to 56 thousand metric tons in Q4 2016. There is an increase in volumes by ~3.6% in Resins & Modifiers, similar volumes in Superplasticizers and an increase in volumes by ~12.5% in Aromatic Chemicals which is partially offset by the decrease in trading volumes. During Q4 2017, the average blended realization increased by ~15.3% along with the favorable impact from the appreciation of the Euro against the Indian Rupee by ~4.8%. Due to the aforesaid reasons, the revenue from Chemicals business increased by ~9.1% during Q4 2017.

  - Cement sales realizations decreased by ~19.7% during Q4 2017 as compared to Q4 2016, it is partly offset by the increase in volumes by ~7.8%. Due to these reasons, the revenue from Cement business decreased by ~13.4%. During Q4 2017, there is ~13.5% increase in sales volume from Andhra Pradesh, Telangana, Tamil Nadu, Kerala and Odisha; partially offset by ~5.7% lower volumes in Karnataka, Maharashtra and Goa when compared to Q4 2016.

- During Q4 2017, Adjusted EBITDA in the Carbon Products segment increased by ₹ 3.3 billion due to higher sales volumes from high-margin Other Carbon Products, coupled with improved realizations of all Carbon Products. Adjusted EBITDA in the Chemicals segment decreased by ~78.0% due to increase in operating expenses and higher raw material quotations. EBITDA from the Cement segment decreased by ~14.7%, due to lower realizations and increase in cost of inputs.

- Adjusted EBITDA for Q4 2017 is ₹6.9 billion, an increase of ~58.1% compared to Adjusted EBITDA of ₹4.3 billion achieved during Q4 2016. The increase is mainly due to change in product mix, improved realizations, higher capacity utilizations and cost optimizations.

- During Q4 2017, the Company has a Foreign Exchange Gain of ₹71 million, as compared to ₹175 million in Q4 2016. The gain is mainly due to appreciation of the Euro against the US Dollar.

- Finance cost during Q4 2017 decreased by ~4.1% compared to Q4 2016 due to appreciation of the Indian Rupee against the US Dollar partially offset by depreciation of the Indian Rupee against the Euro and lower weighted average cost of debt through refinancing completed in March 2017.

- The effective tax rate during the Q4 2017 is lower mainly due to benefit from restatement of deferred tax liabilities at reduced corporate tax rates in Belgium and the USA applicable from next year, further supported by improved interest deductibility from internal reorganization of debt allocation to Europe completed during 2016 and from refinancing completed in January 2018.

- Stable performance in the Indian Rupee terms continued, in spite of the depreciation of the US Dollar against the Indian Rupee by ~4.0% with a partial offset from the appreciation of the Euro against the Indian Rupee by ~4.8%. The Adjusted Net Profit during Q4 2017 is ₹3.0 billion as compared to Adjusted Net Profit of ₹0.9 billion during Q4 2016.

- The Company achieved an Adjusted EPS of ₹8.9 during Q4 2017 as compared to Adjusted EPS of ₹2.6 during Q4 2016.

- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for the quarter ended December 31, 2017 is explained in the below table:

Particulars	₹ in Millions
A. Reported Net Profit After Tax	**3,072**
B. Add/(Less): Exceptional items	
Premium on Redemption and Amortization of Deferred finance cost on redemption of 2021 notes through refinancing in January 2018 (Net of Tax)	736
Tax benefit in restating Deferred Tax Liability at new enacted corporate tax rates of 21% and 29.58% in the USA and Belgium respectively	(831)
C. Adjusted Net Profit After Tax (A + B)	**2,977**

Financial Performance Review and Analysis – CY 2017 vs CY 2016

- Net Revenue of ₹113.9 billion during CY 2017, an increase of ~20.7% compared to ₹94.4 billion during CY 2016.

    - Carbon Products sales volume during CY 2017 were 3,061 thousand metric tons, an increase of ~4.3% compared to 2,936 thousand metric tons during CY 2016. The increase in volumes is mainly due to the contributions from expansion projects and improved capacity utilization. There are no trading volumes in CY 2017 due to a shift away from this low-margin trading business. During CY 2017, the average blended realization increased by ~24.0% after considering the unfavorable impact from the depreciation of USD and Euro by ~3.1% and ~1.1% respectively against the Indian Rupee. Overall, due to the aforesaid reasons, the revenue from Carbon Products segment increased by ~29.3% during CY 2017 as compared to CY 2016.

    - Chemicals sales volume during CY 2017 were 227 thousand metric tons, a marginal decrease of ~1.3% compared to 230 thousand metric tons during CY 2016. There is an increase in volumes by ~5.9% in Resins & Modifiers, similar volumes in Superplasticizers and increase in volumes by ~9.1% in Aromatic Chemicals which is partially offset by the decrease in trading volumes. During CY 2017, the average blended realization increased by ~6.7% partially offset with the unfavorable impact from the depreciation of the Euro against the Indian Rupee by ~1.1%. Due to the aforesaid reasons, the revenue from Chemicals segment increased by ~5.3% during CY 2017.

    - Cement sales volume marginally decreased during CY 2017 by ~1.5% as compared to CY 2016. Further, due to the decrease in realizations by ~7.2%, the revenue from the Cement segment decreased by ~8.7% during CY 2017 compared to CY 2016. Sales volumes during CY 2017 decreased in the states of Andhra Pradesh, Karnataka, Maharashtra, Odisha, Goa and Pondicherry. At the same time, sales volumes increased in the states of Telangana, Tamil Nadu and Kerala.

- During CY 2017, Adjusted EBITDA in the Carbon Products segment increased by ₹7.7 million due to higher sales volumes, coupled with improved realizations. Adjusted EBITDA in the Chemicals segment decreased by ~46.3% due to increase in operating expenses and raw material quotations coupled with unplanned shutdowns. EBITDA from the Cement segment decreased by ~19.7%, due to increase in cost of inputs.

- The Adjusted EBITDA for CY 2017 is ₹22.7 billion, an increase of ~38.7% compared to Adjusted EBITDA of ₹16.4 billion achieved during CY 2016. The increase is mainly due to improved realizations, capacity utilizations and cost optimizations.

- During CY 2017, the Company has a Foreign Exchange Gain of ₹798 million, as compared to ₹342 million during CY 2016. The gain is mainly due to appreciation of the Euro against the US Dollar.

- Finance cost during CY 2017 decreased by ~3.7% compared to CY 2016 due to appreciation of the Indian Rupee against the US Dollar partially offset with depreciation of the Indian Rupee against the Euro and lower weighted average cost of debt through refinancing completed in March 2017.

- The effective tax rate during the year is lower mainly due to benefit from restatement of deferred tax liabilities at reduced corporate tax rates in Belgium and the USA applicable from next year, further supported by improved interest deductibility from internal reorganization of debt allocation to Europe completed during 2016 and from refinancing completed in January 2018.

- Stable performance in the Indian Rupee terms continued, in spite of the depreciation of the US Dollar and the Euro against the Indian Rupee by ~3.1% and ~1.1% respectively. The Adjusted Net Profit during CY 2017 is ₹8.0 billion as compared to Adjusted Net Profit of ₹3.5 billion during CY 2016.

- The Company achieved an Adjusted EPS of ₹23.7 during CY 2017 as compared to Adjusted EPS of ₹10.3 during CY 2016.

- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for the year ended December 31, 2017 is explained in the below table:

Details	₹ in Millions
A. Reported Net Profit After Tax	**7,636**
B. Add/(Less): Exceptional items	
Premium on Redemption and Amortization of Deferred finance cost on redemption of 2018 and 2021 notes through refinancing in March 2017 and January 2018 respectively (Net of Tax)	1,172
Tax benefit in restating Deferred Tax Liability at new enacted corporate tax rates of 21% and 29.58% in the USA and Belgium respectively	(831)
C. Adjusted Net Profit After Tax (A + B)	**7,977**

Debt Analysis

As at December 31, 2017, the Company has a Gross Debt of US$ 1,158 million (including Working Capital Debt of US$ 50 million), Cash & Cash Equivalents of US$ 147 million, Unamortized Deferred Finance Cost of US$ 12 million and Net Debt of US$ 999 million.

(US$[1] in Million)

Particulars	As on Dec. 31, 2017	As on Dec. 31, 2016	Repayment Terms
Senior Secured Notes:-			
- 8.00% USD Denominated	-	373	Refinanced with new Notes
- 8.25% USD Denominated	247	336	Bullet repayment in January 2021
- 8.50% Euro Denominated[2]	242	209	Bullet repayment in January 2021
- 7.25% USD Denominated	550	-	Bullet repayment in April 2025
Senior Bank Debt	50	119	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	11	11	Interest Free - Instalments up to 2025
Loan from JV partners	2	11	Fixed Rates - Unsecured loans
Other Debt	6	11	Fixed Rates - Includes Finance leases
Gross Term Debt	**1,108**	**1,070**	
Add: Working Capital Debt	50	26	
Gross Debt	**1,158**	**1,096**	
Less: Cash & Cash Equivalents	147	154	
Less: Deferred Finance Cost	12	15	
Net Debt	**999**	**927**	

Notes:
(1) As substantial part of the Debt is denominated in US Dollars, the Debt of the Company is presented in the US Dollars.
(2) Increase in Q4 CY17 is mainly due to appreciation of the Euro against the US Dollar.

The Company during January 2018 accomplished refinancing of Senior Notes due in January 2021. In the said refinancing, the Company has repaid notes of US$ 246 million and € 198.5 million through proceeds from € 390 million Euro Term Loan B borrowed at an interest rate of 3.00% plus EURIBOR (subject to a 0.00% floor). Refinancing also included a US$ 150 million revolving credit facility to be made available to Rain Carbon Inc. and certain of its subsidiaries in the United States, Canada, Germany and Belgium. This will replace the existing revolving limits in these subsidiaries.

Working Capital debt has increased due to increase in sales volume and higher market quotations. Net working capital has increased from US$ 228 million as at December 31, 2016 to US$ 396 million as at December 31, 2017, due to higher market quotations and increased volumes.

With the existing Cash and Cash Equivalents of US$ 147 million coupled with undrawn revolver facilities of US$ 100 million, the Company is well placed to fund capex projects and meet debt servicing obligations in the near-term. The major debt repayments are scheduled to start January 2025.

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 items respectively in preparing the financial statements.

Average Rate of Exchange	Q4 CY17	Q4 CY16	CY 2017	CY 2016	Variance Q4 CY17 vs Q4 CY16	Variance CY 2017 vs CY 2016
Indian Rupee / US Dollar	64.74	67.46	65.12	67.21	4.03%	3.11%
Indian Rupee / Euro	76.20	72.73	73.55	74.37	-4.77%	1.10%
Russian Ruble / US Dollar	58.43	63.02	58.35	67.07	7.28%	13.00%
Canadian Dollar / Euro	1.50	1.44	1.46	1.47	-4.17%	0.68%

Closing Rate of Exchange	CY 2017	CY 2016	Variance CY 2017 vs CY 2016
Indian Rupee / US Dollar	63.93	67.95	5.92%
Indian Rupee / Euro	76.39	71.62	-6.66%
Russian Ruble / US Dollar	57.86	61.00	5.15%
Canadian Dollar / Euro	1.50	1.42	-5.63%

About RAIN:

RAIN is a leading vertically integrated global producer of a diversified portfolio of carbon, cement and chemical products that are essential raw materials for staples of everyday life. We operate in three business segments: Carbon Products, Cement and Chemicals. Our Carbon Products 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, ordinary portland cement ("OPC") and portland pozzolana cement ("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 ("WHR") 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. The manufacture and sales of cement has been classified as Cement.

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