

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit-3
Sy. No. 83/1, Plot No. 2, Raidurg
Hyderabad-500081, India.

Telephone : +91 40 7182 2000
Fax : +91 40 7182 2399

Limited review report on unaudited quarterly and year-to-date consolidated financial results under Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015

To
Board of Directors of Rain Industries Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Rain Industries Limited and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income of its associates for the quarter ended 30 September 2019 and year to date results for the period from 01 January 2019 to 30 September 2019 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.
5. The Statement includes the results of the entities which have been mentioned in Annexure I to this report.
6. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Limited review report on unaudited quarterly consolidated financial results of Rain Industries Limited pursuant to Regulation 33 of the Listing Regulations.

7. The Statement includes the financial results of 5 subsidiaries which have not been reviewed, whose financial results on a standalone basis reflect total revenue of Rs. 19.31 million and Rs. 698.84 million, total net (loss) of Rs. (163.59) million and Rs. (382.83) million and total comprehensive (loss) of Rs. (252.86) million and Rs. (429.57) million for the quarter ended 30 September 2019 and for the period from 1 January 2019 to 30 September 2019, respectively, as considered in the Statement. According to the information and explanations given to us by the management, these financial results on a consolidated basis are not material to the Group.
8. Certain subsidiaries and associates are located outside India whose financial results have been prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted the financial statements of such subsidiaries and associates located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associates located outside India is based on the review of such financial results and the conversion adjustments prepared by the management of the Company.

Our conclusion on the Statement is not modified in respect of the above matter.

*for B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/ W-100024*



Sriram Mahalingam
Partner
Membership Number: 049642
UDIN: 19049642AAAAED6663

Place: Hyderabad
Date: 13 November 2019

Limited review report on unaudited quarterly consolidated financial results of Rain Industries Limited pursuant to Regulation 33 of the Listing Regulations.

Annexure I

List of Subsidiaries and Associates

Name of the Company

1. Rain Cements Limited
2. Renuka Cement Limited
3. Rain CII Carbon (Vizag) Limited
4. Rain Commodities (USA) Inc.
5. Rain Carbon Inc.
6. Rain Carbon Holdings, LLC
7. Rain Global Services LLC
8. Rain CII Carbon LLC
9. CII Carbon Corp.
10. Handy Chemicals (U.S.A.) Ltd.
11. Rain Carbon GmbH
12. RÜTGERS Canada Inc.
13. RÜTGERS Polymers Ltd.
14. Rain Carbon BVBA
15. RÜTGERS Germany GmbH
16. RÜTGERS Holding Germany GmbH (Merged into Rain Carbon GmbH in July 2019)
17. RÜTGERS Wohnimmobilien GmbH & Co. KG
18. RÜTGERS Gewerbeimmobilien GmbH & Co. KG
19. Rain RÜTGERS LLC
20. VFT France S.A
21. Rumba Invest BVBA & Co. KG
22. RÜTGERS Poland Sp. z o.o
23. Severtar Holding Ltd.
24. RÜTGERS Resins BV
25. OOO RÜTGERS Severtar
26. RÜTGERS (Shanghai) Trading Co. Ltd.
27. InfraTec Duisburg GmbH (Equity accounted investee)





RAIN INDUSTRIES LIMITED
CIN: L26942TG1974PLC001693

Regd. Off: "Rain Center", 34, Srinagar Colony, Hyderabad - 500 073, Telangana State, India. Ph.No.040-40401234; Fax:040-40401214
Email: secretarial@rain-industries.com / www.rain-industries.com

Statement of Consolidated Unaudited Financial Results for the Quarter and Nine Months ended September 30, 2019

Particulars	Quarter ended			Nine Months ended			(Rupees in Millions except per share data)		(Rupees in Millions except per share data)
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	December 31, 2018	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Income									
(a) Revenue from operations	29,922.79	33,415.73	34,925.54	95,303.81	106,049.20	106,049.20	140,489.93	140,489.93	
(b) Other income (Refer note 6 and 7 below)	216.21	297.95	133.25	632.82	258.06	258.06	407.81	407.81	
Total income	30,139.00	33,713.68	35,058.79	95,936.63	106,307.26	106,307.26	140,897.74	140,897.74	
2 Expenses									
(a) Cost of materials consumed	12,309.36	12,698.99	14,705.93	38,933.16	44,266.46	44,266.46	61,674.48	61,674.48	
(b) Purchases of stock-in-trade	3,333.42	4,249.31	5,134.02	10,413.69	13,678.17	13,678.17	18,095.78	18,095.78	
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	71.61	1,921.10	(583.30)	3,291.52	(1,521.35)	(1,521.35)	(2,499.37)	(2,499.37)	
(d) Employee benefits expense (Refer note 5 and 6 below)	3,267.88	2,985.27	3,015.26	9,378.95	9,008.31	9,008.31	12,355.15	12,355.15	
(e) Finance costs	1,125.99	1,133.65	1,126.06	3,393.38	3,423.71	3,423.71	4,565.13	4,565.13	
(f) Depreciation and amortisation expense (Refer note 5 below)	1,438.63	1,282.65	1,314.11	3,919.99	3,859.66	3,859.66	5,550.86	5,550.86	
(g) Loss / (gain) on foreign currency transactions and translations (net)	(177.93)	54.06	189.18	(195.94)	329.83	329.83	213.66	213.66	
(h) Other expenses (Refer note 5 and 6 below)	7,655.46	7,361.68	7,350.80	22,314.42	21,812.36	21,812.36	30,994.32	30,994.32	
Total expenses	29,054.42	31,686.71	32,252.06	91,521.17	94,857.15	94,857.15	130,950.01	130,950.01	
3 Profit before share of profit of associates and tax (1-2)	1,084.58	2,026.97	2,806.73	4,415.46	11,450.11	11,450.11	9,947.73	9,947.73	
4 Share of profit of associates, net of income tax	-	-	-	-	-	-	8,80	8,80	
5 Profit before tax (3+4)	1,084.58	2,026.97	2,806.73	4,415.46	11,450.11	11,450.11	9,947.73	9,947.73	
6 Tax expense / (benefit) (Refer note 8 and 9 below)									
- Current tax	937.84	866.31	1,000.96	2,394.10	3,500.07	3,500.07	4,229.32	4,229.32	
- Tax relating to earlier years (in US\$)	(287.00)	-	-	(287.00)	-	-	(12.42)	(12.42)	
- Deferred tax									
(a) Deferred tax excluding (b) below	(421.09)	(306.89)	(90.97)	(946.34)	358.52	358.52	(573.68)	(573.68)	
(b) Impact on account of change in tax rate in India	(153.38)	-	-	(153.38)	-	-	-	-	
Total tax expense	7.37	559.42	909.99	1,007.38	3,858.59	3,858.59	3,643.22	3,643.22	
7 Net profit for the period/year (5-6)	1,086.21	1,467.55	1,896.74	3,408.08	7,591.52	7,591.52	6,313.31	6,313.31	
8 Other comprehensive income / (loss) (net of tax) for the period/year									
(a) Items that will not to be reclassified to profit or loss:									
Re-measurements of net actuarial gain on post employment benefit plans	-	-	-	-	-	-	-	-	
Income tax effect	-	-	-	-	-	-	-	-	
(b) Items that will be reclassified to profit or loss:									
Foreign currency translation reserve	127.47	345.09	2,061.79	3,551.90	3,262.62	3,262.62	1,144.65	1,144.65	
Effective portion of Cash Flow Hedge	(2.90)	2.90	-	-	150.97	150.97	150.97	150.97	
Income tax effect	-	-	-	-	(301.39)	(301.39)	(301.39)	(301.39)	
Total other comprehensive income (net of tax)	124.57	347.99	2,061.79	3,551.90	3,383.20	3,383.20	1,144.65	1,144.65	

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9	Total comprehensive income for the period/year (7+8)	1,132.78	1,815.54	3,958.53	3,761.98	3,761.98	10,974.72	10,974.72
10	Profit attributable to:							
	Owners of the Company	821.31	1,256.79	1,747.87	2,766.22	7,207.53	5,816.26	5,816.26
	Non-controlling interests	186.90	210.76	148.87	64.86	383.99	497.05	497.05
	Net Profit for the period/year	1,008.21	1,467.55	1,896.74	3,408.08	7,591.52	6,313.31	6,313.31
11	Other comprehensive income / (loss) attributable to:							
	Owners of the Company	131.58	306.56	2,020.66	264.75	3,333.67	1,642.81	1,642.81
	Non-controlling interests	(7.01)	41.43	41.13	89.15	49.53	(77.04)	(77.04)
	Other comprehensive income for the period/year	124.57	347.99	2,061.79	353.90	3,383.20	1,565.77	1,565.77
12	Total comprehensive income attributable to:							
	Owners of the Company	952.89	1,563.35	3,768.53	3,030.97	10,541.20	7,459.07	7,459.07
	Non-controlling interests	179.89	252.19	190.00	731.01	433.52	420.01	420.01
	Total comprehensive income for the period/year	1,132.78	1,815.54	3,958.53	3,761.98	10,974.72	7,879.08	7,879.08
13	Earnings Per Share - Basic and Diluted (of INR 2/- each)	2.44	3.74	5.20	8.22	21.43	17.29	17.29
	<i>(See accompanying notes to the Consolidated Unaudited Financial Results)</i>							

Notes:

1 The Consolidated Unaudited Financial Results were reviewed by the Audit Committee on November 12, 2019 and approved by the Board of Directors at their meeting held on November 13, 2019.

2 The Consolidated Unaudited Financial Results have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013 ('The Act') read with relevant rules issued thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3 The Consolidated Unaudited Financial Results for the Quarter and Nine months ended September 30, 2019 have been subjected to a "Limited Review" by the statutory auditors of the Company. An unqualified report has been issued by them thereon.

4 The Board of Directors of the Company at their meeting held on November 13, 2019, have declared an Interim Dividend of INR 1/- per Equity Share i.e. 50% on face value of INR 2/- per Equity Share fully paid up for the financial year ending December 31, 2019.

5 On August 6, 2019, Board of Rain Carbon Inc., a wholly owned step down subsidiary of the Company, has decided to close down one of the Group's facility in Uithoorn, Netherlands in light of eroding profitability for hydrocarbon and C9 aromatic resins, particularly for printing inks and adhesive in a phased manner by March 31, 2020. Although the facility is getting closed, the operations will be shifted to Duisburg, Germany. The management has evaluated the costs of closure and created a total provision for INR 1,076.11 (EUR 13.70 million) for the quarter ended September 30, 2019, of which INR 23.64 (EUR 3.00 million) was recorded in Employee benefits expense towards severance payments and INR 840.47 (EUR 10.70 million) was recorded in Other expenses. In addition to the above provision, there is an accelerated depreciation of Plant and Machinery amounting to INR 218.16 (EUR 2.78 million).

6 (i) Other expenses for the quarter and year ended December 31, 2018 includes (a) provision made towards amount receivable from one customer in Venezuela of INR 782.10 (USD 10.85 million) as the Company expects delays in recovering the outstanding balance on account of deteriorating economic conditions and restriction on repatriation of funds from Venezuela; and (b) provision made towards certain fines and penalties towards environmental issues at one of its subsidiary company for an amount of INR 161.61.

(ii) Employee benefits expense include severance payments on account of reorganisation within Ruetgers Group amounting to INR 170.79 (EUR 2.07 million) during quarter and year ended December 2018.

(iii) Other income includes profit of INR 60.00 on account of transfer of investment in Rain Coke Limited (which implemented 22 MW Solar Power Plant in Andhra Pradesh) to GreenKo Group, during the quarter and year ended December 2018

During the quarter ended June 30, 2019, Other income includes reversal of provision made towards environmental issues at one of its subsidiary company for an amount of INR 130.50 as the matter has been settled in the court.



(i) On December 22, 2017, the Tax Cuts and Jobs Act ("US Tax Legislation") was enacted. The US Tax Legislation significantly revises the U.S. corporate income tax by, among other things, lowering corporate income tax rates. Implementing the territorial tax system and imposing a repatriation tax on deemed repatriation of accumulated earnings of foreign subsidiaries up to December 31, 2017.

(ii) The Company's US Subsidiary has filed its 2017 U.S. tax return on due date of October 15, 2018. Due to deemed repatriation of accumulated foreign earnings as of December 31, 2017 under amended section 965 for tax year 2017, the transition tax liability stood as INR 215.03 (USD 2.98 million). However there are foreign tax credits identified and available for utilization in future years which have been recognized as a tax asset to the extent there is future taxable income and foreign sourced income based on prudent, feasible and sustainable tax planning strategies. Also for the year 2018, at the time of finalizing consolidated financial results the Company's US Subsidiary has undistributed current earnings generated from its foreign subsidiaries which are subject to GILTI required by the 2017 Tax Act. Based on available information, the Group's GILTI tax for the year 2018 was estimated to be INR 422.51 (USD 3.36 million) approximately. Management has re-measured its US tax assets and liabilities and recorded the impact of the new taxes as an income tax expense in the consolidated financial results for the year ended December 31, 2018.

(iii) The Group continues to assess the impact of the changes in reforms during the year 2018 and the Company's US Subsidiary has filed its 2018 U.S. tax return on due date of October 15, 2019. For the year 2018, at the time of finalizing its tax return, management has opted for the Group election under section 163J as compared to single entity election at the time of finalizing its 2018 annual consolidated financial statements resulting in a refund of taxes paid for the year 2018 and accordingly recorded the impact of the same as a reversal of earlier year income tax expense in the unaudited financial results for the quarter and period ended September 30, 2019 as it considers the election as a reasonable tax claim.

(iv) Any consequential impact of the Company's US Subsidiary continued assessment of the estimates will be recorded in the period in which the estimates are revised.

9 One of Indian subsidiary company has elected to exercise the option permitted u/s 115BAA of the Income-tax act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019 (tax ordinance). Accordingly, the Group has recognized provision for income tax for the nine months ended September 30, 2019 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The change in tax rate has resulted in reversal of Deferred Tax Liabilities amounting to INR 153.38 in the quarter and period ended September 30, 2019. The Group is currently evaluating the impact of the tax ordinance with respect to other Indian companies.

Certain Standalone information of the Company in terms of the Regulation 47(1)(b) of the SEBI (listing obligation and disclosure requirements) Regulations, 2015:

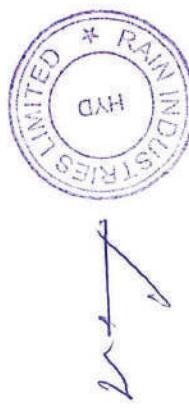
	Particulars	Quarter ended			Nine Months ended			Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2018	
Revenue from operations		153.78		71.48	118.42	340.44	621.82	December 31, 2018
Profit / (loss) before tax		(11.79)		39.60	(34.75)	30.19	319.14	1,053.53
Profit / (loss) after tax		(8.69)		27.72	(27.59)	20.90	248.63	604.66

Consolidated Segment wise revenue and results:

The Company has considered business segment as the primary segment for reporting. The products considered for business segment are:

- (a) Carbon
- (b) Advanced Materials
- (c) Cement

1) Segment revenue	Particulars	Quarter ended			Nine Months ended			Year ended
		September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2018	
1) Segment revenue								
(a) Carbon	21,016.26	23,165.64	23,280.92	66,775.80	72,992.34	97,293.97		
(b) Advanced Materials	8,851.41	9,442.25	10,531.21	26,854.88	29,264.37	37,845.57		
(c) Cement	2,374.99	2,974.66	2,206.04	8,146.47	6,887.57	9,137.87		
Total	32,242.66	35,582.55	36,018.17	101,771.5	109,144.28	144,277.39		
Less: Inter segment revenue	2,319.87	2,166.82	1,092.63	6,473.34	3,095.08	3,787.46		
Revenue from operations	29,922.79	33,415.73	34,925.54	95,303.81	106,049.20	140,489.93		



2) Segment results						
(a) Carbon	3,328.52	2,456.46	4,088.05	8,288.36	15,160.94	15,688.70
(b) Advanced Materials	(403.37)	1,186.26	1,087.85	1,374.98	3,211.61	3,471.54
(c) Cement	333.13	556.66	126.93	1,311.95	432.70	709.33
Total	3,258.28	4,199.38	5,302.83	10,975.29	18,805.25	19,869.57
Less:						
i) Depreciation and amortisation expense	1,438.63	1,282.65	1,314.11	3,991.99	3,859.66	5,550.86
ii) Finance costs	1,125.99	1,133.65	1,126.06	3,393.38	3,423.71	4,565.13
iii) Other un-allocable (income) / expense (net)	(390.92)	(243.89)	55.93	(825.54)	71.77	(194.15)
iv) Share of profit of associates, net of income tax	-	-	-	-	-	(8.80)
Profit before tax	1,084.58	2,026.97	2,806.73	4,415.46	11,450.11	9,956.53

Segmental assets and liabilities:

As certain assets of the Company are often deployed interchangeably between segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for segment assets and liabilities have not been disclosed in the above table.

12 The figures of the previous year / periods have been regrouped / reclassified, wherever considered necessary to correspond with the current period's classification / disclosure.

13 The Investors can view Standalone Unaudited Financial Results of the Company on the Company's website www.rain-industries.com or on the BSE Limited website www.bseindia.com or on the National Stock Exchange of India Limited website www.nseindia.com.

Place: Hyderabad
Date: November 13, 2019
DIN: 00021052

For and on behalf of the Board of Directors
RAIN INDUSTRIES LIMITED

N Radha Krishna Reddy
Managing Director
DIN: 00021052

