

B S R & Associates LLP

Chartered Accountants

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Limited review report on unaudited quarterly 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 associate for the quarter ended 31 March 2020 ("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.

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.

4. The Statement includes the results of the entities which have been mentioned in Annexure I to this report.
5. Attention is drawn to the fact that the figures for the 3 months ended 31 December 2019 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. The figures up to the end of the third quarter of previous financial year had only been reviewed and not subjected to audit
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.

B S R & Associates is partnership firm with Registration No. BA682726 converted into B S R & Associates LLP is Limited liability Partnership with LLP Registration No. AAB-81821 with effect from October 14, 2013

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

7. The Statement includes the financial results of subsidiaries which have not been reviewed, whose financial results on a standalone basis reflect total revenue of Rs. 1,805.56 million, total net loss after tax of Rs. (313.12) million and total comprehensive (loss) of Rs. (658.88) million for the quarter ended 31 March 2020, as considered in the Statement. The above financial results are before giving effect to any intra group eliminations and consolidation adjustments. 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 associate 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 associate 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 associate 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: 20049642AAAABO4172

Place: Hyderabad
Date: 28 May 2020

B S R & Associates LLP

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 Associate

Name of the Company

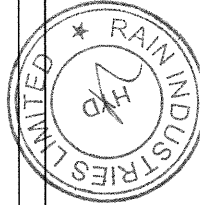
1. Rain Cements Limited
2. Renuka Cement Limited
3. Rain CII Carbon (Vizag) Limited
4. Rain Commodities (USA) Inc.
5. Rain Carbon Inc.
6. Rain Carbon Holdings, LLC
7. Rain Global Services LLC
8. Rain CII Carbon LLC
9. CII Carbon Corp.
10. Handy Chemicals (U.S.A.) Ltd.
11. Rain Carbon GmbH
12. RÜTGERS 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)

RIL

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

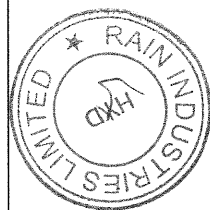
Statement of Consolidated Unaudited Financial Results for the Quarter ended March 31, 2020 (Rupees in Millions except per share data)						
Particulars	Quarter ended			Year ended		
	March 31, 2020	December 31, 2019	March 31, 2019	December 31, 2019		
	Unaudited	Audited - see Note 13 below	Unaudited	Audited		
1 Income						
(a) Revenue from operations	28,976.51	28,304.16	31,965.29	123,607.97		
(b) Other income (Refer note 7 below)	129.32	929.46	118.66	1,562.28		
Total income	29,105.83	29,233.62	32,083.95	125,170.25		
2 Expenses						
(a) Cost of materials consumed (Refer note 6 below)	10,535.04	10,893.94	13,921.40	49,812.38		
(b) Purchases of stock-in-trade	2,986.03	3,391.46	2,780.96	13,805.15		
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade (Refer note 6 below)	1,622.69	372.52	1,298.81	3,664.04		
(d) Employee benefits expense (Refer note 5 below)	3,071.57	2,985.25	3,137.38	12,396.58		
(e) Finance costs	1,195.18	1,130.63	1,133.74	4,524.01		
(f) Depreciation and amortisation expense (Refer note 5 below)	1,792.94	1,948.16	1,270.71	5,940.15		
(g) Loss / (gain) on foreign currency transactions and translations (net)	(159.29)	120.69	(72.07)	(75.25)		
(h) Other expenses (Refer note 5 below)	6,447.44	6,899.12	7,309.12	29,195.88		
Total expenses	27,491.60	27,741.77	30,780.05	119,262.94		
3 Profit before share of loss of associates and tax (1-2)	1,614.23	1,491.85	1,303.90	5,907.31		
4 Share of loss of associates (net of income tax)	-	(0.21)	-	(0.21)		
5 Profit before tax (3+4)	1,614.23	1,491.64	1,303.90	5,907.10		
6 Tax expense / (benefit) (Refer note 8 and 9 below)						
- Current tax	738.28	745.32	589.95	3,139.42		
- Tax relating to earlier years	(124.00)	123.79	-	(163.21)		
- Deferred tax						
(a) Deferred tax excluding (b) below	(169.72)	(593.73)	(218.36)	(1,540.07)		
(b) Impact on account of change in tax rate in India	30.92	-	-	(153.38)		
Total tax expense	475.48	275.38	371.59	1,282.76		
7 Net profit for the period/year (5-6)	1,138.75	1,216.26	932.31	4,624.34		



8	Other comprehensive income / (loss) (net of tax) for the period/year						
(a)	Items that will not be reclassified to profit or loss:						
	Remeasurements of net actuarial loss on post employment benefit plans		(1,860.78)				(1,860.78)
	Income tax effect		602.21				602.21
(b)	Items that will be reclassified to profit or loss:						
	Foreign currency translation reserve	(179.69)	927.13	(118.66)			1,281.03
	Effective portion of Cash Flow Hedge	(0.78)	0.78				0.78
	Income tax effect						
	Total other comprehensive income / (loss) (net of tax)	(180.47)	(330.66)	(118.66)			23.24
9	Total comprehensive income for the period/year (7+8)	958.28	885.60	813.65			4,647.58
10	Profit attributable to:						
	Owners of the Company	1,065.22	1,147.62	688.11			3,913.84
	Non-controlling interests	73.53	68.64	244.20			710.50
	Net Profit for the period/year	1,138.75	1,216.26	932.31			4,624.34
11	Other comprehensive income / (loss) attributable to:						
	Owners of the Company	46.65	(424.65)	(173.39)			(159.90)
	Non-controlling interests	(227.12)	93.99	54.73			183.14
	Other comprehensive income / (loss) for the period/year	(180.47)	(330.66)	(118.66)			23.24
12	Total comprehensive income / (loss) attributable to:						
	Owners of the Company	1,111.87	722.97	514.72			3,753.94
	Non-controlling interests	(153.59)	162.63	298.93			893.64
	Total comprehensive income for the period/year	958.28	885.60	813.65			4,647.58
13	Earnings Per Share - Basic and Diluted (of INR 2/- each)	3.17	3.41	2.05			11.64
		<i>(not annualised)</i>	<i>(not annualised)</i>	<i>(not annualised)</i>			
	(See accompanying notes to the Consolidated Unaudited Financial Results)						

Notes:

- The Consolidated Unaudited Financial Results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 28, 2020.
- 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.
- The Consolidated Unaudited Financial Results for the Quarter ended March 31, 2020 have been subjected to a "Limited Review" by the statutory auditors of the Company. An unqualified report has been issued by them thereon.



- 4 Due to the nationwide lockdown announced by the Government of India in the month of March 2020 to respond to the Covid 19 outbreak, the operations of the Group were impacted in India due to temporary shutdown of all plants. The management started operating its plants in India, in a phased manner from first week of April 2020. Meanwhile, the plants in Europe and North America continued to operate, without any break during the current quarter. However, there were certain disruptions in supply-chain, causing delays in completion of expansion projects. The Group has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's review of current indicators and economic conditions there is no material impact on its financial results as at March 31, 2020, and carrying value of its assets, except certain inventory related write-downs, which are already provided for, vide Note 6. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results. The Group will continue to monitor any material changes to future economic conditions.
- 5 On August 6, 2019, Board of Rain Carbon Inc., a wholly owned step down subsidiary of the Company, 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 in Uithoorn was closed, the operations were transferred to Duisburg, Germany by way of a business transfer compensation agreement. The management evaluated the costs of closure and created a total provision for INR 1,076.11 (EUR 13.70 million) for the year ended December 31, 2019, of which INR 235.64 (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, depreciation and amortisation expense includes an accelerated depreciation of Plant and Machinery amounting to INR 587.96 (EUR 7.42 million) and INR 218.16 (EUR 2.78 million) for the quarter ended December 31, 2019 and September 30, 2019 respectively. Further, additional accelerated depreciation of INR 139.16 (EUR 1.74 million) was recognised during quarter ended March 31, 2020.
- 6 (i) During the quarter ended March 31, 2020, due to the change in the macro-economic conditions like effect of COVID-19 and fall in crude oil prices, there is sharp decline in the prices of products. This resulted in the abnormal fall in net realizable value (NRV) of inventories and on account of this, changes in inventories of finished goods, work-in-progress and stock-in-trade includes inventory write down amounting to INR 829.63.
- (ii) Other inventory adjustments towards NRV of INR 70.53 apart from above COVID - 19 is accounted under cost of materials consumed.
- 7 (i) During the quarter ended June 30, 2019, Other income includes reversal of provision made in 2018 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.
- (ii) During the quarter ended December 31, 2019, Other income includes income from sale of land in Hanau, Germany at one of its subsidiary company amounting to INR 156.16 (EUR 1.97 million) and INR 516.13 (USD 7.25 million) relating to insurance claim settlement proceeds received by the US subsidiary.
- 8 The Company's US Subsidiary filed its 2018 U.S. tax return on due date of October 15, 2019. At the time of finalizing its tax return for 2018 year, management opted for the group election under section 163J as compared to single entity election for the purposes of determining its total taxable income at the time of finalizing its 2018 annual consolidated financial statements resulting in a refund of taxes paid for the year 2018 in October 2019 and accordingly recorded the impact of the same as a reversal of earlier year income tax expense during the quarter ended September 30, 2019 and year ended December 31, 2019 as it considers the election as a reasonable tax claim. 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 (i) On September 20, 2019 vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019, subject to certain conditions. Out of the two major Indian subsidiaries in the Group, One entity elected to exercise the option permitted u/s 115BAA of the Income-tax act, 1961 in the quarter and year ended December 31, 2019. Accordingly, the Group computed provision for income tax for the year ended December 31, 2019 with respect to the Indian subsidiary using the new tax rate and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The change in tax rate resulted in reversal of Deferred Tax Liabilities amounting to INR 153.38 during the year ended December 31, 2019. During quarter ended March 31, 2020, the other Indian subsidiary company also has evaluated and adopted the new tax rate of 25.168%. Accordingly, the Group re-measured its current tax expense and Deferred tax asset/liability basis the rate prescribed in the said section. The change in tax rate resulted in reduction in current tax expense by INR 124.00 and reduction in deferred tax benefit by INR 30.92 for the quarter ended March 31, 2020.

(ii) Pursuant to the closure of its operations in Uithoom (refer note 5 above), the Group's German subsidiary entered into a Business transfer compensation agreement with its subsidiary in Netherlands for a consideration representing the agreed transfer price of INR 3,338.02 (EUR 42.20 million). The compensation agreement being an inter-company transaction does not affect the Group's consolidated financial statements, however considering the local German tax rules, the underlying fair value of business assets acquired, which will be amortised over a period for tax purposes, has been considered to create a tax asset for the German subsidiary representing the temporary timing difference between book base and tax bases. Accordingly, the Group recognized deferred tax benefit for an amount of INR 1,112.07 (EUR 14.10 million).

10 Effective January 1, 2020, the Group adopted Ind AS 116 - Leases, using the modified retrospective approach replacing the existing lease standard. Under the modified retrospective approach, the provisions of the new lease standard are to be applied by the Group from the effective date (i.e., January 01, 2020) without adjusting the comparative periods. In the consolidated statement of profit and loss for the quarter ended March 31, 2020, the nature of expenses in respect of operating leases has changed from lease rent in previous period to depreciation on the right to use asset and finance cost for interest accrued on lease liability. There is no material impact on profit after tax and earnings per share for the quarter ended March 31, 2020 upon adoption of Ind AS 116.

11 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			Year ended
	March 31, 2020	December 31, 2019	March 31, 2019	
Revenue from operations	159.58	297.47	115.18	637.91
Profit before tax	(23.31)	356.98	2.38	387.17
Profit after tax	(16.79)	333.49	1.87	354.39

12 **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

Particulars	Quarter ended			Year ended
	March 31, 2020	December 31, 2019	March 31, 2019	
1) Segment revenue				
(a) Carbon	20,629.85	20,351.61	22,592.12	87,118.09
(b) Advanced Materials	7,996.25	7,523.12	8,561.22	34,378.00
(c) Cement	2,440.85	2,230.00	2,798.60	10,385.79
Total	31,066.95	30,104.73	33,951.94	131,881.88
Less: Inter segment revenue	2,090.44	1,800.57	1,986.65	8,273.91
Revenue from operations	28,976.51	28,304.16	31,965.29	123,607.97



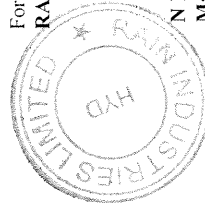
Particulars	Quarter ended		Year ended	
	March 31, 2020	December 31, 2019	March 31, 2019	December 31, 2019
2) Segment results				
(a) Carbon	3,592.61	3,403.98	2,503.37	11,687.63
(b) Advanced Materials	475.83	115.80	592.09	1,490.78
(c) Cement	251.77	238.87	422.16	1,555.53
Total	4,320.21	3,758.65	3,517.62	14,733.94
Less: i) Depreciation and amortisation expense	1,792.94	1,948.16	1,270.71	5,940.15
ii) Finance costs	1,195.18	1,130.63	1,133.74	4,524.01
iii) Other un-allocable income (net)	(282.14)	(811.99)	(190.73)	(1,637.53)
iv) Share of loss of associates (net of income tax)	-	0.21	-	0.21
Profit before tax	1,614.23	1,491.64	1,303.90	5,907.10

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.

- 13 Figures for the quarter ended December 31 are the balancing figures between the audited figures in respect of the full financial year ended December 31 and the unaudited figures for the nine months ended September 30.
- 14 The figures of the previous year / periods have been regrouped / reclassified, wherever considered necessary to correspond with the current period's classification / disclosure.
- 15 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: May 28, 2020



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

N Radha Krishna Reddy
Managing Director
DIN: 00021052