



RAIN INDUSTRIES LIMITED

RIL/SEs/2019

November 13, 2019

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/ Madam,

Sub: Press Release on the Unaudited Financial Results for the third quarter ended September 30, 2019. –Reg.

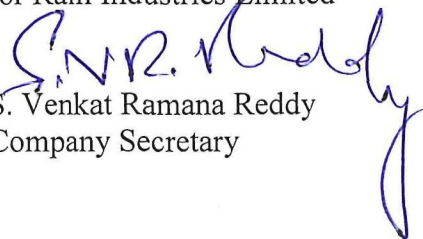
Ref : Scrip Code: 500339 (BSE) and Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith the Press Release on the Unaudited Financial Results (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2019.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited


S. Venkat Ramana Reddy
Company Secretary



RAIN INDUSTRIES LIMITED

Press Release

November 13, 2019

Results for the third quarter ended September 30, 2019

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the third quarter ended September 30, 2019.

Financial Highlights

- Revenue from Operations is ₹29.92 billion and Adjusted EBITDA is ₹4.72 billion.
- Adjusted Net Profit After Tax is ₹1.75 billion and Adjusted Earnings Per Share is ₹5.20.

Selected Financial Data

₹ in Millions

Particulars	Q3 2019	Q2 2019	Q3 2018	CY 2018
Net Revenue	29,775	33,231	34,712	139,608
Other Operating Income	147	185	214	882
Revenue from Operations	29,922	33,416	34,926	140,490
Adjusted EBITDA	4,719	4,509	5,507	21,411
<i>Adjusted EBITDA Margin</i>	<i>15.8%</i>	<i>13.5%</i>	<i>15.8%</i>	<i>15.2%</i>
Profit Before Tax	1,085	2,027	2,807	9,957
Tax Expense	76	559	910	3,643
Non-controlling Interest	188	211	149	497
Net Profit After Tax	821	1,257	1,748	5,817
Adjusted Net Profit After Tax	1,749	1,413	1,978	7,305
Adjusted Earnings Per Share (in ₹)*	5.20	4.20	5.88	21.71

*Quarterly Earnings Per Share is not annualised.



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Set forth below is selected Segment information:

Carbon

Particulars	Q3 CY19	Q2 CY19	Q3 CY18	CY 2018	Variance Q3 CY19 vs Q2 CY19	Variance Q3 CY19 vs Q3 CY18
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	337	416	375	1,657	(19.0%)	(10.1%)
- Coal Tar Pitch (CTP)	147	144	118	508	2.1%	24.6%
- Other Carbon Products (OCP)	140	140	141	550	-	(0.7%)
Total	624	700	634	2,715	(10.9%)	(1.6%)
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- CPC	6,812	8,736	9,897	45,746	(22.0%)	(31.2%)
- CTP	7,265	7,495	6,918	28,329	(3.1%)	5.0%
- OCP	4,590	4,860	5,371	19,285	(5.6%)	(14.5%)
- Energy	571	513	570	2,321	11.3%	0.2%
Total	19,238	21,604	22,756	95,681	(11.0%)	(15.5%)
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	3,604	2,725	3,978	16,675	32.3%	(9.4%)
(d) Adjusted EBITDA Margin (%)	18.7%	12.6%	17.5%	17.4%	6.1%	1.2%

Notes:

(1) Net of inter-company sales.

(2) Adjusted EBITDA is profit before Depreciation & Amortisation, Impairment Loss, Interest and Tax adjusted with exceptional items, if any.



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Advanced Materials

Particulars	Q3 CY19	Q2 CY19	Q3 CY18	CY 2018	Variance Q3 CY19 vs Q2 CY19	Variance Q3 CY19 vs Q3 CY18
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Engineered Products	34	26	33	89	30.8%	3.0%
- Petro Chemical Intermediates	32	32	37	127	-	(13.5%)
- Naphthalene Derivates	30	31	30	121	(3.2%)	-
- Resins	28	33	34	135	(15.2%)	(17.6%)
Total	124	122	134	472	1.6%	(7.5%)
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- Engineered Products	1,923	1,579	2,032	6,183	21.8%	(5.4%)
- Petro Chemical Intermediates	1,521	1,488	1,993	6,600	2.2%	(23.7%)
- Naphthalene Derivates	1,951	2,086	2,104	7,966	(6.5%)	(7.3%)
- Resins	2,782	3,519	3,636	14,095	(20.9%)	(23.5%)
Total	8,177	8,672	9,765	34,844	(5.7%)	(16.3%)
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	788	1,230	1,400	4,022	(35.9%)	(43.7%)
(d) Adjusted EBITDA Margin (%)	9.6%	14.2%	14.3%	11.5%	(4.6%)	(4.7%)

Cement

Particulars	Q3 CY19	Q2 CY19	Q3 CY18	CY 2018	Variance Q3 CY19 vs Q2 CY19	Variance Q3 CY19 vs Q3 CY18
(a) Sales Volumes (In '000 MTs)	560	671	536	2,229	(16.5%)	4.5%
(b) Net Revenue (₹ in Millions)	2,360	2,955	2,191	9,083	(20.1%)	7.7%
(c) Adjusted EBITDA ⁽²⁾ (₹ in Millions)	327	554	129	714	(41.0%)	153.5%
(d) Adjusted EBITDA Margin (%)	13.9%	18.7%	5.9%	7.9%	(4.8%)	8.0%

Notes:

(1) Net of inter-company sales.

(2) Adjusted EBITDA is profit before Depreciation & Amortisation, Impairment Loss, Interest and Tax adjusted with exceptional items, if any.



RAIN INDUSTRIES LIMITED

Results of Operations

Quarter Ended September 30, 2019 Compared to Quarter Ended September 30, 2018

- Net Revenue of ₹29.78 billion during Q3 CY19 was a decrease of ~14.2% compared to ₹34.71 billion during Q3 CY18.
 - Carbon sales volumes during Q3 CY19 were 624 thousand metric tons, a decrease of ~1.6% compared to 634 thousand metric tons in Q3 CY18. There was a decrease in sales volumes of CPC by ~10.1%, OCP by ~0.7% and an increase in CTP by ~24.6%. The decrease in CPC volumes was primarily driven by the timing of export shipments and the pet coke import restrictions in India, offset by an increase in CTP volumes primarily driven by increased throughput in Russia and entry into non-traditional markets. During Q3 CY19, the average blended realisation decreased by ~14.1% due to changes in market trend, further affected due to the unfavourable impact from depreciation of the Euro against Indian Rupee by ~3.9% offset by appreciation of the US Dollar against the Indian Rupee by ~0.6%. Overall, due to the aforesaid reasons, revenue from the Carbon segment decreased by ~15.5% in Q3 CY19 as compared to Q3 CY18.
 - Advanced Materials sales volumes during Q3 CY19 were 124 thousand metric tons, a decrease of ~7.5% as compared to 134 thousand metric tons in Q3 CY18. Sales volumes in petrochemical intermediates and resins decreased by ~13.5% and ~17.6% respectively, offset by increased volumes in engineered products of ~3.0%. The decrease in volumes was primarily driven by the weakness in the European automotive, adhesive and North America construction industries coupled with a shortage of raw material. During Q3 CY19, the average blended realisation decreased by ~9.5% driven by a decline in oil-related prices along with the unfavourable impact from depreciation of the Euro against the Indian Rupee by ~3.9%. Due to the aforesaid reasons, revenue from the Advanced Materials segment decreased by ~16.3% during Q3 CY19 as compared to Q3 CY18.
 - Cement sales volumes increased by ~4.5% during Q3 CY19 as compared to Q3 CY18, and realisations increased by ~3.1%. Due to these reasons, revenue from the Cement segment increased by ~7.7%. During Q3 CY19, there was a ~14.9% increase in sales volume from Telangana, Tamil Nadu, Karnataka, Maharashtra, Goa and Pondicherry, offset by ~10.4% lower volumes in Andhra Pradesh, Odisha, Kerala and other smaller markets as compared to Q3 CY18.
- During Q3 CY19, Adjusted EBITDA was ₹4.72 billion, a decrease of ₹0.79 billion compared to Adjusted EBITDA of ₹5.51 billion achieved during Q3 CY18. Adjusted EBITDA in the Carbon segment decreased by ₹0.38 billion due to lower volumes coupled with lower margins primarily in the CPC business. Adjusted EBITDA decreased by ₹0.61 billion in the Advanced Materials segment, and in the Cement segment it increased by ₹0.20 billion due to increased sales volumes.
- A detailed reconciliation of reported EBITDA and Adjusted EBITDA for Q3 CY19 is explained in the below table:

Particulars	₹ in Millions
A. Reported EBITDA	3,560
<i>B. Adjustments:</i>	
• Reorganisation costs towards plant closure in the Netherlands	1,076
• Strategic project expenses in European operations	83
C. Adjusted EBITDA (A + B)	4,719



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- Finance costs of ₹ 1.13 billion during Q3 CY19 were approximately the same as compared to Q3 CY18. Although there was a reduction in working capital borrowing during the current quarter, the decrease in interest cost was offset by the changes in exchange rates.
- The Company recorded an income tax expense of ₹0.08 billion for Q3 CY19, compared to an income tax expense of ₹0.91 billion for Q3 CY18. Effective tax rate for the quarter was lower on account of a reversal of deferred tax liability in one Indian subsidiary due to a change in statutory tax rates coupled with certain tax refunds in US.
- The Adjusted Net Profit during Q3 CY19 was ₹1.75 billion as compared to Adjusted Net Profit of ₹1.98 billion during Q3 CY18. The decrease was mainly due to lower operating performance.
- The Company achieved an Adjusted Earnings per Share of ₹5.20 during Q3 CY19 as compared to Adjusted Earnings per Share of ₹5.88 during Q3 CY18.
- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for Q3 CY19 is explained in the below table:

Particulars	₹ in Millions
A. Reported Net Profit After Tax	821
<i>B. Adjustments:</i>	
• Reorganisation costs towards plant closure in the Netherlands	807
• Accelerated depreciation due to plant closure in the Netherlands	218
• Strategic project expenses in European operations	56
• Tax benefit arising due to change in tax rate in India	(153)
C. Adjusted Net Profit After Tax (A + B)	1,749



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Debt Analysis

As at September 30, 2019, the Company had a Gross Debt of \$1,095 million (including Working Capital Debt of \$56 million), Cash and cash equivalents of \$179 million (including restricted cash), Unamortised Deferred Finance Cost of \$15 million and Net Debt of \$901 million.

(\$* in Million)

Particulars	As on Sep. 30, 2019	As on Dec. 31, 2018	Repayment Terms
7.25% USD-denominated Senior Secured Notes	550	550	Matures in April 2025
Euro- denominated Senior Secured Term Loan B	427	446	Matures in January 2025
Senior Bank Debt	50	50	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	9	9	Interest Free - Instalments up to 2025
Other Debt	3	5	Fixed Rates - Finance leases
Gross Term Debt	1,039	1,060	
Add: Working Capital Debt	56	72	
Less: Deferred Finance Cost	15	17	
Total Debt	1,080	1,115	
Less: Cash and cash equivalents	179	122	
Net Debt	901	993	

*As major part of the Debt is denominated in US Dollars, the Debt of the Company is presented in US Dollars.

During the nine months ended September 30, 2019, the Company incurred capital expenditures of \$115 million, including expansion capex for the hydrogenated hydrocarbon resins production facility in Germany, vertical-shaft kiln project in Vizag, India, waste-heat recovery power plant in Kodad, India and other maintenance projects across all the facilities.

With the existing Cash and cash equivalents and undrawn working capital loan facilities, 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 in January 2025.



RAIN INDUSTRIES LIMITED

Foreign Exchange Rates

The Company has used the below-mentioned average and closing exchange rates for conversion of foreign entities' financial statements included in the Consolidated Statement of Profit and Loss, and Consolidated Balance Sheet items, respectively.

Average Rate of Exchange	Q3 CY19	Q2 CY19	Q3 CY18	CY 2018	Variance Q3 CY19 vs Q2 CY19	Variance Q3 CY19 vs Q3 CY18
Indian Rupee / US Dollar	70.43	69.55	70.03	68.36	-1.3%	-0.6%
Indian Rupee / Euro	78.30	78.16	81.52	80.66	-0.2%	3.9%
Russian Ruble / US Dollar	64.64	64.56	65.57	62.77	-0.1%	1.4%
Canadian Dollar / Euro	1.47	1.50	1.52	1.53	2.0%	3.3%

Closing Rate of Exchange	Q3 CY19	Q2 CY19	Q3 CY18	CY 2018	Variance Q3 CY19 vs Q2 CY19	Variance Q3 CY19 vs Q3 CY18
Indian Rupee / US Dollar	70.69	68.92	72.55	69.79	-2.6%	2.6%
Indian Rupee / Euro	77.33	78.36	84.44	79.78	1.3%	8.4%
Russian Ruble / US Dollar	64.98	62.92	65.78	69.62	-3.3%	1.2%
Canadian Dollar / Euro	1.44	1.49	1.51	1.56	3.4%	4.6%



RAIN INDUSTRIES LIMITED

About RAIN:

RAIN is a leading vertically integrated global producer of a diversified portfolio of products that are essential raw materials for staples of everyday life. We operate in three business segments: Carbon, Advanced Materials and Cement. Our Carbon 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 Advanced Materials business segment extends the value chain of our carbon processing through the downstream refining of a portion of this output into high-value advanced material products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum 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"). 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 provide us the flexibility to capitalise 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 capitalise on market opportunities by addressing raw material supply and product demand on a global basis in both established and emerging markets.

For further information please contact:

Investor Relations – India

Saranga Pani

Tel: +91 40 4234 9870

Email: Sarang.Pani@raincarbon.com

Investor Relations – US

Ryan Tayman

Tel: +1 203 517 2822

Email: Ryan.Tayman@raincarbon.com

Safe Harbour: *Some of the statements made in this release that are not historical facts can be construed as forward-looking statements. These forward-looking statements include the RAIN's financial and growth projections as well as statements concerning its plans, strategies, intentions and beliefs concerning its business and the markets in which it operates. These statements are based on information currently available to RAIN, and are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors could cause results to materially differ from those stated. These factors include, but are not limited to, changes in laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates of countries with which RAIN does business; competitive pressures, the loss of one or more key customer or supplier relationships; customer insolvencies, successful integration of structural changes, including restructuring plans, acquisitions divestitures and alliances; cost and availability of raw materials; and other economic, business, competitive, regulatory and/or operational matters affecting the Company and its subsidiaries generally. RAIN assumes no obligation to update forward-looking statements and takes no responsibility for any consequence of decisions made based on such statements.*