



## RAIN INDUSTRIES LIMITED

RIL/SEs/2019

February 27, 2019

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

Dear Sir/ Madam,


Sub: Press Release on the Financial Results of the Company –Reg.  
Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith the Press Release on the Annual Audited Financial Results of the Company for the Financial Year ended on December 31, 2018.

This is for your information and record.

Thanking you,

Yours faithfully,  
for Rain Industries Limited

  
S. Venkat Ramana Reddy  
Company Secretary





## RAIN INDUSTRIES LIMITED

Press Release

February 27, 2019

### **Results for the fourth quarter and year ended December 31, 2018**

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its audited financial results for the fourth quarter and year ended December 31, 2018.

#### **Financial Highlights for Q4 CY18**

- Revenue from Operations is ₹34.3 billion and Adjusted EBITDA is ₹2.4 billion.
- Adjusted Net Loss After Tax is ₹0.1 billion and Adjusted Loss Per Share is ₹0.4.
- Strong Cash of ₹8.5 billion to fund CAPEX projects and meet debt obligations in the near-term.

#### **Financial Performance**

₹ in Millions

Particulars	Q4 2018	Q4 2017	CY 2018	CY 2017
Net Revenue	34,280	31,245	139,608	113,919
Other Operating Income	161	203	882	552
<b>Revenue from Operations</b>	<b>34,441</b>	<b>31,448</b>	<b>140,490</b>	<b>114,471</b>
<b>Adjusted EBITDA</b>	<b>2,350</b>	<b>6,886</b>	<b>21,471</b>	<b>22,727</b>
<i>Adjusted EBITDA Margin</i>	6.8%	21.9%	15.3%	19.9%
<b>Profit (Loss) before share of profit of associates, exceptional items and tax</b>	<b>(1,503)</b>	<b>4,345</b>	<b>9,948</b>	<b>12,633</b>
Less: Exceptional Items	-	1,133	-	1,803
Add: Share of Profit of Associates	9	9	9	9
<b>Profit (Loss) Before Tax</b>	<b>(1,494)</b>	<b>3,221</b>	<b>9,957</b>	<b>10,839</b>
Tax Expense (Benefit), including Exceptional Tax Benefit in Q4 CY17	(215)	37	3,643	2,918
Non-controlling Interest	113	112	497	285
<b>Net Profit (Loss) After Tax</b>	<b>(1,392)</b>	<b>3,072</b>	<b>5,817</b>	<b>7,636</b>
<b>Adjusted Net Profit (Loss) After Tax</b>	<b>(135)</b>	<b>2,977</b>	<b>7,305</b>	<b>7,977</b>
Adjusted Earnings (Loss) Per Share in (₹)*	(0.4)	8.9	21.7	23.7

\*Quarterly Earnings (Loss) Per Share is not annualised.



## RAIN INDUSTRIES LIMITED

### SEGMENT WISE - FINANCIAL PERFORMANCE

#### CARBON

Particulars	Q4 CY18	Q4 CY17	CY 2018	CY 2017	Variance Q4 CY18 vs Q4 CY17	Variance CY 2018 vs CY 2017
<b>(a) Sales Volumes <sup>(1)</sup> (In '000 MTs)</b>						
- Calcined Petroleum Coke (CPC)	419	430	1,657	1,741	-2.6%	-4.8%
- Coal Tar Pitch (CTP)	131	122	508	512	7.4%	-0.8%
- Other Carbon Products	122	127	550	543	-3.9%	1.3%
<b>TOTAL</b>	<b>672</b>	<b>679</b>	<b>2,715</b>	<b>2,796</b>	<b>-1.0%</b>	<b>-2.9%</b>
<b>(b) Net Revenue <sup>(1)</sup> (₹ in Millions)</b>						
- Calcined Petroleum Coke (CPC)	11,622	11,528	45,746	37,225	0.8%	22.9%
- Coal Tar Pitch (CTP)	7,064	5,286	28,354	17,643	33.6%	60.7%
- Other Carbon Products	4,774	3,896	19,260	15,153	22.5%	27.1%
- Energy	645	589	2,321	2,184	9.5%	6.3%
<b>TOTAL</b>	<b>24,105</b>	<b>21,299</b>	<b>95,681</b>	<b>72,205</b>	<b>13.2%</b>	<b>32.5%</b>
<b>(c) Adjusted EBITDA <sup>(2)</sup> (₹ in Millions)</b>	<b>1,813</b>	<b>5,740</b>	<b>16,975</b>	<b>16,476</b>	<b>-68.4%</b>	<b>3.0%</b>
<b>(d) Adjusted EBITDA Margin</b>	<b>7.5%</b>	<b>26.9%</b>	<b>17.7%</b>	<b>22.8%</b>	<b>-19.4%</b>	<b>-5.1%</b>

**Notes:**

- (1) Net of inter-company sales.  
(2) Adjusted EBITDA is profit before adjustment of Exceptional Items, Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Tax.



## RAIN INDUSTRIES LIMITED

### ADVANCED MATERIALS

Particulars	Q4 CY18	Q4 CY17	CY 2018	CY 2017	Variance Q4 CY18 vs Q4 CY17	Variance CY 2018 vs CY 2017
<b>(a) Sales Volumes <sup>(1)</sup> (In '000 MTs)</b>						
- Engineered Products	14	15	89	90	-6.7%	-1.1%
- Petro Chemical Intermediates	30	38	127	125	-21.1%	1.6%
- Naphthalene Derivates	29	29	121	124	-	-2.4%
- Resins	27	36	135	153	-25.0%	-11.8%
<b>TOTAL</b>	<b>100</b>	<b>118</b>	<b>472</b>	<b>492</b>	<b>-15.3%</b>	<b>-4.1%</b>
<b>(b) Net Revenue <sup>(1)</sup> (₹ in Millions)</b>						
- Engineered Products	1,185	1,015	6,183	4,762	16.7%	29.8%
- Petro Chemical Intermediates	1,532	1,771	6,600	6,154	-13.5%	7.2%
- Naphthalene Derivates	2,067	1,694	7,966	7,391	22.0%	7.8%
- Resins	3,166	3,342	14,095	13,728	-5.3%	2.7%
<b>TOTAL</b>	<b>7,950</b>	<b>7,822</b>	<b>34,844</b>	<b>32,035</b>	<b>1.6%</b>	<b>8.8%</b>
<b>(c) Adjusted EBITDA <sup>(2)</sup> (₹ in Millions)</b>	<b>260</b>	<b>884</b>	<b>3,787</b>	<b>5,385</b>	<b>-70.6%</b>	<b>-29.7%</b>
<b>(d) Adjusted EBITDA Margin</b>	<b>3.3%</b>	<b>11.3%</b>	<b>10.9%</b>	<b>16.8%</b>	<b>-8.0%</b>	<b>-5.9%</b>

### CEMENT

Particulars	Q4 CY18	Q4 CY17	CY 2018	CY 2017	Variance Q4 CY18 vs Q4 CY17	Variance CY 2018 vs CY 2017
(a) Sales Volumes (In '000 MTs)	563	509	2,229	2,104	10.6%	5.9%
(b) Net Revenue (₹ in Millions)	2,225	2,124	9,083	9,679	4.8%	-6.2%
(c) Adjusted EBITDA <sup>(2)</sup> (₹ in Millions)	277	262	709	866	5.7%	-18.1%
(d) Adjusted EBITDA Margin (%)	12.4%	12.3%	7.8%	8.9%	0.1%	-1.1%

**Notes:**

(1) Net of inter-company sales.

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



## RAIN INDUSTRIES LIMITED

### Financial Performance Review and Analysis – Q4 CY18 vs Q4 CY17

- Net Revenue of ₹34.3 billion during Q4 CY18, an increase of ~9.7% compared to ₹31.2 billion during Q4 CY17.
  - Carbon sales volumes during Q4 CY18 were 672 thousand metric tons, a decrease of ~1.0% compared to 679 thousand metric tons in Q4 CY17. Sales volumes of coal tar pitch (CTP) increased by 7.4% which was offset by decreased in calcined petroleum coke (CPC) by ~2.6% and other carbon products (OCP) by ~3.9%. The decrease in CPC volumes was largely due to timing of shipments and delays before the calcining industry gained an exemption for the import of green petroleum coke into India from the Hon'ble Supreme Court of India. The decrease in OCP volumes was due to unplanned shutdowns during the quarter. The increase in CTP volumes was driven by increased demand from North American smelters and in Europe by demand in the graphite industry. During Q4 CY18, the average blended realisation increased by ~14.4% after considering the favorable impact from the appreciation of the US Dollar and the Euro against Indian Rupee by ~11.4% and ~8.0% respectively. Overall, due to the aforesaid reasons, the revenue from Carbon segment increased by ~13.2% in Q4 CY18 as compared to Q4 CY17.
  - Advanced Materials sales volumes during Q4 CY18 were 100 thousand metric tons, a decrease of ~15.3% as compared to 118 thousand metric tons in Q4 CY17. Sales volumes decreased in engineered products by ~6.7%, petro chemical intermediates by ~21.1% and resins by ~25.0%. Naphthalene derivatives sales volumes were flat. Volumes decline was primarily driven by lower demand at higher pricing levels, reduced production and sluggish growth in the European automotive industry. During Q4 CY18, the average blended realisation increased by ~19.9% along with the favorable impact from the appreciation of the Euro against the Indian Rupee by ~8.0%. Due to the aforesaid reasons, the revenue from Advanced Materials business increased by ~1.6% during Q4 CY18 as compared to Q4 CY17.
  - Cement sales volumes increased by ~10.6% during Q4 CY18 as compared to Q4 CY17 and it was offset by the decrease in realisations by ~5.3%. Due to these reasons, the revenue from Cement business increased by ~4.8%. During Q4 CY18, there was ~15.6% increase in sales volume from Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala offset by ~5.0% lower volumes in Odisha, Maharashtra, Goa and Pondicherry as compared to Q4 CY17.
- During Q4 CY18, Adjusted EBITDA in Q4 CY18 was ₹2.4 billion, a decrease of ₹4.5 billion compared to Adjusted EBITDA of ₹6.9 billion achieved during Q4 CY17. Adjusted EBITDA in Carbon and Advanced Materials decreased by ₹3.9 billion and ₹0.6 billion respectively due lower volumes coupled with increased raw material costs specifically in CPC from consumption of high-value raw material. Adjusted EBITDA from the Cement segment increased by ₹ 15 million or ~5.7% due to increase in sales volumes.



## RAIN INDUSTRIES LIMITED

- A detailed reconciliation of reported EBITDA and Adjusted EBITDA for the quarter ended December 31, 2018 is explained in the below table:

Particulars	₹ in Millions
<b>A. Reported EBITDA</b>	<b>1,064</b>
<i>B. Adjustments:</i>	
• Provision for expenses on account of strategic projects at our European operations	424
• Provision for customer receivable due to uncertainty of collection	782
• Reorganisation costs on account of closing certain facilities in Europe	80
<b>C. Adjusted EBITDA (A + B)</b>	<b>2,350</b>

- Finance cost during Q4 CY18 is ₹ 1.1 billion, a decrease of ~22.1% compared to ₹1.5 billion in Q4 CY17 due to the savings in interest expenses resulting from refinancing of fixed coupon bearing high-yield bonds averaging ~8.25% rate of interest with a EURIBOR-linked, Euro-denominated Term Loan B in January 2018 with an effective rate of Interest of 3%.
- The company recorded an income tax benefit of ₹215.4 million for the quarter ended December 31, 2018, compared to an income tax expense of ₹37.3 million for the quarter ended December 31, 2017. The current quarter benefit is made up of the following, a liability for the Global Intangible Low-taxed Income (“GILTI”) tax of ₹242.5 million (or \$3.3 million) on undistributed current earnings generated by foreign subsidiaries during the year and a net transition tax liability of ₹215.0 million (or \$2.9 million) recognized due to the finalization of the 2017 US income tax return which were offset by foreign tax credits identified and available for utilisation in future years.
- The Adjusted Net Loss during Q4 CY18 is ₹135 million as compared to Adjusted Net Profit of ₹3.0 billion during Q4 CY17. The decrease is mainly due to lower operating performance, partly off-set with reduction in interest cost.
- The Company achieved an Adjusted loss per share of ₹0.4 during Q4 CY18 as compared to Adjusted earnings per share of ₹8.9 during Q4 CY17.
- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for the quarter ended December 31, 2018 is explained in the below table:

Particulars	₹ in Millions
<b>A. Reported Loss After Tax</b>	<b>(1,392)</b>
<i>B. Adjustments:</i>	
• Provision for expenses on account of strategic projects at our European operations	327
• Provision for customer receivable due to uncertainty of collection	657
• Reorganisation costs on account of closing certain facilities in Europe	68
• Depreciation of closed facility	259
• Profit on divestment of shares in Solar Power Plant	(54)
<b>C. Adjusted Loss After Tax (A + B)</b>	<b>(135)</b>



## RAIN INDUSTRIES LIMITED

### Debt Analysis

As at December 31, 2018, the Company has a Gross Debt of \$1,132 million (including Working Capital Debt of \$72 million), Cash and Cash Equivalents of \$122 million, Unamortised Deferred Finance Cost of \$17 million and Net Debt of \$993 million.

(\$<sup>(1)</sup> in Million)

Particulars	As on Dec. 31, 2018	As on Dec. 31, 2017	Repayment Terms
Senior Secured Notes:			
- 8.25% USD Denominated	-	247	Repaid in January 2018
- 8.50% Euro Denominated	-	242	Repaid in January 2018
- 7.25% USD Denominated	550	550	Matures in April 2025
Euro Term Loan B	446	-	Matures in January 2025
Senior Bank Debt	50	50	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	9	11	Interest Free - Instalments up to 2025
Loan from JV Partners	-	2	Repaid in Q2 2018
Other Debt	5	6	Fixed Rates - Finance leases
<b>Gross Term Debt</b>	<b>1,060</b>	<b>1,108</b>	
Add: Working Capital Debt	72	50	
<b>Gross Debt</b>	<b>1,132</b>	<b>1,158</b>	
Less: Cash & Cash Equivalents	122	147	
Less: Deferred Finance Cost	17	12	
<b>Net Debt</b>	<b>993</b>	<b>999</b>	

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

The Company during January 2018 accomplished refinancing of Senior Notes due in January 2021. In the said refinancing, the Company has repaid notes of \$247 million and \$242 million (€198.5 million) through proceeds from €390 million Euro-denominated senior secured term loan borrowed at an interest rate of 3.00% plus EURIBOR (subject to a 0.00% floor). Refinancing also included a \$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.

The Company incurred capital expenditure of \$166 million, including expansion capital expenditure for HHCR Project in Germany, Vertical Shaft Kiln Project in Vizag, Waste-heat Recovery Power Plant in Kodad and other maintenance projects.

With the existing Cash and Cash Equivalents of \$122 million, coupled with undrawn revolver facilities of \$138 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 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 recorded in the Statement of Profit and Loss and Balance Sheet items respectively in preparing the financial statements.

Average Rate of Exchange	Q4 CY18	Q4 CY17	CY 2018	CY 2017	Variance Q4 CY18 vs Q4 CY17	Variance CY 2018 vs CY 2017
Indian Rupee / US Dollar	72.11	64.74	68.36	65.12	-11.38%	-4.98%
Indian Rupee / Euro	82.30	76.20	80.66	73.55	-8.01%	-9.67%
Russian Ruble / US Dollar	66.51	58.43	62.77	58.35	-13.83%	-7.57%
Canadian Dollar / Euro	1.51	1.50	1.53	1.46	-0.67%	-4.79%

Closing Rate of Exchange	CY 2018	CY 2017	Variance CY 2018 vs CY 2017
Indian Rupee / US Dollar	69.79	63.93	-9.17%
Indian Rupee / Euro	79.78	76.39	-4.44%
Russian Ruble / US Dollar	69.62	57.86	-20.32%
Canadian Dollar / Euro	1.56	1.50	-4.00%





## 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

Anil Kumar Upadhyay  
Tel: +91 40 4234 9855  
Email: [Anil.Upadhyay@raincarbon.com](mailto:Anil.Upadhyay@raincarbon.com)

#### Investor Relations – US

Ryan Tayman  
Tel: +1 203 517 2822  
Email: [Ryan.Tayman@raincarbon.com](mailto: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.*