



RAIN INDUSTRIES LIMITED
CIN: L26942TG1974PLC001693

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(Rupees in Millions)						
Statement of Consolidated Audited Financial Results for the quarter and year ended December 31, 2017						
Particulars		Quarter ended			Year ended	
		December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		Audited - see Note 17 below	Unaudited	Audited - see Note 17 below	Audited	Audited
1	Income					
	(a) Revenue from operations (Refer note 6 below)	31,447.93	30,508.11	24,289.65	114,471.36	94,944.69
	(b) Other income	197.77	255.70	363.38	1,134.28	1,211.57
	Total income	31,645.70	30,763.81	24,653.03	115,605.64	96,156.26
2	Expenses					
	(a) Cost of materials consumed	13,208.41	11,244.27	8,541.89	41,047.51	27,995.64
	(b) Purchases of stock-in-trade	4,127.01	3,414.65	3,152.72	16,269.12	15,265.45
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(2,488.52)	94.01	(167.60)	(3,019.44)	914.34
	(d) Employee benefits expense	3,041.01	2,600.97	2,199.46	10,624.07	9,709.33
	(e) Finance costs	1,465.02	1,462.95	1,662.69	5,946.71	6,308.45
	(f) Depreciation and amortisation expense	1,259.92	1,335.33	1,369.52	5,256.27	5,189.72
	(g) Excise duty (Refer note 6 below)	-	-	555.16	1,464.04	2,362.94
	(h) Other expenses	6,687.56	6,415.92	5,661.13	25,383.59	23,389.97
	Total expenses	27,300.41	26,568.10	22,974.97	102,971.87	91,135.84
3	Profit from operations before share of profit of associates, exceptional items and tax (1-2)	4,345.29	4,195.71	1,678.06	12,633.77	5,020.42
4	Exceptional items (Refer note 7, 8 and 9 below)	1,133.00	-	-	1,803.30	261.56
5	Profit from operations before share of profit of associates and tax (3-4)	3,212.29	4,195.71	1,678.06	10,830.47	4,758.86
6	Share of profit of associates	8.84	-	41.53	8.84	41.53
7	Profit from ordinary activities before tax (5+6)	3,221.13	4,195.71	1,719.59	10,839.31	4,800.39
8	Tax expense / (benefit)					
	- Current tax	1,218.03	1,452.31	957.60	4,330.49	2,837.92
	- Deferred tax					
	(a) Deferred tax excluding (b) below	(349.99)	209.30	(136.11)	(581.65)	(1,045.85)
	(b) One time impact on account of US and Belgium tax reforms (Refer note 10 below)	(830.75)	-	-	(830.75)	-
		37.29	1,661.61	821.49	2,918.09	1,792.07
9	Net Profit for the period/year (7-8)	3,183.84	2,534.10	898.10	7,921.22	3,008.32

10	Other comprehensive income/(loss) (net of tax)					
(a)	Items that will not to be reclassified to profit or loss:					
	Remeasurements of net actuarial loss on post employment benefit plans	(16.76)	-	(1,106.37)	(22.63)	(1,106.37)
	Income tax effect	3.16	-	380.86	5.36	380.86
(b)	Items that will be reclassified to profit or loss:					
	Foreign Currency Translation Reserve	(772.15)	1,002.74	(1,460.88)	507.31	(458.97)
	Effective portion of Cash Flow Hedge	(151.17)	-	-	(151.17)	-
	Income tax effect	32.13	1.34	(33.54)	74.23	(63.96)
	Total other comprehensive income/(loss) (net of tax)	(904.79)	1,004.08	(2,219.93)	413.10	(1,248.44)
11	Total comprehensive income/(loss) for the period/year (9+10)	2,279.05	3,538.18	(1,321.83)	8,334.32	1,759.88
12	Profit attributable to:					
	Owners of the Company	3,071.91	2,456.52	876.00	7,635.87	2,909.42
	Non-controlling interests	111.93	77.58	22.10	285.35	98.90
	Net Profit for the period/year	3,183.84	2,534.10	898.10	7,921.22	3,008.32
13	Other comprehensive income/(loss) attributable to:					
	Owners of the Company	(892.62)	973.44	(2,223.87)	389.38	(1,258.77)
	Non-controlling interests	(12.17)	30.64	3.94	23.72	10.33
	Other comprehensive income/(loss) for the period/year	(904.79)	1,004.08	(2,219.93)	413.10	(1,248.44)
14	Total comprehensive income/(loss) attributable to:					
	Owners of the Company	2,179.29	3,429.96	(1,347.87)	8,025.25	1,650.65
	Non-controlling interests	99.76	108.22	26.04	309.07	109.23
	Total comprehensive income/(loss) for the period/year	2,279.05	3,538.18	(1,321.83)	8,334.32	1,759.88
15	Earnings Per Share - Basic and Diluted (of Rs. 2/- each)	9.13	7.30	2.60	22.70	8.65
		<i>(not annualised)</i>	<i>(not annualised)</i>	<i>(not annualised)</i>		
	(See accompanying notes to the Consolidated Audited Financial Results)					

Notes:

- The Consolidated Audited Financial Results were reviewed by the Audit Committee on February 27, 2018 and approved by the Board of Directors at their meeting held on February 28, 2018.
- The Company follows January to December as financial year and has adopted Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder, from January 1, 2016. Therefore, above consolidated audited financial results have been prepared in accordance with Ind AS and the other accounting principles generally accepted in India. All the prior year comparative numbers have been regrouped and restated as per Ind AS.
- The Group has prepared a reconciliation of the net profit for the corresponding periods under the previously acceptable Generally Accepted Accounting Principles (Previous Indian GAAP) with the total comprehensive income as reported in these consolidated financial results under Ind AS. The net profit reconciliation for the quarter and year ended December 31, 2016 for the consolidated audited financial results are presented in note 15 below. The Company has also prepared reconciliation between equity under Previous Indian GAAP to Ind AS as at December 31, 2016 and are presented under note 16 below.
- The Consolidated Financial Results for the quarter and year ended December 31, 2017 along with previous periods presented, as restated under Ind AS, have been audited by the statutory auditors. An unqualified report has been issued by them thereon.
- The Board of Directors at its meeting held on August 11, 2017 has declared an interim dividend of 50% (Rs 1 per equity share of par value of Rs 2 each) for the quarter ended June 30, 2017. Further, the Board of Directors at its meeting held on February 28, 2018 has recommended a final dividend of 50% (Rs 1 per equity share of par value Rs 2 each) which is subject to approval of shareholders.

- 6 Consequent to the introduction of Goods and Services Tax (GST) in India with effect from July 1, 2017, Central Excise, Value Added Tax (VAT), etc. have been subsumed into GST. In accordance with Indian Accounting Standard – 18 on Revenue and Schedule III of the Companies Act, 2013 unlike Excise Duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures for the periods upto June 30, 2017 are not strictly relatable to those thereafter. The following additional information is being provided to facilitate such understanding:

Particulars	Quarter ended			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenue from operations (A)	31,447.93	30,508.11	24,289.65	114,471.36	94,944.69
Excise duty (B)	-	-	555.16	1,464.04	2,362.94
Sale of products excluding excise duty (A - B)	31,447.93	30,508.11	23,734.49	113,007.32	92,581.75

- 7 On December 15, 2017, the Company's Wholly Owned Subsidiary in USA issued a conditional repayment notice to its 2021 bondholders with US Dollar denominated Notes of US\$ 246 million and 2021 Euro denominated Notes of US\$ 237 million (Face Value of €198 million) together called as 2021 Notes. As on December 31, 2017, the Company, in accordance with the Ind-AS 109, has recorded the changes in the carrying value of the 2021 Notes at its expected future cash outflows with a corresponding expense of INR 1,133.00 million (\$17.5 million) arising on account of the early repayment premium and deferred financing cost in the consolidated income statement. The same is disclosed as the exceptional item in the consolidated financial results for the quarter and year ended December 31, 2017. Subsequently, On January 16, 2018 the Company repaid all the aforementioned 2021 Notes financed by a new Term Loan B of € 390 million borrowed in the Wholly Owned Subsidiary in Germany.
- 8 In March 2017, the Company's wholly owned step-down subsidiary in the USA issued Senior Secured Notes ("the 2025 Notes") for US\$ 550 million. Interest is payable on the 2025 Notes at 7.25% per annum on a semi annual basis and the principle is repayable on April 1, 2025. The 2025 Notes are guaranteed by certain subsidiary companies of the Company in the USA. The proceeds of the 2025 Notes have been used to repay 8.00% 2018 Notes of US\$ 378 million; 8.25% 2021 Notes of US\$ 115 million and repay senior bank debt. All unamortised deferred financing cost pertaining to the 2018 Notes and the 2021 Notes, including redemption premium of US\$ 5.4 million aggregating to US\$ 10 million (INR 670.30 million) have been expensed during the quarter ended March 31, 2017 and disclosed as exceptional item in the consolidated results for the year ended december 31, 2017.
- 9 During the year 2016, the Board of Directors of the Company had considered and approved the closure of its impregnated wood products manufacturing facility in Hanau, Germany. Accordingly, the Group had made the provision for the closure costs of INR 261.56 million for the year ended December 31, 2016 and disclosed as exceptional item in the consolidated results for the year ended december 31, 2016.
- 10 (i) In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in the Federal corporate tax rate from 35% to 21%. Consequent to this enactment, the Company has re-measured its U.S. deferred tax assets and liabilities based on the new tax law resulting in a one time deferred tax benefit of INR 787.93 million (\$12.17 million) for the quarter and year ended December 31, 2017. Also the change in Law includes one-time transition tax on undistributed earnings of subsidiary companies outside USA and 100% participation exemption for any foreign dividends distributed after January 1, 2018. In view of the foreign tax credit available, as per the management estimate no transition tax is payable by the Company in respect of undistributed earnings of subsidiary companies outside USA. The final transition tax liability would be ascertained once the US Tax Return for the year 2017 is filed.
(ii) Further there was a corporate tax reform in Belgium which resulted in changes in corporate tax rate from 33.99% to 29.58%. This resulted in one time deferred tax benefit of INR 42.82 million for the quarter and year ended December 31, 2017.
- 11 During the year ended December 31, 2017, the Company has completed an internal reorganization by merging certain German Operating Companies with the German Holding Company and merger of Belgian Holding Companies with Belgian Operating Company to rationalize the Group Structure. Such restructuring was accounted for as a common control transaction under Ind-AS 103 and accordingly the same did not result in any impact on the consolidated financial results for the year ended December 31, 2017.
- 12 Certain Standalone information of the Company in terms of the Regulation 47(1)(b) of the SEBI (listing obligation and disclosure requirements) Regulations, 2015

(Rupees in Millions)

Particulars	Quarter ended			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenue from operations	220.17	40.38	72.81	596.21	448.46
Profit/(Loss) Before Tax	(3.98)	379.45	(21.71)	385.30	350.46
Profit/(Loss) After Tax	(3.98)	316.39	(22.89)	321.06	329.32

Particulars	As at December 31, 2017	As at December 31, 2016
ASSETS		
1. Non-current assets		
(a) Property, Plant and Equipment	29,040.78	31,506.76
(b) Capital work in progress	4,412.47	2,260.68
(c) Goodwill	57,622.46	57,581.30
(d) Other Intangible assets	233.41	137.90
(e) Financial Assets		
(i) Investments	337.96	323.57
(ii) Loans	333.69	306.60
(iii) Other financial assets	-	19.66
(f) Deferred tax asset, net	2,817.18	2,342.71
(g) Non-current tax assets, net	824.22	607.36
(h) Other non-current assets	335.75	84.75
Total non-current assets	95,957.92	95,171.29
2. Current assets		
(a) Inventories	19,985.34	12,678.06
(b) Financial Assets		
(i) Investments	10.00	-
(ii) Trade receivables	16,872.60	10,392.29
(iii) Cash and cash equivalents	7,241.69	9,157.35
(iv) Bank balances other than (iii) above	2,174.22	1,281.31
(v) Loans	41.70	70.00
(vi) Other financial assets	84.70	59.68
(c) Other current assets	3,134.89	1,984.34
Total current assets	49,545.14	35,623.03
Total assets	145,503.06	130,794.32

EQUITY AND LIABILITIES		
1. Equity		
(a) Equity Share Capital	672.69	672.69
(b) Other Equity	38,768.34	30,975.44
Total equity attributable to equity holders of the Company	39,441.03	31,648.13
Non-controlling interests	1,013.24	704.99
Total equity	40,454.27	32,353.12
2. Liabilities		
Non-current liabilities		
(a) Financial Liabilities		
(i) Borrowings	37,397.17	68,524.78
(ii) Other financial liabilities	341.83	463.79
(b) Provisions	9,654.08	8,301.18
(c) Deferred tax liability, net	1,739.64	2,648.38
(d) Non-current tax liabilities, net	484.92	380.98
(e) Other non-current liabilities	188.21	210.30
Total non-current liabilities	49,805.85	80,529.41
Current liabilities		
(a) Financial Liabilities		
(i) Borrowings	3,190.80	1,819.34
(ii) Trade payables	11,511.57	7,604.12
(iii) Other financial liabilities (Refer note 7)	37,777.85	6,024.93
(b) Other Current liabilities	906.55	899.79
(c) Provisions	788.94	961.32
(d) Current tax liabilities, net	1,067.23	602.29
Total current liabilities	55,242.94	17,911.79
Total equity and liabilities	145,503.06	130,794.32

Consolidated Segment wise Revenue, Results, Assets and Liabilities:

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

- (a) Carbon Products
- (b) Chemicals
- (c) Cement

(Rupees in Millions)

Particulars	Quarter ended			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
1) Segment Revenue					
(a) Carbon Products	25,174.33	25,368.21	19,262.94	91,240.80	72,331.40
(b) Chemicals	4,641.39	5,257.65	4,744.27	20,572.02	20,493.93
(c) Cement	2,136.84	2,191.69	2,459.84	9,705.73	10,612.24
Total	31,952.56	32,817.55	26,467.05	121,518.55	103,437.57
Less: Inter Segment Revenue	504.63	2,309.44	2,177.40	7,047.19	8,492.88
Net Sales / Revenue from Operations	31,447.93	30,508.11	24,289.65	114,471.36	94,944.69
2) Segment Results					
Profit before Finance Costs, Other Income and Exceptional items from each segment					
(a) Carbon Products	5,430.17	5,267.54	2,023.05	16,303.43	7,576.94
(b) Chemicals	37.39	(15.11)	764.39	738.80	1,886.17
(c) Cement	144.98	150.53	189.93	403.97	654.19
Total	5,612.54	5,402.96	2,977.37	17,446.20	10,117.30
Less: i) Finance Costs	1,465.02	1,462.95	1,662.69	5,946.71	6,308.45
ii) Other Income	(197.77)	(255.70)	(363.38)	(1,134.28)	(1,211.57)
iii) Exceptional items	1,133.00	-	-	1,803.30	261.56
iv) Share of profit from associates	(8.84)	-	(41.53)	(8.84)	(41.53)
Total Profit Before Tax	3,221.13	4,195.71	1,719.59	10,839.31	4,800.39
3) Segment Assets					
(a) Carbon Products	109,207.41	105,559.22	98,248.74	109,207.41	98,248.74
(b) Chemicals	25,369.88	24,853.39	22,329.99	25,369.88	22,329.99
(c) Cement	7,244.89	7,140.91	7,227.30	7,244.89	7,227.30
(d) Unallocated	3,680.88	3,299.84	2,988.29	3,680.88	2,988.29
Total	145,503.06	140,853.36	130,794.32	145,503.06	130,794.32
4) Segment Liabilities					
(a) Carbon Products	22,275.26	19,470.74	14,438.84	22,275.26	14,438.84
(b) Chemicals	7,274.62	6,805.17	6,920.17	7,274.62	6,920.17
(c) Cement	2,035.44	1,987.78	1,969.87	2,035.44	1,969.87
(d) Unallocated	73,463.47	74,521.02	75,112.32	73,463.47	75,112.32
Total	105,048.79	102,784.71	98,441.20	105,048.79	98,441.20

15 **Reconciliation of net profit for the period/year under generally accepted accounting principles (Previous Indian GAAP) and as per Ind AS is given below:**

Sl. No.	Particulars	Quarter ended	Year ended
		December 31, 2016	December 31, 2016
(a)	Net profit under Previous Indian GAAP attributable to the owners of the Company	226.58	2,247.27
(b)	Reclassifications of net actuarial loss on defined obligation to other comprehensive income	1,106.37	1,106.37
(c)	Deferred financing costs	(84.43)	(334.77)
(d)	Depreciation and amortisation expense	(173.38)	19.58
(e)	Others	(3.78)	15.09
(f)	Tax adjustments	(195.36)	(144.12)
(g)	Net profit as per Ind AS attributable to the owners of the Company	876.00	2,909.42
(h)	Other comprehensive income/(loss) (net of tax) as per Ind AS attributable to the owners of the Company	(2,223.87)	(1,258.77)
(i)	Total comprehensive income as per Ind AS attributable to the owners of the Company	(1,347.87)	1,650.65

16 **Reconciliation of Equity under generally accepted accounting principles (Previous Indian GAAP) and as per Ind AS is given below:**

Sl. No.	Particulars	As at
		December 31, 2016
(a)	Equity as per Previous Indian GAAP	30,143.52
(b)	Deferred financing costs	1,050.95
(c)	Depreciation and amortisation expense	717.20
(d)	Site restoration liability	(84.85)
(e)	Straightlining of lease rent on land	(51.14)
(h)	Purchase of non-controlling interest adjusted to retained earnings	(604.69)
(i)	Others	(1.50)
(j)	Tax adjustments	478.64
(k)	Equity as per Ind AS	31,648.13

17 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.

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

19 The Investors can view Standalone Audited 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.

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

Place: Hyderabad
Date: February 28, 2018

N. Jagan Mohan Reddy
Managing Director
DIN:00017633