RAIN INDUSTRIES LIMITED

RIL/SEs/2018 November 14, 2018

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

Dear Sir/ Madam,

Sub: Press Release on the Unaudited Financial Results for the third quarter ended September 30, 2018. –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, 2018.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S.V.R. Reddy

S. Venkat Ramana Reddy
Company Secretary

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RAIN INDUSTRIES LIMITED

Press Release **November 14, 2018**

Results for the third quarter ended September 30, 2018

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its unaudited financial results for the quarter ended September 30, 2018.

Financial Highlights for Q3 CY18

- Revenue from Operations is ₹ 34.9 billion and Adjusted EBITDA is ₹ 5.6 billion.
- Adjusted Net Profit After Tax is ₹ 2.0 billion and Adjusted Earnings Per Share is ₹ 5.9.
- Strong Cash of ₹ 7.3 billion to fund CAPEX projects and meet debt obligations in the near-term.

Financial Performance

₹ in Millions

Particulars	Q3 2018	Q2 CY18	Q3 2017	CY 2017
Net Revenue	34,712	37,706	30,378	113,919
Other Operating Income	210	327	130	552
Revenue from Operations	**34,922**	**38,033**	**30,508**	**114,471**
Adjusted EBITDA	**5,615**	**6,852**	**6,738**	**22,702**
Adjusted EBITDA Margin	*16.1%*	*18.0%*	*22.1%*	*19.8%*
Profit before share of profit of associates, exceptional items and tax	**2,807**	**4,584**	**4,196**	**12,633**
Less: Exceptional Items	-	-	-	1,803
Add: Share of Profit of Associates	-	-	-	9
Profit Before Tax	**2,807**	**4,584**	**4,196**	**10,839**
Tax Expense, including Exceptional Tax Benefit in Q4 CY17	910	1,546	1,662	2,918
Non-controlling Interest	149	90	77	285
Net Profit After Tax	**1,748**	**2,948**	**2,457**	**7,636**
Adjusted Net Profit After Tax	**1,978**	**2,948**	**2,457**	**7,977**
Adjusted Earnings Per Share in (₹)*	5.9	8.8	7.3	23.7

**Quarterly EPS is not annualised.*

SEGMENT WISE - FINANCIAL PERFORMANCE

CARBON

Particulars	Q3 CY18	Q2 CY18	Q3 CY17	CY 2017	Variance Q3 CY18 vs Q2 CY18	Variance Q3 CY18 vs Q3 CY17
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	375	474	475	1,741	-20.9%	-21.1%
- Coal Tar Pitch (CTP)	118	126	137	512	-6.3%	-13.9%
- Other Carbon Products	141	147	139	543	-4.1%	1.4%
TOTAL	**634**	**747**	**751**	**2,796**	**-15.1%**	**-15.6%**
(b) Net Revenue [1] (₹ in Millions)						
- Calcined Petroleum Coke (CPC)	9,897	13,808	10,382	37,225	-28.3%	-4.7%
- Coal Tar Pitch (CTP)	6,918	6,862	5,205	17,643	0.8%	32.9%
- Other Carbon Products	5,371	4,847	3,701	15,153	10.8%	45.1%
- Energy	570	535	564	2,184	6.5%	1.1%
TOTAL	**22,756**	**26,052**	**19,852**	**72,205**	**-12.7%**	**14.6%**
(c) Adjusted EBITDA [2] (₹ in Millions)	**4,084**	**5,519**	**5,042**	**16,451**	**-26.0%**	**-19.0%**
(d) Adjusted EBITDA Margin	**17.9%**	**21.2%**	**25.4%**	**22.8%**	**-3.3%**	**-7.5%**

Notes:

(1) *Net of inter-company sales.*

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

ADVANCED MATERIALS

Particulars	Q3 CY18	Q2 CY18	Q3 CY17	CY 2017	Variance Q3 CY18 vs Q2 CY18	Variance Q3 CY18 vs Q3 CY17
(a) Sales Volumes [1] (In '000 MTs)						
- Engineered Products	33	30	34	90	10.0%	-2.9%
- Petro Chemical Intermediates	37	32	27	125	15.6%	37.0%
- Naphthalene Derivates	30	31	33	124	-3.2%	-9.1%
- Resins	34	35	37	153	-2.9%	-8.1%
TOTAL	**134**	**128**	**131**	**492**	**4.7%**	**2.3%**
(b) Net Revenue [1] (₹ in Millions)						
- Engineered Products	2,032	1,928	1,652	4,762	5.4%	23.0%
- Petro Chemical Intermediates	1,993	1,699	1,266	6,154	17.3%	57.4%
- Naphthalene Derivates	2,104	1,971	2,005	7,391	6.7%	4.9%
- Resins	3,636	3,699	3,416	13,728	-1.7%	6.4%
TOTAL	**9,765**	**9,297**	**8,339**	**32,035**	**5.0%**	**17.1%**
(c) Adjusted EBITDA [2] (₹ in Millions)	**1,404**	**1,216**	**1,427**	**5,385**	**15.5%**	**-1.6%**
(d) Adjusted EBITDA Margin	**14.4%**	**13.1%**	**17.1%**	**16.8%**	**1.3%**	**-2.7%**

CEMENT

Particulars	Q3 CY18	Q2 CY18	Q3 CY17	CY 2017	Variance Q3 CY18 vs Q2 CY18	Variance Q3 CY18 vs Q3 CY17
(a) Sales Volumes (In '000 MTs)	536	572	505	2,104	-6.3%	6.1%
(b) Net Revenue (₹ in Millions)	2,191	2,357	2,187	9,679	-7.0%	0.2%
(c) Adjusted EBITDA[2] (₹ in Millions)	127	117	269	866	8.5%	-52.8%
(d) Adjusted EBITDA Margin (%)	5.8%	5.0%	12.3%	8.9%	0.8%	-6.5%

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.*

Financial Performance Review and Analysis – Q3 CY18 vs Q3 CY17

- Net Revenue of ₹34.7 billion during Q3 CY18, an increase of ~14.3% compared to ₹30.4 billion during Q3 CY17.

    - Carbon sales volumes during Q3 CY18 were 634 thousand metric tons, a decrease of ~15.6% compared to 751 thousand metric tons in Q3 CY17. Sales volumes decreased in calcined petroleum coke (CPC) by ~21.1% and coal tar pitch (CTP) by ~13.9% offset by ~1.4% increase in Other Carbon Products. The decrease in volumes was largely due to timing of shipments, curtailments of few customers and delays before the calcining industry gained an exemption from the Hon'ble Supreme Court of India two and half months after the GPC import ban was imposed. The decrease in volumes of CTP was primarily driven by technical issues at customer facilities. During Q3 CY18, the average blended realisation increased by ~35.8% after considering the favorable impact from the appreciation of the US Dollar and the Euro against Indian Rupee by ~8.9% and ~7.9% respectively. Overall, due to the aforesaid reasons, the revenue from Carbon segment increased by ~14.6% in Q3 CY18 as compared to Q3 CY17.

    - Advanced Materials sales volumes during Q3 CY18 were 134 thousand metric tons, an increase of ~2.3% as compared to 131 thousand metric tons in Q3 CY17. During Q3 CY18, sales volumes in petro chemical intermediates increased by ~37.0%, which is offset by a decrease in sales volumes of engineered products, naphthalene derivates and resins by ~2.9%, 9.1% and ~8.1% respectively as compared to Q3 CY17. During Q3 CY18, the average blended realisation increased by ~14.5% along with the favorable impact from the appreciation of the Euro against the Indian Rupee by ~7.9%. Due to the aforesaid reasons, the revenue from Advanced Materials business increased by ~17.1% during Q3 CY18 as compared to Q3 CY17.

    - Cement sales volumes increased by ~6.1% during Q3 CY18 as compared to Q3 CY17 and it is offset by the decrease in realisations by ~5.6%. Due to these reasons, the revenue from Cement business increased by ~0.2%. During Q3 CY18, there is ~12.6% increase in sales volume from Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala, partially offset by ~6.5% lower volumes in Odisha, Maharashtra, Goa and Pondicherry as compared to Q3 CY17.

- During Q3 CY18, Adjusted EBITDA in Q3 CY18 is ₹5.6 billion, a decrease of ~16.7% compared to Adjusted EBITDA of ₹6.7 billion achieved during Q3 CY17. Adjusted EBITDA in the Carbon decreased by ₹ 1.0 billion due lower volumes coupled with increase in raw material costs. Adjusted EBITDA in Advanced material remained similar to previous year. Adjusted EBITDA from the Cement decreased by ₹ 0.1 billion, due to increase in operating cost.

- A detailed reconciliation of reported EBITDA and Adjusted EBITDA for the quarter ended September 30, 2018 is explained in the below table:

Particulars	₹ in Millions
A. Reported EBITDA	**5,299**
B. Adjustments:	
• Reorganisation costs on account of closing of certain facilities in Europe.	205
• On account of strategic project expenses at our European operations.	173
• Certain insurance claims received during the quarter related to prior periods.	(62)
C. Adjusted EBITDA (A + B)	**5,615**

- During Q3 CY18, the Company has a foreign exchange loss of ₹ 0.2 billion. The foreign exchange loss in the current quarter is primarily due to the restatement of the US Dollar denominated working capital debt outstanding in India on account of depreciation of Indian Rupee against the US Dollar and restatement of the US Dollar denominated inter-company debt on account of depreciation of Russian Ruble against the US Dollar.

- Finance cost during Q3 CY18 is ₹ 1.1 billion, a decrease of ~23.0% compared to ₹1.5 billion in Q3 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%.

- Consolidated effective tax rate is in line with the group tax rates at various geographies.

- The Adjusted Net Profit during Q3 CY18 is ₹2.0 billion as compared to Adjusted Net Profit of ₹2.5 billion during Q3 CY17. The decrease is mainly due to lower operating performance, partly off-set with reduction in interest cost.

- The Company achieved an Adjusted EPS of ₹5.9 during Q3 CY18 as compared to Adjusted EPS of ₹7.3 during Q3 CY17.

- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for the quarter ended September 30, 2018 is explained in the below table:

Particulars	₹ in Millions
A. Reported PAT	**1,748**
B. Adjustments:	
• Reorganisation costs on account of closing of certain facilities in Europe.	150
• On account of strategic project expenses at our European operations.	126
• Certain insurance claims received during the quarter related to prior periods.	(46)
C. Adjusted PAT (A + B)	**1,978**

Debt Analysis

As at September 30, 2018, the Company has a Gross Debt of $ 1,130 million (including Working Capital Debt of US$ 62 million), Cash and Cash Equivalents of $ 101 million, Unamortised Deferred Finance Cost of $ 18 million and Net Debt of $ 1,011 million.

(US$[1] in Million)

Particulars	As on Sep. 30, 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	454	-	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
Gross Term Debt	**1,068**	**1,108**	
Add: Working Capital Debt	62	50	
Gross Debt	**1,130**	**1,158**	
Less: Cash & Cash Equivalents	101	147	
Less: Deferred Finance Cost	18	12	
Net Debt	**1,011**	**999**	

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.

Working Capital debt has increased due to increase in Net working capital from $ 396 million as at December 31, 2017 to $ 430 million as at September 30, 2018, resulting from higher market quotations.

With the existing Cash and Cash Equivalents of $ 101 million, coupled with undrawn revolver facilities of $ 144 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.

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	Q3 CY18	Q2 CY18	Q3 CY17	CY 2017	Variance Q3 CY18 vs Q2 CY18	Variance Q3 CY18 vs Q3 CY17
Indian Rupee / US Dollar	70.03	67.04	64.29	65.12	-4.46%	-8.93%
Indian Rupee / Euro	81.52	79.86	75.53	73.55	-2.08%	-7.93%
Russian Ruble / US Dollar	65.57	62.11	59.01	58.35	-5.57%	-11.12%
Canadian Dollar / Euro	1.52	1.54	1.47	1.46	1.30%	-3.40%

Closing Rate of Exchange	Q3 CY18	Q2 CY18	Q3 CY17	CY 2017	Variance Q3 CY18 vs Q2 CY18	Variance Q3 CY18 vs Q3 CY17
Indian Rupee / US Dollar	72.55	68.58	65.36	63.93	-5.79%	-11.00%
Indian Rupee / Euro	84.44	79.85	77.06	76.39	-5.75%	-9.58%
Russian Ruble / US Dollar	65.78	62.75	57.81	57.86	-4.83%	-13.79%
Canadian Dollar / Euro	1.51	1.54	1.47	1.50	1.95%	-2.72%

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:

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