



# **Rain Industries Limited**

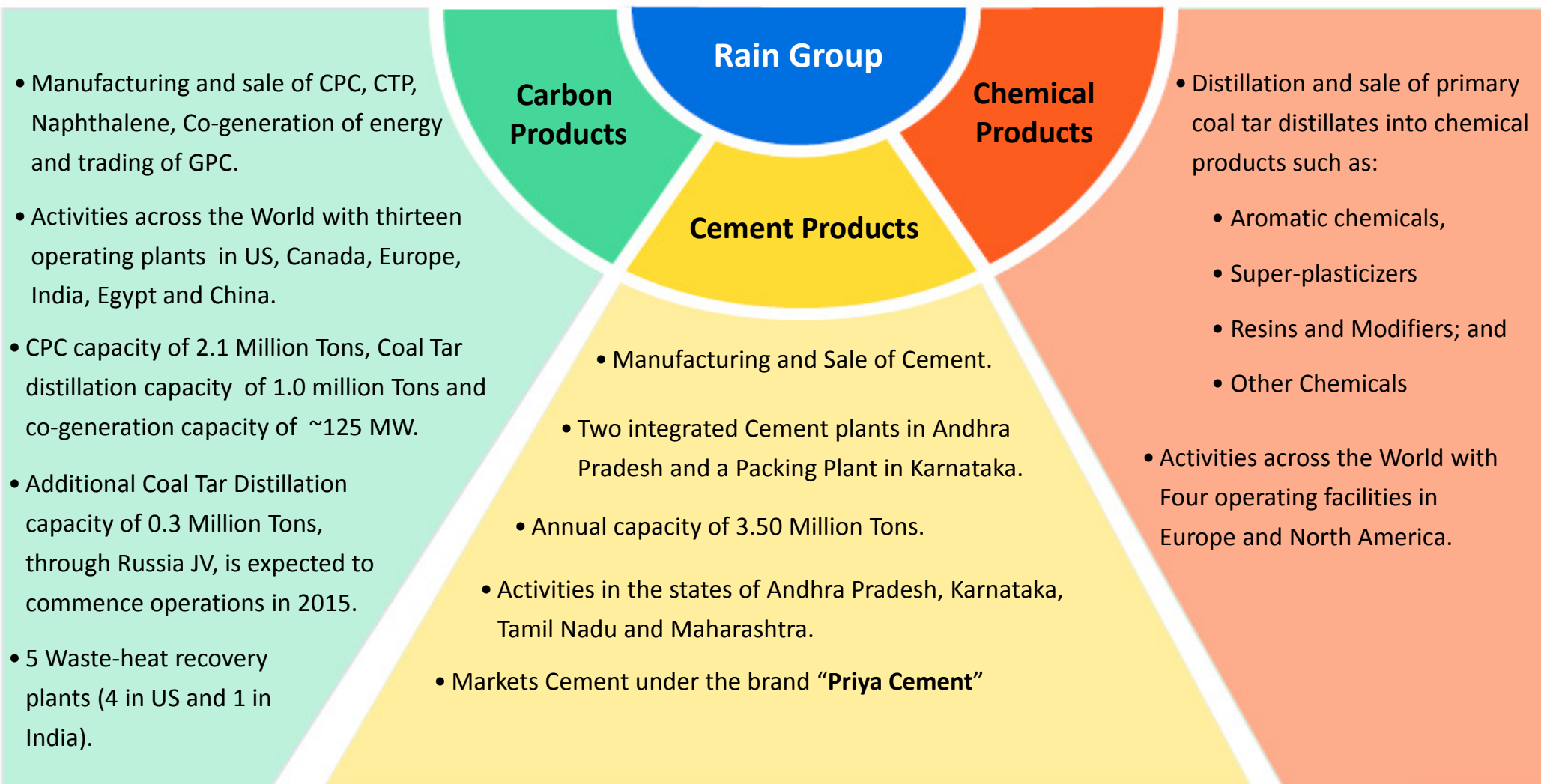
(Formerly Rain Commodities Limited)

**Corporate Presentation – September 2014**



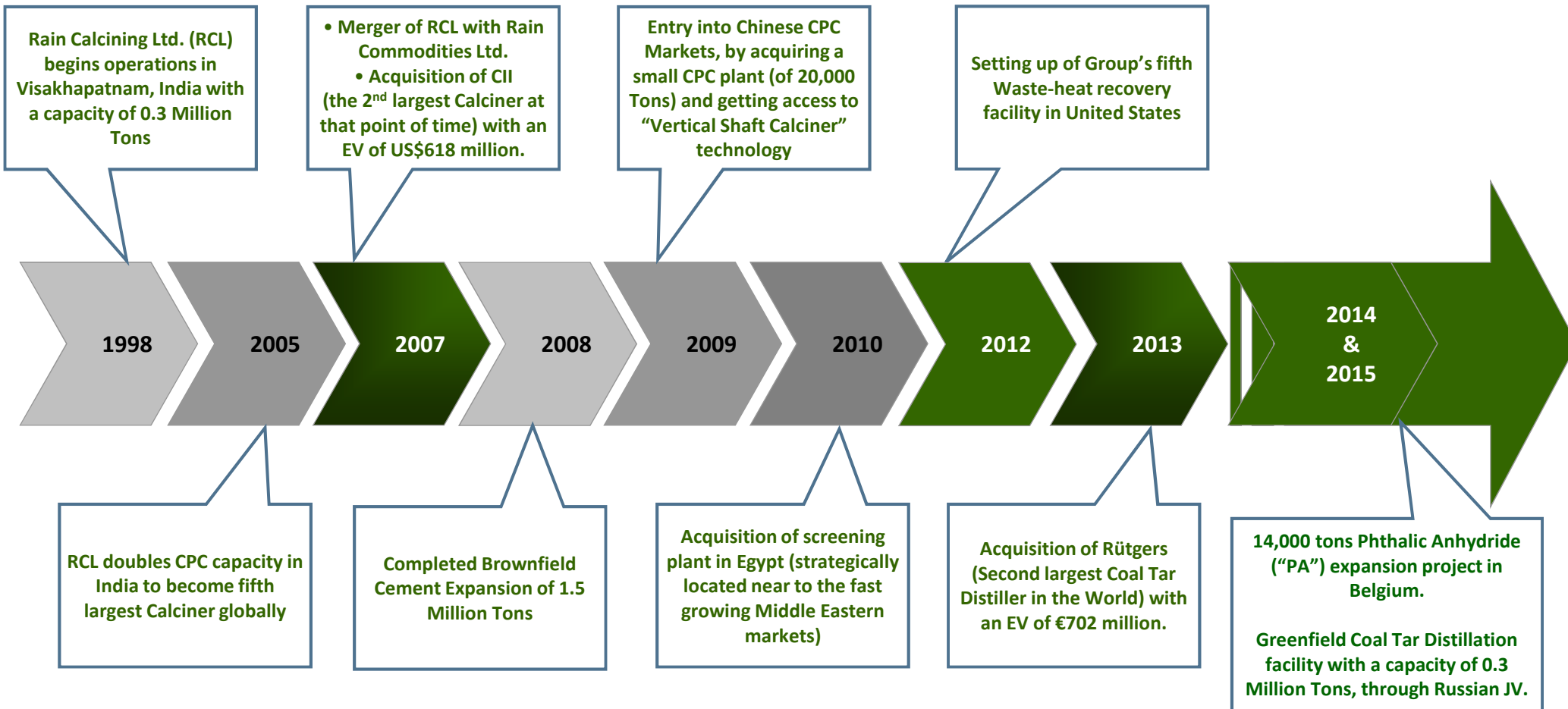
# Rain Group Corporate and Business structure

# Rain Group – Business Verticals



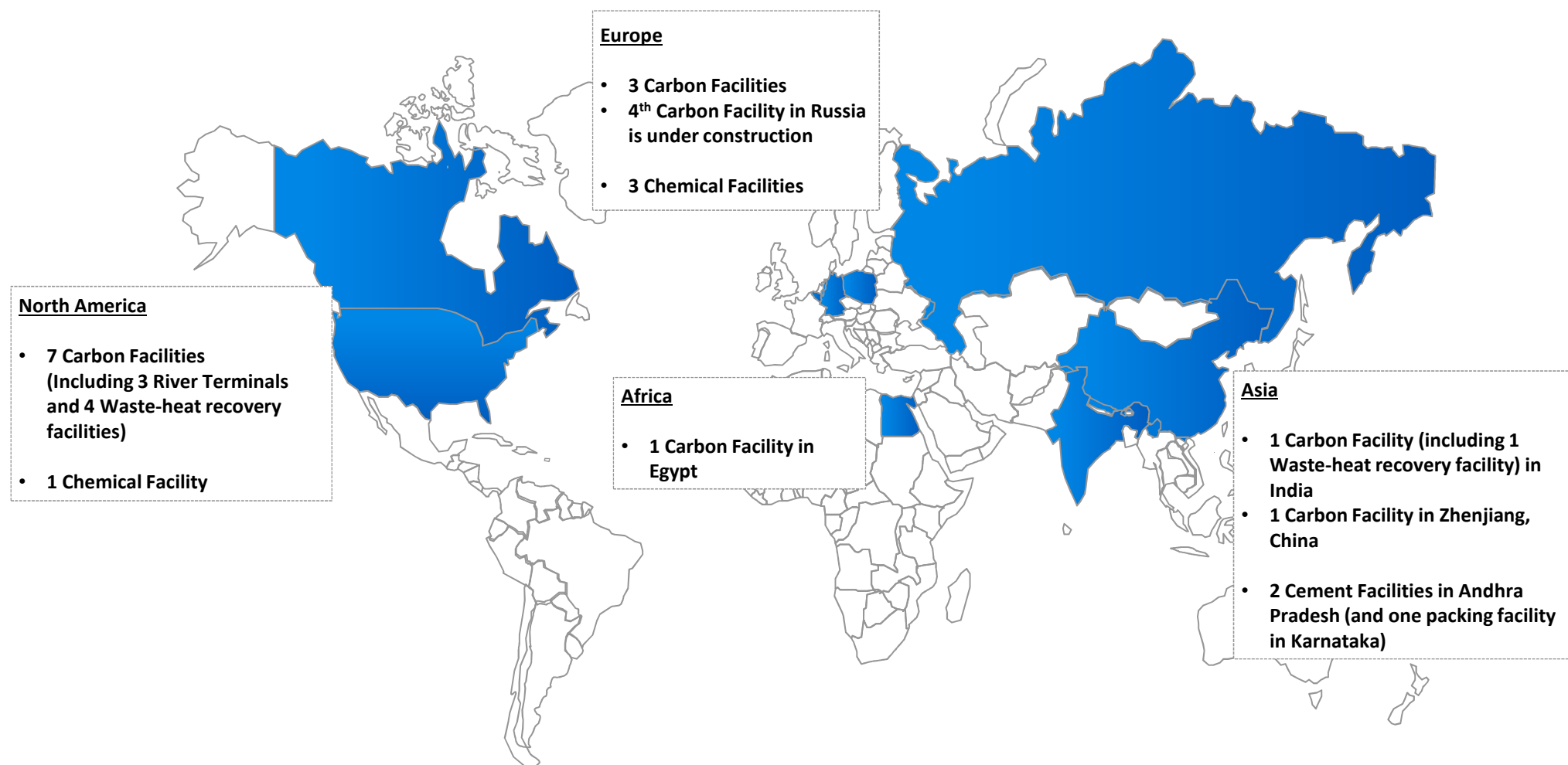
Growth opportunities exist in all three business verticals

# Rain Group – Key Mile stones



Rain Group is growing continuously in its Core business through capacity expansions and acquisitions and successfully integrating the same with its existing business

# Diversified Geographical Profile



With best-in-class Facilities across Four Continents, Rain Group supplies to customers across the World

Note: Effective January 1, 2014, Rain Group closed 400K tons of Calcining facility in Moundville - West Virginia, USA.

## Industry Developments

# Overview of Calcining Industry

## Oil Refining Industry



### Green Petroleum Coke - A by-product

- ▶ GPC production related to refining of sweet crude
- ▶ Reliable off-take is critical

## Coke Calciners

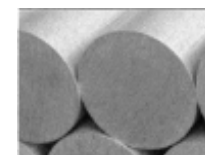


Calcined  
Petroleum Coke

Captured through  
calcining process

- ▶ Critical in the value chain of Green Coke
- ▶ Regional competition given high transportation costs
- ▶ High barriers to entry due to limited availability of GPC and scale of economies.

## Aluminum Industry



### CPC <10% of Production Cost

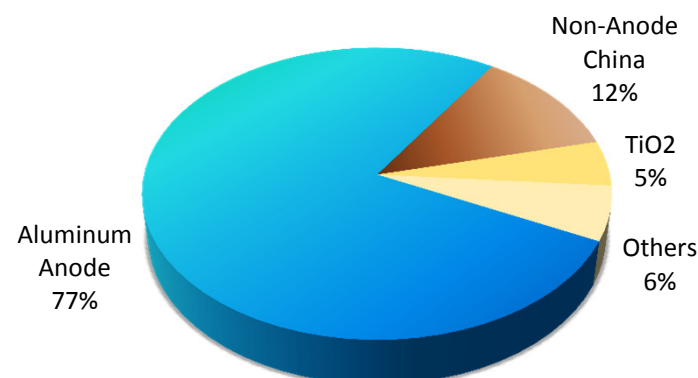
- ▶ No economically viable substitute for CPC in Aluminum production process
- ▶ Reliable and continuous supply of CPC with consistent high quality is crucial
- ▶ Complementary to CTP in anode production

## Overview

- ▶ CPC is produced from GPC, a by-product in crude oil refining
- ▶ Calciners compete on the basis of product quality and reliability, apart from the price
- ▶ Availability of Anode-grade GPC has been declining as oil refiners process heavier, more sour crude oils
- ▶ Additional worldwide CPC capacity effectively constrained by availability of suitable GPC
- ▶ Industry participants working to develop CPC from lower quality GPC sources
- ▶ Every Ton of Aluminum requires ~ 0.4 Tons of CPC

## World CPC Demand by End Use

CY 2012 Estimated



# Overview of Coal Tar Industry

## Steel Industry



### Coal Tar - A by-product

- ▶ Coke production related to steel industry's production volumes
- ▶ Reliable off-take is critical

## Coal Tar Distillers



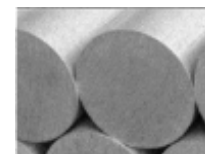
Pitch ~48%

Aromatic Oils ~40%

Naphthalene Oil ~12%

- ▶ Critical in the value chain of coal tar
- ▶ Regional competition given logistical limitations/high transportation costs
- ▶ High barriers to entry due to scale economies, asset intensity and know-how requirements

## Aluminum Industry



### Pitch <5% of Production Cost

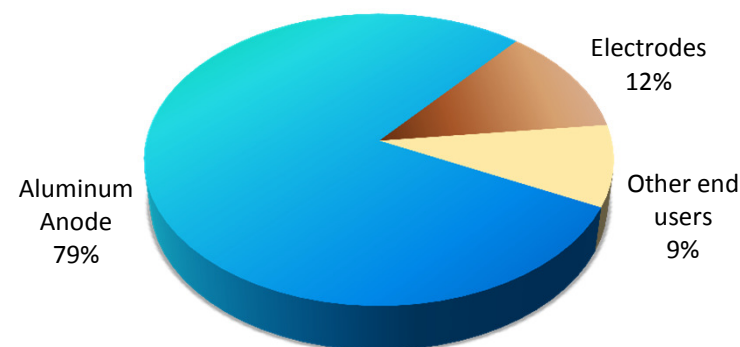
- ▶ No economically viable substitute for pitch in Aluminum production process
- ▶ Reliable and continuous supply of pitch with consistent high quality is crucial
- ▶ Complementary to CPC in anode production

## Overview

- ▶ CTP is produced from coal tar, a by-product of metallurgical coke ovens in steel industry
- ▶ The need for CTP determines the rates of operation for coal tar distillation
- ▶ Distillers position their facilities in close proximity to tar suppliers due to specialized transportation requirements to move coal tar and costs associated therewith
- ▶ CTP is the essential binder used primarily to make carbon anodes for the Aluminum industry and carbon electrodes for the electric arc furnaces of the Steel industry, in addition to other lower volume applications
- ▶ Every Ton of Aluminum requires ~ 0.1 ton of CTP

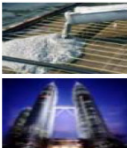


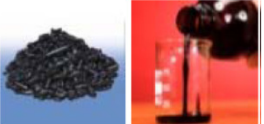
## World CTP Demand by End Use

CY 2012 Estimated



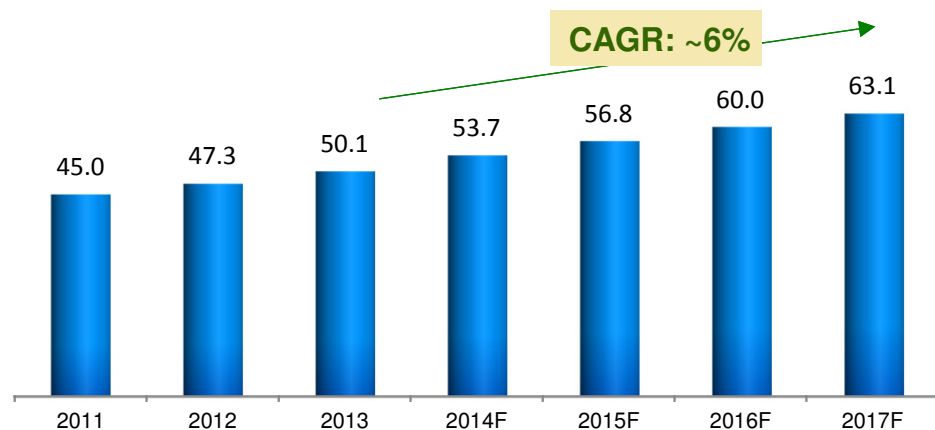


# Overview of Chemical Products

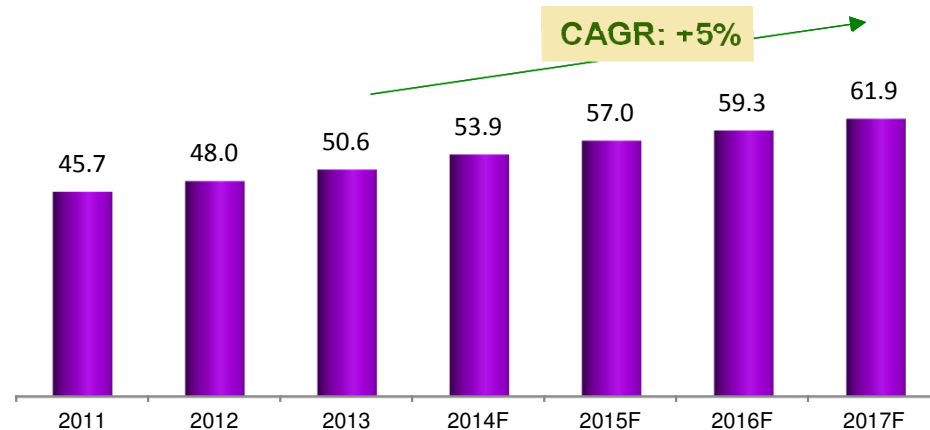
Chemicals				
	Superplasticizer	Resins & Modifiers	Aromatic Chemicals	Chemical Trading
<b>Key Raw Materials</b>	<ul style="list-style-type: none"> <li>▶ Naphthalene oil</li> </ul>	<ul style="list-style-type: none"> <li>▶ Carboindene</li> <li>▶ C9 feedstock</li> </ul>	<ul style="list-style-type: none"> <li>▶ Carbolic oil</li> <li>▶ Anthracene oil</li> </ul>	<ul style="list-style-type: none"> <li>▶ Crude benzene/benzene</li> </ul>
<b>Products</b>	<ul style="list-style-type: none"> <li>▶ Superplasticizer chemicals</li> </ul>	<ul style="list-style-type: none"> <li>▶ Resins</li> <li>▶ Modifiers (DIPN)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Phenol</li> <li>▶ Specialty products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Crude benzene/benzene</li> </ul>
<b>Key Applications</b>				
<b>Key End Markets</b>	<ul style="list-style-type: none"> <li>▶ Chemicals</li> <li>▶ Admixture and construction</li> </ul>	<ul style="list-style-type: none"> <li>▶ Adhesives/coatings</li> <li>▶ Rubber</li> <li>▶ Paper</li> </ul>	<ul style="list-style-type: none"> <li>▶ Chemicals</li> <li>▶ Automotive/tyres</li> <li>▶ Wire varnish</li> </ul>	<ul style="list-style-type: none"> <li>▶ Carbon chemicals</li> <li>▶ Crude aromatics</li> </ul>
<b>Plants</b>	<ul style="list-style-type: none"> <li>▶ Candiach (CAN)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Duisburg (GER)</li> <li>▶ Uithoorn (NL)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Castrop-Rauxel (GER)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Duisburg (GER)</li> </ul>

# Aluminum Industry Outlook

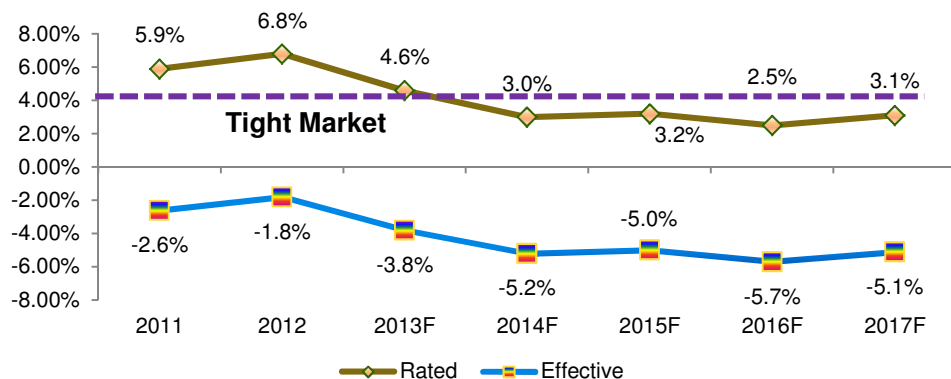
**Global Aluminum Consumption**  
(Mt in millions)



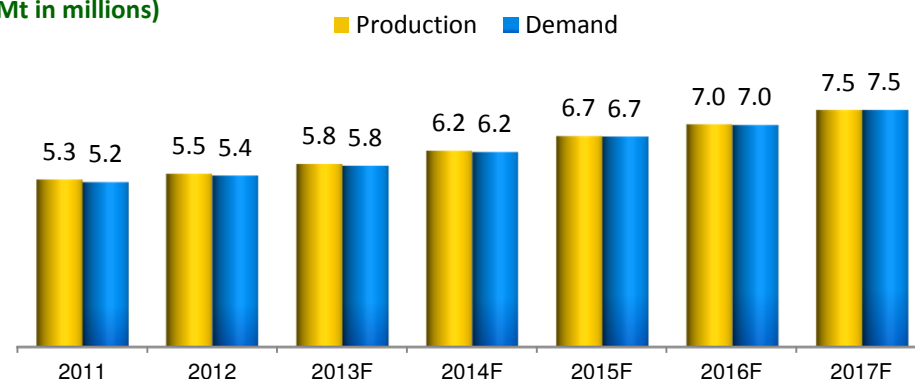
**Global Aluminum Production**  
(Mt in millions)



**CPC Outlook - % of Reserve Calcining Capacity**



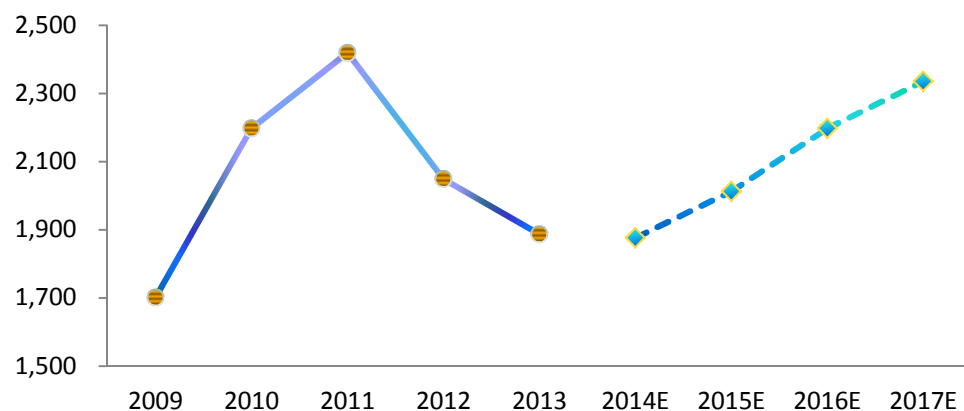
**Coal Tar Pitch Outlook**  
(Mt in millions)



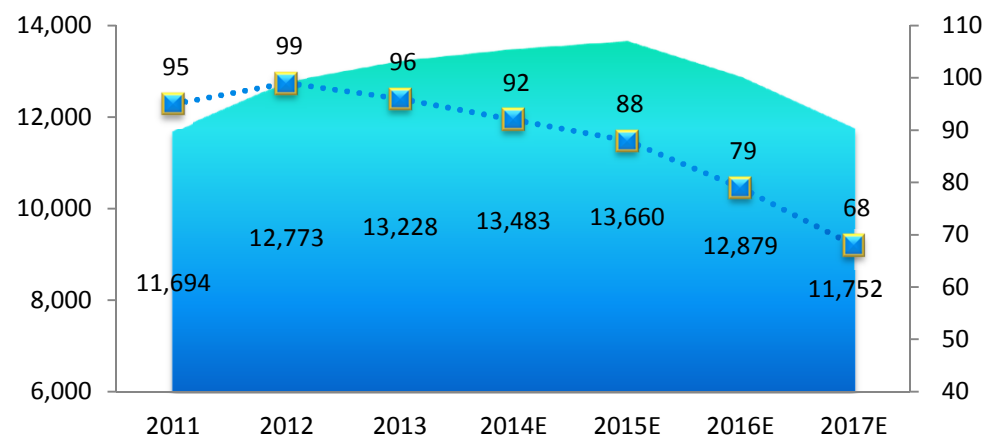
Global Aluminum production is expected to grow at a CAGR of 5% driving incremental demand for both CPC and CTP

# Aluminum Industry Outlook (Cont.)

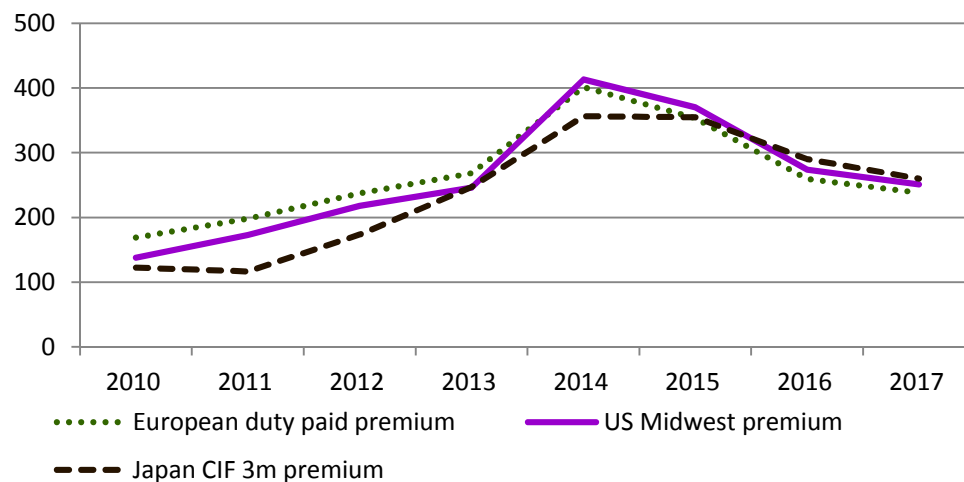
**Aluminum Price Forecast** (US\$ per MT)



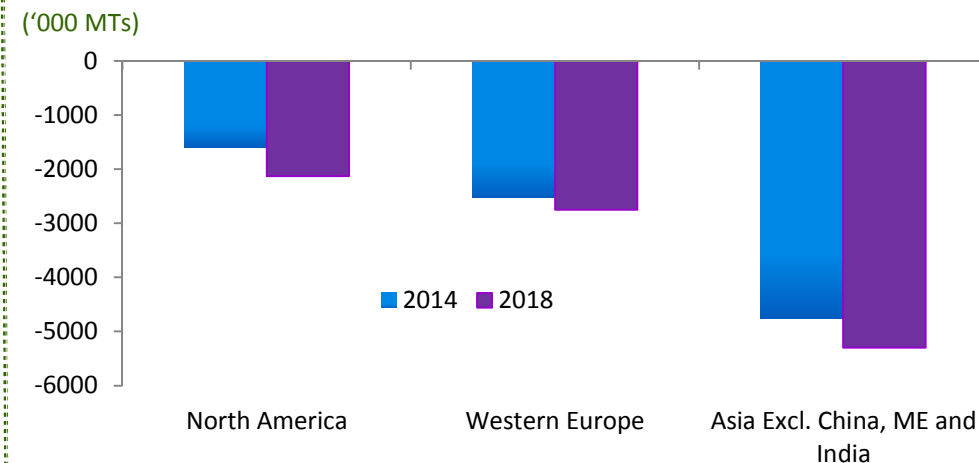
**Total metal stocks and days of inventory**



**Regional premiums** (US\$ per MT)

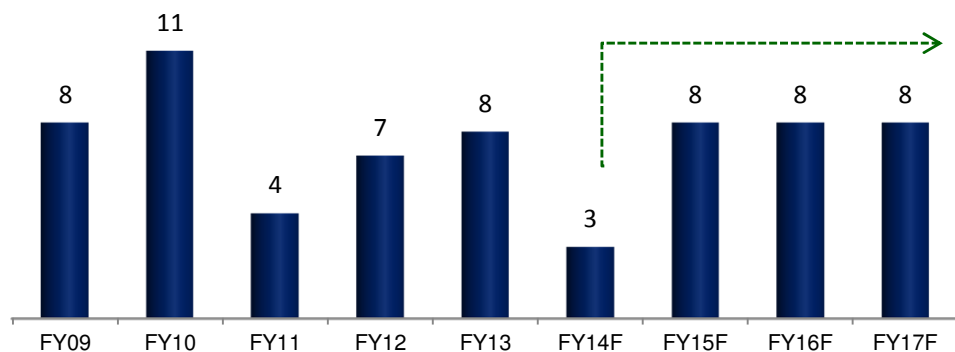


**Demand exceeding supply world Excl. China, ME and India**

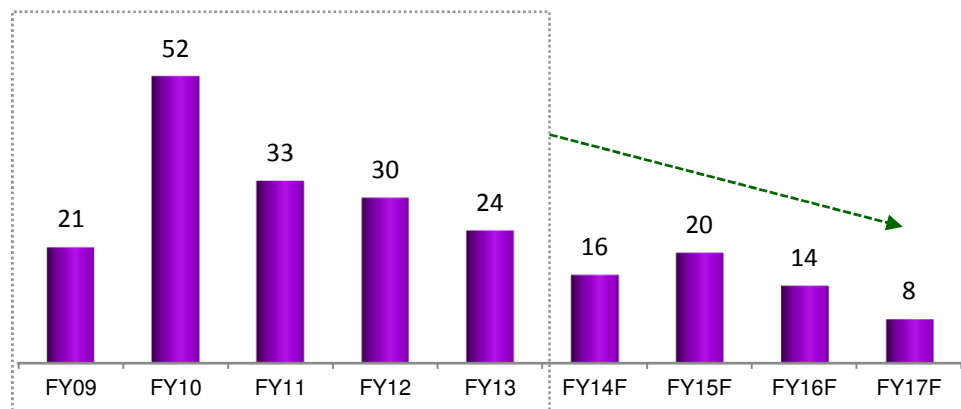


# Cement Industry Outlook

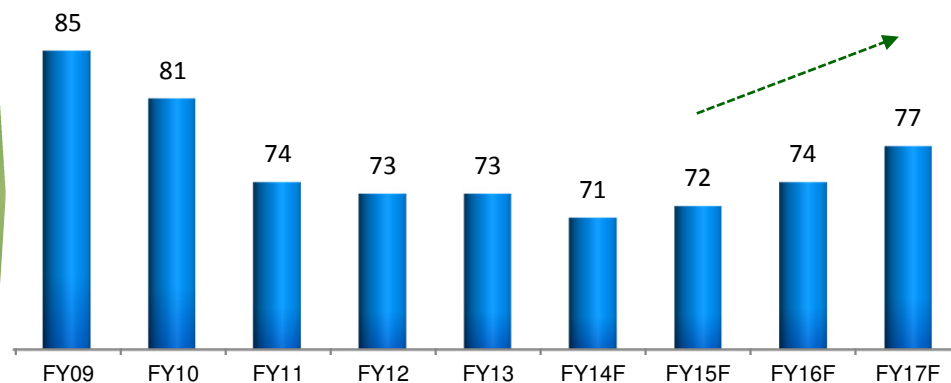
Cement Demand Growth – All India %



Capacity additions – All India MTs



Cement Capacity Utilizations – All India %

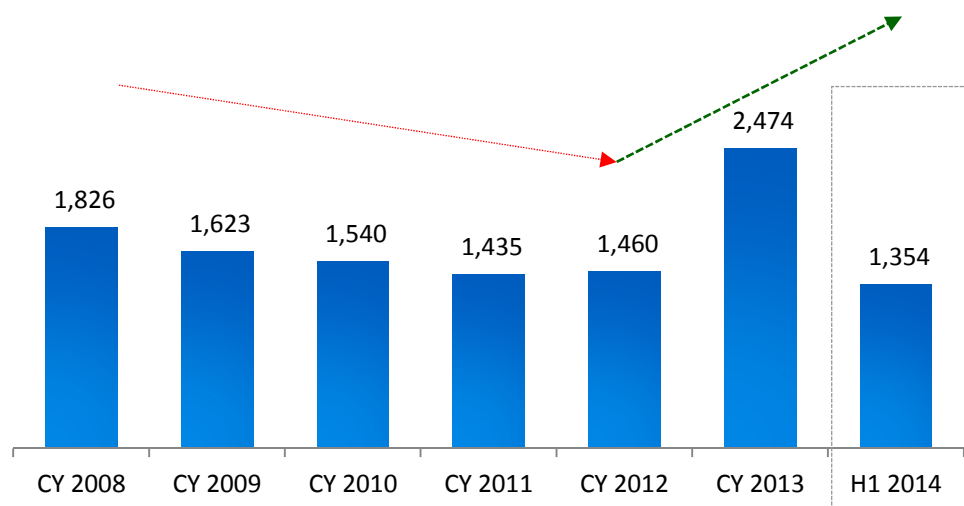


With the expected moderation in the capacity additions and likely improvement in the demand Cement industry is looking buoyant at this time

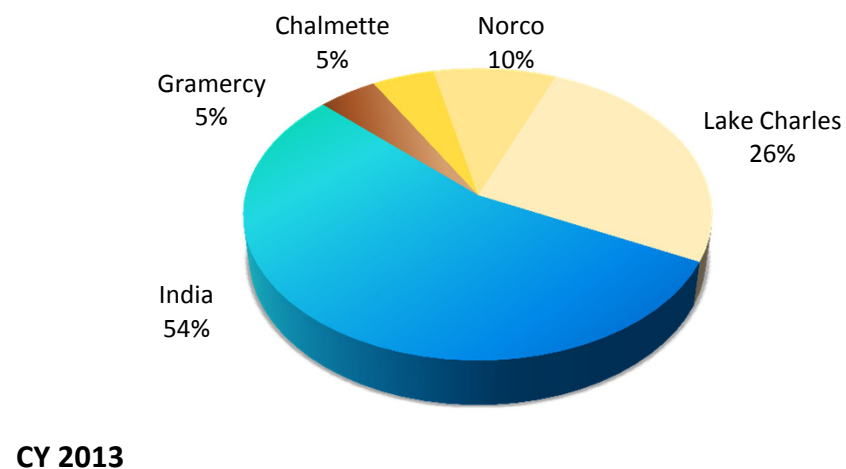
# Energy Business Outlook

- ▶ Rain Group believes co-generation of energy (equivalent to ~ 125 MW of electricity) from its Calciners as one of the key competitive advantage.
- ▶ The Group has invested in energy generation facilities at its
  - Visakhapatnam, India facility
  - Chalmette, Gramercy, Norco and Lake Charles facilities in the USA
- ▶ All teething problems at Lake Charles Energy project are resolved now and we expect to see the full benefit of this project from Q3 2014, which would provide additional support to the Group's operating profits.

## Energy Revenues – INR Millions



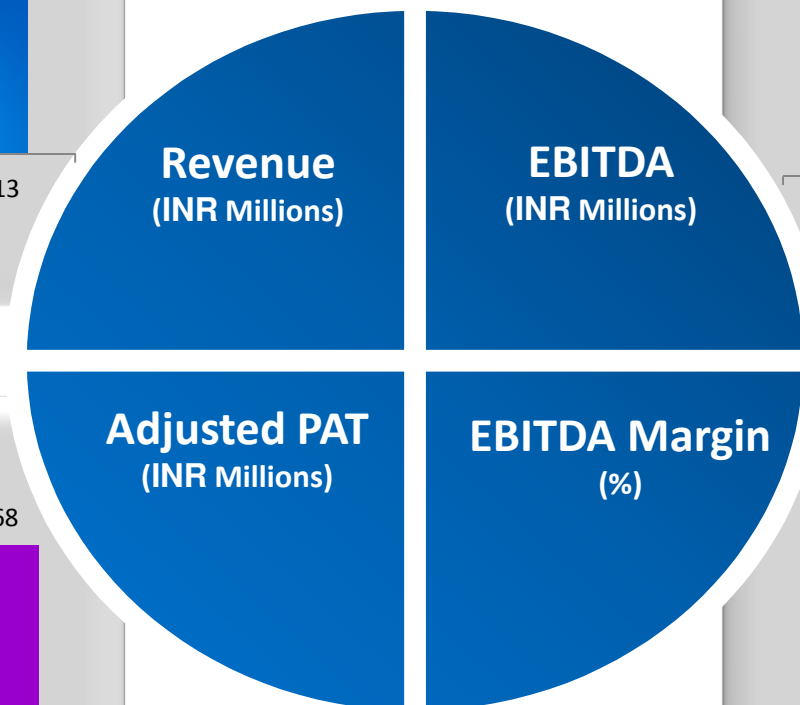
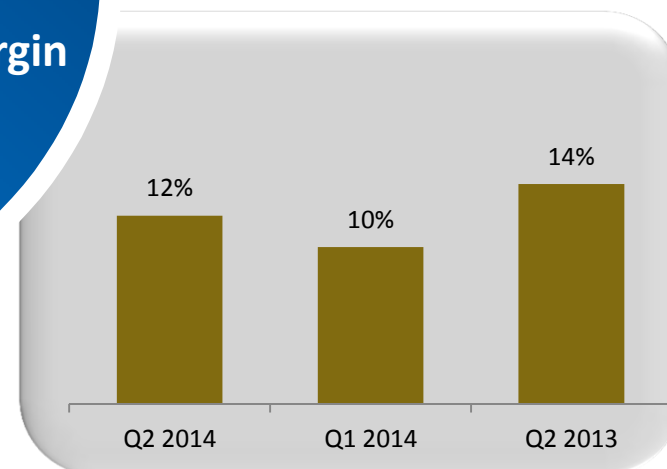
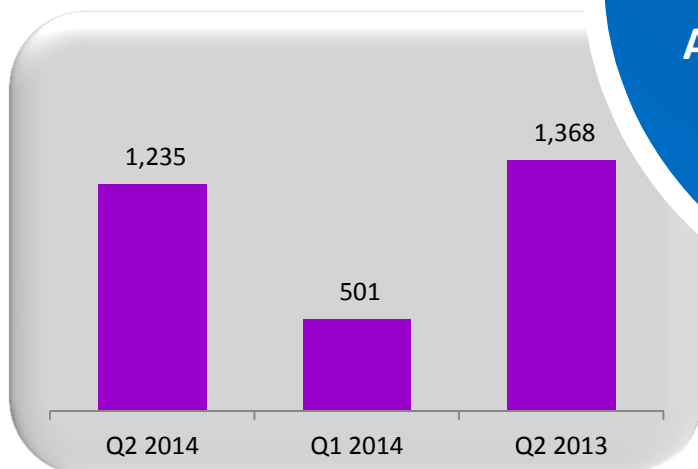
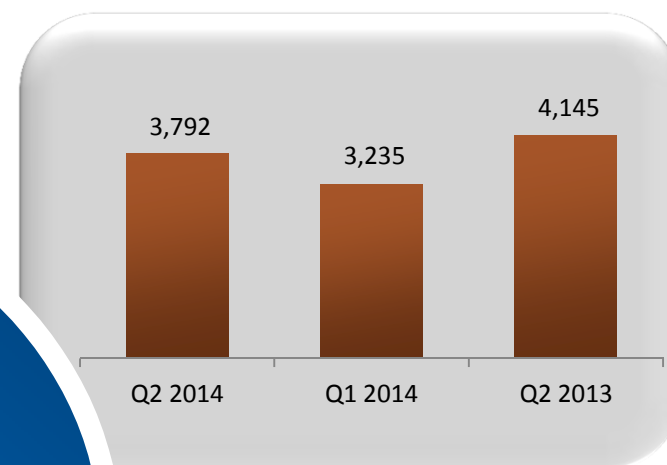
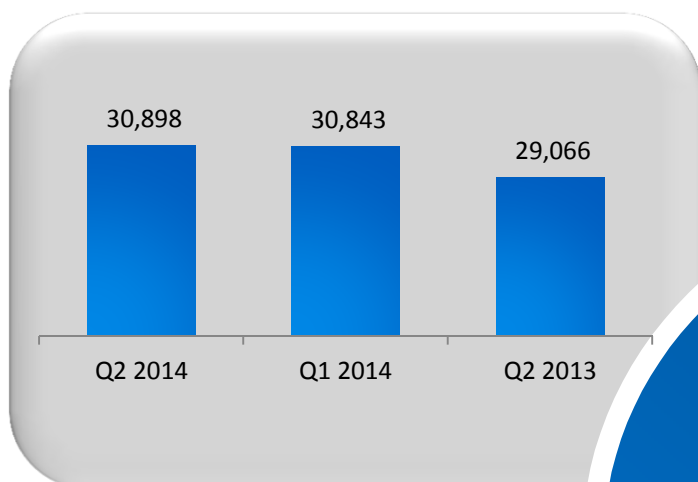
## Energy concentration by plant



Rain Group is the only Calciner in the World with substantial revenues from Waste-heat recovery

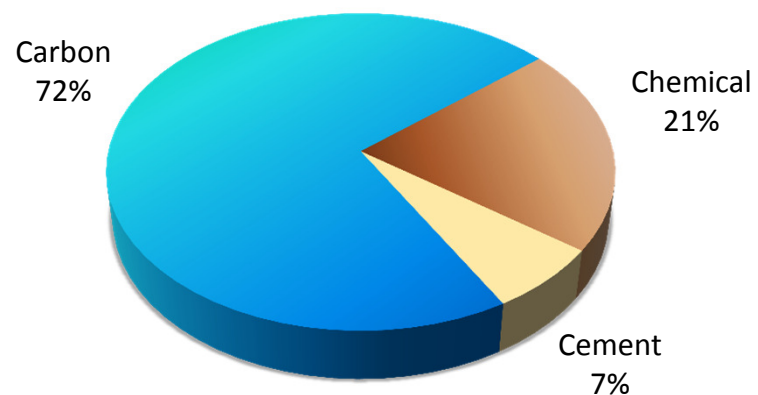
## Rain Group – Financial Snapshot

# Consolidated Financial Performance

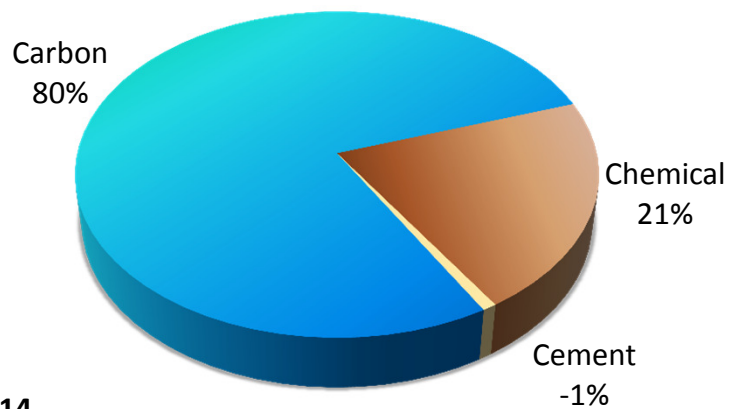


# Business Concentration

## Revenue Breakdown

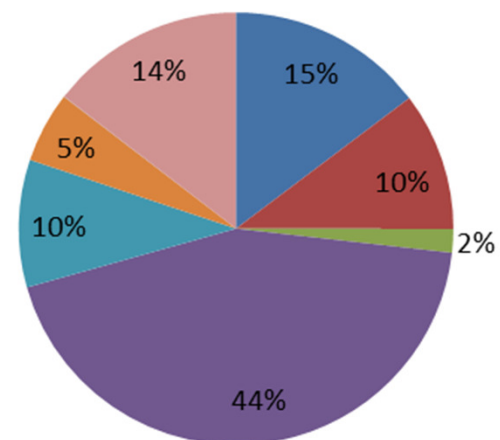


## EBITDA Breakdown



H1 2014

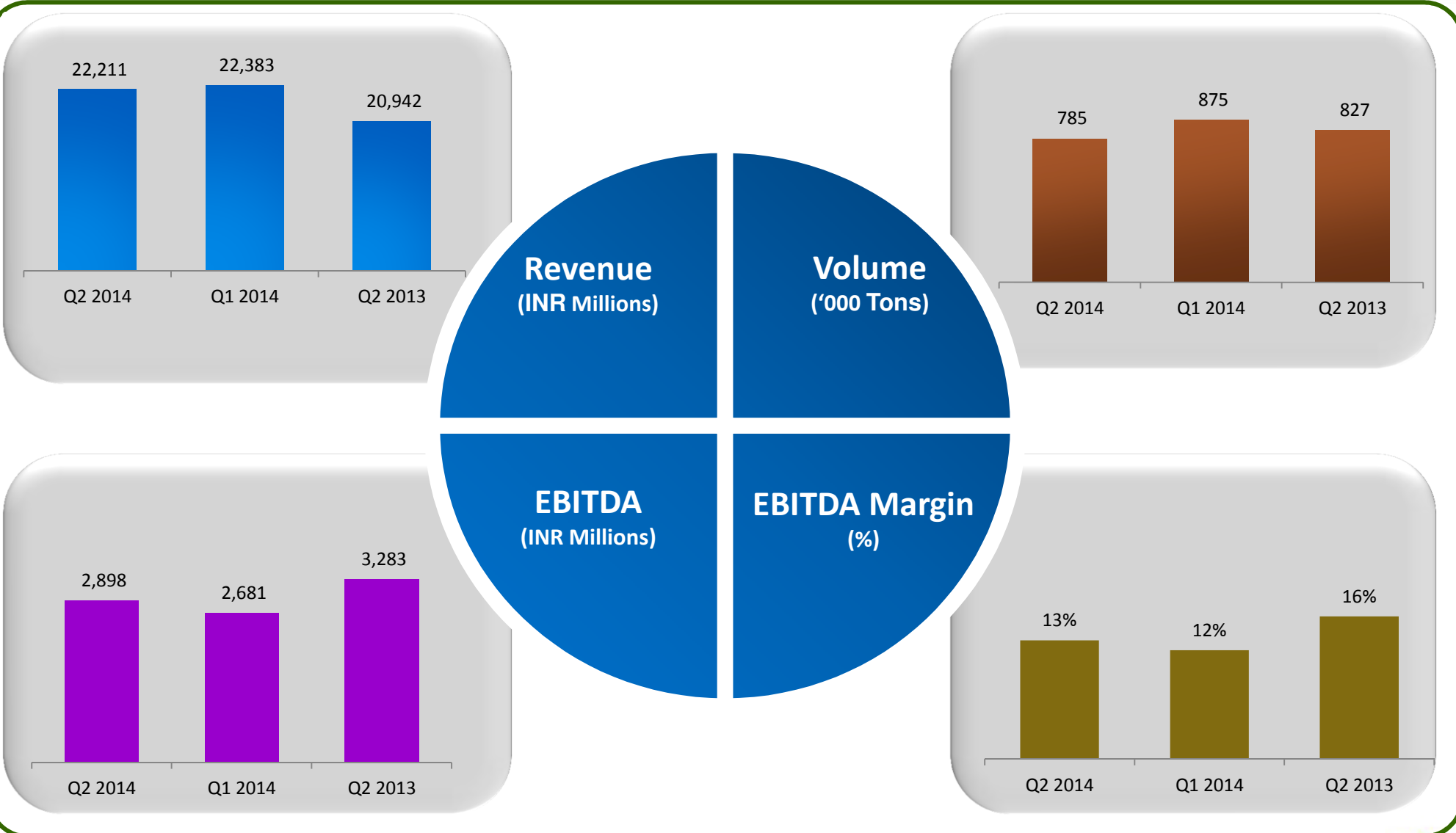
## Geographical spread of Revenue



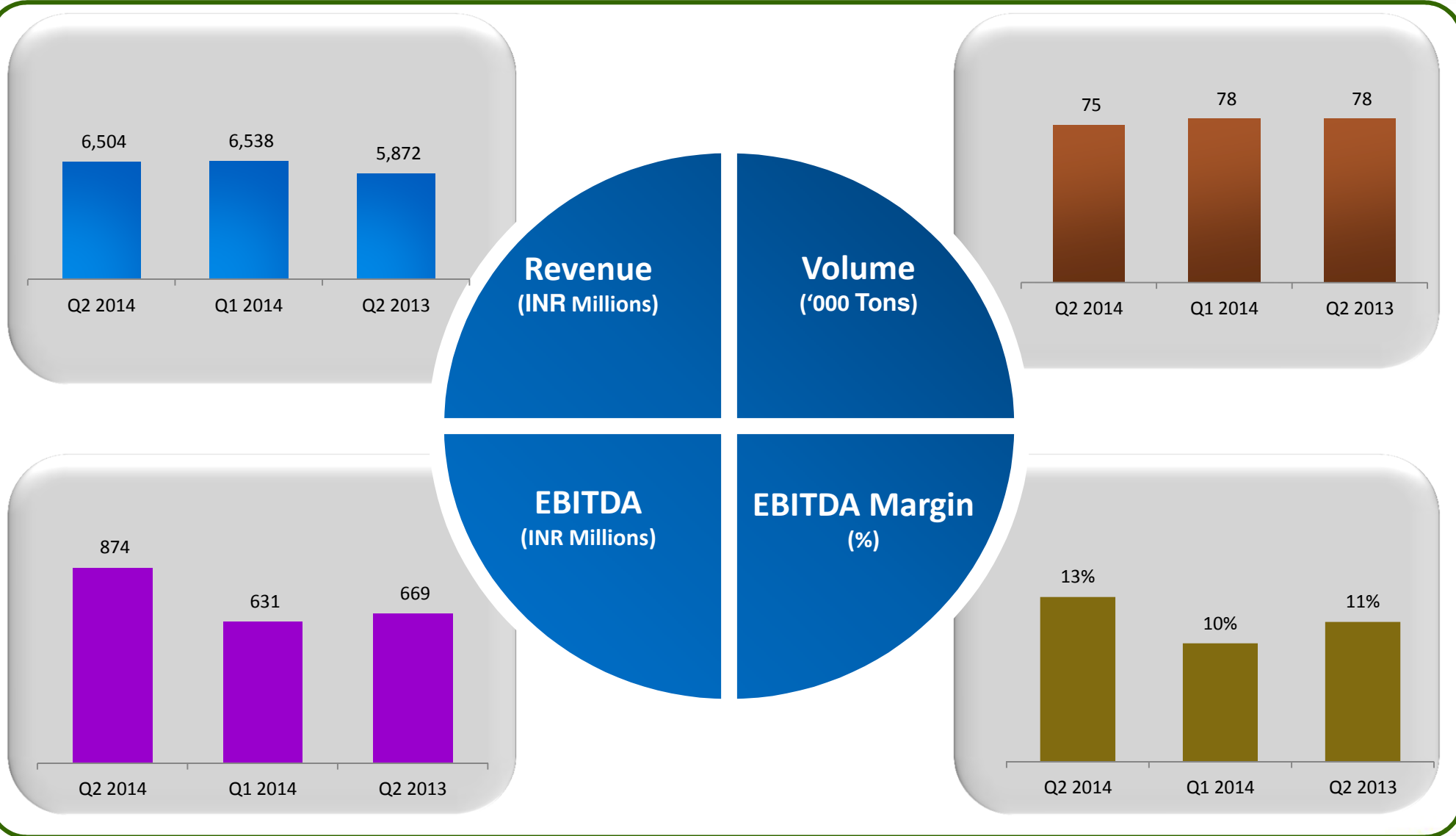
CY 2013



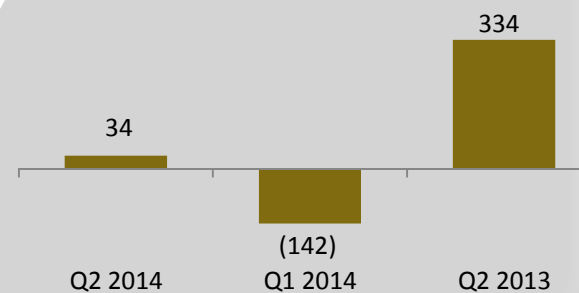
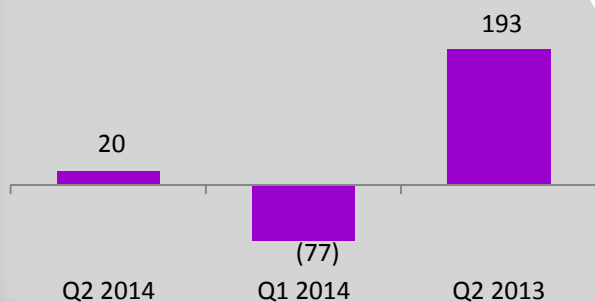
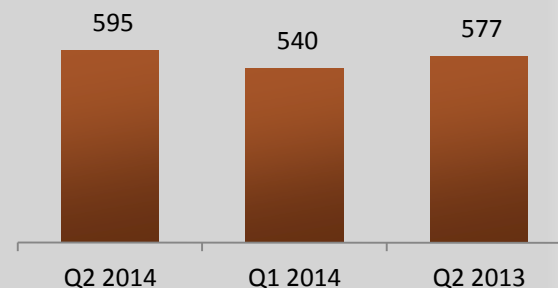
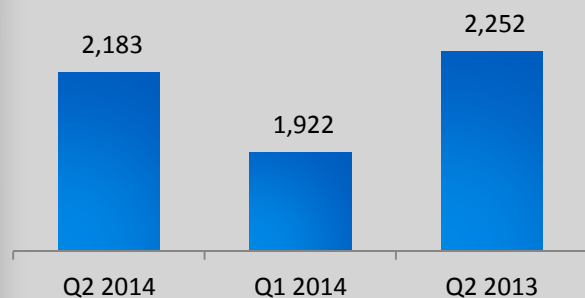
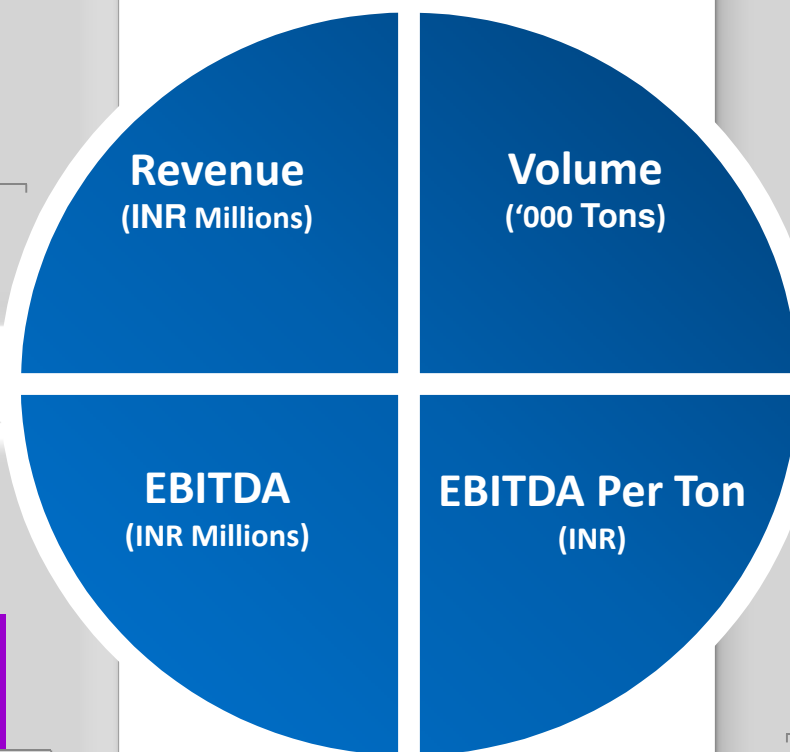
# Rain Group – Carbon Business Snap Shot



# Rain Group – Chemical Business Snap Shot

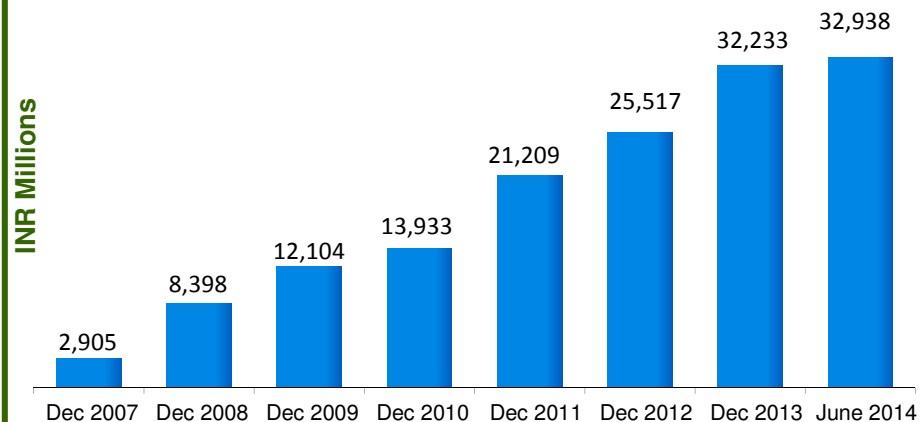


# Rain Group – Cement Business Snap Shot

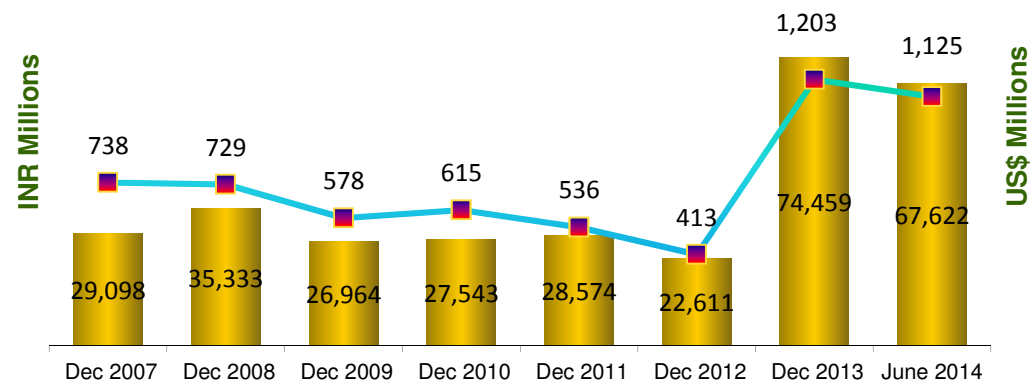


# Consolidated Financial Leverage

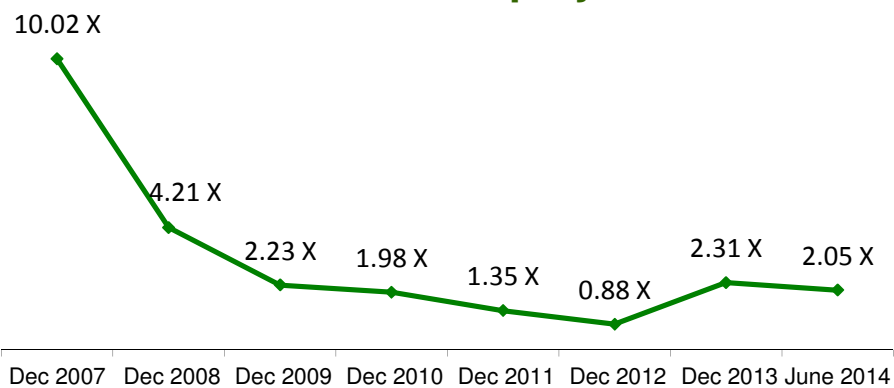
## Equity



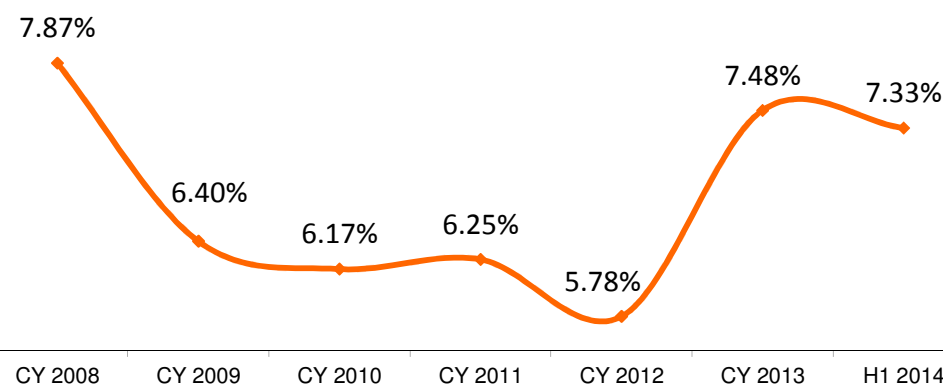
## Net Debt in INR and US\$



## Net Debt to Equity



## Pre-tax Cost of Debt



Debt raised for the Rütgers acquisition is the primary reason for increase in the Net Debt and average cost of debt

# Term Debt Profile

As at June 30, 2014

(US\$ Millions)	Amount	Type of interest	Remarks
Senior Secured Notes/Bonds	380	Fixed rate	Bullet repayment in 2018
Senior Secured Notes/Bonds	687	Fixed rate	Bullet repayment in 2021.
Senior Bank Debt	94	Floating rate	Installments up to 2018
Deferred Consideration to Triton	25	Interest free	Payment based on triggering events
Sales Tax Deferment	15	Interest Free	Installments up to 2027
Junior Subordinated Notes	13	Fixed rate	Bullet repayment in 2018, along with compounded interest
Other Debt	30	Fixed rate	Including Finance Leases
<b>Gross Term Debt</b>	<b>1,244</b>		
Add: Working Capital Debt	96		
<b>Total Debt</b>	<b>1,340</b>		
Less: Cash and Cash Equivalents	215		
<b>Net Debt</b>	<b>1,125</b>		

US\$ Millions

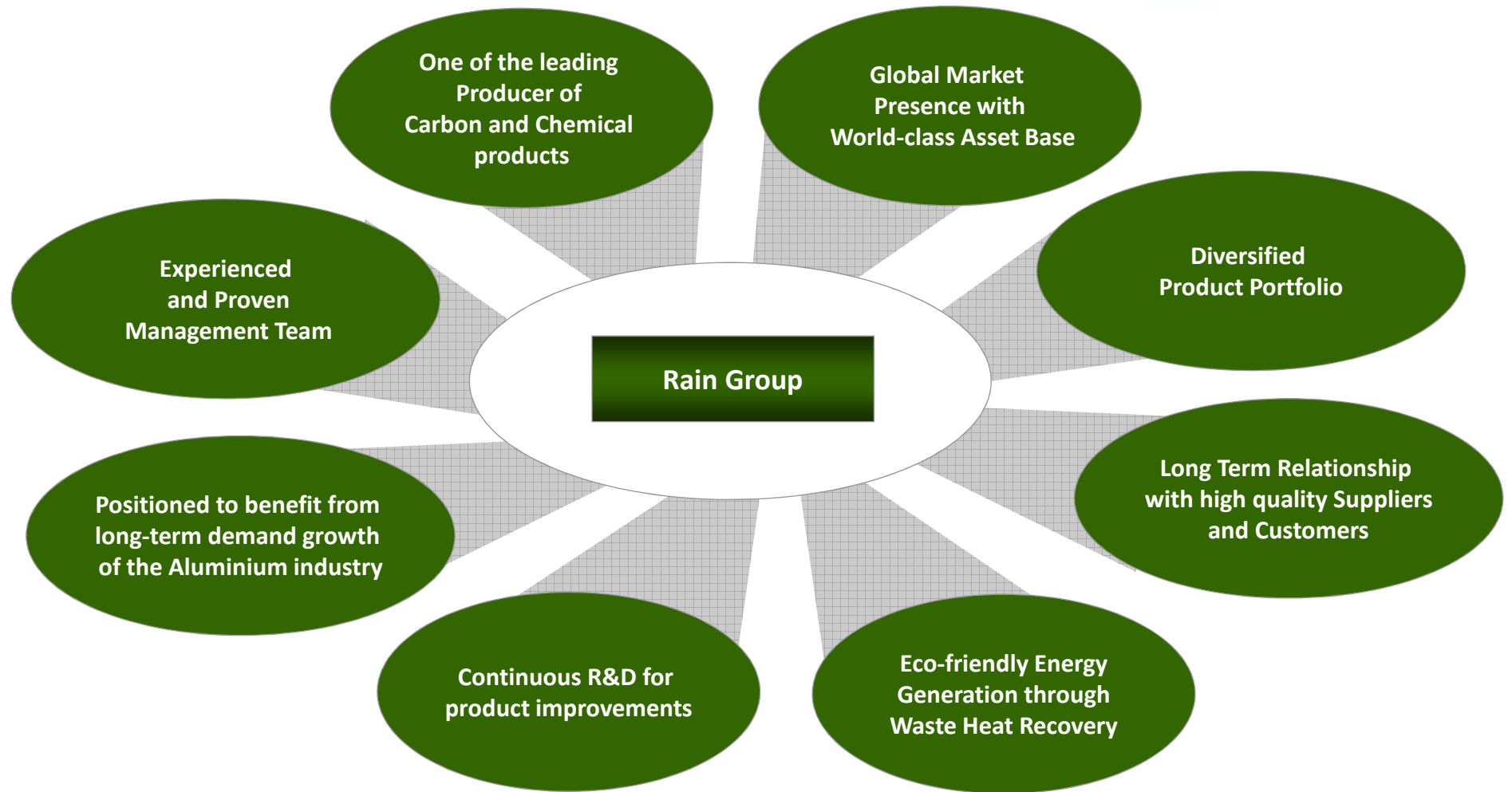
**Debt as at June 30, 2014** **1,244**

Scheduled Repayments

6M 2014	26
CY 2015	39
CY 2016	30
CY 2017	35
CY 2018	409
Later Years	705

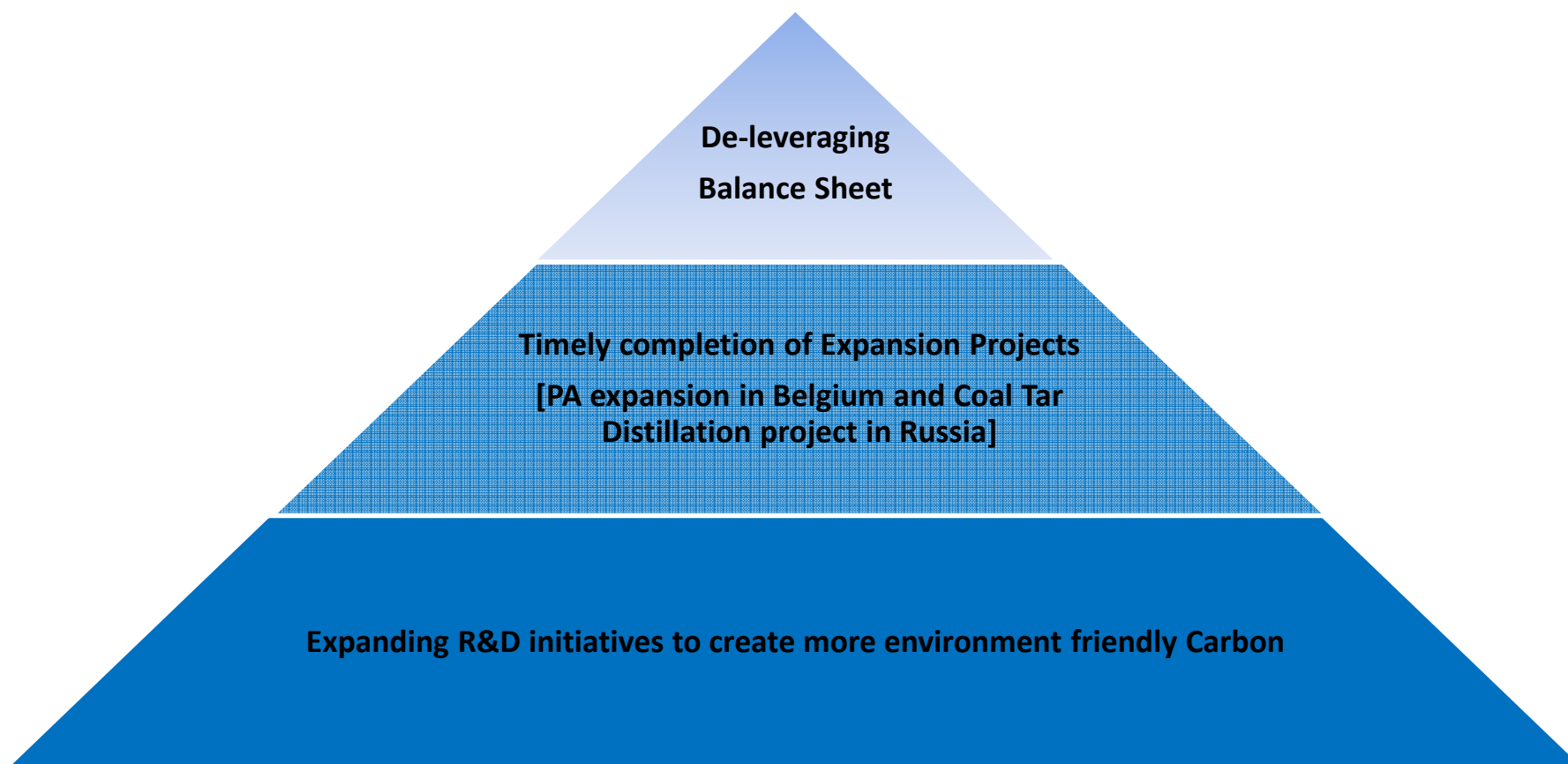
With the strong liquidity position of over \$400 million (including \$199 million of undrawn revolver facilities) the Group is well placed to meet the Debt servicing and Capex requirements in near term

# Key Strengths



Stable Financial Performance Poised for Growth

# Key Areas of Focus

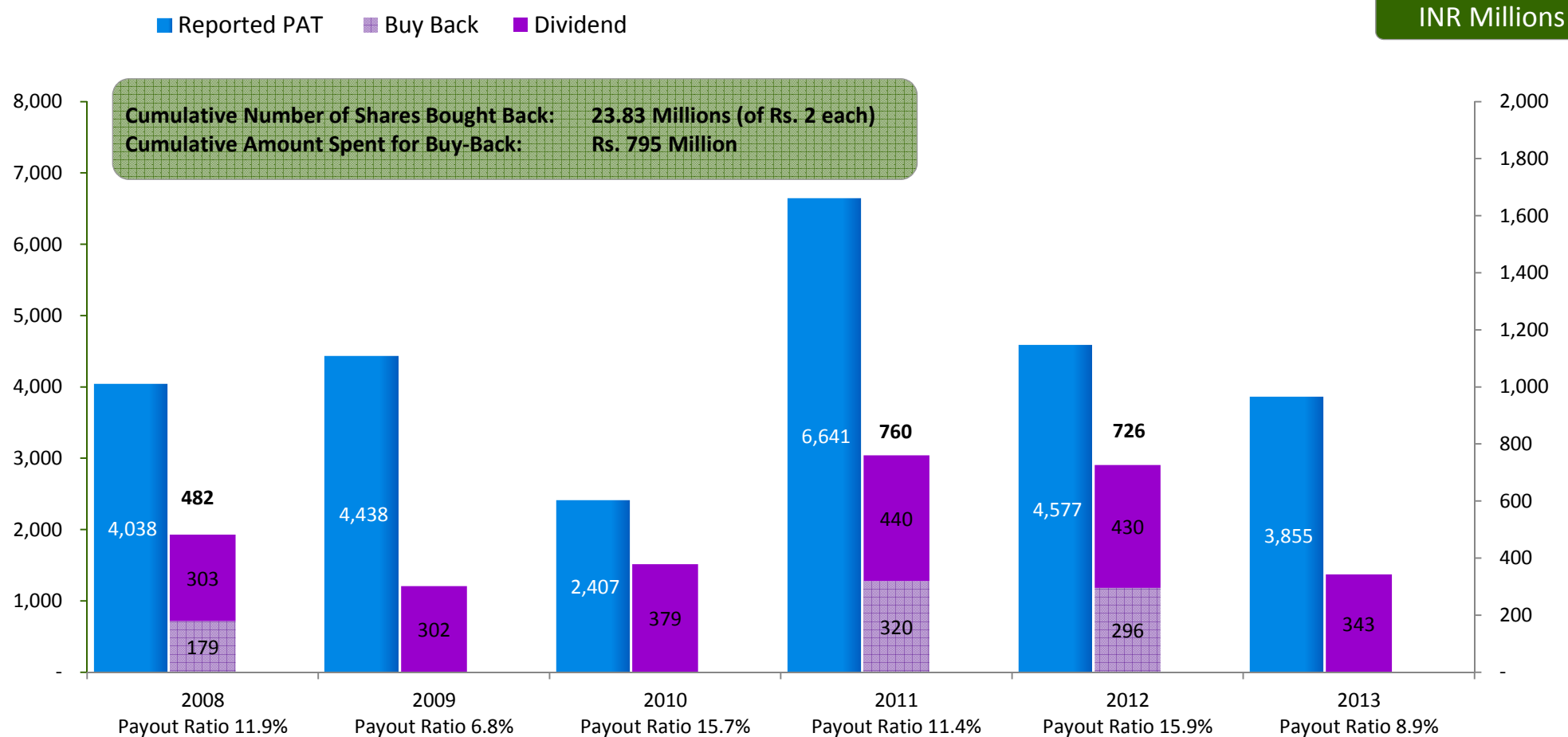


Successful implementation of these initiatives would substantially improve the shareholder value

## Annexure



# Payout Ratio



**Note:** Although the Company obtained shareholders approval through postal ballot for buy-back program of Rs. 515 Millions during CY 2009; the Company could not pursue the buy-back program due to positive movement in the share price.

# Consolidated Key Performance Indicators

INR Millions

	Q2 2014	Q1 2014	CY 2013	CY 2012	CY 2011	CY 2010	CY 2009	CY 2008
Revenue from operations <sup>(1)</sup>	31,548	31,388	117,443	53,615	56,395	37,857	36,494	44,615
Operating Profit <sup>(2)</sup>	3,792	3,235	14,978	11,090	13,873	7,559	9,063	11,723
Reported PAT	1,235	501	3,845	4,577	6,641	2,407	4,438	4,038
<b>Adjusted PAT <sup>(3)</sup></b>	<b>1,235</b>	<b>501</b>	<b>4,512</b>	<b>5,796</b>	<b>6,641</b>	<b>3,305</b>	<b>4,020</b>	<b>4,038</b>

(1) Revenue from operations includes other operating income

(2) Operating Profit is Profit before Other Income, Exchange Loss, Depreciation, impairment loss, Interest, Taxation and exceptional items

(3) Summary of adjustments to Reported PAT to derive Adjusted PAT:

- Profit After Tax for CY 2013 is adjusted for insurance claim proceeds of Rs. 375 Million, costs incurred for acquisition of Rütgers of Rs. 142 Million, Moundville Impairment loss of Rs. 1,304 Million, net tax impact on all these items of Rs. 404 Million.
- Profit After Tax for CY 2012 is adjusted for one time expenditure of Rs. 1,789 Million (net of tax Rs. 1,219 Million) incurred in-connection with the acquisition of Rütgers.
- Profit After Tax for CY 2010 is adjusted for net exceptional expenditure of Rs. 1,249 Million (net of tax Rs. 898 Million).
- Profit After Tax for CY 2009 is adjusted for exceptional profit of Rs. 513 Million (net of tax Rs. 418 Million) on sale of Investment in Petroleum Coke Industries Company, Kuwait.



*Thank you*

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In case of any further details please contact:

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