Rain Industries Limited
(Formerly Rain Commodities Limited)

Press Release May 8, 2014

Results Update

Consolidated Net Sales of Rs. 30,843 Million in Q1 2014

Consolidated Operating Profit of Rs. 3,235 Million in Q1 2014

Consolidated Net Profit of Rs. 501 Million in Q1 2014

Consolidated EPS of Rs. 1.49 in Q1 2014

Rain Industries Limited ("Rain" or "the Company") reported it's consolidated and standalone unaudited financial results for the Quarter ended March 31, 2014.

Consolidated Financial Highlights: (Rupees in million)

Particulars	Quarter ended			% change	
	March 2014	December 2013	March 2013	Q1 2014 vs. Q4 2013	Q1 2014 vs. Q1 2013
Net Sales:					
(a) Carbon Products	23,143	21,488	20,491	8%	13%
(b) Chemicals	7,732	7,318	6,477	6%	19%
(c) Cement	1,922	1,983	2,260	-3%	-15%
Total Sales	**32,797**	**30,789**	**29,228**	**7%**	**12%**
Less: Inter Segment	1,954	1,977	1,827	-1%	7%
Net Sales	**30,843**	**28,812**	**27,401**	**7%**	**13%**
Operating Profit (1)	3,235	3,621	3,473	-11%	-7%
Net Profit	501	472	1,116	6%	-55%
Earnings Per Share	1.49	1.41	3.29	6%	-55%

Note:

(1) Operating Profit is Profit before Other Income, Foreign exchange (gain) loss, Depreciation & amortisation, Impairment loss, Interest, and Taxation.

Sales Volume information: (Volume in '000 Metric Tons)

Particulars	Quarter ended			% change	
	March 2014	December 2013	March 2013	Q1 2014 vs. Q4 2013	Q1 2014 vs. Q1 2013
Carbon Products	875	782	794	12%	10%
Chemicals	78	67	70	16%	11%
Cement	540	470	615	15%	-12%

Corporate Highlights:

1. The Company has been indemnified in relation to certain environmental expenditure, as per the terms of a prior acquisition made by the Company. Based on completion of due process as per the terms of the agreement, the Company has recognized an amount of Rs. 438 million during current quarter in addition to Rs. 1,007 million recognized during Q4 2013 recoverable up to the end of the current year as Other Operating Income. Any future amount recoverable under the said indemnity will be recognized on completion of due process under the agreement, net of expenses, if any.

2. **Status of capital projects:**

   A) Russian JV:

   The Russian Joint Venture, 300,000 tons Coal Tar distillation plant, is progressing well and as indicated earlier the plant is expected to be operational by early CY 2015.

   B) PA expansion:

   The 14,000 tons Phthalic Anhydride ("PA") expansion project is also going on stream and is expected to start up in the last quarter of this year.

Financial Performance Review and Analysis – Q1 2014 Vs Q1 2013:

To highlight some of the key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is Rs. 30,843 million during the current quarter an increase of about 13% compared Rs. 27,401 million during Q1 2013.
    - Carbon product sales volume during the current quarter is 875 thousand tons, an increase of 10% compared to 794 thousand tons in Q1 2013.
    - Chemicals sales volume during the current quarter is 78 thousand tons, an increase of 11% compared to 70 thousands in Q1 2013, mainly driven by increase in volume in our resins and superplasticizers division, partly offset by lower chemical trading volume.
    - Cement sales volume during the current quarter is 540 thousand tons, a decrease of 12% compared to 615 thousand tons in Q1 2013.
- Consolidated Operating Profit for the current quarter is Rs. 3,235 million a decrease of 7% compared to Rs. 3,473 million achieved during Q1 2013, mainly due to sharp fall in operating performance of Cement business and lower margins in Carbon business due to general weakness in Aluminum industry, which was partly offset by depreciation of rupee and improvement in the performance of the Chemical business.
- During Q1 2014 the foreign exchange loss is Rs. 101 million an increase of 38% compared to Rs. 73 million in Q1 2013. Appreciation of Rupee by 3% compared to US Dollar was more than offset by strengthening of Euro compared to basket of currencies where Rain operates. During Q1 2014, we have seen a sharp depreciation of about 3% in Canadian Dollar and about 8% in Russian Rubles against Euro.
- Finance cost during the current quarter is Rs. 1,625 million an increase of 14% compared to Rs. 1,425 million during Q1 2013, mainly due to translation impact of foreign currency interest cost.
- Effective tax rate during the current quarter is 23% a decrease of 6% compared to 29% during Q1 2013, mainly due to tax impact on environment claims offset by MAT credit reversal relating to prior periods. With the acquisition of RÜTGERS with operations in Belgium, Canada, Germany, Poland and Russia, the effective tax rate of the Company would be varying from period to period. However, the long term effective tax rate of the Company is expected to be in the range of 33% to 35%.
- Consolidated net profit during the current quarter is Rs. 501 million, a decrease of about 55% compared to Consolidated reported net profit of Rs. 1,116 million during Q1 2013. The Company achieved a consolidated EPS of Rs. 1.49 during the current quarter, a decrease of 55% compared to consolidated EPS of Rs. 3.29 during Q1 2013.

Debt analysis:

As at March 31, 2014, the Company has a consolidated gross debt of US$ 1,330 million (including working capital debt of US$ 100 million) and cash and bank balances of US$ 107 million. The net debt as at the same date is US$ 1,223 million.

US$ Million	***Amount***	***Type of Interest***	***Remarks***
Senior Secured Notes	1,069	Fixed Rate	Bullet repayments in 2018 and 2021
Senior Bank debt	77	Floating Rate	Installments up to 2018
Deferred Consideration to Triton	25	Interest Rate	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	31	Fixed Rate	Including finance leases
Gross term debt	**1,230**		
Add: Working Capital Debt	100		
Total Debt	**1,330**		
Less: Cash and Cash Equivalents	107		
Net Debt	**1,223**		

With an existing cash balance of US$ 107 million and undrawn revolver facilities of US$ 187 million, the Company is comfortably placed to meet debt repayment obligations and capex projects in pipe line. The major debt repayment obligations are scheduled to start only from CY 2018.

Historical Performance:

(Rupees in million)

	Q1 2014	CY 2013	CY 2012	CY 2011	CY 2010	CY 2009
Income from Operations[1]	31,388	117,443	53,615	56,395	37,857	36,494
Operating Profit [2]	3,235	14,978	11,090	13,873	7,559	9,063
Net Profit	501	3,845	4,577	6,641	2,407	4,438
Adjusted Net Profit [3]	501	4,512	5,796	6,641	3,305	4,020

Notes:

(1) Income from Operations is sum of Net Sales and Other Operating Income.

(2) Operating Profit is Profit before Other Income, Foreign exchange (gain) loss, Depreciation & amortisation, Impairment loss, Interest, Taxation and Exceptional Items.

(3) Net Profit is adjusted for exceptional expense or income for the reported period net of the applicable taxes.
  - (a) Profit After Tax for CY 2013 is adjusted for costs incurred for acquisition of RUETGERS of Rs. 142 Million, impairment loss of Rs. 1,304 Million offset by insurance claim receipts of Rs. 375 Million and tax impact on all these items of Rs. 404 Million.
  - (b) 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 RUETGERS.
  - (c) Profit After Tax for CY 2010 is adjusted for net exceptional expenditure of Rs. 1,249 Million (net of tax Rs. 898 Million).
  - (d) 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.

About Rain:

Rain is one of the World's leading producer of Carbon Products and Specialty Chemicals with 17 operating facilities spread across United States of America, Canada, Europe, India, Africa and China, 18th facility, a JV in Russia, is under construction. Rain is also having two integrated Cement facilities in India and markets its product under the brand "Priya Cement".

Carbon Products are comprised of Calcined Petroleum Coke ("CPC"), Green Petroleum Coke ("GPC"), Coal Tar Pitch ("CTP"), Co-generated Energy and other derivatives of Coal Tar distillation. Chemicals include the downstream operations of Coal Tar distillation and are comprised of Resins, Modifiers, Super Plasticizers and other specialty products. The manufacture and sale of Cement has been classified as Cement.

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