RAIN INDUSTRIES LIMITED

Press Release **August 11, 2017**

Consolidated Results for the Second Quarter Ended June 30, 2017

RAIN INDUSTRIES LIMITED (“RAIN” / “the Company”) reported its’ Consolidated Unaudited Financial Results for the Quarter Ended June 30, 2017.

Consolidated Financial Highlights for Q2 2017

- Revenue from Operations is ₹ 27.2 billion and Adjusted EBITDA is ₹ 4.7 billion.
- Net Profit After Tax is ₹ 1.5 billion and Earnings Per Share is ₹ 4.5.
- Sustained performance, in spite of depreciation of USD and Euro against Indian Rupee
- Strong Cash of ₹ 8.5 billion to fund Capex projects and meet debt obligations in the near-term.

Consolidated Financial Performance ₹ in Millions

Particulars	Q2 2017	Q1 2017	Q2 2016	CY 2016
Net Revenue	27,071	25,226	25,535	94,378
Other Operating Revenue	95	123	126	567
Revenue from Operations	**27,166**	**25,349**	**25,661**	**94,945**
Adjusted EBITDA	**4,678**	**4,414**	**4,747**	**16,367**
Adjusted EBITDA Margin	17.2%	17.4%	18.5%	17.2%
Profit Before Tax and Exceptional Items	2,375	1,717	2,341	5,021
Exceptional Items	-	670	-	262
Profit Before Tax	2,375	1,047	2,341	4,759
Tax Expense	819	400	961	1,792
Share of Profit of Associates and Minority Interest	(41)	(55)	(29)	(58)
Net Profit	1,515	592	1,351	2,909
Adjusted Net Profit	**1,515**	**1,028**	**1,267**	**3,457**
Adjusted Earnings Per Share (₹) *	4.5	3.1	3.8	10.3

**Quarterly EPS are not annualized*

SEGMENT WISE - FINANCIAL PERFORMANCE

CARBON PRODUCTS

Particulars	Q2 2017	Q1 2017	Q2 2016	CY 2016	Variance Q2 2017 Vs Q1 2017	Variance Q2 2017 Vs Q2 2016
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	425	411	440	1,643	3.4%	-3.4%
- Coal Tar Pitch (CTP) [2]	155	142	151	561	9.2%	2.6%
- Other Carbon Products [3]	175	181	171	616	-3.3%	2.3%
- Green Petroleum Coke (GPC)	-	-	19	116	-	-100.0%
TOTAL	**755**	**734**	**781**	**2,936**	**2.9%**	**-3.3%**
(b) Net Revenue [1] (₹ in Millions)						
- Calcined Petroleum Coke (CPC)	8,188	7,146	7,070	26,867	14.6%	15.8%
- Coal Tar Pitch (CTP) [2]	4,977	4,000	4,485	16,287	24.4%	11.0%
- Other Carbon Products [3]	5,980	6,453	5,465	20,204	-7.3%	9.4%
- Green Petroleum Coke (GPC)	-	-	202	1,017	-	-100.0%
- Energy	525	506	682	2,390	3.8%	-23.0%
TOTAL	**19,670**	**18,105**	**17,904**	**66,765**	**8.6%**	**9.9%**
(c) Adjusted EBITDA [4] (₹)	**4,002**	**3,746**	**3,665**	**12,793**	**6.8%**	**9.2%**
(d) Adjusted EBITDA Margin	**20.3%**	**20.7%**	**20.5%**	**19.2%**	**-0.4%**	**-0.2%**

Notes:

(1) *Net of inter-company sales*

(2) *CTP includes CARBORES®*

(3) *Other Carbon Products include other derivatives of Coal Tar distillation including but not limited to Creosote Oil, Carbon Black Oil, Phthalic Anhydride, Naphthalene and BTX.*

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

CHEMICALS

Particulars	Q2 2017	Q1 2017	Q2 2016	CY 2016	Variance Q2 2017 Vs Q1 2017	Variance Q2 2017 Vs Q2 2016
(a) Sales Volumes [1] (In '000 MTs)						
- Aromatic Chemicals	9	9	9	33	-	-
- Superplasticizers	16	14	16	60	14.3%	-
- Resins & Modifiers	32	34	32	118	-5.9%	-
- Chemical Trading	3	3	5	19	-	-40.0%
TOTAL	**60**	**60**	**62**	**230**	-	**-3.2%**
(b) Net Revenue [1] (₹ in Millions)						
- Aromatic Chemicals	794	836	755	2,632	-5.0%	5.2%
- Superplasticizers	755	695	809	2,970	8.6%	-6.7%
- Resins & Modifiers	2,968	2,936	3,002	10,991	1.1%	-1.1%
- Chemical Trading	63	107	119	421	-41.1%	-47.1%
TOTAL	**4,580**	**4,574**	**4,685**	**17,014**	**0.1%**	**-2.2%**
(c) Adjusted EBITDA [2] (₹ in Millions)	**465**	**544**	**717**	**2,495**	**-14.5%**	**-35.1%**
(d) Adjusted EBITDA Margin	**10.2%**	**11.9%**	**15.3%**	**14.7%**	**-1.7%**	**-5.1%**

CEMENT

Particulars	Q2 2017	Q1 2017	Q2 2016	CY 2016	Variance Q2 2017 Vs Q1 2017	Variance Q2 2017 Vs Q2 2016
(a) Sales Volumes (In '000 MTs)	556	535	603	2,137	3.9%	-7.8%
(b) Net Revenue (₹ in Millions)	2,821	2,547	2,946	10,599	10.8%	-4.2%
(c) EBITDA[2] (₹ in Millions)	211	124	365	1,079	70.2%	-42.2%
(d) EBITDA Margin (%)	7.5%	4.9%	12.4%	10.2%	2.6%	-4.9%

Notes:

(1) *Net of inter-company sales*

(2) *Adjusted EBITDA is profit before Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Taxation.*

Corporate Highlights:

1. Vertical Shaft Kiln Plant in Visakhapatnam, India:

The Company is setting-up a Vertical Shaft Kiln CPC Plant of 370,000 Tons per annum in Andhra Pradesh Special Economic Zone, Visakhapatnam, India to meet the increasing demand for CPC from Smelters in India and the regions around. The Project will also set-up a Co-generation Power Plant of 15 MW to efficiently use the flue-gases from the Vertical Shaft Kiln CPC Plant. Vertical Shaft Kiln technology will enable the Company to meet the quality specifications of its customers by blending CPC produced in the Company's existing Rotary Kiln CPC Plant in Visakhapatnam. The estimated project is ₹ 4,240 million (US$ 65.0 million) and is estimated to commence operations during March 2019.

2. Debottlenecking of Tar Distillation Facilities in Europe:

Considering the increasing demand for Pitch from the Customers, the Company is making additional investment of US$ 17.0 million to debottleneck the existing Petro-Chemical Feedstock Distillation Facilities in Belgium and Germany to facilitate use of higher blends of Petro-Chemical Feedstock and Hard Pitch. The installed capacity will incrementally increase to 200,000 Tons per annum. Further, the capacity utilization of such Petro-Chemical Feedstock Distillation Facilities will increase with construction of additional storage facilities and other infrastructure. These Petro-Chemical Projects in Belgium and Germany are estimated to commence operations during December 2018.

Financial Performance Review and Analysis – Q2 2017 Vs. Q2 2016:

- Consolidated Net Revenue of ₹ 27.1 billion during Q2 2017, an increase of ~ 6.0% compared to ₹ 25.5 billion during Q2 2016.

    - Carbon Products sales volume during Q2 2017 is 755 thousand metric tons, a decrease of ~3.3% compared to 781 thousand metric tons in Q2 2016. The decrease is mainly due to a decrease in CPC sales volumes as well as decrease in low margin trading volumes. The decrease in CPC sales volumes is due to planned maintenance activity. Increase in CTP and Other Carbon Products volumes is due to increased distillation of both coal tar and crude benzene. During Q2 2017, the average blended realization increased by ~13.6% after the offset of unfavorable impact from the depreciation of Euro by ~6.0% and US Dollar by ~3.7% against Indian Rupee. Overall, due to the aforesaid reasons, the revenue from Carbon Business Segment increased by ~9.9% in Q2 2017; as compared to Q2 2016. During Q2 2017, the Company has divested its investment in its Egyptian Joint Venture in line with its strategy to reduce trading operations, which is driving the reduction in GPC sales volumes.

    - Chemicals sales volume during Q2 2017 is 60 thousand metric tons, a decrease of ~3.2% compared to 62 thousand metric tons in Q2 2016. The decrease in volumes is in low margin chemical trading business. During Q2 2017, the average blended realization increased by ~1.1% after the offset of unfavorable impact from the deprecation of Euro against INR by ~6.0%. Due to the aforesaid reasons, the revenue from Chemical business decreased by 2.2% during Q2 2017.

  - Cement sales volume declined during Q2 2017 by ~7.8% as compared to Q2 2016, it is partly offset by increase in realizations by ~3.9%. Due to this, the revenue from Cement business decreased by ~4.2%. During Q2 2017, sales volumes increased in major markets such as Andhra Pradesh and Karnataka as well as in other markets such as Maharashtra, Odisha and Goa which is offset by decline of sales volumes in markets of Telangana, Tamil Nadu, Kerala and Pondicherry when compared to Q2 2016.

- During Q2 2017, Adjusted EBITDA in the Carbon Business Segment increased by ~9.2% due to improved realizations. Adjusted EBITDA in Chemical Business decreased by ~35.1% due to unfavorable foreign currency conversion rate and substantial increase in raw material quotations. EBITDA from Cement Business decreased by ~42.2%, due to increased costs of inputs and lower sales volumes.

- Due to the aforesaid reasons coupled with onetime expenses incurred towards European restructuring for a tax neutral structure, the Consolidated Adjusted EBITDA for Q2 2017 is ₹ 4,678 million a marginal decrease of ~1.5% compared to Consolidated Adjusted EBITDA of ₹ 4,747 million achieved during Q2 2016.

- During Q2 2017, the Company has a Foreign Exchange Gain of ₹ 392 million, as compared to ₹163 million in Q2 2016. The gain is mainly due to appreciation of the Euro against US Dollar.

- Finance cost during Q2 2017 decreased by ~6.1% compared to Q2 2016 due to appreciation of the Rupee against the US Dollar and Euro and lower weighted average cost of debt through refinancing completed in March 2017.

- Due to the European restructuring for a tax neutral structure, the effective tax rate during the quarter is in-line with the group tax rates at various geographies which include India, Belgium, Canada, Germany and the U.S.A.

- Stable performance in Indian Rupee terms continued, in spite of depreciation of US Dollar and Euro against Indian Rupee by 3.7% and 6.0% respectively. The Consolidated Net Profit during Q2 2017 is ₹ 1,515 million as compared to Net Adjusted Profit of ₹ 1,267 million during Q2 2016.

- The Company achieved a Consolidated EPS of ₹ 4.5 during Q2 2017 as compared to Consolidated Adjusted EPS of ₹ 3.8 during Q2 2016.

Debt Analysis

As at June 30, 2017, the Company has a Consolidated Gross Debt of US$ 1,104 million (including Working Capital Debt of US$ 10 million), Cash & Cash Equivalents of US$ 131 million, Unamortised Deferred Finance Cost of US$ 21 million and Net Debt is US$ 952 million.

(US$[1] in Million)

Particulars	As on Jun. 30, 2017	As on Dec. 31, 2016	Repayment Terms
Senior Secured Notes:-			
- 8.00% USD Denominated	-	373	Refinanced with new Notes
- 8.25% USD Denominated	241	336	Bullet repayment in January 2021
- 8.50% Euro Denominated[2]	227	209	Bullet repayment in January 2021
- 7.25% USD Denominated	550	-	Bullet repayment in April 2025
Senior Bank Debt	50	119	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	11	11	Interest Free - Instalments up to 2027
Loan from JV partners	5	11	Fixed Rates - Unsecured loans
Other Debt	10	11	Fixed Rates - Includes Finance leases
Gross Term Debt	**1,094**	**1,070**	
Add: Working Capital Debt	10	26	
Gross Debt	**1,104**	**1,096**	
Less: Cash & Cash Equivalents	131	154	
Less: Deferred Finance Cost	21	15	
Net Debt	**952**	**927**	

Notes:

(1) *As substantial part of the Consolidated Debt is denominated in US Dollars, the Consolidated Debt of the Company is presented in US Dollars.*

(2) *Increase in Q2 CY17 is mainly due to appreciation of Euro against US Dollar.*

With the existing Cash and Cash Equivalents of US$ 131 million coupled with undrawn revolver facilities of US$ 162 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 from January 2021.

Foreign Exchange Rates:

The Company has used the below mentioned average and closing exchange rates for conversion of foreign currency transactions recorded in the Statement of Profit and Loss and Balance Sheet respectively in preparing the consolidated financial statements.

Particulars	Q2 2017 Average Rate	Q1 2017 Average Rate	Q2 2016 Average Rate	CY 2016 Average Rate	Variance Q2 2017 Vs Q1 2017	Variance Q2 2017 Vs Q2 2016
Indian Rupees / US Dollar	64.46	67.01	66.93	67.21	3.81%	3.69%
Indian Rupees / EURO	71.02	71.37	75.57	74.37	0.49%	6.02%
RUB / US Dollar	57.26	58.72	65.83	67.07	2.49%	13.02%
Canadian Dollar / EURO	1.48	1.41	1.45	1.47	-4.96%	-2.07%

Particulars	Q2 2017 Closing Rate	Q1 2017 Closing Rate	Q2 2016 Closing Rate	CY 2016 Closing Rate	Variance Q2 2017 Vs Q1 2017	Variance Q2 2017 Vs Q2 2016
Indian Rupees / US Dollar	64.74	64.84	67.62	67.95	0.15%	4.26%
Indian Rupees / EURO	74.00	69.25	75.01	71.62	-6.86%	1.35%
RUB / US Dollar	59.19	56.41	64.42	61.00	-4.93%	8.12%
Canadian Dollar / EURO	1.48	1.43	1.44	1.42	-3.50%	-2.78%

About RAIN:

RAIN is a leading vertically integrated global producer of a diversified portfolio of carbon, cement and chemical products that are essential raw materials for staples of everyday life. We operate in three business segments: carbon, cement and chemicals. 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 cement segment consists of two integrated Cement Plants that operate in the South Indian market producing two primary grades of cement, OPC and PPC. Our chemicals business segment extends the value chain of our carbon processing through the downstream refining of a portion of this output into high value chemical products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum and several other global industries. 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 provides us the flexibility to capitalize 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 capitalize on market opportunities by addressing raw material supply and product demand on a global basis in both established and emerging markets.

Carbon Products include Calcined Petroleum Coke ("CPC"), Coal Tar Pitch ("CTP"), Green Petroleum Coke ("GPC"), Energy produced through Waste-heat recovery and other derivatives of Coal Tar distillation including Creosote Oil, Naphthalene, Phthalic Anhydride and others. Chemicals Products include Resins, Modifiers, Superplasticizers, Aromatic Chemicals, and others. The manufacture and sales of Cement has been classified as Cement.

For further information please contact:

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