



Rain Industries Limited

Press Release

November 10, 2015

Consolidated Results for the Third Quarter ended September 30, 2015

Consolidated Earnings per Share of INR 3.02 for the Third Quarter

Rain Industries Limited (“Rain” or “the Company”) reported its’ consolidated unaudited financial results for the quarter ended September 30, 2015.

Consolidated Financial Highlights

- Net Sales of INR 26,817 Million and Operating Profit of INR 3,802 Million
- Profit After Tax of INR 1,014 Million and Earnings Per Share of INR 3.02
- Strong Cash Balance of INR 8,335 Million to meet capex and debt obligations in the near-term

Consolidated Financial Performance

INR in Million

Particulars	Quarter - Sept.'15	Quarter - Sept.'14	YTD Sept.'15	YTD Sept.'14	Year CY14
Net Sales	26,817	29,697	78,206	91,437	117,336
Other Operating Income	102	624	339	1,820	2,034
Income from Operations	26,919	30,321	78,545	93,257	119,370
Operating Profit (“EBITDA”)	3,802	3,617	11,309	10,643	12,220
Operating Profit Margin	14%	12%	14%	12%	10%
Finance Cost	1,464	1,490	4,318	4,596	6,079
Other Income	113	77	317	181	369
Forex (Gain)/ Loss	291	(196)	(21)	(324)	(209)
Profit Before Depreciation, Taxes and Exceptional Items	2,160	2,400	7,329	6,552	6,719
Depreciation and Amortization Expenses	827	848	2,436	2,592	3,470
Profit Before Tax and Exceptional Items	1,333	1,552	4,893	3,960	3,249
Exceptional Items	-	-	-	-	2,672
Profit Before Tax	1,333	1,552	4,893	3,960	577
Tax Expense/ (Benefit)	426	464	1,686	1,104	(120)
Net Profit Before Share of Profit of Associates and Minority Interest	907	1,088	3,207	2,856	697
Share of Profit/(Loss) of Associates and Minority Interest	107	59	102	26	188
Net Profit	1,014	1,147	3,309	2,882	885
Earnings Per Share	3.02	3.41	9.84	8.57	2.63



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SEGMENT WISE REVENUE AND ADJUSTED OPERATING PROFIT

INR in Million

Particulars	Quarter ended			% change	
	Q3 2015	Q2 2015	Q3 2014	Q3 2015 vs. Q2 2015	Q3 2015 vs. Q3 2014
Net Sales ⁽¹⁾					
(a) Carbon Products	19,188	18,065	21,077	6%	-9%
(b) Chemicals	4,985	5,361	6,291	-7%	-21%
(c) Cement	2,644	2,674	2,330	-1%	13%
Net Sales	26,817	26,100	29,697	3%	-10%
Adjusted Operating Profit ⁽²⁾					
(a) Carbon Products	3,018	3,251	2,949	-7%	2%
(b) Chemicals	381	681	462	-44%	-18%
(c) Cement	403	440	206	-8%	96%
Total	3,802	4,372	3,617	-13%	5%

Note:

(1) Net Sales is adjusted for inter segmental sales.

(2) Operating Profit is Profit before adjustment of exceptional items, Other Income, Foreign exchange (gain) loss, Depreciation & amortisation, Impairment loss, Interest and Taxation.

SALES VOLUME INFORMATION

In '000s Metric Tons

Particulars	Quarter Ended			% change	
	Q3 2015	Q2 2015	Q3 2014	Q3 2015 vs. Q2 2015	Q3 2015 vs. Q3 2014
Carbon Products	771	714	813	8%	-5%
Chemicals	83	86	81	-3%	2%
Cement	561	554	512	1%	10%



OPERATIONAL HIGHLIGHTS

STATUS OF CAPITAL PROJECTS

A) **Tar Distillation Plant in Russia:**

A New Coal Tar Distillation Plant with a capacity of 300,000 Tons per annum is being developed in Cherepovets, Russia by a Joint Venture with OAO Severstal, Russia and the same is progressing well. It is currently in the last stage of commissioning and expected to commence operations in December 2015.

B) **Chalmette De-scrubber**

During the current quarter, the Company has commissioned new Flue-gas Desulfurization Plant in its Calcining Plant in Chalmette, Louisiana, U.S. With the commissioning of De-scrubber Plant, the Company will be able to use abundantly available low grade Green Petroleum Cokes to produce Calcined Petroleum Coke at lower cost. Further, the Company would be able to re-store its CPC Capacity in Chalmette to 230,000 Tons per annum.

C) **Waste-heat Recovery Power Plant in Kurnool Cement Plant:**

To optimize the cost of electricity in its Cement Operations, the Company is setting-up a 7 MW Waste-heat Recovery Power Plant ("WHR Power Plant") at its existing Cement Plant in Kurnool, India. Civil construction work is in progress and the same is within the scheduled timelines. WHR Power Plant is expected to commence operations by March 31, 2016.

D) **Solar Power Plant in Andhra Pradesh:**

The Company partnered with SunE Solar B.V. (SunEdison) to develop a 22 MW Solar Power Plant in Dharmavaram, Anantapur District, Andhra Pradesh ("the Solar SPV"). The Company owns 51% shares of Solar SPV and balance 49% owned by SunEdison. Due to delays in procurement of land, the Government of Andhra Pradesh has extended the Scheduled Commercial Operations Date for all such Solar Projects until March 2016 and the Project would be completed within the revised timelines.



FINANCIAL PERFORMANCE REVIEW AND ANALYSIS – Q3 2015 VS. Q3 2014:

Key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is INR 26,817 million during the current quarter, a fall of ~10% compared to INR 29,697 million during Q3 2014.
 - Carbon products sales volume during the current quarter is 771 thousand tons, a decrease of ~5% compared to 813 thousand tons in Q3 2014 mainly on account of decrease in Pet coke trading sales volume which was offset by increase in CPC and CTP sales volumes. Carbon revenues in Indian Rupees decreased during current quarter due to decline in average blended realization by ~11%, substantially due to depreciation of Euro against Indian Rupee by ~10% and partly offset by appreciation of US Dollar against Indian Rupee by ~7%. Overall revenue from Carbon Products business declined by ~9% in Q3 2015; as compared to Q3 2014.
 - Chemicals sales volume during the current quarter is 83 thousand tons, an increase of ~2% compared to 81 thousand tons in Q3 2014. Chemical revenues in Indian Rupees decreased during current quarter due to decline in average blended realization coupled with depreciation of Euro against Indian Rupee. Overall revenue from Chemical business reduced by ~21% in Q3 2015; as compared to Q3 2014.
 - Cement volume during the current quarter is 561 thousand tons, an increase of ~10% compared to 512 thousand tons in Q3 2014. With increase in price realization coupled with higher sales in new markets, Cement revenues increased by 13% in Q3 2015; as compared to Q3 2014.
- Consolidated Operating Profit for the current quarter is INR 3,802 million an increase of ~5% compared to INR 3,617 million achieved during Q3 2014. Operating Profit increased during current quarter mainly due to change in product mix and supplemented by savings in other operating expenses. Operating Profit during Q3 2014 included environmental indemnification claim of INR 531 million received from prior owners.
- Operating Margin has increased to 14% for the current quarter, compared to operating margin of 12% achieved during Q3 2014.



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- During Q3 2015, the Company had a foreign exchange loss of INR 291 million, as compared to a foreign exchange gain of INR 196 million in Q3 2014. The Foreign Exchange loss in the current quarter is mainly on account of reinstatement of inter-company loans due to depreciation of Russian Ruble and Canadian Dollar. Further, the Company has designated certain long term inter-company loans as Investment in non-integral foreign operations, as per Accounting Standard 11 with effect from July 1, 2015 and accordingly foreign exchange losses of INR 311 million on account of reinstatement of such inter-company has been transferred to Foreign Currency Translation Reserve.
- Finance cost during the current quarter is INR 1,464 million, a decrease of ~2% compared to INR 1,489 million during Q3 2014. Even though there is an appreciation of US dollar against Indian Rupee by 7%, finance cost has reduced on account of pre-payment of Junior Subordinated Notes of US\$ 26.3 million during December 2014 and buy-back of Senior Secured Notes of US\$ 41.4 million during last two quarters, making of scheduled repayment of debt and translation impact of Euro currency interest cost which is partially offset by increase in bank debt.
- Effective tax rate during the quarter is in-line with the group tax rates in various geographies which include India, Belgium, Canada, Germany and United States.
- Consolidated net profit during the current quarter is INR 1,014 million compared to consolidated net profit of INR 1,147 million during Q3 2014.
- The Company achieved a consolidated EPS of INR 3.02 during the current quarter as compared to consolidated EPS of INR 3.41 during Q3 2014.



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DEBT ANALYSIS:

As at September 30, 2015, the Company has a consolidated gross debt of US\$ 1,151 million (including working capital debt of US\$ 37 million) and Cash and Cash Equivalents of US\$ 127 million. The net debt as at the same date is US\$ 1,024 million.

(US\$ in Million)

Particulars	Sept. 30, 2015	Dec. 31, 2014	Type of Interest / Repayment Terms
Senior Secured Notes	974	1,035	Fixed Rate/ Bullet repayments in December 2018 and January 2021
Senior Bank debt	103	85	Floating Rate/ Instalments up to 2020
Sales Tax Deferment	12	13	Interest Free/ Instalments up to 2027
Loan from JV partners	10	7	Fixed Rates/Un-secured loans
Other Debt	15	17	Fixed Rates/Includes Finance leases
Gross term debt	1,114	1,157	
Add: Working Capital Debt	37	54	
Gross Debt	1,151	1,211	
Less: Cash & Cash Equivalents	127	145	
Net Debt	1,024	1,066	

Notes: As substantial part of the consolidated debt is denominated in US Dollars, the Consolidated Debt of the Company is also presented in US Dollars.

With the existing cash and cash equivalents of US\$ 127 million coupled with undrawn revolver facilities of US\$ 214 million, the Company is well placed to meet debt servicing obligations and complete the capex projects in pipe line. The major debt repayments are scheduled to start only from CY 2018.



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FOREIGN EXCHANGE RATES:

The Company has used the following average and closing exchange rates for conversion of foreign currency transactions recorded in Profit and Loss statement and Balance sheet respectively in preparing the consolidated financial statements.

Currency	Average Rate for		Variance in %
	Q3 2015	Q3 2014	
INR / US Dollar	64.91	60.59	7%
INR / EURO	72.20	80.33	-10%
RUB / US Dollar	63.39	37.16	71%
Canadian Dollar / EURO	1.45	1.43	1%

Currency	Closing Rate as at			Variance in % Sept.'15 Vs Dec.'14
	Sept. 30, 2015	June 30, 2015	Dec. 31, 2014	
INR / US Dollar	65.74	63.75	63.33	4%
INR / EURO	73.80	71.20	77.00	-4%
RUB / US Dollar	65.38	55.73	59.58	10%
Canadian Dollar / EURO	1.50	1.38	1.41	6%

HISTORICAL PERFORMANCE

INR in Million

Particulars	Q3 2015	Q2 2015	Q1 2015	CY 2014	CY 2013	CY 2012	CY 2011	CY 2010
Income from Operations ⁽¹⁾	26,919	26,237	25,390	119,370	117,443	53,615	56,395	37,857
Operating Profit ⁽²⁾	3,802	4,372	3,135	12,220	14,978	11,090	13,873	7,559
Net Profit	1,014	1,451	843	885	3,845	4,577	6,641	2,407
Adjusted Net Profit ⁽³⁾	1,014	1,451	843	2,561	4,512	5,796	6,641	3,305

Notes:

- (1) Income from Operations is sum of Net Sales and Other Operating Income.
- (2) Operating Profit / EBITDA 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 2014 is adjusted for incremental pension liability from actuarial losses of INR 1,820 million, Inventory write down due to fall in oil prices of INR 237 million, Russian ruble currency devaluation impact INR 338 million, impairment loss of INR 95 million, and tax impact on all these items of INR 814 million.
 - (b) Profit After Tax for CY 2013 is adjusted for costs incurred for acquisition of RÜTGERS of INR 142 million, impairment loss of INR 1,304 million offset by insurance claim receipts of INR 375 million and tax impact on all these items of INR 404 million.
 - (c) Profit After Tax for CY 2012 is adjusted for one time expenditure of INR 1,789 million (net of tax INR 1,219 million) incurred in connection with the acquisition of RÜTGERS.
 - (d) Profit After Tax for CY 2010 is adjusted for net exceptional expenditure of INR 1,249 million (net of tax INR 898 million) with regard to refinancing of debt.



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About Rain:

Rain is one of the World's leading producer of Carbon Products and Specialty Chemicals with 16 operating facilities spread across India, Belgium, Canada, Egypt, Germany, the Netherlands, Poland and U.S. and the 17th 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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