RAIN INDUSTRIES LIMITED

RIL/SEs/2019 May 8, 2019

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 first quarter ended on March 31, 2019 –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 first quarter ended on March 31, 2019.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary

Regd. Office: Rain Center
34, Srinagar Colony
Hyderabad 500073
Telangana, India

Phone: +91 (40) 40401234
Fax: +91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

RAIN INDUSTRIES LIMITED

Press Release **May 8, 2019**

Results for the first quarter ended March 31, 2019

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its unaudited financial results for the first quarter ended March 31, 2019.

Financial Highlights for Q1 CY19

- Revenue from Operations is ₹32.0 billion and Adjusted EBITDA is ₹3.6 billion.
- Adjusted Net Profit After Tax is ₹0.7 billion and Adjusted Earnings Per Share is ₹2.2.
- Strong Cash of ₹10.5 billion to fund CAPEX projects and meet debt obligations in the near-term.

Financial Performance

₹ in Millions

Particulars	Q1 2019	Q4 2018	Q1 2018	CY 2018
Net Revenue	31,776	34,280	32,911	139,608
Other Operating Income	189	161	157	882
Revenue from Operations	**31,965**	**34,441**	**33,068**	**140,490**
Adjusted EBITDA	**3,551**	**2,350**	**6,627**	**21,471**
Adjusted EBITDA Margin	*11.1%*	*6.8%*	*20.0%*	*15.3%*
Profit (Loss) before share of profit of associates, exceptional items and tax	**1,304**	**(1,503)**	**4,060**	**9,948**
Add: Share of Profit of Associates, net of income tax	-	9	-	9
Profit (Loss) Before Tax	**1,304**	**(1,494)**	**4,060**	**9,957**
Tax Expense (Benefit)	372	(215)	1,403	3,643
Non-controlling Interest	244	113	145	497
Net Profit (Loss) After Tax	**688**	**(1,392)**	**2,512**	**5,817**
Adjusted Net Profit (Loss) After Tax	**724**	**(135)**	**2,512**	**7,305**
Adjusted Earnings (Loss) Per Share in (₹)*	2.2	(0.4)	7.5	21.7

**Quarterly Earnings (Loss) Per Share is not annualised.*

SEGMENT-WISE FINANCIAL PERFORMANCE

CARBON

Particulars	Q1 CY19	Q4 CY18	Q1 CY18	CY 2018	Variance Q1 CY19 vs Q4 CY18	Variance Q1 CY19 vs Q1 CY18
(a) Sales Volumes [1] (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	356	419	389	1,657	-15.0%	-8.5%
- Coal Tar Pitch (CTP)	132	131	133	508	0.8%	-0.8%
- Other Carbon Products	135	122	140	550	10.7%	-3.6%
TOTAL	**623**	**672**	**662**	**2,715**	**-7.3%**	**-5.9%**
(b) Net Revenue [1] (₹ in Millions)						
- Calcined Petroleum Coke (CPC)	8,727	11,622	10,420	45,746	-24.9%	-16.2%
- Coal Tar Pitch (CTP)	7,565	7,064	7,466	28,354	7.1%	1.3%
- Other Carbon Products	4,457	4,774	4,313	19,260	-6.6%	3.3%
- Energy	577	645	571	2,321	-10.5%	1.1%
TOTAL	**21,326**	**24,105**	**22,770**	**95,681**	**-11.5%**	**-6.3%**
(c) Adjusted EBITDA [2] (₹ in Millions)	**2,506**	**1,813**	**5,530**	**16,975**	**38.2%**	**-54.7%**
(d) Adjusted EBITDA Margin	**11.8%**	**7.5%**	**24.3%**	**17.7%**	**4.3%**	**-12.5%**

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.*

ADVANCED MATERIALS

Particulars	Q1 CY19	Q4 CY18	Q1 CY18	CY 2018	Variance Q1 CY19 vs Q4 CY18	Variance Q1 CY19 vs Q1 CY18
(a) Sales Volumes [1] (In '000 MTs)						
- Engineered Products	12	14	12	89	-14.3%	-
- Petro Chemical Intermediates	31	30	28	127	3.3%	10.7%
- Naphthalene Derivates	30	29	31	121	3.4%	-3.2%
- Resins	31	27	39	135	14.8%	-20.5%
TOTAL	**104**	**100**	**110**	**472**	**4.0%**	**-5.5%**
(b) Net Revenue [1] (₹ in Millions)						
- Engineered Products	974	1,185	1,048	6,183	-17.8%	-7.1%
- Petro Chemical Intermediates	1,297	1,532	1,382	6,600	-15.3%	-6.2%
- Naphthalene Derivates	2,075	2,067	1,832	7,966	0.4%	13.3%
- Resins	3,331	3,166	3,569	14,095	5.2%	-6.7%
TOTAL	**7,677**	**7,950**	**7,831**	**34,844**	**-3.4%**	**-2.0%**
(c) Adjusted EBITDA [2] (₹ in Millions)	**623**	**260**	**908**	**3,787**	**139.6%**	**-31.4%**
(d) Adjusted EBITDA Margin	**8.1%**	**3.3%**	**11.6%**	**10.9%**	**4.8%**	**-3.5%**

CEMENT

Particulars	Q1 CY19	Q4 CY18	Q1 CY18	CY 2018	Variance Q1 CY19 vs Q4 CY18	Variance Q1 CY19 vs Q1 CY18
(a) Sales Volumes (In '000 MTs)	669	563	558	2,229	18.8%	19.9%
(b) Net Revenue (₹ in Millions)	2,773	2,225	2,310	9,083	24.6%	20.0%
(c) Adjusted EBITDA[2] (₹ in Millions)	422	277	189	709	52.3%	123.3%
(d) Adjusted EBITDA Margin (%)	15.2%	12.4%	8.2%	7.8%	2.8%	7.0%

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 – Q1 CY19 vs Q1 CY18

- Net Revenue of ₹31.8 billion during Q1 CY19 was a decrease of ~3.4% compared to ₹32.9 billion during Q1 CY18.

    - Carbon sales volumes during Q1 CY19 were 623 thousand metric tons, a decrease of ~5.9% compared to 662 thousand metric tons in Q1 CY18. There was a decrease in sales volumes of calcined petroleum coke (CPC) by ~8.5%, other carbon products (OCP) by ~3.6% and coal tar pitch (CTP) by ~0.8%. The decrease in volumes was driven by the timing of the export shipments compared to prior year, reduced demand from the TiO_2 industry and the import ban in India. During Q1 CY19, the average blended realisation decreased by ~0.5% after considering the favourable impact from the appreciation of the US Dollar and the Euro against Indian Rupee by ~9.4% and ~1.1% respectively. Overall, due to the aforesaid reasons, the revenue from Carbon segment decreased by ~6.3% in Q1 CY19 as compared to Q1 CY18.

    - Advanced Materials sales volumes during Q1 CY19 were 104 thousand metric tons, a decrease of ~5.5% as compared to 110 thousand metric tons in Q1 CY18. Sales volumes in resins decreased by ~20.5% and naphthalene derivates by ~3.2%, offset by an increase in petrochemical intermediates by ~10.7%. Engineered products sales volumes were flat. The increase in petrochemical intermediates volumes was driven by increased production in the current quarter on account of improved raw material availability compared to the prior quarter. Overall volumes were lower primarily due to the reduced petro-tar throughputs and weakness in the European automotive industry. During Q1 CY19, the average blended realisation increased by ~3.7% along with the favourable impact from the appreciation of the Euro against the Indian Rupee by ~1.1%. Due to the aforesaid reasons, the revenue from Advanced Materials business decreased by ~2.0% during Q1 CY19 as compared to Q1 CY18.

    - Cement sales volumes increased by ~19.9% during Q1 CY19 as compared to Q1 CY18, and realisations increased by ~0.1%. Due to these reasons, revenue from Cement business increased by ~20.0%. During Q1 CY19, there was an ~24.8% increase in sales volume from Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Pondicherry and Maharashtra offset by ~4.9% lower volumes in Odisha, Kerala and Goa as compared to Q1 CY18.

- During Q1 CY19, Adjusted EBITDA was ₹3.6 billion, a decrease of ₹3.0 billion compared to Adjusted EBITDA of ₹6.6 billion achieved during Q1 CY18. Adjusted EBITDA in Carbon and Advanced Materials decreased by ₹3.0 billion and ₹0.3 billion respectively due to lower volumes coupled with increased raw material costs, specifically in CPC from consumption of high-value raw material. Adjusted EBITDA from the Cement segment increased by ₹ 0.2 million due to increase in sales volumes.

- A detailed reconciliation of reported EBITDA and Adjusted EBITDA for Q1 CY19 is explained in the below table:

Particulars	₹ in Millions
A. Reported EBITDA	**3,518**
B. Adjustments:	
• Reorganisation costs on account of closing of certain facilities in Europe	(33)
• Certain insurance claims received during the quarter related to prior periods	(46)
• On account of strategic project expenses at our European operations	112
C. Adjusted EBITDA (A + B)	**3,551**

- Finance costs during Q1 CY19 was ₹ 1.1 billion, a decrease of ~4.0% compared to ₹1.2 billion in Q1 CY18 due to the amortisation of deferred finance cost of revolver credit facility in Q1 CY18.

- The Company recorded an income tax expense of ₹0.4 billion for Q1 CY19, compared to an income tax expense of ₹1.4 billion for Q1 CY18. The effective tax rate is in line with the group tax rates at various geographies.

- The Adjusted Net Profit during Q1 CY19 was ₹0.7 billion as compared to Adjusted Net Profit of ₹2.5 billion during Q1 CY18. The decrease was mainly due to lower operating performance.

- The Company achieved an Adjusted Earnings per Share of ₹2.2 during Q1 CY19 as compared to Adjusted Earnings per Share of ₹7.5 during Q1 CY18.

- A detailed reconciliation of reported net profit after tax and adjusted net profit after tax for Q1 CY19 is explained in the below table:

Particulars	₹ in Millions
A. Reported Profit After Tax	**688**
B. Adjustments:	
• Reorganisation costs on account of closing of certain facilities in Europe	(30)
• Certain insurance claims received during the quarter related to prior periods	(35)
• On account of strategic project expenses at our European operations	101
C. Adjusted Profit After Tax (A + B)	**724**

Debt Analysis

As at March 31, 2019, the Company had a Gross Debt of $1,098 million (including Working Capital Debt of $47 million), Cash and Bank Balances of $151 million, Unamortised Deferred Finance Cost of $16 million and Net Debt of $931 million.

($* in Million)

Particulars	As on Mar. 31, 2019	As on Dec. 31, 2018	Repayment Terms
7.25% USD Denominated Senior secured notes	550	550	Matures in April 2025
Euro Term Loan B	438	446	Matures in January 2025
Senior Bank Debt	50	50	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	9	9	Interest Free - Instalments up to 2025
Other Debt	4	5	Fixed Rates - Finance leases
Gross Term Debt	**1,051**	**1,060**	
Add: Working Capital Debt	47	72	
Gross Debt	**1,098**	**1,132**	
Less: Cash & Bank Balances	151	122	
Less: Deferred Finance Cost	16	17	
Net Debt	**931**	**993**	

**As major part of the Debt is denominated in US Dollars, the Debt of the Company is presented in US Dollars.*

The Company incurred capital expenditure of $35 million, including expansion capital expenditure for the hydrogenated hydrocarbon resins production facility in Germany, vertical-shaft kiln project in Vizag, waste-heat recovery power plant in Kodad and other maintenance projects.

With the existing Cash and Bank Balances of $151 million, coupled with undrawn revolver facilities of $166 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 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 Consolidated Statement of Profit and Loss and Consolidated Balance Sheet items, respectively, in preparing the financial statements.

Average Rate of Exchange	Q1 CY19	Q4 CY18	Q1 CY18	CY 2018	Variance Q1 CY19 vs Q4 CY18	Variance Q1 CY19 vs Q1 CY18
Indian Rupee / US Dollar	70.33	72.11	64.31	68.36	2.47%	-9.36%
Indian Rupee / Euro	79.85	82.30	79.00	80.66	2.98%	-1.08%
Russian Ruble / US Dollar	65.95	66.51	56.89	62.77	0.84%	-15.93%
Canadian Dollar / Euro	1.51	1.51	1.55	1.53	-	2.58%

Closing Rate of Exchange	Q1 CY19	Q4 CY18	Q1 CY18	CY 2018	Variance Q1 CY19 vs Q4 CY18	Variance Q1 CY19 vs Q1 CY18
Indian Rupee / US Dollar	69.17	69.79	65.04	69.79	0.89%	-6.35%
Indian Rupee / Euro	77.70	79.78	80.62	79.78	2.61%	3.62%
Russian Ruble / US Dollar	64.85	69.62	57.54	69.62	6.85%	-12.70%
Canadian Dollar / Euro	1.50	1.56	1.59	1.56	3.85%	5.66%

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:

Investor Relations – India

Anil Kumar Upadhyay
Tel: +91 40 4234 9855
Email: Anil.Upadhyay@raincarbon.com

Investor Relations – US

Ryan Tayman
Tel: +1 203 517 2822
Email: Ryan.Tayman@raincarbon.com