

B S R & Associates LLP

Chartered Accountants

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Limited review report (unmodified) on unaudited quarterly consolidated financial results and consolidated year-to-date results of Rain Industries Limited pursuant to Regulation 33 of the Listing Regulations

To
Board of Directors of Rain Industries Limited

We have reviewed the accompanying statement of unaudited consolidated financial results of Rain Industries Limited, its subsidiaries and its associates (collectively referred to as 'the Group') (Refer Annexure I for the list of subsidiaries and associates) for the quarter ended 30 June 2018 and the year-to-date results for the period from 1 January 2018 to 30 June 2018 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these consolidated financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* specified under section 143(10) of the Companies Act, 2013. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W /W-100024



Sriram Mahalingam
Partner
Membership Number: 049642

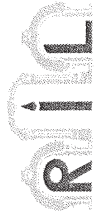
Place: Hyderabad
Date: 14 August 2018

Annexure I

List of Subsidiaries and associates

Name of the Company
1. Rain Cements Limited
2. Renuka Cement Limited
3. Rain CII Carbon (Vizag) Limited
4. Rain Commodities (USA) Inc.
5. Rain Carbon Inc.
6. Rain Carbon Holdings, LLC
7. Rain Global Services LLC
8. Rain CII Carbon LLC
9. CII Carbon Corp.
10. Handy Chemicals (U.S.A.) Ltd.
11. Rain Carbon GmbH
12. RÜTGERS Canada Inc.
13. RÜTGERS Polymers Ltd.
14. Rain Carbon BVBA
15. RÜTGERS Germany GmbH
16. RÜTGERS Holding Germany GmbH
17. RÜTGERS Wohnimmobilien GmbH & Co. KG
18. RÜTGERS Gewerbeimmobilien GmbH & Co. KG
19. Rain RÜTGERS LLC
20. VFT France S.A
21. Rumba Invest BVBA & Co. KG
22. RÜTGERS Poland Sp. z o.o
23. Severtar Holding Ltd.
24. RÜTGERS Resins BV
25. OOO RÜTGERS Severtar
26. RÜTGERS (Shanghai) Trading Co. Ltd.
27. InfraTec Duisburg GmbH (Equity accounted investee)
28. Rain Coke Limited (Equity accounted investee)





RAIN INDUSTRIES LIMITED
CIN: L26942TG1974PLC001693

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Statement of Consolidated Unaudited Financial Results for the Quarter and Half year ended June 30, 2018										(Rupees in Millions)
Particulars		Quarter ended			Half Year ended		Year ended			
		June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2017	December 31, 2017		
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited		
1	Income									
	(a) Revenue from operations (Refer note 4 below)	38,032.50	33,061.95	27,166.28	71,094.45	52,515.32	114,471.36			
	(b) Other income	93.25	60.77	474.89	154.02	680.81	1,134.28			
	Total income	38,125.75	33,122.72	27,641.17	71,248.47	53,196.13	115,605.64			
2	Expenses									
	(a) Cost of materials consumed	15,496.77	14,063.76	7,709.25	29,560.53	16,594.83	41,047.51			
	(b) Purchases of stock-in-trade	4,844.61	3,699.54	4,904.09	8,544.15	8,727.46	16,425.66			
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	292.38	(1,230.43)	524.16	(938.05)	(624.93)	(3,019.44)			
	(d) Employee benefits expense	3,090.29	2,902.76	2,509.87	5,993.05	4,982.09	10,624.07			
	(e) Finance costs	1,117.86	1,179.79	1,483.16	2,297.65	3,018.74	5,946.71			
	(f) Depreciation and amortisation expense	1,315.68	1,229.87	1,294.65	2,545.55	2,661.02	5,256.27			
	(g) Excise duty (Refer note 4 below)	-	-	795.04	-	1,464.04	1,464.04			
	(h) Other expenses	7,384.68	7,217.53	6,045.67	14,602.21	12,280.11	25,227.05			
	Total expenses	33,542.27	29,062.82	25,265.89	62,605.09	49,103.36	102,971.87			
3	Profit before share of profit of associates, exceptional items and tax (1-2)	4,583.48	4,059.90	2,375.28	8,643.38	4,092.77	12,633.77			
4	Exceptional items (Refer note 5 and 6 below)	-	-	-	-	670.30	1,803.30			
5	Profit before share of profit of associates and tax (3-4)	4,583.48	4,059.90	2,375.28	8,643.38	3,422.47	10,830.47			
6	Share of profit of associates, net of income tax	-	-	-	-	-	8.84			
7	Profit before tax (5+6)	4,583.48	4,059.90	2,375.28	8,643.38	3,422.47	10,839.31			
8	Tax expense / (benefit)									
	- Current tax	1,395.00	1,104.11	725.95	2,499.11	1,660.15	4,330.49			
	- Deferred tax									
	(a) Deferred tax excluding (b) below	150.75	298.74	92.85	449.49	(440.96)	(581.65)			
	(b) One time impact on account of US and Belgium tax reforms (Refer note 7 below)	-	-	-	-	-	(830.75)			
	Total tax expense / (benefit)	1,545.75	1,402.85	818.80	2,948.60	1,219.19	2,918.09			
9	Net Profit for the period/year (7-8)	3,037.73	2,657.05	1,556.48	5,694.78	2,203.28	7,921.22			



5 On December 15, 2017, the Company's Wholly Owned Subsidiary in USA issued a conditional repayment notice to its 2021 bondholders with US Dollar denominated Notes of US\$ 246 million and 2021 Euro denominated Notes of US\$ 237 million (Face Value of €198 million) together called as 2021 Notes. As on December 31, 2017, the Company, in accordance with the Ind-AS 109, has recorded the changes in the carrying value of the 2021 Notes at its expected future cash outflows with a corresponding expense of INR 1,133.00 million (\$17.5 million) arising on account of the early repayment premium and deferred financing cost in the consolidated income statement. The same is disclosed as the exceptional item in the consolidated financial results for the quarter and year ended December 31, 2017. Subsequently, on January 16, 2018 the Company repaid all the aforementioned 2021 Notes financed by a new Term Loan B of € 390 million borrowed in the Wholly Owned Subsidiary in Germany.

6 In March 2017, the Company's wholly owned step-down subsidiary in the USA issued Senior Secured Notes ("the 2025 Notes") for US\$ 550 million. Interest is payable on the 2025 Notes at 7.25% per annum on a semi annual basis and the principle is repayable on April 1, 2025. The 2025 Notes are guaranteed by certain subsidiary companies of the Company in the USA. The proceeds of the 2025 Notes have been used to repay 8.00% 2018 Notes of US\$ 378 million; 8.25% 2021 Notes of US\$ 115 million and repay senior bank debt. All unamortised deferred financing cost pertaining to the 2018 Notes and the 2021 Notes, including redemption premium of US\$ 5.4 million aggregating to US\$ 10 million (INR 670.30 million) have been expensed during the quarter ended March 31, 2017 and disclosed as exceptional item in the consolidated results for the year ended December 31, 2017.

7 (i) In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted in to law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a reduction in the Federal corporate tax rate from 35% to 21%. Also the change in Law includes one-time transition tax on undistributed earnings of subsidiary companies outside USA and 100% participation exemption for any foreign dividends distributed after January 1, 2018. The management, keeping in view of all the credits towards net operating losses and foreign tax credit available, has made an estimate of the impact of the new tax law on the financial statements and recorded the same as a part of the consolidated income statement during the year ended December 31, 2017. Guidance and clarifications are emerging with respect to the new enactment. The transition tax liability would be finalised upon the US tax return for the year 2017 due to be filed by October 2018.

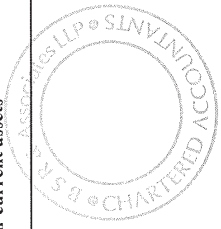
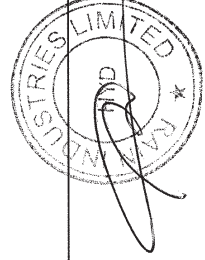
(ii) Further there was a corporate tax reform in Belgium which resulted in changes in corporate tax rate from 33.99% to 29.58%. This resulted in one-time benefit on deferred tax for the quarter and year ended December 31, 2017.

8 Certain Standalone information of the Company in terms of the Regulation 47(1)(b) of the SEBI (listing obligation and disclosure requirements) Regulations, 2015

Particulars	(Rupees in Millions)					
	Quarter ended			Half Year ended		Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
Revenue from operations	172.97	330.43	68.88	503.40	335.66	596.21
Profit/(Loss) Before Tax	359.15	(5.26)	2.20	353.89	9.83	385.30
Profit/(Loss) After Tax	281.48	(5.26)	2.20	276.22	8.65	321.06

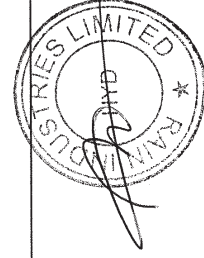
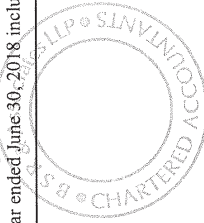
9 Statement of Consolidated Assets and Liabilities:

Particulars	As at		As at	
	June 30, 2018		December 31, 2017	
	Unaudited		Audited	
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment		30,953.78		29,040.78
(b) Capital work in progress		4,975.56		4,412.47
(c) Goodwill		60,869.45		57,622.46
(d) Other intangible assets		220.42		233.41
(e) Financial assets				
(i) Investments		342.40		337.96
(ii) Loans		331.78		333.69
(iii) Other financial assets		16.59		-
(f) Deferred tax asset (net)		2,936.72		2,817.18
(g) Non-current tax assets (net)		859.50		824.22
(h) Other non-current assets		474.62		335.75
Total non-current assets		101,980.82		95,957.92



2. Current assets		
(a) Inventories	25,460.19	19,985.34
(b) Financial assets		
(i) Investments		10.00
(ii) Trade receivables	16,570.40	16,872.60
(iii) Cash and cash equivalents	5,292.44	7,241.69
(iv) Bank balances other than cash and cash equivalents	1,646.00	2,174.22
(v) Loans	10.76	41.70
(vi) Other financial assets	269.68	84.70
(c) Other current assets	4,047.19	3,134.89
Total current assets	53,296.66	49,545.14
Total assets	155,277.48	145,503.06
EQUITY AND LIABILITIES		
1. Equity		
(a) Equity share capital	672.69	672.69
(b) Other equity	45,204.66	38,768.34
Total equity attributable to equity holders of the Company	45,877.35	39,441.03
Non-controlling interests	1,256.76	1,013.24
Total equity	47,134.11	40,454.27
2. Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	70,559.56	37,397.17
(ii) Other financial liabilities	349.74	341.83
(b) Provisions	10,300.39	9,654.08
(c) Deferred tax liability (net)	2,323.79	1,739.64
(d) Non-current tax liabilities (net)	391.72	484.92
(e) Other non-current liabilities	177.15	188.21
Total non-current liabilities	84,102.35	49,805.85
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	3,881.97	3,190.80
(ii) Trade payables	12,604.14	11,511.57
(iii) Other financial liabilities	4,657.50	37,777.85
(b) Provisions	700.08	788.94
(c) Current tax liabilities (net)	1,413.91	1,067.23
(d) Other current liabilities	783.42	906.55
Total current liabilities	24,041.02	55,242.94
Total equity and liabilities	155,277.48	145,503.06

Consequent to the functional integration of RAIN businesses over past years, the Company decided to redesign the way the Company's product portfolio and resources are managed and aligned its internal reporting to the Chief Operating Decision Maker. Marketing of the products has been switched from a site and product based model to a market specific approach, which allows the team to optimize the marketing efforts and segregate its products produced from value-added processes. This structural change reflects the business rationale of the Company by aligning products along their major value chains (raw material to end-product) in addition to increasing focus on value-added processes that are meaningful contributors to the Company's earnings. The resulting segments have been called Carbon, Cement and Advanced Materials. This change is effective January 1, 2018, and as expected from an Advanced Materials producer, the transition should stimulate new strategic initiatives to further improve the overall performance of the Company. Accordingly, Management has presented its segment under new structure for the quarter and half year ended June 30, 2018 including the comparative periods.



Consolidated Segment wise Revenue and Results:

The Company has considered business segment as the primary segment for reporting. The products considered for business segment are:

- (a) Carbon Products
(b) Advanced Materials
(c) Cement

Particulars	Quarter ended			Half Year ended		Year ended December 31, 2017
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017	
1) Segment Revenue						
(a) Carbon Products	26,674.90	23,007.31	16,303.80	49,682.21	31,382.29	72,988.27
(b) Advanced Materials	9,985.97	8,747.19	8,746.76	18,733.16	17,066.52	34,530.14
(c) Cement	2,364.19	2,317.34	2,823.44	4,681.53	5,377.20	9,705.73
Total	39,025.06	34,071.84	27,874.00	73,096.90	53,826.01	117,224.14
Less: Inter Segment Revenue	992.56	1,009.89	707.72	2,002.45	1,310.69	2,752.78
Net Sales / Revenue from Operations	38,032.50	33,061.95	27,166.28	71,094.45	52,515.32	114,471.36
2) Segment Results						
Profit before Depreciation and amortisation expense, Finance Costs, Forex Loss/(Gain), Other Income, Exceptional items, Share of profit from associates and tax from each segment						
(a) Carbon Products	5,519.23	5,524.27	2,925.17	11,043.50	5,682.96	16,451.48
(b) Advanced Materials	1,215.82	907.94	1,543.49	2,123.76	3,074.00	5,384.70
(c) Cement	117.15	188.80	209.54	305.95	334.76	866.29
Total	6,852.20	6,621.01	4,678.20	13,473.21	9,091.72	22,702.47
Less: i) Depreciation and amortisation expense	1,315.68	1,229.87	1,294.65	2,545.55	2,661.02	5,256.27
ii) Finance Costs	1,117.86	1,179.79	1,483.16	2,297.65	3,018.74	5,946.71
iii) Forex loss / (gain)	(71.57)	212.22	-	140.65	-	-
iv) Other Income	(93.25)	(60.77)	(474.89)	(154.02)	(680.81)	(1,134.28)
v) Exceptional items	-	-	-	-	670.30	1,803.30
vi) Share of profit from associates	-	-	-	-	-	(8.84)
Total Profit Before Tax	4,583.48	4,059.90	2,375.28	8,643.38	3,422.47	10,839.31

Segmental assets and liabilities:

As certain assets of the Company are often deployed interchangeably between segments, it is impractical to allocate these assets and liabilities to each segment. Hence, the details for segment assets and liabilities have not been disclosed in the above table.

The figures of the previous year / periods have been regrouped / reclassified, wherever considered necessary to correspond with the current period's classification / disclosure.

The Investors can view Standalone Unaudited Financial Results of the Company on the Company's website www.rain-industries.com or on the BSE Limited website www.bseindia.com or on the National Stock Exchange of India Limited website www.nseindia.com.



For and on behalf of the Board of Directors
RAIN INDUSTRIES LIMITED

Jagann Mohan Reddy Nellore
Managing Director
DIN:00017633

Place: Hyderabad
Date: August 14, 2018