



RAIN INDUSTRIES LIMITED

RIL/SEs/2017

May 5, 2017

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/ Madam,

Sub: Press Release on the Unaudited Financial Results for the first quarter ended on March 31, 2017 –Reg.

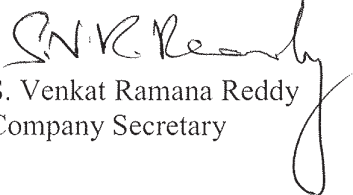
Ref : Scrip Code: 500339 (BSE) and Scrip code : RAIN (NSE)

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, 2017.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited


S. Venkat Ramana Reddy
Company Secretary



RAIN INDUSTRIES LIMITED

Press Release

May 5, 2017

Consolidated Results for the First Quarter Ended March 31, 2017

RAIN INDUSTRIES LIMITED ("RAIN" / "the Company") reported its' Consolidated Unaudited Financial Results for the Quarter Ended March 31, 2017.

Consolidated Financial Highlights for Q1 2017

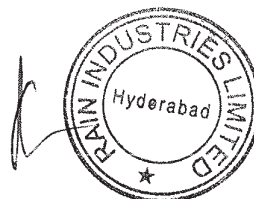
- Income from Operations is ₹ 25.3 billion and Adjusted Operating Profit is ₹ 4.4 billion.
- Adjusted Net Profit After Tax is ₹ 1.0 billion and Adjusted Earnings Per Share is ₹ 3.06.
- Strong Cash Balance of ₹ 8.4 billion to meet debt obligations in the near-term.

Consolidated Financial Performance

₹ in Millions

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016
Net Revenue	25,226	24,069	21,947	94,378
Other Operating Income	123	221	114	567
Income from Operations	25,349	24,290	22,061	94,945
Adjusted Operating Profit ("Adj. EBITDA")	4,414	4,347	2,737	16,367
<i>Adjusted Operating Profit Margin</i>	<i>17.4%</i>	<i>17.9%</i>	<i>12.4%</i>	<i>17.2%</i>
Finance Cost	1,536	1,527	1,551	6,173
Other Income	64	53	202	734
Forex (Gain) / Loss	(142)	(175)	33	(342)
Depreciation and Amortization Expenses	1,367	1,370	1,218	5,189
Profit / (Loss) Before Tax and Exceptional Items	1,717	1,678	(923)	5,021
Exceptional Items	670	-	-	262
Profit / (Loss) Before Tax	1,047	1,678	(923)	4,759
Tax Expense / (Benefit)	400	821	(342)	1,792
Net Profit / (Loss) Before Share of Profit of Associates and Minority Interest	647	857	(581)	2,967
Share of Profit / (Loss) of Associates and Minority Interest	(55)	19	(5)	(58)
Net Profit / (Loss)	592	876	(586)	2,909
Adjusted Net Profit / (Loss)	1,028	876	(73)	3,293
Earnings / (Loss) Per Share	1.76	2.60	(1.74)	8.65
Adjusted Earnings / (Loss) Per Share	3.06	2.60	(0.22)	9.79

*Quarterly EPS are not annualized



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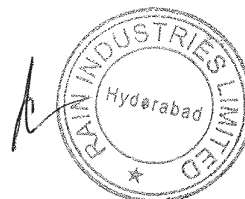
SEGMENT WISE - FINANCIAL PERFORMANCE

CARBON PRODUCTS

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Calcined Petroleum Coke (CPC)	411	502	341	1,644	-18.1%	20.5%
- Coal Tar Pitch (CTP)	142	138	117	561	2.9%	21.4%
- Other Carbon Products ⁽²⁾	181	154	135	616	17.5%	34.1%
- Green Petroleum Coke (GPC)	-	25	27	116	-100.0%	-100.0%
TOTAL	734	819	620	2,937	-10.4%	18.4%
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- Calcined Petroleum Coke (CPC)	7,147	7,925	6,079	26,866	-9.8%	17.6%
- Coal Tar Pitch (CTP)	4,000	3,810	3,407	16,287	5.0%	17.4%
- Other Carbon Products ⁽²⁾	6,453	5,086	4,354	20,203	26.9%	48.2%
- Green Petroleum Coke (GPC)	-	269	415	1,017	-100.0%	-100.0%
- Energy	506	541	590	2,390	-6.5%	-14.2%
TOTAL	18,106	17,631	14,845	66,763	2.7%	22.0%
(c) Adjusted EBITDA ⁽³⁾ (₹ in Millions)	3,746	3,149	2,071	12,799	19.0%	80.9%
(d) Adjusted EBITDA Margin	20.7%	17.9%	14.0%	19.2%	2.8%	6.7%

Notes:

- (1) Net of inter-company sales
- (2) 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.
- (3) Adjusted Operating Profit ("Adj. EBITDA") is profit before adjustment of Exceptional Items, Other Income, Foreign Exchange (Gain) Loss, Depreciation & Amortization, Impairment Loss, Interest and Taxation.



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CHEMICALS

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
(a) Sales Volumes ⁽¹⁾ (In '000 MTs)						
- Aromatic Chemicals	9	8	8	33	12.5%	12.5%
- Superplasticizers	14	15	14	60	-6.7%	-
- Resins & Modifiers	34	28	30	118	21.4%	13.3%
- Chemical Trading	3	5	6	19	-40.0%	-50.0%
TOTAL	60	56	58	230	7.1%	3.4%
(b) Net Revenue ⁽¹⁾ (₹ in Millions)						
- Aromatic Chemicals	836	613	616	2,632	36.4%	35.7%
- Superplasticizers	695	712	715	2,970	-2.4%	-2.8%
- Resins & Modifiers	2,936	2,530	2,870	10,991	16.0%	2.3%
- Chemical Trading	107	130	117	421	-17.7%	-8.5%
TOTAL	4,574	3,985	4,318	17,014	14.8%	5.9%
(c) EBITDA ⁽²⁾ (₹ in Millions)	544	899	428	2,495	-39.5%	27.1%
(d) EBITDA Margin	11.9%	22.6%	9.9%	14.7%	-10.7%	2.0%

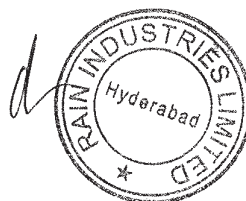
CEMENT

Particulars	Q1 2017	Q4 2016	Q1 2016	CY 2016	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
(a) Sales Volumes (In '000 MTs)	535	472	580	2,137	13.3%	-7.8%
(b) Net Revenue (₹ in Millions)	2,547	2,454	2,783	10,599	3.8%	-8.5%
(c) EBITDA (₹ in Millions)	124	299	238	1,073	-58.5%	-47.9%
(d) EBITDA Margin (%)	4.9%	12.2%	8.6%	10.1%	-7.3%	-3.7%

Notes:

(1) Net of inter-company sales

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





RAIN INDUSTRIES LIMITED

Corporate Highlights:

1. Hydrogenated Hydrocarbon Resins Plant, Uithoorn, Netherlands:

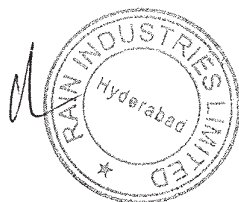
The Company is commencing a Hydrogenated Hydrocarbon Resins Plant (HHCR) with a production capacity of 20,000 Tons per annum in Uithoorn, Netherlands. This plant will produce a wide range of premium Hydrogenated resins for consumption in the adhesive and various other industries. Industrial resins are important additives for car tyres and other rubber products, coatings and adhesives. This is a supplement to the existing portfolio of hydrocarbon resins marketed world-wide under the brand name NOVARES® produced at the plants situated at Duisburg, Germany and Uithoorn, Netherlands. The estimated project cost is € 14 million and it is expected to commence operations by the end of 2018.

2. Issue of US\$ 550 Million Senior Secured Notes for refinancing:

During Q1 2017, the Company completed the issue of Senior Secured Notes for US\$ 550 million due in April 2025. Interest payable on these Notes is at 7.25% p.a. on a semi-annual basis. The proceeds of these Notes have been used to repay the existing all 8% US Dollar Denominated notes due in December 2018, part of 8.25% US Dollar Denominated notes due in January 2021, Senior Bank Debt and for payment of debt issuance expenses.

3. Packing Material Manufacturing Plant in Mahaboobnagar District, Telangana State:

Considering the large volumes of Poly Propylene Woven Sacks used in our Cement Business and Indian CPC Plant, the Company is setting-up a Packing Material Manufacturing unit with a capacity of 6 million bags per month in Mahaboobnagar District of Telangana State. The estimated project cost is ₹ 320 million and it is expected to commence operations by the end of 2017.



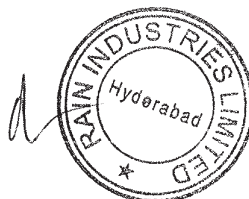


RAIN INDUSTRIES LIMITED

Financial Performance Review and Analysis – Q1 2017 Vs. Q1 2016:

Key performance indicators of the Company on a consolidated basis:

- Consolidated Net Revenue of ₹ 25.2 billion during Q1 2017, an increase of ~15.1% compared to ₹ 21.9 billion during Q1 2016.
 - Carbon Products sales volume during Q1 2017 are 734 thousand metric tons, an increase of ~18.4% compared to 620 thousand metric tons in Q1 2016. The increase in CPC sales volumes is due to increased capacity utilization at the U.S.A. facilities related to the commencement of FGD plant in Chalmette and increased production at other plants to meet market demands, in conjunction with the Blending facility in India being fully operational during Q1 2017 versus beginning operations in Q1 2016. The increase in CTP products sales volumes is primarily from the Russian CTP Plant and CARBORES® 3rd reactor in Germany both being fully operational in Q1 2017. Increase in Other Carbon Products volumes is due to increased distillation of both coal tar and crude benzene. During Q1 2017, the average blended realization increased by ~3.8% after the offset of unfavorable impact from the depreciation of Euro by ~4.1% and US Dollar by ~0.7% against Indian Rupee. Overall, due to the aforesaid reasons, the revenue from Carbon Business Segment increased by ~22.0% in Q1 2017; as compared to Q1 2016.
 - Chemicals sales volume during Q1 2017 is 60 thousand metric tons, an increase of ~3.4% compared to 58 thousand metric tons in Q1 2016. During Q1 2017, the average blended realization increased by ~3.3% after the offset of unfavorable impact from the depreciation of Euro against INR by ~4.1%. Overall, due to the aforesaid reasons, the revenue from Chemical business increased by 5.9% during Q1 2017.
 - Cement revenue declined during Q1 2017 by ~8.5% as compared to Q1 2016, due to the decreased volumes by ~7.8% and ~ 0.8% decline in realizations. The decline in volumes is mainly due to lower sales across the major markets of Karnataka, Andhra Pradesh and Telangana.
- Adjusted Operating Profit in the Carbon Business Segment increased by 80.9% due to increased volumes, improved realizations and shift from low margin trading business. Similarly, Adjusted Operating Profit in Chemical Business increased by 27.1%. However, Operating Profit in Cement Business decreased by 47.9%, due to increased costs of inputs and lower sales volumes.
- Due to the aforesaid reasons, Consolidated Adjusted Operating Profit for Q1 2017 is ₹ 4.4 billion an increase of ~63.0% compared to ₹ 2.7 billion achieved during Q1 2016.
- During Q1 2017, the Company had a Foreign Exchange Gain of ₹ 142 million, as compared to Foreign Exchange Loss of ₹ 33 million in Q1 2016. The gain is mainly due to appreciation of the Russian Ruble against the US Dollar.
- Finance cost during Q1 2017 decreased by ~1.0% compared to Q1 2016 due to the making of scheduled principal repayments of debt partly and appreciation of the Rupee against the US Dollar and Euro.



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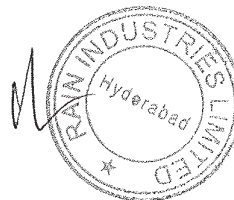
- During Q1 2017, the Company's wholly owned step-down subsidiary in USA completed issue of Senior Secured Notes ("the 2025 Notes") for US\$ 550 million. Interest is payable on the 2025 Notes at 7.25% per annum on a semi-annual basis and the principle is repayable on April 1, 2025. The 2025 Notes are guaranteed by certain subsidiary companies of the Company in 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; repay senior bank debt and for payment of debt issuance expenses. All unamortized 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 million) have been expensed during the quarter ended March 31, 2017 and disclosed as an exceptional item.
- 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.
- Consolidated Adjusted Net Profit during Q1 2017 is ₹ 1,028 million as compared to Net Adjusted Loss of ₹ 73 million during Q1 2016.
- The Company achieved a Consolidated Adjusted EPS of ₹ 3.06 during Q1 2017 as compared to Consolidated Adjusted Negative EPS of ₹ 0.22 during Q1 2016.

First-time adoption of Ind AS:

With effect from January 1, 2017, the financial statements are prepared as per Ind AS. All the financial numbers pertaining to CY16 are restated as per Ind AS. Accordingly, following is the reconciliation of Net Profit and Equity under Generally Accepted Accounting Principles (Previous Indian GAAP) and as per Ind AS:

₹ in Millions

S.No.	Particulars	Q4 CY16	Q1 CY16	CY16
1	Net profit / (loss) under Previous Indian GAAP	226.58	(762.48)	2,247.27
2	Reclassifications of net actuarial loss on defined obligation to other comprehensive income	1,106.37	-	1,106.37
3	Deferred financing costs	(84.43)	(60.61)	(334.77)
4	Depreciation and amortization expense	(173.38)	340.20	19.58
5	Others	(3.77)	(12.69)	15.09
6	Tax adjustments	(195.36)	(89.95)	(144.12)
7	Net profit / (loss) for the period as per Ind AS	876.01	(585.53)	2,909.42
8	Other comprehensive income / (loss) as per Ind AS	(2,229.37)	1,121.52	(1,274.24)
9	Total comprehensive income / (loss) as per Ind AS	(1,353.36)	535.99	1,635.18



RAIN INDUSTRIES LIMITED

Debt Analysis:

As at March 31, 2017, the Company has a Consolidated Gross Debt of US\$ 1,100 million (including Working Capital Debt of US\$ 19 million), Cash & Cash Equivalents of US\$ 130 million and Net Debt is US\$ 951 million.

(US\$ in Million)

Particulars	Mar 31, 2017	Dec. 31, 2016	Repayment Terms
Senior Secured Notes:-			
- 8.00% USD Denominated	-	373	Refinanced with new Notes
- 8.25% USD Denominated ²	221	336	Bullet repayment in January 2021
- 8.50% Euro Denominated ³	212	209	Bullet repayment in January 2021
- 7.25% USD Denominated	550	-	Bullet repayment in April 2025
Senior Bank Debt	70	119	Floating Rate - Instalments up to March 2022
Sales Tax Deferment	12	11	Interest Free - Instalments up to 2027
Loan from JV partners	9	11	Fixed Rates - Unsecured loans
Other Debt	7	11	Fixed Rates - Includes Finance leases
Gross Term Debt	1,081	1,070	
Add: Working Capital Debt	19	26	
Gross Debt	1,100	1,096	
Less: Cash & Cash Equivalents ²	130	154	
Less: Deferred Finance Cost	19	15	
Net Debt	951	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) March 31, 2017 values are after reducing US\$ 119 million (including US\$ 4 million premium on redemption) pursuant to the utilization terms of refinancing.
- (3) Increase in Q1 CY17 is mainly due to appreciation of Euro against US Dollar.

With the existing Cash and Cash Equivalents of US\$ 130 million coupled with undrawn revolver facilities of US\$ 163 million, the Company is well placed to meet debt servicing obligations in the near-term. The major debt repayments are scheduled to start from January 2021.





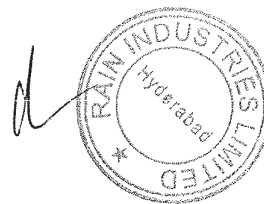
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Foreign Exchange Rates:

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	Q1 2017 Average Rate	Q4 2016 Average Rate	Q1 2016 Average Rate	CY 2016 Average Rate	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
Indian Rupees / US Dollar	67.01	67.46	67.50	67.21	0.67%	0.73%
Indian Rupees / EURO	71.37	72.73	74.44	74.37	1.87%	4.12%
RUB / US Dollar	58.72	63.02	74.79	67.07	6.82%	21.49%
Canadian Dollar / EURO	1.41	1.44	1.52	1.47	2.08%	7.24%

Particulars	Q1 2017 Closing Rate	Q4 2016 Closing Rate	Q1 2016 Closing Rate	CY 2016 Closing Rate	Variance Q1 2017 Vs Q4 2016	Variance Q1 2017 Vs Q1 2016
Indian Rupees / US Dollar	64.84	67.95	66.33	67.95	4.58%	2.25%
Indian Rupees / EURO	69.25	71.62	75.10	71.62	3.31%	7.79%
RUB / US Dollar	56.41	61.00	67.02	61.00	7.52%	15.83%
Canadian Dollar / EURO	1.43	1.42	1.47	1.42	-0.70%	2.72%





RAIN INDUSTRIES LIMITED

About RAIN:

RAIN INDUSTRIES LIMITED ("the Company" or "RAIN"): Rain is a leading vertically integrated global producer of a diversified portfolio of cement, carbon-based 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.

For further information please contact:

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Safe Harbour: Some of the statements made in this release that are not historical facts can be construed as forward-looking statements. These forward-looking statements include the RAIN's financial and growth projections as well as statements concerning its plans, strategies, intentions and beliefs concerning its business and the markets in which it operates. These statements are based on information currently available to RAIN, and are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors could cause results to materially differ from those stated. These factors include, but are not limited to, changes in laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates of countries with which RAIN does business; competitive pressures, the loss of one or more key customer or supplier relationships; customer insolvencies, successful integration of structural changes, including restructuring plans, acquisitions divestitures and alliances; cost and availability of raw materials; and other economic, business, competitive, regulatory and/or operational matters affecting the Company and its subsidiaries generally. RAIN assumes no obligation to update forward-looking statements and takes no responsibility for any consequence of decisions made based on such statements.

