



RAIN INDUSTRIES LIMITED
(Formerly Rain Commodities Limited)

RIL/SEs/2014

November 6, 2014

The General Manager Department of Corporate Services The 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>	The Secretary Delhi Stock Exchange Limited DSE House 3/1 ASAF ALI Road New Delhi - 110002
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Dear Sir/ Madam,

Sub: Press Release on the Unaudited Financial Results for the third quarter ended on September 30, 2014–Reg.

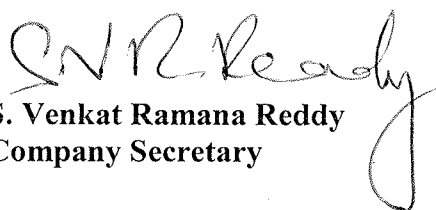
Ref : Scrip Code: 500339 (BSE), Scrip code : RAIN (NSE) & Scrip code : 5019 (DSE)

With reference to the above stated subject, please find enclosed herewith the Press Release on the Financial Results of the Company for the third quarter ended on September 30, 2014.

This is for your information and record.

Thanking you,

Yours faithfully,
for **Rain Industries Limited**


S. Venkat Ramana Reddy
Company Secretary

Press Release

November 6, 2014

Results Update

Consolidated Net Sales of Rs. 29,697 Million in Q3 2014

Consolidated Operating Profit of Rs. 3,617 Million in Q3 2014

Consolidated Net Profit of Rs. 1,147 Million in Q3 2014

Consolidated EPS of Rs. 3.41 in Q3 2014

Rain Industries Limited ("Rain" or "the Company") reported its consolidated and standalone unaudited financial results for the Quarter ended September 30, 2014.

Consolidated Financial Highlights:

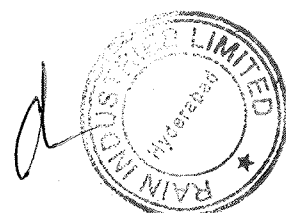
(Rupees in million)

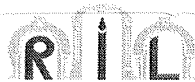
Particulars	Quarter ended			% change	
	Sep 2014	June 2014	Sep 2013	Q3 2014 vs. Q2 2014	Q3 2014 vs. Q3 2013
Net Sales ⁽¹⁾					
(a) Carbon Products	21,076	22,211	21,203	-5%	-1%
(b) Chemicals	6,291	6,504	6,656	-3%	-5%
(c) Cement	2,330	2,183	1,901	7%	23%
Total	29,697	30,898	29,760	-4%	-0%
Operating Profit ⁽²⁾					
(a) Carbon Products	2,949	2,898	2,934	2%	1%
(b) Chemicals	462	874	706	-47%	-35%
(c) Cement	206	20	99	930%	108%
Total	3,617	3,792	3,739	-5%	-3%
Net Profit	1,147	1,235	866	-7%	32%
Earnings Per Share	3.41	3.67	2.58	-7%	32%

Note:

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

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





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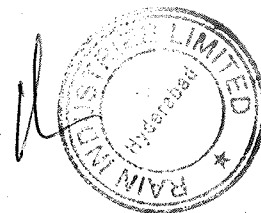
Sales Volume Information:

(Volume in '000 Metric Tons)

Particulars	Quarter ended			% change	
	Sep 2014	June 2014	Sep 2013	Q3 2014 vs. Q2 2014	Q3 2014 vs. Q3 2013
Carbon Products	813	785	726	3%	12%
Chemicals	81	75	76	7%	6%
Cement	512	595	472	-14%	8%

Corporate Highlights:

1. The Board of Directors had declared an Interim Dividend of Rs. 1/- per Equity Share i.e. 50% on a face value of Rs. 2/- per Equity Share fully paid up for the financial year 2014 on November 6, 2014.
2. The Company has been indemnified in relation to certain environmental expenditure, as per the terms of a prior acquisition made by the Company. Based on completion of due process as per the terms of the agreement, the Company has recognized a claim amount of Rs. 1,502 million during the nine months ended September 30, 2014 (including an amount of Rs. 531 million during Q3 2014) over and above Rs. 1,007 million recognised during the quarter ended December 31, 2013, as Other Operating Income. The Company has received full settlement amount.
3. **New corporate office in Covington:**
Rain CII Carbon LLC ("RCC"), a wholly owned subsidiary of the Company officially moved its headquarters from 'Kingwood, Texas, a suburb of Houston' to its new leased space in 'Covington, Louisiana' on October 20, 2014. The State of Louisiana and RCC have entered into a Cooperative Endeavour Agreement which allows for the reimbursement of relocation costs up to US\$ 3.6 Million.
4. **Hudhud cyclone impact:**
During the month of October 2014, Hudhud cyclone had hit North coast of Andhra Pradesh state, however, due to the preemptive steps taken by the company, Hudhud did not cause any material damage to the manufacturing facilities of Rain CII Carbon (Vizag) Limited ("RCCVL") (a wholly owned subsidiary of the Company) situated at Visakhapatnam, Andhra Pradesh. The cyclone resulted in temporary stoppage of operations at this facility. Post





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completion of required repair activities and technical evaluation, RCCVL had restarted first Kiln on October 26, 2014 and second Kiln is expected to be restarted soon. RCCVL is having adequate Insurance coverage subject to general deductibles.

5. Status of capital projects:

A) PA expansion:

The 14,000 tons Phthalic Anhydride ("PA") expansion project in Belgium has been successfully completed on time and within the budget. Commercial production at this facility commenced on October 6, 2014 and has been operating smoothly.

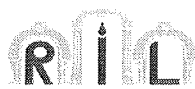
B) Russian JV:

The Russian Joint Venture, 300,000 tons Coal Tar distillation plant, is progressing well and expect to start operations during the second half of 2015. The detailed engineering has been finalized, key items like new columns have been ordered and have been delivered to the plant, construction permits are obtained, construction of temporary site office has been completed and General Contractor has started mobilizing resources on site.

C) Solar Power Project:

In order to enhance its foot print in Renewable Energy, Rain Group, through Rain Cements Limited ("RCL"), a wholly owned subsidiary, is evaluating the possibility of setting up a 22 MW of Solar Power Plant in Anantapur district of Andhra Pradesh. Considering that RCL already possess suitable land for setting-up a Solar Power Plant in Anantapur district, we participated in the bids invited by Southern Power Distribution Company Limited of Andhra Pradesh & Eastern Power Distribution Company Limited of Andhra Pradesh and have been qualified in the evaluation process. Post completion of detailed site verification and technical evaluation, RCL will execute Power Purchase Agreement. The estimated total capital expenditure for this project would be Rs. 1,400 Millions.



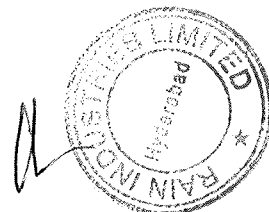


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Financial Performance Review and Analysis – Q3 2014 Vs Q3 2013:

To highlight some of the key performance indicators, on a consolidated basis:

- Consolidated Net Revenue is Rs. 29,697 million during the current quarter, a marginal fall of 1% compared to Rs. 29,760 million during Q3 2013.
 - Carbon product sales volume during the current quarter is 813 thousand tons, an increase of 12% compared to 726 thousand tons in Q3 2013. Carbon sales volume increased during current quarter mainly due to higher Pitch sales, increase in petcoke trading volume which was partly offset by lower CPC sales in the United States. While carbon sales volume is increased by 12%, due to fall in blended realization, lower CIF based sales in Pet Coke trading and recovery in Rupee against US Dollar and Euro, the Carbon division revenue has reduced marginally by 1% in Q3 2014 compared to Q3 2013.
 - Chemicals sales volume during the current quarter is 81 thousand tons, an increase of 6% compared to 76 thousand tons in Q3 2013. While Chemical sales volume is increased by 6%, due to change in product mix and appreciation of Rupee, Revenue from Chemical business has reduced by 5% in Q3 2014 compared to Q3 2013.
 - Cement sales volume during the current quarter is 512 thousand tons, an increase of 8% compared to 472 thousand tons in Q3 2013. With the combination of increase in sales volume by 8% and increase in average realization from Rs. 201 per bag in Q3 2013 to Rs. 227 per bag in Q3 2014, Cement revenues increased by 23% in Q3 2014 compared to Q3 2013.
- Consolidated Operating Profit for the current quarter is Rs. 3,617 million a marginal decrease of 3% compared to Rs. 3,739 million achieved during Q3 2013. While, carbon division has delivered a marginal growth of 1%, Cement division has delivered strong recovery of over 100% growth in operating profit this was offset by lower operating performance in Chemical business as a result of change in product mix and lower margins in Resins business.
- During Q3 2014 the Group had a foreign exchange gain of Rs. 196 million as compared to foreign exchange loss of Rs. 194 million in Q3 2013. The primary reasons for foreign exchange gain in Q3 2014 is strengthening of Canadian Dollar against Euro partly offset by depreciation of Russian Rubles and Indian Rupee against US Dollar.
- Finance cost during the current quarter is Rs. 1,489 million a decrease of 4% compared to Rs. 1,559 million during Q3 2013, is mainly due to translation impact of foreign currency interest cost.



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- Effective tax rate during the current quarter is 30% an increase of 13% compared to 17% during Q3 2013. Effective tax rate in Q3 2013 was lower due to recognition of MAT credit of Rs. 205 million.
- Consolidated net profit during the current quarter is Rs. 1,147 million, an increase of about 32% compared to consolidated net profit of Rs. 866 million during Q3 2013. The Company achieved a consolidated EPS of Rs. 3.41 during the current quarter, an increase of 32% compared to consolidated EPS of Rs. 2.58 during Q3 2013.

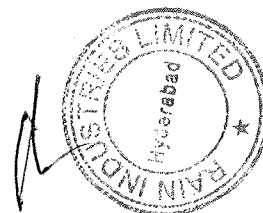
Debt analysis:

As at September 30, 2014, the Company has a consolidated gross debt of US\$ 1,300 million (including working capital debt of US\$ 85 million) and Cash and Cash Equivalents of US\$ 200 million. The net debt as at the same date is US\$ 1,100 million.

US\$ Million	Amount	Type of Interest	Remarks
Senior Secured Notes	1,047	Fixed Rate	Bullet repayments in 2018 and 2021
Senior Bank debt	89	Floating Rate	Installments up to 2018
Deferred Consideration	23	Interest Free	Payment based on triggering events
Sales Tax Deferment	14	Interest Free	Installments up to 2027
Junior Subordinated Notes	13	Fixed Rate	Bullet repayment in 2018, along with compounded interest
Other Debt	29	Fixed Rate	Including finance leases
Gross term debt	1,215		
Add: Working Capital Debt	85		
Total Debt	1,300		
Less: Cash and Cash Equivalents	200		
Net Debt	1,100		

With the existing cash and cash equivalents of US\$ 200 million coupled with undrawn revolver facilities of US\$ 183 million, the Company is well placed to meet debt servicing obligations and capex projects in pipe line. The major debt repayments are scheduled to start only from CY 2018.

The Consolidated Free Cash Flows for the nine months ended September 30, 2014 is US\$ 77 million, this is net after spending about US\$ 36 million for capital expenditure and about US\$ 80 million for interest cost.





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Historical Performance:

(Rupees in million)

	Q3 2014	Q2 2014	Q1 2014	CY 2013	CY 2012	CY 2011	CY 2010	CY 2009
Income from Operations ⁽¹⁾	30,321	31,548	31,388	117,443	53,615	56,395	37,857	36,494
Operating Profit ⁽²⁾	3,617	3,792	3,235	14,978	11,090	13,873	7,559	9,063
Net Profit	1,147	1,235	501	3,845	4,577	6,641	2,407	4,438
Adjusted Net Profit ⁽³⁾	1,147	1,235	501	4,512	5,796	6,641	3,305	4,020

Notes:

- (1) Income from Operations is sum of Net Sales and Other Operating Income.
- (2) Operating Profit 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 2013 is adjusted for costs incurred for acquisition of RUETGERS of Rs. 142 Million, impairment loss of Rs. 1,304 Million offset by insurance claim receipts of Rs. 375 Million and tax impact on all these items of Rs. 404 Million.
 - (b) Profit After Tax for CY 2012 is adjusted for one time expenditure of Rs. 1,789 Million (net of tax Rs. 1,219 Million) incurred in-connection with the acquisition of RUETGERS.
 - (c) Profit After Tax for CY 2010 is adjusted for net exceptional expenditure of Rs. 1,249 Million (net of tax Rs. 898 Million).
 - (d) Profit After Tax for CY 2009 is adjusted for exceptional profit of Rs. 513 Million (net of tax Rs. 418 Million) on sale of Investment in Petroleum Coke Industries Company, Kuwait.

About Rain:

Rain is one of the World's leading producer of Carbon Products and Specialty Chemicals with 17 operating facilities spread across United States of America, Canada, Europe, India, Africa and China, 18th 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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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 Industries Limited's (RIL) 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 RIL, 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 RIL 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. RIL assumes no obligation to update forward-looking statements and takes no responsibility for any consequence of decisions made based on such statements.

