RAIN INDUSTRIES LIMITED

RIL/SEs/2018 May 11, 2018

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: Earnings Presentation– Reg.
Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith Rain Industries Limited Earnings Presentation on Unaudited Financial Results for the first quarter ended on March 31, 2018.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary

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

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

RAIN INDUSTRIES LIMITED

Earnings Presentation – Q1 CY18

Investor Relations Contact:

INDIA: Anil Kumar Upadhyay

Board: +91 40 4040 1234, Direct: +91 40 4040 1252

Email: Anil.Upadhyay@raincarbon.com

US: Ryan Tayman

Board:+1 203 406 0535, Direct: +1 203 5172 822

Email: Ryan.Tayman@raincarbon.com

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, Cement and Advanced Materials. 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: ordinary portland cement ("OPC") and portland pozzolana cement ("PPC"). 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 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.

Forward Looking Statement

This presentation contains forward-looking statements based on management’s current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for segment volumes and earnings, the factors we expect to impact earnings in each segment, demand for our products, our expected uses of cash, and our expected tax rate, are forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations.

Revised Business Segments

Continued…..

- ✓ Consequent to the functional integration of RAIN businesses over past years, the Company has redesigned the way its product portfolio. 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 to align products along their major value chains (raw material to end-product) while increasing focus on value-added processes that are meaningful contributors to the Company’s earnings.

- ✓ The Company believes the new business segments will allow management to increase focus on newly developed products that offer environmental benefits to its customers as well as those that are servicing the needs of certain high growth areas.

- ✓ The resulting segments will be called Carbon, Advanced Materials and Cement.

- ✓ This change is effective from 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.

Revised Business Segments

	CARBON		ADVANCED MATERIALS			
	Calcination:	**Distillation:**	**Engineered Products:**	**Petro Chemical Intermediates:**	**Naphthalene Derivates:**	**Resins:**
Products	Calcined Petroleum Coke (CPC) - Anode - Non-Anode Energy - Waste Heat - Steam	Coal Tar Pitch - Pitch - Pitch Oil Mixtures Other Carbon Products - Carbon Black Oil - Creosote - Naphthalene Oil - Other Basic Aromatic Oils	**Carbores®** **Petrores®** **Pitch (Petro)** **Pitch Oil Mixtures (Petro)**	**Benzene** **Toluene** **Xylene** **Fuels** **Solvent** **By-products** **Other Oils**	**Naphthalene** **Phthalic Anhydride** **PCE Liquid** **PMS Liquid** **PNS Liquid** **PNS Powder** **Modifiers**	**3.5-DMP** **Acetophenon** **Anthracene** **C-9 Resins** **Phenolics** **Carbon Resins** **Petro Resins**
Industry	Aluminium Steel (BF) Tio2	Aluminium Steel (EAF) Graphite Wood Treatment Carbon Black	Steel Refractories Speciality Coatings	Polymers & Solvents	Construction Chemical Plastics	Rubber Coatings Adhesives

– Products under erstwhile Carbon Segment; – Products under erstwhile Chemical Segment

New Capital Expansion

Hydrogenated Hydro Carbon Resin (HHCR), Castrop-Rauxel, Germany

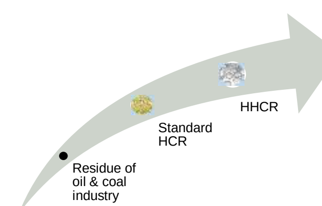
DCPD-Standard HHCR

In order to participate in the anticipated rapid growth of water-white resins for adhesive applications and to further expand and diversify its Advanced Materials business segment, RAIN plans to invest in a 30,000 tons p.a. plant for Dicyclopentadiene (“DCPD”)/C9 resin polymerization and hydrogenation plant at its integrated coal and petrochemical site in Castrop-Rauxel, Germany. This plant will produce various HHCR products with full flexibility of operations using special proprietary and patented technology of RAIN.

Latest C9-HHCR Product Development

The Company believes that hydrogenation is the next step for hydrocarbon resin producers, to satisfy evolving regulatory requirements and demand by consumer- and industrial-goods manufacturers for cleaner and safer raw materials. We are seeing particularly high demand for white-water resins from the producers of food packaging and sanitary products.

The Castrop-Rauxel site should result in a more competitive and economical plant than the previously considered site in Uithoorn, Netherlands, due to its full integration into RAIN’s largest advanced-materials plant. Additionally, there is a scope to upgrade the capacity by further debottlenecking from 30,000 tons p.a. to 50,000 tons p.a. enabling further growth opportunities in the future.



Project execution commenced in CY17, and HHCR production is estimated to begin in CY19. The total estimated CAPEX for this project is US$ 66 million.

Ongoing Capital Expansion

Vertical Shaft Technology-based Calcination Plant in Vishakhapatnam, Andhra Pradesh, India

During CY17, RAIN commenced the construction of a 370,000 tons p.a. vertical shaft technology-based calcination plant in Vishakhapatnam, Andhra Pradesh with an estimated CAPEX of US$ 65 million. When complete, the plant will produce high-density CPC with savings in energy consumption.

All the requisite permissions are obtained. Further, detailed engineering, land acquisition, site clearance work and finalization of contractors is done. The project is estimated to commence operations in Q3 CY19.

Debottlenecking of Petro Tar Distillation Facilities in Belgium, Germany and Russia

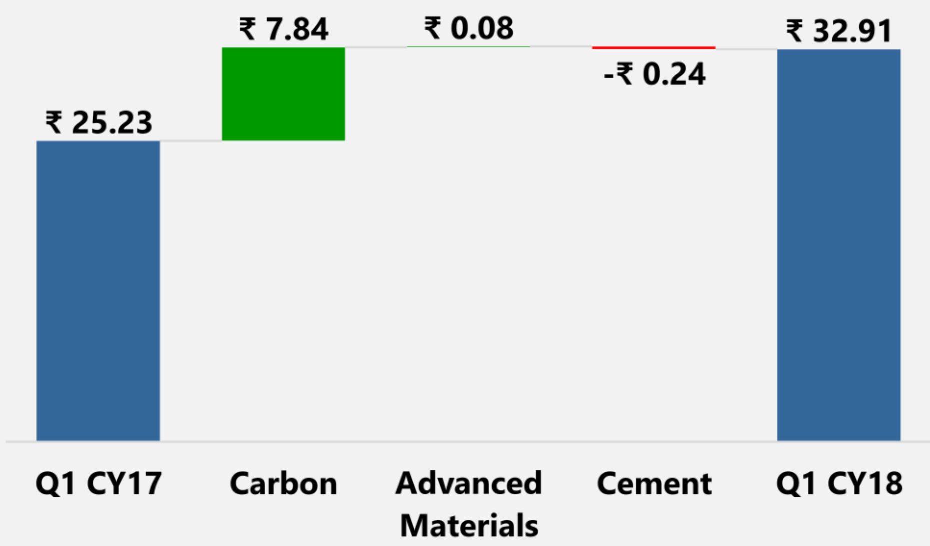
With an intent to leverage raw material mix, RAIN initiated debottlenecking of its petro tar distillation facilities at Belgium, Germany and Russia in CY17 with a total estimated CAPEX of US$ 8 million. The project execution is in line with the scheduled execution plan. It is estimated to commence operations in Q4 CY18.

4.1 MW Waste Heat Recovery Power Plant in Nalgonda Cement Plant

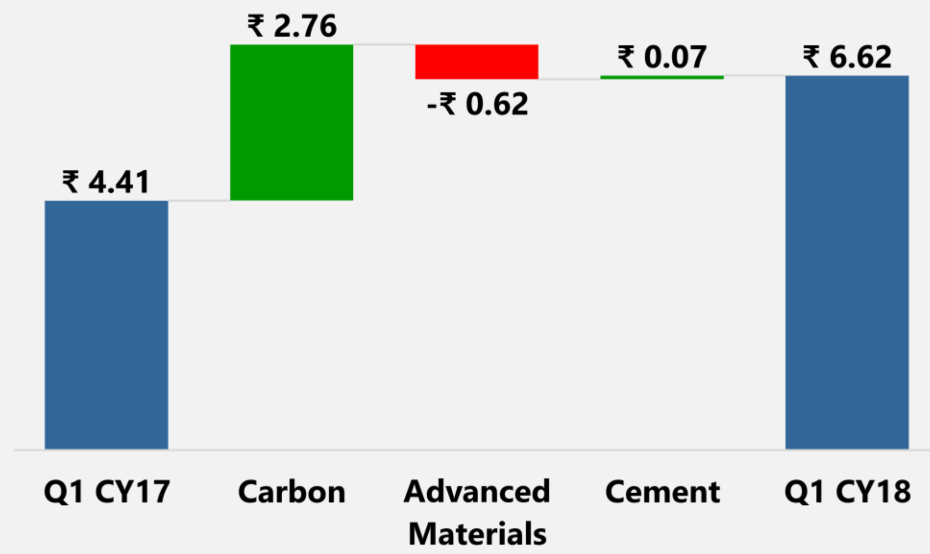
After the successful commissioning and operation of a 7MW WHR plant at its Kurnool cement facility, RAIN started commissioning of another 4.1MW WHR power plant at its Nalgonda cement plant in CY17. Detailed engineering and EPC contracts are executed and civil construction including superstructure work is under progress. It is estimated to commence operations in January 2019.

Consolidated Performance – Q1 CY18

(₹ in Billions)



Revenue (excluding other operating income)



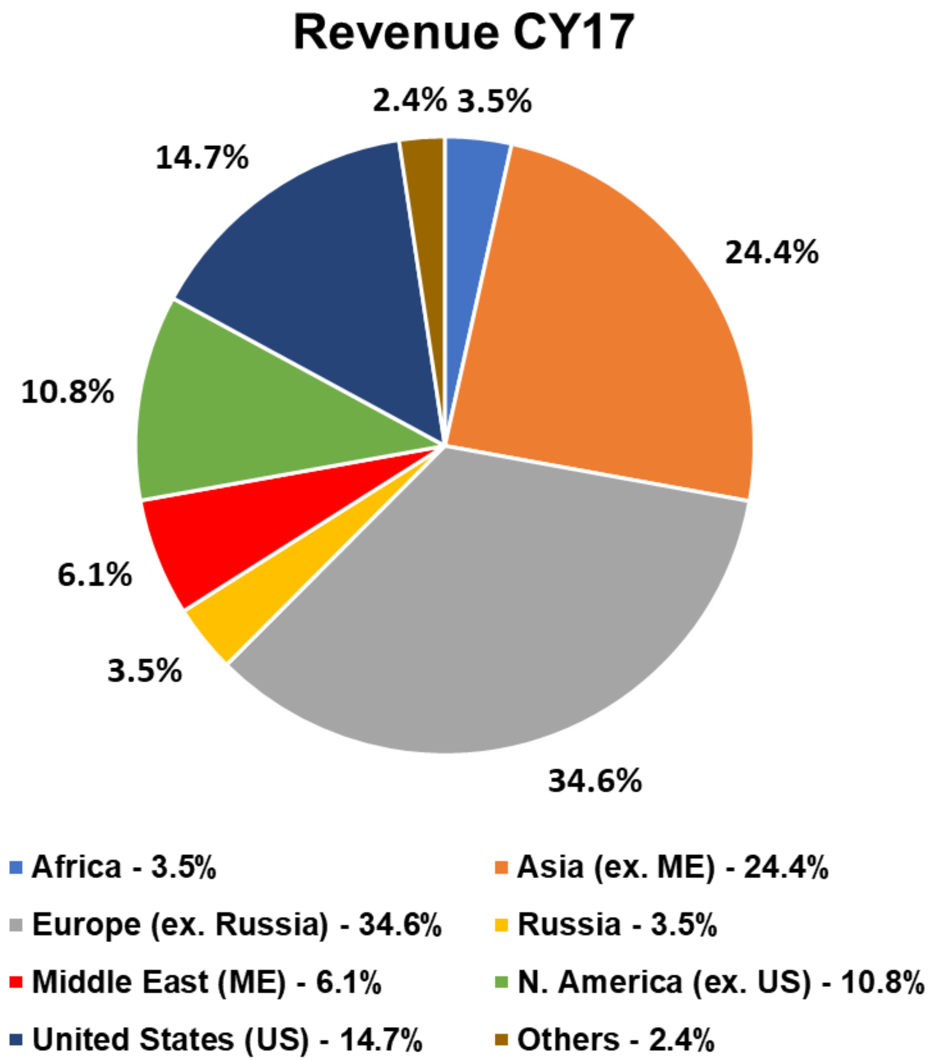
Adjusted EBITDA

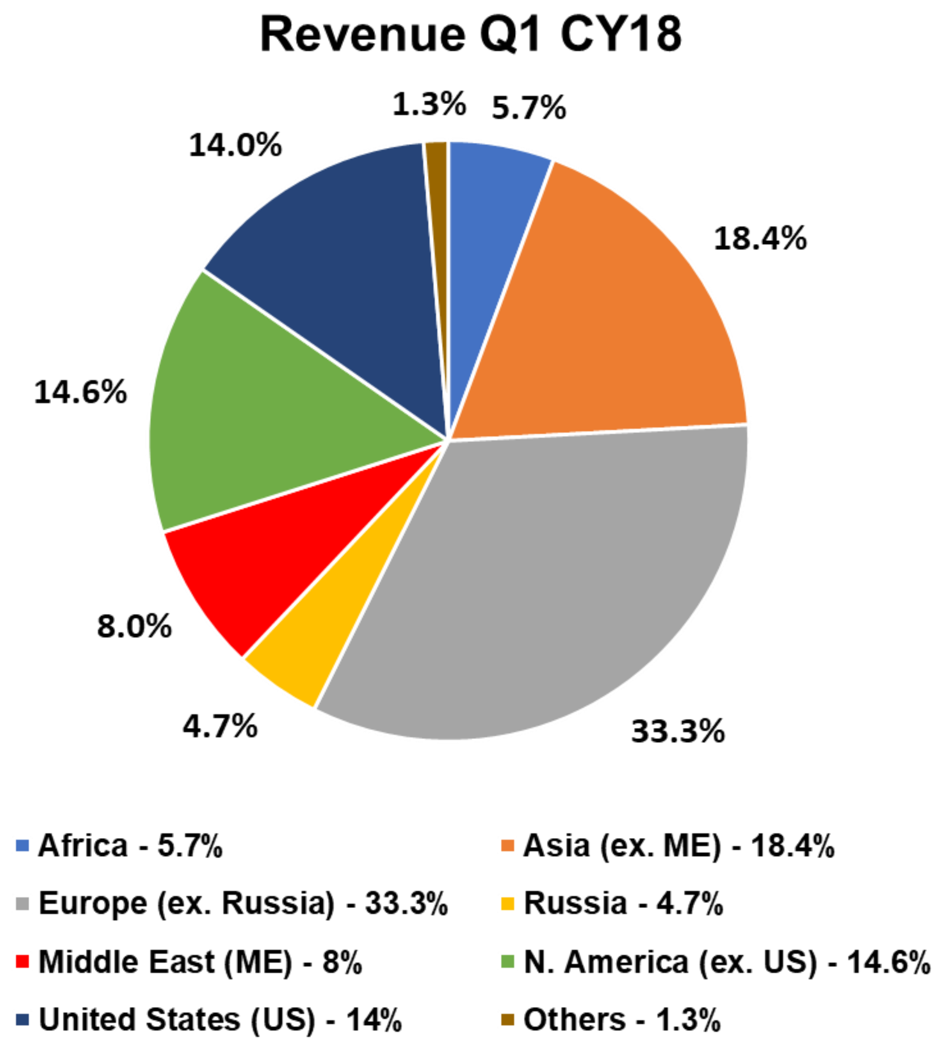
Highlights in Q1 CY18

- Expansion projects completed over the past two years and improved capacity utilisations are contributing to revenue and EBITDA growth.
- Functional integration across all three geographies has improved efficiencies and enabled cost reductions.
- Industry fundamentals enabling improved realisations.
- These factors contributed to an Adjusted EBITDA of ₹6.6 billion in Q1 CY18 compared to ₹4.4 billion in Q1 CY17.

Note: Charts Not to scale

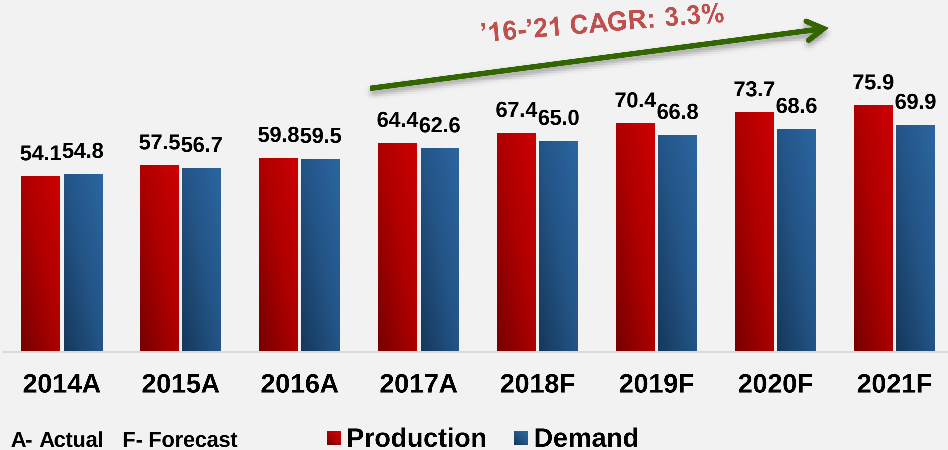
Revenue by Geography



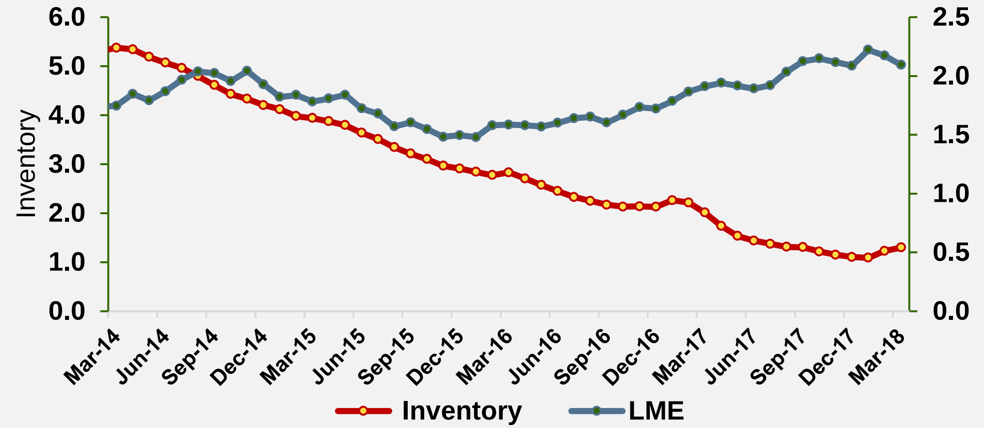


Key Market Factors

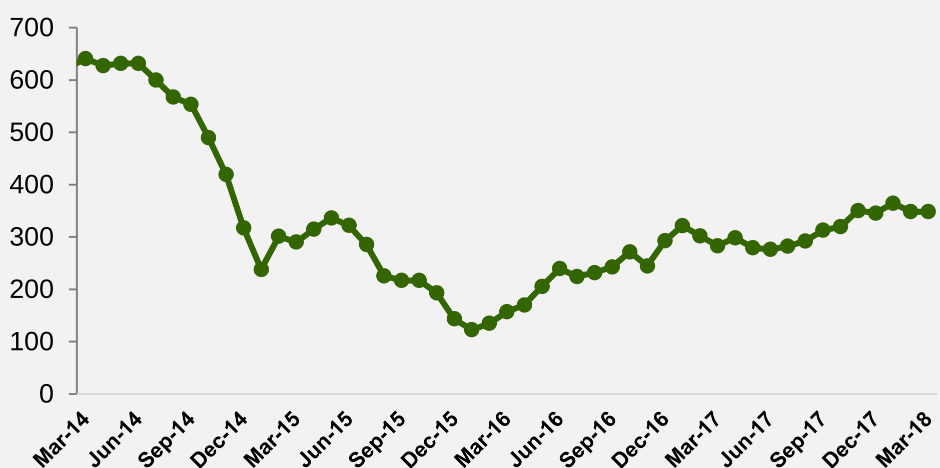
Aluminium : Production & Demand (Million Tons)



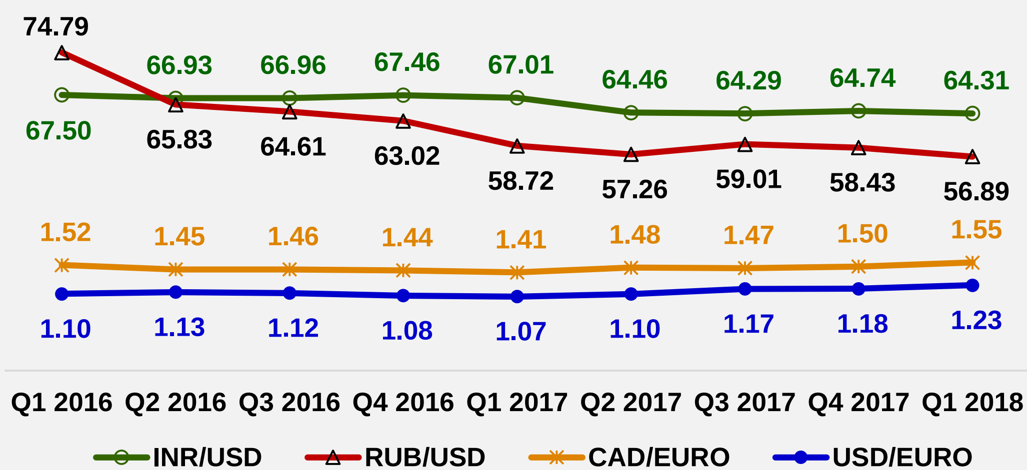
Aluminium: Inventory (Million Tons) vis-à-vis LME (000 US$ per Ton)



Fuel Oil (US$ per Ton)



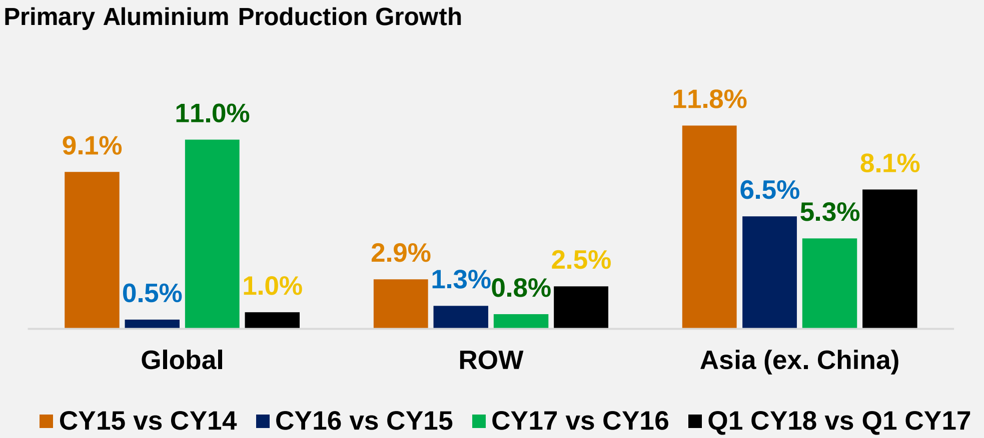
Foreign Exchange Movements

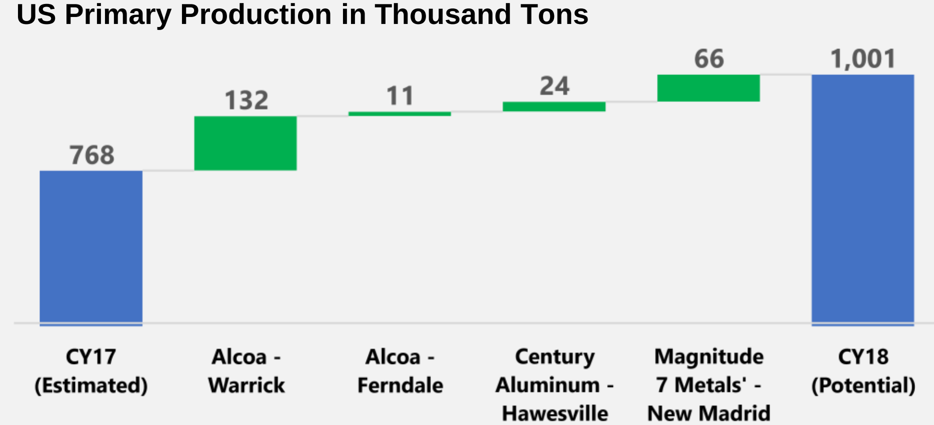


Primary Aluminium production continue to grow contributing to demand for Carbon products.

Source: Management Estimate and Industry Updates

Market Updates



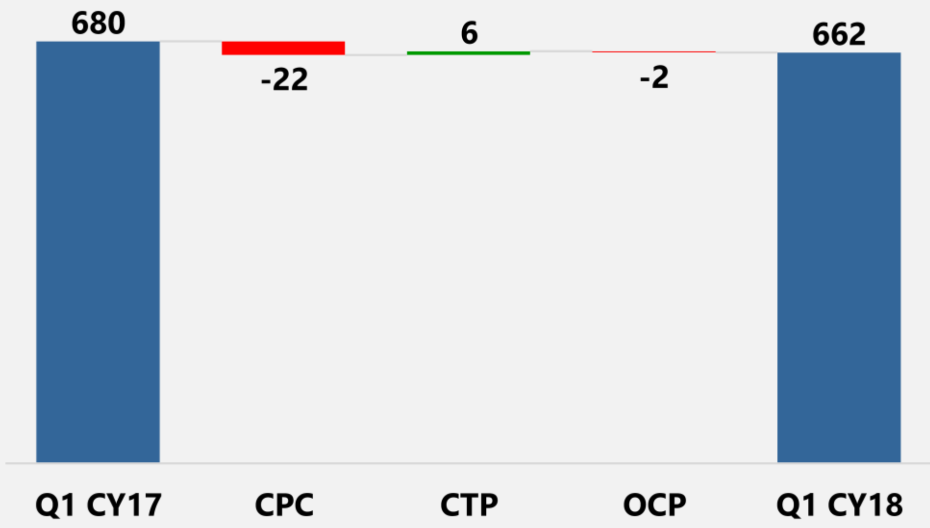


Geopolitical Updates:

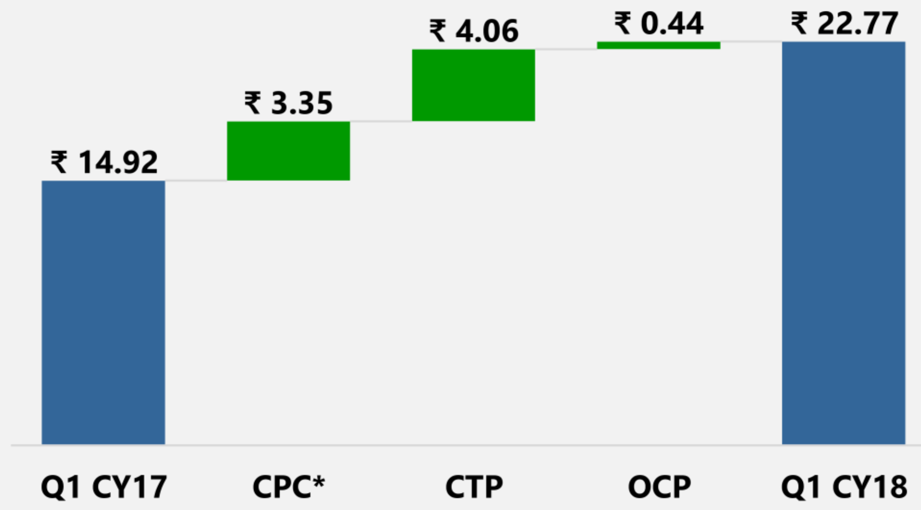
- In March 2018, US imposed 10% tariff aluminium imports with exemption for Canada & Mexico.
- In January 2018, India implemented the increase of import duty from 2.575% (incl. 3% cess) to 11% (incl. 10% surcharge) on petroleum coke with immediate effect.
- US sanctions on Rusal, a 6% supplier of global aluminium. US Treasury Department extended the deadline for unwinding business with Rusal from June to October and pointed out a path of sanction relief. Rusal may restructure its assets in near future to overcome the implications.
- Under judicial orders after allegations of a toxic leak, 50% capacity shutdown made by Alunorte refinery, the world’s largest refinery in northern Brazil owned by Norway’s Norsk Hydro ASA. Alunorte refinery may return to full production over next six months.
- Amidst curtailments on environmental protection lines, production increased in China by 13% during CY17.
- As a part of ongoing efforts to move smelting capacity to more remote areas to reduce environmental impact on large population, the China’s Shanxi Province offered incentives for smelters willing to transfer smelting capacity to the north-eastern province. Availing this, a smelter has commenced construction of 500,000 tons p.a. smelting capacity in CY17

Carbon Business Performance – Q1 CY18

(₹ in Billions)



Sales Volumes (Tons in Thousands)



**Includes Energy Revenue*

Revenue (excluding other operating income)

Highlights in Q1 CY18

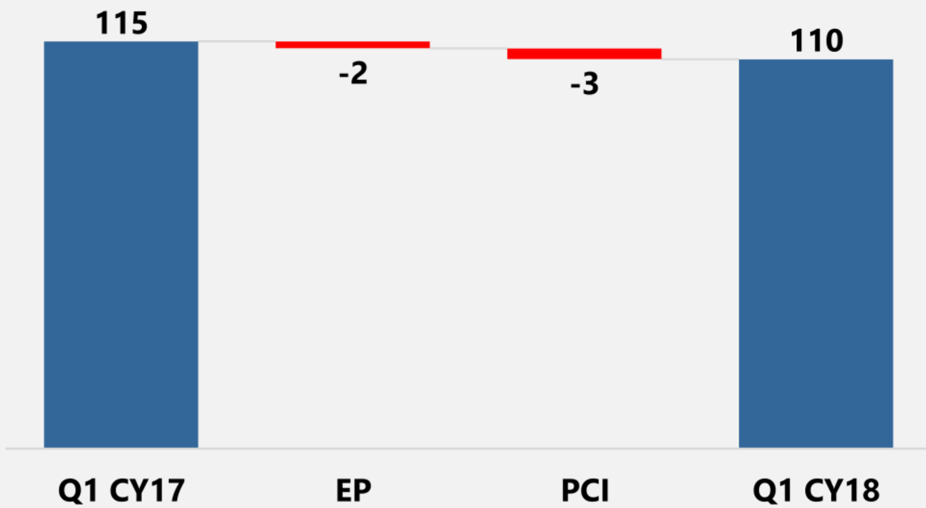
- Revenues increased due to higher quotations across all Carbon products, increase in sales volume of CTP and the appreciation of Euro against the INR partially offset by depreciation of USD against the INR.
- CPC volumes decreased due to prolonged negotiations with customers on higher import duties enacted in India.
- Adjusted EBITDA from Carbon business in Q1 CY18 is ₹5.5 billion as against ₹2.8 billion in Q1 CY17.

CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

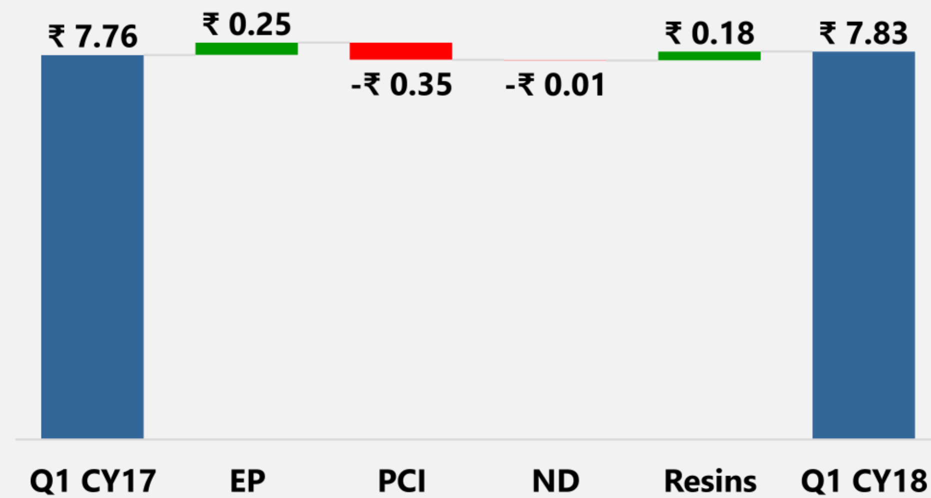
Note: Charts Not to scale

Advanced Materials Business Performance – Q1 CY18

(₹ in Billions)



Sales Volumes (Tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY18

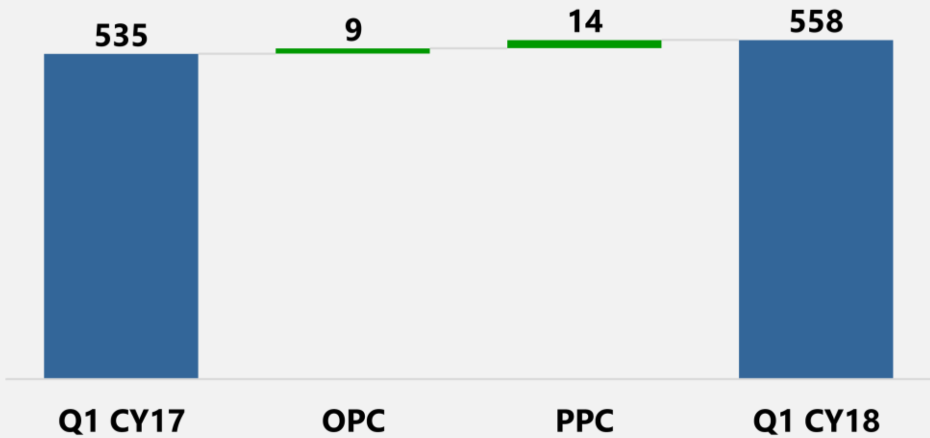
- Increase in revenue from engineered products and resins contributed to an increase in revenue from Advanced Materials business.
- Appreciation of Euro against the INR and dollar coupled with improved quotations contributed to an increase in revenue from advance material business.
- Adjusted EBITDA from Advanced Materials business in Q1 CY18 is ₹0.9 billion as against ₹1.5 billion in Q1 CY17.
- Performance of advanced material business impacted due to increase in operating expenses and higher raw material quotations resulting from the appreciation of Euro.

EP – Engineered Products; PCI – Petro Chemicals Intermediates; ND – Naphthalene Derivates

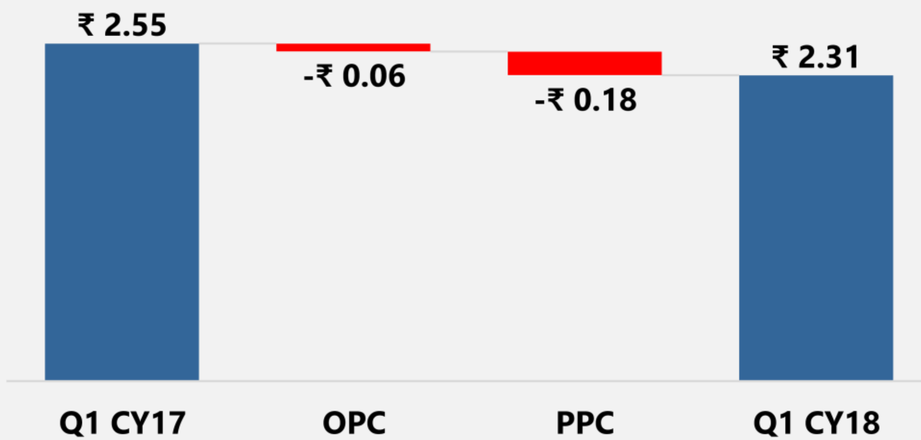
Note: Charts Not to scale

Cement Performance – Q1 CY18

(₹ in Billions)



Sales Volumes (Tons in Thousands)



Revenue (excluding other operating income)

Highlights in Q1 CY18

- Revenue from Cement business decreased by ~ 9.3% mainly due to decrease in realisations by ~ 13.0% in Q1 CY18 compared to Q1 CY17, partly offset with ~ 4.3% increase in volumes.
- Adjusted EBITDA from Cements business in Q1 CY18 is ₹0.2 billion as against ₹0.1 billion in Q1 CY17.
- Higher volumes coupled with lower operating cost improved the Adjusted EBITDA by ~ 52.4%.
- Construction of 4.1 MW WHR in Nalgonda plant with a project outlay of ₹ 0.5 billion is under considerable progress and estimated to commence operation in beginning of CY2019.
- Cement demand will increase due to increased projects from the Government relating to infrastructure and implementing rural housing schemes.

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts Not to scale

Consolidated Debt Position

US$ in Millions	Mar.'18	Dec.'17
Senior Secured Notes		
- 8.25% USD Bonds (due in 2021)	-	247
- 8.50% Euro Bonds (due in 2021)	-	242
- 7.25% USD Bonds (due in 2025)	550	550
Euro Term Loan B	483	-
Other Term Debt	69	69
Gross Term Debt	**1,102**	**1,108**
Add: Working Capital	53	50
Gross Debt	**1,155**	**1,158**
Less: Cash and Cash Equivalents	101	147
Less: Deferred Finance Cost	20	12
Net Debt	**1,034**	**999**
LTM Adjusted EBITDA	386	349

Highlights in Q1 CY18

- Cash balance of US$101 million and unutilised working capital facilities of US$ 139 million.
- The 2021 Notes were refinanced on Jan. 16, 2018 with the issuance of a Euro-denominated Term Loan B of € 390 million at an interest rate of EURIBOR (with a 0% floor) +300 bps.
- Impact of refinancing:

US$ in Millions	Mar.'18	Dec.'17
Gross Debt Leverage Ratio	3.0x	3.3x
Net Debt Leverage Ratio	2.7x	2.9x
Interest Coverage Ratio	6.7x	4.2x
Avg. Interest Rate (Pre-tax)	5.22%	7.56%
Avg. Interest Rate (Post-tax)	3.50%	5.06%
% of Euro Term Debt	44.27%	22.06%
% of Debt with Floating Interest rate#	48.85%	4.56%

 # Majority of debt is repayable in structured instalments and eligible for accelerated repayments.

Net Working Capital & Debt Repayments

Net Working Capital:

₹ / $ in Millions	Mar.'18	Dec.'17
Inventories (₹)	24,633	19,985
Trade Receivables (₹)	14,836	16,873
Trade Payables (₹)	(12,227)	(11,512)
Net Working Capital (₹)	**27,242**	**25,346**
Net Working Capital ($)	**419**	**396**

Increase of US$ 23 million in net working capital has resulted in increase in working capital loan by US$ 3 million.

Scheduled Repayments of Term Loan:

	$ in Millions
Term debt as on March 31, 2018	1,102
Scheduled Repayments:	
- CY18	24
- CY19	5
- CY20	14
- CY21	12
- CY22	7
- Later Years	**1,040**

Flexible to accelerate repayments against Term Debt of US$ 552 million, depending on cash-flows.

RAIN – Key Business Strengths

RAIN CARBON INC.

RÜTGERS

RAIN CARBON INC.

RAIN CII

RAIN CARBON INC.

PRIYA CEMENT

Lives Forever

- Three business verticals (Carbon, Cement and Advanced Materials)
- Global presence with 2.1 million tons p.a. calcination capacity, 1.0 million tons p.a. CPC blending capacity, 1.35 million tons p.a. coal tar distillation capacity and 4.0 million tons p.a. cement capacity
- Transforming by-products of oil and steel industries into high-value carbon products
- Long standing relationships with raw material suppliers and end customers
- Leading R&D function drives continuous innovation
- Diversified geographical footprint with advantaged freight and logistic network
- Facilities with overall 125 MW co-generated energy
- Refinancing at lower interest rate
- International management team
- Strategy shift from low margin products to favourable product mix

RAIN Group continues to grow on its core competencies.

Appendix

Summary of Statement of Operations

₹ in Millions

Particulars	Q1 CY18	Q4 CY17	Q1 CY17	CY17
Net Revenue	32,911	31,245	25,226	113,919
Other Operating Income	151	203	123	552
Revenue from Operations	**33,062**	**31,448**	**25,349**	**114,471**
Adjusted EBITDA	**6,621**	**6,872**	**4,414**	**22,702**
Adjusted EBITDA Margin	*20.0%*	*21.9%*	*17.4%*	*19.8%*
Profit before share of profit of associates, exceptional items and tax	**4,060**	**4,345**	**1,717**	**12,633**
Exceptional Items	-	1,133	670	1,803
Share of Profit of Associates	-	9	-	9
Profit Before Tax	**4,060**	**3,221**	**1,047**	**10,839**
Tax Expense, including Exceptional Tax Benefit in Q4 CY17	1,403	37	400	2,918
Non-controlling Interest	145	112	55	285
Net Profit	**2,512**	**3,072**	**592**	**7,636**
Adjusted Net Profit	**2,512**	**2,977**	**1,028**	**7,977**
Adjusted Earnings Per Share in (₹)*	7.5	8.9	3.1	23.7

Quarterly EPS is not annualized.

Thank You