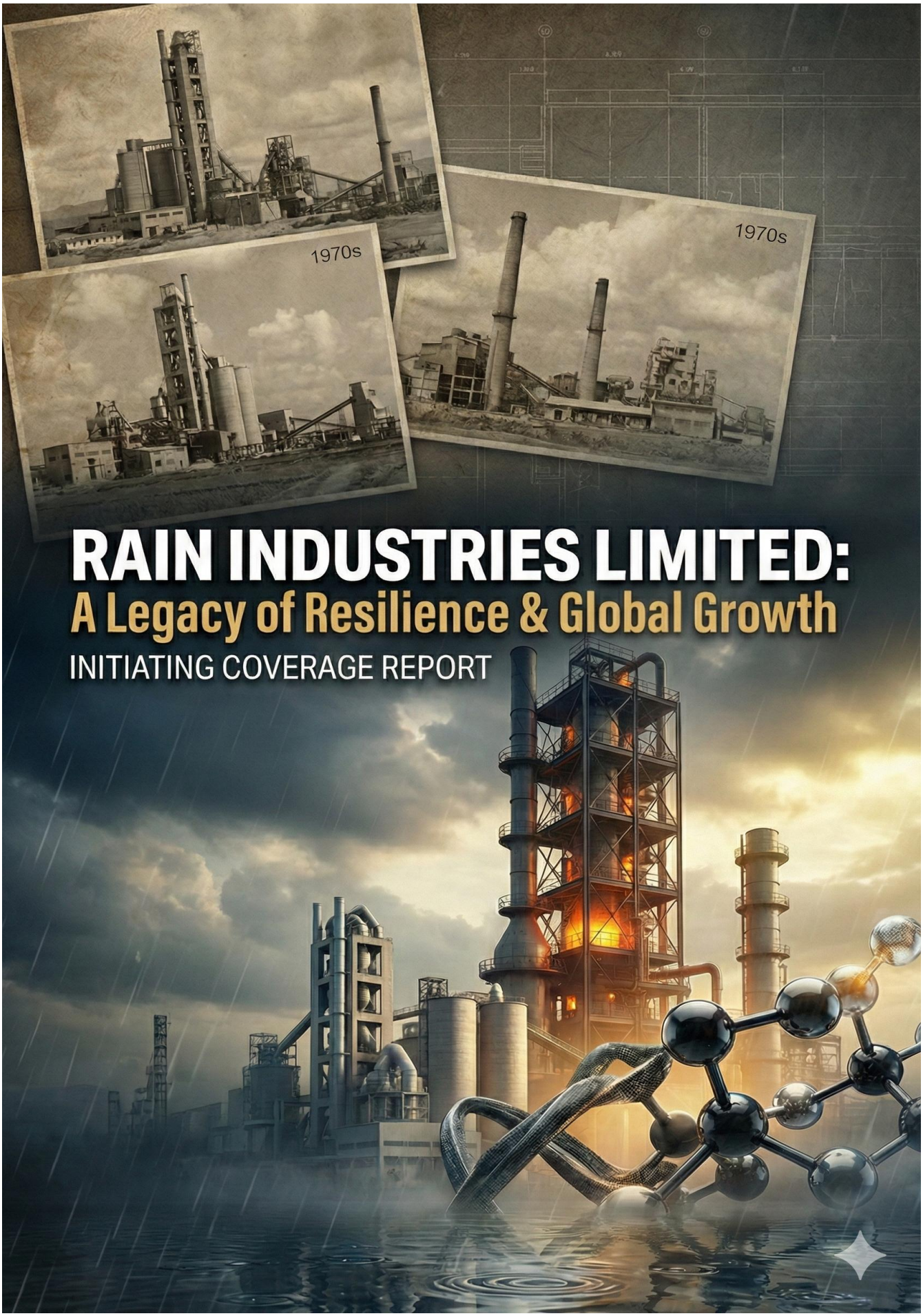


RAIN INDUSTRIES LIMITED:

A Legacy of Resilience & Global Growth

INITIATING COVERAGE REPORT

ArihantCapital
Generating Wealth

INITIATING COVERAGE
11th Dec 2025

Rain Industries Ltd

Unlocking Value Through Higher Utilization and Improved Raw Material Access

CMP: INR 103

Rating: BUY

Target Price: INR 352

Stock Info	
BSE	500339
NSE	RAIN
Bloomberg	RAIN:IN
Sector	Petrochemicals
Face Value (INR)	2
Mkt Cap (INR Bn)	34.88
52w H/L (INR)	197/99.8
Avg yearly Vol (in 000')	1,528

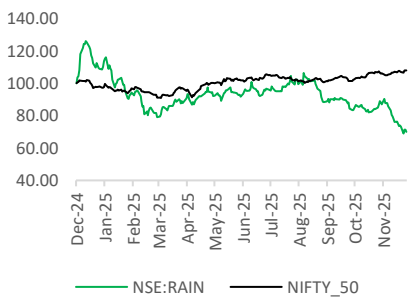
Shareholding Pattern %
(As on Sep, 2025)

Promoters	41.19%
Public & Others	58.81%

Stock Performance (%)	1m	6m	12m
RAIN: NSE	-14.9	-32.1	-44.8
Nifty_50	+0.7	+2.95	+5.04

Valuation summary Y/E Mar, Rs mn	CY2025E	CY2026E	CY2027E
Net Sales	168.48	187.98	220.74
EBIDTA	20.61	23.37	26.84
Net Profit	6.51	8.74	11.05
PAT Adj	6.51	8.74	11.05
Diluted EPS	19.36	25.97	32.86
PER, x	5	4	3
EV/EBIDTA, x	4.73	3.92	3.02
ROE, %	9%	11%	12%

Rain Industries Ltd Vs Nifty 50



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Rain Industries Limited (RAIN) is a leading, vertically integrated global producer of essential raw materials, operating a diversified portfolio that supports multiple industrial value chains. The company operates across three core segments: Carbon, Advanced Materials, and its 40-year legacy Cement business under the brand "Priya". Each segment is contributing to its strong global footprint and long-standing customer relationships.

Investment Rationale:

Rising Aluminium Demand Fuels Growth in Carbon Segment: The company's carbon business is directly linked to aluminium production, where calcined pet coke (CPC) and coal tar pitch (CTP) are critical raw materials. As one of the world's largest CPC and CTP producers, with ~2.4 Mn TPA of calcination capacity and ~1.3 Mn TPA of coal tar distillation capacity, the company is well placed to benefit from rising demand. Global aluminium consumption is expected to grow at ~4% CAGR through 2030E, while India's demand is set to increase from 5.5 Mn tons to ~9 Mn tons by FY33E. With ~0.4 tons of CPC required for every ton of aluminium, this translates to a CPC requirement of ~3.6 Mn tons (on 9 Mn tons of aluminium) by FY30E, offering strong multi-year visibility for carbon segment.

Improved Raw Material Access to Support Higher Utilization in the Carbon Segment: Historically, Indian calciners operated at only ~50% utilization due to strict limits on GPC imports, which significantly restricted raw material availability. The Supreme Court's decision to raise the national GPC import cap to 1.90 Mn tons from 1.40 Mn tons has removed this bottleneck, enabling capacity utilization to recover toward the 70-75% range. Rain received 484k tons of GPC allocation in CY25 vs ~200k tons in CY24, along with a separate 370k tons allotted for its SEZ plants. The company also commissioned the final furnace, increasing CPC capacity to ~350k TPA. With these improvements, utilization has already risen to ~90% in Q3CY25 and is expected to reach ~95% by CY26E, supporting steady volume growth in the carbon segment.

Operational Recovery in Advanced Material Business: The Advanced Materials business, with 650k TPA capacity and ~63% utilization in CY24, has faced headwinds from the higher energy cost in Europe and tight feedstock availability. With energy costs now stabilized at €30-40/mmbtu, the segment is witnessing a tangible margin recovery compared to historical highs. The **HHCR plant in Germany**, utilizations is expected to improve from 30% to 60-65% by CY25E. Further the efficiency will increase by using bio-based raw materials at two German plants, allowing the company to produce high-quality new formulations on existing production lines.

Accelerating future growth through R&D in Energy & Battery Anode Materials: To reduce exposure to cyclical commodity risks and capture higher value, the company channeled INR 638 mn into R&D in CY24, significantly strengthening its pipeline for energy storage materials and battery anode materials. The development of a new R&D facility in Hamilton, Canada, marks a critical step in entering the NA EV supply chain. Proprietary products such as **LIONCOAT** and **PETRORES** are already gaining traction in Li-ion battery applications. The company also partnered with China Steel Group to enter the **Meso-phase Carbon Micro-Bead (MCMB)** market and a CAD 3 mn joint investment, supplying materials for small rechargeable batteries used in power tools and defense applications, with commercialization targeted for FY27E. Further the company has achieved sustainability credentials with the NOVARES-Eco product line, enabled by ISCC-Plus certification.

Cement Demand Recovery and Capacity Expansion: The cement business has been operating for 40 years, runs two plants with a total capacity of 4.3 mn tons and achieved utilization of 70%. After two tough years due to weak industry conditions, demand in South India is improving, supported by housing, infrastructure projects, and the ongoing development of Amravati. To capture this recovery, the company is expanding its clinker capacity by 1.5 mn tons to 2.5 mn tons and cement capacity to 3.8 mn tons. The expansion is funded through internal accruals and is expected to see a INR 100/ton increase in EBITDA once operationalized.

Margin Improvement Driven by Operational Efficiency and Stabilizing Energy Cost: Overall EBITDA margins are expected to increase to 12.2% in CY25E from 5.1% in CY23, guided by improved CPC prices, relaxed import restrictions, and a shift towards high-margin specialty products. In the Calcination segment, the resumption of global GPC blending and stable raw material (GPC) costs are pushing EBITDA margins toward ~14% in CY25E, providing clear visibility for expansion in CY26E. The Advanced Materials segment is also seeing margin recovery due to stabilized energy costs and higher HHCR (water white resins used for food packaging) utilization, which helps offset ongoing pressure from Asian competitors in the coal tar resins market. While the Canada R&D center will not contribute to revenue in the near term, its innovation is critical for formulating new materials to build a strong battery material supply chain and energy storage.

Valuation & Outlook: **With the near-term challenges in feedstock availability and steady growth in Advanced materials segment shifting towards less cycle products through ongoing R&D work in battery materials and partnership in the EV supply chain. The carbon business is set to benefit from stronger aluminium demand, higher GPC availability, and rising utilization, with management expecting Indian operations to reach ~95% by CY26E. In cement, demand recovery in South India and the company's brownfield expansion, is expected to improve profitability by INR 100/ton EBITDA once fully operationalized. We are estimating a revenue CAGR of 12.8% for CY24-CY27E, and RoE is expected to improve from -7% in CY24 to 12% in CY28E. The stock is trading at EV/EBITDA of 4.7x based on CY25 EBITDA. At the CMP of INR 103 per share, we initiate a "BUY" rating at a TP of INR 352 per share, valued at an SOTP, implying an upside of 242%.**

Rain Industries CY28E based implied valuation	Carbon	Chemical	Cement	
CY28E EBITDA (INR Mn)	23,477	3,240	2,688	29,405
EV/EBITDA (x)	**5.0x**	**5.0x**	**6.5x**	**5.5x**
EV (INR Mn)	117,383	16,201	17,472	151,056
Net Debt/(cash) (INR mn) - CY28E end				32,580
Market Cap (INR mn)				118,476
Share outstanding (mn)				336
Value per share (INR) - CY28E				352.24
CMP (INR)				103
Upside/Downside (%)				**242.0%**
Rating				**Buy**

Source: Company reports, Arihant Capital Research

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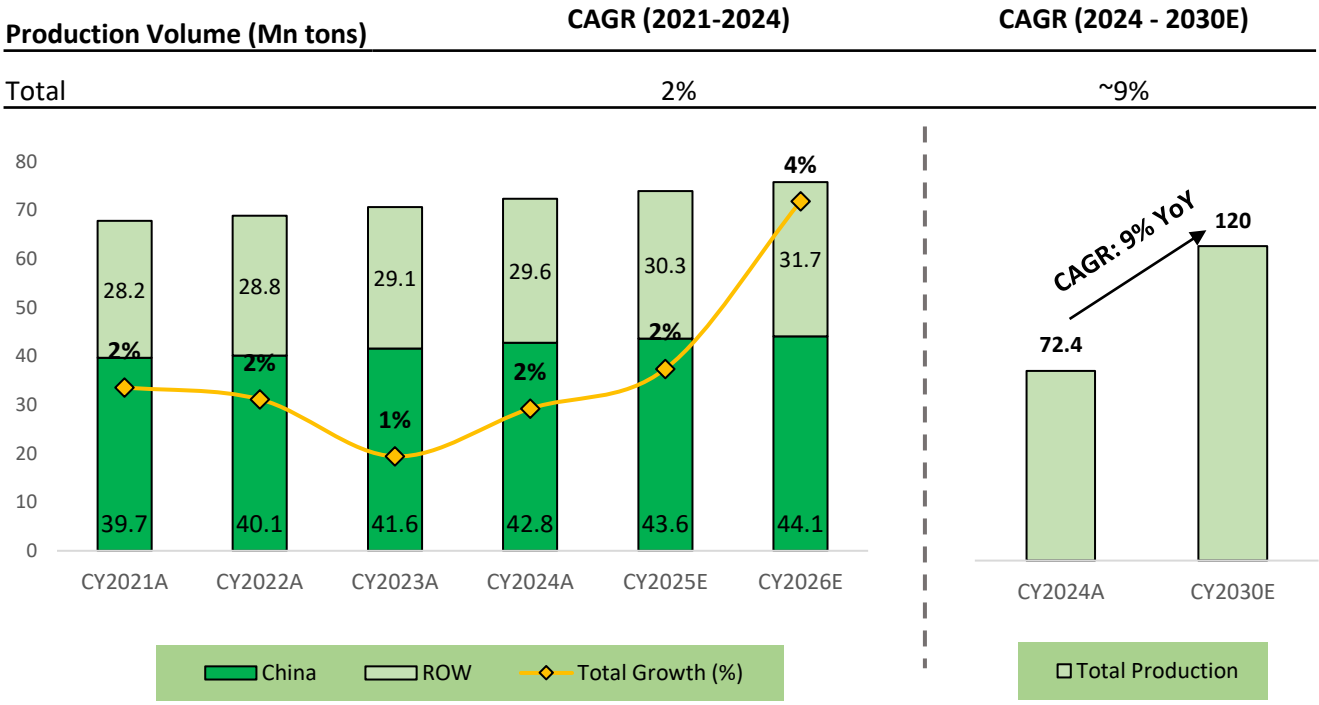
Investment Rationale

Global demand for aluminium is likely to grow by around 40% by 2030E.

Rising Aluminium Demand Fuels Growth in Carbon Segment: The long-term growth for company's carbon (calcination) business remains structurally positive, mainly supported by the rise in global aluminium demand and the push toward clean energy. Global demand for aluminium is likely to grow ~40% by 2030E, led by China, Asia (exc China), North America, and Europe, together making up about 90% of the total global consumption. Between 2024 and 2030E, aluminium demand is expected to increase at a steady pace of about 9% CAGR, supported by the ongoing shift toward EVs, renewable energy, and infrastructure expansion.

India, which is the second-largest aluminium producer and third-largest consumer, with a capacity of around 6-6.2 Mn tons and low per capita consumption of 3.1 kg compared to the global average of 12 kg. Demand is expected to nearly double to 9 million tonnes by 2033, driven by sectors like construction, power, renewables, electric vehicles, and defence.

Overall Production Volume of Aluminium by Production Methods (Global), 2021-2030E

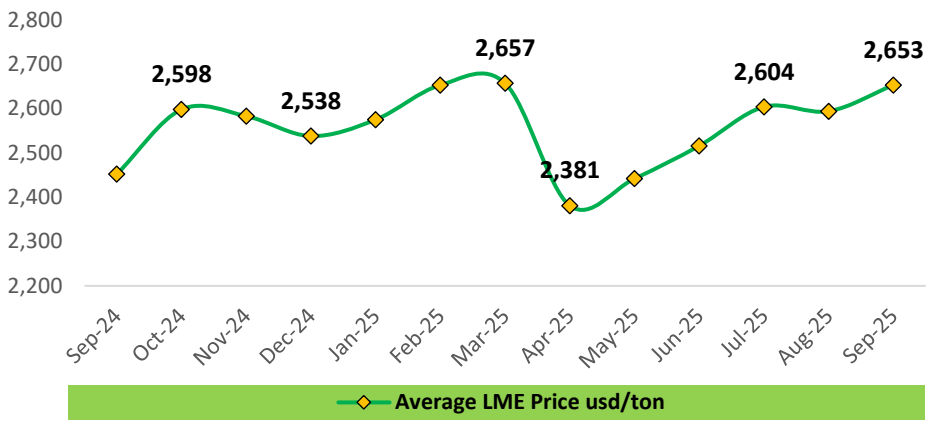


Source: *Industry Reports, Arihant Capital*

A major factor supporting the company's growth is the structural shift occurring in the global aluminium industry. **China has capped its primary aluminium production capacity at 45 Mn tons to control energy consumption.** This limits incremental production from China, causing the growth in demand for materials like CPC and CTP to shift to non-Chinese smelters, particularly those in India, Indonesia, and the Middle East. The company has an integrated global facility and flexible logistics networks to capture the increasing demand outside China.

Aluminium Price Scenario: The avg LME aluminium price for sept-25 was USD 2,653/tons vs USD 2,452 previous year, decline growth of 8.2%. The avg LME prices in CY24 was USD 2,526/tons. This LME prices have been volatile, due to geopolitical tensions, and sanctions on Russia initiating tariffs by US of 25% on steel and aluminium imports. Japan's MJP premium was priced at USD 228 in Q12025, up 30% vs Q42024, due to supply concerns.

Average LME Aluminium Price (USD/tons)

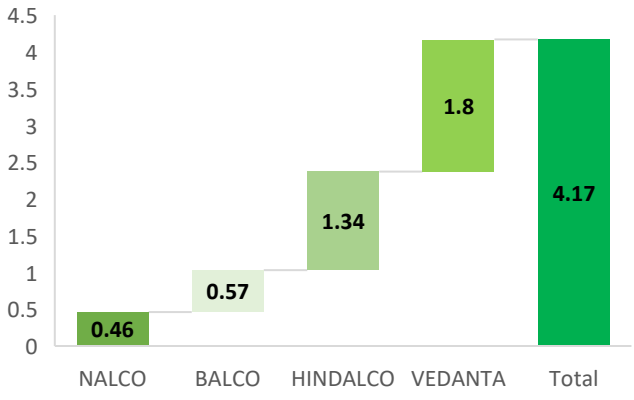


Source: *LME Price, Arihant Capital*

Aluminium consumption in India is expected to grow at a CAGR of 8.3% over the period of FY25-30E.

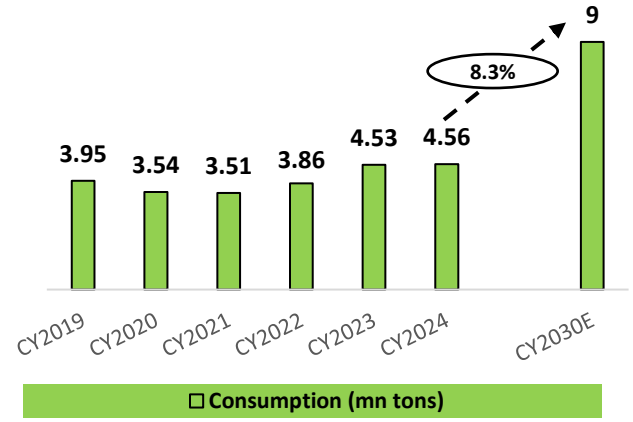
Aluminium demand in India is expected to almost double from 5.5 Mn tons to 9 Mn tons by FY30E. The rise will mainly come from the transportation, construction, packaging, and electrical sectors, which together contribute around 3/4th of total demand. Among these, the transportation sector, especially electric vehicles, will lead the growth, as EVs require lightweight metals like aluminium to improve efficiency. Higher aluminium use in battery manufacturing, solar panels, and electric wiring will further boost demand. It is estimated that aluminium used in EVs alone will reach 31.7 Mn tons by 2030E.

India's primary aluminium capacity (in Mn tons)



Source: *Ministry of Mines, Arihant Capital*

Aluminium consumption in India is expected to grow at a CAGR of 8.3% over the period of FY25-30E.



Source: *Big Mint, Industry Report, Arihant Capital*

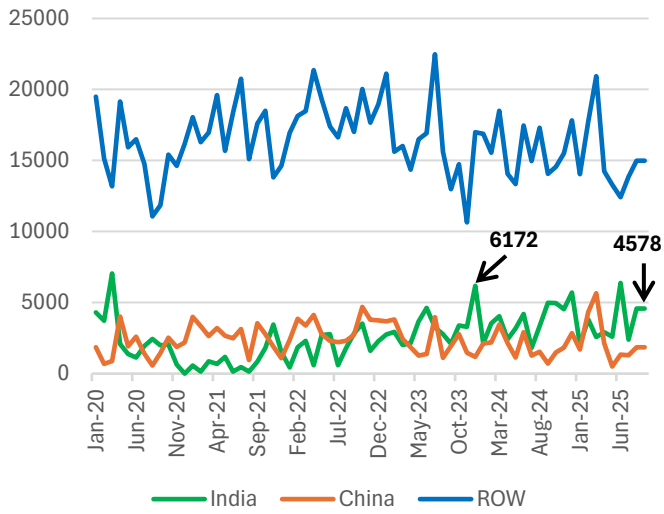
Aluminium Capacity Expansion: To meet the growing demand, major Indian aluminium producers are expanding their production capacities. **Hindalco Industries is adding 440k tons of new capacity**, while **BALCO is increasing its smelting capacity by 435k tons, taking its total capacity to about 1 Mtpa**. **NALCO is also expanding its alumina refinery capacity by 1 Mtpa.** Together, these expansions represent over USD 5 Bn of investment in the next few years, which will further improve India's aluminium production base.

Producing one ton of aluminium requires ~0.4 tons of CPC; thus, 9 Mn tons by 2030E will require ~3.6 Mn tons.

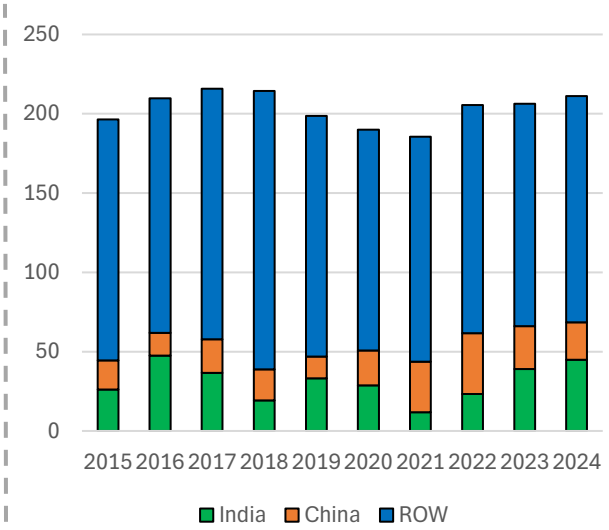
Stronger Aluminium Output to Lift CPC Demand: Aluminium smelting requires carbon anodes, which are made using calcined petroleum coke (CPC) and coal tar pitch (CTP). CPC is produced by heating green petroleum coke (GPC) at around 1300°C, which removes moisture and volatile matter to make a high-carbon product suitable for aluminium production.

On average, **producing one ton of aluminium requires about 0.4 tons of CPC, that for 9 Mn tons of aluminium production by 2030E will require ~3.6 Mn tons of CPC. Since ~70% of global CPC production is consumed by the aluminium sector**, any increase in aluminium production directly raises CPC demand. With global aluminium output expected to increase steadily, CPC consumption will also move in the same direction, providing long-term growth visibility for Indian calciners.

U.S. Exports of Pet Coke (Monthly thousand barrels)



U.S. Exports of Pet Coke (Annual Mn barrels)



Source: *U.S. Energy Information Administration, Arihant Capital*

China shifting to mid sulphur coke to increase supply of high-quality anode grade coke.

China Shifts to Mid-Sulphur Coke as Anode Demand Spikes and Indian Imports Surge: China is the largest producer of aluminium in the world. The Chinese aluminium smelters are maximizing their output due to high profit margins by increased aluminium prices. While strong Chinese aluminum demand supports CPC prices, the market for CPC prices remains illiquid due to wide gap in expectation of buyers and sellers price expectations. Chinese calciners faced challenges due to higher raw material prices of GPC with the sharply risen demand for battery anode.

Anode grade pet coke prices have risen due to strong demand and tightening domestic supply in China. Traders are bidding higher prices for low-sulphur GPC, with prices for high-quality cargoes reaching about $415/wmt. The CPC market remains illiquid with buyers and sellers' prices remained wide apart. China GPC and CPC prices have increased due to strong demand and supply constraint. Low-sulphur GPC prices rose to USD 397.5/t, while CPC prices were at USD 485/t. China is planning to shift from high sulphur to mid sulphur coke (1.5-2% sulphur) as to increase its supply of high-quality anode grade coke suitable for aluminium and batteries. It is expected to **increase its import of mid sulphur coke to 200k tons/yr**.

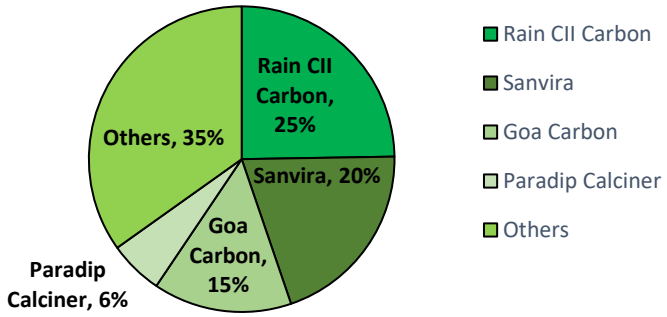
US is the largest global exporter of GPC and India is the biggest importer of it.

The **US is the largest global exporter of GPC and India is the biggest importer of it**. In July-25, **total US coke exports reached ~2.5 Mn tons**, -3% YoY. **India imported ~435,600 tons of GPC, increased by 35% YoY.**

Availability of GPC in India increased, with the increase import allowance of 1.90 mn tons. Increasing the allocation from 50% to 70-80% range.

Improved Raw Material Access to Support Higher Utilization in the Carbon Segment: The Carbon segment is set to benefit from better availability of Green Petroleum Coke (GPC) after the Supreme Court's decision in Feb-24 to raise the national import cap to 1.90 Mn tons from 1.40 Mn tons. Earlier restrictions had limited raw material supply and kept utilization of CPC processing at low levels of around 50%, but with the revised cap on the import restriction has removed this long-standing bottleneck and improved good order visibility for Indian calciners.

DGFT GPC allocation Quota FY26, 1.87 Mn Tons



Source: DGFTR, *Industry Report, Arihant Capital*

Rain Industries has received an initial GPC allocation of 484k tons in FY25 for its Domestic Tariff Area (DTA) unit, higher than 408k tons in FY23. In addition, the company can source an additional 60k-120k tons domestically, which supports utilization in the 75-80% range. As in earlier years, more GPC allocations may come later in the mid-cycle. The SEZ calcining plants get a separate 370k tons, meant only for exports, ensuring a steady raw material supply for smooth operations.

The company is the second largest producer of calcined petroleum coke (CPC) and the largest producer of coal tar pitch (CTP). **It operates seven calcination plants, five in the United States and two in India, with a total capacity of around 2.4 Mn tons per year.** The key customers include the aluminium, titanium dioxide (TiO_2), and graphite industries.

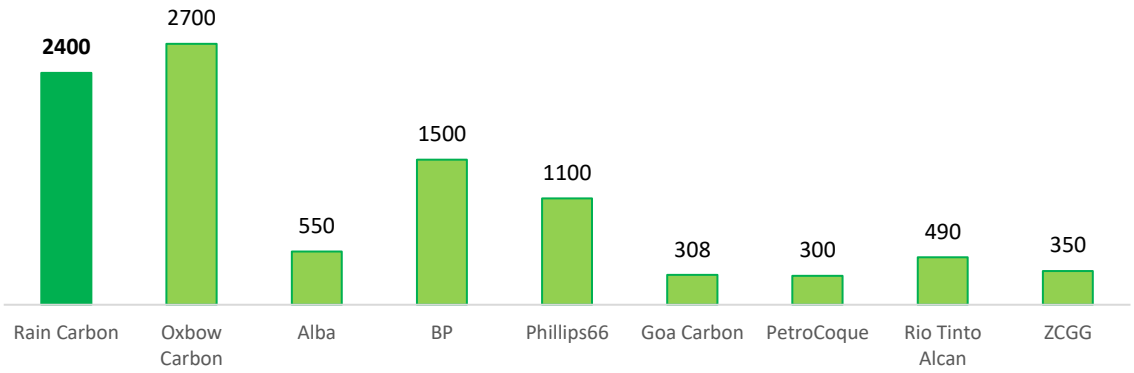
With the recent increase in GPC import limits in India, Rain's domestic operations can now run at higher capacity utilization of ~95% compared to the current levels of 80-85%, ensuring better output and cost efficiency. This puts the company in a strong position to capture the benefits from the upcoming expansion in India's aluminium industry and the overall global demand uptrend.

In summary, with a clear demand linkage to aluminium production, strong operational base, and improving raw material availability, Rain Industries is well placed for steady growth in its carbon segment over the next several years.

The last two furnace will raise CPC capacity to 350k vs 200k TPA in recent years.

A key development during the year was the government approval allowing the company to import raw materials for the Atchutapuram facility. **This enabled the company to commission the last two furnaces at its shaft calcining plant in H2CY24, raising CPC capacity to 350k TPA, compared to less than 200k tons in recent years.** Revised import allocations have also helped achieve ~90% utilization in Q3CY25 vs only ~50% in CY23, improving overall throughput. Management expects utilization at the Indian facility to reach ~95% in CY26E, while the U.S. operations are expected to remain at ~75%. With higher allocations of GPC quota and stable, improving demand from the aluminium demand, the Carbon segment is expected to grow by around 10% YoY in CY26 and ahead.

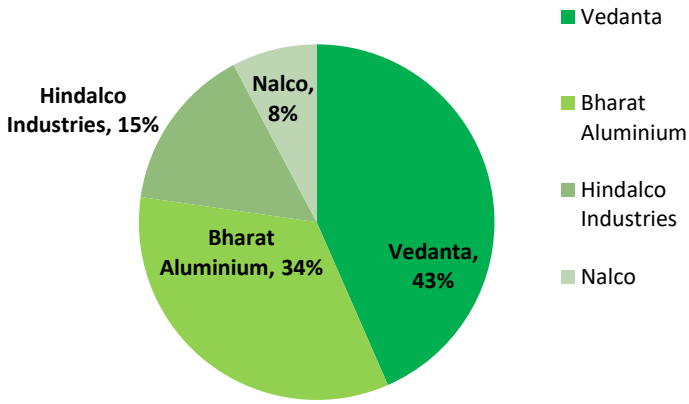
Rain CII is the second largest CPC producer globally, (capacity in ktpa)



Source: *Industry Report, Arihant Capital*

Higher domestic supplies limit CPC imports: India has allocated more import quotas of CPC from a year earlier for the CY25, while allocations of GPC quota to calciners are marginally lower on the year. The 775k tons CPC quota for FY26 was made to four aluminium smelters.

DGFT CPC allocation Quota CY25, 775k Tons



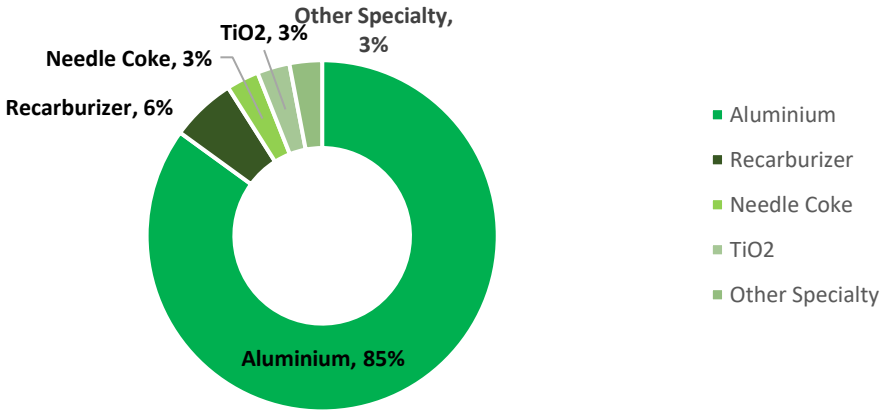
Source: *DGFT, Industry Report, Arihant Capital*

Calciners and smelters are expected to purchase seaborne GPC and CPC based on these quotas. We see a sharp increase in domestic CPC output and supplies because of higher GPC import quotas and a price advantage compared to the seaborne market, limited smelters' imports of CPC. A higher CPC supply is already reducing India's demand for CPC imports from regions like China and the Mideast Gulf. Indian smelters are also finding themselves in a stronger position to negotiate domestic purchases and imported cargoes, with companies choosing domestic supply over imports from China. Domestic calciners are expected to be aggressive in the pricing as of increased capacity and higher economies of scale, offering quality product and price advantage.

Permanent Shift in GPC Demand Led by the BAM Sector: The rapid growth in the Battery Anode Material (BAM) industry has become a major structural buyer of high-quality GPC, changing the supply-demand landscape for calciners. BAM producers need low-metal and low-to mid-sulfur GPC and are willing to pay higher premiums compared to traditional anode grade GPC users, making their demand largely less sensitive to price. This shift has kept GPC costs elevated even when CPC demand has been soft, tightening the raw material market that RAIN depends on for its Carbon business.

Higher competition for feedstock has pushed GPC prices up across grades, and recent refinery outages in China added further pressure, driving a sharp rebound in CPC prices through late 2024 and early 2025. While this helped normalize calcination margins, the underlying challenge remains the same: securing steady and cost-effective raw material supply in an environment where BAM players continue to outbid traditional users. The company is focusing on reducing costs with the use of Anhydrous Carbon Pellets (ACP) to structurally enhance GPC by utilizing it in raw material blends.

World CPC demand by End use



Source: *Industry Report, Arihant Capital*

Opportunities and Strategic Decisions by the Company: The company is looking for both a constraint and a long-term opportunity. The near-term focus is on raw material flexibility and cost control, but the company is also participating in the growing battery materials market. RAIN is scaling up its R&D efforts at its Hamilton, Canada, facility, using technologies to develop higher-performance carbon materials for the energy storage value chain. Partnerships with Northern Graphite will transform the natural graphite processing by products into high performance battery grade anode materials, helps in maximize yield. The commercialization for this product innovation is expected within 2 years. Company also partnered with China Steel Group, helping accelerate the development of MCMB products in Q3CY25, it is a critical component for rechargeable batteries used in defense applications, power tools, and electric mobility solutions.

Advanced Materials Business Will Drive Growth Through R&D and Better Product Mix: The Advanced Materials segment acts as Rain's downstream value addition arm, converting carbon-based feedstocks into higher-value chemical products used in coatings, specialty chemicals, and construction industries. The segment delivered steady progress through CY24, supported by demand recovery and a stronger product mix. Growth was led by chemical intermediates, mainly BTX materials, while Engineered Products saw some seasonal softness in the H2CY24.

The company has a production capacity of 650k tons of advanced materials, with an overall utilization of ~63% in CY24. The segment operates facilities across Europe and North America, specifically in Belgium, Canada, Germany, and Poland. The Hydrogenated Hydrocarbon Resins (HHCR) plant in Germany faced operational challenges but has since stabilized. **HHCR utilization is expected to improve from 30% in CY23 to 40-45% in CY24 and expected to reach 60-65% by the end of CY25E**. The company utilized new raw material feedstocks at two of its plants in Germany to produce entirely new products using existing production units, this bio based raw materials, and new formulations will result in same high quality in more efficient manner. **The Phthalic Anhydride (PA) sub-segment used in the plastics products and flexible PVC products contributed ~10% to segment revenue.**

Operational Challenges and Market Headwinds

The segment is facing supply-side constraints and higher costs, particularly in Europe. Feedstock availability remained tight due to reduced cracker operations and refinery outages, and higher energy and labor expenses pressured the margins. Resin volumes came under pressure from increased competition by Asian suppliers, and a 10% tariff on resin exports to the U.S. also affected realizations. Energy costs in Europe spiked sharply from euro 10-20/mmbtu to nearly euro 300, resulting in a temporary shutdown at one of the facilities, which has **now stabilized at euro 30-40/mmbtu**, resulting in margin recovery compared to historical highs.

R&D Progress for Battery Anode Material and New Products Support Long-Term Growth

The company introduced new products like Novares LCM500 for the coating and paint industries, with **an overall R&D expenditure of INR 638 mn in CY24**. This investment will strengthen its advanced material product pipeline to lower exposure to commodity cycles and expand into higher-value materials. The company progressed its Energy Storage Materials (ESM) and Battery Anode Materials (BAM) initiatives and continued adjusting product mix to sustain EBITDA per ton through market volatility.

The newly established R&D and demonstration facility in Hamilton, Canada is under development for new carbon materials and partnerships in the NA EV supply chain. The company's proprietary LIONCOAT and PETRORES products gained further traction in lithium-ion battery applications. **The company and its Battery Anode Material (BAM) JV partner together and investing CAD 3 Mn, including CAD 0.9 Mn in government funding**, toward pilot-scale work, **with R&D expected to conclude by end-2026** and commercialization planned for FY27E.

Rain has also partnered with China Steel Group to enter the MCMB (mesocarbon microbeads) market for small-format rechargeable batteries. On the sustainability side, the Duisburg resins facility obtained ISCC-Plus certification, enabling the NOVARES-Eco product line using bio-based feedstocks. Tight petrochemical supply in Europe is also expected to support PA margins.

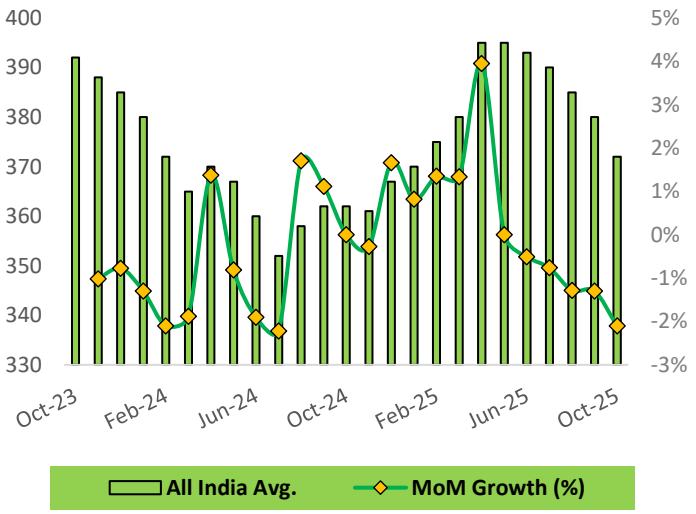
Company produces both the types of OPC and PPC (70% of total cement production).

Cement Demand Recovery and Capacity Expansion: The company operates its cement business in the South Indian market through two integrated cement plants. This is a **family legacy business** and acts as an **important diversification to balance the volatility** in the global carbon and advanced material segments.

The company produces both the types of cement OPC and PPC, with a total **current capacity of 4.3 Mn tons, operating at 70%+ utilization**. The company majorly operates in **Andhra Pradesh and Telangana**, and also distributes to Karnataka, Maharashtra, and a portion of Kerala. **Freight cost**, along with raw material and power/fuel, are the **major drivers that impact the EBITDA of this segment**. Thus, instead of expanding into other states, it is maximizing sales and market share in Telangana and AP.

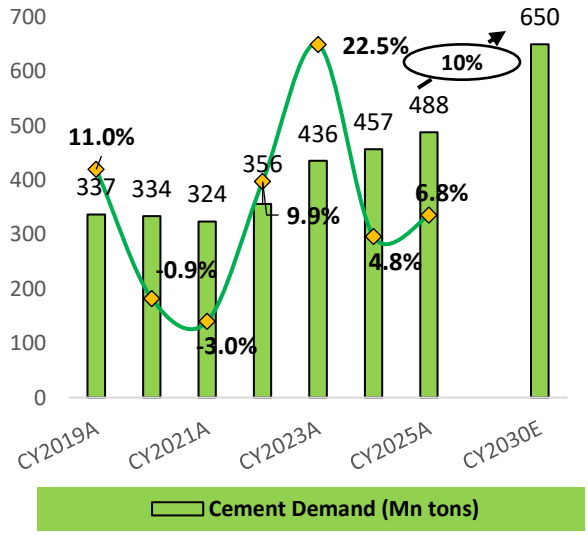
Cement demand in India clocked ~5% CAGR over FY19-25, led by infrastructure and affordable housing segments. But experienced decelerated growth by 4.5-5.5% on a high base in H1CY25, impacted by a prolonged heatwave, labor shortages during elections, and seasonal monsoon weakness in CY25. The segment also faced EBITDA losses over the last two years. However, **the Indian cement industry generally anticipates 8% growth in sales by 2025**, due to healthy demand for urban housing and increased rural consumption. The company's major share comes from Southern India, and the expected growth is fueled by strong demand from infrastructure projects, particularly the construction of new capital Amravati in Andhra Pradesh.

All-India avg prices declined INR 7.5-8/bag MoM



Source: *Industry Report, Arihant Capital*

Demand CAGR is estimated ~10% over CY25-30E



Source: *Industry Report, Arihant Capital*

India's cement demand is expected to grow healthy at ~8-10% per annum.

Over the **mid-to-long term in FY26-30E**, cement demand is expected to maintain a **healthy growth trajectory of ~8-10% per annum**, supported by sustained infrastructure investments, steady momentum in the housing sector, and continued expansion in industrial and commercial construction. The company reports, **the south of India's housing makes up ~55-60% of cement use** and expects demand rise in residential and commercial sectors as government infrastructure drive continues.

Capacity Expansion and Cost Management: To fully capture this growth, the company is undertaking a brownfield project at both the sites to increase its capacity with growing demand and can leverage this by ramping production in peak seasons between Mar-Jun, when monsoon retreats.

Company expanding its clinker capacity to 2.5 Mn ton and cement capacity from 1.5 to 3.8 Mn tons.

Increasing clinker capacity from 1 Mn tons to 2.5 Mn tons; cement capacity will also increase from 1.5 Mn Tons to 3.8 Mn Tons and waste-heat recovery power plant capacity from 5 MW to 12 MW. With an **estimated cost of INR 7.5 Bn**, funded mainly from internal accruals and minimal debt, the company also benefits from captive limestone pit heads and captive power, which helps in reducing production cost. The company expects the expansion to **add INR 150-200/ton EBITDA** once it becomes operational.

Management expects cement demand to remain strong over the next 2-3 years, supported by infrastructure and housing growth in southern India. While significant consolidation has been primarily driven from the North, it is observed that South India still hosts multiple, individual players. This consolidation over the last 1-2 years is expected to bring some stability in the cement pricing.

Strong Customer Base and Long-Term Partnerships: The company has long-standing relationships with major global customers across the aluminum, graphite, carbon black, specialty chemicals, and construction industries. These partnerships provide steady demand and match the specific customer needs. The aluminum industry remains the core market for CPC and CTP, contributing ~42% of consolidated revenues in CY24, while other products serve a wide range of end-markets.

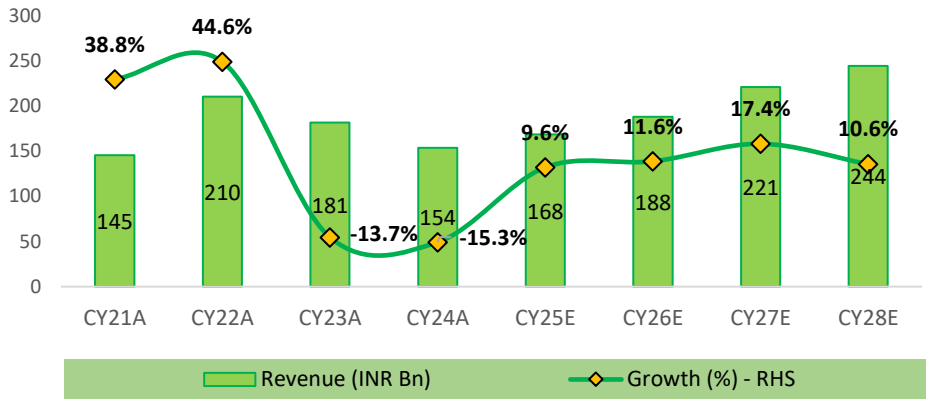
The long-term nature of these customer relationships extends to raw material procurement, where volumes needed for the next year are generally frozen or agreed upon upfront. The global blending strategy of procuring imported US-produced CPC and blending it into its SEZ facility helps customers across different regions more efficiently.

Utilizing Innovation to Meet Customer Needs: The company continues to expand its R&D capabilities to support customers seeking enhanced performance and lower-carbon materials**. Its LIONCOAT® technology enhances battery anode materials, while the NOVARES-eco line uses bio-based feedstocks to reduce carbon footprint.** The company is also working with Northern Graphite, Green Graphite Technologies, and China Steel Group to develop new battery-grade anode materials and MCMB products, helping RAIN build relevance in the growing energy storage market.
Despite facing external pressure from Asian imports in Advanced Materials and rising GPC prices due to higher demand from BAM. The company's long-term customer relationships give the company a stable base, helping it manage demand cycles and supply disruptions. **The company has a very diversified customer base with no one contributing more than 10% of total revenue.**

Financial Analysis

Revenue is expected to grow at a CAGR of 12% over the period of FY25-28E: The company has seen a decreasing trend in revenue for the CY25E. But company expects recovery is growth driven by higher volumes from and stabilized prices in the carbon segment. With the raw material availability and cost pressure remains a challenge, primarily due to intense competition from BAM industry for the procurement of low sulphur GPC and structural shift in BOF to EAF steelmaking, result in shortages of coal tar. However, the mid-long-term opportunity is strong with the removal of cap on GPC import and higher utilization of India plants and a major brownfield expansion in cement, targeting 6.6 mn ton's total capacity by CY 2027, set to capitalize on strong South Indian demand and unlock economies of scale. Furthermore, investments in R&D for Energy Storage Materials (ESM), like the LIONCOAT® carbon coating technology, position RAIN to capture high-growth, high-value opportunities in the accelerating energy transition market in the medium term.

Revenue is expected to grow at a CAGR of 12.3% over the period of FY25-28E.

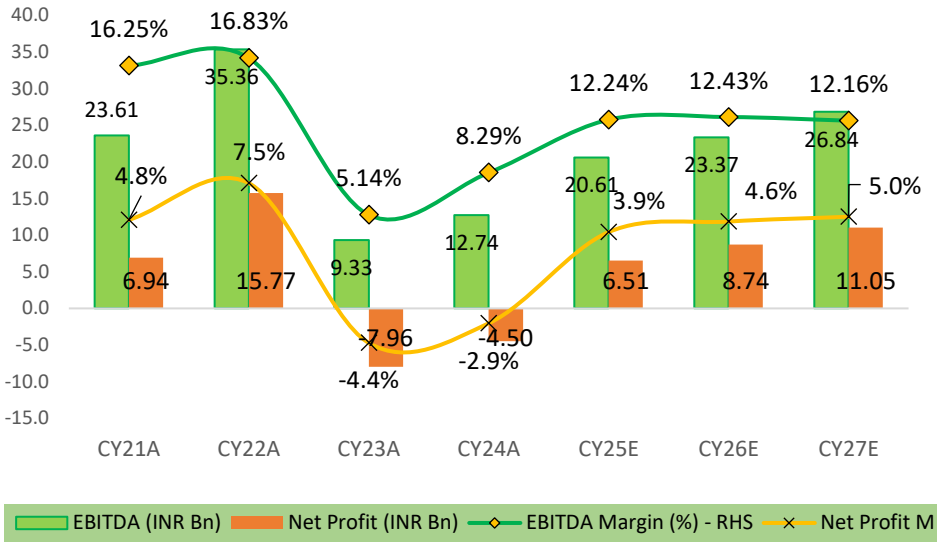


The total expense remain elevated in the last two years due to structural shift in raw material procurement, primarily by BAM as they are diverting GPC towards synthetic anode production. For European plant also faced higher energy cost resulting higher fuel cost and now has stabilized at ~euro 50-60 in CY25. The company is also doing brownfield expansion at the Suryapet cement facility, with addition of 7MW waste heat recovery, reducing the energy cost and uplifting cement EBITDA by ~50/ton of produced. This covers 40% of total capacity and expected to reach 50% of expanded capacity.

Raw material costs are increased from 51% (CY20) to 56% in (CY24); Power and Fuel cost remained steady from 6.7% (CY21) to 6% (CY24).

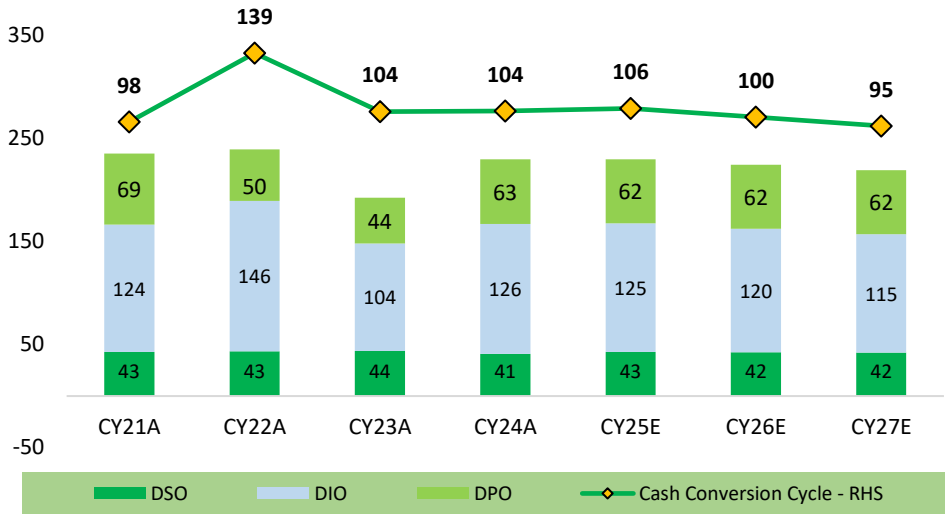
Particulars	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024
Material Cost	48841.22	74083.16	112889.93	111017.39	88531.09	94320.22
Material Cost / Net Revenue	46.7%	51.0%	53.7%	61.2%	57.6%	56.0%
Power and Fuel	5184.71	9737.75	17124.75	11548.57	8932.77	10278.41
Power and Fuel / Net Revenue	5.0%	6.7%	8.2%	6.4%	5.8%	6.1%
Employee expenses	12131.93	12372.36	13520.73	13256.45	14091.16	14320.80
Employee expenses / Net revenue	11.6%	8.5%	6.4%	7.3%	9.2%	8.5%
Packing Expense	743.58	1221.81	1264.04	1012.96	1079.96	1079.96
Stores and spares consumed	5,184.71	2,188.29	3,110.54	2,554.58	2,175.72	2,175.72
Repairs and maintenance						
Plant and machinery	2,098.88	2,217.93	2,876.49	2,766.55	2,883.76	2,883.76
Buildings	121.73	261.65	124.70	157.13	136.78	136.78
Others	980.94	1,339.81	1,141.85	2,180.08	2,617.49	2,617.49

EBITDA margins expected to remain near ~12-13% and PAT margins are expected improve with lower finance cost and steady growth.



The company's margin trend is steadily increasing to 12% after two years of pricing pressure and compression on margins, driven by delayed raw-material price resets and elevated GPC costs due to tight supply. Through CY24, consolidated EBITDA margins remained subdued as CPC and CTP realizations fell faster than raw material costs, and energy inflation in Europe further pressured Advanced Materials profitability. The Advanced Materials segment contributed 22.18% to the entity's turnover in CY24, with its Adjusted EBITDA margin rebounding significantly to 14.5% in Q3CY25. This growth is based on operational efficiency and a major shift toward high-margin specialty products. However, margins began recovering from late CY24 and strengthened meaningfully in Q3CY25 as CPC spreads improved, distillation volumes rebounded with the relaxation of import restrictions and allowance of more import through SEZ plant, and company managing its product-mix optimistically to sustain segment-level earnings. The resumption of the global blending strategy, post relaxation of Indian import restrictions along with stabilizing GPC availability and rising CPC prices is restoring calcination EBITDA/t toward management's guided USD 60-70 range. Advanced Materials is also benefiting from easing energy costs, while Cement margins are set to improve with higher utilization and expanded waste-heat recovery starting from CY27E. Overall, The company expects CY26 with clearer visibility of margin expansion, supported by better feedstock flexibility, higher utilization, stable prices, and a more balanced GPC-CPC pricing environment.

Working Capital cycle returns to normal range (110-120 Days) after CY23A spike

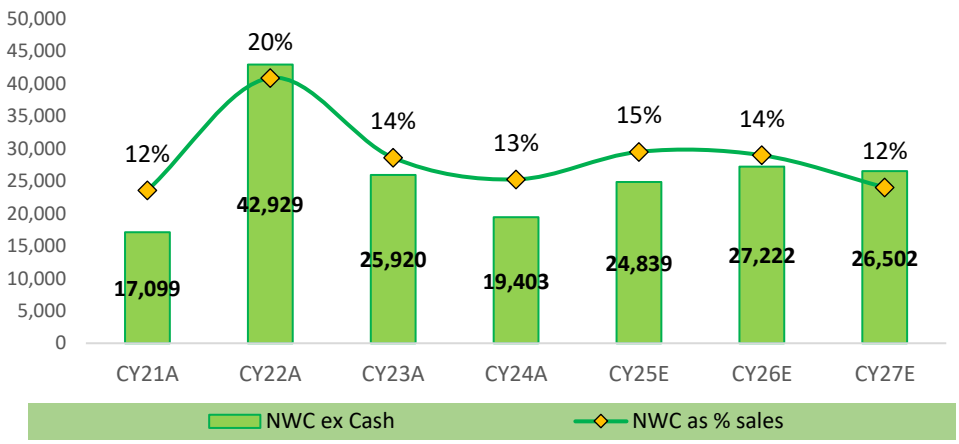


The company working capital has stabilized after a one-time spike, with the cash-conversion cycle now moving back into its typical range of 100-110 days. The inventory days, receivable days have normalized steadily after FY23's elevated levels, supported by smoother operations and better raw material availability.

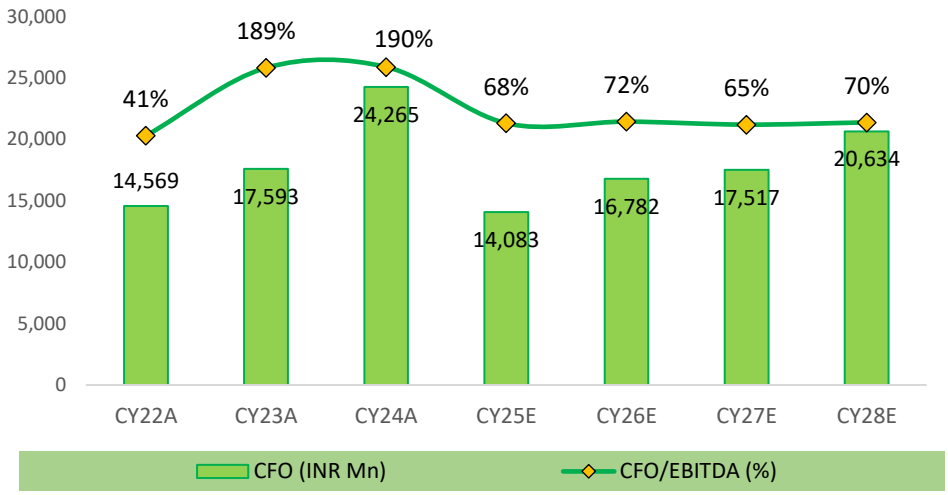
Inventory remains the largest contributor to the cycle, ranging between 90-120 days as the company secure inventory one quarter earlier for the next quarter. This is done to procure GPC, which is often purchased towards the end of the allocation cycle and consumed in the next quarter. Receivable days remain in the 35-60 days range, with stable long-term relationship, and company sometime also secure contracts for the next year as well from customers.

Working capital utilization has improved significantly, driven by the easing of GPC import restrictions in India and a sharp recovery in plant utilization from 50% to ~90%. Seasonality remains a key driver typically sees higher working capital due to inventory accumulation ahead of the allocation deadline and lower sales from aluminium producers in India. Going forward working capital is expected to remain stable as utilization across India stays around 90% and US plant utilization improves toward 75%. Management expects stable growth with lower working capital requirement.

Net Working capital is expected to normalize sharply from 20% of sales in CY22A to ~12% over CY25-28E, driven by tighter receivable controls.

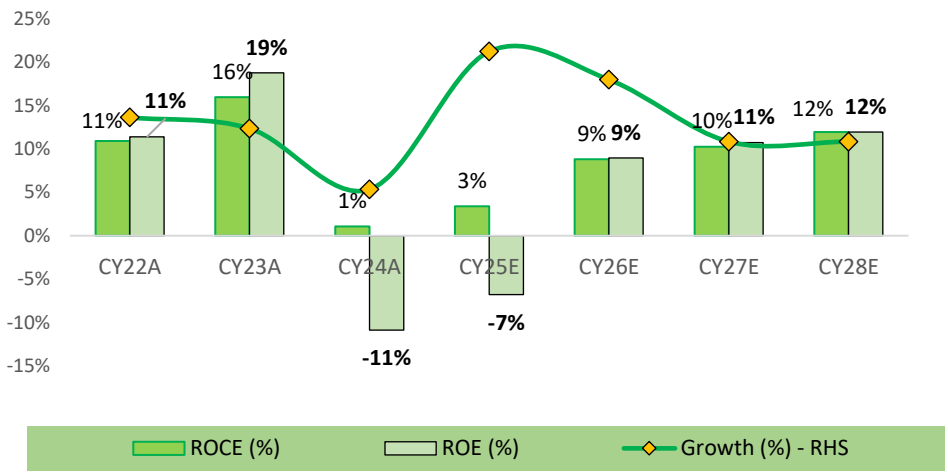


CFO to Normalize in CY25E before rising at INR 18-24 Bn Levels

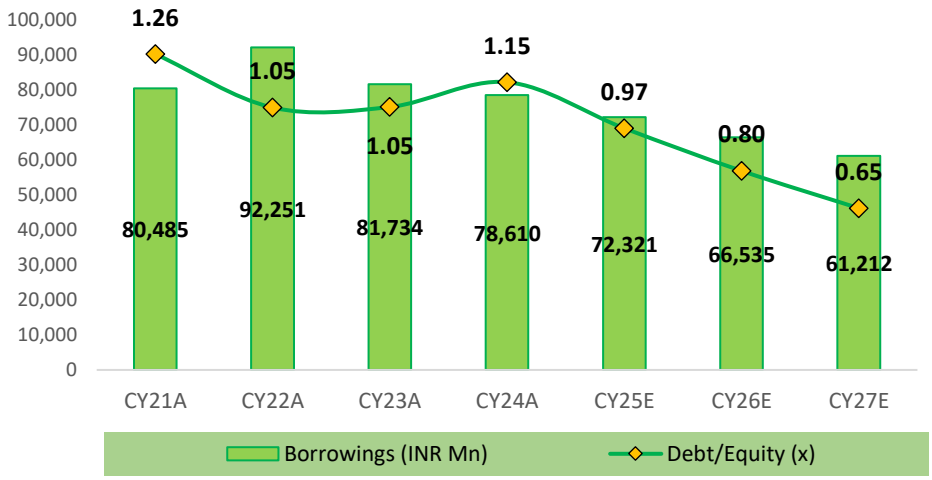


The company is improving its working capital across Indian and US calcination plant, working capital has remain steady and more predictable. At current EBITDA remains exposed to volatility in GPC/CPC spreads and subdued demand in some advanced materials. With recovery in demand of cement. EBITDA of INR 6.48 Bn in Q3FY25 with ~5% QoQ growth, has progressed towards normalized profitability. The sharp improvement in CY24 at INR ~27-28 bn was driven by inventory unwinding, favourable pricing-to-cost timing, and a release of working capital following earlier disruptions in GPC supply chains. Although CFO is expected to moderate in CY25E as inventory levels rebuild under the global blending model, cash flows remain healthy and track closer to structural averages. From CY26E onward, CFO stabilizes in the INR 15-18 bn range, supported by improving utilization. India approaching 90-95%, US rising toward 70-75% resulting in better cost management. This is complemented by improved receivable discipline to 35-60 days and stable payables, enabling predictable operating cash generation even through fluctuating market conditions.

Working capital improvement, execution efficiency and recovery in margins would improve the return ratios going forward.



No large debt-funded capex, expansion mostly via internal accruals



The company's' debt has improved meaningfully over the past two years, backed by continuous capex, better utilization in the Carbon business, and healthy operating cash flows. Total Borrowings reduced sharply from INR 92.2 bn in CY23A to INR 78.6 bn in CY24A, due to planned repayments and a clear focus on deleveraging across both US and European operations.

Borrowings are expected to rise gradually as the company scales up production and working-capital needs normalize with higher CPC and CTP volumes for CY25. Borrowings move from INR 72.3 bn in CY25E to about INR 61.2 bn by CY27E, largely due to higher utilization, longer global inventory cycles, and the company's choice to fund working capital through borrowings rather than stretching vendor payments. This decrease represents a return to normal business activity rather than any financial pressure. The D/Equity ratio remains stable and comfortable, holding in the 1.15x-0.65x range across CY24-CY27E. The improvement from 1.26x in CY22A to 1.15x in CY24A came from debt reduction and internal accruals. In future the ratio will stabilize around 0.97-0.65x. This stability suggests that the rise in borrowings is proportionate to operational growth and not a sign of weakening credit quality.

Management continues to avoid high debt-funded capex, with the ~INR 7.5 bn cement expansion planned to be financed mainly through internal cash generation. A refinancing window in Mar-26 may also help reduce interest costs and further support leverage improvement.

Outlook and Valuation

Rain Industries Ltd is expected to see a structural turnaround where regulatory headwinds have eased, and operating leverage is set to kick in. With the removal of supply-side bottleneck in the carbon business, will result in significant volume growth and the focus on the shift of advanced materials towards non-cyclical, high margin products.

The carbon segment which contributes ~70% of the overall revenue, is expected to achieve a strong volume as well as revenue growth, with the structural demand growth in the aluminium market and the resolution of raw material constraint. Global aluminium demand is projected to grow at a 9% CAGR through 2030E. India aluminium demand is expected to reach at ~9 Mn ton, creating a requirement for ~3.6 Mn tons of Calcined Petroleum Coke (CPC) by FY32E. The primary driver, however, is the Supreme Court's decision to raise the Green Petroleum Coke (GPC) import cap from 1.40 Mn tons to 1.90 Mn tons. This regulatory relief directly validates the high EBITDA estimate, as it allows domestic utilization to boost from historical lows of ~50% to an estimated 95% by CY26E.

The advanced materials segment is expected to result sustainable growth, with the company's constant development through a shift in product mix. The segment in reducing its exposure to cyclical commodity risks by expanding into high-value engineered products and battery materials. The company's key initiatives like R&D investments in Lioncoat and Petrores for Li-ion batteries at Hamilton facility provide a long-term growth linked to EV supply chain. The company faced some operational and pricing challenges in its European plant due to higher power cost and depleting pricing as of cheaper prices offered by Asian competitors.

On the cement business, company produces OPC and PPC with a total capacity of 4.3 Mn tons, operating at ~70% utilization. Most of its revenue is concentrated from two states Andhra Pradesh and Telangana. With the Indian cement demand expects to achieve ~10% demand CAGR over CY25-30E. To capture this, the company is executing a brownfield expansion to increase cement capacity to 3.8 Mn tons, funded via a mix of internal accruals and a very small portion of debt, it is expected to structurally lift EBITDA by INR ~INR 100/ton once operational, driven by the reduction in power cost as of integrated power plant and waste heat recovery savings.

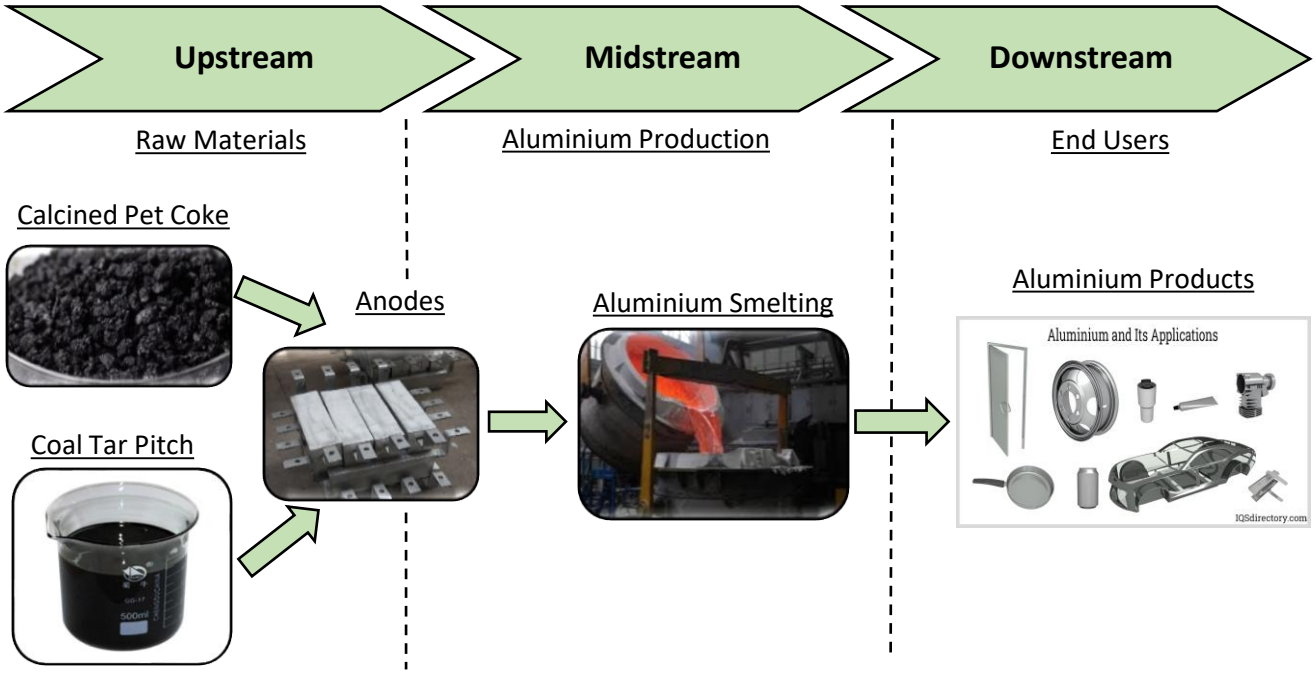
The company's working capital cycle has stabilized, returning to a typical range of 100-110 days after a spike in CY23, supported by smoother operations and better inventory management. Net working capital is expected to normalize sharply from 20% of sales in FY23A to ~12% over FY26-28E, driven by tighter receivable controls. Regarding debt, the company has steadily reduced its borrowings from INR 92 Bn in CY22A to INR 78.6 Bn in CY24A due to planned repayments. While borrowings are expected to rise gradually to support higher working capital needs for increased production volumes, the Debt/Equity ratio is projected to remain stable and comfortable in the 0.65-0.80x range through CY28E.

With the near-term challenges in feedstock availability and steady growth in Advanced materials segment shifting towards less cycle products through ongoing R&D work in battery materials and partnership in the EV supply chain. The carbon business is set to benefit from stronger aluminium demand, higher GPC availability, and rising utilization, with management expecting Indian operations to reach ~95% by CY26E. In cement, demand recovery in South India and the company's brownfield expansion, is expected to improve profitability by INR 100/ton EBITDA once fully operationalized. We are estimating a revenue CAGR of 12.8% for CY24-CY27E, and RoE is expected to improve from -7% in CY24 to 12% in CY28E. The stock is trading at EV/EBITDA of 4.7x based on CY25E EBITDA. At the CMP of INR 103 per share, we initiate a "BUY" rating at a TP of INR 352 per share, valued at an SOTP, implying an upside of 242%.

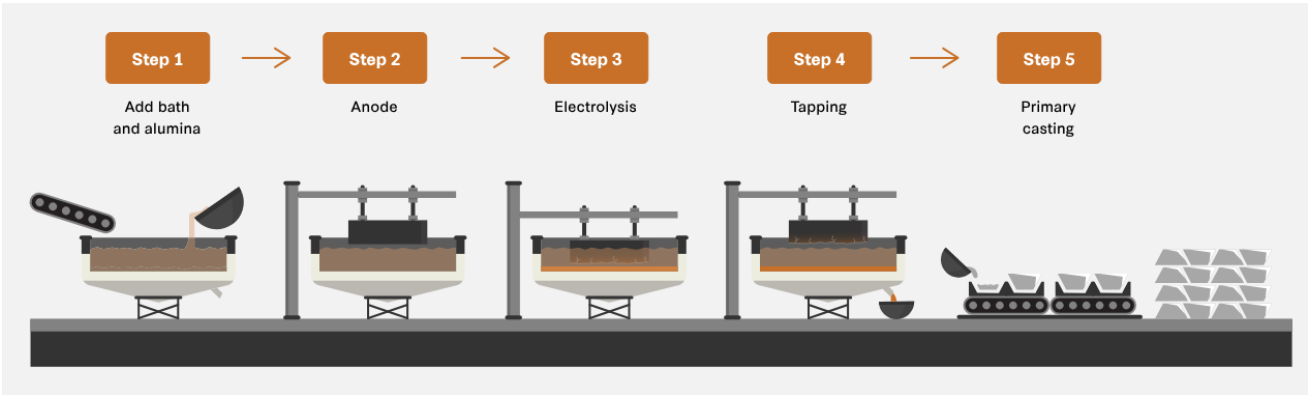
Rain Industries CY28E based implied valuation	Carbon	Chemical	Cement	
CY28E EBITDA (INR Mn)	23,477	3,240	2,688	29,405
EV/EBITDA (x)	**5.0x**	**5.0x**	**6.5x**	**5.5x**
EV (INR Mn)	117,383	16,201	17,472	151,056
Net Debt/(cash) (INR mn) - CY28E end				32,580
Market Cap (INR mn)				118,476
Share outstanding (mn)				336
Value per share (INR) - CY28E				352.24
CMP (INR)				103
Upside/Downside (%)				**242.0%**
Rating				**Buy**

Source: Company reports, Arihant Capital Research

Value Chain Of Aluminium Products Manufacturing



The Manufacturing Process of Aluminium



Carbon Anode Production

Carbon anodes are crucial for aluminium production and are composed of a mixture of CPC and CTP. Most smelters have their own anode plants, while some buy pre-baked anodes during outages or shortfalls. Pre-baked anodes typically contain ~67% CPC, 20% butts, and 13% CTP. Green anodes are baked at around 1,150°C and then used in electrolytic cells. Because anodes are consumed during the process, smelters replace them every 20-30 days, depending on cell design. The quality of CPC and CTP directly impacts anode performance, so smelters closely monitor impurities (like sulfur and metals) and key physical properties such as bulk density and particle size. Sponge-grade CPC is preferred for anodes due to its lower thermal expansion and better structure. A smelter producing 300k tons of aluminium per year requires roughly 500 anodes per day, making consistent CPC and CTP quality essential. Many lower-grade green petroleum cokes sold into the fuel market cannot be used for anode production due to high impurity levels.

Aluminium Smelting Process

Aluminum is produced using the Hall-Héroult electrolytic process, where alumina is dissolved in molten cryolite and operated at ~950-960°C. An electric current passes between carbon anodes and a carbon cathode, reducing alumina into aluminum metal, while carbon anodes are consumed during the reaction. Modern smelting cells run at 200–500 kA and 3.8–4.5 volts, and producing 1 kg of aluminum typically requires 12.5–14 DC kWh. Because the process is highly energy-intensive, access to low-cost power is critical for efficient aluminum production.

Sample: Sponge GPC

Classification	Sulphur (% w/w)
Low Sulphur	< 2
Medium Sulphur	2-4
High Sulphur	> 4

Sample: Calcined petroleum coke (CPC)

CPC Industry Overview: Calcined Petroleum Coke (CPC) is derived from Green Petroleum Coke (GPC), a by-product of oil refining produced through the delayed coking process. GPC serves either as a fuel-grade material or as feedstock for calcination, which involves high-temperature processing to remove volatile matter. The end product is CPC, a high-carbon, low-volatile material primarily used in **aluminium anodes**, **graphite electrodes**, **titanium dioxide (TiO_2)** production, and other specialty carbon applications.

CPC is produced in two main categories:

- **Anode Grade CPC**, used in aluminium smelting, accounting for ~85% of global CPC production, and
- **Industrial Grade CPC**, used in TiO_2 and other industrial applications (~15%).

"**For every ton of aluminium produced, ~0.4 tonnes of CPC is required**, underlining its strong linkage to aluminium demand."

The global **petroleum coke market** that is fuel grade + calcined was valued at **~USD 26.97 Bn in 2024**, projected to reach **~USD 46.33 Bn by 2033E**, implying a **CAGR of ~6.1%**. Within this, the **CPC market** is estimated at **~USD 8.3 Bn in 2024**, expected to rise to **~USD 12.6 billion by 2033E** at a **CAGR of ~4.7%**. The **APAC region** is witnessing the fastest growth, driven by expanding aluminium smelting capacities and limited domestic calcination availability. Over the next 2-3 years, CPC demand is projected to grow by **~4-6% annually**, in line with global aluminium production growth and constrained new capacity additions. As the **second-largest CPC producer globally**, Rain Industries stands to benefit from this steady demand and aluminium sector upcycle.

Key Growth Drivers

◊ **Aluminium Smelter Utilization:** Around ~75% of global CPC is consumed by aluminium smelters. Higher smelter utilization directly translates into increased anode demand, supporting CPC consumption. Rising aluminium capacity additions, particularly in India, China, and the Middle East, will remain a key volume driver.

◊ **Diversification of Carbon Applications:** Beyond aluminium, growing demand from **graphite electrodes**, **TiO_2**, and emerging **specialty carbon products** is expected to support CPC demand. Industrial carbon applications are expected to account for **~67% of CPC consumption by 2035E**.

◊ **Shift Toward High-Quality CPC:** Downstream consumers are increasingly preferring **low-sulphur, low-metal** CPC grades. Producers with advanced calcination and purification capabilities, like Rain Industries, are positioned to command **premium realizations**.

◊ **Regulatory Support in India:** Government-imposed import quotas allowing ~1.9 Mtpa of GPC and ~0.8 Mtpa of CPC imports have ensured feedstock availability while limiting finished CPC imports. This policy incentivizes **domestic calcination**, supporting better capacity utilization and value addition for Indian players.

◊ **Emerging Battery Anode Materials (BAM) Demand:** Rising demand from the BAM sector, particularly for **synthetic graphite anodes**, is creating a structural shift in the GPC-CPC market, offering new long-term growth avenues.

Structural Shifts in GPC Dynamics

The traditional linkage between GPC and CPC pricing has weakened due to the evolving end-use mix. Despite softer global CPC demand since early 2023, **GPC prices have remained firm**, supported by BAM sector demand. Battery manufacturers, seeking substitutes for expensive needle coke, have increasingly turned to **low-to-medium sulphur GPC grades**, creating **tight supply conditions** for calciners.

Temporary refinery outages in China between Q4CY24 to Q1CY25 further constrained GPC availability, driving **short-term price spikes**. This structural tightness has elevated GPC costs globally, impacting CPC margins despite subdued end-market demand.

CPC Pricing and Supply-Demand Dynamics

CPC pricing, though historically linked to aluminium trends, is now **largely driven by GPC feedstock costs**. Chinese CPC prices have recently corrected but continue to be in the range of **~USD 100-150/ton higher** than pre-2023 averages, primarily reflecting input cost pressures rather than demand strength.

To mitigate volatility and enhance feedstock flexibility, Rain Industries has developed **Anhydrous Carbon Pellets (ACP),** which is a proprietary, patented technology that allows blending of varied GPC grades while maintaining product quality.

In India, the **CAQM's CY24 regulatory relief** has allowed carbon calcination plants to operate at optimal levels after six years of restrictions. This has enabled Rain to **import higher-quality CPC from the US** for blending and expansion. Moreover, **increased GPC import quotas** for DTA units and **uncapped SEZ allocations** of up to 370k tons for exports are expected to **lift utilization to 85-90% by CY26**, which will eventually support volume and profitability growth.

Sample: Coal Tar (Liquid form)

Coal Tar Distillation and Pitch

CTP is produced from coal tar, a by-product of metallurgical coke ovens in the steel industry. The need for CTP determines the rates of operation for coal tar distillation. Distillers position their facilities in close proximity to tar suppliers due to specialized transportation requirements to move coal tar and costs associated therewith.

CTP is the essential binder used primarily to make carbon anodes for the aluminium industry and carbon electrodes for the electric arc furnaces of the steel industry, in addition to other lower volume applications. Every Ton of aluminium requires ~ 0.1 ton of CTP. **~80% of the world's CTP production** is primarily used to produce carbon anodes for the aluminum smelting process. For every metric ton of primary aluminum, ~0.1 mt of CTP is consumed. Therefore, production of primary aluminum is one of the most important determinants of demand for CTP. The second-largest CTP end-users, consuming ~11% of global production are graphite electrode producers. Graphite electrodes are used for electric arc furnace (EAF) steelmaking. It is a thick, carbon-rich residue used primarily as a binder in the production of carbon anodes for aluminium smelting, graphite electrodes for EAF steelmaking, and other specialty carbon materials such as refractories and impregnating agents. The conversion of crude coal tar into pitch, transform low value by product into a critical raw material. With expanding aluminium smelting capacities and the shift towards EAF steel production globally, the need for high-quality binder pitch has steadily increased.

Sample: Coal Tar Pitch

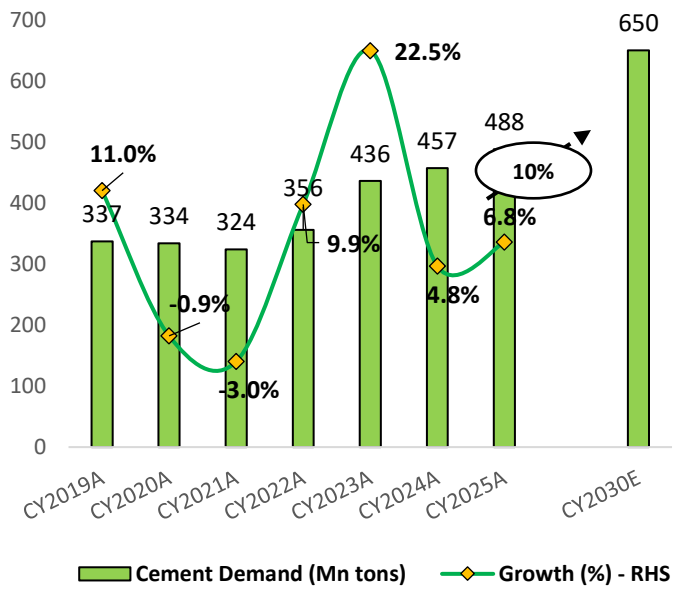
The demand for coal tar pitch is closely tied to trends in aluminium production, which remains its primary end-use sector. The global CTP market size is estimated at ~USD 4,365.9 Mn in 2024, with a forecast to reach ~USD 8,089.4 Mn by 2035E, reflecting a CAGR of ~5.5% over that period. For India specifically, the market was valued at roughly USD 329.9 Mn in 2023, projected to grow from ~USD 352 Mn in 2024 to ~USD 584 Mn by 2035E, implying a CAGR of ~4.7%.

On the **supply-side**, **Rain** has the **largest global distillation capacity of ~1.3 MTPA** for coal tar + 0.2 Mt for petro tar, under its Carbon segment. The company is **setting up a new coal tar distillation facility at the Andhra Pradesh** SEZ, with an **initial capacity of ~50,000 TPA in Phase I, expected by H2CY25**, and plans to add further capacity in subsequent phases.

Cement Industry

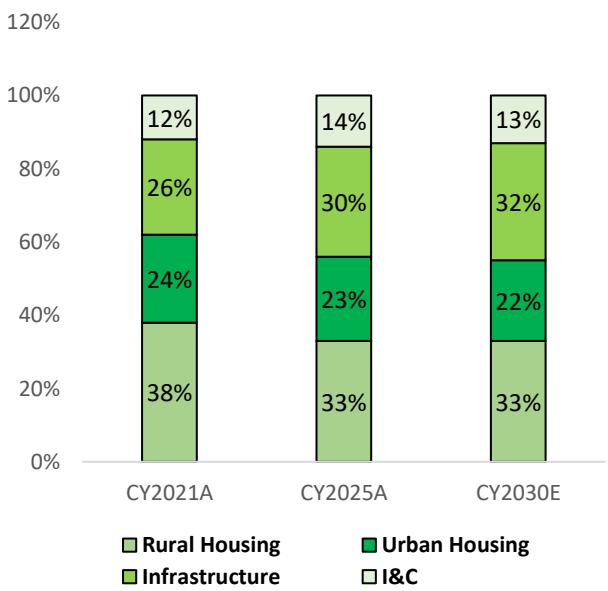
India's cement demand recorded a CAGR of around 5% over FY19-25, primarily supported by infrastructure projects and the affordable housing segment. After witnessing a sharp recovery from the pandemic induced slowdown, demand grew by ~10% in FY22 and ~12% in FY23, led by strong rural housing and infrastructure activity. Pre-election spending aided robust ~9% growth in FY24; however, election-related moderation in government expenditure and soft individual housing (IHB) demand in H1FY25 tempered growth to around 5% in FY25. For FY26, cement demand is projected to expand by ~6-7% YoY, supported by increased government capex toward key infrastructure areas like roads, railways, ports, airports, and housing programs, alongside a likely rebound in both urban and rural housing demand and a pick-up in industrial and commercial real estate activity.

Demand CAGR is estimated ~10% over CY25-30E



Source: *Industry, Arihant Capital*

Sectoral mix of cement demand



Source: *Industry, Arihant Capital*

Over the mid to long term in FY26-30E, cement demand is expected to maintain a **healthy growth trajectory of ~10% per annum**, supported by sustained infrastructure investments, steady momentum in the housing sector, and continued expansion in industrial and commercial construction.

Supply Dynamics: Supply growth is expected to pick up to around 9% in FY26, driven largely by capacity additions from major players, though supply growth is likely to remain below demand growth over FY26-28. During FY19-25, the industry's grinding capacity expanded at a CAGR of ~5%, supported by both large and mid-tier players' expansion plans. The period also saw increased consolidation through M&A activity, with the top five players' share of total capacity rising to ~61% in FY25 from ~47% in FY19.

Capacity Additions and Market Consolidation: For FY26, total industry capacity is **projected to increase by about 9% by adding ~55-60mtpa**, of which over 80% ~44mtpa is expected to come from the top three players UltraTech Cement, Ambuja Cements, and Shree Cement. Meanwhile, mid-sized companies Birla Corporation, and Dalmia Bharat are expected to undertake major expansions over FY27-28 amid improving sector visibility and limited short-term growth. **The total incremental capacity of ~65-68mtpa is expected to come during FY27-28**, with mid-sized players contributing ~38-40mtpa adding ~56-58% and the top three players adding ~27-28mtpa pf ~40-41%. Overall, the industry's capacity CAGR of ~5% during FY26-28 is expected to trail the demand CAGR of ~7% projected for the same period. While significant consolidation has been primarily driven from the North, **we observed that South India still hosts multiple, individual players**. This consolidation over the last 1-2 years is expected to bring some stability in the cement pricing.

What is Calcined Pet Coke?

This high-pure carbon substance results from heating green petroleum coke at 1200 °C through rotary kiln processing. CPC is used in aluminum production, steel manufacture, and titanium dioxide processes. It has a high carbon content, low ash and low metal impurities. However, it is important due to its strength and conductivity for industrial applications.

The Calcination Process - Step-by-Step

Raw Pet coke also know as green pet coke (GPC) is calcinated to prepare a high-quality CPC used in industrial smelting. The product must go through multiple stages:

- **Drying:** The process begins with controlled drying of green petroleum coke to remove moisture. This helps avoid steam formation in the kiln and supports consistent structural stability in the final product.

- **Devolatilization:** The dried coke is then heated further to eliminate volatile hydrocarbons. This step enhances carbon purity, improves electrical conductivity, and strengthens the material, key requirements for downstream industrial applications.

- **Densification:** Continued heating enables natural grain rearrangement, which increases bulk density and reduces internal porosity. Higher density improves mechanical strength and supports better performance in anode and metallurgical uses.

- **Temperature Control (1200-1500 °C):** Calcination is carried out within a strict temperature range to ensure complete carbon transformation. Lower temperatures lead to incomplete processing, while excessive heat can damage the carbon structure. Precise temperature control ensures uniform CPC quality.

- **Controlled Cooling:** After calcination, the coke is cooled gradually using inert gas or regulated water sprays. This controlled cooling prevents thermal shock and helps preserve the final mechanical properties and carbon structure.

Rain Industries Ltd: Company Overview

Rain Industries Ltd (RAIN) is one of the world's leading producers of CPC, CTP and other high-quality basic and specialty chemicals. Company operates in three verticals, Carbon and Advanced Materials, which supply crucial raw materials to industries globally and Cement, which is a key producer of high-quality building materials in South India. The company have 16 production facilities in seven countries across three continents and continue to grow through capacity expansions, mergers and acquisitions throughout the world across all business segments. Its products serve the unique needs of broad spectrum of industries, from aluminum production to carbon black manufacturing to construction, energy storage, and specialty chemicals.

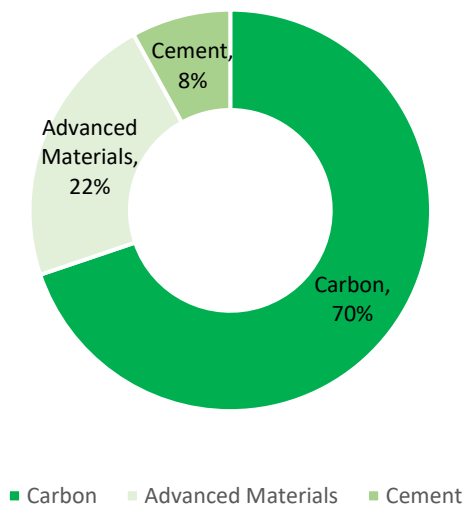
- ◊ Strategically, Company has marked in its manufacturing of Calcined Petroleum Coke (CPC), Coal Tar Pitch (CTP) and other carbon products, contributing ~70% to total consolidated revenue. The company has its global presence in value-added carbon products for diverse industries including aluminum, construction, graphite, carbon black, specialty chemicals, and others.

- ◊ Further diversification includes a co-gen power capacity of ~175 MW from its 5 waste heat recovery plants & WHR steam plants. It also owns 4 flue-gas desulphurization plants for co-gen power.

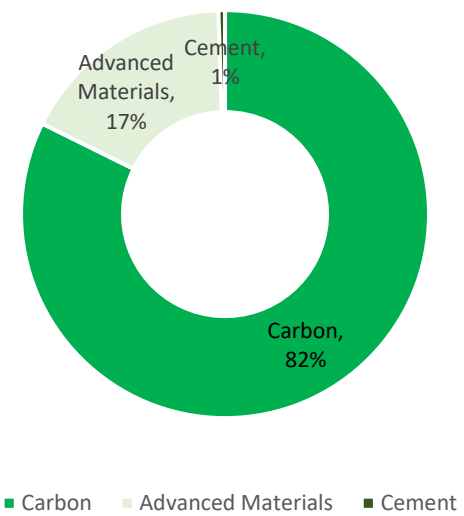
- ◊ The company has a presence in 6 countries. Europe with 40% contribution, followed by APAC (20%), USA (19%), Rest North America (12%), Middle East (6%), Africa (2%) & the rest of the world (1%).

- ◊ Conducting advanced research and testing of next generation energy storage technologies at NA facility. Its ongoing development and refinement of our proprietary NOVARES® products to meet evolving market demands. Setting up a new CTP remelting unit; and (ii) Reinstating blending operations to optimize flexibility and support regional markets.

Rain Ind Revenue Contribution By Segments – CY24



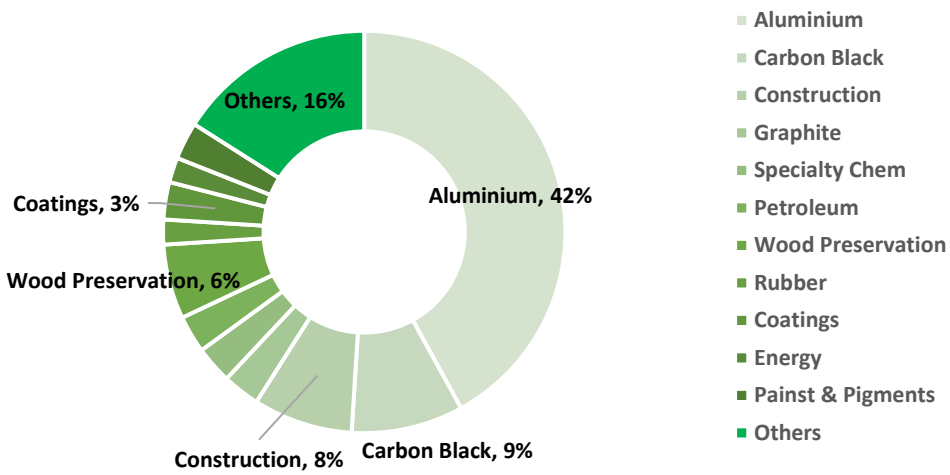
Rain Ind EBITDA Contribution By Segments – CY24



Rain Industries Ltd

	Carbon 70%	Advance Materials 22%	Cement 8%
Highlights	• **Core Expertise:** Company offers a range of products, including CPC and CTP. • **Reduction in energy cost:** Company generates energy at six Carbon segment plants and have invested in flue-gas desul-phurization in our Carbon plants in Germany, India and the US. • **Key Development:** Received approvals to fully utilize both Carbon segment plants in India. • **Capacity Utilization:** Plans to operate its Indian capacity at full potential for the first time. • It has 13 plants, with 71% utilization reached.	• **Power Generation:** Company is among the global leaders in advanced materials, carbon output, petrochemicals and other raw materials into high-value, eco-friendly products. • **Collaboration:** Company's carbon and advanced materials segments are working jointly to develop new battery anode materials as another avenue for growth. • **Capacity Utilization:** Company has 5 plants, with 63% utilization achieved.	• **Key Highlight:** Cement production units are strategically located and adhere to stringent BIS standards. PPC makes up about 75% of production capacity, with OPC Grade 53 accounting for the remainder. • As a leading manufacturer in South India, company operate two facilities with a capacity of 4.0 MTPA, producing high-quality OPC Grade 53 and PPC marketed under the "Priya Cement" brand. • **Capacity Utilization:** Company achieved 2.85 Mn tons of volume, with 71% utilization.
Products	• **Calcined Petroleum Coke (CPC)** • **Coal Tap Pitch (CTP)** • **Production Locations: CPC – India & US. CTP is produced in Belgium, Canada, Germany, Poland & Russia.**	• **Engineered products** • **Chemical intermediates** • **Resins** • **Production Locations: Belgium and Germany**	• **Ordinary Portland cement (OPC)** • **Portland Pozzolana Cement (PPC) ~70% of total production.** • **Production Location: India**
Capacity	• **2.4 MnTPA production capacity of CPC.** • **1.3 MnTPA production capacity of Coal Tar Distillation.**	• **0.5 MnTPA production capacity of Advanced Materials.**	• **4 MnTPA production capacity of cement.**

Revenue share by end industry (in %)



Name	Position	Experience
Brian Jude McNamara	Chairman and an Independent Director	• Over a 36-year career in finance and investment management. His experience is anchored by 24 years at the International Finance Corporation (IFC) in Washington D.C., with responsibility for investment strategy, business development and project financing for a range of sectors across emerging markets including chemicals, textiles, general manufacturing and mining. McNamara has extensive investment experience in project evaluation, financial structuring and investment management across the chemicals, fertilizers, carbon black, plastics, fibers, specialty chemicals and primary metals industries.
N. Jagan Mohan Reddy	Managing Director	• With 31 years of experience in finance, commercial, and operations, Mr. Nellore is the Managing Director of Rain Industries and CEO of its subsidiary, Rain Carbon, Inc. He founded the company's predecessor, Rain Calcining Limited, in 1998 and spearheaded the strategic acquisitions of Rain CII Carbon, LLC (USA) and RÜTGERS N.V., transforming the company into the world's leading industrial carbon producer. He holds a Bachelor of Science in Industrial Engineering from Purdue University.
N. Radhakrishna Reddy	Vice Chairman and Non-Executive Director	• Mr. Reddy brings over 56 years of experience in the construction and cement industries. A Director of the company since 1984, his long tenure provides invaluable historical context and industry wisdom to the board.
N. Sujith Kumar Reddy	Non-Executive Director	• Mr. Reddy has more than 33 years of experience in manufacturing and construction. He serves as the Managing Director of Rain Cements Limited, which produces the "Priya Cement" brand, and holds a bachelor's degree in commerce.
Robert Thomas Tonti	Independent Director	• Mr. Tonti has over 43 years of specialized experience centered on the calcining of petroleum coke and energy production, with a background in oil refining and aluminum smelting. His extensive executive career covers operations, global procurement, and M&A. He holds a B.S. in Chemical Engineering and an MBA and is a fully independent director.
Varun Batra	Independent Director	• A senior finance professional with 34 years of experience, Mr. Batra specializes in Private Equity, Corporate Finance, and Capital Markets. He is currently a Senior Partner at Baring Private Equity and was formerly a Managing Director at Citibank. He holds a Post Graduate degree in Management from the IIM Ahmedabad.
B. Shanti Sree	Independent Director	• Ms. Shanti Sree is a practicing Chartered Accountant and a registered Insolvency Professional. Her extensive governance experience includes serving as a Nominee Director on the Board of State Bank of Hyderabad and as an Independent Director for numerous other public and private companies.

Rain Industries Ltd. – Key Milestones

1998	• Rain Calcining Ltd. (RCL) begins operations in Visakhapatnam, India with a capacity of 0.3 Million Tons)
1967	• RCL doubles CPC capacity in India to become fifth largest Calciner globally.
1971	• Merger of RCL with Rain Commodities Ltd. • Acquisition of CII (the 2nd largest Calciner at that point of time) with an EV of US$618 million.
1974	• Completed Brownfield Cement Expansion of 1.5 Million Tons
1994	• Entry into Chinese CPC Markets, by acquiring a small CPC plant (of 20,000 Tons) and getting access to "Vertical Shaft Calciner" technology
1998	• Acquisition of screening plant in Egypt (strategically located near to the fast-growing Middle Eastern markets)
2004	• Setting up of Group's fifth Waste-heat recovery facility in United States
2005	• Acquisition of Rütgers (Second largest Coal Tar Distiller in the World) with an EV of €702 million
2016	• 14,000 tons Phthalic Anhydride ("PA") expansion project in Belgium. • Greenfield Coal Tar Distillation facility with a capacity of 0.3 Million Tons, through Russian JV.
2019	• Phased start-up and commissioning activity for a new hydrogenated hydrocarbon resins (HHCR) plant at Castrop-Rauxel, Germany. • Commissioned a 4.5 MW waste heat recovery (WHR) system at Unit 1, along with a 1 MW ground mounted solar plant. Additionally, a 1 MW ground-mounted solar plant was commissioned at Unit 2.
2024	• Large CAPEX of ~US$122 mn in 2020 for HHCR plant (Germany), vertical kiln (Vizag), and waste-heat projects, while phasing out older resin units during the COVID year.
2025	• Rain Industries celebrated its 50th anniversary and announced plans to set up a coal-tar distillation facility at APSEZ, Anakapalli, Andhra Pradesh

Income Statement Y/E Mar, Rs mn	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E
Net sales	**210,110**	**181,415**	**153,744**	**168,480**	**187,982**	**220,736**	**244,243**
Growth, %	45%	-14%	-15%	10%	12%	17%	11%
Raw material expenses	112,890	111,017	88,531	94,320	104,747	124,241	137,763
Employee expenses	13,521	13,256	14,091	14,321	15,978	18,100	19,539
Other Operating expenses	48,340	47,810	38,381	39,225	43,890	51,552	57,536
EBITDA (Core)	**35,359**	**9,331**	**12,741**	**20,614**	**23,367**	**26,843**	**29,405**
Growth, %	49.77%	-73.61%	36.53%	61.80%	13.35%	14.87%	9.55%
Margin, %	16.83%	5.14%	8.29%	12.24%	12.43%	12.16%	12.04%
Depreciation	7,903	7,763	8,071	7,821	8,181	9,101	9,581
Interest paid	5,237	8,191	9,406	6,682	6,147	5,655	5,203
Other Income	1,051	1,787	2,456	2,456	2,456	2,456	2,456
Non-recurring Items							
Pre-tax profit	**27,456**	**1,569**	**4,670**	**12,794**	**15,186**	**17,742**	**19,824**
Tax provided	7,504	3,138	2,243	2,056	2,759	3,490	4,098
Profit after tax	**15,769**	**(7,962)**	**(4,499)**	**6,511**	**8,736**	**11,052**	**12,978**
PAT Adj.	**15,769**	**(7,962)**	**(4,499)**	**6,511**	**8,736**	**11,052**	**12,978**
Growth, %	127.37%	-150.49%	-43.49%	-244.72%	34.17%	26.51%	17.43%

Cash Flow Statement

Y/E Mar, Rs mn	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E
Net profit after tax	**15,769**	**(7,962)**	**(4,499)**	**6,511**	**8,736**	**11,052**	**12,978**
Other Income	(1,051)	(1,787)	(2,456)	(2,456)	(2,456)	(2,456)	(2,456)
Finance Costs	5,237	8,191	9,406	6,682	6,147	5,655	5,203
Depreciation & Amortisation Expenses	7,903	7,763	8,071	7,821	8,181	9,101	9,581
Profit Before WCC	**27,858**	**6,205**	**10,522**	**18,558**	**20,608**	**23,352**	**25,306**
Inventories	(20,029)	13,382	1,244	(1,781)	(2,136)	(4,707)	(2,373)
Trade receivables	(7,955)	3,240	4,398	(2,402)	(2,171)	(3,573)	(2,934)
Trade payables	1,509	(1,988)	1,715	1,115	1,831	3,748	1,900
Other financial assets	(45)	(2,029)	2,091	(37)	(41)	(45)	(50)
Other current assets	955	1,354	(127)	(268)	(294)	(324)	(356)
Short term Borrowings	8,247	(5,739)	5,210	(1,101)	(1,013)	(932)	(858)
Other current liabilities	(321)	396	(454)	-	-	-	-
Other financial liabilities	140	705	92	-	-	-	-
Deferred tax liabilities (net)	1,842	(1,165)	(633)	-	-	-	-
Income-tax-assets (net)	426	2,060	204	-	-	-	-
Loans	1,943	1,173	2	(1)	(1)	(2)	(2)
CFO	**14,569**	**17,593**	**24,265**	**14,083**	**16,782**	**17,517**	**20,634**
CFI							
Property, plant and equipment	(12,637)	(7,274)	(5,576)	(8,373)	(4,500)	(11,500)	(6,000)
Capital work-in-progress	3,239	350	(411)	(4,157)	(3,725)	6,825	(300)
Rights of Use Assets	(591)	(89)	(999)	-	-	-	-
Goodwill	(5,120)	5,781	209	-	-	-	-
other intangible assets	69	18	25	-	-	-	-
Intangible Assets Under development	(7)	(16)	(20)	-	-	-	-
Non current tax assests (net)	(152)	(378)	541	-	-	-	-
Other non-current assets	(613)	(120)	191	-	-	-	-
Investment	(1)	(15)	(71)	-	-	-	-
Other Income	1,051	1,787	2,456	2,456	2,456	2,456	2,456
CFI	**(14,762)**	**44**	**(3,655)**	**(10,074)**	**(5,769)**	**(2,219)**	**(3,844)**
CFF							
Equity share capital	-	-	-	0	-	-	-
Other equity	7,407	(2,881)	(2,549)	-	-	-	-
non - controlling interest	1,000	668	(2,356)	-	-	-	-
Others financial assets	-	-	-	-	-	-	-
Long term Borrowings	3,519	(4,778)	(8,335)	(5,187)	(4,772)	(4,391)	(4,039)
Loans	-	-	-	-	-	-	-
Lease liabilities (Non-current)	566	(59)	639	-	-	-	-
Lease liabilties	87	164	527	-	-	-	-
Provisions (Non-Current)	(4,470)	1,277	(822)	-	-	-	-
Other non-current liabilities	(6)	18	(22)	-	-	-	-
Provisions	290	305	761	-	-	-	-
Dividend	-	-	-	-	-	-	-
Current Tax Liabilities(net)	(99)	(810)	(399)	-	-	-	-
Finance Costs	(5,237)	(8,191)	(9,406)	(6,682)	(6,147)	(5,655)	(5,203)
CFF	**3,058**	**(14,288)**	**(21,962)**	**(11,869)**	**(10,920)**	**(10,046)**	**(9,242)**
NET	**2,865**	**3,350**	**(1,352)**	**(7,860)**	**93**	**5,252**	**7,547**
Opening Cash	**13,842**	**16,706**	**20,056**	**18,704**	**10,844**	**10,936**	**16,188**
Closing Cash	**16,706**	**20,056**	**18,704**	**10,844**	**10,936**	**16,188**	**23,735**

Balance Sheet As at 31st Mar, Rs mn	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E
PPE	46,587	46,098	43,603	44,156	40,475	42,874	39,294
CWIP	4,669	4,319	4,731	8,888	12,613	5,788	6,088
Goodwill	68,426	62,646	62,437	62,437	62,437	62,437	62,437
Rights Of Use Assets	4,669	4,758	5,757	5,757	5,757	5,757	5,757
Financial Assets	508	351	445	445	445	445	445
Other Non Current Assets	4,213	2,651	1,714	1,714	1,714	1,714	1,714
Total Non current Assets	**129,252**	**121,001**	**118,860**	**123,569**	**123,613**	**119,188**	**115,907**
Inventories	45,147	31,765	30,521	32,301	34,437	39,145	41,518
Receivables	24,941	21,701	17,303	19,705	21,876	25,449	28,383
Cash & CE	11,677	14,052	13,212	10,844	10,936	16,188	23,735
Bank Balances	5,029	6,004	5,492	-	-	-	-
Other Current Assets	4,186	3,038	3,569	3,837	4,131	4,455	4,812
Other Financial Assets	1,502	2,528	412	450	493	540	593
Total Current Assets	**92,483**	**79,088**	**70,509**	**67,137**	**71,875**	**85,778**	**99,040**
Total assets	**221,734**	**200,089**	**189,369**	**190,706**	**195,488**	**204,965**	**214,947**
Total Equities	**87,829**	**77,654**	**68,250**	**74,761**	**83,497**	**94,549**	**107,528**
Non current borrowings	77,955	73,177	64,842	59,655	54,882	50,492	46,452
Other Non current liabilities	16,766	16,838	15,995	15,995	15,995	15,995	15,995
Total Non current liabilities	**94,721**	**90,015**	**80,837**	**75,649**	**70,877**	**66,487**	**62,447**
Current borrowings	14,296	8,557	13,768	12,666	11,653	10,721	9,863
Trade Payables	15,482	13,494	15,209	16,324	18,155	21,904	23,804
Other Current Liabilities	9,405	10,369	11,305	11,305	11,305	11,305	11,305
Total Current Liabilities	**39,184**	**32,420**	**40,282**	**40,296**	**41,114**	**43,930**	**44,972**
Total equity & liabilities	**221,734**	**200,089**	**189,369**	**190,706**	**195,488**	**204,965**	**214,947**

Ratios	CY2022	CY2023	CY2024	CY2025E	CY2026E	CY2027E	CY2028E
Per Share data							
EPS (INR)	46.88	-23.67	-13.38	19.36	25.97	32.86	38.59
Growth, %	127%	-150%	-43%	-245%	34%	27%	17%
Book NAV/share (INR)	130.56	115.44	101.46	111.14	124.12	140.55	159.85
DPS (INR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return ratios							
Return on assets (%)	95%	91%	81%	88%	96%	108%	114%
Return on equity (%)	239%	234%	225%	225%	225%	233%	227%
Return on capital employed (%)	16%	1%	3%	9%	10%	12%	13%
ROIC	9%	-5%	-3%	5%	6%	8%	9%
Turnover ratios							
Asset turnover (x)	0.95	0.91	0.81	0.88	0.96	1.08	1.14
Sales/Working Capital (x)	3.94	3.89	5.09	6.28	6.11	5.27	4.52
Receivable days	43.33	43.66	41.08	42.69	42.48	42.08	42.42
Inventory days	146	104	126	125	120	115	110
Payable days	50	44	63	62	62	62	62
Working capital days	139	104	104	106	100	95	90
Liquidity ratios							
Current ratio (x)	2.36	2.44	1.75	1.67	1.75	1.95	2.20
Quick ratio (x) (excl. c&ce)	1.93	1.82	1.29	1.40	1.48	1.58	1.67
Interest cover (x)	0.30	0.02	0.06	0.18	0.23	0.29	0.35
Dividend cover (x)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total debt/Equity (%)	111%	112%	119%	100%	82%	67%	54%
Net debt/Equity (%)	-13%	12%	5%	1%	1%	1%	1%
Valuation							
PER (x)	2.20	-4.35	-7.70	5.32	3.97	3.13	2.67
PEG (x) - y-o-y growth	0.02	0.03	0.18	0.00	0.00	0.00	0.00
Price/Book (x)	0.41	0.47	0.52	0.48	0.42	0.37	0.33
EV/Net sales (x)	0.53	0.54	0.62	0.58	0.49	0.37	0.28
EV/EBITDA (x)	3.15	10.51	7.52	4.73	3.92	3.02	2.33
EV/EBIT (x)	4.06	62.51	20.52	7.61	6.03	4.56	3.46

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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