RAIN INDUSTRIES LIMITED

RIL/SEs/2025 July 24, 2025

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: Credit Rating – Reg.
Ref: Scrip Code: 500339 (BSE) & Scrip Code: RAIN (NSE)

With reference to the above stated subject, we bring to your kind notice that India Ratings and Research (Credit Rating Agency) vide their report dated July 24, 2025 has given credit rating of **'IND A/Stable** to Term Loan availed by the Company.

Please note that there is no change in the Credit Rating compared to the Credit Rating issued during the previous year.

In this connection, please find enclosed herewith Credit Rating Report issued by India Ratings & Research.

This is for your information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

VENKAT RAMANA REDDY SINGIDI
Digitally signed by VENKAT RAMANA REDDY SINGIDI
Date: 2025.07.24 12:29:02 +05'30'

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India Ratings Affirms Rain Industries and its Bank Facilities at 'IND A'/Stable

Jul 24, 2025 | Specialty Chemicals

India Ratings and Research (Ind-Ra) has affirmed Rain Industries Limited's (RIL) and its bank facilities at 'IND A'/Stable. The detailed rating action is as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND A/Stable	Affirmed
Term loans	-	-	30/11/2025	INR1,700^ (USD20)	IND A/Stable	Affirmed

^USD 1 = INR85.00

Analytical Approach

Ind-Ra continues to take a fully consolidated view of RIL and its subsidiaries, as the companies share a common brand, business and management. RIL is the holding company for the carbon, advanced material, and cement business operating in the group. Also, one of its major subsidiaries, Rain CII Carbon (Vizag) Ltd (RCCVL; 'IND A+'/Stable), has provided corporate guarantees for some of RIL's borrowings.

Detailed Rationale of the Rating Action

The ratings factor in the increase in the allocation of green petroleum coke (GPC) imports quota over FY25-FY26 which the agency expects to continue in the medium term, leading to increased utilisation levels. As a result, the agency expects the company's revenue and profitability to improve over the medium term, supported by the economies of scale. Ind-Ra also expects the return on capital employed (ROCE) to remain stable at 7%-8% over 2025-26, supported by normalising operating profits and reduced impairment losses, with most of the impairments already accounted for in 2023-24. The ratings are, however, constrained by an increased net leverage of 5.43x in 2024, although it is likely to normalise to below 4.0x in 2025, given it reduction to 5.18x as of 1Q2025. Additionally, the company is also exposed to volatility in commodity prices and profitability.

List of Key Rating Drivers

Strengths

- Increased availability of raw material for carbon segment to support high-capacity utilisation
- Improved operational performance in advance materials segment; likely to continue in 2025-26
- Strong linkages with subsidiaries
- Strong business profile
- Sustained standalone financial profile; depends on support from subsidiaries for debt servicing

Weaknesses

- Weak consolidated financial performance in 2024; likely to improve
- Reduced profitability in cement segment in 2024; likely to improve in 2025-26
- Volatility in carbon segment's profitability; likely to improve with increased volumes
- Commodity price and foreign exchange fluctuations

Detailed Description of Key Rating Drivers

Increased Availability of Raw Material for Carbon Segment to Support High Capacity Utilisation: Ind-Ra expects the business scenario of the calciners in India to further improve, supported by the increased allocation of GPC to the domestic tariff area (DTA) following the cap enhancement to 1.9 million tonnes (mt) FY25 onwards (1.4mt), as per the order issued by the Supreme Court of India and Commission for Air Quality Management. The group additionally received an order for importing GPC and calcined petroleum coke (CPC) over and above its share in its quota at the special economic zone (SEZ) unit up to the capacity of SEZ plant i.e., 370,000 tonnes (t) for export sales exclusively. With the increased allocation to DTA unit and no cap on imports of GPC for SEZ unit — limited to 370,000t —the capacity utilisations for both SEZ and DTA units are likely to improve over 2025-26. As per the management, the utilisation of both the units would be 85%-90% with improved revenue and margins in 2025-26. Up to 2023, the DTA and SEZ plant had a capacity utilisation of around 50% each, due to the shortage of GPC supplies which increased to around 76% in 2024 and further to 81% in 1QCY25.

The company received an initial allocation of 462,589t for FY26 (FY25: 484,169t; FY24: 426,348t; FY23: 408,927t) for its DTA unit only. The company could also procure GPC and CPC (for blending purposes) required for the capacity at the SEZ plant. The company imports around 90% of GPC requirement with the balance being procured domestically. RIL expects to receive additional allocation through the FY26 and already received around 221,431t in FY25 (FY24: 172,975t). The company is unlikely to face any shortfall for GPC used as feedstock (not fuel). With increased allocation of GPC and incremental need of working capital, RIL deferred its capex towards anhydrous carbon pellets. On the ESG front, the company already complies with flue gas-desulphurisation (FGD) standards issued by the ministry of environment.

Improved Operational Performance in Advance Materials Segment; Likely to Continue in 2025-26: The advance materials segment's revenue increased to INR33,786 million in 2024 (2023: INR32,317 million; 2022: INR39,104 million), due to the improved prices despite reduced volumes and with practical capacity utilisations of around 63% (75%; 71%). The practical capacity and actual capacity differ depending on the inputs utilised, which differ based on the end products being manufactured. The operations for hydrogenated hydrocarbon resin plants were re-initiated in 2H2023, with a capacity utilisation of around 30% which gradually increased to 40%-45% in 2024. The management expects it to further increase to 60%-65% by end-2025. The profitability further improved to 6.5% in 2024 (2023: 4.2%; 2022: 2.5%), supported by a reduction in energy cost in Europe.

In 1Q2025, the consolidated revenue stood at INR7,240 million with EBITDA loss of around INR83 million, due to harsh winter months with reduced demand. Normally, October-December and January-March quarters are weaker compared to April-June and July-August quarters, due to seasonality.

Strong Linkages with Subsidiaries: As RIL is the principal holding company of the group, it has adequate financial flexibility. However, it depends on timely and adequate cash flow support from its subsidiaries as it does not have any operation at the standalone level. Any weakness in the credit profiles of RIL's key subsidiaries would reduce the group's financial flexibility, thereby affecting the ratings. At the standalone level, RIL accounted for 0.92% (2023: 0.68%) of the consolidated revenue in 2024 and around 1.96% (2.49%) of the total consolidated debt. The company has historically relied on timely cash flow support from its US-based subsidiary, Rain Commodities (USA) Inc to service its debt obligations, which along with Rain Cements Limited (RCL; 'IND A'/Stable/'IND A1') also upstreams dividends. With the repayment of the term loan of INR1,700 million in November 2025, RIL's debt, on a standalone basis, would be nil. However, any increase in the debt at the standalone level without any back-to-back cash flow support arrangement from its operational subsidiaries would be a key rating monitorable.

Strong Business Profile: The RIL group has been diversifying its products. In 2024, the carbon businesses accounted for around 70% (2023: 73%) of the consolidated revenue and 83% (86%) of the consolidated EBITDA, followed by advanced materials (22% and 17%; 19% and 8%), and cement (8% and 0%; 8% and 6%). The reduced contribution of the carbon business in revenue and EBITDA in the year was mainly due to the market pricing.

RIL has 100% ownership of Rain Carbon Inc (RCI), through its wholly owned subsidiary Rain Commodities (USA) which operates the CPC business of the group in North America and India. RIL is the second-largest producer of CPC globally and has a leadership position in India. The company is also the largest producer of coal tar pitch (CTP) globally. It has a 65.3% ownership in Severtar Russia through its United Arab Emirates (UAE) subsidiary, which is the leading manufacturer of coal tar pitch, a part of the carbon segment, globally. Additionally, the company owns RCL, which has 4.0 million tonnes of cement manufacturing capacity in South India.

RCI's operations outside India constituted 75%-80% of the consolidated revenue and 85%-90% of the EBITDA in 2024 while accounting for majority of the consolidated debt on the balance sheet. Hence, the operations of its subsidiary RCI would be key rating monitorable.

Sustained Standalone Financial Profile; Depends on Support from Subsidiaries for Debt Servicing: On a standalone basis, RIL has minimal operations of its own and depends on its subsidiaries to service its debt and declare dividends. As RIL is the holding company, its revenue is in the form of dividend income, interest and service income, apart from trading revenue. In 2024, the revenue (including other income) improved to INR2,054 million (2023: INR2,033; 2022: INR1,044 million) and the EBITDA (including other income) declined to INR641 million (INR773 million; INR478 million). As of December 2024, RIL's standalone debt reduced to around INR1,700 million (2023: INR2,221 million), which would be completely repaid by November 2025, leaving no long-term debt unless refinanced. The debt continues to be guaranteed by its Indian subsidiaries - RCCVL. In 2024, RIL received a dividend income of INR550 million (2023: INR694 million; 2022: INR393 million).

Weak Consolidated Financial Performance in 2024; Likely to Improve: In 2024, RIL's consolidated revenue reduced 15% to INR153,744 million (2023: INR181,415 million; 2022: INR210,110 million), due to a fall in the sales realisation despite increased volumes. The company's EBITDA slipped to INR12,572 million in 2024 (2023: INR16,920 million; 2022: INR36,473 million), resulting in lower EBITDA margins of 8.18% (9.33%; 17.36%), following margin contractions in the carbon segment and higher operating costs in the cement segment, which was impacted by lower volumes following elections. Ind-Ra expects the revenue to improve and stabilise over 2025-27, supported by likely increased volumes from additional allocation of GPC imports towards the SEZ and DTA units. In 1Q2025, the revenue stood at INR37,680 million with an EBITDA of INR4,090 million and EBITDA margins of 10.86%, owing to lower volatility in prices.

The realisation in the carbon segment reduced around 23% yoy, around 8% yoy in the advanced materials segment, and 8% yoy in the cement segment in 2024. The EBITDA for the carbon segment reduced to INR10,400 million in 2023 (2022: INR14,542 million; 2021: INR34,305 million), due to a delay in passing on the price change to customers. The EBITDA of the advance materials segment increased to INR2,187 million in 2024 (2023: INR1,359 million; INR960 million), led by increased realisations and an appreciation in the euro against the INR. However, the cement segment reported an EBITDA loss of around INR15 million in 2024 (2023: profit of INR1,019 million; 2022: INR1,214 million), due to higher operating costs with lower utilisation levels.

RIL's ROCE improved to 2.4% in 2024 (2023: 1.0%), due to a lower impairment loss of INR730 million (INR7,506 million) despite the reduced EBITDA. Ind-Ra expects the ROCE to increase further to 7%-8% in 2025-26. The agency also expects RIL's consolidated net adjusted leverage (net adjusted debt/EBITDA) to remain below 4.00x in 2025 (2024: 5.43x; 2023: 3.97x; 2022: 2.29x), while the gross interest coverage (operating EBITDA/ gross interest expense) would likely remain at 2x-3x in 2025-26 (2024: 1.34x; 2023: 2.07x; 2022: 6.96x), due to an increase in its interest expenses.

Reduced Profitability in Cement Segment in 2024; likely to Improve in 2025-26: The cement volumes reduced in 2024, owing to general elections in the country with volumes reducing to 2.85 million metric tonnes (MMT; 2023: 3.24 MMT; 2022: 3.12 MMT) along with reduced realisations at INR4,314/MT (INR4,704/MT; INR4,912/MT). The EBITDA margins of the group's cement business turned to negative 0.12% in 2024 (2023: 6.69%; 2022: 7.91%) with a negative EBITDA of INR15 million (INR1,019 million; INR1,214 million), due to higher operational cost and lower volumes. In

1Q2025, the revenue stood at INR2,880 million with EBITDA of INR47 million with EBITDA margins of 1.64%, reflecting the demand resuming in the cement industry. Ind-Ra expects the segment's margin to improve over 2024-25, supported by increased coal and pet coke prices.

Volatility in Carbon Segment's Profitability; Likely to Improve with Increased Volumes: In the carbon segment, RIL acts as a converter, and largely has the ability to pass on any volatility in GPC cost to its customers which are large smelters at the lower end of cost curve. While CPC and GPC prices generally move in tandem, the movements in CPC prices might be reflected in GPC costs after a time lag of two or three quarters, due to inventory holding. During this period, the difference, if any, may have to be absorbed by CPC producers. This time lag hurt RIL with its margins reducing to 9.8% in 2024 (2023: 10.9%; 2022: 22.2%), due to lower market price quotations. However, as a large portion of transactions are done in USD, RIL benefits from the depreciation of INR (reporting currency). The operating EBITDA of the segment stood at around INR10,400 million in 2024 (2023: INR14,542 million; 2022: INR34,305 million).

In 1Q2025, the segment's EBITDA stood at INR4,126 million with improved EBITDA margin of 15.1%, based on the lower pricing inventory held from the earlier period. Ind-Ra opines the segment's volumes would continue to increase in 2025-26, due to increased allocation of GPC to both SEZ and DTA units, improving the utilisations of the plants in addition to continued increasing demand for aluminium smelters. In 2024, the group sold 2.40 MMT of carbon (2023: 2.32 MMT; 2022: 2.43 MMT).

Commodity Price and Foreign Exchange Fluctuations: RIL's profitability remains exposed to fluctuations in commodity prices, which depend on demand-supply dynamics. It is also exposed to forex risks. The company mitigates this risk to some extent by matching its cash inflows and outflows within the same currency so as to obtain a natural hedge.

Liquidity

Adequate: RIL had cash and cash equivalents of around INR10,332 million at March 2025 (end-2024: INR18,349 million; end-2023: INR21,825; end-2022: INR14,829 million). The company incurred around INR6,518 million capex in 2024 and has no plans for any additional capex in 2025-26 along with a focus on the debt reduction. The only capex that would incur would be routine/maintenance capex of around USD80 million in 2025-26 (INR6,500 million). Despite lower EBITDA, RIL has reported positive free cash flow of INR1,785 million in 2024 (2023: INR17,511 million; 2022: negative INR2,104 million) due to release of working capital. RIL has scheduled debt repayment obligations INR7,177 million in 2025, which would be repaid or refinanced. With the yoy increase in its consolidated interest expenses due to increased base rates in US and Europe, Ind-Ra would closely monitor RIL's ability to refinance the debt at better interest rates.

The net working capital days slightly increased to 126 days in 2024 (2023: 118 days; 2022: 122 days) due to an increase in the inventory days to 125 days (105 days; 111days). Ind-Ra expects the net working capital days to remain around 130 days in 2025-26. Ind-Ra expects RIL's debt service coverage ratio to remain comfortable at 1.15x-1.85x over 2025-26, due to minimal scheduled repayments.

Rating Sensitivities

Positive: Developments that could, individually or collectively, lead to a positive rating action include:

- a successful ramp up and growth in revenue on the back increased sales volumes with improved capacity utilisation while maintaining the profitability
- the sustenance of the consolidated EBITDA per tonne while maintaining the working capital cycle, leading to the consolidated net adjusted leverage maintaining below 3.0x, on a sustained basis, with an improvement in the ROCE.

Negative: Developments that could, individually or collectively, lead to a negative rating action include:

- a lack of timely and adequate support from the group entities for debt servicing;
- an increase in the indebtedness at the standalone level without any back-to-back cash flow support arrangement from its operational subsidiaries;

- a decline in the consolidated EBITDA per tonne and/or an elongation of the working capital cycle and reduction in liquidity buffer, leading to the consolidated net adjusted leverage exceeding 4.0x, on a sustained basis.

Disclosures for CE Rating

Disclosures for Provisional Rating

Any Other Information

Not applicable

ESG Issues

About the Company

Incorporated in 1974, RIL is the holding company with subsidiaries engaged in the manufacturing of cement, CPC, CTP and downstream products, including resins, modifiers and superplasticisers.

Key Financial Indicators

Consolidated

Particulars (INR million)	1Q2025	2024	2023
Revenue	37,680	153,744	181,415
Operating EBITDA	4,090	12,572	16,920
EBITDA margin (%)	10.86	8.18	9.33
Interest coverage (x)	1.82	1.34	2.07
Net adjusted leverage (x)	5.18*	5.43	3.97
Source: Company, Ind-Ra; * Annualised basis			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook	
				26 April 2024	27 January 2023
Issuer rating	Long-term	-	IND A/Stable	IND A/ Stable	IND A/Positive
Term loan	Long-term	INR1,700	IND A/Stable	IND A/ Stable	IND A/Positive
External commercial borrowings	Long-term	-	-	-	WD

Bank wise Facilities Details

The details are as reported by the issuer as on (24 Jul 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating

1	ICICI Bank	Term Loan	1700	IND A/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Term loan	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Contact

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Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage