RAIN INDUSTRIES LIMITED

RIL/SEs/2025 November 12, 2025

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

Dear Sir/ Madam,

Sub: Management Commentary on Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2025 – Reg.

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

With reference to the above stated subject, given below is the link to the Management Commentary on Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2025:

Link for Audio – Management Commentary:

https://rain-industries.com/images/RIL-Q&A-Q3-2025.mp3

Please also find attached herewith the Transcript of Management Commentary on Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the third quarter ended September 30, 2025.

This is for your kind information and record.

Thanking you,

Yours faithfully,
for Rain Industries Limited

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Sarang

Good day ladies and gentlemen.

Welcome to the RAIN Industries Limited Q&A session for the Third quarter of 2025. My name is Saranga Pani, and I serve as General Manager of Corporate Reporting and Investor Relations at RAIN Industries Limited.

The speakers for today are:

- Mr. Jagan Reddy Nellore – Managing Director of RAIN Industries Limited
- Mr. Gerard Sweeney – President of RAIN Carbon Inc.; and
- Mr. T. Srinivasa Rao – Chief Financial Officer of RAIN Industries Limited

Following the Earnings Presentation and Management Commentary released on 6th November 2025, we have received various questions from investors and analysts concerning recent industry developments and their potential impact on our company's performance. RAIN Management will be addressing these questions in this session.

Before we proceed, the management would like to note that during this management discussion, we may make forward-looking statements that include various subjects such as outcomes, trends, targets, and strategic directions. These statements rely on our current projections and are subject to risks and uncertainties that could cause actual results to vary materially from those suggested by these forward-looking statements.

There are certain risk factors that could lead to significant deviations from our predictions.

With that, we will now start the discussion today with Gerard Sweeney…

Sarang:

Gerry, the first question is regarding Aluminium industry in general, and RAIN's Carbon segment. RAIN's sales to the aluminium sector contributed 42% of consolidated revenue in 2024. Could you provide insights into aluminium smelter demand for RAIN's products across key geographies, specifically Indonesia, the Middle East, the United States, and China? Are there any notable restarts occurring in these regions? Additionally, how are negotiations with major customers progressing regarding 2026 contracts? With China imposing production caps on aluminium smelters in 2024, what is your assessment of the impact on global supply-demand dynamics for aluminium? Does this present a structural advantage for RAIN by potentially shifting production and increased CPC demand to Indonesia, the Middle East, and the United States, where RAIN has stronger market access?

Gerard Sweeney

Thank you, Sarang. It is an excellent question. We continue to see strong momentum in global aluminium demand throughout 2025, and current market indicators suggest that LME prices will remain elevated well into the first half of 2026. Historically, incremental demand was largely met by additional Chinese smelter capacity. However, with the Chinese government now enforcing strict caps on national smelting capacity, the

supply response to this sustained demand growth will increasingly come from smelters outside China.

This structural shift creates a good opportunity for RAIN. We expect non-Chinese smelters to drive higher demand for CPC and pitch, and RAIN is well-positioned to capture that growth. Our strategically located production facilities, combined with our investments in a flexible and efficient logistics network, give us a leverage in serving these markets quickly and reliably. In short, we see this as a favourable long-term trend that aligns perfectly with RAIN's capabilities and growth strategy.

Sarang:

Thanks, Gerry. The next question refers again to our Carbon segment, both Calcination and Distillation. Given the intensifying competition for Green Petroleum Coke (or GPC) and challenges in raw material procurement, is it anticipated that the new normalized EBITDA per ton will be lower than US$50, compared to the historical range of US$60–US$80? What measures are being implemented to sustain traditional levels of profitability within the CPC business? Additionally, as cost pressures and supply issues persist in both calcination and distillation, is there scope to further increase the use of alternative raw materials?

Gerard Sweeney

As was seen in our Q2 and Q3 2025 performance, we have successfully regained a portion of our normalized margins within the carbon business. This recovery has been a key driver behind the improved earnings we have delivered over the past couple of quarters. While raw material pricing

remains the single most significant challenge to fully restoring margins over the long term, we are actively managing this headwind.

The impact from Battery Anode Materials (or BAM) continues to be a factor, but we are confident that these pressures will normalize over time. Similarly, the coal tar dynamics driven by reduced blast furnace steel production are expected to persist in the near term, but we view these as cyclical rather than structural challenges.

Importantly, RAIN is pursuing the adoption of alternative raw materials across both our Calcination and Distillation businesses. Our R&D and technical services teams are working hand-in-hand with a broad network of suppliers and end-customers to accelerate this transition. We see significant additional opportunities to expand the use of alternative raw materials beyond what we have already implemented, reinforcing the enhancing margin resilience.

In short, while near-term volatility remains, our strategic initiatives and innovation pipeline position us well to return to normalized margins and deliver sustainable, long-term value for our shareholders.

Sarang

Thanks, Gerry and following up on your comments just now. With structural changes in demand from the Battery Anode Material (or BAM) segment for GPC and a transition from blast furnace to Electric Arc Furnace (or EAF) steelmaking, how is the business adapting to these shifts?

Gerard Sweeney

As we have highlighted previously, RAIN continues to pioneer the use of alternative raw materials. Let us take a step back and look at the broader macro dynamics shaping the landscape. Graphite electrodes, essential for electric arc furnace (or EAF) steelmaking, are traditionally manufactured using needle petroleum coke and coal tar pitch. However, the rapid expansion of the battery anode materials (or BAM) industry has fundamentally altered the supply-demand balance. BAM players are increasingly diverting both green petroleum coke (or GPC) and needle coke, once primarily used by electrode manufacturers, toward synthetic graphite production for batteries. This shift is creating a structural squeeze on raw material availability for EAF electrode producers.

At the same time, global steel demand remains subdued, yet the transition from blast furnace (or BF) to EAF steelmaking continues to accelerate. Ironically, the coal tar pitch required for EAF electrodes is a byproduct of the very BF process that is being displaced. As BF steel production declines, so too does the availability of coal tar, tightening supply and driving up costs for coal tar pitch.

This is where RAIN's strategic positioning come into play. Recognizing these trends early, we made proactive investments in alternative binder technologies and raw material substitution strategies. Today, we are capable of making supplies for producing high-performance electrodes without relying solely on traditional coal tar pitch. This position helps us to meet the growing demand from EAF steelmakers who are increasingly reliant on stable, sustainable supply chains. In short, RAIN is handling these structural shifts well by delivering solutions.

Sarang

Moving on to the next question on the Advanced Materials segment, The EBITDA is encouraging but still short of the 15-17% range. What is the target here for this segment. You specifically highlighted that "competition intensified for Resins from Asian Players" in the management presentation. What steps are you taking to defend market share versus competing on price?

Gerard Sweeney

As we continue to expand our global footprint, it is important to recognize the competitive dynamics at play in our Advanced Materials segment particularly in Europe and select markets outside Asia. Some of our European manufactured products directly compete with Asian made alternatives, and as such, our delivered pricing is often benchmarked against Asian import prices.

While RAIN remains focused on driving operational efficiency and cost optimization, it is important to acknowledge that competing purely on a low-cost basis especially against regions with structurally lower production costs presents inherent challenges. Moreover, global transportation costs and logistics routes remain highly dynamic, influenced by shifting market conditions and ongoing geopolitical developments. These fluctuations can either enhance or erode our relative competitiveness, depending on the prevailing environment.

In recent quarters, we have observed intensified pricing pressure from Asian imports, driven by a combination of macroeconomic factors and regional overcapacity. This has had a short-term impact on both our sales volumes and average realized prices.

To enable RAIN to compete better, our targeted initiatives include reducing production costs through process innovation and raw material substitution without compromising the high-performance standards our customers expect. Simultaneously, we are optimizing our logistics footprint to mitigate transportation cost volatility and improve delivery efficiency.

We remain confident in the long-term value proposition of our Advanced Materials portfolio. Our commitment to quality, innovation, and customer partnerships continues to differentiate us in the market. As global supply chains evolve and customers increasingly prioritize reliability, sustainability, and performance, we believe RAIN is well-positioned to capture incremental share and drive profitable growth.

Sarang

Next follow-up question on Advanced Material segment, you mentioned "entered new markets" in the presentation. Which specific geographies and product segments are you targeting? What is the expected revenue contribution from new markets in FY26 and FY27?

Gerard Sweeney

As noted in our presentation, RAIN has indeed entered certain new markets, both in terms of geography and product applications. While we are not in a position to disclose specific geographies or product-level strategies at this stage, I want to emphasize that this discretion is for maintaining confidentiality around our market entry plans, which is critical to preserving our competitive edge and ensuring successful execution.

Looking ahead to FY26 and FY27, we expect our new market initiatives to contribute to the segment's top-line growth. While we are not providing specific revenue guidance at this time, we are confident that these efforts will begin to scale and support our broader ambition of driving sustainable, margin-accretive growth across the Advanced Materials portfolio.

Sarang

Next question is, can you throw some light on the recent press release made by Alcoa on the ELYSIS project which highlights its collaboration with Ball and Unilever to launch the first consumer packaging made with ELYSIS carbon-free aluminium technology, which emits only oxygen. Any impact we expect due to this on RAIN business.

Gerard Sweeney

That is a great question, Sarang. While we cannot comment directly on the specifics of the Alcoa publication, we understand that the reference is likely to pertain to lab-scale production activities at their Pittsburgh facility.

As you know, the ELYSIS technology is focused on developing a carbon-free aluminium smelting process by eliminating the use of carbon anodes. While this is an exciting innovation from a long-term sustainability standpoint, it is important to put it into context.

When we look at the total greenhouse gas emissions from aluminium smelting, they fall into two categories: Tier 1 emissions, which result from the consumption of carbon anodes during the smelting process, and Tier 2 emissions, which stem from the electricity used in smelting. The latter Tier 2 emissions actually represent a substantial portion of the total footprint. And today, over 75% of global aluminium smelting capacity still relies on electricity generated from thermal power sources, which are carbon intensive.

Given this reality, we do not foresee any material near to medium-term impact on the demand for carbon-based products, including anodes, from the emergence of carbon-free smelting technologies. While we are closely monitoring developments like ELYSIS, we believe widespread commercial adoption is still several years away and will depend heavily on the availability of clean energy infrastructure and significant capital investment.

In the meantime, RAIN remains focused on supporting our customers with high-performance carbon solutions that meet today's operational and environmental requirements. We are also actively investing in innovation to ensure we remain aligned with the evolving needs of the aluminium industry including potential shifts in technology over the longer term.

Sarang

Thank you, Gerry. We now have a few questions for Mr. Jagan. Regarding CPC business in India: With GPC import restrictions eased for SEZ and DTA units, what are your target capacity utilization rates for 2026 and 2027? Can you specify expected quarterly volume growth and explain how this logistical flexibility enhances your competitiveness globally? You previously mentioned reactivating the "unique, integrated global blend strategy" after these changes—could you outline its operational and financial benefits, the portion of sales it will affect, and anticipated margin improvements?

Jagan Nellore

Thank you, Sarang, for the question.

As it relates to our SEZ facility, please note that the regulatory relaxation allowing the importation of Green Petroleum Coke (or GPC) and Calcined Petroleum Coke (or CPC) into the SEZ was officially approved in February 2024. However, the implementation took effect in Q4 of 2024 for RAIN, which is when we began to see the operational benefits materialize.

Also, the significant policy development that became effective April 2024, is when the government increased the national import quota for GPC by calciners from 1.4 million tonnes to 1.9 million tonnes. This policy shift not only expanded the allocation for our Domestic Tariff Area (or DTA) plant but also eliminated the need for job work at our SEZ facility, thereby streamlining our operations.

As a result of these favorable developments, both our SEZ and DTA plants have been operating at approximately 90% capacity starting 2025, a level we expect to sustain or increase slightly going forward. This marks a meaningful step forward in optimizing our asset utilization and improving overall throughput.

Additionally, the ability to import CPC into the SEZ facility has enabled us to revive and scale our blending strategy. This is a key lever in our cost optimization efforts, allowing us to fine-tune raw material inputs and enhance operational flexibility. Importantly, this has also had a positive impact on our U.S. operations, where we have been able to increase capacity utilization and improve cost competitiveness.

In summary, these regulatory changes have not only unlocked operational efficiencies but also positioned RAIN to better serve our global customers with greater agility. We view this as a strong enabler of growth and margin improvement in the near to medium term.

Sarang

Next question is: Can management provide an update on the expected Indian Carbon distillation facility, including final capacity, projected margins for initial CTP and Carbon Black Oil production, and the specific timeline for revenue generation in 2026 and onwards?

Jagan Nellore

As we shared during our previous call, RAIN has secured all the necessary regulatory approvals to commence carbon distillation operations in India. While there was a brief delay in finalizing the operational site, I am pleased to report that we are now moving forward in line with our revised timeline.

We have adopted a phased market entry strategy, beginning with the production of coal tar pitch. This initial phase allows us to establish a strong operational foundation, optimize our processes, and build customer relationships. Once this phase is stabilized and scaled, we plan to move into Phase 2 with about a 12-15 month gap, which will expand our product portfolio to include additional high-value carbon products. This stepwise approach ensures capital efficiency, operational agility, and a smoother path to market penetration.

As these phases progress, we expect to see a steady ramp-up in production volumes, diversification of our product mix, and a corresponding expansion in margins. While we are not disclosing specific margin figures for individual business lines, we are confident that this initiative will be a meaningful contributor to our growth trajectory.

We anticipate revenue generation from these operations to begin in the latter half of FY26, with a more pronounced impact expected in FY27 as we scale up and broaden our offerings. This initiative is a key pillar of our

long-term strategy to deepen our presence in the Indian market and strengthen our global carbon product capabilities.

Sarang.

Our next investor question is, RAIN recently secured CAD 860k government funding for BAM R&D with Northern Graphite (total CAD 3.1 million project) and signed separate agreement with Green Graphite Technologies. What is the commercialization timeline for each initiative? What capital investment will RAIN need to commit to scaling up production?

Jagan Nellore

Thank you, Sarang.

As we shared during our last quarterly call and in our press release to the stock exchanges, RAIN has entered into a strategic collaboration with Northern Graphite to jointly advance a pioneering initiative in the battery materials space. This 24-month project is focused on transforming natural graphite processing by-products into high-performance, battery-grade anode materials an area of growing strategic importance as the global energy transition accelerates.

The partnership is designed to integrate upstream feedstock optimization with advanced downstream processing and rigorous electrochemical testing. Our shared objective is to maximize the yield from graphite mine concentrates, reduce waste, and significantly lower the carbon footprint of

battery material production, a critical factor for customers and regulators alike.

RAIN brings to this collaboration its proprietary LIONCOAT® carbon coating technology, which has already demonstrated strong performance in enhancing the electrochemical properties of battery anode materials. We will also lead the electrochemical performance validation to ensure that all materials meet or exceed global standards for next-generation energy storage applications.

All R&D and process development activities will be anchored at our Technology Innovation Center for Energy Storage Materials in Hamilton, Ontario, which continues to serve as a hub for our advanced materials innovation.

The total project budget is CAD 3.1 million, with CAD 860,000 in funding support from the Canada–Germany Collaborative Industrial Research and Development Program, a strong endorsement of the project's strategic relevance and innovation potential.

This initiative is a key pillar of RAIN's broader strategy to establish a meaningful presence in the battery anode materials (or BAM) value chain and contribute to the development of a resilient, sustainable Western supply chain for the energy storage sector. We expect this project to unlock new commercial opportunities and position both RAIN and

Northern Graphite as credible, competitive players in this rapidly evolving market.

Sarang

The next question is, are we seeing any change in competition in any of our segments? Have there been any closures of competitors in the regions that we operate?

Jagan Nellore

From a Carbon segment perspective, we have observed a notable increase in calcination capacity outside of China, particularly in the Middle East. While this has introduced some short-term pressure on volumes in the merchant market, our view is that much of this new capacity is likely to be consumed internally by integrated players in the region. As such, we do not expect a significant or sustained oversupply in the open market.

On the distillation side, we have not seen any meaningful new capacity additions. However, there are growing concerns around the long-term viability of certain players in the market, primarily due to tightening coal tar availability. As coal tar is a byproduct of declining blast furnace steel production, supply constraints are becoming more structural. This dynamic could lead to further consolidation or capacity rationalization in the distillation space, which may ultimately support a more balanced market environment.

Turning to Advanced Materials, we continue to see competitive pressure from Asia, particularly in the commodity-chemical segment, where

capacity additions and aggressive pricing remain a challenge. However, it's important to note that in the specialty products space, where RAIN has a strong and differentiated portfolio, we have not observed any significant new capacity coming online. This reinforces our belief that our focus on high-performance, value-added solutions is the right strategy to drive sustainable growth and margin resilience.

In summary, while we remain vigilant in monitoring global capacity developments, we are confident in our positioning across both Carbon and Advanced Materials. Our integrated model, focus on specialty applications, and proactive supply chain strategies continue to provide us with a strong foundation to navigate market shifts and capitalize on emerging opportunities.

Sarang

Thanks. The next question is regarding Cement business; we have noted that Board has recently approved Rs 757 crore brownfield expansion (adding 1.5 Million Tonnes clinker and 2.3 Million Tonnes cement capacity) for commissioning in Q4 CY 2027. What is the projected IRR on this project? What are the assumed realizations and EBITDA per tonne at steady state? Also, it was mentioned that the expansion will be funded "mostly with Internal Accruals and Minimal Debt." Can you quantify the debt component? How will this impact net debt/EBITDA trajectory through 2027 considering the Rs 757 crore outflow?

Jagan Nellore

As previously disclosed to the stock exchanges, we are moving forward with a brownfield expansion at our cement facility in Suryapet, Telangana.

The current plant has an installed capacity of approximately 1.3 million MT and is operating at a utilization rate of around 70%. With the planned expansion, we aim to significantly scale up capacity to approximately 3.8 million MT, nearly tripling our output from this location.

A key component of this expansion is the integration of a 7 MW Waste Heat Recovery (or WHR) system, which aligns with our broader sustainability and energy efficiency goals. This will not only reduce our carbon footprint but also enhance cost competitiveness over the long term.

The total project cost is estimated at ₹7.57 billion. We intend to fund approximately two-thirds of this through internal accruals and the remaining one-third may be financed through external debt, depending on market conditions and capital allocation priorities.

We are targeting commercial operations to commence in the second half of calendar year 2027. The project is expected to deliver an internal rate of return (or IRR) in the range of 14% to 16%, which we view as attractive given the strategic location, regional demand fundamentals, and the operational synergies we expect to unlock.

This expansion is a signal of our confidence in the long-term growth trajectory of the cement sector, particularly in high-potential markets like Telangana and Andhra Pradesh. It also reinforces our commitment to disciplined capital deployment and value creation for our stakeholders.

Sarang

Thanks, Jagan. The follow-up question is, can you please explain how this additional capacity expansion is value accretive to shareholders. The Indian subsidiary just became debt free and now internal accruals for the next few years will go towards this expansion. With consolidation in cement industry and the rather lackluster performance of our existing cement business, what should shareholders expect as 'value' from this expansion.

Jagan Nellore

Thanks, Sarang.

The planned capacity expansion at our Suryapet cement facility is underpinned by a strong strategic and operational rationale. The current plant, with a capacity of approximately 1.3 million MT, has served us well, but its relatively smaller scale limits our ability to fully optimize operational efficiencies and cost structures.

By scaling up to 3.8 million MT, we expect to unlock significant economies of scale. This includes better absorption of fixed costs, lower per-tonne overheads, and improved logistics and procurement synergies. The expansion will also enable more efficient utilization of existing infrastructure and manpower, further enhancing productivity and cost competitiveness.

A key highlight of this project is the integration of a 7 MW Waste Heat Recovery (or WHR) system, which reflects our commitment to sustainability and energy efficiency. This system is designed to reduce fuel consumption and carbon emissions, while also lowering our reliance on grid power, an important factor in improving long-term cost stability and profitability. Additionally, the deployment of advanced automation and process control technologies will help us drive down average production costs and enhance operational reliability.

On the demand side, the timing of this expansion aligns well with strong macroeconomic tailwinds. Cement demand in our core markets particularly in Telangana and neighboring states is expected to grow steadily, supported by robust infrastructure development initiatives at both the state and central government levels. Flagship programs such as the Pradhan Mantri Awas Yojana, Smart Cities Mission, and PM Gati Shakti are accelerating investments in housing, urban infrastructure, and logistics, all of which are key demand drivers for cement.

Industry forecasts suggest a 20% growth in cement demand over the next 2–3 years, driven by lower interest rates, increased government spending, and a resurgence in private sector construction activity. We believe this expansion positions RAIN to capture a larger share of this growth, while enhancing our cost leadership and sustainability profile.

In summary, this is not just a capacity expansion, it is a strategic leap forward that strengthens our position, supports long-term growth, and

reinforces our commitment to operational excellence and environmental stewardship.

Sarang

Thank you, Jagan. The follow-up question is Current green power generation is ~40% of total electricity consumption (solar + WHR). With 7 MW WHR addition in the expansion, what will be the targeted green power percentage by 2028? Can you quantify the cost savings per ton of cement and competitive advantage this creates?

Jagan Nellore

As of now, approximately 40% of our total electricity consumption at the Suryapet cement plant is met through green energy sources, primarily from our existing solar installations and Waste Heat Recovery (or WHR) systems. With the upcoming addition of the 7 MW WHR system as part of our brownfield expansion, we anticipate a meaningful step-up in our green power contribution.

By 2028, we are targeting to increase our green power share to between 45% and 50% of total plant electricity consumption, even as overall energy demand rises with the expanded capacity. This reflects our commitment to sustainable operations and energy self-reliance.

From a cost perspective, the benefits are equally compelling. The WHR system will significantly reduce our reliance on grid power, which is

subject to both price volatility and regulatory changes. Based on our internal estimates, we expect energy cost savings in the range of ₹150 to ₹200 per tonne of cement produced once the new WHR system is fully operational. These savings will directly contribute to margin enhancement and improve our cost competitiveness, especially in a market where energy costs are a major component of total production expenses.

Beyond the financial upside, this investment strengthens our ESG credentials and aligns with our long-term decarbonization roadmap. As sustainability becomes an increasingly important differentiator in the cement industry, we believe this positions RAIN as a forward-looking and responsible manufacturer, which is increasingly valued by customers, regulators, and investors alike.

Sarang

Next question is, does management or Board planning for buy back of shares at this point in time?

Jagan Nellore

At this point in time, there are no active plans or discussions at the Board level regarding a share buyback program. As we have consistently communicated in recent years, our capital allocation strategy remains focused on strengthening the balance sheet and reducing debt, which we view as a critical enabler for long-term value creation.

Over the past couple of years, we made a conscious decision to defer major capital expenditures to maintain financial flexibility. Considering the strategic opportunities, the Board has prioritized deploying capital towards expansion projects, such as the brownfield capacity addition at our Suryapet cement plant, which are expected to provide sustainable growth and enhance shareholder value over the medium to long term.

That said, we continuously evaluate all capital allocation options, including share buybacks, through the lens of shareholder returns, balance sheet health, and strategic priorities. As our cash flow continues to improve and our growth investments begin to deliver returns, we will remain open to considering all avenues that enhance value for our shareholders.

Sarang

Thanks Jagan. Our final set of questions are for Srinivas.

What is the status on Russian Carbon Distillation plant? How is it doing amid sanctions?

Srinivasa Rao

Thank you Sarang for the question.

As we have been communicating over the past three years, our Carbon Distillation plant in Russia continues to operate steadily. This is primarily because the plant is focused on serving the domestic Russian market and operates entirely within the country's internal supply chain ecosystem.

While macroeconomic factors such as inflationary pressures and foreign exchange volatility have had some localized impact, these have not materially affected the overall performance of the company.

Sarang

Thanks, Srinivas. The next question is, Energy costs in Europe "remain manageable" as per the management presentation. Can you provide more specifics on current natural gas price levels versus historical averages? What hedging strategies are in place for winter 2025-26?

Srinivasa Rao

Prior to the geo-political issues, we used to see the energy cost in Europe fluctuate around Euro 10 to Euro 20 MMBtu based on the seasonal demand between summer and winter. However, over the last 3 years, the prices have shoot up beyond Euro 100 MMBtu. Though it did not remain at that level for a long period of time it was costly. The prices are back to Euro 30 to 40 MMBtu in the recent quarters, which are lower compared to the peak levels but much higher than the normal levels prior to geopolitical conflicts. Considering the current market dynamics, we have not entered into any hedging strategies.

Sarang

The next question is, Net debt/EBITDA improved to 3.3x in Q3 2025 from 3.9x in Q4 2024. What is your target leverage ratio by end of FY26 and FY27? Given you stated you're "approaching 3x during current year," is 2.5x achievable by end of FY27?

Srinivasa Rao

As mentioned in our management presentation, the net debt to EBITDA ratio was higher in the recent past due to the underperformance of the company due to multiple reasons already explained in detail during the respective periods. However, with the marginal recovery in all the three operating segments, we are reporting better EBITDA quarter over quarter at the same time reducing the net debt periodically which resulted in better net debt to EBITDA in the current quarter. We expect the same levels in the near future.

Sarang

The next question is Outflow in the financing activities during Q3 is coming to approx. INR 1125 Crore. Can you please provide breakup for the same.

Srinivasa Rao

During the third quarter we have net outflow in financing activities amounting to approx. $132mn (or INR 1,125 crore). Out of which $60mn was relating to repayment of working capital debt; $40mn was relating to payment of interest on loans and other borrowing cost; $11mn was relating to payment of lease liabilities; and the balance relates to distribution of dividends.

Sarang

Thanks. The next question is, Income tax rate has come down substantially, what is the reason and outlook for Q4.

Srinivasa Rao

This is a good question. As we kept mentioning over the past few quarters, there was non-recognition of Deferred tax assets on the interest expense and the business losses both in USA and Germany due to which the Effective Tax Rate (ie., ETR) for the quarters have been fluctuating widely. As we have reported losses over past few quarters the ETR used to be negative, however with business turning into profit in few geographies, the ETR returned positive. This is also reflected with the changes introduced by the new US tax bill introduced in July 2025, which now allows interest expense deduction based on EBITDA rather than EBIT, as was the case for the previous two years. Based on the geographies we operate the average ETR for the group should be in the range of 32-36%.

Sarang

Thanks. Here is our last question for today's session. Adjusted EBITDA margin was 14.5% in Q3 2025 (Rs 6.48 billion on Rs 44.76 billion revenue). You repeatedly stated you have "not yet achieved normalized quarterly EBITDA target." What is your definition of normalized EBITDA margin by segment and on a consolidated basis?

Srinivasa Rao

As we keep iterating the point, RAIN being a converter we measure the company performance based on EBITA per tonne and not on percentage basis as the selling price and raw material prices can keep fluctuating, however the margin per tonne will be more or less constant subject to inventory gain and/or losses. As mentioned earlier by Gerry, we expect the EBITDA per tonne to be back to earlier periods, however subject to various external macro-economic factors which need to be considered.

Thank you, Srinivas, Jagan, and Gerry.

Ladies and gentlemen, this concludes RAIN's Management Q&A session for the third quarter of 2025.