

**Price:** 142

**Recommendation:** Buy

**Industry:** Petrochemicals

**Sector:** Commodities

**Report Date:** 16-Apr-2025

Rain Industries Limited is advancing growth through strategic initiatives, focusing on global blend strategies and expanding CPC production in India. The company is enhancing its presence in the EV and battery markets with new R&D; facilities in Canada, supported by government grants. With a positive outlook for its Cement segment and the aluminum industry, Rain emphasizes cost management and efficiency. Vigilance in market trends and cost evaluation remains crucial for sustained success.

Sales		Profit & Loss		Profitability Matrix	
Current Year	141 Cr	Operating Profit(Year)	-0.54 Cr	Operating Profit Margin	-0.38 %
Previous Year	124 Cr	Operating Profit(Quarter)	-0.24 Cr	EBITDA Margin	42.34 %
Current Quarter	41.3 Cr	PAT (Year)	35.7 Cr	Net Profit Margin	25.2 %
Previous Quarter	42.7 Cr	PAT (Quarter)	16.1 Cr	EPS	1.16
Revenue (QYoY)	34.8 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	134	Sales Growth	13.9 %	Sales Growth	-3.28 %
PEG Ratio	959	PAT Growth	-32.64 %	Sales Growth QYoY	18.68 %
EV/EBITDA	82.7	EPS Growth	0.0 %	PAT Growth	-45.42 %
P/B	5.16	Dividend Yield	0.71	PAT Growth QYoY	-453.85 %
Capital Allocation		Holdings		Leverage	
RoE	3.86 %	Promoter	41.2 %	Debt/Equity	0.18
RoA	3.14 %	FII	10.6 %	Debt	170 Cr
RoCE	5.27 %	DII	4.20 %	Market Cap	4791 Cr
RoIC	151 %	Public	43.6 %	Enterprise value	4941 Cr
		No of Shares	33.6 Cr	Cash Equivalents	20.2 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Rain Industries Limited's recent meeting highlighted several strategic initiatives and business strategies aimed at enhancing growth and operational efficiency. The company is focusing on re-establishing its global blend strategy, which has become feasible due to the relaxation of Indian import restrictions. This strategy is expected to leverage Rain's unique global CPC production capacities, logistics, and blending assets. The company is also ramping up its vertical shaft calciner production capacity in its SEZ plant in India, anticipating an increase in CPC sales volumes throughout 2025. Additionally, Rain is strategically positioned to navigate changes in the Carbon Calcination business, emphasizing the importance of securing access to GPC amidst increasing competition from BAM manufacturers.

The company's diversification schemes include the development of a new research and development laboratory and a demonstration plant for Energy Storage Materials and Battery Anode Materials in Canada. These initiatives, supported by government grants in Canada and Germany, position Rain as a significant player in the burgeoning EV and other battery markets. The demonstration plant is expected to solidify Rain's reputation for excellence in battery technology, allowing the company to explore new applications and supply chain opportunities. Rain's established presence in the Chinese battery market further strengthens its position in this sector.

Looking ahead, Rain Industries is optimistic about its future growth and scaling perspectives. The company anticipates a promising outlook for its Cement segment in 2025, driven by increased rural and urban demand alongside government-led infrastructure initiatives. The global aluminium industry also presents positive prospects, with stabilizing prices and anticipated demand resurgence. Rain's strategic focus on cost management and efficiency, coupled with its commitment to scrutinizing expenditures, underscores its dedication to achieving sustainable growth and success.

While the company is well-positioned for future growth, there are areas for improvement. Rain must remain vigilant as market indicators continue to raise concerns. The company should continue to rigorously evaluate all costs, including raw material expenses, to procure optimal products and manufacture in locations that maximize profitability. Additionally, the company should closely monitor the evolving GPC supply marketplace and adjust its strategies accordingly to maintain competitive margins. Overall, Rain Industries is confident in its strategies to navigate the complexities ahead, with the dedication and hard work of its teams paving the way for continued success and growth.

RAIN Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
GMR Airports	90173.61			6.32%	19.16%	52.76%	45.63%
CMS Info Systems	7559.47	20.62	19.35%	-6.89%	-0.14%	2.50%	7.02%
RattanIndia Ent	5947.99	16.64	-10.39%	6.71%	2.20%	29.48%	-190.81%
Rain Industries	4791.31	134.29	3.86%	-3.19%	18.78%	-45.40%	454.51%
OneSource Speci.	18182.18		-45.62%	17.52%	598.38%	167.53%	146.85%

Aspect	Commentary
Revenue	The company shows a moderate increase in annual sales, indicating steady growth. However, quarterly sales have slightly decreased, suggesting potential seasonal fluctuations or market challenges. The year-over-year revenue growth is positive, reflecting effective sales strategies and market demand.
Profit & Loss	Annual operating profit is negative, indicating operational inefficiencies. However, the positive PAT suggests non-operational income or cost management strategies are effective. Quarterly PAT remains strong, highlighting potential for profitability despite operational challenges.
Profitability Matrix	The company exhibits a strong EBITDA margin, indicating efficient core operations. However, the negative operating profit margin suggests high operational costs. A healthy net profit margin reflects effective cost management and revenue generation strategies.
Valuation Matrix	The high P/E ratio suggests market optimism or overvaluation. A high PEG ratio indicates potential growth challenges. The EV/EBITDA ratio is elevated, reflecting high enterprise value relative to earnings. The P/B ratio suggests market confidence in asset value.
Growth (YoY)	Sales growth is positive, indicating effective market strategies. However, the decline in PAT growth suggests profitability challenges. Stable EPS growth reflects consistent earnings. A modest dividend yield indicates shareholder returns are prioritized.
Growth (QoQ)	Quarterly sales decline suggests potential market challenges or seasonal effects. The significant drop in PAT growth indicates profitability issues. However, the positive QYoY sales growth reflects long-term strategic success despite short-term challenges.
Capital Allocation	The company demonstrates efficient capital use with a high RoIC. However, moderate RoE and RoA suggest room for improvement in asset and equity utilization. A strong RoCE indicates effective capital employment in generating returns.
Holdings	Promoter and public holdings are balanced, indicating stable ownership structure. FII and DII holdings are moderate, reflecting institutional interest. The number of shares suggests a substantial market presence, supporting liquidity and investor confidence.
Leverage	The low debt/equity ratio indicates conservative leverage, reducing financial risk. The company's debt level is manageable relative to market cap, suggesting financial stability. Cash equivalents provide liquidity, supporting operational and strategic flexibility.

**Analyst viewpoint:** Rain Industries Limited showcases a robust potential for growth, driven by strategic initiatives and a focus on expanding its carbon products and cement segments. The company's recent performance indicates a persistence in sales growth year-over-year, despite minor quarterly discrepancies, reflecting effective sales strategies. The valuation metrics reveal a mixed picture with a high P/E ratio suggesting market optimism. However, the strong EBITDA margins demonstrate efficient core operations which are supported by strategic cost management efforts noted in recent analyst calls. Capital allocation shows promise with a high return on invested capital, underscoring smart investment strategies in the face of modest quarterly performance challenges. Rain's ventures into the evolving battery and EV markets, bolstered by international R&D; collaborations, position the company favorably amidst competitive dynamics.

One potential challenge Rain faces is the significant decline in quarterly PAT growth, indicating short-term profitability issues despite long-term growth strategies. Nonetheless, these metrics suggest that Rain Industries is strategically maneuvering through short-term fluctuations while cementing its foothold across key industry sectors. This makes Rain an attractive opportunity for investors looking for growth with a balanced risk-reward profile in the short to mid-term perspective. The company's proactive approach and strategic vision, as heard from recent conference calls, further reinforce our bullish outlook while highlight the necessity for continued vigilance in cost management and market adaptations.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

#### Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclaimers:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)