

# A watchful eye on evolving trends

In 2022, the global economy faced multiple headwinds including high inflation, energy shortages and supply disruptions due to the Russia-Ukraine conflict. Further, ongoing COVID lockdowns in China also had a significant impact. At RAIN, we have been closely monitoring the macroeconomic developments and adapting our strategies accordingly.

## Macro trends



### Strong long-term outlook for aluminium

During the first half of CY22, demand for aluminium was generally strong. But in the second half, smelters across the world –particularly those in Europe without access to hydroelectric power–had to cut production due to prolonged high energy costs and aluminium prices on the London Metals Exchange declining below US\$ 2,300/tonne. Despite these challenges, the long-term demand for aluminium remains strong due to its rising applications in various industries.



## Our response

We are working to expand sales to smelters and anode producers in other parts of the world where energy costs are lower. We are also pursuing opportunities to sell more calcined petroleum coke and coal tar pitch to other industries not as heavily impacted by recent economic conditions.



### Rising costs for raw materials and energy

During CY22, a continued rise in raw material costs and energy prices as well as scarcity of natural gas were key concerns, particularly in Europe due to the conflict between Russia and Ukraine. This impacted the operations of aluminium smelters in Europe and across the world as well as other key industries to which we supply our products. It has also been a key concern for our operations.



We have been actively reducing our energy consumption and evaluating the costs and benefits of each of our operating units in Europe. We have prioritised cost management and enhanced efficiency in the face of a challenging market. This includes optimising the movement of raw materials and finished goods, as well as reducing operating costs.



## Global supply chain disruption

Supply of raw materials is likely to be a growing concern due to the ongoing geopolitical tensions in Europe, along with the lockdowns in China due to continued emergence of new variants of COVID.



We are working towards diversifying our supply, while collaborating with customers. We are trying to help our customers in expanding their product specifications so that we can continue to provide the materials they require as available feedstocks degrade in quality.



## Growing adoption of green steel

As the steel industry moves towards more efficient electric-arc furnaces (EAFs), it brings changes in the supply and demand of certain materials. The decrease in blast-furnace usage is leading to a decline in metallurgical coke production and, in turn, a decrease in coal tar availability.

At the same time, another trend emerges. The shift to EAFs drives up demand for graphite carbon electrodes, which are crucial for these furnaces.

This transformation highlights the complex interplay of supply and demand in the industry, creating new opportunities for innovation and efficiency as well as the need to adapt and manage the new dynamic.



We are proactively developing and sourcing alternative raw materials in response to the decreasing availability of coal tar caused by the shift to EAFs. Simultaneously, we are capitalising on the increasing demand from green-steel producers for graphite carbon electrodes made from our coal tar pitch.



## Rising construction and infrastructure activities in India

India is the world's second-largest cement producer with an estimated production capacity of 565 million tonnes in 2022, accounting for 8% of global production. Despite this, per capita consumption is low, with demand expected to grow 7-8% in 2023 due to rural housing, urban real estate and government infrastructure spending.

### Indian cement market overview

**380-390 MnT**  
Estimated cement production volume in FY23

Source: Market source



We will continue to focus on increasing sales, especially closer to our plants, by running marketing and promotional activities. We are also prioritising cost optimisation through strategic procurement of raw materials.