RAIN INDUSTRIES LIMITED

RIL/SEs/2018

December 3, 2018

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: Clarification with regard to Queries from Investors – Reg.

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

This is in reference to certain queries received from Investors regarding the consolidated debt of the Company, debt repayment terms and the impact of ban on import of Pet Coke. We are herewith providing the following clarifications:

Consolidated Debt of the Company:

The consolidated debt of the Company and the financial leverage ratios as on September 30, 2018 are as follows:

US$ in Millions

Particulars	Consolidated
Consolidated Term Debt	1,068
Working Capital Debt	62
Gross Debt	1,130
Cash and Cash Equivalents	101
Net Debt	**1,029**
Equity (including minority interest)	**705**
Debt Equity Ratio	62% : 38%
Adjusted Operating Profit / EBITDA (LTM September'2018)	391
Estimated Interest Cost (considering current rates of EURIBOR)	60
Gross Leverage Ratio	2.9x
Net Leverage Ratio	**2.6x**
Interest Coverage Ratio	**6.5x**

S.V.R. Reddy

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US$ in Millions

Particulars	Consolidated
Scheduled Repayment of Term Debt over next 4 years:	
CY 2018	1
CY 2019	5
CY 2020	14
CY 2021	32
CY 2025	1,016
Total Term Debt	1,068

Further, the Company is implementing various expansion projects in Europe and India, mostly funded with internal accruals. These expansion projects that will commence operations in 3rd Quarter 2019 are expected to contribute annual revenues of about $250 million at full capacity, when calculated at the current prevailing prices. Further with the existing Cash and Cash Equivalents of US$ 101 Million, coupled with undrawn revolver facilities of US$ 144 million, the Company is well placed to fund CAPEX projects and meet debt servicing obligations in the near-term. The major debt repayments are scheduled to start in January 2025.

Implications of Ban on importing Pet Coke to India:

The Consolidated Revenue of the Company is contributed from various business units as follows:

Business	LTM # September 2018	CY & 2017
Distillation – Europe & North America	32%	30%
Calcination – India manufacturing	15%	15%
Calcination – India Blending	8%	8%
Calcination – US manufacturing	13%	11%
Advanced Materials – Europe & North America	25%	28%
Cement – India	7%	8%
Total	**100%**	**100%**

 # Last Twelve Months & Calendar Year

The Hon'ble Supreme Court of India on October 9, 2018 granted permission to import Green Petroleum Coke ("GPC") of 1.40 Million Tons per annum by the Indian Calciners and Calcined Petroleum Coke ("CPC") of 0.50 Million Tons per annum by the Indian Aluminium Smelters. These permitted quantities of GPC and CPC would be sufficient to meet the current requirements of the respective industries. The Director General of Foreign Trade ("DGFT") issued guidelines for granting licenses for importing GPC and CPC on November 26, 2018. As per DGFT guidelines, the Calciners who wish to import GPC shall make application for grant of licenses no later than December 7, 2018 and allocation of GPC and CPC imports until March 31, 2019 would be completed by December 21, 2018.

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Further, the Company made an application to the Hon'ble Supreme Court of India seeking approval to import CPC to continue Blending Operations for meeting the quality specifications of the customers. The Hon'ble Supreme Court was pleased to admit the application and posted the application for hearing in January 2019. As the Blending Operations would be carried-out at ambient temperatures, there will be no Sulphur Dioxide (SO_2) emissions from such blending operations.

The new CPC Plant with a capacity of 370,000 Tons per annum in Andhra Pradesh Special Economic Zone (SEZ), Visakhapatnam is expected to commence operations during the 3rd Quarter 2019. The Company is continuing with the construction of this new CPC Plant that includes a state-of-the-art SO_2 Scrubber to comply with all the emission requirements of both Central and State Pollution Control Boards. Although the plants operating in SEZs are permitted to import even Prohibited and Restricted items for their operations with the permission of the Board of Approvals for SEZs, New Delhi, we will also approach the Hon'ble Supreme Court at an appropriate time, for import of raw materials, if necessary.

Due to the ban on import of GPC from end July till early October, the Company's performance during the September'2018 and December'2018 quarters was impacted, as it takes several weeks to replenish the supplies of GPC and to bring down the overall cost of GPC.

Further until such time the Company's application for importing CPC is decided by the Hon'ble Supreme Court of India; the India CPC Blending Operations would be impacted. Except the Indian CPC Blending Operation, RAIN's other businesses are not impacted by the continuing ban on importing of CPC by the non-aluminium companies. .

This is for your information.

Thanking you,

Yours Faithfully,
for Rain Industries Limited

RAIN INDUSTRIES LIMITED HYD

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