



30th June, 2017

To,
The Manager- The Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai - 400051.
Scrip code: **REMSONSIND**

REMSONS
Industries Ltd.

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CIN : L51900MH1971PLC015141

Sub: Clarification regarding ICRA Credit Rating submitted on 29th June, 2017.

Dear Sirs,

With reference to the captioned subject and in reply to your e-mail dated 30th June, 2017, we do hereby provide the reasons for downward rating which was issued by Rating Committee of ICRA as mentioned in our letter dated 29th June, 2017:

1. The revision in the ratings as well as change in outlook takes into account the lower than anticipated revenue growth in the financial year, 2017 due to muted demand scenario in the key consuming automotive segment during half year ended 2017 of the Company;
2. Decline in operating as well as net profitability in financial year, 2017 due to higher fixed costs coupled with limited ability of the Company to pass on the price increase to the customers given its low bargaining power with the established and reputed customers;
3. The subdued profitability has continued to constrain the debt coverage indicators of the Company, with NCA/Debt at 6% and TD/OPBIDTA at 10.88 times as of financial year, 2017;
4. The ratings also remain constrained by the exposure to the inherent cyclicity in the automobile industry and susceptibility of margins to volatility in raw material prices and labour costs.

However, the ratings continue to favorably factor in the long standing experience of the promoters in the auto ancillary industry, the established client base which includes leading domestic and international automobile OEMs, healthy share of revenue from the replacement market and exports where margins are less volatile in nature. The ratings also favorably factor in the moderate and stable working capital intensity of operations.

We hope above clarification would suffice your query.

Yours faithfully,

For **REMSONS INDUSTRIES LIMITED**


ROHIT DARJI
COMPANY SECRETARY & COMPLIANCE OFFICER

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