

RAIN INDUSTRIES LIMITED
(Formerly Rain Commodities Limited)

June 12, 2015

The Manager
Listing Department
The National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra East
Mumbai – 400 051.

Dear Sir/ Madam, Kind Attn: Ms. Pramilla D'souza - Deputy Manager – Listing Compliance

Sub: Clarification on Scheme of Arrangement
Ref: Scrip Code: RAIN

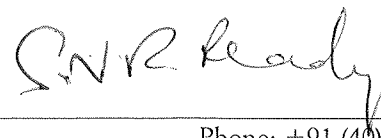
With reference to your e-mail dated June 12, 2015, seeking clarification for the announcement made by the Company on June 11, 2015, we bring to your kind notice the following:

a) Whether the transaction would fall within related party transactions? If yes, whether the same is done at, arm's length;

- i) Moonglow Company Business Inc. is a Wholly Owned Subsidiary of Rain Cements Limited.
- ii) Rain Cements Limited is a Wholly Owned Subsidiary of Rain Industries Limited.
- iii) Moonglow Company Business Inc. is a Step-down Wholly Owned Subsidiary of the Rain Industries Limited.
- iv) Under the Scheme of Arrangement Moonglow Company Business Inc. is getting amalgamated with Rain Industries Limited.
- v) There is no cash consideration being paid pursuant to Amalgamation. Further no shares are being allotted by Rain Industries Limited pursuant to Amalgamation, hence there is no change in shareholding of Rain industries Limited after the proposed Amalgamation.

b) Area of business of the entity (ies);

- i) **Moonglow Company Business Inc.:** Is incorporated under the International Business Companies Act (CAP. 291), having its registered office at Pasea Estate, Road Town, Tortola, British Virgin Islands and is engaged in the business of making investments in Companies engaged in manufacture and Sale of Calcined Petroleum Coke in United States of America ("USA").





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- ii) **Rain Cements Limited:** Is incorporated under the Companies Act, 1956, having its registered office at Rain Center, 34, Srinagar Colony, Hyderabad – 500 073, Telangana, India and is engaged in the business of manufacture and sale of Cement.
- iii) **Rain Industries Limited:** Is incorporated under the Companies Act, 1956, having its registered office at Rain Center, 34, Srinagar Colony, Hyderabad – 500 073, Telangana, India and is engaged in the business of trading in Carbon products.

c) Rationale for amalgamation

- (i) Rain Cements Limited is the Wholly Owned Subsidiary of the Rain Industries Limited and the Moonglow Company Business Inc. is the Wholly Owned Subsidiary of Rain Cements Limited.
- (ii) Rain Industries Limited, along with its subsidiaries (“Group”) in India and overseas, is engaged in the business of manufacture of Cement, Calcined Petroleum Coke (“CPC”), Coal Tar Pitch (“CTP”), Other Carbon and Chemical products and co-generation of power.
- (iii) Moonglow Company Business Inc. holds 100% of the non-voting stock of Rain Commodities, USA (“RCUSA”), which is Holding Company for the USA operations of the Group, whereas the entire voting stock of RCUSA is held by the Rain Industries Limited.
- (iv) Moonglow Company Business Inc. was set up as a Special Purpose Vehicle for the purpose of acquisition of CPC business in United States of America (“USA”). The main objective of forming the Moonglow Company Business Inc. was to carry-out “Leveraged Buy-out” of companies engaged in the business of CPC in United States of America and to facilitate pledging of stock of such companies to the Overseas Lenders that provide the funds required for such Leveraged Buy-outs.
- (v) Further, the intention of forming Moonglow Company Business Inc. was to limit the exposure of the Rain Industries Limited and its subsidiaries to any unknown liabilities that may arise from the acquisition and/or operation of CPC business assets in USA.
- (vi) As the acquisition process is fully settled and with an intention to hold US Carbon and Chemical businesses directly from India, the Group is proposing Amalgamation of the Moonglow Company Business Inc. with Rain Industries Limited.



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- (vii) The Amalgamation of Moonglow Company Business Inc. with Rain Industries Limited will result in reduction in the multiplicity of legal and regulatory compliances required at present to be carried out and further help in enabling consolidation of shareholding in US Carbon and Chemical businesses. (i.e. entire control over RCUSA, which is holding company of the US businesses will be under the Rain Industries Limited, the holding company of the Group))

d) In case of cash consideration amount or otherwise share entitlement/exchange ratio in relation to the amalgamation/merger; brief details of change in shareholding pattern (if any) of listed entity;

There is no cash consideration being paid pursuant to Amalgamation. Further no shares are being allotted by Rain Industries Limited pursuant to Amalgamation, hence there is no change in shareholding of Rain industries Limited after the proposed Amalgamation.

This is for your kind information and record.

Thanking you,

Yours faithfully,

For Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary