RUCHI SOYA INDUSTRIES LIMITED

CIN : L15140MH1986PLC038536

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RSIL/ 2016

17th October, 2016

National Stock Exchange of India Ltd.,
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (E),
Mumbai – 400 051

Re: Clarification sought by the Exchange.

Dear Sirs/Madam,

We have received your mail dated 17th October, 2016 regarding above.

As desired, we reproduce below the rating rationale given by the Rating Agency :

"The revision in the ratings of the bank facilities of Ruchi Soya Industries Limited (RSIL) is on account of its continued subdued operating performance in Q1FY17 which has resulted in deterioration in its debt coverage indicators and stress on its liquidity.

The ratings continue to remain constrained on account of RSIL's very high leverage due to significant erosion of its net worth in FY16, its working capital intensive operations with an elongated operating cycle; and its presence in an intensely competitive agri-commodity business with inherently thin profitability that is susceptible to volatility in commodity prices, foreign exchange rates and changes in duty structure for edible oil imports.

The ratings, however, continue to derive strength from RSIL's established operations in the domestic edible oil market with a good mix of inland and port-based manufacturing facilities and its wide spread marketing and distribution network.

CARE has also noted the announcement made by RSIL to set up a new Joint Venture (JV) Company with Adani Wilmar Limited (AWL) which will have exclusive procurement, marketing and distribution rights in the domestic market for various products of the JV partners, utilising the combined portfolio of their brands. As of now, there is only a non-binding understanding between the proposed JV partners and the talks are presently at a nascent stage and would be subject to definitive binding documentation along with approval by various statutory and regulatory authorities.

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CARE has also taken note of the ban imposed on RSIL to buy, sell or deal in the securities market by the Securities and Exchange Board of India (SEBI) vide its ex-parte ad-interim order dated May 24, 2016.

The ability of RSIL to significantly improve and protect its profitability with effective hedging of commodity price risk and foreign exchange risk, raise adequate quantum of long term funds to alleviate the present stress on the liquidity of the company in a time bound manner and significantly improve its capital structure would be the key rating sensitivities."

We hope you will find the above in order.

Thanking you

Yours faithfully,
For RUCHI SOYA INDUSTRIES LIMITED

COMPANY SECRETARY