

**FOR IMMEDIATE RELEASE**

September 26, 2014

**ICRA assigns IPO Grade 3 to the proposed Initial Public Offering of NCML Industries Limited**

ICRA has assigned an '**IPO Grade 3**', indicating average fundamentals, to the proposed Initial Public Offering (IPO) of NCML Industries Limited (NCML). ICRA assigns IPO grading on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

NCML Industries Limited (NCML) proposes to come out with an Initial Public Offer (IPO) of 60,00,000 shares amounting to 25.48% of the post issue paid up capital of the company. The offer being made through the book building process is an "offer for sale", with no fresh issuance of equity shares and accordingly no funds will be raised by the proposed IPO.

The IPO grade assigned by ICRA reflects the long standing presence of the promoters in the edible oil business, strong revenue growth witnessed during five year period (FY09-14), owing to buoyant demand outlook for the domestic edible oil industry and extensive dealer and distributor network spread across seven states in north India. Further, the grade factors in the average financial risk profile characterised by improving profitability and modest capital structure at present. The grading is however constrained by the highly competitive nature of the domestic edible oil industry and limited brand presence of the company's products outside north India. Additionally, the grading factors in limited growth prospects due to the refinery operating at full capacity and threat from imported refined oil, in case of decline in duty differential between crude and refined oil imports. Further, the grading also takes into account the vulnerability of NCML's profitability to adverse raw material and currency related fluctuations in a business segment where margins are relatively low.

**Company Profile**

NCML Industries Limited (NCML) promoted by Mr Mohanlal Jain, Mr Rajnish Jain, Mr Manish Jain and Ms Suman Jain, is the flagship company of the 'NCML' Group. NCML was incorporated as Newal Chand Mohan Lal Jain Private Limited in September, 1996, following which it was converted into a public limited company and renamed as NCML Industries Limited in December 2010. The company was initially engaged in trading of edible oil and commenced import of palm oil in FY 2003-04. During FY 12, the company set up its own refining unit with an installed capacity of 350 Tonnes Per Day (TPD) at Khasra, Uttar Pradesh. The refining capacity was further enhanced by 250 TPD, thus taking the total installed capacity of the refinery to 600 TPD currently.

In FY 2013-14, NCML reported a Profit after Tax (PAT) of Rs. 55.22 Crore on an operating income of Rs. 2748.96 Crore. In FY 2012-13, it reported a PAT of Rs. 45.07 Crore on an operating income of Rs. 1969.38 Crore.

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