

# **IVIP**

## **L I M I T E D**

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## **2005-2006**

### **SEVENTY SEVENTH ANNUAL REPORT**

# IVP LIMITED

## 77th Annual Report 2005-2006

### REGISTERED OFFICE

Shashikant N. Redij Marg,  
Ghorupdeo, Mumbai - 400 033.

### FACTORIES

Shashikant N. Redij Marg,  
Ghorupdeo, Mumbai - 400 033.

Golmuri, Jamshedpur - 831 003.

37-B, Adityapur Industrial Area,  
Jamshedpur - 831 019.

28-B, Kumbalagudu, 1st Phase,  
KIADB Industrial Area,  
Bangalore - 560 074.

A-7/2, MIDC Area, Chikalthana,  
Aurangabad - 431 210.

D-19/D-20, MIDC Area,  
Tarapur, Thane - 401 506.

### DIRECTORS

A.R.J. ALLANA

*Chairman*

A.B.K. DUBASH

T. VIJAYARAGHAVAN

(Up to 15.6.2006)

B. MALLIK

*Managing Director*

M.S.I. LAKDAWALA

*Secretary Director*

S.N. BHATRI

S.B. JIJINA

FAISAL F. ALLANA

(Up to 15.6.2006)

SHIRAZ A.R. ALLANA

T.K. GOWRISHANKAR

R.R. KUMAR

### BANKERS

Bank of India, Mumbai.

Union Bank of India, Mumbai.

Bombay Mercantile Co-operative  
Bank Limited, Mumbai.

Vijaya Bank, Mumbai.

### AUDITORS

A.F. Ferguson & Co., Mumbai.

### Registrar & Share Transfer Agents

Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor, Above Bank of Baroda

Cardinal Gracious Road, Chakala,

Andheri (East), Mumbai - 400 099.

## 2005-2006

The Annual General Meeting will be held at 3.30 p.m. (S.T.)  
on Wednesday, the 30th August, 2006 at M.C. Ghia Hall,  
Bhogilal Hargovindas Building, 2nd Floor,  
18/20, Kaikhushru Dubash Marg,  
Mumbai - 400 001.

Members are requested to bring their copies of the Annual Report along with them to the Annual General Meeting as the practice of distributing copies of the Report at the Meeting has been discontinued.

**IVP LIMITED****IVP LIMITED  
NOTICE**

Notice is hereby given that the SEVENTY SEVENTH ANNUAL GENERAL MEETING of the Members of IVP Limited will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai - 400 001, on Wednesday, the 30th August, 2006 at 3.30 p.m. to transact, the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006, and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. A.R.J. Allana, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T.K. Gowrishankar, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration.

**SPECIAL BUSINESS :**

To consider and if thought fit, to pass with or without modification the following resolution as **ORDINARY RESOLUTION**:

6. "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the appointment of MR . B. MALLIK as the Managing Director of the Company, for the period up to 31<sup>st</sup> March, 2007 with effect from 19<sup>th</sup> August, 2006, at the remuneration and on the terms and conditions as set out in the Agreement entered between the Company and Mr. B.MALLIK, placed before this meeting, be and the same is hereby approved.

RESOLVED FURTHER THAT THE Board of Directors be and is hereby authorised to alter and vary the terms and conditions of his appointment including remuneration in such manner as the Board of directors may deem fit but so as not to exceed the limits as specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto from time to time and the members do hereby approve, such alteration and variation as may be determined by the Board of Directors".

To consider and if thought fit, to pass with or without modification, the following resolution as **SPECIAL RESOLUTION**:

7. "RESOLVED THAT as permitted under Section 163 of the Companies Act, 1956, consent of the Company be and is hereby accorded to keep statutory registers, certificates, documents etc as specified in section 163(1) of the Companies Act, 1956 at Sidhwa House, N.A. Sawant Marg, Sassoon Dock. Colaba, Mumbai 400 005"

By Order of the Board of Directors

Dated, 30th June, 2006.

Registered Office :

Shashikant N. Redij Marg,

Ghorupdeo,

Mumbai - 400 033.

A.R.J. ALLANA  
Chairman

## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
2. Proxies, in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from Monday , **21<sup>st</sup> August, 2006 to Saturday 26<sup>th</sup> August, 2006.**
4. The Dividend as recommended by the Board, if approved at the meeting will be paid to those members whose names appear on the Company's Register of Members on 26<sup>th</sup> August, 2006. In respect of shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 setting out the material facts in respect of the special business under **items No 6 & 7** is annexed hereto.
6. In terms of section 205 A and 205 C of the Companies Act, 1956, any dividend, remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the "**Investor Education and Protection Fund**" (IEPF) set up by the Central Government. Members who have not encashed their dividend warrants for the year 1998-99 or thereafter are requested to claim the same.

Information in respect of such unclaimed dividend when due for transfer to the said fund is given below: -

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming unpaid Dividend	Due Date for transfer to IEP fund.
31.03.1999	21.07.1999	20.07.2006	19.08.2006
31.03.2000	31.03.2000	30.03.2007	29.04.2007
31.03.2001	23.08.2001	22.08.2008	21.09.2008
31.03.2002	12.08.2002	11.08.2009	10.09.2009
31.03.2003	12.08.2003	11.08.2010	10.09.2010
31.03.2004	27.07.2004	26.07.2011	25.08.2011
31.03.2005	29.07 .2005	28.07.2012	27.08.2012

7. Members holding shares in Demat form are requested to bring the details of their Depository Identity (DP ID) numbers and their Client ID numbers for easy identification at the meeting.

**IVP LIMITED****ANNEXURE TO NOTICE  
EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**Item No 6:**

The present term of Appointment of Mr. B.Mallik as approved by Special Resolution at the Annual General Meeting of the Company held on 29<sup>th</sup> July, 2005, is upto 18<sup>th</sup> August, 2006. The Board of Directors of the Company on the recommendation of the Remuneration Committee of the Company consider that Mr. B. Mallik would be a fit and proper person to be reappointed as the Managing Director of the Company for the further period from 19<sup>th</sup> August, 2006 to 31<sup>st</sup> March 2007.

The reappointment of Mr. B. Mallik and the remuneration and perquisites proposed to be paid to him by the Company are as set out in the Draft Agreement that requires the approval of the members in the General Meeting. The Directors on the recommendation of the Remuneration Committee consider the remuneration to be paid to him as fair and reasonable .

The Board of Directors on the recommendation of Remuneration Committee and with the consent of Mr .B . Mallik, have agreed to make the revised remuneration applicable from 1<sup>st</sup> April 2006 itself, despite a higher remuneration approved by the shareholders upto 18<sup>th</sup> August, 2006.

The material terms and conditions of reappointment of Mr. B. Mallik are as follows:

1. Period of Appointment : 19<sup>th</sup> August, 2006 to 31<sup>st</sup> March, 2007
2. Mr.B.Mallik shall be entrusted with substantial powers of management subject to the supervision and control of the Board of Directors.
3. Salary and Perquisites: Upto Rs 1.50 lakhs per month  
Perquisites shall include furnished residential accommodation, company maintained car telephone at residence, reimbursement of electricity charges, medical expenses , premium on medical policy , personal accident insurance, leave travel allowance for self and family, club fees and such other benefits as may be agreed between the Company and Mr.B.Mallik so that cost/value of such perquisites together with the salary shall not exceed the amount of Rs. 1.50 lakhs per month
4. In addition Mr B.Mallik shall also be entitled to Company's contribution to Provident Fund and Superannuation Fund as per Company's Rules to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 and Gratuity as per Rules and leave encashment at the end of the tenure . These benefits shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid .
5. Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
6. The Board of Directors may, in their discretion , pay to Mr. B.Mallik remuneration within the maximum remuneration hereinbefore stipulated and revise the same from time to time , within however the maximum limits stipulated hereinabove.  
In the event of absence or inadequacy of net profits in any financial year , the Board may pay such remuneration to him which is in accordance with provisions of Schedule XIII of the Companies Act, 1956.
7. Mr B.Mallik shall not be paid any sitting fees for meetings of the Board or of any Committee/s thereof.
8. If at any time, Mr B.Mallik ceases to be a Director of the Company, he shall cease to be the Managing Director.
9. Mr. B.Mallik shall not be entitled to supplement his earnings with any buying and selling commission. He shall also not become interested or otherwise concerned directly or indirectly in any selling agency of the Company without the prior approval of the Central Government.
10. The appointment may be terminated by either party by giving two months notice.

The above information may also be treated as an abstract of the terms of the contract required to be sent to the members of the Company, pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the reappointment of Mr. B.Mallik

Mr. B.Mallik is interested in the resolution at item No 6 as it concerns his reappointment Mr.B.Mallik holds together with his relatives 17724 shares in the equity capital of the Company.

**Item No. 7**

For administrative convenience ,it was agreed by a Special Resolution passed at the Annual General Meeting of the Company held on 23<sup>rd</sup> August, 2001 to keep the statutory registers, documents, records etc at Company's Secretarial office at Sethna House, Colaba, Mumbai . In view of shifting of the Secretarial office to the new address at Sidhwa House, N.A. Sawant Marg, Sasoon Dock, Colaba, Mumbai 400 005, it is proposed to keep specified registers and documents at the said office as permitted under the provisions of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Director of the Company is concerned or interested in any manner in the said resolution at item No 7 of the Notice.

**Inspection of Documents**

The Agreement/Addendum mentioned at item 6 and 7, and other connected documents, will be available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and other public holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

By Order of the Board of Directors

Dated : 30th June, 2006.

Registered Office :

Shashikant N. Redij Marg,

Ghorupdeo,

Mumbai - 400 033.

A.R.J. ALLANA  
Chairman

**IVP LIMITED****DIRECTOR'S REPORT**

To  
The Members

Your Directors have pleasure in presenting to you the 77th Annual Report of the Company and the Audited Statement of Accounts for the year ended 31st March, 2006.

	(Rupees in lakhs)	(Rupees in lakhs)
I. FINANCIAL RESULTS :	2005-2006	2004-2005
Gross Sales and other income	13777	22397
Gross Profit/(Loss) before depreciation	(514)	364
Less : Depreciation	154	155
Tax adjustments	(56)	47
Profit/(Loss) after depreciation and tax	(617)	162
Add : Opening balance of Profit and Loss Account	1117	1234
PROFIT AVAILABLE FOR APPROPRIATIONS	500	1396
APPROPRIATIONS :		
Proposed Dividend	103	227
Corporate Dividend Tax	15	32
Transfer to General Reserve	-	20
Balance retained in Profit & Loss Account	382	1117
	500	1396

**II. PERFORMANCE FOR THE YEAR :**

During the year the Company achieved a turnover of Rs. 138 Crores, as against Rs 224 Crores during the year 2004-05. The low turnover was due to lower volume of sales on account of unfavorable market conditions.

There is a Net Loss of Rs. 617 lakhs for the year as compared to a Profit of Rs. 162 lakhs in the previous year.

The observations made by the auditors regarding recovery of overdue debts of Rs. 9,340,257 and an item of work-in-progress of Rs 14,077,977 have been clarified by the management at Notes 19(a) and (b) of Notes to Accounts under Schedule "L".

**III. DIVIDEND :**

Despite loss for the year, in view of balance in Profit & Loss account, your Directors have recommended a tax free dividend of 10% as compared to 22% in the previous year. The total dividend outgo including tax will be Rs.1.18.crores

**IV. INSURANCE :**

All fixed assets of the Company are adequately insured.

**V. FIXED DEPOSITS :**

Amount outstanding under the Fixed Deposit/Loan Scheme as at end of March, 2006 was Rs. 1.79 Lakhs representing unclaimed deposits. Of these, deposits amounting to Rs 1.20 Lakhs have since been repaid.

**VI. CORPORATE GOVERNANCE :**

Pursuant to clause 49 of the Listing Agreement with Stock Exchanges a Compliance Report on Corporate Governance is annexed as part of the Annual Report.



**VII. COMPANYS' FACTORY AT REAY ROAD**

As per intimation already sent to Stock Exchanges in May, 2006 , the Company has made an application under Section 25 "0" of the Industrial Disputes Act, 1947 for obtaining permission to close down the manufacturing operations at its factory at S.N.Redij Marg, Ghorupdeo, Mumbai 400 033. Keeping in view the bleak prospects of revival of this industry, your Directors considered it advisable to discontinue the operations which are commercially non viable. This factory mainly manufactured Vanaspati and Refined Oil. As and when Company's application is approved , workers will be paid their legal compensation as per relevant provisions of law.

**VIII. DIRECTORATE :**

In accordance with the Articles of Association of the Company, Mr A.R.J.Allana and Mr. T.K.Gowrishankar retire by rotation and being eligible offer themselves for re-appointment.

Mr. B. Mallik, whose tenure as Managing Director of the Company is expiring on 18<sup>th</sup> August, 2006, is recommended for re-appointment for a further period upto 31<sup>st</sup> March, 2007.

Mr. Vijayraghavan and Mr.Faisal F.Allana have resigned from the Board in June, 2006. The Board of Directors would like to place on record their appreciation of the services rendered by them during their association with the Company as Directors.

**IX. STAFF :**

The following members of the staff and workers have retired/expired during the year under review after long and loyal service with the Company.

Sr.No.	Name of Employees	Total Service	Remarks
1	Mr P.A. Jadhav	27	Retired
2	Mr H.Shivanna	26	Expired
3	Mr A.T.Kadam	32	Retired
4	Mr K.Subramaniam	7	Retired
5	Mr S.N.Choudhary	30	Retired
6	Mr Surendra V Patil	9	Expired
7	Mr Wakil Singh	28	Expired
8	Mr S Yesu Rathnam	32	Retired
9	Mr K Madhava	10	Expired

**X. LABOUR RELATIONS :**

Barring Company's application for permission to close down its Reay Road factory, Labour Relations continued to be satisfactory during the year.

**XI. AUDITORS :**

The Auditors, M/s. A.F. Ferguson & Co., retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**XII. DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm to their best knowledge:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; and that there are no material departures;



**IVP LIMITED**

- ii. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. The Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis.

**XIII. APPOINTMENT OF COST AUDITORS :**

The Company is required to maintain Cost records in respect of Vanaspati manufactured. M/s. N. I. Mehta & Co., Cost Auditors have been appointed for the year ending 31<sup>st</sup> March 2007, for the limited operations in respect of Vanaspati and Refined Oil only for the month of April 2006.

**XIV. STATUTORY INFORMATION :**

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report is given in Annexure I to this Report. The employee listed in Annexure I is neither a relative of any Director of the Company nor hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

Information setting out the particulars of Energy, Technology Absorption, Foreign Exchange earnings and outgo pursuant to section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988, is given in the Annexure II forming part of the Report.

**XV. ACKNOWLEDGEMENTS :**

Your Directors place on record their appreciation of the continuous support received from Financial Institutions / Banks, Central / State Governments Departments. The Directors would also like to record their appreciation for the devotion shown by the employees of the Company at all levels.

Dated : 30th June, 2006.

By order of the Board of Directors.

Registered Office :

Shashikant N. Redij Marg,

Ghorupdeo,

Mumbai - 400 033.

A.R.J. Allana

Chairman

**ANNEXURE I TO THE DIRECTORS' REPORT  
INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES  
(PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE DIRECTOR'S REPORT**

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment Held
1.	MALLIK B.	56	Managing Director	Rs. 39,62,167/-	B.Tech (Hons.), PGDM (IIMA)	33	01.04.1987	Allana Oil Mills (Chief Executive)

**ANNEXURE - II TO THE DIRECTORS' REPORT**  
**PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE**  
**REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT**

<b>A. CONSERVATION OF ENERGY</b>	<b>2005-2006</b>	<b>2004-2005</b>
<b>PARTICULARS WITH RESPECT TO VANASPATI</b>		

**A. POWER AND FUEL CONSUMPTION :**

## 1. Electricity

## (a) Purchased

Unit	KWH	408,979	370,472
Total Amount	Rs.	2,136,315	18,81,999
Rate / Unit	Rs.	5.22	5.08

## (b) Own Generation

## 2. Coal (Specify quality and where used)

## 3. Furnace Oil

Quantity	K. Ltrs.	602.974	465.101
Total Amount	Rs.	10598,660	67,26,292
Average Rate	Rs.	17,562	14,462

## 4. Others / Internal Generation

**B. CONSUMPTION PER UNIT OF PRODUCTION :**

## Product - Vanaspati

Electricity	KWH/Tonnes	124	176
Furnace Oil	Ltrs. / Tonnes	182	221
Coal (Specify quality)		-	-
Others (Specify)		-	-

**B. TECHNOLOGY ABSORPTION : RESEARCH AND DEVELOPMENT (R&D)**

## 1. Specific areas in which R&amp;D carried out by the Company.

The Company's R&D function carries out R&D with a focus on improving product quality, import substitution, process modification, waste utilization, fuel consumption, raw material cost optimization etc. Our fields for R&D work are Phenolic and Alkyd Resins and other Foundry Chemicals, Industrial Ceramics.

## 2. Benefits derived :

Improved quality, cost reduction, pollution reduction and import substitution.

## 3. Future Plan of Action :

Focus will continue on product and process development in existing lines of activities and in the newly identified products in Alkyd and Phenolic Resins, Industrial Ceramics. Work will continue in the direction of import substitution and reduced cost of energy

## 4. Expenditure on R&amp;D :

The total expenditure during the year was Rs. 4.09 lakhs.

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :**

- 1 Developed high purity Alumina parts for Defence Applications .
- 2 Developed high alumina specialised products for Chemical and related industries
- 3 Phenolic Ester Nobake Binder, developed modified variety of the product.
- 4 Furan Twopart Nobake Binder developed and put to commercial use.
- 5 Up gradation of Cold Box Resin System for moisture resistance properties.
- 6 Upgraded Shell Resin for Water Jacket Core.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Particulars with regards to foreign exchange earnings and outgo appear in Schedule 'L' item (12 & 13) of the Accounts.