



90th
ANNUAL
REPORT
2018-19

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Innovative Materials...
...For Sustainable Solutions

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COMPANY INFORMATION

Board of Directors Chairman - Non Executive

Vishal Pandit

Executive Management Whole Time Director & Chief Executive officer

Mandar Joshi

Whole Time Director & Chief Executive Officer

Mandar Joshi

Chief Financial Officer

Meenal Rane (Up to 31.08.2018)
Rakesh Joshi (From 13.11.2018)

Independent Directors

Amin H. Manekia
Nina D. Kapadia
Sajid M. Fazalbhoy

Company Secretary

Nisha Kantirao

Non-Executive & Non-Independent

Priya Ranjan

Bankers

Union Bank of India
Vijaya Bank
HDFC Bank Limited
Bank of Bahrain and Kuwait
Kotak Mahindra Bank
Bank of India
Standard Chartered Bank

Registered Office and Corporate Office

Shashikant N. Redij Marg, Ghorupdeo,
Mumbai – 400 033
CIN: L74999MH1929PLC001503.
Website: www.ivpindia.com
Tel.: 022-23787300
Email: ivpsecretarial@ivpindia.com

Auditors

B S R & Associates, LLP, Chartered Accountants

Factories

D-19/20, MIDC Area Tarapur, Dist. Palghar,
Boisar – 401 506

28-B Kumbalagudu, 1st Phase KIADB Industrial Area,
Bengaluru – 560 074

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400 083. Phone: 022-49186270

CHAIRMAN LETTER

Dear Shareholders,

It is my pleasure to present to you the Annual Report 2018-19 and share the Company's performance journey and future strategy of the Company.

The last fiscal year marked 90th year of IVP Limited. Over the past three years the Company has consciously invested and upgraded its plant and infrastructure to upscale its production facilities and made them contemporary and ensured that they continue to adhere to all current safety and environmental norms for chemical companies. The Company has also invested for diversification of its finished goods portfolio, to ensure that it stays relevant in the years ahead. These small but important steps were necessary for the future growth and sustainability of the Company.

The Financial Year 2018-19 experienced lot of headwinds in the form of crude price volatility and depreciation of rupee which affected the margin. Political uncertainty in view of elections also weighed on consumer confidence during last quarter. The slowdown in manufacturing intensified in last quarter severely affecting automotive industry. Besides, rural stress and NBFC stress also amplified in later part of the year affecting the market. Your Company has shown resilience in the face of above challenges by growing the revenue substantially so that your Company could maintain its market share in the foundry industry and made some inroads in the footwear industry. However, with much higher revenues and long working capital cycles, the interest cost of the Company has consequently risen sharply.

The foundry industry, which is the key industry we operate in, recorded good growth in the first half of Financial Year 2018-19, however, the slowdown in second half negated the earlier gains and overall foundry casting production remained stable. With lower demand, and consequent competition among suppliers led to margin erosion in the foundry chemical industry. However, despite lower margins, your Company witnessed 11% growth in the volume in foundry chemicals.

The footwear industry, where the Company supplies PU systems, the market was stagnant. This was affected by an unprecedented situation with many challenges posed by high volatility in imported raw material prices, a depreciating rupee, severe liquidity crunch with customers, all resulting in subdued demand. This was further accentuated by some disruptive tactics of low-price dumping by China suppliers on an opportunistic basis that further led to a significant squeezing of the margins in footwear industry.

Despite such challenging times, the Company remained focused on its long-term vision and thus continued to invest in capacity expansion and sustainability initiatives at its manufacturing sites. Your Company has now identified Adhesives and Insulation as the new growth application areas for our PU resins to provide the additional momentum for the growth of the Company.

Gross Revenues from Operations grew to ₹ 31,988 lakhs in the current year from ₹ 27,554 lakhs in the previous year. EBITDA this year, however, was lower at ₹ 1,154 lakhs as compared to ₹ 2,230 lakhs in the previous year. PBT dropped substantially to ₹ 28 lakhs in the current year from ₹ 1,641 lakhs in the previous year, while PAT was ₹ 338 lakhs in the current year as compared to ₹ 1,039 lakhs in the previous year.

Near-term growth dynamics are unlikely to change dramatically. Factors like (1) continued tighter financial conditions, (2) sluggish private capex in near term, (3) possible slower public capex amid fiscal constraints etc. will weigh on the growth outlook ahead. The estimate of GDP growth is lowered to 6.8% approx. for the FY 2019-20, amid domestic structural overhang and global slowdown concerns constraining significant pick-up in growth. However, fresh private investment may happen in latter part of FY 2019-20 with policy and political certainty, along with easier monetary stance. Besides, there could also be increased policy focus ahead to correct food anomalies to favor agriculture terms of trade and address the rural distress. These are good growth indicator of momentum for domestic consumption.

As you may be aware that India is 6th largest economy at USD 2.6 Trillion and aspires to become a USD 5 trillion economy in next 5 years and a USD 10 Trillion economy in next 8 years. All these will be fueled by focus on Make in India, Private Public Partnership, Digitization, more thrust on Defense, Infrastructure, Agriculture and Automobile sectors to increase the consumption. In the longer run, GST simplification with e-invoicing should create a single market with more transparency and manufacturing sector should get a boost in the form of corporate investment which will increase the productivity and growth.

It is with this optimism and future growth prospects, I would like to assure you that your Company, with its enhanced portfolio of product offerings, will continue to grow and we shall continue to make all efforts for maximizing Shareholders' value and return.

Sincerely,

Vishal Pandit

Chairman

29th May, 2019

SOCIAL INITIATIVES

Education:

Your Company believes that Education is foundation of national development and one of the most important ingredients to a successful, constructive and happy life.

Your Company continued its support towards empowering education in the communities around the Company, by providing basic infrastructure facilities in various schools for creating better environment for students.

CSR projects for the year 2018-19:

Your Company has invested in following activities in the year 2018-19:

- Construction of playground and providing rides.
- Construction of boundary walls and main gate.
- Laying of paver blocks on the ground.
- Installation of computers, chairs and air conditioners in the IT Lab of the School.
- Installation of biometric thumb machine.

The investments in the above mentioned activities were made to give a conducive environment to the students where along with studies they are also given access to extracurricular/ recreation activities and providing security and safety to schools from any trespassing.

Acknowledgement from Z. P. School, Khairepada:

"In the new Academic Year, the students were overjoyed when they were greeted with a new playground, constructed by IVP. New playground will help students to develop interest in extracurricular activities and they will have an extra gaming period to get relaxed for the routine studies."



Z. P. School, Khairepada - Playground

Acknowledgement from Seva Ashram School:

"We thank IVP for providing additional computers and air conditioner in the IT Lab constructed by the Company in the past. With additional computers we can now have more students take part in the IT subject and air conditioner will give the installed machines long life."

Acknowledgement from Z. P. School, Salvad:

"We thank IVP for developing infrastructure of the school and constructing playground for the students. Now, the school is secured from trespassing due to boundary wall and gate, further the students will have an additional activity of gaming time along with studies."



Z. P. School, Salvad – Playground, Paver blocks, boundary wall and compound gate

DIRECTORS' REPORT

To

The Members

Your Directors have pleasure in presenting to you the 90th Annual Report together with the Audited Financial Statements for the year ended 31st March, 2019.

FINANCIAL RESULTS:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Revenue from Operations	31,988	27,554
Other Income (Net)	218	137
Total Income	32,206	27,691
Expenses		
Operating expenditure	31,892	25,790
Depreciation and amortization expenses	286	260
Total Expenses	32,178	26,050
Profit before Tax (PBT)	28	1,641
Tax Expenses		
Current Tax	-	534
Deferred Tax	(310)	68
Total Tax Expenses	(310)	602
Profit for the year	338	1,039
Opening balance of Retained Earnings	3,907	3,117
Other Comprehensive Income (Net of Tax)	(40)	(0)
Amount available for appropriation	4,205	4,156
Appropriations		
Dividend on equity shares (excluding tax)	207	207
Tax on Dividends	42	42
Closing balance of retained earnings	3,957	3,907

PERFORMANCE FOR THE YEAR:

The Company achieved revenue from operations of ₹ 31,988 lakhs during the current year as against ₹ 27,554 lakhs during the previous year. The PAT for the current year was ₹ 338 lakhs as compared to ₹ 1,039 lakhs in the previous year.

The Company's performance has been discussed in detail in the "Management Discussion and Analysis Report" which forms a part of this report.

DIVIDEND:

The Directors have recommended a Dividend of ₹ 1 per equity share of ₹ 10 each, out of the current year's profit, on 1,03,26,263 equity shares of ₹ 10 each amounting to ₹ 103 lakhs. The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 124 lakhs, including dividend tax.

TRANSFER TO RESERVES:

The Directors have decided to retain the entire amount of ₹ 3,957 lakhs in the retained earnings.

CAPITAL EXPENDITURE:

The total Capital Expenditure during the year was ₹ 3,097 lakhs, spent on Factory Buildings, Plant & Machineries, Furniture & Fixtures, Office Equipments and on Information Technology.

COST ACCOUNTS AND COST RECORDS:

The Company is required to maintain Cost Records under Section 148 of the Companies Act, 2013 ("the Act") read with the Companies (Cost Records and Audit) Rules, 2014.

As required under the abovementioned provisions, the Cost Accounts and Cost Records have been maintained by the Company.

STATE OF COMPANY'S AFFAIRS:

The Company has removed bottlenecks, refurbished and upgraded its existing plant and utilities infrastructure at Tarapur site. Further, the Company has installed automation system to derive benefits of modern technology and enhance safety, health and environment protection capabilities.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Management Discussion and Analysis Report is enclosed as a part of this report.

CORPORATE GOVERNANCE REPORT:

The Company has taken adequate steps to adhere to all the stipulations laid down in the Listing Regulations.

A report on Corporate Governance and Certificate from M/s. Amit Jaste & Associates, Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under Listing Regulations are included as a part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Mr. Mandar Joshi (DIN: 07526430) retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

The term of Mr. Mandar Joshi as Whole Time Director and Chief Executive Officer is up to 31st July, 2019. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has re-appointed Mr. Mandar Joshi as Whole Time Director and Chief Executive Officer of the Company for a further period of 3 (three) years w.e.f. 1st August, 2019, subject to approval of shareholders. A Resolution seeking Shareholders' approval for his re-appointment forms a part of the Notice.

Mr. Amin H. Manekia and Ms. Nina D. Kapadia were appointed as Independent Directors for a period of 5 (five years) w.e.f. 12th August, 2014 and 25th August, 2014 respectively. Based on the recommendation of the Nomination and Remuneration Committee, their re-appointment for a second term of 5 (five years) w.e.f. 12th August, 2014 and 25th August, 2014 respectively are proposed at the ensuing Annual General Meeting ("AGM") for the approval of the Shareholders by way of Special Resolutions.

Mrs. Meenal Rane resigned w.e.f. 31st August, 2018 as the Chief Financial Officer of the Company. The Board places on record its appreciation for the contribution made by her as Chief Financial Officer of the Company.

In terms of Section 203 of the Act, the Board appointed Mr. Rakesh Joshi as the Chief Financial Officer of the Company w.e.f. 13th November, 2018.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on 31st March, 2019 are:

Mr. Mandar Joshi, Whole Time Director & Chief Executive Officer, Mr. Rakesh Joshi, Chief Financial Officer and Mrs. Nisha Kantirao, Company Secretary.

DECLARATIONS BY INDEPENDENT DIRECTORS:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations. There has been no change in the circumstances or situation that could impair or impact their ability to discharge their duties.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Act, in relation to the audited financial statements of the Company for the year ended 31st March, 2019, the Board of Directors hereby confirms that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed and there are no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments 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 ended 31st March, 2019 and of the profit of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal financial control procedures commensurate with its size and nature of business.

The Company has appointed Internal Auditor who periodically audit the adequacy and effectiveness of the internal controls laid down by management and suggest improvements.

The Audit Committee of the Board of Directors approves the annual internal audit plan, periodically reviews the progress of audits as per approved audit plans.

NUMBER OF MEETINGS OF THE BOARD:

The Board met four times during the financial year 2018-19, the details of which are given in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION:

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by the Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from Committee members on the basis of the criteria such as composition of Committees, effectiveness of Committee meetings, etc.

The Board reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5th January, 2017.

In a separate meeting of Independent Directors,

- i) performance of Non-Independent Directors and the Board as a whole was evaluated;
- ii) performance of Chairman of the Company, taking into account the views of Executive Director and Non-Executive Director was evaluated.

The same was discussed in the Board Meeting held subsequently to the meeting of the Independent Directors. The performance of the Board, its Committees and individual Directors was also reviewed by the Board. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

COMPANY'S POLICY ON NOMINATION, REMUNERATION, BOARD DIVERSITY AND EVALUATION:

In terms of the applicable provisions of the Act, read with the Rules made thereunder and the Listing Regulations, the Company has formulated a Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees, Board Diversity and Evaluation of Directors. The salient features/terms of reference of the Company's policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of this report. The Nomination and Remuneration Policy can be accessed on the website of the Company at www.ivpindia.com.

AUDIT COMMITTEE:

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this report.

AUDITORS:

i) Statutory Auditors:

The Company's Auditor M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) were appointed as Statutory Auditors of the Company for a period of five consecutive years at 89th AGM of the Company to hold office till 94th AGM of the Company to be held in the year 2023.

The report of the Statutory Auditors along with notes to Schedules is a part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Further, there is no incident of fraud requiring reporting by the Auditors under Section 143(12) of the Act.

ii) Cost Auditors:

M/s. Hemant Shah & Associates, Cost Accountants, were appointed by the Board of Directors as the Cost Auditor for auditing the Cost Accounts of the Company for the year ended 31st March, 2020.

The remuneration as fixed by the Board of Directors is required to be ratified by members at the forthcoming AGM of the Company.

The Board of Directors recommend the ratification of the Cost Auditor's remuneration at the forthcoming AGM.

iii) Secretarial Auditor:

Pursuant to Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s. A. A. Mulla & Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the Company. The Secretarial Audit Report is enclosed as Annexure - A to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in the Annexure - B to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

The salient features/ terms of reference along with details of composition of Corporate Social Responsibility Committee has been provided under Corporate Governance Report which forms part of this Annual Report.

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company at www.ivpindia.com.

The report as per Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - C which forms part of this report.