



Transcript – IVP Limited – 93rd AGM 28 July 2022 at 11.00 A.M.

The Meeting started at the appointed time with the Chairman address.

Chairman:

A very warm Welcome and good morning, each and everyone of you. I am T. K. Gowrishankar, Chairman of the Company. I am attending this Meeting through Video Conferencing from my office in Mumbai. I have the pleasure of welcoming you all to this 93rd Annual General Meeting of the Company. I would also like to extend a warm welcome to all the Directors and Auditors present at the Meeting.

I wish to inform that the proceedings of the Meeting are being recorded.

It is my privilege to address this 93rd AGM gathering as the Chairman of your Company.

This Annual General Meeting has been organized through Video Conferencing in compliance with the Companies Act, 2013 and pursuant to circulars issued by the Ministry of Corporate Affairs and SEBI. The facility of joining the AGM through VC will be available for Members on a first come first serve basis.

Since the required quorum is present at the appointed time, I now commence the proceedings of the Meeting.

Before we start, I would like to inform that during the year, Ms. Nina Kapadia, Independent Director; Mr. Priya Ranjan, Non-Executive & Non-Independent Director and Mr. Sajid Fazalbhoy, Independent Director of the Company have resigned from the Board of the Company and each for its own good reasons.

I take this opportunity to place our on record a sincere appreciation as director of the company during their tenure.

Further, I am delighted to welcome Mrs. Mala Tadarwal who unfortunately is not with us on this dias as she is unwell and Mr. Ranjeev Lodha as Independent Directors and Mr. Anwar Chauhan as Non-Executive, Non-Independent Director on the Board.

The Board will gain immense value from their rich and diverse industry experience.

Let me take this opportunity to introduce you the Directors and others sitting on the dais.

On the left I have **Mr. Amin Manekia**, He is an Independent Director. He is also the Chairman of the Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

To his left is **Mr. Ranjeev Lodha**, He is an Independent Director of the Company and joins us from Tata group.

Mr. Anwar Chauhan is on the extreme left He is the Non-Executive, Non-Independent Director of the Company, and director in one of our lead companies in the group.



On my right is Mr. Mandar Joshi as you all know He is the Whole Time Director & Chief Executive Officer of the Company.

To his right is Mr. Rakesh Joshi He is the Chief Financial Officer of the Company.

To his right again Mrs. Nisha Kantirao, as you may all know She is the Company Secretary of the Company.

The other Director Mrs. Mala Tadarwal – Independent Director and also the Chairperson of the Stakeholder Relationship Committee, she is attending this meeting through VC. Mr. Apurva Shah – Partner of M/s. Rajendra & Co., Chartered Accountants and Mr. Aqueel Mulla, Secretarial Auditor and Scrutinizer attending the AGM from different locations in Mumbai.

The Statutory Registers and the relevant documents referred to in the Notice are available electronically for inspection by the Members. Members seeking to inspect such documents can send an email to ivpsecretarial@ivpindia.com.

The Company has received 17 Resolutions from companies appointing representatives under Section 113 of the Companies Act, 2013 representing 58.86 % of the paid-up equity capital. As the AGM is being held through Video Conferencing, the facility for the appointment of proxies by the members was not applicable.

As there are no qualifications in the Auditors Report and Secretarial Audit report, with your permission I will consider them as read.

I now request the Company Secretary to brief the Members about general instructions regarding participation in this Meeting.

Mrs. Nisha,

Thank you, Sir.

Good Morning, everyone.

I would like to inform all the stakeholders present that all the feasible efforts have been taken by the Company to enable the Members to participate and vote on the items being considered in the Meeting.

In case the Shareholder faces any issues in attending the AGM or e-voting during the AGM they can reach out to the helpline details mentioned in the notes to the notice of AGM.

All the members are by default kept on the mute mode by the host to avoid disturbance in the Meeting. The host will unmute the respective speaker at the time of the question answer session. I look forward to your active participation and co-operation in conducting the business of today's Meeting.

Pursuant to the provisions of the Companies Act, 2013, the Company has offered an e-voting facility through the CDSL system. The remote e-voting is over. Members who have not voted during the remote e-voting can cast their vote electronically during the AGM. The e-voting platform is open now for voting and will close after 15 minutes from the time of closure of this Meeting.



The Board has appointed Mr. Aqueel Mulla, Practicing Company Secretary as the Scrutinizer for the purpose of remote e-voting and e-voting during the AGM.

I would now handover the proceedings to Chairman Sir.

Thank you, Nisha.

I would now like to take you all through the highlights of Financial Year 2021-22

Let me start with Social Initiatives. Your Company continued its support towards empowering education in the communities around the Company's factory in Tarapur. During the year, your Company has constructed a Library room in Seva Ashram School, Boisar, Palghar.

DIVIDEND

Considering the performance of the Company, your Directors have recommended a Dividend payment of 15%. I hope the shareholders are happy with it. I assure you, that your Company will continue to make efforts at enhancing Shareholder value and returns, now that we have seen lot of stability in all the divisions of the Company.

Goals and Objectives

The Company has successfully established some new products in both the Polyurethane and Phenolic Resin divisions to further accelerate growth. Your Company is constantly tapping opportunities to expand customer base for existing products and also enter in new application areas for both polyurethane and phenolic resin chemicals.

The manufacturing sites at Tarapur and Bengaluru underwent continual improvements in terms of new technology absorption as well as automation, using operational excellence tools to standardize its processes and activities and ensure efficient systems.

Technological improvements have been undertaken at plants to reduce manual efforts and improve safety standards.

The Company has also initiated the use of e-procurement tools and further upgraded the existing cloud based ERP system with a thrust on digitization and IT infrastructure to further enhance the “work from anywhere” capabilities of the support staff.

All these are learnings from the recent Covid pandemic.

All these steps put together will secure long term sustainability of the Company.

The key highlights of your Company in the year 2021-22 and in the current year up to the date of this Meeting are,

Gross Revenue from Operations substantially increased to ₹556.58 crores in the current year from ₹289.68 crores in the previous year. It is actually doubled the previous year's turnover.

EBIDTA grew significantly to ₹38.41 crores as compared to ₹18.71 crores in the previous year. Which is more than double.

Profit before tax is ₹23.35 crores compared to profit before tax of ₹6.68 crores in the previous year. However, profit after tax is ₹17.63 crores in the current year as compared to profit after tax of ₹4.50 crores in the previous year.



I now request the Company Secretary to brief the Members about the process of speaking during the AGM.

Thank you, Sir.

We have received questions and queries from shareholders on mail, which have been consolidated, and the same will be answered once all the shareholders who have registered themselves as speakers have spoken.

I like to highlight that the moderator will unmute the speaker Shareholders who have registered to speak when their names are called. In case there is a connectivity problem at the speaker's end, we will request the next speaker to join in.

Keeping in mind the time constraint all shareholder speakers are requested to conclude their remark within 3 minutes.

Since this Meeting is held through Video Conferencing and the facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding resolutions is not being followed.

I NOW INVITE MEMBERS FOR THE DISCUSSIONS.

The first speaker for the day is Ankit Shah. Is Mr. Ankit Shah is attending the meeting. Ma'am he has joined but I guess there is some internet issue at his end.

Okay, next speaker Mr. Yusuf Rangwala, Ma'am Mr. Yusuf Rangwala is not available.

Next speaker is Mr. Bimal Agarwal, **TKG-** Mr. Bimal Agarwal, ya sir he is there, Mr Bimal Agarwal are you able to hear us. **TKG-** I think he is on mute.

Nisha: please unmute him, have you unmuted him. Ma'am, there is slightly internet connection at its end. Okay, we will try to connect once again afterwards.

Mr. Rajat Sethiya

Aniket- Ya, Mr.Rajat Sethiya, u can unmute yourself.

Mr.Rajat Sethiya - Hello! Am I audible, hello! And Good Morning, to the board of directors, Management team and fellow shareholders. Sir I have some few questions, it would be great if you can answer them. So my first few questions is regarding the business, as I want to understand the business better,

- So regarding the PU chemicals for footwear, what were our revenues in FY 22, Also if you can talk about total capacity and utilization in FY 22?
- I would like to know who are competitors in the space and how big is the market, and what is the market share?
- In footwear do we sell PU chemicals for mass market or mid-market or premium footwear?
- So, regarding the foundry chemicals, if you can talk about capacity and utilization in FY 22?
- Also about the market share in foundry chemicals, what was it 5 years back, also you can talk about major competitors toady and their market share?



- I have read your Annual report, you mentioned that your Company is looking to enter the new markets both in polyurethane and Phenolic resins chemicals, Can you please tell us more about it. Regarding the PU adhesives for flexible laminated films, what are the revenues, capacity utilization in FY 22 for this division?
- And also you can talk about competitive space and what is the share of imports and also you can talk about competitive advantage or what is the right to win this category.
- I have some few questions regarding the financial side also, what let to increase in revenue in this year and what is the outlet for upcoming years, also this year gross margins declined drastically, so once Raw material prices stabilizes, what are sustainable gross margins for our business?
- On the receivables side, so high receivables have improved from almost 50% of sale in FY 21 to about 35% of sale. But they are at very high level do we have scope to bring down to current level and normalized levels. So if u can talk about it.
- Also debt levels are short up to 157 crores, I have seen debt most of it is short term, but what are the plan to repay it?
- On capex side, do we have any capex plans for next two to three years? How is the demand on outlook for both the divisions?
- On the raw material side are we able to pass on the price, how is the raw material availability and pricing situation now, is it improving, also on the other cost side, on the power, fuel and logistics, what is the situation now, I also read in the annual report, that this year, we used forex worth 97 crores, do we import raw material any forex process this year?

That is it from my side, thank you for giving me the chance to speak, wish you all the best for upcoming years, thank you once again.

Nisha: thank you Sir!

Chairman:- We will listen all the questions and answer in the end.

Nisha: Next speaker is Mr. Ayush Mittal

Good morning sir, I hope I am audible. Good morning chairman sir Board Members and fellow shareholders. We have being investing in your company more than two years and this is our 3rd AGM, So we are very happy to see you know the way our company has scaled up in last 3 to 4 years. And we would like to congratulate the entire team and specially Mandar sir for that. I have already send my list of questions to secretarial team, and I hope the same is available with the board members. I would like point by point answers if possible. I would just repeat the few important ones, if you allow me.

So like the previous participant also asked, we would also like to understand what was the capacity utilization in FY 22. And if you could separately share the volume nos and revenue nos of PU segment and foundry segment. And we would also like to understand giving the profitability that you have being making, for the last two years and does not really get converted in to cash flow and we understand because of our working capital intensive operations, but we would like to understand that how does the management plan to rectify this, and how do we ensure that we generate enough operating cash so we don't keep taking short term debts on our books. We would really like to understand about the new markets, new applications, new products that the company has being talking about in PU segments and foundry segment as



well. And little more insight on the flexible packaging segment. Have we started selling under this segment, who are the customers, what kind of scale do you want to achieve, what is the market size, what are margins and realization, is the working capital cycle better here and sir lastly we would really appreciate and for the benefit of the other shareholder as well if the company can share the journey of the PU division in last 4 to 5 years, how do we conceptualize them, how do we scale, and Mandar Sir could share his you know rich experience that he bought from BASF and what organizational changes that he bring towards smaller size company like ours. And what is his vision for the PU division, that would be really helpful.

Nisha:- Thank you Mr. Mittal. Next speaker is Mr. Nikhil Updhay.

Hello Mr. Nikhil.

Hi Good morning I am Nikhil Upadhay here, can you hear me, ya, liked the previous participants I have already mailed the set of questions to the Company and I hope you have them with you. I just spell out two or three the important ones, then I would request the company to answer them on point by point basis. So as to better understand both our businesses better.

Few of the question I would like to understand, so if you look at the market for the forging, the end customers, there is a strong demand from the export market, in which we are looking so are you seeing significant tailwind for our chemical business and on the unorganized lower end of the market, you are seeing more pricing pressure happening or there is more pricing discipline in the market. And on the PU side if you consider the ADD which is being put, how do you see the imports happening now, have they reduced significantly and have the benefit of ADD in terms of better pricing, being passed down by the company to the customers so want to understand, the market dynamics bit better. And you already have the questions so better I I'll not spend too much time on repeating them. That's all from my side.

Nisha: Next speaker is Mr. Hardik Jain

Thank you for the opportunity, I hope you can hear me.

Yes we can...

So my question is again on capacity utilization, if u can mention what is capacity utilization for PU as well as foundry chemicals. So, you have mentioned in your annual report and in your speech that you have done e-procurement tools, we have implemented cloud based to increase our efficiency and if you can tell us what problem does it solve and how it increase our efficiency and how much money you have invested in all this. We have done some automation in both our plants so if you can tell us what kind of investment we have done for this. And sir if you can tell us, what is the sales that we have achieved from foundry chemicals, foundry footwear and PU chemicals. If u can break up the sales for us in this three divisions. We have high level of debtors around 200 to 210 crores. So what is the typical payment cycle from our customers or is there scope to bring this debtors days down.

Again gross margins are low around 18%- 19% and it has been very fluctuating in 4 to 5 years so what should be stable gross margins that we should expect and in terms of gross margins, does PU chemical has higher margins verses the other segments of the business.



Second thing, We have one investment in land of around 2.8 crores. So where is this land and what would be the approximate market value of this land. In balance sheet the market value is mentioned is around 17 crores so is that right. And we also get some rent of 3 crores from which property do we get this rent is this the same land and sir we have contingent liability of around 58 crores this is towards some Mumbai Port Trust and some sub lease charges from MIDC so if you can just tell us what is the issue here and What is the last update on both this issues? And lastly what is your outlook for the business for next 3 years, where do you want to take this company from here and what kind of growth prospectus do we have, and If any challenges that you can foresee and what will be those challenges. Thank You

Thank You Sir,

Nisha:- Next speaker is Mr. Manoj bagadia.

Ma'am Mr. Manoj Bagadia is there but there is some internet issue with his end.

Can you check if Mr. Yusuf Rangwala, Mr. Ankit Shah or Mr. Bimal Agarwal can join us now.

Mr. Bimal Agarwal is there with us, you need to unmute yourself. Ma'am, he might as well be facing internet issue.

Okk!

The Speaker list is over and now I would hand over the proceedings to Chairman sir and Mr. Mandar Joshi, Whole Time Director and CEO of the Company to answer it jointly.

It feels happy seeing interest taken by our shareholders in the activities of the Company and we are able to meet most of their expectations. I request Mr. Mandar Joshi to reply all your queries supported by Rakesh Joshi on his right who is the CFO in terms of financial queries. Mr. Mandar Joshi please.

Good Morning, we have gone through the questions we have received and no of questions we just heard. You see lot of commonalty, and I will try to combine and it will cover most of the queries raised.

Comming to the split of our two divisions ie PU and phenolic resins. On volume side we are doing roughly 50-50% in both the divisions of the total volumes. On value terms 60% of our turnover comes from PU and 40% from phenolic resins chemistry. Capacity utilisation on an average is 65% again its little bit higher around 75% in case of PU and little lower in case of Phenolic resins. Both the markets are very competitive there are more than 7 to 8 competitors in each segment. Just to name a few in case of phenolic resins, Gargi, Fores, Fosco and in PU chemistry we compete with imports from Singapore OM or Chinese importors like wofhen and MNC likes BASF and Dow. In terms of new division flexible packaging adhesives we are still in a nurturing phase we are developing are product portfolio and launching different different application products solvent base, solvent less so there a lot of efforts are being put. And we stabilizing, right now we are growing commercial sales on a very small scale and so that is yet to really take off. In future will be focusing more to accelerate growth in particular division. There was query about antidumping duty applicable to PU chemicals. There is no antidumping duty applicable on the products that we are making. Infact some of our overseas combination



is enrolling the free paid agreement. The material is coming from aasian i.e Vietnam and Singapore which we enjoy zero duty. From China it is normal 7.5 custom duty that is applicable but there is no antidumping duty, atleast for footwear chemicals we are doing. When we talk about new applications within the divisions, if you look at footwear. There are different categories, there is safety footwear, casual footwear, sports shoes.so and each customer requires different kind of specification, so we need to do kind of mass customisation and that is where we talk. Similarly in a phenolic resins our focus has been within foundry to meet the different different foundry requirements and we are also looking at some non-foundry phenolic resins applications such as insulation and composites which are upcoming. But however, it's again compare to like we have scale in footwear but we are in small in flexible lamination adhesives at the moment. Similarly foundries is the biggest segment for phenolic resins application and non-foundry phenolic resins is relatively a smaller one. So coming to percentage gross margin and development of pricing basically last years growth was there was a volume factor as well as price factor but due to global situation lot of chemical raw material prices moved up and also the finished goods prices and that contributed to the growth in revenues. On percentage term when the prices go up the gross margins which are normally on per ton basis, they do fluctuate. I mean on higher the prices the graph percentage come down. So there is nothing but always try our value addition on conversion of a per kilo produce. We are trying to maintain our margins on an average which are required to drive into profitable business. Both this segments require working capital because the normal credit is extended to customers in the range of 90 days and it exceeds up to a month or 120 days. But we have done significant improvement in optimizing the working capital. Our receivables have been improved from almost 146 days to 120 days. So also our inventory levels have come down above 85 days to close to 60 days. So diving working capital efficiency and generating cash profits is a way to minimize the short term borrowings and that will be our focus. However the business, I mean if have to grow, then the business will require continuous borrowings support. But we will try to optimize the working capital and generate more cash profits to minimize the level of borrowings and eventually we would like to see reduction in year and year basis. So currently the situation is very volatile so it is very difficult to predict where the oil will go and basic raw materials chemical prices were they will move but we normally have in case of some time line to do corrections. Because most of our raw material are imported and we take the corrective actions as and when there is a fluctuation. So the eProcurement tool we started using either for options wherever applicable. Regarding contingent liability we have on going litigations with respect to our reayroad land which is leased from MBPT. When there is increase in rentals required demanded and its the matter in the court, so we just keep on recognising it and MIDC in Aurangabad for our old subletting charges there was a demand which is also being addressed to justify that is not applicable and efforts are on but we keep on recognising the contingent liabilities. Regarding investment of properties the of 17 crores, 12 crore is the valuation of land and 5 crores for the flats in Mumbai, which as and when there is appropriate time the company would take decision to if possible to monetize it and utilise it for funding of the business. Anything else, last year we did moderate capex of about 3 crores which was mainly debottlenecking measures because as we saw volume growth and to adjust our maximum production rate on daily basis or from the learning of compressional experience, that was moderate capex which was done. Now we are undertaking a capex, we are identifying the capex for 17 crores for certain major debottlenecking to gear up for future growths. As I mentioned we have reached about 75% utilisation in case of footwear PU. And that is where



we will be looking at creating some additional space so that so that we can capture growth opportunities in future. Currently our market share in both Phenolic resin and PU footwear is about 10 to 12% is what we estimate. And we do see we have a chance to consolidated further higher level and that could be our aim.

Right now given the volatility and we have completed major capex program just two years back and our aim is to consolidate the position in the segments that we are operating and grow the segments where we have put lot of efforts which is flexible lamination adhesive and our product portfolio is getting ready and we will focus to get some additional volume growth so that broadly the strategy for next 2-3 years and based on the situation then we will take a view that what can be done to accelerate profitable growth of the company.

I think I had answered majority of the things that were raised.

Chairman-

Thank you Mandar.

There is couple of points to know, we are in a growth phase. We will have normal growth in foundry chemicals as he said and we will have better than normal growth on PU side. And we hope to stabilise over the next three years around 750 to 800 crores in terms of topline with that every bottom line commensurate with the topline on the basis of margin we currently see. thats as far as business profits of the copmpany are concerened. On the litigations, we have one major litigation and that is with Bombay port trust on the increase rentals. And that is again in my view under control because all the lessees of Bombay Port Trust in and around us are affected. It is public interest litigation remind you and therefore overall interest of industry in this region, we don't think the Bombay Port Trust authority will be shortsighted enough to terminate our leases and this is next to impossible. However if they are sensible over the market rate they want to charge us and I think then all the lessees will be happy to pay out whatever is reasonable and in the interest of the industries located here. On the MIDC subletting charges we don't think there is much to add it is just a favourious claim and therefore we are not to concern. Hopefully we will be closing it shortly. So properties which we are probably monetizing and will get back and whatever monies we get their into the business to accelerate the growth. We are exactly in business whereas PU is concerned. We have market share of 10% in Indian context and competition fortunately is for us which is the importer competition which we want to replace thats our aim on the PU side. On foundry side as you all know over the years we have maintained a very good market share. We are market leaders in the business. And things looking good on that side as well. I am happy to cover all the question. Thank you!

Ayush mittal

Sir good morning I have couple of question as we get chance once in a year.

Sir one question is on our imports since we have around 200crores of imports. What are the hedging policies and how do we ensure that given the falling INR we don't incure any large forex loss. And what was our total volume sales this year. That it from my side and then I will mute myself.



On the import side, most of the Raw Materials are imported in any case which competition as well and there is nothing much we can do except hedge we always sell on back to back basis, as soon as the consignment arrives we hedge and cover ourselves. And pricing is always based on the landed cost. The entire industry operates that way so fortunately there is no inequity in the system all of us move on basis of adding the defined margins per kilo basis. So irrespective of the level of prices or cost incurred we have so far managed to maintain the certain minimum margin across both the segments Foundry Chemicals as well as Polyurethanes and I think that's the only way to do it and fortunately competition are also matured in the sense of that they do undercut or try to earn volume at the cost of profit.

Mandar Sir:-

Volume share last year was about 35-36kt were average volume and 65% utilization on 50k tons capacity we made in year.

Chairman:- just to summarise we have good headroom for growth from where we are today and over the next three years will be realised with a good pension retirement. At current capacity level, we think we should go on adding capacity as and when it is required in terms of the product range.

The Notice is already circulated to all the Members and I take the Notice convening the Meeting as read.

The Resolutions mentioned in the Notice are deemed to be passed in this Meeting subject to the receipt of the appropriate number of votes.

Before I conclude, I would like to thank the Shareholders for their presence and their interest in the operations of the company as well as their co-operation, which has enabled me to conduct the Meeting smoothly.

The Board of Directors joins me in placing on record our appreciation to the Shareholders for their continued support and confidence in the Company. I would also like to thank the Allana Group who are the Promoters of the Company for giving their continued support and guidance to the Company.

Above all, the Directors appreciate the commitment and dedication displayed by employees at all levels. As you all know we have a very small but efficient management team headed by Mr. Mandar across all the divisions and from the Boards point of view they will be impressed by the efforts put in and the results they have achieved so far, and hopefully they will continue to better themselves over the next few years in keeping the Company objectives in terms of its own ambition in the Company.

I would also like to thank all our customers for having faith in the Company and for giving us their full co-operation and support this is particularly evident in the foundry chemical division and over the past 3 or 4 years we have created a bunch of very good customers in the polyurethane side as well



I am thankful to my colleagues on the Board for their support and guidance and to the members of the Management Team for their sincere, dedicated and untiring efforts.

Now I request Mrs. Nisha Kantirao Company Secretary of the Company to conduct the voting, which will continue for 15 minutes from the time of closure of this Meeting.

The e-Voting results will be declared within prescribed timelines and the same will be published on the Stock Exchanges, Website of the Company, and Website of CDSL.

With your permission, I now treat the Meeting is closed

Thank you all.

The Meeting concluded at 12:05 P.M. after being open for 15 minutes from the time of closure of the Meeting.