



IVP LIMITED

Regd. Office :

Shashikant N. Redij Marg,

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Email : ivp@ivpindia.com

Website : www.ivpindia.com

CIN : L 74999MH1929PLC001503

IVPSEC/Compliance/074/11/2018-19

29th November, 2018

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400 001 Security Code: 507580	National Stock Exchange of India Limited 'Exchange Plaza', C - 1, Block G, Bandra- Kurla Complex, Bandra (E), Mumbai - 400 051 Stock Symbol: IVP
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Sub: Intimation of Revision in Credit Ratings

Dear Sir,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Para A of Part A of Schedule III to the said Regulations, we wish to inform you that CRISIL Limited ('CRISIL') - the credit rating agency has vide its letter dated 29th November, 2018 (Enclosed for your reference), has informed us the following revision in Credit Ratings of IVP Limited ('the Company') for total Bank Loan facilities of Rs. 150 crore.

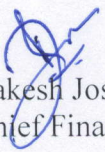
- CRISIL has downgraded the Credit Rating of Long-term bank facilities from 'CRISIL BBB/ Stable' to 'CRISIL BBB-/ Stable'.
- CRISIL has downgraded the Credit Rating of Short-term bank facilities from 'CRISIL A3+' to 'CRISIL A3'.

We request you to take on record the aforesaid revision in Credit Ratings of the Company.

Thanking You,

Yours faithfully,

For IVP Limited


Rakesh Joshi
Chief Financial Officer

Encl. as above

CONFIDENTIAL

IVP/211416/BLR/111803853

November 29, 2018

Mr. Meenal Rane

Chief Financial Officer

IVP Limited

Shashikant N Redji Marg,

Ghorupdeo,

Mumbai - 400033

Tel:

Dear Mr. Meenal Rane,

Re: Review of CRISIL Ratings on the bank facilities of IVP Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.

Please find in the table below the ratings outstanding for the debt instruments/facilities of the company, and the rating actions by CRISIL on the ratings as on date.

Total Bank Loan Facilities Rated	Rs.150 Crore
Long-Term Rating	CRISIL BBB-/Stable (Downgraded from CRISIL BBB/Stable)
Short-Term Rating	CRISIL A3 (Downgraded from CRISIL A3+)

(Bank-wise details as per Annexure 1)

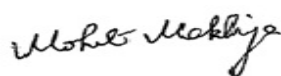
As per our Rating Agreement, CRISIL would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. CRISIL reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the ratings.

This letter will remain valid till March 31, 2019. After this date, please insist for a new rating letter (dated later than March 31, 2019). Please visit www.crisil.com to confirm that the rating continues to be under surveillance and the rating is still valid.

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Mohit Makhija
Director - CRISIL Ratings



Nivedita Shibu
Associate Director - CRISIL Ratings



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CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Annexure 1 - Bank-wise details of various facility classes (outstanding facilities)

S.No.	Bank Facility	Bank	Amount (Rs. in Crore)	Outstanding Rating
1	Cash Credit	HDFC Bank Limited	25.0	CRISIL BBB-/Stable
2	Cash Credit	Standard Chartered Bank	16.0	CRISIL BBB-/Stable
3	Cash Credit	Bank of Bahrain and Kuwait B.S.C.	59.0	CRISIL BBB-/Stable
4	Cash Credit	Kotak Mahindra Bank Limited	10.0	CRISIL BBB-/Stable
5	Letter of Credit	Kotak Mahindra Bank Limited	25.0	CRISIL A3
6	Letter of Credit	HDFC Bank Limited	15.0	CRISIL A3
	Total		150.0	

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CRISIL Limited

Corporate Identity Number: L67120MH1987PLC042363

Rating Rationale

November 28, 2018 | Mumbai

IVP Limited

Ratings downgraded to 'CRISIL BBB-/Stable/CRISIL A3'

Rating Action

Total Bank Loan Facilities Rated	Rs.150 Crore
Long Term Rating	CRISIL BBB-/Stable (Downgraded from 'CRISIL BBB/Stable')
Short Term Rating	CRISIL A3 (Downgraded from 'CRISIL A3+')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its ratings on the bank facilities of IVP Limited (IVP) to **'CRISIL BBB-/Stable/CRISIL A3'** from **'CRISIL BBB/Stable/CRISIL A3+'**.

The downgrade reflects IVP's subdued operating performance in the first half of fiscal 2019: operating margin declined to 3.5% from 8.4% in the corresponding period the last fiscal, mainly because of a steep increase in input costs and the inability to immediately pass on any increase in raw material prices to customers. Decline in operating profit and stretched working capital cycle have led to high reliance on bank lines. Financial risk profile has weakened, too, with gearing of around 1.52 times as on September 30, 2018, as against 1 time as on March 31, 2018. Interest coverage ratio declined to 1.35 times from 6 times in the six months. Liquidity is, however, aided by inter corporate borrowing (ICD) from the group entity, Allana Frozen Foods Pvt Ltd (AFFPL) & ALLANA INVESTMENT & TRADING CO. PVT. LTD.; which increased to Rs 46.7 crore as on September 30, 2018 from Rs 15.7 crore as on March 31, 2018. The ability to sustain the growth in scale of operations, while profitability and working capital cycle improve, will remain a key rating sensitivity factor in the near to medium term.

Furthermore, IVP is undertaking capital expenditure (capex) for manufacturing polyurethane. The capex has been prudently funded through ICD from AFFPL. Ramp-up in sales and profitability upon the completion of capex will continue to be monitored.

The ratings reflect IVP's established market position in the foundry chemical industry, and diversified product profile. These strengths are partially offset by moderate scale of operations, susceptibility to the cyclical nature of automotive industry, and stretched working capital cycle.

Key Rating Drivers & Detailed Description

Strengths

* **Established market position in the foundry chemical industry:** IVP has been part of the industry for over five decades. Benefits from the management's extensive experience, and their understanding of local market dynamics and the export market should continue to support business risk profile.

* **Diversified product profile:** IVP has a strong presence in the foundry chemical industry with a wide product range-polyurethane was successfully added to the product profile in fiscal 2018. Furthermore, IVP is part of the UAE-based group, House of Allana's, which provides operational support to the company.

Weakness

* **Moderate scale of operations and susceptibility to the cyclical nature of automotive industry:** Products are mainly used in foundries that supply to the automotive sector. Revenue is, therefore, dependent on the automotive industry, which is cyclical in nature. Furthermore, moderate size of operations (with revenue of Rs.270 crore in fiscal 2018) limits benefits from economies of scale.

* **Stretched working capital cycle:** Operations are working capital intensive, with gross current assets of around 248 days as on March 31, 2018, driven by inventory and debtors of 90 and 141 days, respectively. Working capital requirement is likely to remain large over the medium term with the expected ramp up in operations.

Outlook: Stable

CRISIL believes IVP will continue to benefit from its established market presence and diversified product profile. The outlook may be revised to 'Positive' if ramp-up in scale of operations, and improvement in margin and working capital cycle strengthen key credit metrics. The outlook may be revised to 'Negative' if decline in operating margin or revenue, further stretch in working capital cycle, or any significant debt-funded capital expenditure weakens financial risk profile.

About the Company

Incorporated in 1929, IVP is a leading manufacturer of foundry and industrial chemicals, and allied products. The company has two manufacturing facilities: one each in Tarapur (Maharashtra) and Bengaluru.

Key Financial Indicators

Particulars	Unit	2018	2017
Revenue	Rs. Cr.	269.9	160.1
Profit After Tax	Rs. Cr.	10.4	10.8
PAT margins	%	3.8	6.7
Adjusted Debt/Adjusted Net worth	Times	0.96	0.20
Interest coverage	Times	6.3	92.6

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
NA	Cash Credit	NA	NA	NA	110	CRISIL BBB-/Stable
NA	Letter of Credit	NA	NA	NA	40	CRISIL A3

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2018 (History)		2017		2016		2015		Start of 2015
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	110.00	CRISIL BBB-/Stable	26-06-18	CRISIL BBB/Stable	28-04-17	CRISIL BBB/Positive	06-06-16	CRISIL BBB/Stable	30-05-15	CRISIL BBB/Stable	--
						24-01-17	CRISIL BBB/Positive					
Non Fund-based Bank Facilities	LT/ST	40.00	CRISIL A3	26-06-18	CRISIL A3+	28-04-17	CRISIL A3+	06-06-16	CRISIL A3+	30-05-15	CRISIL A3+	--
						24-01-17	CRISIL A3+					

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Cash Credit	110	CRISIL BBB-/Stable	Cash Credit	25	CRISIL BBB/Stable
Letter of Credit	40	CRISIL A3	Letter of Credit	40	CRISIL A3+
--	0	--	Proposed Long Term Bank Loan Facility	26	CRISIL BBB/Stable
--	0	--	Working Capital Facility	59	CRISIL BBB/Stable
Total	150	--	Total	150	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Criteria for rating short term debt](#)

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