



IVP Ltd

A 97-year-old maker of foundry chemicals and footwear polyurethane. It has spent most of the last decade earning 5–6% margins, then printed a 14% margin in its latest quarter. At 7x trailing earnings the stock looks cheap. The question is how much of that quarter lasts, and how much of a ₹93 crore disputed port-rent claim it will eventually have to pay.

RATING

HOLD

TARGET PRICE

₹250

CMP (9 OCT 2026)

₹220

UPSIDE (BASE CASE)

+13.6%

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HOLD

IVP Ltd

IVP

A strong FY26 cash year and an exceptional Q1, against a history of thin margins and a disputed port claim worth 41% of the market cap

Summary

IVP was incorporated in Mumbai in 1929 and has been part of the Allana Group since 1983. In 1965, through a collaboration with Ashland, it became the first Indian company to make foundry chemicals: the resins, binders and coatings used to make sand moulds and cores for metal casting. Since 2018 it has also sold polyurethane (PU) systems to footwear makers, and since 2019 PU laminating adhesives for flexible packaging. It has two plants, at Tarapur and Bengaluru, with 50,000 tonnes a year of capacity, more than 500 customers and 202 permanent employees. The promoter group holds 71.32%. The shares trade on the NSE and BSE.

FY26 was a recovery year. Revenue rose 10.3% to ₹594.6 crore and net profit rose 65% to ₹18.7 crore. Operating cash flow swung from -₹2.5 crore to +₹52.7 crore, which paid down ₹39 crore of debt. Debt to equity fell from 0.75x to 0.42x. Then Q1 FY27 brought revenue of ₹154.7 crore (+12%), EBITDA of ₹21.7 crore at a 14.0% margin, and net profit of ₹14.0 crore. That is 75% of FY26's full-year profit in one quarter. The explanation reported is "improved product mix", "better realizations and efficient raw material procurement". At ₹220 the stock trades on 7.2x trailing earnings and 1.45x book.

The record argues for caution. Operating margin was 4.7–6% in each of FY21–FY26, and it was 2.9% or below in FY19 and FY20. Profit has swung from a loss of ₹9 crore (FY20) to ₹28 crore (FY23) and back to ₹11 crore (FY25). About 42% of revenue is spent on imports in foreign currency, and the company does not hedge commodities. Two balance-sheet items also matter. Mumbai Port Trust is claiming ₹92.6 crore in rent and interest, which IVP disputes and has not provided for; that is about ₹90 a share. And a sales employee's falsification of customer records has cost ₹6.1 crore, now fully provided.

Our rating is HOLD, with a target of ₹250 (+13.6%). Our two methods diverge widely. A P/E method that capitalises a strong FY27 at 9x gives ₹303, while a DCF that lets margins drift back toward the historical range gives ₹198. Both deduct a quarter of the port claim. The average sits a little above today's price, inside the HOLD band. H2 FY27 margins will show which method was closer.

TARGET PRICE

12-month target	₹250
CMP (9 Oct 2026)	₹220
Implied upside	+13.6%
Rating	HOLD

KEY STOCK DATA

Market cap	₹228 cr
P/E (TTM / FY26)	7.2x / 12.2x
P/E (FY27E, Dart base)	6.1x
52-week range	₹110 – ₹238
Book value/share	₹152
Dividend (FY26)	₹1.5/share
Net debt (Mar 2026)	₹62 cr
Disputed port claim	₹92.6 cr (~₹90/share)
Shares outstanding	1.03 cr (FV ₹10)

SHAREHOLDING (SEP 2026)

Promoter (Allana group)	71.32%
FII / DII	0.04% / 0.02%
Public (6,903 holders)	28.62%

FINANCIAL SNAPSHOT (₹ CR)

	FY25	FY26	Q1 FY27
Revenue	538.9	594.6	154.7
EBITDA*	25.2	34.7	21.7
PAT	11.3	18.7	14.0
CFO	-2.5	52.7	n/d

*FY25–FY26 EBITDA excludes other income (₹4.3cr in FY26, mostly rent), calculated from the P&L. The MD&A gives ₹38.5cr and ₹28.8cr including it. The Q1 FY27 figure is as reported in results coverage.



Core thesis: where we think the market has it wrong

- **The 7x trailing P/E depends on one quarter.** Trailing profit of ₹31.5 crore includes Q1 FY27's ₹14.0 crore, which came at a 14% EBITDA margin. In FY21–FY26 IVP never exceeded 6% on a full-year basis. Annualising Q1 would value the business very differently from FY26 at 12.2x. We think the right answer lies between the two, and that the market has partly priced Q1 in already: the stock is up 35% in a year and close to its 52-week high of ₹238.
- **The FY26 cash performance is real, and better than profit suggests.** Operating cash flow of ₹52.7 crore was 2.8x net profit. Inventory fell ₹10 crore, payables rose ₹15 crore, and the company repaid ₹27 crore of bank loans and ₹12.7 crore of group deposits. That makes the balance sheet considerably less risky than a year ago. Receivables, however, are still 54% of total assets, at 113 days.
- **The port claim is an overhang the trailing P/E ignores.** The Mumbai Port Trust demand of ₹92.6 crore equals 41% of the market cap and 59% of net worth, and it grows each year as rent accrues. IVP's position, that the demand contradicts a 2004 Supreme Court order, may well succeed. But the matter has been "subjudice" for years, and nothing in the annual report suggests it will be resolved soon. We deduct 25% of the claim from our base valuation and show the full range.

Business model, revenue mix & moat

Mix (as disclosed)	Figure	Source
Reportable segments	One (chemicals)	AR Note 37
Product lines	Foundry chemicals; PU systems for footwear; PU adhesives for flexible packaging; composites, insulation, refractory and powder resins	AR, Product Offerings
Manufactured vs traded sales, FY26	₹593.4cr vs ₹0.5cr	AR Note 26
Export earnings / FX spent, FY26	₹1.5cr / ₹251.8cr	Directors' Report, Annexure B
Capacity	50,000 tonnes a year (Tarapur, Bengaluru)	AR
Footwear vs foundry share of revenue	Not disclosed in the AR	One secondary source cites 60–65% footwear; unverified

The company does not split revenue by product line or customer. The footwear/foundry split appears only in a secondary news summary of the Q1 FY27 results (scanx.trade), and we have not been able to verify it against a company filing.

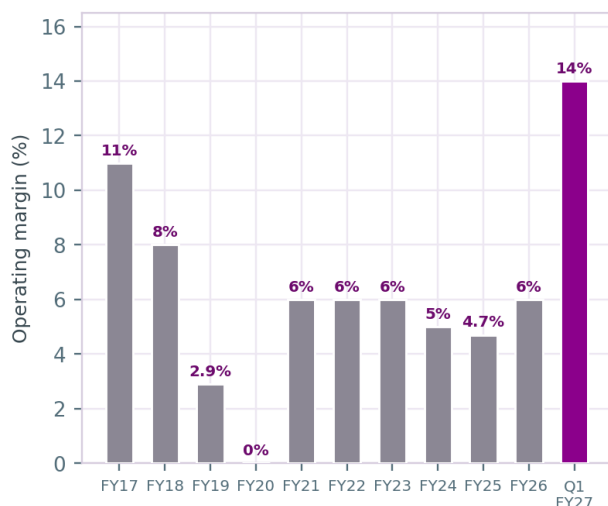
How the money is made. IVP is a formulator. It buys resins, isocyanates, polyols and other inputs, much of them imported, and blends, reacts and packs them into products tuned to each customer's process. Gross margin after materials was about 20.7% in FY26 (19.6% in FY25), and freight alone took another 3.6% of revenue. After power, employee and other costs, about 6% is left as EBITDA in a normal year. The customers are foundries (which depend on the automotive, infrastructure and engineering cycles, and many of which are MSMEs), footwear makers and packaging converters. The MD&A itself describes these markets as fragmented, price-sensitive and facing "rising competition from low-cost players".

Moat: modest.

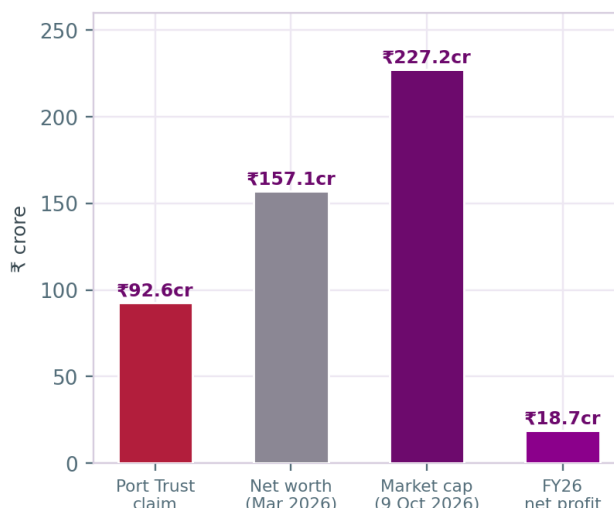
- **Application know-how and long relationships in foundry chemicals.** IVP has more than six decades in the field, and technical service matters to casting quality. Against this, Fosco India, the listed foundry-consumables specialist, earns an 18% operating margin, about three times IVP's.
- **No meaningful pricing power.** Margins have moved with raw-material and freight costs rather than with IVP's own pricing, and R&D spending was ₹0.52 crore in FY26, under 0.1% of revenue.
- **Some scale and certification** (ISO 9001, 14001 and 45001; food-contact compliance for packaging adhesives). These help with organised customers, but competitors can match them.



Q1 FY27 margin is far outside the record



A disputed claim worth 41% of market cap



IVP's margin record makes Q1 FY27 look like an outlier, and the port claim is large relative to the company. Annual operating margins are from screener.in; Q1 FY27 is the company's reported 14.01% EBITDA margin (screener shows 13%). The claim and net worth are from the FY26 annual report; market cap is at the 9 October 2026 close.

Financial analysis & catalysts

Metric	Value	Read
Revenue CAGR	3-yr -3% / 5-yr +15%	FY23 peak of ₹661cr; FY26 ₹595cr (+10.3%)
EBITDA margin (ex-other income)	4.7% FY25 → 5.8% FY26 → 14.0% Q1 FY27	FY21–FY26 range 4.7–6%
FCF conversion (FCF / PAT)	~267% FY26	CFO ₹52.7cr less capex ₹2.8cr = ₹49.9cr; FY25 CFO was -₹2.5cr
ROCE vs WACC	~14% vs ~14%*	FY26 returns roughly equal the cost of capital; ROE 13%
Receivables	113 days; 54% of assets	Credit-impaired receivables ₹24.0cr (₹5.3cr a year earlier)
Leverage	D/E 0.42x; interest cover 4.4x	₹35cr of the ₹65cr of debt is deposits from Allana group companies
Import dependence	FX spent ~ 42% of revenue	Forward cover on buyer's credit; no commodity hedging

*WACC of ~14% is a Dart Consultants assumption for a BBB+-rated small cap (India Ratings IND BBB+/Stable, August 2025), not a sourced figure.

Margins. FY26's improvement from 4.7% to 5.8% came mainly from gross margin (+1.1pp) and lower bad-debt provisions. Q1 FY27's jump to 14% is a different order of magnitude. In results coverage it was put down to "improved product mix" and "better realizations and efficient raw material procurement", with no one-off items disclosed. A business that imports 42% of its revenue in raw materials can see margins widen sharply when input prices fall faster than selling prices, and narrow again when they catch up. FY23 to FY25 shows that pattern. Until H1 and H2 FY27 are reported, we treat Q1 as partly cyclical.

Cash and balance sheet. FY26 is one of the best cash years in the ten-year record we have; only FY20 (₹56 crore) was higher. It reversed FY25's -₹2.5 crore and cut debt from ₹104 crore to ₹65 crore. Part of it came from working capital moves (inventory down ₹10 crore, payables up ₹15 crore) that may not repeat. Interest on the remaining group deposits falls from 7.25% to 6.75% from April 2026.



Near-term catalysts (6–12 months)

- **Q2 FY27 results (September quarter, due around November):** the first test of whether the 14% margin holds.
- **Recovery on the ₹6.1 crore fraud.** The company says it "has initiated steps for recovery". Any recovery would be written back to profit.
- **Lower interest cost** from the debt reduction and the cut in the group-deposit rate.

Longer-term catalysts (2–3 years)

- A ruling on the Mumbai Port Trust writ petitions in the Bombay High Court, in either direction.
- Growth in PU systems and packaging adhesives. The company names "flexible packaging and advanced PU systems" and "value-added products" as FY27 priorities.
- Better use of the 50,000-tonne capacity. Capex was only ₹2.6 crore in FY26, so volume growth would flow through at low incremental cost.

What gives us pause

- **A long record of thin, volatile margins.** Net profit was –₹9 crore in FY20, ₹28 crore in FY23 and ₹11 crore in FY25. The three-year sales CAGR is –3%. One strong quarter does not change that record.
- **Revenue-side fraud and receivable quality.** A sales employee falsified customer records; the total impact of ₹6.13 crore has now been fully provided, ₹2.54 crore of it in FY26. The auditor made receivables a key audit matter "because of delays in collections" and the fraud. It described internal controls as "largely" adequate, adding that sales and receivable controls "may be strengthened further". Credit-impaired receivables rose from ₹5.3 crore to ₹24.0 crore, most of it now provided for.
- **The port claim.** Of the ₹92.6 crore demand, ₹71.2 crore is rent based on the market value of the land up to March 2026 and ₹21.4 crore is interest up to December 2020. IVP has challenged the Tariff Authority for Major Ports orders in the Bombay High Court, and argues the demand is contrary to the Supreme Court's 2004 order. The claim rose by ₹3.7 crore in FY26 alone. Nothing is provided in the accounts.
- **Currency and input-cost exposure without commodity hedging.** FX spent was ₹251.8 crore against ₹1.5 crore earned. IVP books forward cover on its foreign-currency buyer's credit, but it does not hedge commodity prices and does not disclose how far it can pass cost changes on to customers.
- **A small, illiquid free float.** Institutions own almost nothing (FII 0.04%, DII 0.02%), and the stock's 52-week range runs from ₹110 to ₹238.

Corporate governance assessment

1. Which rules actually apply

IVP is a mainboard company on the NSE and BSE, so the full SEBI LODR regime applies. It publishes a corporate governance report with a compliance certificate from a practising company secretary. It is a subsidiary of Allana Exports Pvt Ltd (34.31%), with the wider Allana group holding 71.32%.

2. What the company does well

Half of the six-member board is independent, and the chairman is non-executive. Related-party dealings are limited and simple: ₹35 crore of deposits from three Allana group companies at 7.25% (₹3.44 crore of interest in FY26), and small purchases (₹4.5 crore from Allanasons in FY25, almost nil in FY26). The secretarial audit is clean. The company reports no SEBI or exchange penalties in the last three years and pays a dividend (₹1.5 a share for FY26). It disclosed the fraud openly in the Directors' Report, the CARO report and the notes, with the amount and the provisioning.



3. Grey areas

There is a single executive director. The WTD & CEO's pay of ₹2.37 crore was 46x the median employee's and equal to 12.7% of FY26 net profit; it rose 13%, against 10.4% for other staff. No director holds shares in the company. The chairmanship changed in 2025, with T.K. Gowrishankar replaced by Rajkumar Lekhwani. The two longest-serving independent directors are proposed for second five-year terms, and the statutory auditor for a second term. Both are within the rules, but they reduce board refresh.

4. Red flags

One. The fraud is a red flag for the control environment, not for the promoters. A sales employee was able to falsify customer records for long enough to cost ₹6.1 crore, and the auditor's controls opinion is accordingly qualified with the word "largely".

5. Items to watch

Any recovery on the fraud amount; whether the ECL provision keeps rising; the Bombay High Court proceedings on the port demand; and Q2–Q4 FY27 margins against Q1.

GOVERNANCE CONCLUSION

Adequate. This is a conventional, conservatively run group subsidiary with modest related-party exposure and full mainboard disclosure. The fraud reveals a weakness in sales controls, but the company disclosed it, provided for it and is fixing the controls. The bigger risks are commercial and legal, namely margin cyclicity and the port claim, rather than governance.

SWOT analysis

STRENGTHS

- Strong FY26 cash flow (₹52.7cr) and debt down 37%
- Six decades in foundry chemicals; more than 500 customers
- Low capex needs; 50,000 TPA capacity already installed
- Limited related-party dealings; mainboard governance

WEAKNESSES

- Thin historical margins (4.7–6% FY21–FY26) and volatile profit
- Receivables at 113 days and 54% of assets; a fraud on the sales side
- R&D under 0.1% of revenue
- No disclosure of product or customer mix

OPPORTUNITIES

- Lasting gains from the product-mix and procurement changes seen in Q1 FY27
- Growth in branded footwear and flexible packaging
- Import substitution, which the company names as a priority
- Recovery of the fraud amount

THREATS

- An adverse ruling on the ₹92.6cr port demand
- Rupee weakness and input-cost spikes (42% import dependence)
- The foundry cycle (automotive and engineering) and stress among MSME customers
- Low-cost competition, which the company itself flags

Valuation

₹ crore unless stated

Multiples against peers. Prices are 9 October 2026 closes from screener.in. There is no listed company with IVP's mix. Fosco India is the nearest in foundry consumables, and Jyoti Resins and Pidilite are adhesive makers with branded, higher-margin franchises. These comparisons mainly show how much a better margin is worth. We do not suggest IVP should trade on their multiples.



Company	Mcap (₹cr)	P/E TTM	OPM	ROCE	Latest sales	3-yr sales CAGR
IVP	228	7.2x	6% (FY26)	14.1%	595	-3%
Foseco India	4,701	53.5x	18%	16.4%	604 (CY25)	14%
Jyoti Resins & Adhesives	1,007	15.6x	27%	36.5%	315	6%
Pidilite Industries	1,50,948	57.0x	24%	31.0%	14,601	7%

IVP at ₹220	FY26	TTM	FY27E (Dart base)
P/E	12.2x	7.2x	6.1x (EPS ₹36.1)
EV/EBITDA (EV ~₹289cr)	8.3x (₹34.7cr)	5.7x (~₹51cr)	5.0x (₹57.8cr)
P/S / P/B	0.38x / 1.45x	—	—

EV = market cap plus net debt of ₹62cr. TTM EBITDA = FY26 ₹34.7cr – Q1 FY26 ₹5.3cr + Q1 FY27 ₹21.7cr. We could not find a reliable source for IVP's historical average multiple. Its earnings have been too volatile for one to be very meaningful.

Method 1: forward P/E scenarios (FY27E), less a litigation haircut. FY27 margin is a full-year blend of Q1's 14% with three more normal quarters. We take D&A at ₹6.2cr, interest at about ₹6cr (lower debt, lower rate), other income at ₹4.3cr and a 25.2% tax rate, on 1.03cr shares. From each value we deduct a share of the ₹92.6cr port claim (₹89.7 a share in full). These are our assumptions.

Scenario	FY27 rev. growth	EBITDA margin	PAT	EPS (₹)	Target P/E	Claim deducted	Value/share	vs CMP
Bear	5%	6.5%	₹24cr	23.7	6.0x	50%	₹97	-55.8%
Base	8%	9.0%	₹37cr	36.1	9.0x	25%	₹303	+37.7%
Bull	12%	11.0%	₹49cr	47.3	11.0x	0%	₹521	+136.7%

Bear: Q1 proves a one-off, margins fall back to around 4.5% for the rest of the year, and half the claim is lost. Base: Q1 is followed by three quarters at about 7.5%, giving a 9% year, with a modest multiple because FY27 is likely to be a high point. Bull: most of the Q1 improvement holds, and the claim is defeated. All three multiples are well below the 15–57x peer range, reflecting IVP's lower margins and ROE.

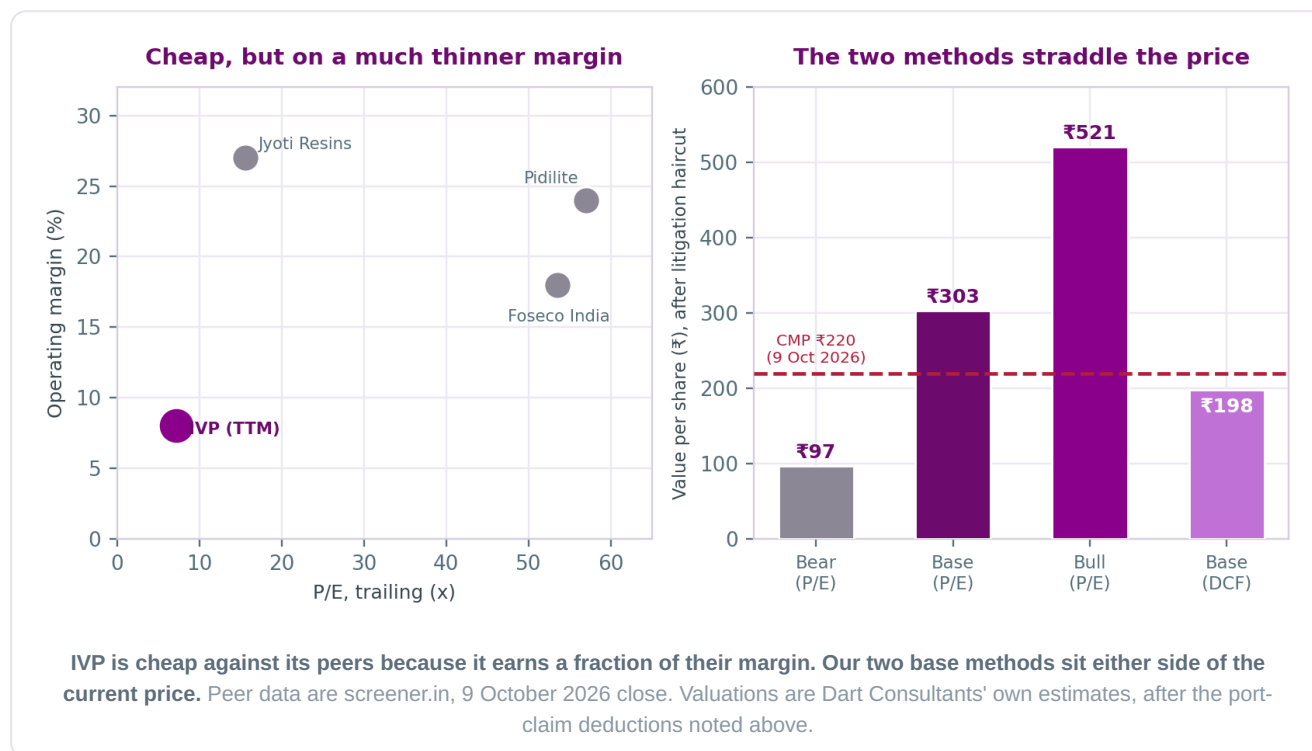
Method 2: discounted cash flow. We use a five-year forecast (FY27–FY31) with revenue growth of 8%, 7%, 7%, 6% and 6%, and EBITDA margins of 9% in FY27 and 8% in FY28, settling at 7.5%. That is above the FY21–FY26 range, giving credit for the mix improvement but not for Q1 in full. We assume capex of ₹5cr a year, a 25.2% tax rate, working capital absorbing 24% of incremental revenue (about an 88-day cycle), a 14% WACC and 5% terminal growth. We deduct net debt of ₹62cr and 25% of the port claim. The result is **₹198 per share (-10%)**. Free cash flow is ₹26–32cr a year, and the terminal value is 66% of EV.

DCF value/share (₹)	g = 4%	g = 5%	g = 6%
WACC 13%	207	234	267
WACC 14%	178	198	224
WACC 15%	154	170	190

Sensitivity (base DCF)	Value per share (₹)
Long-run EBITDA margin 6% / 7.5% / 9%	121 / 198 / 271
Port claim deducted 0% / 25% / 50% / 100%	221 / 198 / 176 / 131



The long-run margin assumption matters most: each 1.5pp moves value by about ₹75 a share. The bear and bull DCF cases give ₹91 and ₹313.



Target. The average of the two base cases (₹303 and ₹198) is ₹250, **13.6% above the current price**, which is a HOLD under Dart's bands (-5% to +15%). The gap between the two methods is the same question as the investment case: whether margins have moved up for good. It should be clearer within two to three quarters.

RECOMMENDATION: HOLD, TARGET ₹250 (+13.6% FROM ₹220, 9 OCT 2026)

Upgrade triggers: EBITDA margin of 10% or more in both Q2 and Q3 FY27; a favourable ruling or settlement on the port demand; recovery of a meaningful part of the fraud amount; receivable days below 100. **Downgrade triggers:** margin falling back below 7% in Q2 or Q3; an adverse ruling on the port demand; further fraud-related or credit-loss provisions; operating cash flow turning negative again.

Key risks to our call & sensitivities

- **1. Margins hold near Q1 levels (upside).** If the product mix and procurement gains are structural, FY27 profit could exceed ₹45 crore and the bull case (₹521) comes into view. A low base, a low multiple and a 71% promoter holding mean the stock could re-rate quickly.
- **2. Margins revert (downside).** At a 6% long-run margin, roughly the FY21–FY26 norm, the DCF is ₹121. The bear P/E case is ₹97 if half the port claim is also lost.
- **3. The port demand (downside, binary).** Losing the full claim would cost about ₹90 a share, 41% of today's price. Paying it would also take most of the company's net worth. The timing and outcome are unknown.



Sensitivity factor	Rough effect (Dart arithmetic)
EBITDA margin $\pm 100\text{bp}$ (FY27E revenue ₹642cr)	$\pm ₹6.4\text{cr EBITDA} \rightarrow \pm ₹4.6 \text{ EPS} \rightarrow \pm ₹42/\text{share at } 9\times$
Target P/E $\pm 2\times$	$\pm ₹72/\text{share on base EPS of ₹36.1}$
Port claim, each 25% lost	$- ₹23.1\text{cr} \rightarrow - ₹22/\text{share}$
INR 1% weaker (FX spend ₹252cr)	$\sim ₹2.5\text{cr higher input cost before any pass-through, about 7\% of FY26 EBITDA}$
Interest rates	$₹65\text{cr of debt: } +100\text{bp} \approx ₹0.65\text{cr a year; buyer's credit is linked to SOFR}$
Working capital (24% of incremental revenue)	$\text{Each } 10\text{pp} \approx ₹4\text{--}5\text{cr of FCF a year at } 7\text{--}8\% \text{ growth}$

Financial summary — selected disclosed metrics (₹ crore)

	FY22	FY23	FY24	FY25	FY26
Revenue from operations	557	661	546	538.9	594.6
Operating margin	6%	6%	5%	4.7%	5.8%
Net profit	18	28	12	11.3	18.7
EPS (₹)	17.07	27.13	11.89	10.96	18.09
Cash from operations	-21	41	45	-2.5	52.7
Borrowings	157	120	89	104.4	65.4
Net worth	~91	~118	~129	139.3	157.1
Debtor days	137	115	115	120	113

FY25–FY26 are from the FY26 annual report. FY22–FY24 are from screener.in, with net worth approximated as reserves plus ₹10.3cr of share capital. FY26 operating margin is our ex-other-income calculation; screener rounds it to 6%. Debtor days for FY25–FY26 are the company's own MD&A figures; earlier years are from screener. Contingent liabilities at March 2026 were ₹94.5cr: the ₹92.6cr port demand, ₹1.0cr of other claims, ₹0.3cr of income-tax appeals and ₹0.6cr of bank guarantees.

Sources: IVP Ltd Annual Report 2025-26 (user-supplied, 127 pages: corporate review, MD&A, Directors' Report and annexures, Corporate Governance Report, auditor's report and CARO, financial statements and notes 1–47, AGM notice); Q1 FY27 results coverage (scanx.trade, 24 August 2026); screener.in (prices, ten-year history, quarterly results and peers, 9 October 2026 close). All accessed 11 October 2026.

DISCLAIMER

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